DOMINION OF CANADA



HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-FIRST PARLIAMENT

15 GEORGE VI, 1951

BEING THE 92ND SESSION FOR THE PERIOD 1867-1951

VOLUME IV, 1951

COMPRISING THE PERIOD FROM THE FOURTEENTH DAY OF MAY, 1951,
TO THE TWELFTH DAY OF JUNE, 1951, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951

HOUSE OF COMMONS

Monday, May 14, 1951

The house met at three o'clock.

HOCKEY

WINNING OF ALEXANDER CUP BY VALLEYFIELD BRAVES

Mr. Robert Cauchon (Beauharnois): Mr. Speaker, I rise on a question of privilege. No doubt the house would like to know that the Valleyfield Braves hockey team, from my constituency and home city, won the Alexander cup. I am sure my colleagues from the city of Toronto and surrounding district expected me to make this announcement.

CANADIAN COMMERCIAL CORPORATION

AMENDMENT OF ACT TO PERMIT PERFORMANCE OF SERVICES FOR DEPARTMENT OF DEFENCE PRODUCTION, ETC.

Right Hon. C. D. Howe (Minister of Defence Production) moved for leave to introduce Bill No. 284, to amend the Canadian Commercial Corporation Act.

Mr. Knowles: Expain.

Mr. Howe: This bill provides for a number of minor amendments to the Canadian Commercial Corporation Act, several of which are required as a result of the establishment of the Department of Defence Production, and several for purposes of clarification of clauses relating to general operations.

This amendment defines the minister as the Minister of Defence Production, and removes any legal doubt that may exist as to the corporation's authority to perform such services as may be authorized by any other statute, for example the Defence Production Act, even though such authorities are not specifically set out in the Canadian Commercial Corporation Act. It redefines, for clarification, the revolving nature of the advances which may be made to the corporation from the consolidated revenue fund under the act.

In keeping with a reduction in the number of members of the board of directors from nine to six, all of whom are engaged in the work of the Department of Defence Production, this amendment reduces the number of directors required for a quorum from five to three members.

Finally, it is considered that a number of its officers and staff should be brought under the Civil Service Superannuation Act, as are the employees of other crown companies and agencies. Consequently, this bill gives the governor in council power to designate certain officers and employees of the corporation to receive the benefits of superannuation under the latter act.

Motion agreed to and bill read the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING PROFITS FROM PARTICIPATING POLICIES AND VOTING BY PROXY

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 285, to amend the Canadian and British Insurance Companies Act, 1932.

Some hon. Members: Explain.

Mr. Abbott: Mr. Speaker, this bill provides for two amendments to the Canadian and British Insurance Companies Act. One relates to the provision in the act which now limits to ten per cent the proportion of profits from participating policies which may be transferred to shareholders' account. In point of fact, that ten per cent is the maximum. In the case of smaller companies that proportion is transferred; but over the years the larger companies have voluntarily reduced that proportion, in the case of the largest company the proportion being 2½ per cent. It is considered desirable now to limit by statute the proportion which may be transferred to shareholders' account from the participating policy account, and the limitation will be substantially in line with the present practice.

The second amendment extends to participating policyholders the right to vote by proxy. Under the act as it stands at the present time, in the case of life insurance companies, policyholders may vote in person but not by proxy. Both of these proposed amendments are, I think, a further protection to the participating policyholder.

As is usual in dealing with bills of this kind, I would propose that on second reading it be referred to the banking and commerce committee.

Private Bills

Motion agreed to and bill read the first time.

Mr. Speaker: When shall this bill be read a second time?

Mr. Abbott: If the house were to give unanimous consent—I do not know whether there is a desire to debate the bill—I would move second reading today and have it referred to the banking and commerce committee; otherwise it could stand over. I do not think there is any controversial question involved in the bill.

Mr. Graydon: Has anybody seen the bill?

Mr. Abbott: No.

Mr. Graydon: It is a bad precedent to give a bill second reading before anybody has seen it.

Mr. Abbott: Next sitting.

Mr. Speaker: Has the hon. gentleman unanimous consent to move second reading now?

Mr. Abbott: No, Mr. Speaker; next sitting.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 268, to incorporate the Polish National Catholic Church of America in Canada.—Mr. Croll.

Bill No. 269, to incorporate Independent Pipe Line Company.—Mr. Welbourn.

Bill No. 270, for the relief of Irmgard Magdalena Hetzel Lichtenstein.—Mr. Winkler.

Bill No. 271, for the relief of Anna Boronow Walter.—Mr. Winkler.

Bill No. 272, for the relief of Ann Smith Couldrey.—Mr. Weir.

Bill No. 273, for the relief of Phoebe Ross Kidd.—Mr. Winkler.

Bill No. 274, for the relief of Alice Ann Gordon Lewis.—Mr. Winkler.

Bill No. 275, for the relief of Evelyn Serchuk Desjardins.—Mr. Winkler.

Bill No. 276, for the relief of Vivian June Pomeroy Walker.—Mr. Winkler.

Bill No. 277, for the relief of Vivian Edna Bartlett Tribe.—Mr. Winkler.

Bill No. 278, for the relief of Jeannine Lafleur Leatherdale.—Mr. Winkler.

Bill No. 279, for the relief of Bertram Kenneth Kidman.—Mr. Winkler.

Bill No. 280, for the relief of Louis Elie Yon.—Mr. Winkler.

Bill No. 281, for the relief of Doris Mary Thompson Lummis.—Mr. Winkler.

Bill No. 282, for the relief of Estelle Tetreau Latour.—Mr. Winkler.

Bill No. 283, for the relief of Mona Fern Barton Kirkman.—Mr. Winkler.

QUESTIONS

CANADIAN ARMED FORCES—ENLISTMENTS, POSTINGS AND RELEASES, APRIL, 1951

Mr. Fulton:

1. What were the totals of enlistments in the Royal Canadian Navy, the Canadian army (active) and the Royal Canadian Air Force respectively, for the month of April, 1951?

2. What were the totals of releases from each service as above for the same month?

3. How many were posted within the Canadian army (active force) to the Canadian army (special force) in April, 1951?

Mr. Blanchette:

1 and 2.

	Enlistments	Releases
Royal Canadian Navy..	421	98
Canadian Army	802	334
Royal Canadian Air Force	1,229	86

Note: These figures are subject to final verification when documentation is received from commands and units, which will be about the end of May.

3. Two officers and sixty-seven men.

PRAIRIE FARM REHABILITATION—SOUTH SASKATCHEWAN RIVER

Mr. Knight:

1. What irrigation projects, and at what locations, on the South Saskatchewan river immediately south of Saskatoon, have received assistance from P.F.R.A.?

2. What are the arrangements by which these ditches are constructed, maintained and used?

3. How are the costs shared as between the federal, provincial and local authorities, and the individual farmers?

4. How long has such irrigation been in operation?

5. How many acres have been involved for (a) pasture or forage crops; (b) grain?

6. Has the scheme been successful in terms of increased yields of crop?

7. Are there plans for extension this year?

8. To what extent have existing ditches or equipment been damaged by the Pike lake flooding this spring?

9. What arrangements have been made for repairs necessary due to flood?

10. How would such flooding be affected by the construction of the proposed South Saskatchewan dam?

Mr. Gardiner:

1. Pike lake—townships 32 to 36, range 6, west 3; Valley park—sections 27 to 34, township 33, range 6, west 3; Frenchman flats—townships 32 and 33, ranges 5 and 6, west 3.

2. P.F.R.A. assisted in construction of the main works only. Operation and maintenance is the responsibility of local water users' associations, formed under provincial statutes.

3. P.F.R.A. constructed the main works for source of water supply to be delivered to the distribution system constructed by the province.

4. Pike lake, three years; Valley park, two years; Frenchman flats, two years.

5. (a) Irrigable Pike lake, 900 acres; Valley park, 1,200 acres; Frenchman flats, 1,800.

(b) Cultivation and cropping; see answer to No. 7.

6. Very successful in two crop seasons.

7. Main canals completed. Extensions would be planned by local and provincial authorities.

8. Main works not damaged. Provincial distribution system in lower section reported damaged, but not seriously.

9. Provincial authorities advise distribution system will be repaired immediately.

10. South Saskatchewan river project would prevent such floods caused by main river flow, but would not affect such floods caused by local run-off.

P.E.I. FISHERIES PATROL SERVICE

Mr. McLure:

1. Has Mr. Andrew Hutchinson, of Belle River, Prince Edward Island, been discharged from the fisheries patrol boat service?
2. If so, when, and for what reason?
3. How many fisheries patrol boats are operating in Prince county, Queens county and Kings county, Prince Edward Island?
4. What are the names of men employed in this service, and when was each appointed?
5. How many are veterans?

Mr. MacNaught:

1. No.

2. Employment is seasonal. Mr. Hutchinson was employed in the 1949 season, but was not re-engaged for 1950.

3. Prince county, two; Queens county, three; Kings county, one.

A seventh boat patrols both Queens and Kings counties.

4. Name	Date appointed in 1951
A. McPhail	May 1
H. Campbell	April 16
R. B. Betts	"
Wm. MacDonald	"
W. B. Dyment	"
A. DesRoches	May 1
L. Noye	"
W. W. Glover	"
G. H. Watts	"
T. A. Gauthier	"
V. T. Doucette	"
J. Llewelyn	"
N. MacIntosh	"
A. Gallant	"

5. Ten served in the armed services.

NORTH RUSTICO, P.E.I., BREAKWATER

Mr. McLure:

1. What steps are being taken in connection with repairs at North Rustico harbour breakwater in Queens county, Prince Edward Island?
2. Will tenders be called for this work, or will it be done on a cost plus basis or by day's work?

Mr. Fournier (Hull):

1. Contract plan and specification for this work have been prepared.

2. It is expected that a call for tenders will issue within the next month. A portion of the repair work is not suitable for performance by contract, and it is proposed to proceed with these additional repairs by day labour.

NEWSPRINT

Mr. Bertrand:

1. Has the government an estimate of the probable newsprint output in Canada for the year 1951?
2. If so, what is such estimate, and does it represent an increase over previous years, and in what proportion?
3. What proportion of the increase, if any, will be for (a) domestic or national consumption; (b) the export trade?

Mr. McIlraith:

1. Yes.

2. Subject to raw material shortages and unforeseen difficulties, total newsprint production in Canada in 1951 is estimated to be approximately 5,450,000 tons. This will be an increase of 171,000 tons or 3·2 per cent over production in 1950.

3. As there are no government quotas or restrictions on the distribution of newsprint, distribution depends on contract positions and sales policies of individual manufacturers.

Mr. Bertrand:

1. Are the newspapers published in 1950 now subject to quotas in the allotment of newsprint?
2. Is the quantity of paper necessary for the normal publishing of newspapers ensured by the said quotas?
3. If not, what steps are being taken by the government to ensure an adequate supply to such newspapers?

Mr. McIlraith:

1. There are no government quotas or restrictions on the distribution of newsprint. In some cases individual newsprint companies, unable to fill in full the demands of their customers, are understood to be allotting available production to them in an equitable manner based upon their individual contract positions.

2. Answered by No. 1.

3. Newspapers are obtaining their supplies in the normal way. The government has not heard of any cases of Canadian publishers with a contract for supply who are not expecting to receive all, or nearly all, of the amount for which their contract provides.

Questions

Mr. Bertrand:

1. Has the government any information as to the probable average cost of newsprint in the year 1951?

2. Has the government formulated any plans to deal with a possible increase in the cost of newsprint?

Mr. McIlraith:

1. No.

2. No.

SUGAR

Mr. Balcom:

1. How many tons of raw cane sugar were imported into Canada for refining during the calendar year 1950?

2. What was the dollar value of same?

3. From what countries, and how much from each country?

4. Has the government carried on any recent negotiations with the Acadia sugar refinery at Woodside, Nova Scotia, with respect to the reopening of their plant?

Mr. McIlraith:

1, 2 and 3.

	Tons	Value
British East Africa	76,430	$ 9,590,431
British Guiana	110,531	13,649,767
Barbados	63,764	7,275,841
Jamaica	141,192	16,364,279
Trinidad	65,958	7,602,346
Australia	82,995	10,966,777
Fiji islands	82,231	10,131,549
Cuba	4,465	414,467
Dominican republic	4,704	413,754
Totals	632,770	$76,409,211

4. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WESTERN GRAIN ELEVATORS—OVERAGES

Mr. Fair:

1. During each of the crop years 1945-46 to 1949-50, did the elevator companies operating in the prairie provinces have any overages of grain as a result of their operations?

2. If so, what companies showed such overages, and how many bushels by each company in each crop year?

3. How was the overage disposed of?

4. What is the approximate value of grain sold as a result of the overage by each company?

5. Did the companies receive full payment for the grain from the Canadian wheat board?

Mr. McIlraith: Return tabled.

DEPARTMENT OF AGRICULTURE—EMPLOYEES NOT BRITISH SUBJECTS

Mr. Gagnon:

1. Are there any employees in the Department of Agriculture who are not British subjects?

2. If so (a) what are their names; (b) respective positions; (c) nature of their work: (d) salary of each; (e) place of origin; (f) by whom and on what date was each recommended?

Mr. Harris (Grey-Bruce): Return tabled.

DEPARTMENT OF TRADE AND COMMERCE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Trade and Commerce for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $10,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

MOTIONS FOR PAPERS

PORTUGAL COVE, NFLD., WHARF

Mr. Higgins:

For a copy of all correspondence, telegrams and other documents exchanged between the government of Newfoundland, the resident engineer of the Department of Public Works at Newfoundland, the Department of Public Works, or any minister of the government, and any person, persons, or organizations since April 1, 1949, relating to construction or repairs of a wharf at Portugal Cove, Conception bay, Newfoundland.

Mr. Fournier (Hull): Mr. Speaker, there is no objection to the passing of this motion, with the usual reservation that we get the consent of the province of Newfoundland.

STETTLER, ALTA., POST OFFICE BUILDING

Mr. Beyerstein:

For a copy of all correspondence, telegrams and other documents exchanged between the Post Office Department, the Department of Public Works, or any minister of the government or employee thereof and any person, persons or organizations, since January 1, 1948, relating to the erection of a post office building at Stettler, Alberta.

CAMROSE, ALTA., POST OFFICE BUILDING

Mr. Beyerstein:

For a copy of all correspondence, telegrams and other documents exchanged between the Post Office Department, the Department of Public Works, or any minister of the government or employee thereof and any person, persons or organizations, since January 1, 1949, in relation to (a) the erection of a new post office building; (b) provision of additional space or alterations to present building at Camrose, Alberta.

TRADE AGREEMENTS

TORQUAY NEGOTIATIONS—REFERENCE OF SUBJECT MATTER TO BANKING AND COMMERCE COMMITTEE

On the order:

Government notiecs of motion—the Prime Minister—the following resolution:

That the subject matter of the Torquay negotiations, namely, the final act of Torquay; the decisions agreeing to accession; the Torquay protocol to the general agreement on tariffs and trade; the modifications of the schedules to the general agreement on tariffs and trade resulting from the Torquay

negotiations; and the declaration on the continued application of these schedules, be referred to the standing committee on banking and commerce.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have no desire to press this motion, but if it is the wish of hon. members to have the matter referred at once to the banking and commerce committee so that they may get fuller information about it before having any debate upon it in the house, I should be prepared to move it now. If, however, it is felt that there should be a debate before the subject matter goes to the committee, we shall have to find an appropriate occasion for such a debate.

Mr. Drew: I think that it would be preferable to have this matter dealt with in the ordinary way, so that there may be an opportunity to consider the extent of the discussion that should take place.

Mr. St. Laurent: Then it will stand.

Order stands.

OLD AGE PENSIONS

REPRESENTATION OF PROVINCES AT DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. A. J. Bater (The Battlefords): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. What provinces have signified their intention to be in attendance at the conference next Monday with respect to old age pensions?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the Prime Minister stated last Monday that it was the intention, pursuant to the assurance given by him at the dominion-provincial conference last December, as soon as the provinces had intimated their willingness to agree to a constitutional amendment, to provide for a continuing committee to discuss the matter of old age security legislation in so far as it concerns the provinces. That day, under the Prime Minister's name, a telegram was sent to each of the provinces asking them if it would be convenient for them to attend the proposed conference on May 21. All provinces have signified their intention to attend a conference. However, the acting premier of Quebec has indicated that May 21 would not be a convenient date. As a result, his request has been communicated to the other provinces suggesting that we meet on May 23.

Mr. Drew: Mr. Speaker, may I ask a supplementary question? In view of the Prime Minister's statement a week ago Friday that the possibility of an amendment to the British North America Act to provide for a three per cent turnover tax was still open to consideration, may I ask the Minister of National Health and Welfare whether there has been any indication from any of the provinces that their ability to carry out this program would be dependent upon tax resources other than those now available to them?

Mr. Martin: I have no such information.

FISHERIES

CONVERTIBILITY OF STERLING FOR PURCHASE OF NEWFOUNDLAND SALT CODFISH

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): I wish to direct a question to the Minister of Fisheries. On March 12 I asked the Minister of Finance a question regarding the convertibility of sterling into Canadian funds. Since then I understand the Minister of Fisheries has been looking after the matter. My question is this. The fishermen of Newfoundland are most anxious to know the results of negotiations with the government of the United Kingdom for an extension of the arrangements to sell Newfoundland salted codfish in European markets for sterling. Can the Minister of Fisheries indicate the position at this time?

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker, evidently a number of Newfoundland members were at church yesterday and offered a word of prayer that this convertibility would be a reality. In coming here today they are looking for an answer to the prayer. I am glad to be able to say that it has been effective.

Mr. Drew: I am glad there is one method by which we can get action from this government.

Mr. Mayhew: I am happy to inform the hon. member for Trinity-Conception that we have today received word from the United Kingdom, through the Department of Finance, that they have agreed to extend the arrangement for another year covering the catch of 1951, subject to an over-all ceiling of $4 million. This will provide for sales to Portugal, Italy, Greece and Spain at levels comparable to those from the 1950 catch. It will be recalled that at the time of union the United Kingdom agreed to an extension of this arrangement for one year only. Agreement to further extensions has been most helpful, particularly to Newfoundland.

This special arrangement with respect to the sale of salted cod for blocked sterling represents a temporary solution pending the more basic reorganization of the fisheries

being worked out by the joint federal-provincial fisheries development committee. Already much new private capital is being invested in filleting and freezing plants.

HUMAN RIGHTS

ENACTMENT OF LEGISLATION AND APPROVAL OF UNITED NATIONS DECLARATION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Prime Minister. Will the government comply with the recent request of a delegation consisting of Mr. B. K. Sandwell and others for the introduction in both houses of parliament this session of a resolution approving the inclusion in the Canadian constitution of a declaration of human rights and liberties, and that pending appropriate legislation such approval should affirm parliament's acceptance on behalf of Canada of the United Nations declaration of human rights?

Right Hon. L. S. St. Laurent (Prime Minister): As promised the delegation consisting of the Canadian committee for a bill of rights and associated organizations, the Secretary of State for External Affairs, the Minister of Justice, the Minister of Citizenship and Immigration and I reported to our colleagues the representations that had been made. The question calls for a statement of government policy in that regard. I am not in a position to make that statement of policy today. I hope to be able to do so within the next few days.

LABOUR CONDITIONS

EMPLOYMENT OF WORKERS AT GOOSE BAY AIRPORT

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of Labour. Is the unemployment insurance office at Amherst, Nova Scotia, arranging for the employment of men for construction work for the United States government at Goose Bay airport?

Hon. Milton F. Gregg (Minister of Labour): Orders for workers have been received, not from the United States government but from the Canadian office of Drake, Merritt and Piper, of Moncton, New Brunswick, who are contractors for the work on the airport. These orders have been placed through the Moncton office of the unemployment insurance commission and have been cleared through various offices, of which Amherst, Nova Scotia, is one.

[Mr. Mayhew.]

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Monday, May 7, consideration of the motion of Mr. Pearson:

That votes No. 84 to No. 111 inclusive, and vote 566 of the main estimates 1951-1952 be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. W. J. Browne (St. John's West): On the last day that this debate was held I challenged the Secretary of State for External Affairs (Mr. Pearson) to justify a certain statement that he had made. Since then I have had an opportunity of reading his remarks in *Hansard*. I believe they are somewhat different from the words that he used, according to my notes, but there is no difference in the sense. According to *Hansard* he said, as reported at page 2754:

It is also sometimes loosely said that the United Nations forces are fighting in Korea to defeat communism. There is perhaps some colour for this mistake, since the aggression perpetrated is by the communist states, and has its roots in the totalitarian communist nature of those states. Free men everywhere must be determined to resist communism. But it is a confusion, I think, of categories to think that communism as a doctrine or form of government must be fought by armed forces, or that such is the purpose of United Nations military action in Korea.

Then he went on to say:

Communism itself, as a reactionary and debasing doctrine, must be fought on other planes and in different ways.

I realize, sir, that the minister is trying very subtly to show a distinction between communism as it exists in theory and what we are fighting in Korea, but I wish to submit to him that there is no distinction between communism as it exists in the world actually and communism as we are facing it in Korea; that communism and aggression in Korea are synonymous terms. In support of that I should like to draw attention to observations made by his colleague who sits next to him, the Minister of National Defence (Mr. Claxton), in the debate the very next day, when he used this expression, as reported at page 2800 of *Hansard*:

This is a fight, Mr. Speaker, in which international police action is working to stop communist aggression, communist gangsters.

The Secretary of State for External Affairs himself, in his speech before the United Nations on September 27, had a somewhat different approach, and was not so subtle in making a distinction. He said:

This war in Korea is but the continuation by armed and open aggression of the policies which communist imperialism has been pursuing by other means in other states. It is part of the theory of

communism that the disruptions and dislocations of a post-war period give to a communist minority its best chance to seize power by force and maintain it by the terror and repression of the police state. Systematically the forces of communist imperialism, in these last years, have been trying out these theories in the four corners of the world.

I think, sir, the observation of the Minister of National Defence, and that speech from which I have just quoted of the Secretary of State for External Affairs, are more in line with reality than the observations made by the Secretary of State for External Affairs on May 7. It is very confusing; the ordinary man or woman cannot follow the argument that tries to distinguish between actual communist aggression and the communistic doctrine or form of government.

In his speech at the United Nations on September 27 the minister, describing the attack in Korea, also said this:

In Korea, where the Soviet army had been present in force and where a communist minority was established in power in part of the country, conditions seemed admirably suited for communist seizure of the whole country. This time, however, the attempt was more open and violent than usual, and this time it met with collective United Nations resistance. This is what makes the aggression in Korea stand out. Despite all propaganda camouflage, the fact that North Koreans invaded the Republic of Korea was clear. This was not a *coup d'état* engineered by a minority as in Czechoslovakia, nor a regime imposed by an occupying force as in Roumania. This was armed invasion. As such, it came as a shock to peace-loving nations. But it also acted as a stimulus to them. A swift and sudden assault on a peaceful nation had an obvious meaning for us all.

Mr. Speaker, I submit it still has the same meaning, but the Secretary of State for External Affairs and some of his associates seem to be forgetting that it still carries the same meaning. Communism is not and has not been for thirty-four years merely a doctrine or form of government. It is a diabolical dynamic thing. It is a comprehensive policy with many doctrines aiming at the destruction of all the freedoms and the inherent and hard-won rights of man. It is the darkest and direst shadow that has ever fallen upon this earth.

Winston Churchill, in his book "Great Contemporaries", 1937 edition, at pages 199-200, discusses this point. I am sure the Secretary of State for External Affairs must be familiar with the passage. I apologize for its length, but it seems to me it is most appropriate to be used in reminding the minister about communism and what it means. Mr. Churchill says:

But communism is not only a creed.

A creed is a little more than a doctrine, because a creed embraces many doctrines.

It is a plan of campaign. A communist is not only the holder of certain opinions; he is the pledged adept of a well-thought-out means of enforcing them. The anatomy of discontent and revolution has been studied in every phase and aspect, and a veritable drill book prepared in a scientific spirit for subverting all existing institutions. The method of enforcement is as much a part of the communist faith as the doctrine itself. At first the time-honoured principles of liberalism and democracy are invoked to shelter the infant organism. Free speech, the right of public meeting, every form of lawful political agitation and constitutional right are paraded and asserted. Alliance is sought with every popular movement towards the left.

The creation of a mild liberal or socialist regime in some period of convulsion is the first milestone. But no sooner has this been created than it is to be overthrown. Woes and scarcity resulting from confusion must be exploited. Collisions, if possible attended with bloodshed, are to be arranged between the agents of the new government and the working people. Martyrs are to be manufactured. An apologetic attitude in the rulers should be turned to profit. Pacific propaganda may be made the mask of hatreds never before manifested among men. No faith need be, indeed may be, kept with non-communists. Every act of good will, of tolerance, of conciliation, of mercy, of magnanimity on the part of governments or statesmen is to be utilized for their ruin. Then when the time is ripe and the moment opportune, every form of lethal violence from mob revolt to private assassination must be used without stint or compunction. The citadel will be stormed under the banners of liberty and democracy; and once the apparatus of power is in the hands of the brotherhood, all opposition, all contrary opinions must be extinguished by death. Democracy is but a tool to be used and afterwards broken; liberty but a sentimental folly unworthy of the logician. The absolute rule of a self-chosen priesthood according to the dogmas it has learned by rote is to be imposed upon mankind without mitigation progressively for ever. All this, set out in prosy textbooks, written also in blood in the history of several powerful nations, is the communist's faith and purpose. To be forewarned should be to be forearmed!

And then Churchill says this, about his own writing:

I wrote this passage nearly seven years ago: but is it not an exact account of the communist plot which has plunged Spain into the present hideous welter against the desires of the overwhelming majority of Spaniards on both sides?

And may not I comment, is this not an exact account of the communist plot which has plunged Korea into the present hideous welter against the desires of the overwhelming majority of not only Koreans, but also Chinese, and, I would say, Russians as well?

Communism exists only in theory. As we know it, it contains a militaristic element without which it could not exist and has never existed. Communism is but a name to cover tyranny, injustice, malice, hate, international enmity and persecution of religion. It is a movement centred in Moscow that plots and plans and aims relentlessly to control the lives of all the people of the world. Korea is an example of how that works. Therefore to placate or to appease in Korea, or with the Chinese communists, would in my opinion be a more serious disaster than was Yalta, and with more serious consequences. The plan in Korea is not a solitary instance, but part of a pattern, a proposed

Asiatic or eastern pattern, for world domination. Therefore a negative statement of policy such as we have had from the minister, and which we now hear from statesmen in the United Nations, gives little hope to the enslaved peoples of the world.

MacArthur therefore was a symbol. He was recognized by the free peoples of the world as a symbol, because he stood four-square to all the winds that blew. He had a definite policy. He was sure of himself, and his definite policy was the reason for his being hated by the communists.

A most interesting commentary respecting MacArthur's attitude is found in an article which appears in the *United Nations World* for May, 1951. This article, entitled "Four Shots in Teheran," describes the assassination of the late prime minister of Iran. Referring to the cause of his death, the writer states:

> One fact over which he had no control decided the issue—the Korean war.

Then it goes on to say:

> In the days following the murder, when the mobs paraded in Teheran, one cry was heard above all others. It was not a cry for bread or tractors; it did not ask for social liberty; it was not directed against the rump parliament, the Shah, or the landowners; it was directed against a general then living in Tokyo. However improbable it seemed, the mobs were shouting "Down with MacArthur!"

In today's issue of the Ottawa *Citizen* there appears an article on the front page entitled "Ridgway feels U.S. does not understand issues." It is a dispatch from the Associated Press, New York, and says:

> In a letter to his church, General Matthew B. Ridgway, supreme allied Far East commander, said the United States does not seem to understand the issues in Korea.
>
> The letter was read Sunday by Right Rev. Paull T. Sargent, rector emeritus of St. Bartholomew's Protestant Episcopal Church. He said the United Nations commander wrote from Korea:
>
> "Would God the American people might see a full length movie of current events here in their true setting. It would, I think, make crystal clear the issues for which their sons fight and are content to fight. Yet America seems not to know.
>
> Hundreds of thousands of poor people, the old, infirm, infants, the sick, fleeing night and day across country, over the ice of frozen streams in temperature at zero, no shelter at night but that obtained from huddling together and from such of their belongings as are on their backs or ox or small two-wheeled carts, driven to all this by one seemingly overpowering fear, the fear of government by communists.
>
> Is not the issue truly whether some day our women, our babies, our sick and our aged, are to be driven forth by Asiatic masters, or now while yet there's time, this America and our allies may extinguish all petty issues and unite with all they have to destroy the greatest peril we have ever known?"

Communism is a colossal fraud and is deserving of our highest contempt.

[Mr. Browne (St. John's West).]

There is another article, in the same issue of the *United Nations World,* by Eugene Lyons, an experienced newspaper reporter who has spent many years in Moscow. He criticizes other correspondents who, with the assistance of the Russian government, have written articles and books praising the Russian experiment. He calls the Russian people the neglected item in the world equation. He states that the Russian people are prisoners in a colossal penitentiary and subjected to all the inventions of tyranny. They have to suffer many cruelties. They are not permitted to go outside their country or to have contact with other countries. They are not permitted to know the truth about what goes on in the outside world. A colossal fraud and injustice is being perpetrated upon the Russian people.

This article draws attention to the moral responsibility resting upon the statesmen at the United Nations and upon the statesmen of the world generally. Should the people behind the iron curtain be abandoned to their doom? The people of Poland were once allies of the United States and of the United Kingdom, but after the conference at Yalta they were progressively handed over into the hands of their former enemies, the soviet rulers. Do we think that these people and the other peoples in the eastern countries should remain for ever under that tyranny and under that injustice?

I am sure the Secretary of State for External Affairs (Mr. Pearson) is familiar with the enlightening statement made by Stalin to President Roosevelt at Yalta when President Roosevelt was advocating free democratic elections in the countries in eastern Europe. Stalin said:

> A freely elected government in any of these countries would be anti-Soviet, and that we cannot allow.

That applies to all countries behind the iron curtain, and in Asia, especially in China, where a communist government is in power at the present time. It applies to Russia, where a communist government exists. I should like to direct attention to a pamphlet issued by the Foreign Policy Association as part of its headline series. It is entitled "Face to Face with Russia." It was written by Philip E. Mosely, and it says:

> From the point of view of soviet leaders, war and peace are continuing, if not alternating, aspects of one continuous, inescapable struggle. The nature of the struggle and of the contending forces may change, as they see it. But the struggle cannot be wished out of existence. And "compromise" has an evil sound in the Russian political vocabulary.

Then at page 48 he states:

> But does the soviet concept of continuous struggle—a struggle which must last until the soviet form of socialism is adopted throughout the world—mean that war is literally inevitable?

Victory for the United Nations forces in Korea would be a setback for communism and would cast the deepest gloom over the Kremlin. But victory for the communist forces, or even a stalemate which might be paraded as a victory, would give them the greatest joy.

We have noticed recently changes in the foreign policy of the United Kingdom. It has changed its attitude in some respects, perhaps as a result of the terrible suffering inflicted on a British regiment in the recent communist drive. Whatever the cause, the United Kingdom is prepared to change its attitude. Last year the United Kingdom sold $350 million worth of goods to communist China while British soldiers were over there fighting communist troops and laying down their lives. I think the iniquity of such a proceeding is now being recognized. The United Kingdom also is reported to have changed its attitude on the bombing of bases in Manchuria. I believe it is now generally recognized that if large air forces should come from Manchuria and inflict serious damage upon the United Nations forces, the United Nations air force would be permitted to pursue them across the border into Manchuria and bomb the bases from which they come.

There are certain other matters in connection with foreign policy about which we know the general attitude of the United Kingdom, about which we know the attitude of the United States, about which we certainly know the attitude of the Soviet republic, but about which we do not know the attitude of Canada. I am going to ask the Secretary of State for External Affairs if he does not think that this house should be informed on these questions and that the people of this country should be informed as to where Canada stands today. Here are the questions:

1. What is the attitude of the government toward the recognition of the communist government of Red China?

2. What is the attitude of the government toward seating communist China in the United Nations?

3. What has been the attitude of the Canadian government toward handing over Formosa to Red China?

The government of communist China is a tyranny which has been imposed upon the Chinese people contrary to the wishes of the great majority. Neither in China nor in Russia would the government consent to have elections on any kind of a democratic basis, because they know they would never be returned. Let us avoid making any mistake that might enlarge the area now controlled by the communists. Let us rather give consideration to restoring freedom or enlarging the area of free government.

I must confess that I agree with General MacArthur and General Ridgway, that the place to begin is in Korea. I hope that the minister, who has expressed his dislike at Canada being an echo of anybody else, will adopt an original line at the United Nations and call for a widening of the bounds of freedom. Did he read the statement made recently in Frankfurt by the mayor of Berlin? He said:

> It is not the strength of communist Russia we fear so much as the weakness of the western nations.

That weakness is not so much military or material as it is moral and spiritual. They fear the vacillation, the wavering and uncertainties that leave the people of the world in doubt as to what they may expect from the United Nations. If the poor suffering people of Korea, of China, of Russia, of all the countries behind the iron curtain, could only speak to us today, they would ask us to adopt a positive attitude such as was advocated not long ago by a very distinguished soldier whom I consider to be a great statesman.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I rise to take part in this debate for the purpose of emphasizing one aspect of our external policy. I refer to what seems to me to be a failure on the part of the government in connection with its foreign policy. I believe the time has come when the government should grant substantial economic assistance to the backward and underdeveloped countries of the world. The government should introduce a measure to provide economic assistance to India in order to alleviate famine in that country.

I want to say to the Secretary of State for External Affairs (Mr. Pearson) that his statement of a week ago was very disappointing to me, not so much for what he said but for what he did not say. His statement was divided into two sections, and he devoted approximately equal time to each. The first section had to do with friendly relations with the United States. Our relations with the United States seems to me to be generally satisfactory. I believe they have been fairly satisfactory in the past, are quite satisfactory today, and in my opinion are likely to continue that way in the future. Nevertheless the minister drew fine distinctions, emphasized fine points, and took half of his time to talk about our relations with the United States. In the second section of his speech he dealt with the situation in Korea, and on this matter I am in general agreement with him.

I feel, however, that he should have added to his statement a third section equal in length to either of the first two, and that section should have dealt with the whole question of economic assistance and technical aid to underdeveloped countries. He should have dealt at some length with the present famine situation in India, and he should have told parliament and the country what reason the government has, if indeed it can have a reason, for its failure to act in a generous manner toward India now in its time of need. Therefore I criticize the Secretary of State for External Affairs, not so much for what he said, but for what he omitted to say in his statement of a week ago. That omission underlines the basic difference between the foreign policy of the government and the foreign policy supported by the C.C.F. party. We believe that far greater emphasis should be placed now on the need for economic and long-term technical assistance to the underdeveloped countries of southeast Asia.

On May 2 I asked the Prime Minister (Mr. St. Laurent) whether the government would consider a grant of food to India or a grant of money with which to buy food. The answer was that no policy in that regard had yet been decided upon. Eight days later the same question was asked by the hon. member for Greenwood (Mr. Macdonnell), and he was given the same reply. In other words, the government has no policy to help meet the situation in India where millions of people are confronted with the threat of starvation. I do not think I have to emphasize the situation existing in India today. It has been reported in the press many times in the last few months. Officials of the Indian government in Canada and in the United States have pointed out that millions of India's citizens are today facing possible death through starvation, that in some areas the cereal ration, which had been twelve ounces per person per day, has been reduced to nine ounces, and in other areas to a meagre six ounces.

As I say, that situation is well known to the government, to members of parliament and to the people of Canada, and for the life of me I have no idea why the government has not acted in a generous way by helping India in this her time of need. Other countries in the world have taken action. Great Britain, with its austerity, and labouring under a severe defence burden, found it possible as long ago as October to divert to India 42,480 tons of wheat that she had purchased from Australia. She not only diverted that large quantity but provided the tonnage for its shipment to India. While the United States administration has not been too effective so far in its efforts to help, it has done its duty by calling upon congress to pass the necessary legislation to supply two million tons of wheat to India.

Recently we learned that China is likely to provide a million tons of food grain in addition to 50,000 tons of rice. Even Russia is supplying 50,000 tons of food, and the Prime Minister of India has said that he hopes he may get 500,000 tons in all. As a producer of surplus food, Canada is certainly in an excellent position to be generous to India. Surely we do not have to leave help of this kind to Great Britain, China, Russia, or to the United States. Surely on humanitarian grounds, if for no other reason, a Christian nation like Canada should be prepared to help human beings in any part of the world facing a situation such as prevails in India at the present time.

In order to emphasize that point, I should like to say that I received, as did other hon. members, a letter dated May 12 and sent from the chaplain's office, Hart House, university of Toronto. It reads as follows:

> In view of the increasing indications that famine in Bihar and Madras will become critical by the end of May, we would again urge our government to send substantial supplies of food to India at once, even at the risk of depleting our own stocks. We urge that this food be sent on humanitarian grounds, regardless of political considerations, as evidence of good will to fellow members of the commonwealth; we urge that it be sent as a gift, or on terms acceptable to the government of India.

The letter is signed by Patrick Daniel for the food for India committee. The names of the members of the committee are on an attached page. Among them one finds dignitaries of many of the great churches of Canada, the Y.W.C.A., heads of departments at the university of Toronto, and other well known citizens. On the second page of the letter there is the following:

> We are also aware that theoretically Canada's situation is such that we have no other wheat available. But our concern, which we believe is the concern of a large number of the Canadian people, is that nothing should be left undone to get food to India as rapidly as possible.

The Canadian people, generous and Christian as they are, are prepared to make a substantial sacrifice if necessary in order that large quantities of food may be shipped to India to prevent starvation. In my judgment the only thing that stands in the way of action by the Canadian people at this time is the government's indifferent attitude. The government alone appears unwilling to grant large quantities of food to India, or to take such other measures as may be necessary to see that such large quantities of food do reach the Indian people.

In addition to humanitarian grounds, there are ideological grounds which would warrant

the Canadian government taking whatever steps are necessary to help meet this situation. I believe that members in all parts of this house are aware of the threat that communism presents to the free world. If we are to protect democracy as it exists in the world today, if we are to have that democracy extended, then we must help provide for every nation in the free world the economic basis upon which that democracy can flourish. In my opinion you cannot have democracy in a nation where millions of people face starvation.

In addition to the humanitarian reasons, I suggest that as part of the battle in stemming communism throughout the world, this government should take action now to provide the Indian people with large quantities of food. I suggest, Mr. Speaker, that the government should make a grant of at least $100 million. This might purchase approximately 50 million bushels of wheat.

I know the minister of external affairs may say that we offered India some of the only kind of wheat we have in surplus supply, and India turned it down. As I understand it, the quantity of wheat that Canada has already offered to India was attached to the Colombo plan and its $25 million. The government said India could take that wheat and sell it to the Indian people, then use the currency she obtained in return for the purchase of $25 million worth of goods to be used for technical assistance. I believe a quantity of wheat could be obtained from Canada now of a grade that the people of India would find it possible to use for human consumption. We in Canada, as was suggested by the leader of this group, the member for Rosetown-Biggar (Mr. Coldwell) a week ago, should be prepared to accept a loaf made from wheat of slightly lower milling quality. By that means we could provide a quantity of wheat for the Indian people, even though it might not come anywhere near the 50 million bushels which I suggested.

Then again, I think it might be possible for the Canadian wheat board to put our No. 4 and No. 5 grade wheat through machines equipped for the purpose and have it separated into its various component grades. At least a portion of the No. 4 and No. 5 grade might be brought up to grades 2 and 3, even though the balance would thereby be placed in grade No. 6 or feed.

If that is not a practical suggestion, I have another suggestion to make. The United States has surplus wheat on hand. If the government were prepared to grant to the Indian nation $100 million, that money might be used for the purchase of high grade wheat in the United States. If the United States government felt that its surplus of wheat must not be reduced because this year's crop might be lower than average, or next year's crop might be lower than average, then I say the Canadian government should tell the United States that when the 1951 wheat crop comes along the Canadian government will sell to the United States an equivalent amount of wheat of the same grade.

I have made these three suggestions, Mr. Speaker, to point out that if the government really wanted to help India it would find a way. If the government had the will it could certainly find the way. We have found it possible—I am not complaining about it, rather I support it—to make $1,600 million available for defence. Surely $100 million to prevent death by starvation amongst millions of our fellow citizens in the commonwealth should not be an insurmountable task for either the government or the Canadian people.

So far this year we have exported fairly substantial quantities of whole and skim milk powder. Of the approximately 9,244 hundredweight of milk powder exported from Canada in the first two months, only 100 hundredweight was shipped to India. In other words, of the quantity of milk powder we have been exporting, India has received only slightly more than one per cent. Milk powder when it is reconverted to milk is as wholesome a food as the whole milk. A large quantity of milk powder sent to India might prevent the death of tens of thousands of infant children from malnutrition and starvation. I certainly believe that is another suggestion that the minister of external affairs, the Prime Minister and the government might consider.

When the minister of external affairs speaks in closing this debate, I should like him to give us some good reasons, if he can, why the government has not done something. I plead with him, with the Prime Minister and with the other members of the government, not to wait any longer, to recognize that Canadians are a generous people, and to bring down a measure which will provide for an immediate contribution of food to India.

Mr. H. A. MacKenzie (Lambton-Kent): Mr. Speaker, I had not intended to participate in this debate, but since it has run into the second day I feel that I should like to make a few observations. I shall try to be as brief as possible, having in mind what the Minister of Finance (Mr. Abbott) said the other day about avoiding repetition. I shall try to avoid repeating what I have said on former occasions.

Last December I was one of the members privileged to attend the fifth session of the

United Nations at Lake Success. I found this one of the most interesting experiences in my life. I want to commend the Secretary of State for External Affairs (Mr. Pearson) for the great contribution the Canadian delegation has made towards this world organization that is striving so hard to stop aggression and to contribute something to justice and peace in our time throughout the world. I was indeed pleased to see Canada so well represented by a delegation of at least twenty-five young, highly-trained special officials from the Department of External Affairs. In my opinion this is one of the most important branches of government that we have in Canada today. The Canadian delegation also included members of parliament representing all political groups in the house. At times some of these were assigned to committees of the several branches constituting the United Nations, to represent Canada, and they did their work well. It was most interesting to me, when the nine o'clock conference was held each morning, to have the chairman of these several committees give a review of the developments that had taken place the day before and to report progress.

I am sure that I am speaking what is in the mind of everyone who has attended the general assembly at any time when I say that Canada's permanent delegate to the United Nations, the late R. G. (Gerry) Riddell was a most capable and conscientious young man. He was held in high regard by all who knew him and his passing was indeed a great loss not only to his own family but also to Canada. His place will be most difficult to fill. We all wish the young Canadian, Mr. John Holmes, who is taking his place as acting permanent delegate to the United Nations, all possible success.

I think I should at this time pay tribute to the chairman of the Canadian delegation, our own Secretary of State for External Affairs (Mr. Pearson), who is held in such high regard by all, and to commend him for speaking openly and aboveboard of Canada's views on international questions. Because Canada is a member of the United Nations, there is no reason why we should just be a "yes" organization or that we must agree in its entirety with every proposition that is presented by other nations. I am sure his prestige in Canada and elsewhere has been enhanced rather than lessened by his stand that Canada as a member of the United Nations should be consulted with regard to policy in Korea or in other parts of the world.

I think it would be helpful at this time to review just briefly some of the history of China; and I am going to devote the few minutes I have at my disposal to giving some of the background and some of the experience that I had in that country in the Far East. China is one of the oldest civilizations in the world and dates back to some six thousand years ago. It was formerly governed by groups or dynasties. Usually after many years of court life and luxury they became so weak and corrupt that another group would overthrow them and set up a government of their own. This last form of government was held by the Manchu dynasty. They held power for over two hundred years and became so weak and so corrupt that in October, 1911, this dynasty was overthrown, and the Chinese republic still observes that day as a national holiday. It is designated or named the double tenth day, or the tenth day of the tenth month that the republic was formed. But it was not until February 11, 1912, that the first republic was actually established. The first president was Li Yuan-hung. Nevertheless, Dr. Sun Yat-sen played the leading role and a few years later he was chosen as president.

It was most difficult to establish a republic for which neither the people nor the leaders had any previous training nor any program to follow. However, the government worked fairly well until the death of the founder, Dr. Sun Yat-sen. After his death in December, 1925, a three-sided war raged to see who would have control. This was between war lords or so-called war lords: Chang Tso-lin, the anti-communist at that time; Feng Yu-hsiang, the communist, and Chiang Kai-shek, who was then considered a so-called moderate.

Sometime early in 1927 Chiang Kai-shek was in command and was chosen president of their republic; and he held that position until 1949, when his armies and his government were defeated and he fled to Formosa. His government had failed to implement the reforms he had promised each year for the twenty-two years during which he was president, and he had lost the confidence of the people.

It should not be forgotten that China is a vast country, over one-third larger in area than the United States, with nearly five hundred million people, and a total of thirty-seven or thirty-eight provinces, or probably thirty-nine including Manchuria. It has frequently been said that Mao, who is now in charge, was Moscow-trained. The same, of course, could be said of Sun Yat-sen; and it is also a fact that Chiang Kai-shek was trained in both Japan and Moscow.

It is further claimed that one reason why the present regime could not be recognized

and given a seat in the United Nations is that the present government came to power by revolution and not by the people's choice; again, this is the very same method by which the former regime came into power.

On arriving at Lake Success the first morning we attended a meeting of the security council. As hon. members well know, this is composed of five permanent delegates and six non-permanent delegates, who are appointed by the general assembly each year for a period of two years; and I was surprised to see that the occupant of the permanent seat for China was a man that I knew well in China, namely Dr. T. F. Tsiang, who was the director of CNRRA operations in China. This organization was directed and appointed by the nationalist government to handle the supplies that were contributed and sent to China. They had charge over the allocation and the distribution of the $550 million worth of supplies that were shipped to China for the relief and rehabilitation of the ravaged and war-stricken areas in China, conditions caused by the recent war with Japan.

The terms of this agreement were explicit. They were that these supplies must be distributed without discrimination as regards race, creed or political differences; or in other words the United Nations organization as such was not taking part—and did not wish to do so in any way—in the civil war that was then taking place in China.

I am not going to elaborate on some of the difficulties that we ran into in the distribution of these supplies, any more than to say that there was a good deal of hostility with regard to the distribution of the supplies and even with regard to some of the supplies that were not distributed. Let me just give two instances. One was the United Nations endeavour to rehabilitate the fishing industry in China. They had purchased on the Pacific coast some 23 million or 25 million feet of the best lumber that could be procured, such as Douglas fir and oak. I did not believe that timber like that existed anywhere in the world. I wrote a special report on this matter, and I have the original copy. This lumber was bought and shipped to China in order to rehabilitate the fishing industry of China; in addition, many modern diesel-powered boats were to be sent. This lumber was to be sawed, to provide fishing junks for the people that could not possibly operate those larger boats. It was estimated that at least five thousand fishing junks could be produced. This timber landed there in good time and was piled up; and when I left in December 1947 there was not one stick used at all and there was not one junk built. Why, I do not know.

Another thing that caused a good deal of hostility was the fact that some of the supplies that were purchased by the UNRRA organization were war surplus supplies. In one particular shipment there was included about 50 tons of vinegar, Worcestershire sauce and lemon flavouring. That stayed in the warehouse for at least a year; and through our own organization, through the inspection and investigation branch that I was associated with, we urged that these supplies must move out to the war stricken and war ravaged areas. We were amazed when we knew that the same organization had shipped these 50 tons of vinegar to a relief organization in Shantung province in a communist area as a measure of food to restore the people to some sort of living standard at least.

You will say that that was a large organization, and probably mistakes could be made. Well, that is quite true, but what I am trying to say is that this man who was sitting there in that permanent seat was the man who was the director of this CNRRA organization when I was over there. So when the Peiping government officials appeared before the security council the spokesman, General Wu, delivered what was generally regarded as, and indeed was, a very belligerent and hostile speech, one that followed very closely along the same pattern of the Soviet union delegates. It was quite evident that his feeling towards Dr. Tsiang was very bitter, as he made accusations against him. That the Peiping delegation did not feel kindly towards this man was understandable, for he represented a party that was driven from the mainland of China by the Chinese people themselves; and now he was representing and speaking for the Chinese republic of 475 million to 500 million people on the mainland, while Dr. Tsiang himself was living in Formosa.

Another problem that was most contentious and has been given a good deal of publicity in the press is the future of Formosa. I think I should read into the record the Cairo declaration of 1943. This is the Cairo declaration of December 1, 1943:

> The three great allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first world war in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence and greed. The aforesaid three great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.

That was signed at that time by the United States of America, whose president was the

late Franklin D. Roosevelt, Winston Churchill and Chiang Kai-shek. It would appear, then, that according to the provisions set out in the Cairo declaration, if the Peiping regime were recognized and given a seat in the United Nations Formosa should be conceded to the Chinese republic.

If reports coming from Formosa and also from Hong Kong are credible there is considerable discontent against the present regime. Guerrilla forces are operating and people that offer any resistance to the government are being liquidated every day. It is further stated in the reports that the Peiping government are not able to cope with the bands of guerrillas and bandits, as no other government in China has ever been able to do. With a fairly large scale war raging, heavy taxes to support the army have caused grumbling, and the land reform program has met with a good deal of resistance.

No doubt a good deal of that is true, and again it is three years since I have been in China and conditions may have changed since then, but the former nationalist regime had also a great propaganda machine. If you recall, in the period from 1930 to 1940 the government was appealing for foreign aid and were stating that their enemies were almost exterminated—when the very opposite was the case.

I well remember reading, while in China in 1946 and 1947, headlines and press reports, almost every day, that the nationalist armies were achieving notable victories and continued daily successes, and any paper in China that told of any losses or reverses was immediately suppressed and confiscated.

When I left China in December, 1947, Chiang Kai-shek and the nationalist government had large armies at their command, and had control of all the major cities such as Shanghai, Peiping, Nanking and Canton, as well as all transportation, and Chiang Kai-shek made daily claims of his successes. But his regime collapsed a short time after that date, so that naturally reports coming from Formosa must be discounted. A few minutes ago I heard somebody mention the fact that about 50 thousand tons of rice had been supplied by China to India. I do not believe that that report can possibly be true. They could not possibly do that unless they stripped the food from their own people to do it. I do not believe they can feed their own people. Therefore these reports cannot be taken at face value.

Mr. Coldwell: Will the hon. member permit a question? Is he aware that that was Premier Nehru's announcement, and the rice was on the way?

[Mr. MacKenzie.]

Mr. MacKenzie: It is true that that was in the report, but again I cannot see how that report can be correct. I am aware that that was the announcement, but I cannot see how it could be true.

It has been said by many citizens of the United States, when speaking in this country, that if the western powers had supplied the nationalist government with modern war equipment and supplies, this trouble in China would never have occurred. While it is true that the communists obtained a great deal of war supplies from Russia, yet it was United States equipment that played a large part in the defeat of Chiang's armies. It is a matter of record that whole regiments who were supplied with United States army equipment deserted and went to the communist army in a body.

At the moment there seems to be no alternative government for China in the near future. It is either the old discredited government headed by Chiang Kai-shek, or the present Peiping administration. It is claimed that the present government was not chosen by the people, and that it was brought about by force. That was equally true of the nationalist government.

We should not forget that communism in Asia has not the same meaning or significance that it has in the western world, and any attempt to line up all Asiatic people in a frontal attack on communism seems futile. To the Asiatic mind this is just a political name and offers a better standard of living, and as they have nothing to lose they accept it.

It seems to me that if we could convince the Asiatic people that this whole scheme is a Moscow plot, with its motive to promote Russian imperialism and aggression and world domination, we should have much greater chance of success.

Mr. Browne (St. John's West): Will the hon. member permit one question? Has he seen the testimony of General Marshall, who visited Chou En-lai, and who stated that he was a communist, and had pictures of Stalin and Marx in his encampment where he visited him?

Mr. MacKenzie: I am talking about the situation in China when I was there. That was the situation as it appeared to me, and that was the information that I got after making very careful inquiries. That was the situation as it was then. I was fortunate enough to meet General Marshall in Shanghai, when he made a visit there. I do not know anything definite about what has taken place since that time.

It is a mistake to proclaim too loudly that China is a satellite of Russia. China, I believe, is firmly in the Russian camp at present and regards Russia as her friend. But the oriental mind is always suspicious of the foreigner and once they realize that they are being dominated by Moscow she will leave her orbit very quickly without much prodding from abroad.

I want to state here briefly some of my own experiences while I was in China. I reported in Washington in the fall of 1945, and I spent a full month there.

When I got badly depressed, which I did once in a while, I went in to have a little visit with the then Canadian ambassador, who now happens to be Secretary of State for External Affairs (Mr. Pearson), and I always felt better after I came out. I want to add this, that in the training we received in Washington before we went to China, while we were not told this in so many words, the general belief with respect to the over-all picture was that we must support the regime that was there.

I went over to China fully convinced that the government that was there was a modern Moses that would lead the people to the promised land, and that that was the only way we could get peace and harmony in China. I remember distinctly reading an article which appeared in the *China News* of February 16, 1946, and entitled "Soong Lauds Canada for Loan to China". The *China News* was a daily publication in English, that had a Chinese edition as well, and was printed by the Soong interests. I think Dr. Kung really was the owner. At any rate it was published daily in China. This dispatch, dated at Chungking, states:

> Commenting on the Canadian loan of U.S. $60,000,000 that has just been completed with China, Dr. T. V. Soong, President of the Executive Yuan, said:
>
> Canada had an enviable war record. Literally from scratch, she developed the munition industry that, despite her small population, made her the third or fourth largest arsenal of democracy. During the war, she was most generous and forthcoming in sending assistance to her allies, and China's war efforts were greatly benefited therefrom.
>
> In giving to China her first post-war foreign loan, Canada, under the leadership of Prime Minister Mackenzie King, is carrying on the co-operation between China and Canada into a new era of reconstruction, and it is fortunate for us that, along with the United States, she constitutes our next door neighbours across the water.

I read that with a good deal of pride, and kept it, as I did many other clippings from China, and brought it home. In six months' time, after living with the people and after visiting the major cities in China, I was convinced we could not possibly win with the government that was there. It was my conviction that we were backing a government that could not possibly succeed.

Indeed, I was so convinced of that that, believe it or not, I wrote letters in the matter. I wrote weekly or monthly letters, and certainly always occasional letters to the press which, occasionally, were published. I was not surprised to find that the press did not publish all of them, because I am not a good letter writer, and I appreciate fully the fact that all of them were not worth publishing.

Mr. Martin: Did the hon. member write in Chinese?

Mr. MacKenzie: However, quite a few of them were published. I should like to read an excerpt from a letter of June 9, 1947. I kept copies of my letters, of which this is one. My good friend the Minister of National Health and Welfare (Mr. Martin) knows that some of my letters appeared in the Windsor *Star*. This is one that did, and it is part of it I shall read.

At the time in question there was a large quantity of raw cotton in China. UNRRA had sent in 1946 about 540,000 bales of raw cotton. Much of this was not sold and the suggestion was that permission be given to sell it so as to get enough money to keep the army of the Chiang machine going. My letter was, in part:

> For many months support from the U.S. had been proposed in the nature of a $500,000,000 loan and this would doubtlessly help, but temporarily only, as it would only be a dollar each, which in my opinion would only be a spot on the blotter and doomed to ultimate failure, unless the government is willing to put into effect immediate and sweeping reforms that will put its governing and fighting machinery on an honest and efficient basis. The facts are that the vast majority of the thinking people of China have little confidence in the present administration.

Bear in mind that this was written after I had been there a little more than a year. Later in the same letter I wrote:

> The army is very poorly paid, and when the troops pass through a district they take their living from the land. Can you imagine how the farmers feel when their crops and all farm produce are confiscated? Communism surely thrives under such conditions. In any event it seems that the time has come when we must admit there is virtually no hope of foreigners settling this question. The Chinese people and the government must realize that they cannot go on indefinitely asking for and receiving help, for China must get on her own feet, and soon.
>
> UNRRA has shipped huge relief supplies into China, up to the present over two million long tons.

When I returned to Canada I stated publicly and in many places that my views had changed. I had changed my mind—and I do not see anything wrong with changing one's mind. It is clear that people throughout the country do that. I am sure many people in Canada must have changed their minds between the

elections of 1930 and 1935. I see no reason why an individual should not change his mind, if he is convinced he is wrong.

When I returned to Canada I stated publicly in many places that a foundation could not be built on sinking sand, and pointed out that there was no foundation in China upon which to build. I pointed out there was no hope of restoring peace and unity in a country as large as China, particularly when it was as corrupt and totally incompetent as China was.

I remember saying in the house in 1949 that I believed the Peiping government should be recognized and given a seat in the United Nations. By doing that we would not have been approving or disapproving of the type of government in that country. Such action would not have been an expression of that kind on our part. It would have been only a recognition of the acknowledged fact that here were a people who had come into power, as had happened in many other countries, a people who had control of the councils of the country, who had put some reforms into effect, and who had obtained a measure of obedience from a people who represent almost a quarter of the world's population.

I believe that at that time such a move would have been comparatively easy. But it is a much different story today. It would be most difficult if not impossible, in view of the situation in Korea and the fighting that is taking place there, to do it now.

The question is often asked whether it would have made any difference if communist China had been recognized. That is a question no one can answer. It seems to me there is no use elaborating upon it, because no one knows the answer. I think all will agree however that conditions could not very well be any worse. I appreciate that nothing can be gained by reviewing that situation now.

I believe I was right in speaking as plainly as I could on the occasion I have indicated. I attended a Rotary Club luncheon today, and heard a gentleman refer to the definition of a realist. When I was in China I tried to be a realist. It is said that at the dinner table the optimist says, "Please pass the cream"; the pessimist says, "Please pass the milk", but the realist says, "Please pass the jug."

While in China I felt I was looking at the situation as realistically as I could. I have a high regard for those hon. members who have expressed contrary opinions. It was the hon. member for Vancouver-Quadra (Mr. Green) who cautioned us not to be sentimental, not to be emotional. I listened to Madame Chiang Kai-shek when she was here in 1943. At that time I was one of her staunch supporters. Indeed I almost reached the point where I felt I should go home, mortgage my farm and give her what I had. Of course I did not go to that length. I changed my mind when I reached China and saw the situation there. When I saw the conditions in China I felt I could not possibly support an outfit like that, one which obviously was lacking in democracy, Christianity and liberty.

I will say this, that I have a high regard for the people who expressed an opinion different from mine, and said that the nationalist government headed by Chiang Kai-shek had fought communism for years, and had fought Russian aggression for years. But it is my opinion that the nationalist government in China, which has been headed for the last 22 years by Generalissimo Chiang Kai-shek, has done more to create and spread communism than all other factors combined. I have nothing to say about the personal integrity of Chiang Kai-shek, but if you are the manager of a ball team you are responsible for the behaviour of its members. In the same way with the government of Canada, if the Minister of National Health and Welfare (Mr. Martin) goes wrong—

Mr. Martin: No danger of that.

Mr. MacKenzie: —the Prime Minister (Mr. St. Laurent) of this country has to take the responsibility. The nationalist government headed by Chiang Kai-shek must accept responsibility for what has been done.

I do not wish to say anything further at this time about the merits or demerits of the former regime in China. British policy is based on the belief that the main reason it was driven from China was that it no longer commanded general support and the only way it could ever return to Peiping would be by a major conflagration, involving large-scale intervention by outside powers or by the United Nations as a whole on the mainland of China. In other words, all the hopes for the former regime returning to power are based on the failure of the western powers to achieve a peaceful settlement.

Economic aid is vitally necessary, but instead of being used to bolster up discredited regimes, it should be accompanied by social planning to remove the grave injustices of a system in which the great mass of the peasants are in the grip of landlords and usurers. Economic aid should not be used to interfere in the internal affairs of backward and undeveloped countries, but remedy of social abuses should be made a condition of its being granted. And it must be clearly stated what is the democratic way of life.

Peace is not in sight and troublesome days lie ahead. The last five years have been

years of frustration. Russia and her satellites have attempted to block every move for world co-operation. Russia's attitude, whether the reason is fear, suspicion or a deliberate attempt to create international chaos, has been most discouraging. Anyone who has attended the United Nations can readily see that Russia and her satellites do not want to co-operate but are merely using the United Nations as a propaganda outlet in order to have the 700 million people to whom their speeches are broadcast believe that they are fighting for their liberty and welfare.

Indeed it is my belief that Russia does not want communist China seated at the United Nations, but is using this opportunity simply to endeavour to curry favour with them. The only hope of the world lies in the success of the United Nations, and the Canadian people must support wholeheartedly every move to strengthen this body.

Mr. John Decore (Vegreville): Mr. Speaker, I rise to make a few brief observations in this debate. Considerable discussion has taken place in this chamber with reference to the Korean war. Hon. members of the opposition have stated their views, which I think can be summarized briefly. The hon. member for Peace River (Mr. Low) has criticized the United Nations policy in Korea because it has tried to achieve its objective without a clear-cut plan. The C.C.F. group, with the hon. member for Kootenay West (Mr. Herridge) as their spokesman, suggested a five-point proposal and stated that the time was now ripe to end the Korean conflict by means of negotiations. I think we all wish that the solution of the Korean war was as simple as that. I think it is clear to all of us, from the statement made on February 2 last in this house by the Secretary of State for External Affairs (Mr. Pearson), that attempts have been made from time to time to end the Korean war by means of negotiations.

Another view with regard to the Korean war was expressed on behalf of the Progressive Conservative party by the hon. member for St. John's West (Mr. Browne) and the hon. member for Vancouver-Quadra (Mr. Green), for both of whom I have the greatest respect. They seem to have adopted the MacArthur plan for extending the Korean war to China.

It is quite evident that the fighting in Korea while vicious is at the same time indecisive. Under the circumstances there appears to be no end in sight. However, I think it would be a fallacy on our part to believe that we have not achieved anything in Korea. It must be borne in mind that the prime consideration of the United Nations in participating in the Korean war is to resist aggression. This is in compliance with the principles laid down in the United Nations charter.

Until now the United Nations have continued to resist aggression at the point where such aggression is taking place, and at the same time they have made every effort to preserve the peace and avert a new world war. I believe that our achievements in Korea have been quite substantial. To begin with, the United Nations forces have held back the aggressors. The United Nations forces have saved South Korea, which was the original purpose of going into the war. Although up to date we have been unable to reach the objective of unifying all Korea under a democratic government, we have upset the communist timetable for conquest and have relieved pressure in such areas as Indo-China, Malaya and various parts of Europe.

Furthermore, some of the experiences of the United Nations forces in Korea have led to the necessary reorganization and reorientation of our strategy and tactics. Korea has been available to us as a proving ground for this purpose. Above all, the Korean incident has awakened the western world to the dangers and menace of international communism and Russian imperialism.

In the event that we should fail to arrive at a negotiated peace in Korea in the near future there are probably several other courses which may be open to us apart from the present policy of a limited war. The United Nations could withdraw their troops from Korea, recognize red China as a member of the United Nations, and turn over Formosa to red China. This is exactly what Moscow insists upon, along with the communist sympathizers throughout the world including the Moscow stooges here in Canada.

The withdrawal of the United Nations forces would in effect mean the throwing in of the towel. It would be a let-down, not only to the South Koreans but to all anti-communists in Asia. It would be a violation of the principles laid down in the United Nations charter and would in effect be the death knell of that world organization. It would have a most undesirable effect politically and psychologically, not only in Asia but throughout the world in general. Communism would certainly spread in Asia and this would amount to unconditional surrender to Russian imperialism in that part of the world.

As the Secretary of State for External Affairs has pointed out, in Korea we are resisting aggression instigated by international communism. It is important, however, that the spread of communism in Asia be halted, and in halting aggression in Korea

we are at the same time halting the spread of communism in Asia. Although we give priority to Europe, Europe cannot be saved by losing Asia to Russian imperialism. The plans for world domination, as laid down in the Kremlin, are global in scope and not limited merely to Asia alone.

Then there is another course of action that can be adopted, the unlimited extension of the Korean war to China even at the risk of Russian intervention. This of course would be in line with the MacArthur plan. As a Canadian, I do not propose to take sides in the debate which is going on in the United States between President Truman and General MacArthur, but the extension of the present Korean war, and a possible third world war, are the very things that the United Nations are trying to prevent.

With nearly half a billion Chinese people to contend with, now under the control of the communist government, even if Soviet Russia did not formally enter on the side of the Chinese in Asia, we in effect would be shadow-boxing with our real opponent, Russia, if we engaged in a war with China. This would leave the Russian imperialists in Moscow relatively free to make their moves in Europe and in other parts of the world. In the event of Russian intervention in China, let us bear in mind that we are not ready to deal with that situation.

Only a few days ago General Bradley made a statement to the effect that we are now "buying time" in our preparation against a third world war. The Secretary of State for External Affairs (Mr. Pearson) in his report to the house a few days ago emphasized that the United Nations are fighting to repel aggression in Korea. This of course is in compliance with the principles and the spirit of the United Nations charter, namely, that aggression should be halted by any form of collective action, including military collective action. The minister further pointed out, as reported at page 2754 of *Hansard*:

> . . . it is not an aim or objective of the United Nations in its Korean policy to interfere in the internal affairs of any Asian country, to replace one regime by another. Its aim, as I said, is to defeat aggression . . . by proving that aggression does not pay.

He went on to say:

> Communism itself, as a reactionary and debasing doctrine, must be fought on other planes and in different ways; by the use of economic, social, political and moral weapons.

Personally I am a great believer in the use of political weapons. On a previous occasion in this house I endeavoured to point out that international communism is being used by Stalin as an instrument to further Russian imperialism. I am also convinced that the apparent unity which exists in Soviet Russia today has only been made possible through slave camps, liquidations and mass extermination of racial, ethnical and religious groups as such. We can feel quite certain that the rulers in the Kremlin, in order to maintain unity within their borders or that so-called unity within the Soviet union, must resort to further mass exilings, slave camps and liquidations. There are today throughout the Soviet union hundreds of thousands of families one or more of whose members have been either liquidated or sent to slave camps for political reasons.

The Soviet union's weak spot is to be found in the smouldering opposition of the population against its oppressors in the Kremlin, which once aroused can become an effective weapon in favour of the free world. That an open revolt has not yet erupted is due primarily to the fact that the peoples of these unhappy countries are totally disarmed. The dictatorial regimes are not only fully armed but would not hesitate for a single moment to put down in a most brutal fashion any revolt or any signs of revolt. In addition of course there is Titoism, which we should also exploit by the use of political warfare. I only hope I understood the minister correctly when he agreed that among the weapons we should use against Russian imperialism or communism is the political weapon, and I believe that it should be utilized, and utilized effectively, without delay.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, before the Secretary of State for External Affairs (Mr. Pearson) closes the discussion at this stage, I wish to make some observations. Before dealing with the more general problems of international affairs, I wish to deal with two specific aspects of the work of the Department of External Affairs. First I shall refer briefly to a subject mentioned earlier in the present session, the number of conferences that the government is attending through representation on a large or small scale. I do not raise this point in any manner of harping criticism but rather in the belief that we must be prepared to examine the utility of every step that is taken by the government at this time. In the printed report of the Department of External Affairs for 1950, we find on page 61 that an international conference section was set up in January, 1950, to deal with invitations to international conferences. That is merely an indication of the extent to which conferences of all kinds have become the habit of the

day. The record shows that Canada was represented at a total of 168 conferences and meetings during 1950.

I am sure that a great many of them were very important. I know that many of them will have a profound effect upon the future of this country and the general attempts to establish a sound basis for collective action. On the other hand, I think that an examination of the meetings shown as having been attended by representatives of the government suggests that at a time like this, when it is so important to economize in every way, we should consider exactly what value is obtained from some of these conferences, and also whether some of them are meetings which should be attended at all by government representatives.

It is not enough to say that only one or two people attended these conferences in some cases, and that in others they travelled fairly short distances. In other cases many people attended conferences and they travelled very great distances. These conferences were not all conferences which can easily be recognized as having any real importance at this time. No matter how short or long the trip may be, no matter how many may attend, it is the principle that is important, the example that it offers to the people of Canada as to the real necessity for economy; and the fact remains that every saving that can be effected should be made. It is in that light that I raise some question whether in such times as these we should be sending a government representative to the international congress of chocolate and cocoa manufacturers at Lausanne, to a meeting of the directing council and sanitary conference of the Pan-American bureau in the Dominican Republic, to the society of vertebrate palaeontology and the palaeontological society at Washington, to the third assembly of the world federation of mental health, to the third assembly of the world congress on cardiology, or to the meeting in Paris to discuss the problems of foot and mouth disease.

That is only to mention a few of the conferences dealing with subjects which it would seem are perhaps more a matter of concern for the professional organizations related to these activities and business organizations, or in the case of health meetings dealing with specified subjects which are under the provincial governments they might well be the responsibility of those authorities. I am sure that a careful examination of this report will suggest many places where a distinction should be drawn between the function of government and the function of the professional organizations and businesses concerned.

I want to make it perfectly clear that I am not questioning the standing or qualification of those who were sent. In the case, for instance, of the conference on cardiology, one of the recognized leaders in cardiology on this continent was sent. In the case of mental health a thoroughly competent representative was there. In other cases, the same observation is equally true. I am suggesting that the habit of sending government representation to every conference with the idea that, indirectly and in some uncertain way, some benefit may accrue is not in keeping with the necessity for economy, and does ignore the fact that the great professional organizations dealing with subjects of this kind, and business organizations interested in such problems as the manufacture of chocolate and things of that kind, will be fairly certain to see that they are appropriately represented at such gatherings.

Then I come to a matter referred to on page 49 of the department's report. In this case I am referring to something which has been a subject of discussion for some time, and which I think does call for a comprehensive, clear and definitive statement by the Secretary of State for External Affairs. The report I mentioned refers to the shortwave broadcasts of the international service of the Canadian Broadcasting Corporation. I have no doubt whatever that this service has a useful place in the struggle for men's minds which is taking place in the world today. On the other hand, it should be remembered that, quite apart from other activities of this nature, the specific provision for international shortwave broadcasting in the estimates amounts to $1,928,600. That in itself, even in these days of huge expenditures, is not an insignificant sum. What I am even more concerned about is the measure of supervision that is being exercised by the Department of External Affairs over this particular branch of the broadcasting activities of this country. There has been a considerable amount of criticism of some of these broadcasts. Naturally, it is not an easy subject for the minister or his department to deal with. The broadcasts in fourteen different languages, many of which are particularly directed to the countries behind the iron curtain, are naturally difficult to supervise and check because of the language difficulty, if for no other reason.

I do not minimize for a moment the difficulty of the minister and his officials in supervising this particular activity. On the other hand, I do think we should have much more information concerning the specific

allegations which have been made by responsible people for some time that these broadcasts have been rather sympathetic to the communist point of view, and that men with known communist associations still have something to do with some of these broadcasting activities. I would not raise this point were it not for the fact that these allegations have been made by very responsible individuals, and also were it not for the fact that I have from other sources information which inclines me to believe very strongly that there is a great deal in the allegations which have been made.

Not in any way to suggest that these remarks apply exclusively to these particular broadcasts but rather to offer an example, let me specifically refer to the broadcasts beamed to Czechoslovakia. The allegation has been made by different speakers on different occasions that Mr. Martin Dudak, who is engaged by the Canadian Broadcasting Corporation for some parts of this work, has had an active communist association in Czechoslovakia before coming here. One of the more recent statements to that effect which I have read was the report of a speech made by Robert Keyserlingk, which he made over the radio in a very comprehensive summary of this subject a short time ago. In that and in other statements I have heard and read, it was stated that Mr. M. J. Hronek, head of the communist radio in Bohemia, was welcomed by the C.B.C. with open arms when he visited Ottawa, and generally given very close contact with the Czechoslovak section of the "Voice of Canada". As recently as March 26 last, there appeared in the Montreal *Gazette* a letter from the Canadian editor of the Free Czech information service of London, England, in which he enlarged upon these same allegations.

Mr. Speaker, I suggest that in view of the fact that substantial capital expenditures have been made for the facilities which are required for this work, and the fact also that an increasing amount is apparently required each year for the services of those who carry out these broadcasts, and also in view of the obvious fact that we now have in Canada many people from all the countries to which we direct these broadcasts who have known and vigorous anti-communist sentiment, we should have the most unqualified assurance that it is the anti-communist group who are being consulted concerning the nature of the broadcasting that should be done. In the explanation given as to the nature of these broadcasting activities, it is explained that they are intended to be of an informative, entertaining and instructional nature in so far as Canada is concerned. It states that they are intended to be objective, and to give a clear picture of what is happening here. The charge is made that, in the case of the Czechoslovak broadcasts as well as other broadcasts, there has been a noticeable absence of anything that would indicate that the "Voice of Canada" is being used for positive anti-communist propaganda. I believe we must decide whether this broadcasting is for the purpose of encouraging immigration to Canada, or whether it is for the purpose of legitimate Canadian propaganda being directed to the countries behind the iron curtain.

These broadcasts which are sent to countries outside the iron curtain from which we may expect immigrants would be, I should think, properly of the type that would encourage those people to come to Canada. On the other hand, it unfortunately may be a very long time before the broadcasting behind the iron curtain can have that as its purpose or intention. In that case, it would seem to me that the broadcasting should definitely have a clear propaganda purpose, and the propaganda purpose should be the undermining of confidence in communism, and to demonstrate that we in Canada are determined to have nothing to do with communism, by all the methods that are open to the people of a free democracy. It is said that, as an example, during the extremely critical and important elections in Italy, when one of the great cradles of our civilization stood at the crossroads, the broadcasts at that time were so objective that it would have been difficult for any Italian listening to the broadcasts in Italy to have the slightest idea as to whether or not we really objected strenuously to communism. Nevertheless, at that particular time most thoughtful Canadians were deeply concerned about the outcome of that election. I would agree that it would have been unwise for us to have appeared to be intervening directly in the Italian elections. On the other hand, I believe we should have been using our propaganda mechanism to demonstrate, by every legitimate device, how thoroughly undesirable communism is, and how untrustworthy every real communist is in any country in which he carries on his activities.

Those comments with regard to those two specific subjects I leave with the Secretary of State for External Affairs for the purpose of bringing them to his attention, in the hope that they perhaps may receive consideration and that he may be in a position, now or at a later time during the present session, to give us some information as to the intention of his department with regard to them.

I should now like to refer to the broader aspects of external affairs. I am sure that it was reassuring to all the members of this house to hear the remarks of the Secretary of State for External Affairs in the opening part of this debate, in which he spoke in the warmest and most unreserved terms of our relationship with the United States. Those remarks, however, did not explain away the statements he had previously made outside the house.

It is not a case of anyone in this house seeking to find in his remarks some meaning that they did not contain. It would not be enough for the Secretary of State for External Affairs to say that what he has said in this debate represents his real sentiment with regard to our relationship with the United States and that any interpretation which has been placed on any other remarks he has made, and which would give a contrary impression, was obviously the result of taking a meaning which he did not intend to convey.

There is no hon. member in this house who does not recognize the strain imposed upon cabinet ministers who are called upon to assume the administrative responsibility for their departments in these difficult times while at the same time they are asked to accept invitations to speak at a great many meetings in other parts of the country. Certainly there would be no disposition to overemphasize the importance of any single statement, separated from its context, where it appears that such a statement might have been made inadvertently, under the pressure of making many speeches, and without any opportunity to give full consideration to its possible effect. On the other hand, the members of this house have no right to disregard statements, made by ministers of the crown outside this house, which give every appearance of being the result of clear consideration and of being part of some established pattern.

If the speech of the Secretary of State for External Affairs before the Empire club in Toronto on April 10 stood by itself, there perhaps would be no reason to refer again to what he said at that time, particularly in view of what he has already said in this debate. But the speech does not stand by itself. The Secretary of State for External Affairs made other speeches at that time and since. They are speeches which must be regarded as carrying the importance of speeches made by the spokesman for the government of Canada with regard to international relations. For that reason one cannot disregard the apparent persistence of the Secretary of State for External Affairs in trying to create the impression that the people of the United States are much too unaware of Canada.

Mr. Speaker, I must say that the twenty million people or thereabouts who in a single year cross the border, coming from the United States in to Canada, seem to demonstrate a fairly active consciousness of Canada in the United States, as does the fact that probably no other country in the whole world seems to be quite so well informed about its neighbour and about the attractiveness of the neighbouring nation which its people visit. The enormous number of border crossings by automobile, by aeroplane—and I am speaking of private aeroplanes in this case—and by other means of transportation indicate a vivid consciousness of Canada. Nearly every important publication in the United States is carrying frequent references to what is taking place in this country. I mention this matter because it seems hard to explain just why there is this recurring emphasis on the failure of the people of the United States to understand or to know about Canada.

That, however, is a detail relating more to general information. What is perhaps much more important, and certainly more important to the subject now being discussed, is the nature of the comments which have been made by the Secretary of State for External Affairs about the policies of the government of the United States and the manner in which they do business; and also the way in which some of that criticism is conveyed by those officials who remain anonymous but who are customarily described in press reports as "usually reliable sources". I noticed a rather startling choice of words in a speech made by the Secretary of State for External Affairs in Renfrew on May 3. I am reading from a report in the Ottawa *Journal* of the following day. In that may I read one paragraph which appears under the subheading "Hoop-La Diplomacy", and is as follows:

> The external affairs minister decried what he termed "hoop-la" diplomacy. By this he meant conducting negotiations in the presence of television cameras and banks of microphones. It was to be hoped, he said, that diplomacy would retain dignity and not descend to or counterpart the elements of the vaudeville stage.

Having regard to the particular time when that speech was made, and having regard to the things of which we were all fully aware, there could be no doubt in the mind of any reasonable reader what diplomacy the Secretary of State for External Affairs was referring to when he referred to "hoop-la" diplomacy, or what place he had in mind when

he referred to television cameras and banks of microphones.

Then there is another paragraph in the same report which I think indicates a point of view which bears consideration. It reads as follows:

> When exposed to the full glare of radio, television and headlines, he told the gathering, diplomats became actors and acted out their parts sometimes to the detriment of their real objective.

Mr. Speaker, already this afternoon there has been a wholly unwarranted attempt to attribute to the hon. member for Vancouver-Quadra (Mr. Green) and to the hon. member for St. John's West (Mr. Browne) participation in a particular point of view in the United States which was not justified by anything they said in their speeches. May I say that it would be equally justified to suggest that the Secretary of State for External Affairs is taking a rather direct interest in what is going on in an important and friendly country, something which is out of keeping with our desire to maintain the friendliest possible relationship with them. I shall not enlarge on that because I should prefer to believe that we shall have come to an end of these attempts to hold up to ridicule the procedure which I am afraid is not going to be changed by what the Secretary of State for External Affairs may have said at Renfrew or elsewhere.

I suggest that when we are referring to the conduct of the business of that government which today is carrying the greatest load of any of the free governments of the world, we should not describe their activities as hoop-la diplomacy, and it would be much more desirable that their own particular methods be recognized as their own particular methods, and that we be more concerned with the extension of our own discussion in our own country, down to the last detail of our own affairs in that wider field.

The statement, however, did not even stand alone as there have been a number of statements related to those of the Secretary of State for External Affairs. On April 19 the deputy under-secretary of state for external affairs, speaking at the university of Maine, reflected some of these same ideas and some of our apparently increasing sensitiveness to things which are being said or not said about us in the United States. In a more carefully guarded speech, as was to be expected from his official office, the Canadian ambassador to the United States, speaking in the United States on April 23, made some reference to the same aspect of our relationship.

This is a time, Mr. Speaker, for us to make sure that we do all within our power in this country to keep our differences behind closed doors in friendly discussion, where they will serve a useful purpose. On the other hand, if there are positive problems in the dealings between ourselves and the United States, then let them be stated in this chamber in clear and specific terms. Why be so critical of the people of the United States? Do the members of this house know with complete clarity what Canada's foreign policy is? If all Canadians know what Canada's foreign policy is, then that would be the time for us to be critical, if any people in the United States are not aware what it is. Do the members of this house, let alone the rank and file of Canadians from coast to coast, yet know exactly what we have undertaken to do under the North Atlantic pact? Do members of this house know what undertaking we gave in regard to the defence of Europe? True, it was announced just over a week ago that we were going to recruit for Europe a brigade which may possibly be ready by the end of this year. Was that what we undertook to do? Was there anything else? Was that the time within which we undertook to do it? Have we any other undertakings not yet disclosed to this house?

These are not merely details of foreign policy. They are details which directly affect the major consideration now before the house, namely, the voting of supply; and certainly before we raise any question as to the adequacy of the knowledge of the people of the United States about our affairs, we should be perfectly sure that the people of Canada have full knowledge in regard to these very important matters, which have such a profound bearing upon the immediate future of this country.

What does the Secretary of State for External Affairs mean when he raises objections about being told by the United States that we are not bearing our proportionate share? Has the government of the United States directed such an objection to the Canadian government? If it has, let us know what the main features of that objection were. If it has not, then what was the Secretary of State for External Affairs talking about? Surely he was not referring to casual and uninformed criticisms by individuals in the United States. We would not expect the Secretary of State for the United States to deal so formally with similarly casual and uninformed criticism of the United States by individual Canadians, or by individuals of other countries. Either there is something

we do not yet know here in this House of Commons, and something which we are entitled to know, or the pattern of criticism emerging from the office of the Secretary of State for External Affairs is related to personal pique or some other motive with which our international policies should not be concerned at any time.

When I speak of this pattern emanating from the office of the Secretary of State for External Affairs, I am referring to the similarity in a number of the speeches I have mentioned, and to the very much wider and more frequent statements which are being made to the knowledge of most hon. members of this house by those officials who remain anonymous but are quoted from time to time, and quite properly, by the press of this country.

There has been a tendency to engage in smug criticism of the discussion and the debates which are taking place in the United States at the present time, and to suggest that we would not be guilty of conduct of that kind, or what the Secretary of State for External Affairs has described as hoop-la diplomacy. It is suggested that much of what is coming out of Washington at the present time will greatly aid and comfort the men in the Kremlin. That criticism is being made not only in Canada but in the United States and in other countries. I question very much, Mr. Speaker, whether any of the information that is coming out from Washington, after censorship of the discussions which are taking place behind closed doors, is really disclosing anything that was not fully in the possession of the men in the Kremlin before these meetings began.

One thing has been conveyed, however, to the men in the Kremlin which may have a very valuable effect. With all its faults, with all its tendency to magnify apparent mistakes for political advantage, with all the embarrassment there undoubtedly has been to high-ranking officers and government officials, the mighty processes of democracy in the most powerful democracy in the world today are demonstrating to the rulers of Russia that free men and women are not afraid of free speech.

I think, Mr. Speaker, that there is much more to fear in the suppression of discussion in the United States, in Canada, in Great Britain, or in any other democracy than there is in complete freedom of democracy so that out of the exchange of ideas and the examination of weaknesses there may be greater strength for the long struggle which lies ahead.

All the records that related to that subject which were so fully disclosed in the trials at Nuremberg showed beyond all question that the greatest weakness of the German dictatorship was the fact that, with their suppression of free speech, a nation which has boasted great scientists, yes, and over the generations great humanitarians as well, had so completely suppressed freedom of speech that neither were the scientists able to develop the strength of which that country was capable nor had the humanitarians, who had lived there and had sacrificed life for their humanitarian ideas in the past, had any opportunity to check the bestiality of that vile regime that was in power and which visited so much horror and destruction upon the world.

As between too free speech and too little freedom of speech, the choice is all on the side of freedom. And I think that we in this country would be well advised not to be unduly critical of those who seek full information on matters of public concern, but rather to examine our own affairs and see whether we are quite as fully informed here in regard to all matters of public importance as we should be, at this extremely critical time.

I think there are many issues which call for very free and frank discussion here. Our method is different; we pride ourselves on the effectiveness of our parliamentary system. I think it would be well for us to demonstrate that our parliamentary system is receiving the full opportunity it should have to examine every fact of public importance which is not limited by genuine terms of secrecy.

Actually we in this country are not being informed as to details of the activities of the government in a way which would suggest that the Department of External Affairs and the Department of National Defence are really dealing with the issues of the day in the belief that there is the great emergency of which we were told at the beginning of this session. Either we are being made ridiculous by being called upon to give such vast emergency powers to the government, and to vote such enormous sums to meet an emergency, or we do face grave and urgent threats to our freedom which demand the most vigorous and most effective action.

We are being lulled into a sense of false security. The statement of the Secretary of State for External Affairs gave no impression of the compelling demands upon every Canadian, if the emergency is really what it

has been described to us as being by those who asked the emergency powers in the earlier part of the session.

Time is the most precious thing there is in Canada today—far more precious at the moment than metals, wood, machines of war or even men. Yet, time is being tossed around as though we had so much of it that it did not matter. The postponement of decisions that affect the life of every Canadian, and pretending it is not safe for people to know what the facts really are, is a sorry reflection to free men and women on their capacity to maintain the vigour and full power of democracy.

It does not seem that we in Canada have yet recognized in all its implications the full extent of the change which has taken place in Canada's relationship to the rest of the world. The old position of diplomacy was very different from that which it occupies today. The man who is still generally regarded as the greatest writer on military affairs, Clausewitz, was merely restating an ancient military maxim when he said that a shooting war is merely an extension of foreign policy.

That statement was made when there were only a few very restricted international alliances, and most of the nations in fact carried on their affairs by themselves, shifting their position from day to day, trying to follow a somewhat uncertain course, but always with the hope of preserving peace—unless they were one of the few aggressor nations which have emerged in history from time to time.

In very large measure it was the absence of any clearly stated course, any clearly defined undertakings, which were responsible for the outbreak of the first world war in 1914 and the second world war in 1939. There is reason, and good reason, to believe that if in 1914 Germany had been convinced that an attack on Belgium, Holland and France would have brought together a great world partnership of nations in arms, the attack would never have been launched in the first place. And there is equally good reason to believe, without much doubt, that if Germany had known that an attack on Poland in 1939 would ultimately have brought together the United Kingdom, France, the United States and most of the nations of the western world, that attack might never have been launched or even contemplated. It has in fact been commonly stated over and over again that both the first world war and the second world war were avoidable and could in fact have been avoided if the democracies first of all had been sufficiently armed and, secondly, had left no doubt whatever that they would act to prevent aggression.

The primary purpose of the formation of the United Nations organization was to bring together all nations who wished to preserve peace in a great international partnership which would carry forward the same ideals but avoid the weaknesses of the league of nations. This time there was to be no doubt; there was to be positive action to deal with aggression, and the thing that was going to preserve peace was the certainty that an aggressor would face the combined strength of those nations which believed in peace.

That was the core; that was the spirit; that was intended to be the driving power behind the United Nations. The hope of finally bringing to an end the age-long nightmare of recurring wars lies in the acceptance of that principle.

Two world wars in one generation carry to the minds of all human beings some realization that scientific advances have brought within measurable reach the destruction of civilization itself, unless further world wars can be avoided. This has brought us to the position in which we find ourselves today. For the very first time in history, Canadians are committed in advance to active participation in whatever combined effort is necessary to preserve the freedom of western Europe and prevent Russian aggression. Under the North Atlantic pact that commitment has been made, with the full knowledge of the Canadian people, and with the almost unanimous approval of members of the House of Commons.

It is however necessary for us to remember that Canada's active participation in the Korean war, and Canada's participation in the united effort of the Atlantic nations to prevent a war in Europe, are two different forms of commitment.

There was no commitment in advance so far as Korea was concerned, except the general acceptance of the obligations set out in the charter of the United Nations. When the communist army in North Korea suddenly launched its unprovoked attack under Russian direction on June 25 last year, it was necessary for the United Nations represented on the security council to make a decision as to what was to be done. That decision was made; and it was a result of that decision relating to the specific act of aggression in Korea which has resulted in Canada's participation in the efforts of the United Nations to preserve the freedom of Korea and deal with this act of naked aggression. Because of the fact that the Korean war raises special issues and that the action of the United

Nations was not related to any more specific obligation than the general obligation to which I have referred, uncertainties as to the course to be followed and the differences of opinion about policies and the extent of participation were only to be expected. They are perhaps only natural and they will be resolved only by a constant and active and clear-thinking review of the situation in Korea in the light of changing events.

The situation in Europe, however, is entirely different. The twelve nations which signed the North Atlantic pact have joined in a positive declaration that they will take appropriate military action to prevent further Russian aggression in Europe and will combine their military and economic strength in every way possible for that purpose. There is no uncertainty, or there should be no uncertainty in the Kremlin as to what the commitment is. It is to be hoped that there is no uncertainty in the minds of the Russian people as to the decisions which have been reached and which have been accepted, and readily accepted, by the free peoples of the western world.

Because those decisions are for the purpose of preventing war and not for the purpose of dealing with a war already under way, as in the case of Korea, full publicity in regard to the nature of the agreements, the extent of the commitments and the manner in which all the member nations of the Atlantic community are carrying out their obligations is in itself part and parcel of the commitment to preserve peace and prevent a third world war. There may be reasons for secrecy in regard to our activities in Korea, but these should not lead us into thinking that the same reasons impose upon us the same considerations of secrecy in trying to preserve peace and prevent war in Europe.

One of the things which perhaps will prevent war is the extent to which the Kremlin, as well as our own people, is informed as to just how far we are going, how far we are prepared to go and the way in which we are carrying out our obligations so that they may realize the full strength that they will encounter if they should challenge the free nations of the western world. For that reason any secrecy or fast verbal footwork which may seem justified by an actual state of war cannot be justified in discussing or dealing with the decisions and action which are designed to prevent war by the extent to which we communicate fully to our only possible enemy exactly what may be expected if there is an act of aggression in Europe.

The decision to join in this full-fledged military alliance was made long before there was any sign of war in Korea. If war in Korea ended tomorrow we would still have great obligations to carry out for the preservation of peace in Europe and throughout the rest of the world. As long ago as October 1949 the first meetings were held in Washington to discuss an agreement of this nature. Then in December of that year the Atlantic nations met in Paris and agreed on a basic strategic concept. In March of last year at The Hague, still some time before the Korean war started, a general agreement was reached in regard to the allocation of tasks in dealing with the threat of Russian attack. There has been little secrecy, and there should be little secrecy as to what took place at those meetings because this is an association of free peoples freely asserting their partnership in this great cause.

That is the great distinction between our task in Europe and our task in Korea. The commitment of the member nations of the North Atlantic pact is one which relates to any Russian act of aggression in Europe at any point. No doubt has been left on that score. The commitment in Korea refers specifically to Korea and one of the major problems of dealing with the situation there is the fact that no matter how far the same nations might be prepared to go to deal with any act of aggression against any nation in the Pacific ocean or bordering on it, there seems little possibility of any general pact affecting Asia at this time which would create a general commitment in that area such as has been accepted in Europe.

For that reason the uncertainties which exist in regard to Korea and Asia generally should not lead us to the conclusion that similar uncertainties are in any way a natural counterpart in considering the steps to be taken to preserve peace in Europe. In Korea the forces of the United Nations are waging war. Let us never forget that grim reality. It is war in all its ghastliness. In Europe, on the contrary, the forces brought together under General Eisenhower are waging peace. We should never forget that hopeful reality. We should always impress upon the minds of our own people and upon the minds of our great potential enemies that we are waging peace in Europe and that peace is the one purpose of the strength that we are jointly trying to build.

No man can say for how many generations humanity still must live in an atmosphere of war, waste and insecurity before the dawn of that great peace to which all our efforts should now be directed. But certain it is that in the long search for some practical plan to bring to an end the aimless destruction of war, the North Atlantic pact is one of the greatest milestones in the long history of mankind. I for one am certainly most

ready to express my appreciation of the contribution made by our own Canadian representatives to the drafting of the details of that vitally important international agreement. That pact is a challenge to stir the imagination of freedom-loving people, whether they live in the countries that are now free or are in slavery behind the iron curtain.

One of the things which it seems to me we must keep in our minds, to an extent that has not been true in the past, generally at any rate, is that it would be a very uncertain picture of future peace which we could build up before our own people, if the most we could hope for would be an armed camp on this side of the iron curtain with the nations on the other side of the iron curtain continuing their form of slavery indefinitely through the years ahead. I think that in addition to preserving peace for ourselves the ultimate ideal in the mind of every one of us must be that out of that peace which we preserve for the people who are now free there will also in due course come freedom to those nations which are now enslaved.

To us in Canada comes a unique challenge. As one of the strongest nations of the British partnership and the closest friend of the United States, geographically, sentimentally, and by ties of blood, we have an opportunity to play a role out of all proportion to our population. Since we have neither the immense responsibility of the United States nor the close geographical proximity to Russian power of the United Kingdom it should be possible for us to guide our course in a way which will help to bring together in closer and closer harmony the two most powerful nations in the western world.

The first consideration in all our dealings with the United Kingdom and the United States should be the negative policy of doing nothing which will cause friction or misunderstanding, or fan the dangerous flame of criticism which is already threatening to consume some of the good will and mutual confidence which has been so successfully built up in both those countries during the years of war and since that time. In the case of both the United Kingdom and the United States, there has been criticism by members of the government recently which has not increased harmony at all between ourselves and those two nations, or between those two nations themselves. Unwarranted criticism of the good faith of the British government in connection with any contract between Canada and the United Kingdom, or criticism of the government of the United States for any supposed slights upon Canada at this time, will not help to build that positive good will and understanding which should be the main purpose of Canadian diplomacy and of all the work of the Department of External Affairs.

If there are facts behind the criticism which has been directed toward the government of the United States, then let us have them out in the open now. Let us discuss them frankly, let us say what should be done, and then let us hope that we may for all time put an end to petty bickering of this kind at a time when the very survival of civilization and all that we hold dear in Canada and throughout the free world is challenged as it is at this hour. Then let us proceed on a positive and clearly defined course of calm, sustained and vigorous effort to create harmony and good will, and to employ our unparalleled opportunity here in Canada to be the friendly interpreter and the strong linchpin between the United States, Great Britain and the whole continent of Europe.

At a time when communist propagandists are doing their utmost to create distrust of the motives of the United States in countries for which the United States has done so very much in these past few years, let it never be said that without due regard for the consequences we should ever appear to give succour or to give supporting evidence to those who are trying to create the impression in Europe and elsewhere that behind United States charity the ambition of world imperialism lurks in the minds of their government.

The supreme challenge facing free men and women throughout the whole world today is to do all that is humanly possible with the utmost speed to establish that measure of true international unity which is the one hope of stemming the tide of communist aggression, no matter how quickly we may be able to build up the combined force of arms of these nations. I am sure that it will be the hope of all of us that we may be able to establish a completely united policy for Canada in international affairs. I have been critical of comments which it seems to me might actually assist those who are seeking to undermine day by day the full understanding and confidence between the governments of the United States and Canada as well as between the peoples of the United States and Canada. The last thing I would suggest is that any such purpose was in the mind of the Secretary of State for External Affairs or anyone else who made a similar speech.

I believe it was my duty to express the opinion I have expressed because I have read, as many others have read, surprised

editorials in friendly newspapers in the United States as well as very bitter editorials in newspapers of the United States which are not quite so friendly. I have also read editorials in those newspapers of the United States which seem to take an unholy joy in trying to create distrust of the government of the United Kingdom in spite of all that they have done in the past few years and for centuries in the cause of freedom. Whatever the purpose may have been, let no member of this house suggest that there has not been an unfortunate interpretation placed upon these remarks. However, these remarks are past as long as they remain past, and as long as they remain a closed book which is forgotten in the positive evidence we give at all times in the future that our great desire is to build unity and friendship on the widest and strongest basis not only with the governments of the United Kingdom and the nations of the commonwealth, but with the government of the United States which shares to such a great extent common ideas and common habits of thought and speech.

Whatever our differences in regard to domestic policy in Canada may be, I would hope that we can find common ground upon positive and clearly defined international policies which at all times will make it possible to state the Canadian position as one and indivisible. If the government gives clear, certain and positive leadership along sound and constructive lines fully understood by the members of this house and by the people of Canada, then I am sure that there will be support from all parts of this house and from all parts of Canada for policies designed to create the greatest measure of international harmony, unity and good will. Behind policies of that kind there will be a united House of Commons, and there will be a united Canada.

Mr. Hansell: If the minister is going to reply at eight o'clock, I should like to ask one question. According to this evening's paper it appears that the situation in Iran is growing worse. In his reply would the minister mind telling the house what Canada's position is with respect to that situation, or what the United Nations' position may be, Canada being a member thereof.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the house will, I know, expect me, in winding up what has been a very interesting discussion on this resolution, to deal with some of the detailed points that have arisen in the course of that discussion. I shall also try to make a few general observations before I sit down. In his speech before we rose this afternoon, the leader of the official opposition (Mr. Drew), indicated, and I agree with him, that the diplomacy of Canada should be conducted in a frank way, but without provocation. He also indicated, and I certainly agree with him, that our foreign policy should be clear and decisive; that parliament and the people of Canada have the right to know where the government stands on the big issues in foreign affairs in these difficult, and indeed dangerous, times.

He said that we did not know that in 1914, and we did not know it in 1939, but if that knowledge had been possessed by the dictators of those years it might have been that war could have been avoided. He believed we should not make the same mistake this time. I do not believe, Mr. Speaker, that we are making that mistake. This time I believe those who would disturb the peace know where those stand who would defend the peace. This afternoon the leader of the opposition said our obligations are precise and definite under the North Atlantic treaty organization. There is no room for any illusion in the breast of any dictator as to what will happen if he commits aggression against any member of that organization. We also know that the charter of the United Nations is more than words, and that the United Nations can act as well as talk. What is happening in Korea today certainly proves that.

The leader of the opposition went on to say the government should tell more to parliament and to the people of Canada about its policies. I agree that frank and full information should be made available in these times to the people of Canada in regard to their foreign policy, and in regard to the manner in which the government is conducting its diplomacy. This government tries, I believe, Mr. Speaker, to do just that. We do not need to apologize about the way we are explaining to the people of our country our policies in the field of international relations. I would have welcomed an application of that principle of full and frank information this afternoon by the leader of the opposition, especially in regard to the attitude of the official opposition to the developments in the Far East, more particularly in Korea and in China. I would

have particularly welcomed that because of certain statements that have been made by members of that party. While the leader of the opposition, Mr. Speaker, complained, if "complained" is not too strong a word, in rather general terms about the absence of information on certain vital matters, the hon. member for St. John's West (Mr. Browne) complained in regard to the absence of detailed information concerning specific matters, and he mentioned two. He mentioned Formosa and the recognition of communist China.

Mr. Speaker, the policy of the government of Canada in regard to these matters has been made clear more than once in this house, outside this house and at the United Nations. If the hon. member is not satisfied, I would repeat to him—because I think it describes in a nutshell our policies in regard to these matters—the last paragraph of the statement of principles adopted by fifty-two members of the United Nations, including the United States of America. It deals with the Far East problem in general, Formosa and recognition in particular. We are bound by this paragraph because we accepted this statement of principles. The last paragraph reads as follows:

> As soon as agreement has been reached on a cease-fire, the General Assembly—

That is the general assembly of the United Nations.

> —shall set up an appropriate body which shall include representatives of the governments of the United Kingdom, the United States of America, the Union of Soviet Socialist Republics, and the People's Republic of China, with a view to the achievement of a settlement, in conformity with existing international obligations and the provisions of the United Nations charter, of Far Eastern problems, including among others those of Formosa (Taiwan) and of representation of China in the United Nations.

As we rose this afternoon, Mr. Speaker, I was asked by an hon. member opposite whether I could say something about the situation in Iran. This would be one occassion, I think, when it would be inappropriate and inadvisable for one in my position to talk about this particular subject at this particular moment. It is one of the most difficult and dangerous problems, affecting not only Iran but many other countries as well. I think it would be unwise on my part to say anything about it at this time, except to express the hope that these problems can be settled in a way which would be consistent with the national aspirations of the Iranian people and the legitimate interests of other people who have ministered to the well-being of Iran in administering the oil industry of that country which they have been instrumental in developing.

[Mr. Pearson.]

Now, Mr. Speaker, there were various questions, brought up during the debate this afternoon, and on the previous day when we debated this resolution, which I shall try to deal with at not too great length. The leader of the official opposition (Mr. Drew) this afternoon was critical about the expenditure which the department over which I preside for the time being had been making on international conferences. He was worried because of the possibility of extravagance in this regard. I do not admit, Mr. Speaker, that there has been any extravagance; but if there has been, there will be ample opportunity for members of the committee, when it meets, to go into every detail of every conference and find out where that extravagance was.

It is true that we are attending a great many international meetings these days. There are a great many international conferences. I wish there were fewer of them. But the fact that there are so many is, I think, a proof of the complexity and the importance of international life, and of the necessity for international mechanisms to deal with international problems.

I cannot resist the temptation to suggest that while the leader of the opposition criticized our attendance at many conferences, we have also been criticized in the past because we have not ourselves initiated conferences. I might add that we have had a great many more invitations to attend conferences than we have accepted. We go to these conferences and we try to be represented effectively at them, when they are of practical interest and benefit to the Canadian people. I know that someone will undoubtedly be saying to himself at this point: What about that now notorious conference of international chocolate and cocoa manufacturers in Switzerland? When that matter was raised some time ago by the leader of the opposition, he got a good laugh from his followers and some other hon. members; and I do not begrudge him that. But I think he will admit that it was a cheap laugh when I tell him that that conference in which the Department of Trade and Commerce was interested cost the Canadian taxpayers $8.99.

I know something about conferences myself, Mr. Speaker, because it has been my fate to attend a great many of them. I know how desirable it is to keep down the number of conferences at which we are represented to those in which our interests are affected. The leader of the opposition this afternoon talked about the increasing cost to Canada of these international conferences. If he had checked his figures—and he could have done so—he would have found that in 1947-48 the

vote for international conferences was $400,000; in 1948-49, the vote was $300,000; in 1949-50 the vote was $225,000; and in 1950-51, the vote was also $225,000. For 1951-52 the vote is also $225,000 but would have been reduced to $200,000 if the United Nations assembly had not decided, against the vote of the Canadian delegation, to meet next autumn in Paris instead of at Lake Success. The cost of international conferences, therefore, is not increasing, Mr. Speaker; it is going down, or at least it is holding its own, and I hope that it will continue to hold its own. We do not want to spend money on unnecessary things these days.

The leader of the opposition, before six o'clock, also dealt at some length with the international service of the Canadian Broadcasting Corporation. Since six o'clock I have not had sufficient time to go into these matters in detail, but I have known something about the operations of this service and I have been able to get some information on some of the points that he quite properly raised in the house.

In taking down a few notes on what he said, I noticed that his charges—I withdraw that word—his comments with regard to the C.B.C. international service divided themselves into two parts. One was a general criticism of the tone and the content of the broadcasts of the service; and that was I think of a rather vague and general nature. The hon. gentleman referred to the statement of Mr. Keyserlingk on this subject; and there was indeed a strong family resemblance between the hon. member's statement and certain imputations which have been given circulation by Mr. Keyserlingk in regard to the objectivity of the C.B.C. international service. It is of course easy to give currency to criticisms of this kind which give a general impression of pro-communist sympathies to the organization of the C.B.C. international service. That service is, I think, doing valuable work for Canada and playing a useful part in the psychological war against communism—which, as the hon. gentleman mentioned this afternoon, is an important part of the total war against communism—the struggle or the battle for men's minds.

These general criticisms of course would be more convincing if they were more precisely substantiated; and that may be attempted when the committee meets. By the same token, Mr. Speaker, I might say that they would be easier to reply to.

Mr. Drew: Mr. Speaker, I do not wish to interrupt the minister—

Some hon. Members: Order.

Mr. Drew: I am sorry, Mr. Speaker; there may be an echo here of which I am not aware. I was going to say that the minister has quite misinterpreted what I said. I was sufficiently specific to give the name of the man who it was alleged in the speeches, in that one matter to which I referred, had a certain connection with the broadcasting corporation. Surely that is sufficiently specific to be dealt with.

Mr. Pearson: I will come to that, Mr. Speaker. If the hon. gentleman was listening, he would have heard that I said I was dividing my comments on this part of the subject into those which dealt with general criticisms of the C.B.C. international service and those which dealt with certain specific matters. I am now on what I thought was a rather general criticism of the tone and content of the broadcasts of that service.

The hon. member this afternoon referred to the supervision exercised by the Department of External Affairs over these broadcasting activities. At the same time he stated that in his view these broadcasts should have the purpose of undermining confidence in communism; and I agree entirely with him. In this connection, to show that is the objective which we who have some responsibility for this matter are attempting to achieve, I should like to refer to the policy guidance paper communicated by the Department of External Affairs to the international service of the C.B.C., under which these broadcasts to the behind-the-iron-curtain countries are being operated. I should like to quote a few sentences from this hitherto confidential paper, in order to deal with this point, because I know of no other way of dealing effectively with it than to quote from the policy guidance paper which is supposed to guide the operations of the C.B.C. international service in this field. In this paper it is stated that one of the purposes of these broadcasts is:

> Unmasking the hypocrisy of communist democracy in elections, trade unions, labour camps and religion and the hypocrisy of Soviet peace propaganda and its inconsistency in view of Soviet aggressive foreign policy, rearmament and concentration on heavy industry to the detriment of the Soviet standard of living.

That is a quotation from the policy paper. Another one is as follows:

> Keeping alive and if possible increasing a knowledge of and appreciation of democracy, the code of ethics which we have derived from Christianity and western civilization and thought.

Those are the general lines along which the international services are proceeding or are attempting to proceed in regard to the broadcasts to the behind-the-iron-curtain countries.

The hon. gentleman raised one or two specific points. I have not had time to look into all aspects of them, but I have had time to look into one or two and I should like to deal with them at this time; I may have an opportunity later to deal with the others. He felt that the C.B.C. international service broadcasts to Italy during the elections were not entirely suitable for the situation which Italy was facing at that time. The elections in Italy to which the hon. gentleman was referring took place, I think, in April, 1948; but the C.B.C. international service did not begin its broadcasts to Italy until December, 1949. And so I am at a loss to know what broadcast—there may have been some—the hon. gentleman was referring to.

I should also like to point out in regard to suspicion which has been attached to certain members in this service that every employee of the international service of the Canadian Broadcasting Corporation is very carefully screened indeed. Mention was made of one employee, I think his name was Mr. Dudak, who was alleged to be a communist. It was stated by the hon. leader of the opposition in regard to this man that he is now engaged with the Canadian Broadcasting Corporation's international service. I believe Mr. Dudak was an editor of a Slovak newspaper in Canada, a free lance journalist. It is true that he was taken on the Canadian Broadcasting Corporation's international service for a time. He was investigated immediately after the *coup d'état* in Czechoslovakia. My information is that he has ceased to be an employee of the international service of the Canadian Broadcasting Corporation since April, 1948.

A good many other questions arose during the course of our discussion. The hon. member for Peel (Mr. Graydon) dealt with the question of the St. Lawrence seaway. He expressed his own anxiety that this seaway should be commenced and brought to completion—an anxiety which we all share. More than one representative of the government has expressed that feeling recently. We want to see this enterprise brought to completion as a power and navigational project by the co-operation of the two governments most concerned; but we want to see it completed. If it cannot be completed on an international basis, naturally we shall have to examine the situation and see what other way it might be done. In discussing this matter the hon. member for Peel asked whether there were any treaty obligations which would prevent our charging discriminatory tolls on non-Canadian vessels as a way to pay the cost of construction of the canal and the power installations, if they were a Canadian enterprise exclusively. There are, Mr. Speaker, no treaty obligations binding on Canada which would be an obstacle to the imposition of tolls on Canadian canals in the great lakes-St. Lawrence system. There are treaty provisions, however, which affect Canada's ability to establish toll schedules discriminating between ships of Canada and those of another country, or between the ships of different foreign countries; so, as I understand, discriminatory tolls would not be possible.

During our discussion, Mr. Speaker, a good many members of the house made reference to international relief and rehabilitation problems, more particularly with reference to the Colombo plan and to famine assistance for India. I announced in this house not so very long ago that the government would ask parliament to appropriate $25 million as its contribution to the first year of the plan, provided that it was clear that other contributing countries would make appropriate contributions so that the broad objectives of the plan might be realized. Since that time we have been taking steps to make arrangements with recipient countries for the purpose of ensuring that so far as Canada is concerned the momentum of the plan is sustained.

The Colombo report contains in its appendices lists of projects for financing under the plan; and without waiting for the working out of the details of the plan, indeed without waiting for the plan to come into operation, we have asked the Indian and Pakistan governments to send over technically qualified representatives to discuss with our officials on a bilateral basis the projects in which we might assist, having in mind those items which Canada is best fitted to undertake; and in this connection we are doing all the preparatory work that we can to keep this movement going.

In the broader field of technical assistance we have played, I think, a useful part. We have participated, either through the headship of, or membership in, technical missions, in United Nations missions to Bolivia, Ethiopia, Burma, Colombia, Egypt and India, and the filling of requests for technicians received from Libya, the Philippines, Indonesia and Ceylon under the United Nations program is now currently under consideration; but it is not of course under present circumstances very easy to find suitable Canadian technicians for this purpose.

No technicians have yet been supplied under the Colombo plan, but approximately 50 requests have been received from India, Pakistan and Ceylon, and are now being examined by the technical assistance service.

More has been accomplished in making Canadian facilities available for trainees from abroad.

We have notified the bureau on technical co-operation in Colombo that we are prepared to accept twelve trainees from India, ten from Pakistan and six from Ceylon at an early date for placement in the following fields: road building, electrical engineering, pulp and paper, rail transportation and agriculture. The bureau in Colombo is being notified that we will accept three technical missions for a six to eight week tour of Canada during the summer in the field of hydroelectric power, road building and agriculture respectively.

During the February meeting of the commonwealth consultative committee in Colombo the member countries were informed by our delegation that Canada was prepared to grant fellowships to interested recipient countries in such fields as agriculture, engineering, forestry, education and medical research. Subsequently we made a specific offer of sixty scholarships and fellowships to the countries of south and southeast Asia.

Then there is the question which has aroused a good deal of interest in the house of assistance to India to deal with the very distressing and developing famine situation there. So that the facts on this matter might be clear, I should like to put into the record that the Prime Minister of India, Mr. Nehru, announced on May 10 that 50 thousand tons of wheat, purchased on a cash basis from the Soviet union, were on their way to India; 50 thousand tons only, purchased on a cash basis. He added that negotiations for the purchase of an additional 500 thousand tons of other wheat in exchange for certain Indian commodities were in progress. China has sent 50 thousand tons of rice as part of a barter deal, China receiving Indian jute in exchange; and India has also purchased from China 50 thousand tons of milo.

This afternoon reference was made to the United Kingdom contribution. It is true that the United Kingdom agreed to the diversion to India of some cargoes of Australian wheat out of its own purchases in Australia. Some 42 thousand tons of wheat have been so diverted to India and paid for by the Indian government. It was suggested this afternoon that the government were negligent in their appreciation of the terrible famine situation in India. It was suggested by an hon. member of the opposition that we should make a contribution of $100 million for famine relief to be spent in Canada, and that we could do it if we wanted to. Well, Mr. Speaker, we could of course do many things, but it would be very difficult at this particular moment—and I am not sure that it would be the best way to proceed at this particular moment—to make any such contribution to India for famine relief. Hon. members will recall that the government recognized as long ago as February of this year that a famine in India was likely to occur. At that time we offered wheat to India under the Colombo plan, and the purpose and meaning of that offer has led to some misunderstanding. The only wheat of this year's crop that was not already fully contracted for by purchasers was grade 5. The Indian government advised us last month that it wished to accept our offer of wheat under the Colombo plan but that it preferred to wait until our next crop was harvested before obtaining the wheat in the hope that a better grade would be available.

I should like to assure the House of Commons at this time that the government, as indicated by the Prime Minister (Mr. St. Laurent) the other day, is giving the closest attention to what Canada can do to ameliorate famine conditions which are rapidly developing in India. We are exploring every avenue, including some of the helpful suggestions which have been made during the course of this discussion, through which help might be given. I am very hopeful that we shall be successful in finding a number of ways in which we can contribute to the relief of starvation and suffering in India.

During the course of our discussion reference has been made by hon. members opposite, and particularly by the hon. member for Vancouver-Quadra, to the negligence of the government in not taking the initiative in attempting to work out a Pacific security pact along the lines of the North Atlantic treaty. I should like to point out that the arrangements which are being negotiated now in the Pacific between Australia, New Zealand, the United States of America and possibly the Philippines do not constitute a Pacific pact of that type, and we have not been asked to participate in those arrangements.

Mr. Green: Have we asked to be allowed to participate?

Mr. Pearson: We have not asked to be allowed to participate in this arrangement for reasons I have already indicated in the house. The situation in the Pacific at this time is not exactly the same as that in the Atlantic. It is not the same, in many ways. And the fact that we have participated in the Atlantic pact is no reason that we should take the initiative in working out a Pacific pact at this time. Those who would be

most concerned with that pact do not feel that that would be the best way to proceed. I am thinking of the governments of the United States, the United Kingdom and Australia.

They have decided to work out their own arrangements under articles 51 and 52 of the charter of the United Nations, with the object of bringing about a mutual guarantee and security pact. We welcome those arrangements as a furtherance of general security. But I assure members of the house, though no assurance is needed, that this does not mean that we are not alive to the importance of general security in the Pacific. Our participation in the Korean campaign is surely sufficient evidence of that fact.

In this connection—

Mr. Green: May I ask a question? Why does Canada not ask to be allowed to participate in this pact which is being negotiated between the United States, Australia and New Zealand, with possibly the addition of the Philippines?

Mr. Pearson: Well, we do not ask to participate in bilateral arrangements between friendly countries. We usually wait for an invitation or we participate, or ask to participate, when our immediate interests are affected. This is a development between the three countries most concerned, but if it should lead into something wider in the Pacific, as I think I have already indicated to the house, we will be most interested in that development.

I do not think in this regard I could do much better than to quote the leader of the opposition this afternoon when he said:

> The commitment in Korea refers specifically to Korea and one of the major problems of dealing with the situation there is the fact that no matter how far the same nations might be prepared to go to deal with any act of aggression against any nation in the Pacific ocean or bordering on it, there seems little possibility of any general pact affecting Asia at this time which would create a general commitment in that area such as has been accepted in Europe.

Then, if I might deal for a few moments with some more general considerations that have arisen during the course of the discussion, I should like to turn for the moment to the hon. member for Broadview (Mr. Hees), who, in his very interesting statement the other night, reproached the government—and his reproach has been repeated by other members opposite—because they displayed no sense of urgency in the face of the danger of the present position.

Well, all I can say, Mr. Speaker, is that we reject his assertion that the Canadian government has no sense of the urgency of the present situation. If there were time it would be simple to quote chapter and verses to show that we are aware of that urgency.

I do not think that we need also accept the assertion that the Canadian people are not aware of the seriousness of the situation; and I for one reject the suggestion of the hon. member for Broadview that young Canadians generally are represented by the school boys of whom he spoke the other night, as it is set out at page 2786 of *Hansard* for May 7, 1951. These are his words:

> They were boys who, I imagine, in the United States would have been subject to conscription, so I was interested in ascertaining whether it ever occurred to them to wonder why we were so free from anything of that kind; why they were not only free from conscription but they were even free from any sense of duty toward their country.

Well, I for one do not accept any statement that young Canadians have no sense of duty to their country.

Mr. Macdonnell (Greenwood): Does the minister think that is quite fair? My whole argument was that they were not being called on to show this feeling.

Mr. Pearson: If that was the meaning of the hon. member, then of course I accept it. But I read his words, and they seemed to have the opposite meaning. He was implying that they were even free from any sense of duty toward their country. That was the conclusion I drew from his words. If it was a wrong conclusion, then I am sorry.

Mr. Coldwell: To whose remarks is the minister referring? Is it the hon. member for Broadview (Mr. Hees) or the hon. member for Greenwood. He said "Broadview".

Mr. Pearson: I meant the hon. member for Greenwood.

Mr. Fulton: That is two mistakes.

Mr. Pearson: Well, I hope I never make any more serious than that. It is difficult to keep up with the hon. member for Greenwood. I thought he was a little over-pessimistic in his remarks the other night. I hope I do not do him an injustice, but I got the feeling that he seemed to take a sort of sad satisfaction out of the misfortunes which face us, and that he was indulging in what the Germans call "schadenfreude."

Certainly, Mr. Speaker, during his remarks he gloomed for some time over a speech I made in Toronto last month. There were remarks made by other hon. members in connection with that speech, and more particularly this afternoon by the leader of the opposition.

Mr. Drew: That was not the hoop-la speech, was it?

Mr. Pearson: In that gloom the hon. member had some other company also because the hon. member for St. John's West considered it appropriate to say on April 23 last—and I quote from his remarks:

> It seems to me that we are copying the bad example of the Russians who, by their brazen, openly aggressive and even insulting tactics, have made diplomacy so difficult today.

Such a comparison, such a statement, indicates that the hon. gentleman does not know very much about Canadian diplomacy. The leader of the opposition and the hon. member for Greenwood did not go so far as that about our diplomacy, but they took an anxious line about this talk of mine and other talks on Canadian-United States relations to which they did me the honour to refer. The hon. member for Greenwood quoted from a couple of Canadian papers to support his words and he suggested, and I am quoting his words, that I left "a rather widespread impression that we in Canada have in fact a lot of grievances and that we feel rather edgy towards the United States of America." He thought that very unfortunate indeed.

The leader of the opposition went further when he spoke on May 1 and again this afternoon. On May 1 he said that concern had been occasioned as to whether we are still operating on a friendly and frank basis with the government of the United States. Hon. gentlemen opposite may rest easy. I think nothing has been said by myself or any other government spokesman which would warrant the concern they have expressed. Our relations with the United States continue to be on a good and friendly basis.

I admit very frankly that the nature and purpose of the statement I made in Toronto have been misunderstood by some critics in the United States who have based their criticism on press stories and on press excerpts from what I said. Other critics, such as the newspapers owned by Colonel McCormick of Chicago, the columnist George Sokolsky and a United States weekly news magazine seem to have read the text all right but to have drawn unfounded and totally unwarranted conclusions from it.

On the other side were those in both countries who thought that the effect of a frank and friendly analysis of the problem of our new relationship with the United States could only be helpful in the present circumstances. For instance, the Akron *Beacon-Herald* was surprised that my Toronto speech had caused criticism. They thought it "gently phrased and friendly" and that it demonstrated "a greater degree of unity between Ottawa and Washington than exists between the Democratic and Republican parties." The Boston *Post* concluded that "happily" the speech "stressed the solidarity of the North American neighbours far more than their differences," while the Cleveland *Plain Dealer* welcomed the Toronto speech as "a sign of common sense and maturity in Canada." The Providence *Journal* had this to say:

> Our good friend to the north has just read us a lesson in maturity that, if taken in the spirit of maturity, should be of compelling benefit all around.

Then finally, just to reassure the hon. gentleman, I could quote from a good many Canadian newspapers in order to match their quotations, but I shall confine myself to quoting just one paragraph from an editorial which appeared in a newspaper with which my hon. friends will be familiar. The Sydney *Post-Record* had this to say:

> External affairs minister L. B. (Mike) Pearson has the support of all Canada in his firm but good-tempered determination to maintain the dignity and prestige of our country in her relations with the United States as well as with all other nations.

Apparently these papers and others did not think, to use the vigorous expression of the hon. member for Greenwood, that in that speech I, and I quote his words, "was banging the United States on the nose." I can assure the leader of the opposition also that in that speech and others I was not speaking from personal pique. I hope that when I speak as Secretary of State for External Affairs I shall speak as a Canadian anxious that Canada's views should not be misunderstood in these difficult times in international affairs and as a Canadian who sees Canada standing on her own feet but marching in step with her neighbours and her friends, especially the United States and the United Kingdom.

If I had more time I could devote some to the remarks this afternoon of the leader of the opposition about what he called "hoop-la diplomacy" and to which I referred in a speech which I made recently. He was directing my remarks to developments that have taken place recently in the United States. If the leader of the opposition had read my speech and not a newspaper account of the speech into the records of *Hansard* he might have come to a different conclusion concerning it.

I made that speech, first, some time ago in Toronto and subsequently in Renfrew. When I made the speech in Toronto none of these developments at which he was hinting this afternoon had taken place. I was talking about the difficulties of conducting diplomacy in this television age, and they are very real indeed. To explain those difficulties, to emphasize them and indeed to dramatize

them, I quoted from a paragraph by the columnist, Mr. Walter Lippmann, written some weeks before these events. He was referring to a solution of the Korean conflict by negotiation through the United Nations and he said:

> The only hope lay in a quiet, confidential and secret effort to work out political proposals which reflected truly the real balance of military power in the Far East. Nothing so hard and so unglamorous and so unrealistic as that was conceivable if we continued with public diplomacy as it has evolved under the television cameras at Lake Success.
>
> For when statesmen become actors they not only stick to their parts in the show, but, it may be added, they are stuck with their parts. They can be more and more of whatever they have been. But on pain of unpopularity—even it might be of denunciation and Congressional investigation—they cannot appear to be a little bit less.
>
> Thus by the "hoopla" system of diplomacy—which some say is so wonderfully enlightening—every difficult issue, not infrequently a comparatively easy issue, is likely to become insoluble as each actor-statesman rises to such peaks of public righteousness that in public he cannot possibly descend again into commonsense.
>
> Then, there is no hope except to turn off the lights, to shut down the microphones, to take away the stage props, to wash off the make-up, to disperse the crowds, and to let a few men absent themselves from publicity awhile.

That seemed to me to be very sound common sense, Mr. Speaker, and that is why I ventured to quote it in one or two speeches that I have made recently. I agree entirely of course with what the leader of the opposition has said, that any statement on international affairs at the present time must be made in the light of the effect it will have on what we now call the cold war, and how it will be exploited by our enemies in that war. That must be in anybody's mind who makes any public statement at this time. But surely the hon. member will admit that that does not mean that we should not on occasion, as spokesmen for the Canadian government, speak our minds in a frank and friendly way outlining the issues as we see them and outlining the effect of these issues on our relations with our neighbours and with our friends.

In this connection I should like to quote again from the statement of the leader of the opposition this afternoon an excerpt which expresses exactly what I have in mind. He said:

> I think, Mr. Speaker, that there is much more to fear in the suppression of discussion in the United States, in Canada, in Great Britain or in any other democracy than there is in complete freedom of democracy, so that out of the exchange of ideas and the examination of weaknesses there may be greater strength for the long struggle which lies ahead.

If I may, Mr. Speaker, I should now like to say a few words about some questions of policy which have come up in the course of this discussion regarding the war in Korea.

I thought that in my earlier statement I had made fairly clear our own understanding of what the policy should be in this conflict, but since there still seems to be some confusion on this subject I will try to go over that ground again. Let me say at the outset, I may be wrong, but I do not think—having regard to the statements that have been made in this house—that there should be any misunderstanding as to the policy of the government in respect of these matters. I think however that there is real doubt as to what the policy of the official opposition is in this matter because of the apparent differences of view among its individual members.

The hon. member for Vancouver-Quadra (Mr. Green) insisted the other day that our objective "should be to gain victory in Korea just as quickly as possible". To that end he recommended that enemy bases in Manchuria should be bombed, that a naval blockade should be imposed against communist China, and that the nationalist Chinese forces now on the island of Formosa should be incorporated in the United Nations forces in Korea, or the restriction on their use should be removed.

Mr. Green: If I may correct the minister, I said I did not see why they should not be used in Korea. With regard to the bombing of bases, if the minister will refer to page 2783 of *Hansard* he will find that I said:

> I suggest that we should not tie General Ridgway's hands in dealing with these bases. If it is necessary for him to bomb them in order to win the war, then let him bomb them.

An hon. Member: What is the difference?

Mr. Pearson: I am sorry if I misquoted or misinterpreted what the hon. member said. From his own reading of what he said he would give to the general on the spot the decision as to whether the Manchurian bases should or should not be bombed. I will let it go at that.

Mr. Drew: Mr. Speaker, may I ask the minister if that was not exactly what he said a few days ago in this house?

Mr. Pearson: No, Mr. Speaker, it was not. If the leader of the opposition would read what I said he would find that I did not say that. Incidentally, the hon. member for Vancouver-Quadra did mention in the course of his very interesting statement the offer of three divisions of the Chiang Kai-shek nationalist forces for Korea on July 3. That is on page 2783 of *Hansard*, and on that page the hon. member said: "The offer was turned down." But he might have added that it was turned down at that time by General MacArthur. When that offer was repeated

in October, and this time with General MacArthur's support and approval, it was again turned down, this time by the United States chiefs of staff.

The proposals which the hon. gentleman and others have made are based on the assumption—and I myself think it is a rash assumption—that action of this kind, limited though it may be, would cause the Chinese communists to withdraw from Korea and presumably sue for peace, without bringing about the intervention in this conflict in the Far East of the U.S.S.R. Those recommendations add up to the policy which has been outlined and recommended in other places. Yet in concluding his speech the hon. member for Vancouver-Quadra expressed the hope that the Canadian government would "maintain and strengthen the British commonwealth." Surely it should be well known to him, as it is known to other members of the house, that no single commonwealth government has supported the policy advocated by the hon. gentleman and by certain other people in this country and across the line. Therefore I would suggest to him that if he wishes to maintain his usual consistency he will have to decide whether Canada should follow the policy that he has outlined as against Korea and China or the policy being pursued by the other commonwealth governments in this matter, and indeed by the government of the United States.

Mr. Green: May I ask the minister a question?

Mr. Pearson: Yes.

Mr. Green: In what manner does the minister suggest that victory is to be won in Korea?

Some hon. Members: Oh, oh.

Mr. Pearson: That is a very good question, and I hope I shall be able to come to that before I conclude my remarks. The hon. member seems to me in fact—I hope I am not doing him an injustice—to represent in respect of Far Eastern policy what I might call the more aggressive wing of the official opposition. I am not quite sure how extensive that wing is but it certainly includes the hon. member for St. John's West (Mr. Browne).

Mr. Green: We do not believe in appeasement.

Mr. Pearson: Yet I find it difficult to believe that the views they have presented so cogently in their participation in this discussion enjoy the official endorsement of their party. Certainly the policy in regard to Asia which they recommended that Canada should adopt seems to me at least to differ very markedly from the milder, and in my opinion much wiser, policy urged by other hon. members of the official opposition, notably the hon. member for Peel (Mr. Graydon) and the hon. member for Lake Centre (Mr. Diefenbaker). Therefore I think I am entitled to say that I hope we shall soon hear what is the official policy of the official opposition in regard to this very important question.

Mr. Green: You tell us how the war is to be won in Korea.

Mr. Pearson: Now, Mr. Speaker, I turn to consider once again what are our objectives in Korea and how those objectives can be reached. I hope that in doing so I shall be able to satisfy the hon. gentleman's curiosity, if not to secure his approval. A number of members, including the hon. member for Peace River (Mr. Low) and the hon. member for St. John's West, have asked what is the policy of the Canadian government in this matter. In opening this discussion I tried to answer these questions but I am quite happy to try to go over the ground again. I realize that in such a confused situation as does exist in Korea it is difficult to have a clear objective or to see the objective that we have clearly. It is now more important than ever that we should have as exact an idea as possible of what we are trying to accomplish in Korea, along with other members of the United Nations. The Canadian brigade group will shortly be in action, so not only they but every other Canadian will want to know what is their purpose in Korea and what is the policy of the Canadian government in regard to achieving that purpose.

Before I try to answer once again this crucial question, I should like to draw to your attention—this was done I thought very effectively this afternoon by the hon. member for Vegreville (Mr. Decore)—the advantages which have already accrued to the cause of freedom from the United Nations action in Korea. In the first place, as was pointed out this afternoon, the military danger to many other areas in Asia has been greatly reduced as a result of the courageous and skilful campaign which has been carried on in Korea. Many of the best formations of the Chinese communist army have been committed to battle in Korea and have suffered very heavy losses in the process. As a result, the number of trained troops facing Indo-China, Formosa, Hong Kong, Burma and Malaya has been reduced, and the danger of successful attacks in those areas is now I think less than it was—although of course it has certainly not by any means been eliminated.

In meeting the onslaught of the Chinese communist forces then, the United Nations forces in Korea have suffered heavy losses but they have inflicted immensely heavier losses on the enemy. They can take pride in the fact that their heroic resistance has lessened the danger in other parts of Asia. I believe that is something that has already been accomplished by way of benefit to the cause of freedom.

Another way in which the cause of freedom has benefited through United Nations action in Korea is that the whole of the free world is now aroused, as was pointed out this afternoon, and alerted to the danger so that more rapid progress is now being made in increasing the armed forces in being in the free world. We have now some reason to believe that before long these forces may be large enough to deter any would-be aggressor. This improvement in our position we owe, I think, largely to the sense of urgency which the war in Korea brought us, and also to the energetic leadership of the United States of America.

This war in Korea has also been the occasion of another discovery which must be encouraging to free men everywhere. It is that collective military action against aggression is possible, and can be effective. It is certainly true even yet that three-quarters of the United Nations forces now fighting in Korea, apart from the South Koreans themselves, are being provided by the United States. But I think equally remarkable is the fact that no fewer than sixteen countries are now contributing contingents to the United Nations forces, and that all those contingents are being welded together in a strong and dependable United Nations army. It may be objected that all this is very well, but that if the United Nations army in Korea has not a clear mission which it can hope to fulfil, this whole grand exercise in international co-operation is futile. What, then, is the United Nations mission in Korea? Essentially, I think, Mr. Speaker, and I repeat what I said the other day, to defeat aggression, and by the lesson of that defeat to help prevent the outbreak of world war III.

If the aggression in Korea had been allowed to succeed without any attempt being made to resist it, other acts of aggression would certainly have followed. The strength of the free world would have been nibbled away piecemeal in accordance with the master plans of the Politburo. Eventually, a stage would have been reached when the remaining countries which were still free and independent would have realized that they had either to wage war with fewer resources and with much slighter hope of success, or else be engulfed under a wave of Soviet tyranny. Since they would certainly have chosen war rather than slavery, a third world war in those circumstances would have been inevitable.

To the infantryman slogging over the muddy fields of Korea, it may seem odd to hear someone say that his mission is to prevent a third world war. He may well be forgiven for not seeing very much difference between a world war and the bloody business in which he is now engaged. I certainly sympathize with that view. But it is necessary to remember that in the present circumstances a new world war will be very different from the campaign now being fought in Korea. It would be an atomic war which would result in the death of hundreds of thousands of people at one stroke, and which would leave the earth pockmarked and infected with radioactivity for years to come, even if it did not, as is conceivable, result in something far worse. That is the nightmare we are trying by every means in our power to avoid. When viewed in that light I believe that our soldiers in Korea, and the soldiers from other countries of the United Nations, will see that their task, however disagreeable and dangerous it may be, is supremely worthwhile.

Now, Mr. Speaker, exception was taken to my statement of our objectives the other day by the hon. member for St. John's West. He repeated his views this afternoon on my statement that our objective in Korea was to defeat aggression. That statement left him somewhat indignant, and he challenged me to uphold it, that the defeat of armed aggression was the sole military purpose of the United Nations in Korea.

Mr. Browne (St. John's West): May I point out that the minister is not really representing what I said. My notes show that the minister has said some people are under the impression that we are fighting in Korea to defeat communism, but that is not correct. We are fighting to defeat aggression. The distinction between what the minister is now saying—

Mr. Pearson: I do not know what the hon. member's notes show. I know what is in *Hansard*, and *Hansard* is the record of this house. In any event, Mr. Speaker, he did challenge me. He will admit that.

Mr. Browne (St. John's West): Oh, certainly.

Mr. Pearson: He challenged me to prove—I think I am right in saying this—that our sole military objective in Korea was the defeat of aggression.

Mr. Browne (St. John's West): No, that we were not there to defeat communism.

Mr. Pearson: Well, I am willing to accept that. He challenged me—this is the way he put it and if he looks at *Hansard* he will change his mind—to justify my statement that our objective in Korea is to defeat aggression, and that is our only objective in Korea. All the hon. gentleman has to do to accept that fact is to read the resolutions of the United Nations which are the sole basis of our operations in Korea. I shall quote the resolution that covers our action there. It is the resolution of June 27, 1950, and it has been accepted by more than fifty members of the United Nations. This is what it says:

> The security council recommends that the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area.

That is our objective in Korea. Last week General Marshall repeated for his government this same objective when he said:

> Our objective in Korea continues to be the defeat of aggression and the restoration of peace.

The hon. gentleman's leader this afternoon in the House of Commons said that it was the result of that decision, the decision of the United Nations relating to the specific action of the United Nations in Korea, which has resulted in Canada's participation in the efforts of the United Nations to preserve the freedom of Korea and deal with this act of naked aggression. That indeed is our objective in Korea. The hon. member would, I think, at least add, if not substitute for that, that our objective in Korea is the defeat of communism by armed force, because we are intervening with armed force in Korea. I say in all sincerity—and I know he will grant my sincerity in this matter—that there is an extremely dangerous confusion here, which should be cleared up, especially as it may be difficult to grasp the reasons for my statement, when Canadian troops are fighting Chinese communists in Korea, when other Canadian troops are being enlisted to stand on guard in western Europe against the threat from Russian communists, and when it is known that these various threats are interlinked and are unleashed or held in check at the orders of the Kremlin.

I admit all that. But as I understand it, communism is a dogma, a type of society and a military danger—all three. The dogma has influenced the type of society which has been created in Russia, in other cominform countries and in China. The totalitarian nature of Soviet society has facilitated and perhaps even necessitated acts of aggression. But communism as a dogma, I repeat once again, in my view, cannot be destroyed in Korea or elsewhere by military means. If we think it can, and if we think it should be attempted, we should have intervened in Czechoslovakia when the communists took over there. Such armed intervention at that time, however, or in Greece, or in connection with the Berlin blockade, could have and would have received no sanction of any kind from the United Nations. Communism as a dogma must be fought with other weapons and in other ways. But when its noxious doctrines, and when its perverted form of society takes arms and commits aggression against other peoples, then we must answer the communists with collective action including, when it can be made effective, collective military action; and that is what we are doing in Korea today.

What we are fighting in Korea and what we may have to fight in other parts of the world is what William Pitt the younger called "armed opinions", but armed opinions which have expressed themselves in armed aggression. I therefore hope that it will now be understood what I mean when I say that the United Nations' objective in Korea is not, by arms, to fight communism as an idea. Our objective there is to offer successful resistance to communist aggression and thereby to prevent, we hope, a third world war.

To conclude with the point that was raised by the hon. member for Vancouver-Quadra (Mr. Green), what can we do about the present situation in Korea? If we do not adopt additional measures, how can we ever hope to win? At the present time the advantages of two alternative methods are being urged. This is, indeed, the great debate. On the one hand it is said that total military victory is indispensable and that it can be achieved by permitting the bombing of China, by imposing a naval blockade and by employing nationalist Chinese forces outside Formosa. I do not want to repeat at this time why I believe that that policy would be a profound mistake—but I want to state my view that such a policy would not end the war in Korea at this time but might, on the contrary, lead from limited action to unlimited action, the result of which might bring in the U.S.S.R. If it did not, in my view it would almost certainly engulf us in a full continental war with 450 million Chinese people. I cannot myself think that that is the best way of ending the war in Korea. We would be playing for high stakes indeed if we took this kind of limited action in the hope that by such limited action we could end the war in Korea without going on if it did not succeed to unlimited action or without bringing in anyone else.

Mr. Green: May I ask the minister a question?

Mr. Pearson: Yes.

Mr. Green: Will the minister dispute the fact that his policy means asking Canadian troops to fight in Korea with one hand tied behind their backs?

Some hon. Members: Oh, oh.

An hon. Member: What a stupid question!

Mr. Pearson: No, Mr. Speaker, that is not my policy; and certainly it is not the policy of this government or that of any government that I know of that has troops in Korea.

Mr. Knowles: Or of the United Nations.

Mr. Pearson: And it is not the policy of the United Nations. It may be that, in spite of all our efforts, the catastrophe of a third world war may not be avoided. It may be that, in spite of all our efforts, this conflict will extend to the continent of China. We may not have the control of that extension. But if the conflict is so extended, let the responsibility for the terror, the anguish and the devastation that it will cause rest in other hands than ours.

Mr. Green: It is a policy of fear.

Some hon. Members: Order.

Mr. Pearson: That is the hon. gentleman's interpretation of it, that it is a policy of fear. As I see it, it is a policy of realism and of peace. What is the alternative policy? It is for the United Nations forces to continue inflicting heavy losses on the aggressors, as they are doing at the present time, and at the same time to avoid any measures which are not absolutely necessary from a military point of view, and which might lead to the spreading of the conflict.

As I said a few days ago in this place, there have been no recent indications that the Chinese communists are in any mood to negotiate. I cannot believe, however, that the Chinese government in Peking can be so blind to Chinese national interests as to continue indefinitely suffering the very heavy losses which are now being inflicted on their forces. So we must hope that a day will come when they will realize that it is not China but Russia which is being served by the aggression in Korea in which they have participated.

If that time comes, they may then be ready to enter into negotiations leading to a settlement in Korea and also to a settlement of other Far Eastern issues. Then, as now, the United Nations will stand ready to negotiate, as has been made clear many times, and most notably by the general assembly when it approved overwhelmingly the statement of principles drawn up by the United Nations' cease-fire committee. There is, I am afraid, no other answer than this that I can offer to the hon. member for Kootenay West (Mr. Herridge), who argued on behalf of his group that the time is opportune now for another attempt to settle the Korean question by negotiation.

No one would be much happier than I if negotiations could be opened tomorrow with a view to reaching an honourable settlement of the war in Korea along the lines suggested by the hon. member himself. But the steps which he proposed—and which he begged me to take up with the United Nations—were very similar to those I outlined when I spoke at the United Nations on January 26 last. There are a few differences in detail, and those differences will, of course, be carefully studied, and will be borne in mind if there ever is an opportunity for negotiation in the near future.

But it is necessary to remember, Mr. Speaker, that all the recent efforts of the United Nations—including this statement of principles to which I have referred—have been, to say the least, rudely rebuffed by the Chinese communist regime. The approaches made by the good offices committee have been rebuffed, and unofficial feelers by individual countries have not been any more successful. The hon. member for Kootenay West suggested that we might propose to the Indian government that they contact the Peking government with a view to entering into negotiations. The Canadian government has kept in constant touch with the Indian government on this question, and the Indian government in its turn has been vigilant in watching for any sign that the Peking regime might be willing to discuss a settlement in Korea and in the Far East generally on any terms that we could even consider. Although it would certainly be improper for me to reveal what the Indian ambassador in Peking has been reporting to his own government, I can say that his inquiries in Peking have not given any grounds for believing that the Chinese communists are yet ready to negotiate on any terms that could conceivably be acceptable to the United Nations. And that is what I meant when I said that for the time being, especially while the Chinese military offensive is going on, it would appear that there are no further steps that could be taken, either by the United Nations collectively, or by any other members individually,

to bring the Chinese communists to the conference table on any conditions that we would consider.

But I should like to assure the house, Mr. Speaker, that the possibility of securing an honourable settlement by negotiation is never being overlooked by any of the governments, any of the free governments, which are concerned with this matter; we will all continue to search for any indications that the Peking regime may be ready to discuss a settlement, and we will be energetic in taking advantage of any opportunity that we might be able to discover. Meanwhile, however, I can only repeat what I said the other day, namely, that until we get that indication in some form from Peking, and while the battle is going on, diplomacy must for the time being take a second place to arms. We can only hope that the use of those arms by the United Nations will be so effective and do so much damage to the forces of communist aggression that before long they will see reason. It may then be possible to negotiate with them on United Nations terms, and the danger of a third world war arising in that part of the world will, at least, have been avoided.

Mr. Drew: Mr. Speaker, on a question of privilege I just want to deal with two matters that were raised, and which I did not wish to pursue at that time so that I would not interrupt the Secretary of State for External Affairs.

In the first place I might point out that the Secretary of State for External Affairs repeated several times that I had made certain allegations. If he will check the record he will find that I referred to the fact that certain allegations had been made by responsible individuals, and that I felt an explanation should be given. I repeat that statement, and I do repeat also that they are responsible individuals and that I think they deserve an explanation.

The second matter was in regard to a point that I raised later when I suggested that the possibility of air action against the Manchurian bases to which the hon. minister was referring did not seem inconsistent with what he had said on an earlier occasion. I would refer to what he said on April 26 as reported at page 2397 of *Hansard* in reply to a question which had been asked him, and these were his words:

> However, it is of course possible to visualize a situation where immediate retaliatory action, without consultation, might be unavoidable in pursuing enemy bombers back to the Manchurian air base from which they came. The decision on the spot to take such immediate retaliatory action would presumably be based on overriding considerations of military security.

It was to that statement that I was referring.

Motion agreed to.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend the Veterans Business and Professional Loans Act to make the act applicable to a greater number of veterans and to enlarge the period within which guaranteed loans may be made under the act.

Mr. Macdonnell (Greenwood): Will the minister or the parliamentary assistant say a word as to the history of this act?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I shall be very glad to say a few words, giving the history of this act. This resolution introduces a very simple bill to amend the present act and to extend the deadline for the making of loans from January 15, 1952, until January 1, 1955. The act itself is the consequence of recommendations of the veterans affairs committee in 1945. They were considering the veterans charter at that time. The veterans charter, you will recall, provided for cash gratuities to all those who served in the armed forces. It provided for reinstatement in civilian employment to those who had it on enlistment. It provided for re-establishment credits to those who wanted to use extra money for setting themselves up in business or for home furnishings, and also provided for professional and vocational training, and the Veterans Land Act.

The veterans affairs committee found that there was one group who were not provided for, namely, those who wished to use their cash gratuities or their re-establishment credits to go into business for themselves, and they made a recommendation to the house which the government accepted. That provision was made for business and professional loans to veterans. The bill was introduced in 1946, and was based on the same principle as the Farm Improvement Loans Act, which we have already dealt with this session.

The government itself does not make any loans to the veterans, but guarantees loans which are made by the chartered banks, the reason for this being that the ordinary branch managers of the chartered banks of Canada are certainly the best judges of whether or not the enterprise which the veteran was considering launching himself was likely to succeed in the community in which he was situated. The total amount of loans which

were to be guaranteed by the government was $25 million. The terms of guarantee were rather more generous than in the Farm Improvement Loans Act, where the guarantee was up to 10 per cent of the loans made by each bank. In the case of this Veterans Business and Professional Loans Act, the government guaranteed each bank up to 25 per cent of losses on the first million dollars of loans by the bank, and then 15 per cent on loans beyond that, the loans to be made up to $3,000, the veteran being required to have one-third down himself. The interest is 5 per cent simple, and payments were expected not less frequently than quarterly. That maximum time of loan repayment was ten years. There is a schedule of repayment, depending on the size of the loan.

The loans were for a variety of purposes which are detailed in the act. Perhaps hon. members would like to have the same sort of summary put on *Hansard* as I gave when the Farm Improvement Loans Act was before the house; that is, loans by purposes, loans by provinces and loans by banks. Perhaps I should just read off loans by purposes for the information of hon. members so that they can see the type of thing which money is being loaned for. This is the period January 15, 1947, to December 31, 1950: 1,272 loans were made for the purchases of business to a total amount of $2,800,000; the purchase of interest in a partnership, of capital for a new partnership, 1,393 loans for $2,900,000; purchases of machinery, tools, instruments and other equipment, 1,011 loans for the amount of $1,400,000; repair of machinery, tools, instruments or other equipment, 12 loans for $14,600; construction, repairs or alterations of, or making additions to buildings or structures, 531 loans for $1 million; purchase of motorized units, 932 loans, for $1,200,000; making a total of 5,151 loans for a total amount of $9,424,378.96. If I may have permission of the house I should like to have the next two tables, showing loans by provinces and loans by banks, placed on *Hansard*, without reading them into the record.

Some hon. Members: Agreed.

Mr. Sinclair: They are as follows:

	No.	Amount
Ontario	1,965	$3,553,780.69
Alberta	955	1,800,552.04
British Columbia	759	1,437,924.87
Saskatchewan	484	904,128.89
Quebec	338	609,463.00
Manitoba	306	584,386.36
Nova Scotia	148	224,652.73
New Brunswick	124	207,809.38
Prince Edward Island	67	89,257.00
Newfoundland	5	12,424.00
Total	5,151	$9,424,378.96

The Canadian Bank of Commerce	1,481	$2,692,875.52
The Bank of Nova Scotia	462	863,129.64
The Dominion Bank	248	432,525.70
The Royal Bank of Canada	1,179	2,116,082.60
Bank of Montreal	1,118	1,996,204.66
The Imperial Bank of Canada	268	546,370.54
The Bank of Toronto	301	584,897.30
Banque Canadienne Nationale	91	185,723.00
The Provincial Bank of Canada	1	3,000.00
Barclays Bank	2	3,570.00
Total	5,151	$9,424,378.96

I should like now to give a brief summary of the government's position, to date, so far as these loans are concerned. Since the inception of the act on January 15, 1947, to December 31, 1950, veterans received 5,151 loans for a total amount of $9,424,378.96. That is an average of $1,830 per loan. Of the total amount of $9,424,378.96 loaned to veterans since the inception of the act, $6,285,048.78 has been repaid. Roughly two-thirds of the loans made in this period have already been repaid.

Mr. Macdonnell (Greenwood): Is that up to schedule? Does that practically fulfil the requirements?

Mr. Sinclair: The best indication of that, perhaps, is the losses. Up until now there have been 102 claims totalling $109,127.77, or roughly $1,000 each for those 102 claims, upon which the banks have asked the government to make good the losses.

The government's contingent liability at the present time under the 25 per cent guarantee is $1,404,808.03. Under the 15 per cent guarantee, for loans in excess of the first million dollars, the amount is $570,775.73. Loans outstanding at the present time total $3,139,330.18.

The amending bill is a very simple one, in which three things are done. First of all there is the intention to extend the deadline from January 15, 1952, to January 1, 1955. The second point is to include in the provisions respecting those who may apply for loans, veterans who have applied for and perhaps received benefits under the Veterans Land Act, but who have paid back those benefits. The original act said that any veteran in receipt of a war service gratuity could apply for such a loan, except those who have received assistance under the Veterans Land Act. This latter group could apply under the Farm Improvement Loans Act for further loans, if necessary.

The third minor change is to change the provision for the security of the loans so that it will be the same as the security provisions under the Farm Improvement Loans Act.

Mr. Macdonnell (Greenwood): Are applications still coming in freely?

Mr. Sinclair: Applications have fallen off, as might have been expected. The main rush was in the two years immediately after the war. But last year, for example, there were four hundred odd applications made. The minister intends to refer the bill to the committee on veterans affairs, as soon as it is given second reading.

Mr. Cardiff: Does the veteran who had a loan before and who paid up his obligation have a certain advantage?

Mr. Sinclair: No, that is not quite right. The original qualification for a loan was that a man should be a veteran in receipt of gratuity, but not in receipt of any benefit under the Veterans Land Act. If a veteran had applied for a loan under the Veterans Land Act, and then decided he did not want to go in for farming and paid back the loan he had received under the Veterans Land Act, he can now make application for a business loan, if he wishes to launch a business.

Mr. Macdonnell (Greenwood): Might not that principle apply to the case mentioned by the hon. member for Huron North? If a veteran had had a loan, and paid it off, why could he not get another loan under this act?

Mr. Sinclair: There is no reason at all under the act why that can not be done.

Mr. Macdonnell (Greenwood): Oh, I misunderstood.

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

Mr. Fulton: I should like to ask the parliamentary assistant a question about the figures he gave in his introductory statement. I think he said that there had been a record of failures in the repayment of loans numbering only 102 thus far. I would understand that the banks have made application to the government to make good on the guarantee. I believe the parliamentary assistant said the total amount was $109,000. Is that the amount the banks are actually asking the government to pay, or is that the total of loans upon which there have been defaults, and concerning which the government's obligation will not exceed 25 per cent of the amount?

Mr. Sinclair: No; those are the losses the government actually has made good. It is not 25 per cent of any individual loans. It is 25 per cent of loans made up to the first million dollars. Then it is 15 per cent beyond that.

To put it on another basis, the cost of the program to the government has been about $20 per loan because, from the figures I gave, we have made over 5,000 loans, and we have lost $109,000.

Mr. Fulton: Perhaps I did not understand the point correctly, but it is my understanding that the government is not liable for only 25 per cent of a loan. If a bank has made loans of $1 million, and there is default in respect of a loan of $3,000, the government must pay the whole $3,000?

Mr. Sinclair: That is right.

Mr. Fulton: Then, another question: If a veteran borrowed money under the act and repaid it on schedule to the bank, is he then debarred from getting the benefit under the Veterans Land Act? The parliamentary assistant said he could get another loan. Does he have the option to switch and get the benefits of the Veterans Land Act, if he has paid up in full?

Mr. Sinclair: That is a question for the Minister of Veterans Affairs. The only qualification we in the Department of Finance have is that a veteran who is receiving benefits under the Veterans Land Act cannot qualify for a business loan.

Mr. Herridge: I am pleased to see this resolution introduced. I am sure the parliamentary assistant will agree that this was considered experimental legislation in 1945. There is no doubt it has been helpful to many veterans. I know of a number of veterans in my own constituency who have taken advantage of the act, and it has assisted them in re-establishment.

I am pleased to see an extension of the period in which the application can be made. Apparently the losses to date have been relatively light. How do they compare with the losses experienced by banks who make loans to civilians under normal conditions?

Mr. Sinclair: I would say offhand they are very much higher. They are over five times the amount of losses under the Farm Improvement Loans Act. Naturally a young veteran launching out into business is not as good a risk as an established farmer would be. That was why the government guaranteed 25 per cent on the first million of loans by each bank in this case, whereas we guaranteed only 10 per cent in respect of farmers under the Farm Improvement Loans Act.

Mr. Fulton: Have representations been made asking that the amount permitted to each veteran be increased? If so, what consideration was given and what decision was arrived at? It is represented to us from time

to time that, with the increases in the cost of machinery, and in the prices of things the veteran will need in business, as in the case of the Veterans Land Act, the initial maximum loan which may have been adequate at the time it was first asked for is no longer adequate to give the veteran a chance to make a good start. What is the situation there?

Mr. Sinclair: A similar type of question was asked in connection with farm improvement loans. The same director in our department supervises the two types of loans, and he said there had been no representations, to his knowledge, for an increased ceiling. The fact that the average loan is about $1,800 is one indication.

Mr. Green: Did the parliamentary assistant say $1,800?

Mr. Sinclair: Yes, $1,830. A veteran would have to have $1,500 in cash to get a $3,000 loan which, in itself, is a fair deterrent to the young veteran who is starting up in business for himself. But that, again, can be discussed at length when we have the administrator before us on the committee on veterans affairs.

Mr. Johnston: I have not followed this too closely, but I understand that the lending company will not suffer a loss until the total losses have exceeded $250,000?

Mr. Sinclair: Quite right.

Mr. Johnston: I understand that the government assumes all losses up to that point. Have the lending companies suffered any losses under this legislation?

Mr. Sinclair: In order to suffer a loss a bank must lose more than $250,000. Since the total losses of all banks combined have been only $109,000 no bank has reached the $250,000 limit at which its losses would start. The whole intent of the government guarantee was to use the business ability and knowledge of the managers of the chartered banks across Canada who could assess the business risk. Under this guarantee the banks could extend much more generous credit than they normally would, and at a five per cent rate.

Mr. Johnston: Twenty-five per cent of the loss is rather high and the fact that it is high might cause the banks to be a little less discreet when paying out money. They would not care whether it was lost or not.

Mr. Sinclair: I think that was the hope of the veterans affairs committee.

Mr. Johnston: It could be tightened up so that a veteran would not have a chance under this legislation, but it seems to me that when you guarantee 25 per cent you are making it impossible for the other fellow to lose anything.

Mr. Sinclair: The fact that $9 million in loans have been made so far with losses of only $109,000 is an indication that the banks are not giving away money. I was a member of the veterans affairs committee which made this recommendation and I remember one of the things we were most keen about was to make sure that there would be such underwriting that the banks would be much more generous in making loans than they ordinarily would be. I remember also when the Farm Improvement Loans Act was before us there was a call from hon. members for a more generous guarantee than the ten per cent guarantee under that act so that the banks might be still more generous.

Mr. Wright: Does the department receive from the banks or the lending institutions returns which would indicate the number of veterans who had applied for loans and been refused?

Mr. Sinclair: The same problem was raised in connection with the Farm Improvement Loans Act. We have only two ways of judging. One is by letters from veterans to the Minister of Finance or to the administrator stating that they have been refused. Those have been few in number. An even better indication is given by members of parliament. In the last four years very few hon. members have made complaints that veteran constituents have been refused loans. This indicates the judgment used by the local bank managers. There is nothing that permits the Department of Finance to force a bank manager to make a loan. But the fact that the guarantee is as generous as it is gives the bank a fairly wide discretion.

Mr. Macdonnell (Greenwood): It would appear as though the legislation had been successful. On the one hand, as the parliamentary assistant points out, there have been few complaints and, on the other hand, a substantial amount of business has been done with the losses fairly moderate. When it was stated that the cost had been $20 per loan, was that based on the losses only or did it include administrative costs?

Mr. Sinclair: I was speaking very generally. The actual loss to the government as far as the guarantee is concerned is about that amount. The administrative cost is quite small. There is a total staff of 16 which handles the Farm Improvement Loans Act and the Veterans Business and Professional Loans Act. That could be brought up when we are in committee.

Mr. Herridge: I realize that we shall have full opportunity to ask questions when the bill is before the committee, but I do want to state now that I have personal knowledge that there was some dissatisfaction in the early months after this legislation became effective. There appeared to be some misunderstanding on the part of local bank managers, but since that time I have not heard of any dissatisfaction. When we consider the purposes of the act and the circumstances under which it is used I consider it has been most satisfactory.

Mr. Green: Will there be an amendment to the act so that it will apply to men serving in the special force?

Mr. Sinclair: The fact that it is being extended to 1955 would indicate that to my mind. This is getting into the field of the Department of Veterans Affairs. I am dealing with the financial aspects. I am quite sure that when the bill is before the veterans affairs committee hon. members will be able to question the minister or the parliamentary assistant as to that.

Mr. Green: The intention is to make its benefits available to men serving in the special force?

Mr. Sinclair: I cannot say that. That would have to be stated by the Minister of Veterans Affairs.

The Deputy Chairman: If that question is not within the scope of this resolution perhaps it should not be asked at this time.

Mr. Green: Surely it is within the scope of the resolution. That is what we want to find out, whether the legislation to follow this resolution will apply to men serving in the special force. Surely I am in order in asking that question.

Mr. Lapointe: Perhaps the hon. member would agree to wait until we are discussing the resolution which is to follow this one, and which deals with benefits to be given to members of the special force. At that time I shall be able to explain just what is being done in connection with the different pieces of legislation which form the veterans charter, part of which we intend to make applicable to the members of the Korean force.

Mr. Macdonnell (Greenwood): On a quick look at the present resolution I do not think it would include them as it now stands.

Mr. Fulton: The resolution states that it is intended to amend the act to make it applicable to a greater number of veterans, and that I think raises the question whether or not veterans of the Korean force would be entitled to benefits under this act. Perhaps it can be left until we are dealing with the next resolution, but I think the question should be answered at some stage.

The Deputy Chairman: I might state to the hon. member for Vancouver-Quadra that I did not rule out his question. I was merely asking if it was within the scope of the resolution. The Minister of Veterans Affairs has given a reply which may or may not be satisfactory.

Mr. Green: I cannot tell from the reply whether it is satisfactory or not. I cannot understand why the minister is not able to say whether this legislation is to be made applicable to the men serving in the special force.

Mr. Lapointe: Surely I cannot be asked to deal with a bill which has not yet been distributed to the house and which is being brought into the house by a department other than my own.

Mr. Green: I am not asking about something contained in another bill; I am asking whether the benefits under this particular measure are going to be available to the men serving in the special force. I submit that the Minister of Veterans Affairs should be able to answer that question.

Mr. Lapointe: My answer would be that it cannot be made applicable to members of the Korean forces without an amendment to the present legislation which can be made only after the other resolution on the order paper is passed. Perhaps the hon. member will permit me to explain when that resolution is before us what it is intended to do.

Mr. Fair: I wonder if we have any lawyers in the house? That question arises because of the discussion we have had on both sides.

Mr. Green: Has there been any consideration given to extending this act to the case where a veteran buys an interest in an incorporated company? As I remember it, when the act was originally passed there was no provision made for a loan under circumstances of that kind. The veteran could only get a loan if he was going into a partnership as distinct from an incorporated company. Has any consideration been given to making a change to make it possible for a man to get a loan in order to buy into a company?

Mr. Sinclair: There was a very long discussion of this matter before the veterans affairs committee in 1945. The objection was that if the veteran was a minority shareholder in an incorporated company he would have no control over the business operation, nor would the bank, and that the banks

themselves would not make loans under such circumstances. That was the stumbling block, and as far as I know no further consideration has been given. When the matter is before the veterans affairs committee the director of the branch can give evidence on that point. This act has worked very well in the case of the individual veteran establishing himself in his own business or in a partnership where of course he has a measure of control.

Resolution reported, read the second time and concurred in.

Mr. Lapointe (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 286, to amend the Veterans Business and Professional Loans Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the said bill be read a second time?

Mr. Sinclair: If it could be read a second time now we would refer it to the veterans affairs committee immediately.

Mr. Deputy Speaker: By leave of the house.

Some hon. Members: No.

Mr. Deputy Speaker: Next sitting of the house.

SPECIAL FORCE VETERANS

PROVISION FOR EXTENSION OF BENEFITS TO MEMBERS OF SPECIAL FORCES

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to make certain rights, privileges and benefits applicable to persons serving in that part of the armed forces of Canada designated as the special force and to certain other members of the Canadian forces.

Mr. White (Hastings-Peterborough): Is the minister going to make a statement?

Mr. Lapointe: Mr. Speaker, hon. members will recall that on April 4, when I introduced the resolution to set up the veterans affairs committee, I referred in my statement to a bill that would be sent to that committee to provide certain benefits for the members of the special forces. It will be remembered that section 7 of the Canadian Forces Act, which section expires at the end of this session, authorizes the governor in council to designate certain forces as special forces and to extend to them such benefits of the veterans charter as might be found appropriate. The present resolution envisages legislation along these lines. It will make provision for the extension of certain benefits to the members of the special forces, to persons enrolled for service, and to men and officers who have become members of the Canadian forces for a term not exceeding three years.

In addition it is proposed to provide authority for the governor in council to extend all the benefits of the veterans charter to all persons who, subsequent to July, 1950, were on service in a theatre of operations with the Canadian forces. As I said, this resolution refers to certain benefits which were made available to the members of the forces of world war II. After that war, as hon. members will recall, there was a certain relationship between the benefits given to those members of the forces who had served overseas and the benefits given to those who had served in Canada only. It will be realized, I am sure, that it is very difficult in this uneasy period of half war and half peace to determine just what this relationship should be at the present time.

The bulk of the men in the armed forces are serving under regular engagement, and only a portion of them are members of the special force and are enlisted as such. Rates of pay and other factors have changed, and all these things make it undesirable in the view of the government to legislate finally at this time for the general re-establishment of the veterans to be of what we now call the special force, and those others who might be called upon to serve outside Canada. As hon. members know, while some members of the special force are at the present time in action fighting in Korea and others will be joining them in a very short time indeed to participate with them in action in that field, others have not yet served overseas, and in fact some of them are not likely to do so.

However, I am sure that it will be the feeling of the house that when the men who have been in action or have served overseas in a manner comparable to the veterans of world war II are discharged from the services they should be granted the benefits of the veterans charter which apply to their particular service. The benefits required to date for the re-establishment in civil life of members of the special force so far discharged have been made available by order in council by virtue of section 7 of the Canadian Forces Act, to which I referred at the beginning of my statement. It is the intention to confirm those benefits by the legislation which will follow this resolution.

There are, however, other benefits of the veterans charter, especially the War Service Grants Act, the Veterans Land Act, and the

training sections of the Veterans Rehabilitation Act, which have not yet been made applicable for the reason that the problem has still to be met. Here I might try to answer the question which the hon. member for Vancouver-Quadra (Mr. Green) raised a few minutes ago. The way we are proceeding is similar to the course followed during world war II. We have set up a committee with representatives of the Department of Veterans Affairs, Department of National Defence and Department of Labour. At the present time we are going through the whole of the veterans charter in order to determine the manner in which the provisions of that charter can be made applicable to the veterans of the special force. I believe all hon. members will recall that was the way it was done during the last war. In fact, by the time the war was concluded, I believe there were sixty-nine or eighty-nine orders in council covering the bulk of the veterans legislation, which were afterwards incorporated in statutory form.

At the present time this committee is going through this legislation, particularly with regard to the rehabilitation part of the legislation to which my hon. friend referred. It must be realized that although it is quite easy to make some of the provisions of this charter applicable to members of the forces, such as the Reinstatement in Civil Employment Act and the Unemployment Insurance Act, and the Pension Act, there are other provisions which need special examination and investigation. For instance in the case of the Veterans Land Act a question will arise in connection with a veteran who has already received benefits under that act. If he is discharged after two or three years' service we shall then have to decide to what other benefits he could be entitled under the Veterans Land Act. Similarly, if that veteran is a man who has received training under the rehabilitation program following world war II, has become a medical man, served in the special force and is then discharged after two or three years' service, a question will arise as to what benefits he will be entitled to for professional training. Such a man may decide he no longer likes the medical profession but would prefer to become an architect, and whether he would be entitled to further training under the act is a question to be decided. For that reason we are now examining the whole of the veterans charter to make it applicable to the special force veterans.

As I mentioned, some of these benefits have already been extended to them.

Mr. Wright: Could the minister list those benefits that have been extended?

Mr. Lapointe: Yes, that is what I intend to do. Legislation which will follow this resolution will incorporate for the members of the special force the terms of the Reinstatement in Civil Employment Act, by virtue of which a veteran who has worked for three months for an employer before his enlistment may claim his job within three months after his discharge. It is exactly the same as the legislation which existed after world war II, and which proved to be so beneficial. As a matter of record, I believe there were not more than two or three prosecutions under that act throughout the whole country. This was due to the co-operation of employers, and I have no doubt that in the present emergency employers will co-operate as well as they did after world war II.

We have extended the Unemployment Insurance Act to cover these veterans. Hon. members will recall that following world war II provisions were made to pay what was called an out-of-work allowance. Experience taught us that the efficient administration of this out-of-work allowance was dependent upon the use of the unemployment insurance commission machinery, and the employment service provided under that commission. It has been thought that it would be more beneficial for the veteran himself if we were to extend to him the provisions of the Unemployment Insurance Act. Contrary to what has been stated, these benefits have been extended to a special force veteran who has served for three months, for which service he can claim a minimum of fifteen weeks' benefits under the Unemployment Insurance Act. Of course a longer period of service, and the fact that he may have been in an insurable position previous to enlistment, would extend the period of time for which he is entitled to draw unemployment insurance.

We have, by order in council, extended the benefits of the Pension Act under the same conditions generally as now apply to world war II veterans. This means that pensions will be payable for any disability or aggravation of a disability, or for death arising during or as a result of service. As in the case of world war II veterans, the insurance principle applies.

Mr. Green: Even to those who only serve in Canada?

Mr. Lapointe: Members of the special force, yes.

One further group to receive assistance under the provisions of this legislation will be those who come under the Civil Service

Superannuation Act. It will mean that a permanent civil servant who is given leave of absence to enlist in the special force will have his seniority protected and superannuation payments made on his behalf, the same as was done during world war II.

There is one further item of protection which does not appear in any act to which I might refer. It appears under the regulations made under the Department of Veterans Affairs Act, and relates to post-discharge medical treatment. Through an order in council amending medical treatment regulations, members of the special force have been placed in the same position in regard to post-discharge medical treatment as were the veterans of world war II. For this purpose we have revived treatments under class II and class III. Hon. members will recall that class II treatment covers the care of those discharged from the forces who need continuing treatment. This is provided as of right, and while under treatment the veteran receives pay and allowances identical with those he received during his service in the special force. Class III provides free treatment for any condition during the twelve months following discharge, and that is similar to a provision which existed for world war II veterans. Hospital allowances are paid during the period of this treatment for a time equal to the length of service up to a maximum of one year. Those receiving disability pensions as a result of their service in the special force will, of course, be entitled to treatment for their pensionable disability as of right; and others who served in a theatre of actual war are eligible to apply for treatment for any other condition if they are unable to provide treatment for themselves. That is what existed for world war II veterans. I do not think there is any more that I wish to add at this stage, Mr. Speaker. It is, of course, the intention to refer the bill to the veterans affairs committee for study.

Mr. White (Hastings-Peterborough): Did I understand the minister to say that he expected or hoped that all the benefits of the veterans charter would at some time be extended to the special force?

Mr. Lapointe: I am sorry, but I was not able to follow that question.

Mr. White (Hastings-Peterborough): I was not quite clear as to what the minister said. I understood him to say that it was expected or hoped that all the benefits under what we now call the veterans charter will at some date be extended to the veterans of the special force. Did I hear that correctly?

Mr. Lapointe: I think what I said was that I was sure it would be the feeling of this house that the men who have seen action and served overseas, in a way comparable to world war II veterans, would have extended to them the benefits which were extended to world war II veterans.

Mr. White (Hastings-Peterborough): Then I should like to ask the minister if it is correct that the bill which he will introduce following this resolution will really cover only minor benefits such as civil reinstatement in employment, unemployment insurance, the benefits of the Pension Act which they would automatically get, and the same benefits that would accrue to anyone in the civil service. Surely the minister must feel that that is hardly sufficient at the present time, because injured boys will be coming back from Korea, and they will be discharged, and if those are the only benefits that they will be eligible to receive—

Mr. Lesage: We are not in committee. If the minister speaks now, he will close the debate.

Mr. Deputy Speaker: Order. Perhaps it would be better to go into committee; then hon. members may ask questions and receive answers.

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

Mr. White (Hastings-Peterborough): Perhaps the minister can answer my question now.

Mr. Lapointe: As I explained earlier, Mr. Chairman, in drafting this benefits legislation for veterans of the special force, we are following the same course which was followed during the last war. As we will be incorporating some of these benefits, in a definite fashion, in a statute which will follow, we are asking to be authorized to make applicable by order in council the balance of the legislation which is included in a schedule. The bill includes the schedule in which is mentioned all the veterans legislation which is not incorporated in the act itself. We are asking authority, by order in council, to make applicable to the members of the special force such of this legislation included in the schedule as is found to be appropriate now. Furthermore, as I mentioned previously, we have this committee sitting continuously; and at the present time it is looking into the legislation pertaining to rehabilitation particularly. As the committee draws conclusions and makes recommendations the government, by order in council, under the authority which we are seeking under this resolution, can extend these benefits. I think that is the manner

in which the government proceeded during the last war. It permitted a flexible procedure as cases arose and circumstances changed. As soon as any of these orders in council have been made applicable, in a subsequent session they will be incorporated into statutes, in accordance with the procedure that was followed during the last war. I do not know whether or not I have answered my hon. friend's question.

Mr. Wright: The minister has stated, if I understood him aright, that there is now an order in council which protects, with regard to reinstatement in civil employment, the men going into the special force.

Mr. Lapointe: That is correct.

Mr. Wright: There are two questions I should like to ask. The first is this. Does that protection extend to their pension rights in the employment they are now in? Are those pension rights protected, so that they do not lose anything? They might be re-employed but they might lose their pension rights. Does the reinstatement in civil employment include protection of the pension rights? The second question is this. Does this order in council apply to the men who are now being called to enlist in the force for Europe? Is that considered as part of the special force, and will this legislation or any part of it cover the men who are enlisting in the special force for Europe?

Mr. Lapointe: The terms of the order in council extending the Reinstatement in Civil Employment Act to those people simply makes applicable to the special force the act as it is now in the statutes. I should not like to make a definite statement, but I am not aware whether it covers pension rights that might have been acquired in previous employment. I shall have to find that out. I am sure that in committee I shall be able to give my hon. friend the answer to that question. But reinstatement in civil employment is being extended to those who are now enlisting in this second Canadian brigade which is being formed.

Mr. Wright: What other provisions are, by order in council, provided for the men now enlisting in the European force?

Mr. Lapointe: At the present time there is that provision for reinstatement in civil employment; the unemployment insurance benefits, which I explained exist for the special force, will be extended to them. The provisions of the Pension Act will be extended to them, to the appropriate degree; but I am not aware of any new order in council. As my hon. friend knows, this new brigade just began to be recruited eight days ago; and we are working on that matter at the present time in this committee to which I have made reference. I am sure that I shall be able to make an announcement shortly with regard to further extension of benefits to these people and to members of the special force.

Mr. Fair: Will legislation be introduced to make the benefits under the Veterans Land Act available to members of the special force that is being recruited now for service in Europe, and also the benefits of the War Veterans Allowance Act?

Mr. Lapointe: I seem always to be giving the same answer. I mentioned before that the Veterans Land Act was one part of the whole veterans legislation which was being looked into at the present time in order to find out in what manner it should be made available to members of the special force. There would be no difficulty for a veteran who has not yet benefited from the Veterans Land Act, but we know there are some who are serving in the special force at the present time and who are beneficiaries under the act, who obtained leave from the department, left their farms, and who are serving now. They possibly will have acquired certain rights by the time they are discharged. In what manner will you permit them to apply these rights to their property that they have now under the Veterans Land Act? Would you permit them to credit certain amounts to their account, or would you give them a further extension on their property? That is something that is being looked into now. I am quite sure I shall be able to give a more satisfactory answer to my hon. friend before very long.

Mr. Ross (Souris): When we were discussing the Veterans Business and Professional Loans Act the minister was going to explain whether, as the act is now set up, if one had a loan under that act and had paid it in full, he would be eligible to benefit under the Veterans Land Act. Even that pertains to the soldiers of the other wars, without these complications of the new service.

Mr. Lapointe: If the War Service Grants Act is extended to the members of the special force it would be logical to extend the Veterans Business and Professional Loans Act also.

Mr. Ross (Souris): Is it the intention of the government to extend that?

Mr. Lapointe: Well, we are looking into it now. Certainly some parts of it will be extended. Whether it will be extended as the legislation exists in its entirety, or whether changes will be made, is something we cannot say now, but it will be extended.

Mr. Ross (Souris): Even without extending it, it was not just clear as to the soldier of the last great war. If he had a loan under this Veterans Business and Professional Loans Act and repaid it all, would he then be entitled to the benefits under the Veterans Land Act? If we had that clear then we could carry on and see what would happen with the new force.

Mr. Lapointe: I would think, Mr. Chairman, that if he is otherwise qualified for benefits under the Veterans Land Act he could make use of that, having reimbursed the loan under the Veterans Business and Professional Loans Act.

Mr. Ross (Souris): At this stage this whole scheme seems to me pretty much narrowed. Nothing is very clearly set forth as to just what benefits these men of the special force will receive under the veterans charter. That is just in the process of study by this committee, if I understand the minister.

Mr. Lapointe: That is right.

Mr. Ross (Souris): This has to do with the new force. As I understand it the terms of reference of this committee are not broad enough to go into any other legislation such as the War Veterans Allowance Act, and things of that nature.

Mr. Mutch: So far as the bill about to be introduced is concerned, what it does in fact is to make into a statute the four orders in council which have been passed pursuant to the legislation of the short session last August, and to extend the power by statute for a further extension by order in council of all or any of the benefits of the veterans charter as they should become applicable to the veterans of the Korean special force. There is no limitation on the extending of the benefits of the veterans charter proposed in the act. What it does do is to provide for the orderly application of the legislation of the veterans charter as the need becomes apparent. For instance, hon. gentlemen will realize that at the moment there is a relatively small pressure for a decision in the matter of rehabilitation legislation, since scarcely any except those who have become injured and perhaps pensionable are now going back into civil life under disability pension. There is a provision made by order in council to extend training to them now. That was done last week. As these various pieces of legislation become applicable to the applicants of today, the power will be taken in the bill, which is to be put before the house, and then referred to the committee, to secure the orderly application of each and any of these benefits as they may be required. We are at the beginning of a war now. Hon. members will recall that, in spite of the work done during world war II, it was almost two years after the cessation of hostilities before we could tailor the old legislation, plus about 80 orders in council, to fit the need of that day, and we cannot be sure at this time that the legislation of the veterans charter, as it exists at the present time, will exactly accomplish the will of the people for those other boys. This is just being left for the advice of the interdepartmental committee and an opportunity will be given for our own committee to give their advice, when this bill is introduced to them, to tailor it to do the job. Provisions are in the bill to provide for that.

Mr. Ross (Souris): Following that up—perhaps the minister may have said this, but I did not get it clearly—I presume it will be the intention to set up a veterans affairs committee at the next session to continue its study.

Mr. Mutch: We have not finished with this one yet.

Mr. Ross (Souris): I do not think it is nearly broad enough. I do not think the terms of reference of this committee are broad enough, and the membership of the committee is not as large as those of other sessions. The terms of reference are very much narrower than those of other veterans committees. Because of that there is a fear as to what we may expect it to bring forth in the interest of these boys. It is very important that the thing should be broadened and a wider study given to all of these benefits. To me it is a narrow set-up right now.

Mr. Green: May I point out to the committee that in the advertisements requesting enlistment in the Canadian special force last summer it was very clearly set out that all these men who enlisted would get the full benefits of the veterans charter. I do not believe that that can be contradicted. These men have gone into the army believing that they would get all the benefits of the veterans charter. I do not know whether similar terms were used in the advertisements for the European brigade or not. I presume that the intention was the same.

It is important that we start out by keeping faith right up to the hilt with these men who enlist in either of these forces. I suggest the Department of Veterans Affairs should be very careful to see that that undertaking is carried out without any delay and without any question. I think the statements of the minister and his assistant may be summed up as indicating that some benefits will be given but there still must be consideration given to the various amendments that are needed in

the legislation; and that nothing in a statutory form can be passed now; we must wait; that it took several years during the last war, and so on and so forth. The result of this policy is pretty clearly indicated, I am afraid, in a dispatch contained in the press just eleven days ago. I hold in my hand a dispatch from the Vancouver *Sun* of May 3. It is headed: "No benefits; way to civvy street unpaved for war veterans", and it continues:

Korean brigade soldiers found this week the road back to civvy street hasn't yet been paved.

There are as yet no re-establishment credits, educational grants, Veterans Land Act, debarkation leave or clothing allowances for men discharged from the special force.

Only unemployment insurance benefits are available and these only to men with over nine months service—

Mr. Lapointe: That is not right.

Mr. Green: That may be wrong. What is the proper time?

Mr. Lapointe: Three months' service.

Mr. Green: I continue:

Only unemployment insurance benefits are available and these only to men with over nine months service—which few men of the brigade can yet claim.

A few medical discharge cases now being "processed out" at Jericho army base get their pay, but nothing more.

"If a man declares himself destitute he may get a $30 voucher to obtain clothing, but this is supposed to be deducted from the army pay owing to him," an army spokesman explained today.

Discharge of men of the special force was being handled in "exactly the same way as we deal with regular active force discharges."

In other words, in the same way that men who had enlisted three or four years ago with the Canadian active army are dealt with. It continues:

Department of Veterans Affairs officials said Ottawa is now considering what reestablishment credits will be made available to veterans of the new war.

"So far we have no directive for aiding these men to re-establish themselves in civilian life," said a spokesman. "Until parliament decides what benefits are to be made available there's no point in the Korean ex-servicemen even applying to us."

We all know that hundreds of men have been discharged from that special service force. Perhaps the figure runs into thousands. I do urge upon the minister that steps be taken to see that the undertaking given to these men is lived up to fully—in other words that they get the same gratuities, the same educational rights, the same rights under the Veterans Land Act and under the Veterans Business and Professional Loans Act, and the other legislation included in the veterans charter.

I realize it may be difficult to provide for that by statute at the present time. I can quite understand the difficulty of making statutory provisions. But let it be done by order in council—although I do not have much use for that kind of legislation.

Mr. Mutch: The bill seeks that power.

Mr. Green: I am not satisfied, from what has been said this evening, that the intention is to give these men the same benefits that the men in the second world war received. I do not believe the Department of Veterans Affairs has fully realized what a definite undertaking was given in asking these men to enlist.

Time means a lot; some of these men now have been eight or nine months in the special force, and require help when they are discharged. I do hope it will be possible to see that they will get all these benefits upon discharge, without having to wait around for a matter of months or longer than that.

Unemployment insurance is quite different from a gratuity. The gratuity is payable whether they are working or not, while unemployment insurance covers them only if they are out of work. That was not meant to be one of the main benefits under the veterans charter; it was only a supplementary benefit.

All these other veterans charter benefits should be extended to these men without further delay.

The Deputy Chairman: Shall the resolution carry?

Mr. Green: Could I have an answer from the minister as to whether it is the intention that these men will get now the benefits they would have received under the veterans charter after the last war?

Mr. Lapointe: I do not think I can at this time say definitely to what degree any benefits will be extended to these men. That is why we are proceeding in this way—because we have found through experience of the last war that it was the most practical way to proceed, and the one from which the veterans benefited most.

I think that is the course of wisdom on our part. The hon. member referred to commitments made when the special force was recruited. I think if he will look at the terms of the advertising, the wording of that advertising, he will find that it refers to veterans benefits and to reinstatement in civil employment.

Mr. Green: How does it read?

Mr. Lapointe: "And other appropriate benefits under the veterans charter, as extended by parliament". I believe that is what it says. That is what we are going to

do, and what we are in the process of doing at the present time. As I have told other hon. members, I hope within a short time to make a further announcement respecting the extension of certain of the benefits to the members of the special force, as we find them applicable and appropriate for their rehabilitation to civilian life.

Mr. Green: Are the benefits to apply also to the men who have not been able to go abroad with the special force?

Mr. Lapointe: This bill provides for members of the special force, and certain other groups.

Mr. Green: Will it apply, even if they have not served overseas?

Mr. Lapointe: I am not in a position to say that. In fact, I do not personally know what the terms of enlistment of these men are, because that is the responsibility of the Department of National Defence.

I am asking for the extension of benefits to members of the special force. But I did say, if the hon. member will recall, that I was sure it was the hope of every member of the house that when any of these members of the force shall have served or have been in action, or have served overseas under conditions comparable to those under which veterans of world war II served, they will be given the same benefits as would have applied to veterans of the second world war.

Mr. Green: Benefits were also given to the men who served only in Canada. Is that to be true in respect of these men?

Mr. Mutch: The insurance principle is already incorporated in the pensions.

Mr. Green: I am asking if that is to be true of the men who enlisted in the special force?

Mr. Lapointe: I did say at the beginning of my statement that at the end of the last war there was a certain relationship between the benefits to veterans who had served overseas and those who had served in Canada only. At the present time, in the present state of the world, and the conditions under which these men are enlisting, it is impossible —perhaps I should not say "impossible", but it is undesirable to determine right now what will be the benefits to be given to men whose conditions of service we do not know as yet.

We know in respect of some that they are fighting in Korea, and it is the intention to extend to them all the benefits given to world war II veterans. But we do not know what will be the conditions with reference to other members of the forces because, as I did mention, the bulk of the armed forces at the present time are under regular engagement.

Mr. Gillis: I do not wish to open up a discussion. I am a member of the veterans affairs committee. The executive heads of the Legion will be meeting with that committee on Thursday of this week. It was my hope that all the bills with respect to veterans might be turned over to the committee as quickly as possible so that the executive heads of the Legion may be able to see them and have a look at them. In this way they would be in a position to express their opinion, as the direct representatives of the men affected. This might be done within a week or so.

The resolution tells us nothing, any more than that it is the intention of the minister to bring in a resolution designed to relate to the special force, and other forces, which may include the European brigade. The best way of getting information from the Legion is to allow this resolution to pass so that we can get the bill. I should like to facilitate the passage of this resolution so that we can get down to business.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 287, to make certain rights, privileges and benefits applicable to persons serving in that part of the armed forces of Canada designated as the special force and to certain other members of the Canadian forces.

Motion agreed to and bill read the first time.

PENSION ACT

AMENDMENTS RESPECTING CHILDREN OF PENSIONED WIDOWS, BURIAL GRANTS, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Pension Act to make more adequate provision for children whose mothers are pensioned as widows; to increase the payment in respect of burial grants; to advance the marriage date line for world war I pensioners and to eliminate the said date line in certain cases; to provide also for the removal of the means test where the children of a pensioner are continuing their education beyond the statutory age limit; and to provide further for the salaries of the pension commissioners and for certain other administrative purposes with a view to enlarging the scope of the act.

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

Mr. Lapointe: Mr. Chairman, in introducing this resolution I shall confine my remarks to the general features of the legislation which is to follow, as I believe a more detailed examination could more profitably

be made by members of the committee. As hon. members are aware, representations are made from time to time to the department and the government by the organized veteran bodies asking that changes be made in the Pension Act to make it more equitable and workable in view of changed circumstances. The officers of the department and the pension commission with their long experience in handling veterans legislation have recommended that certain changes be made.

We have come to the conclusion that the children of pensioned widows should be provided for more adequately and it is proposed to increase the allowances paid to such children. Similarly, we intend to extend the educational facilities available to children of men who have died or been disabled in the service of their country. At the present time the pension paid to a child stops at the age of sixteen years in the case of a boy and seventeen years in the case of a girl. There are provisions at the present time to permit this award to be continued to the age of 21 years provided the child is making satisfactory educational progress and that those responsible for his maintenance are without adequate resources. In order to encourage the pursuit of higher education the government proposes to remove what might be referred to as the means test with regard to adequate resources and the pension will be paid to the age of 21 years to all children of pensioned widows and disability pensioners as well as to orphans. The only requirement is that they must be satisfactorily pursuing an approved course of education.

The other amendments will be to extend the dateline for the marriage of world war I veterans to May 1, 1950, and to provide for the cost of the last illness and burial, increasing the amount already payable under the act, and providing also for the erection of standard headstones where needed.

Mr. Wright: I should like to say a few words despite the fact the hon. member for Cape Breton South seems to be so anxious to get this to the committee. Unfortunately this year a number of hon. members are not on the special committee because its numbers have been reduced from other years.

Mr. Mutch: Would the hon. member permit the suggestion that there will be full opportunity for debate on the second reading? If we can get the resolution passed and the bill introduced, it could be distributed.

Mr. Wright: I suggest that the changes proposed in the Pension Act introduce certain new principles. The minister has stated that there will be an extension of certain rights already provided by the act and I commend the department and the minister for that. I offer special commendation for the extension of the educational facilities to children of veterans. When I was a member of the committee I urged that greater provision in the way of education be made for the children of veterans. Then it is also proposed to change the act to provide that special grants with respect to unemployable veterans—

Mr. Lapointe: I wonder if the hon. member will allow me to interrupt? The supplements to which he refers are not paid under the authority of the Pension Act. They are being paid under the authority of the Department of Veterans Affairs Act. I believe it is section 6 (g) of the act which authorizes the payment of this supplement. It is being done through the supplementary estimate which is now before the committee, and the administration of the Pension Act has nothing to do with that.

Mr. Wright: I realize that. I realize it is one of the methods being used to avoid introducing a new principle into the Pension Act. Nevertheless it does introduce a new principle with reference to veterans legislation. I have a copy of the May issue of *The Legionary* here and I should like to refer to what is stated by Mr. T. D. Anderson, secretary of the Canadian Legion.

Mr. Lapointe: What number is that?

Mr. Wright: May, No. 12. He is dealing with the statement by the minister when he was referring the matter to the veterans affairs committee. Mr. Anderson says:

> With reference to this statement by the minister we would point out that, regardless of whether the special allowance is paid under authority of the Pension Act or the Department of Veterans Affairs Act, it would appear that the pensioner in order to become eligible for the special allowance will be required to establish need. If such is in fact the case, then the pensioners will certainly look upon this requirement as a means test. Up to this time Canadian war disability pensions have always been based on the degree of disability suffered without regard to other income or financial need. The Canadian Legion has strongly opposed the introduction of a means test in any form.

It is not my opinion that I am giving. It is the opinion of the Legion, and I think they should be in a position to judge this matter.

Mr. Lapointe: At the time the article was written the item mentioned had not been placed before members of the committee. I think that anyone who has followed the statements made and the explanations given in the veterans affairs committee after the introduction of this item will realize that speculation did not turn out to be absolutely correct.

Pension Act

Mr. Gillis: Mr. Chairman, is it in order to permit a discussion of legislation that is before the veterans affairs committee at the present time? If you do, then there are many other members of the committee who will have something to say about it. I am on the committee. We have been discussing this matter for two meetings. I can tell the hon. member for Melfort that whoever wrote that article and has summed it up as introducing a means test is completely in error.

Mr. Green: Not so far.

Mr. Gillis: He is completely in error.

Mr. Wright: It is the general secretary of the Canadian Legion.

Mr. Gillis: I do not care who wrote it. I have been present at two meetings of the committee where this matter has been studied in detail, and I have been dealing with pension matters for a longer time than the general secretary of the Canadian Legion. I do not want to get into any discussion because in the committee we have postponed any decision, and the amendment we are trying to make to this particular legislation, to give the Legion a chance to come and give us the benefit of their opinion. I do not want to gum it up at this time by a two minute discussion. If hon. members are anxious to get this legislation through, if they agree with all the good features in it, then let us pass these bills so that they can be sent to the committee, put in final shape, brought back into the house and passed so that we may start to pay the benefits.

The Deputy Chairman: The point of order raised by the hon. member for Cape Breton South is very well taken. I did not understand that what the hon. member for Melfort was referring to was legislation which is now being discussed by a committee and which has not been reported to the house. The hon. member should not refer to it.

Mr. Ross (Souris): I should like to ask the minister what is proposed in the matter of further salaries for the commissioners. Is there any suggestion to appoint new commissioners, or is it an increase in salary for those who are there?

Mr. Lapointe: I do not think I am permitted to give the details of the bill at this stage. Actually what is proposed, and what is referred to in the resolution, is to put into the statute the actual salaries paid to the commissioners. These salaries were increased last year or two years ago, but it was done through an estimate and not by way of amendment to the Pension Act. As we are now opening up the act we want to put into it the actual salaries they are being paid.

Mr. Ross (Souris): To the present commissioners?

Mr. Lapointe: Yes.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 288, to amend the Pension Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up first the amendment made by the Senate to Bill No. 188, an act to amend the Yukon Act. They have added two words to the bill as passed by this house. We had said "by permission of the commissioner" and the Senate has amended it to read "by permission of the commissioner in council". We will ask concurrence in this amendment. The government is satisfied with it. Then we will take up second reading of Bill No. 285, an act to amend the Canadian and British Insurance Companies Act, 1932. I understand it will be referred to the banking and commerce committee. Then we will take up the two resolutions in the name of the Prime Minister concerning Laurier house and Kingsmere park; the resolution in the name of the Minister of Labour concerning the Government Employees Compensation Act. Then we will revert to these three veterans measures, Bills No. 286, 287 and 288. These are the bills based on these three resolutions. If time is left we will start the study in committee of Bill No. 79, an act respecting Indians.

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

HOUSE OF COMMONS

Tuesday, May 15, 1951

The house met at three o'clock.

HOUSE OF COMMONS

EXTERNAL AFFAIRS—REFERENCE TO REMARKS IN DEBATE ON MAY 14

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, on a point of order, I wish to draw your attention to a statement, as reported in *Hansard*, made by the Secretary of State for External Affairs (Mr. Pearson) last night. I had referred to a speech of the Secretary of State for External Affairs made on May 2 in Renfrew, as to which the press report carried the statement that he had referred to "hoop-la diplomacy" and vaudeville performances; and I had indicated my belief that these words did not properly describe the type of diplomacy that was being discussed. Then the Secretary of State for External Affairs, as reported at page 3007 of *Hansard*, said this:

If the leader of the opposition had read my speech and not a newspaper account of the speech into the records of *Hansard* he might have come to a different conclusion concerning it.

In view of that statement, I sent to his office this morning for a text of the speech and was informed that there was no text. The newspaper report was therefore the only record available. But in reading the text of *Hansard* I also noticed that the Secretary of State for External Affairs had said that he made a similar speech in Toronto on April 10; and I obtained the text of that speech. In his remarks last night—

Some hon. Members: Order.

Mr. Speaker: Order. I doubt if the debate which was closed last night should be revived at this time. If the leader of the opposition wants to make a brief statement, I think he should be allowed to do so; but I would not want him to extend his remarks so that the result would be another debate on this subject that has been closed.

Mr. Drew: I have no intention of reopening the debate, Mr. Speaker. I am simply correcting the record. The Secretary of State for External Affairs last night, in reference to my statement that the term "hoop-la diplomacy" had been used, said:

I quoted from a paragraph by the columnist, Mr. Walter Lippmann, written some weeks before these events.

He then quoted that columnist. On reading the text of the similar speech to which he referred as having been substantially the same as the one in Renfrew, I find that while later in the speech he quoted from Mr. Lippmann, these are his own words:

In the circumstances of the present, it will, I think, have a better chance of reaching these goals if we abandon what has been called "hoop-la diplomacy," at Lake Success, at Ottawa, or, I hasten to add, at Tokyo.

He then went on to use further words, and in the latter part of the paragraph he said:

That is only one reason why I hope that in this country we will resolutely refuse to countenance the methods or the atmosphere of the circus or the vaudeville theatre in our conduct of popular and democratic government. Dignity is an important element of democracy.

I have read these quotations, Mr. Speaker, as a matter of privilege in order to correct the record; and may I suggest that the Secretary of State for External Affairs would be well advised to be more accurate in the comments in his speeches.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, perhaps I may be permitted to add a word to what the hon. gentleman has said, inasmuch as he has mentioned my name and has made certain suggestions about the accuracy of what I said last night. The hon. gentleman is quoting this afternoon from a speech which I made in Toronto, not one which I made in Renfrew. Last night, Mr. Speaker, I believe that I said that what I had said in Renfrew was substantially the same as what I said in Toronto. But that does not give the hon. gentleman the right to quote textually from the speech I made in Toronto. If he had been at Renfrew, as I was, and if he had had the notes of my Renfrew speech, as I have, I am sure he would have come to the conclusion that what I said last night was strictly accurate.

ROYAL CANADIAN AIR FORCE

PRESS REPORTS OF ARRIVAL AT TRENTON OF TRAINING PLANES FROM THE UNITED STATES

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): May I address a question to the Minister of National Defence? Has the minister's attention been drawn to a statement appearing in the press that large numbers of training planes from the United States of America are arriving at

Trenton in accordance with a new loan agreement as yet unannounced? If so, will the minister make a statement as to the nature of that plan, if any?

Hon. Brooke Claxton (Minister of National Defence): I have not seen the press report, but in connection with the very largely expanded air training plan we shall be borrowing from the United States a number of Harvard aircraft to supplement those which we have either in active service or in store, which are being refitted. These later will be replaced by Harvards out of our own production, which will be well advanced toward the end of this year.

Mr. Drew: Mr. Speaker, may I ask a supplementary question? Is the North American F-6 trainer a Harvard?

Mr. Claxton: Yes, it is the Harvard with the latest modifications.

FREIGHT RATES

GENERAL INQUIRY BEFORE TRANSPORT COMMISSIONERS—APPLICATION FOR FURTHER INCREASE

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): May I direct a question to the Minister of Transport? Have hearings by the board of transport commissioners in the general freight rates inquiry, which were supposed to open tomorrow, been postponed until the fall? If so, what is the reason for that delay?

Hon. Lionel Chevrier (Minister of Transport): The hon. member was good enough to give me notice of this question, but I received it only before coming into the house. I saw in the press report this morning that the board of transport commissioners had adjourned until September 10 its general investigation into freight rates. I do not know what the reasons are, other than those which I saw reported. I presume that the railways and the other parties concerned were not prepared to submit evidence until such time as the legislation concerning equalization had been studied by the house.

Mr. Green: Can the minister make further inquiries into that question and let us know, perhaps tomorrow? At the same time I would also like to know whether there is to be a similar postponement of the application of the railways for a further increase in rates.

Mr. Chevrier: I shall be glad to make inquiries.

[Mr. Pearkes.]

FISHERIES

INQUIRY AS TO FLOOR PRICE FOR SALT CODFISH

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of Fisheries. Is it proposed to establish a floor price for salt codfish?

Hon. R. W. Mayhew (Minister of Fisheries): This matter will be considered by my colleagues some time this week, and toward the end of the week I hope to make an announcement.

PARLIAMENT BUILDINGS

NATIONAL FILM BOARD EQUIPMENT IN CORRIDOR ON FIFTH FLOOR

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): In the absence of the Minister of Resources and Development I should like to address a question to the Secretary of State for External Affairs. Why is the national film board cluttering up one end of the corridor on the fifth floor with their equipment? Is the Secretary of State for External Affairs having his picture taken, or what is the idea?

Mr. Cruickshank: They are taking mine.

Hon. L. B. Pearson (Secretary of State for External Affairs): I have not been up to the fifth floor to see what picture they are taking, or the equipment, with which I have little to do.

Mr. Fraser: It is all outside the minister's office.

CRIMINAL CODE

CHEMICAL TESTS IN DRUNKEN DRIVING CHARGES —QUESTION AS TO AMENDMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Justice. I asked him a question some weeks ago about this matter and he said that it was then receiving consideration. Is it his intention at the present session to introduce any amendments either to the Canada Evidence Act or to the Criminal Code with respect to drunken driving and the use of scientific tests for the determination of drunkenness?

Hon. Stuart S. Garson (Minister of Justice): The amendments to the Criminal Code are under consideration by the cabinet, and it is expected that the result of their deliberations will shortly be laid before the house in the form of amendments, possibly covering the subject matter to which my hon. friend refers.

LABOUR CONDITIONS

PRINTING BUREAU—REQUEST OF ONTARIO PRINTING TRADES UNIONS FOR RIGHT OF COLLECTIVE BARGAINING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Secretary of State? Has his attention been called to the request of the Ontario federation of printing trades unions that the employees of the federal printing bureau be accorded the right of collective bargaining? Will consideration be given to this request?

Hon. F. G. Bradley (Secretary of State): I shall be glad to take the hon. member's question as notice and give him a reply as soon as possible.

YUKON ACT

AMENDMENT TO INCREASE THE NUMBER OF MEMBERS OF THE TERRITORIAL COUNCIL—CONCURRENCE IN SENATE AMENDMENT

Hon. Alphonse Fournier (for the Minister of Resources and Development) moved the second reading of and concurrence in the amendment made by the Senate to Bill No. 188, to amend the Yukon Act.

Motion agreed to, amendment read the second time and concurred in.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING PROFITS FROM PARTICIPATING POLICIES AND VOTING BY PROXY

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 285, to amend the Canadian and British Insurance Companies Act, 1932.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

LAURIER HOUSE

PROVISION FOR ADMINISTRATION OF THE MACKENZIE KING TRUST ACCOUNT

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide for the administration of Laurier house, in the city of Ottawa, and of an account to be set up in the consolidated revenue fund to be known as the Mackenzie King trust account to which shall be credited the sum of $225,000 given by the will of the late the Right Honourable William Lyon Mackenzie King, P.C., O.M., to the government of Canada, to be expended for the purposes of such administration.

Laurier House

He said: Mr. Speaker, I am sure hon. members, will recall the circumstances which are responsible for the legislation the government is proposing in this resolution, and in the accompanying resolution concerning the Kingsmere property which I propose to bring forward as soon as this one has been disposed of. I am sure, however, that all hon. members would wish to have the sequence of events set out in the permanent records of parliament. It is as follows:

On August 7 last I was given a copy of the last will and testament of my predecessor the Right Hon. W. L. Mackenzie King. On August 8, when Mr. King's will was made public, I gave a statement to the press which I should like to read. It is as follows:

I was advised yesterday by his executors of the disposition which Mr. Mackenzie King had made in his will of those properties which with forethought and generosity he determined many years before his death should become a trust for the people of Canada.

I at once recommended to my colleagues in the government that we should formally express our grateful acknowledgment of these bequests, and a minute of council has duly recorded our appreciation and our readiness to accept in the name of the Canadian people the necessary transfers and trust deeds. I am confident that all future governments will be as pleased as we are to see that Mr. King's wishes respecting the use of these public trusts are completely fulfilled.

The statement went on:

Their creation is a further evidence of Mr. King's high ideals of service to his country. The people of Canada will always be grateful for the endowment of the national capital by the perpetuation of the historic treasure which Laurier house has already come to be, by the generous provision towards the cost of its care and maintenance, and by the magnificent addition of the Kingsmere properties to the national domain.

The dedication by Mr. King of the residue of his estate for post-graduate scholarships will also commend itself to all who knew him, as a most fitting way to commemorate his deep interest in education, and the scholarly tradition which was so dear to him. Mr. King's will is a most notable example of the careful stewardship, the sense of history and the love of country, which distinguished his life and now enriches our Canadian heritage.

I should like also to read the text of the minute of council referred to in the statement. It is as follows:

The committee of the privy council have had before them a report dated August 7, 1950, from the Right Hon. Louis S. St. Laurent, the Prime Minister, submitting that he has been advised by the executors that the Right Hon. W. L. Mackenzie King, in his last will and testament, bequeathed the property in the city of Ottawa known as Laurier house, together with a capital sum to assist in its upkeep, and his properties at Kingsmere, to become public trusts for the benefit of the people of Canada.

The Prime Minister recommends that the executors be advised of the grateful acknowledgment of these bequests by the government on behalf of the

people of Canada, and that the appropriate authorities be duly authorized to accept the necessary transfers and trust deeds from the executors.

The committee concur in the foregoing recommendation and submit the same for approval.

Some weeks later the executors initiated discussions with the government to arrange for the formal transfer of property, and we began at the same time to give consideration to the most appropriate means of administering the bequest of Laurier house and the property at Kingsmere. In view of the quite different purposes of the two bequests, the government felt it would be preferable to introduce separate measures covering each. The resolution under consideration relates to the administration of Laurier house.

It might be helpful in consideration of the resolution and of the bill founded upon it if I were to read the portions of Mr. King's will relating to Laurier house. They read as follows:

13. For many years it has been my intention to bequeath Laurier house to the government and people of Canada, in the belief that as the years pass, the citizens of Canada will take an increasing interest and pride in the preservation of a house occupied through many years by two of Canada's prime ministers and reminiscent of an environment that was a part of their daily lives.

14. It has been my hope that such a bequest might serve also to remind my fellow Canadians of the close association I enjoyed with Sir Wilfrid and Lady Laurier, and what I owed to their personal friendship; also to emphasize the unity of heart and mind among the Canadian people which Sir Wilfrid and I throughout our years of office, sought to preserve in the administration of Canada's national affairs.

15. The maintenance of the residence as a place of historic interest and contemporary record of days that are gone would also serve the interests of the Canadian people in other ways. The residence might appropriately, I think, be given an immediate association with the Public Archives of Canada. Responsibility for its continued preservation, supervision and use might be placed upon the dominion archivist. Accommodation for scholars engaged on work of research in Ottawa is at present most inadequate both at the archives and at the library of parliament. In the years of my occupancy of Laurier house, I have done most of my work in the library and adjoining rooms on the top floor. I should particularly welcome the continued use of this portion of the house for purposes of study and research. A direct association with the archives would not only serve to emphasize the historic significance of the residence, but would help to ensure the interior being maintained such as it is, and would lead naturally to a more appropriate display of important documents and other objects of special interest. I should hope that the dining room and its furnishings, paintings, etc., would be retained much as they are.

16. I therefore give, devise and bequeath to the government of Canada in trust for the people of Canada the house situated at 335 Laurier avenue east in the city of Ottawa, and all the contents of the said house except such papers, books, furnishings and other things for the disposal of which I have made provision otherwise in this my will.

17. I also give, devise and bequeath to the government of Canada in trust for the people of Canada the sum of two hundred and twenty-five thousand dollars ($225,000), the interest thereon to be used to assist in the maintenance and care of the said house. The said sum of two hundred and twenty-five thousand dollars ($225,000) represents moneys which the Hon. Peter C. Larkin and other friends contributed, after the reconstruction and refurnishing of the residence was completed, to assist me in its upkeep throughout my life, and in meeting, to the end of my life, other personal and public needs, especially such needs as would arise in years of retirement.

I think it will be apparent that, as the resolution itself puts it, it is expedient to bring in a measure to provide for the administration of Laurier house and of the trust fund bequeathed by Mr. King to assist in the maintenance and care of Laurier house.

I feel it would be preferable for me to reserve any further observations until the house has disposed of the resolution and there is available for the consideration of hon. members the bill setting out the provisions which we think would be appropriate to carry out the intentions of the will. I should then be quite happy to try to explain any of the provisions which might not be felt to be self-evident.

I should like to conclude by expressing the conviction that hon. members in all parts of the house will wish to associate themselves with the government in making appropriate provisions for the administration of this permanent memorial of two of our country's former prime ministers.

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

Mr. Coldwell: Mr. Chairman, I should like to make one or two comments. First of all, may I say that I think all hon. members feel it is appropriate to take this action at the present time. I am sure there will be approval of the provision made by the Minister of Public Works, when the bill is passed, to see to it that this house, which has historic interest for the people of Canada, will be properly maintained and that any necessary improvements in the house and the area it occupies will be made. I pass Laurier house every day, and two or three weeks ago I was pleased to see a group of men working to improve the grounds. The new hedge, the tulips, the flowers and so on will make the house and grounds much more attractive. But the Minister of Public Works should see that the exterior of the house is gone over, because as it is now it does not look like a very appropriate memorial. A good deal of repair and renovation is needed on the outside.

I merely intended to say that we wish to associate ourselves with the remarks of the Prime Minister in regard to this matter, and

to express the hope that Laurier house will be used as a place of study and research by those who are interested in a most important period in Canada's history which coincided with the prime ministership, not only of Mr. Mackenzie King but of his great predecessor, Sir Wilfrid Laurier. I am sure that hon. members are most happy to see progress made with this measure and steps being taken to create this memorial of the late prime minister.

Mr. Fulton: Is it believed that the $225,000 to be credited to the trust fund will produce sufficient revenue to maintain the foundation within the limits in which it is now visualized, or is it expected that the expenses will be such in future years as to require aid from the general funds of the country?

Mr. St. Laurent: Mr. Chairman, I do not think it would be prudent to say that it is expected that the revenue from the $225,000 credited to the consolidated revenue fund will cover everything in connection with this foundation. The purpose is to make it available for the use of students, under the care and administration of the dominion archivist. I do not know whether the hon. gentleman has a copy of the bill, but it provides that the upkeep and heating of the property shall be the responsibility of the Minister of Public Works, and that the grounds shall be maintained by the federal district commission. There will be no separate account kept of the portion of the time of the employees of the federal district commission which is devoted to that particular work. There is no doubt that the testator felt that the creation of this fund of $225,000 in the consolidated revenue fund would be a substantial help toward the achievement of his purpose, which was to have Laurier house available for Canadian students as a place where they might engage in historical research work.

Mr. Fraser: Will there be persons in the building who can advise students who go there for research work where they will find what they require?

Mr. St. Laurent: It is intended that the house shall be in the keeping of the dominion archivist, who would naturally provide, as he does in other places where dominion archives are kept, assistants who can make the treasures there available of real use to those who have a serious interest in them.

Resolution reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 289, respecting Laurier house.

Motion agreed to and bill read the first time.

Kingsmere Park

KINGSMERE PARK

ADMINISTRATION OF BEQUEST TO GOVERNMENT OF CANADA UNDER THE WILL OF THE LATE MR. MACKENZIE KING

Right Hon. L. S. St. Laurent (Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to provide for the administration of Kingsmere park by the federal district commission and the management and control of the buildings in the park and the yards, orchards and appurtenances thereto by the Minister of Public Works in accordance with the will of the late the Right Honourable William Lyon Mackenzie King, P.C., O.M., with authority in the governor in council to set aside any part of the park as a country home for the holder of the office of prime minister, such park to be deemed included in the properties described in the schedule to the Prime Minister's Residence Act.

He said: Mr. Speaker, in moving this resolution I feel there is little I can add to what I have said already on the previous resolution respecting Laurier house, but I think it would be helpful in this case, as in the other, to place on record the relevant portions of Mr. Mackenzie King's will concerning Kingsmere park. They are as follows:

24. The cherished objective of being able to present my Kingsmere properties as a thank offering for what has come to me in the way of opportunities of public service, I believe I have been able to realize, and I hereby bequeath to the government of Canada as a public park in trust for the citizens of Canada, subject to certain reservations hereinafter referred to, my several properties at Kingsmere, in the province of Quebec, amounting in all to nearly five hundred acres, and the houses and other buildings erected thereon. The precise boundaries are set forth in the several deeds attached hereto.

25. In making this bequest, I express the wish that the lands at Kingsmere may be maintained as nearly as possible in their present state; that they will be developed as parkland, and that they will form a wild life sanctuary and will continue to have the character of a natural forest reserve.

26. Believing that my successors in the office of prime minister may find, as I have found, a renewal of strength in this quiet place, as well as exceptional opportunities for conference on national and international affairs, I hope that the government of Canada will consider the possibility of setting aside a part of the Kingsmere property as a country home for the holder of the office of Prime Minister of Canada.

27. Inasmuch as relatives and friends of mine have spent their summers, or part of them, at Kingsmere as my guests or tenants, I hope they may continue to enjoy the summer homes to which they have become accustomed; and that other appropriate use may be made of them. I would therefore ask that the government should authorize my trustees to provide that, for a period of three years after my death, the cottages and such of their contents as are mine and are not otherwise disposed of in accordance with this my will shall be available, rent free, for use by my sister and the members of her family, by the members of my late brother's family, and by such other persons as may be designated by my trustees.

28. My trustees are hereby authorized to dispose of all my possessions in the cottages and other

buildings or on the property as they believe will be most in accord with my own wishes; and to meet such expenses as may be necessarily incurred for the maintenance of these cottages for a period of three years.

I am sure hon. members will agree that the federal district commission, which has the responsibility of the development of the national capital and of the Gatineau park, is the appropriate body to be entrusted with the administration of the properties which will constitute Kingsmere park and ultimately form an integral part of a parkway system, the whole of which will help to preserve the memory of Mr. Mackenzie King and of his interest in the creation of this parkway system around the national capital.

I do not feel there is anything I need add in moving the resolution, as it will obviously be more convenient for hon. members to discuss what is proposed when they have the text of the bill before them.

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

Mr. Coldwell: Mr. Chairman, I said something about Laurier house, and I am sure it is with much pleasure that we see that property set aside for the purposes indicated. Nevertheless I think this is a more important bequest to the country in many respects than Laurier house. It has not the same historic significance, but it is a valuable addition to the national capital project. I think those of us who are familiar with the beauty of the area on the Quebec side of the Ottawa river thus bequeathed to this country will appreciate to the fullest extent what this will mean in the days to come to the people of Ottawa and the people of Canada. The people of Canada should be fully informed of the value of this bequest, one of our beauty spots, to the nation. I suppose that one day, which probably none of us here will see, Canada will possess the most beautifully situated and developed capital in the whole world. There is no lovelier site, and this bequest is certainly an important addition to the federal district. I hope that the people of Canada will appreciate what it means.

May I also say that the provision in the will requesting the setting aside of a piece of this property for a country home for present and future prime ministers is a suggestion that is well worth while. Before the resolution passes through the committee stage, may I say again that this is probably one of the most important bequests that has been made to our country. I am quite sure that in the days to come many thousands of Canadians, indeed through the years many millions, will learn to love the beautiful area which includes the Kingsmere property in the delightful Gatineau district.

Resolution reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 290, respecting Kingsmere park.

Motion agreed to and bill read the first time.

GOVERNMENT EMPLOYEES COMPENSATION ACT

AMENDMENT RESPECTING ADVANCES TO COMPENSATION BOARDS, ADMINISTRATION CHANGES, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Government Employees Compensation Act, 1947, to provide authority to make accountable advances to provincial workmen's compensation boards on account of expenses incurred by such boards in the investigation and adjudication of claims undertaken by arrangement with the federal government; and to provide further for certain changes in connection with the administration of the act.

He said: Mr. Speaker, this resolution announces the intention to make a few amendments to the Government Employees Compensation Act, 1947. That act made provision for the payment of compensation to employees of the crown in right of Canada where the employee is caused personal injury by accident arising out of and in the course of his employment, or is disabled by reason of an industrial disease due to the nature of his employment. In case of death of the employee resulting from such an accident or industrial disease, his dependents are entitled to compensation under the act. The provisions of the act also apply to employees of corporations, commissions, boards or agencies established to perform a function or duty on behalf of the government of Canada, who are brought within the scope of the act by order of the governor in council.

The general principle of the act is that the compensation benefits payable thereunder shall be the same as is provided in the case of employees employed in private industry, or dependents of a deceased employee under the law of the province in which the accident occurs or the industrial disease is contracted. The application of the present act to employees in the Northwest Territories required the enactment of special provisions therein, in view no doubt of the lack at that time of adequate local workmen's compensation legislation in the general area.

The present act provides in effect that compensation shall be payable to employees of the crown ordinarily resident in the Yukon Territory or the Northwest Territories, and to dependents of deceased employees who were so resident, in accordance with the compensation legislation in force in the Yukon Territory. This has had the effect of providing uniform treatment and benefits for employees of the crown resident in these unorganized areas. However, it has been strongly represented by departments of government who have resident employees in the Northwest Territories that these provisions of the act do not provide adequate benefits for employees in the area under present-day conditions, and provide less favourable treatment for employees in both the Northwest Territories and the Yukon than is provided under the act for employees of the crown elsewhere in Canada.

The provinces are able to provide and administer more comprehensive compensation benefits under their workmen's compensation legislation on a self-sustaining basis than it has been found feasible to provide in the Yukon and Northwest Territories under the workmen's compensation legislation in force in these areas. Consequently the discrepancy between the benefits payable under the act to employees of the crown ordinarily resident in the territories and the benefits payable to employees of the crown under the act elsewhere in Canada is serious and substantial.

Following a review of the situation, in the light of the representations which have been made the government has considered it advisable to introduce amendments to the act which will bring the provisions for compensation benefits for employees resident in the Yukon and Northwest Territories in line with benefits payable under the act to employees of the crown resident elsewhere in Canada. The major amendments here proposed give effect to the foregoing by providing that hereafter employees of the crown ordinarily resident in the Northwest Territories or the Yukon Territory, and dependents of deceased employees who were so resident, shall be entitled to compensation under the act in accordance with the provisions of the laws of the province of Alberta applicable to employees in private industry.

The provisions of the Alberta legislation have been designated as applicable for the purposes of the act because of the proximity of this province to the territories, and the fact that to an increasing extent the greater part of the movement of personnel and the normal lines of travel and communication in and out of the greater part of these territories are by way of Alberta. Moreover, in the administration of the act for the benefit of employees in the territories it is felt that claims arising in the territories can be dealt with and adjudicated with a minimum of delay by the application of the Alberta compensation provisions. The provisions for compensation under the Alberta legislation are considered to be appropriate for application to employees in the territories. The provisions will continue to ensure uniformity of treatment for employees resident in either the Yukon or Northwest Territories.

It may be recalled that up until 1950 the claims of employees of the crown employed in Prince Edward Island were dealt with under the provisions of the neighbouring province of New Brunswick, because of the absence, prior to that time, of comprehensive provincial workmen's compensation legislation in Prince Edward Island. This is a similar administrative provision which is intended to be adopted in this case.

The other proposed amendments to the act are of a minor and technical nature.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to commend the minister for this progressive legislation. We have known workers who were hard pressed while living under compensation; and when workers and their dependents are protected by the Department of Labour, I think we should say, thank you.

Mr. J. A. Simmons (Yukon-Mackenzie River): Mr. Speaker, I should like to say a few words in support of this resolution, which precedes legislation amending the Government Employees Compensation Act, 1947.

First may I commend the Minister of Labour (Mr. Gregg) for bringing in this legislation, which no doubt will correct an iniquitous situation affecting government employees in the Northwest Territories and Yukon Territory. At the present time if an employee of the federal government meets with an accident while in the performance of his duty in any province, he is generally entitled to such compensations as would be paid under the terms of the Workmen's Compensation Act of the province in which the accident occurred, or the province in which he normally resides. However, where an employee ordinarily resident in the Northwest Territories and the Yukon Territory meets with an accident, he receives such compensation as is provided for by the workmen's compensation ordinance of the Yukon Territory.

Whatever the reason or excuse, there is no doubt that the provisions of the workmen's compensation ordinance of the Yukon Territory are much less generous than similar legislation in the provinces adjacent to the

Northwest Territories and Yukon Territory. Under the terms of the ordinance there is no provision for the payment of any pension whatever to the dependents of a workman who is fatally injured, or to a workman who may be permanently injured; and that is a sad state of affairs. The ordinance does provide that in the event of the death of a workman resulting from injury, his dependents shall be entitled to receive the sum of $5,000, with $750 to each dependent child of the deceased under the age of sixteen, the total not to exceed the sum of $8,600. When a workman receives an injury arising out of and in the course of his employment as a result of which he is totally and permanently disabled, he shall be entitled to receive as compensation the sum of $6,000. Certain stated lesser amounts are payable in the case of other injuries. For instance, the loss of a hand or foot is valued at $3,000, while an arm or leg is valued at $4,000. There is no workmen's compensation board to administer this ordinance, and to which the injured workman or his dependents may apply for compensation. Every employer is required to enter into and maintain a contract of insurance providing for the payment of compensation to his employees and their dependents, and they must take proceedings for recovery. The ordinance makes no provision for the medical or surgical care of the injured workman, nor does it apply where less than five workmen are employed in the same general employment.

It is grossly unfair that federal employees and others whose duties take them to the more northern parts of Canada, where by the very nature of things, owing to the remoteness and lack of transportation facilities, the hazards of employment are greater than in the more settled parts of our country, should be further penalized by having to come under the provisions of such deplorable legislation as the Yukon workmen's compensation ordinance if they are so unfortunate as to meet with an accident. Let us take an actual case.

Dr. Michael Feniak was resident geologist at Yellowknife in the Northwest Territories for the geological survey of Canada, a man of high professional qualifications, active in community life, and altogether an admirable Canadian of whom we might all be proud. In July, 1949, he was drowned while employed on hazardous governmental work. He was a young man, with a wife and two small children, one of whom was born only a few days prior to his fatal accident. He had not been long enough in the government service to build up much credit under the superannuation act. All his widow and children were entitled to was $5,000 for the widow and $750 for each of the children, or a total of $6,500, under the terms of the workmen's compensation ordinance of the Yukon Territory. This was the pittance this family received as compensation for the loss of a husband and father. However, I am pleased to say that the federal government gave a special gratuity of $2,000 on compassionate grounds in 1950, authorized by this parliament. This very fact is an admission that the present legislation covering compensation for government employees in northern Canada is inadequate, and I welcome this amending legislation as a means of alleviating this deplorable condition.

During the course of my remarks I have mentioned some of the inadequacies of the present legislation covering workmen's compensation in the Yukon Territory. I am told it is not much better in the Northwest Territories, and I would bring the situation to the attention of the Minister of Resources and Development (Mr. Winters), who is responsible for the administration of the northern territories. I am aware of the difficulties presented by the sparse population and the relatively small number of employers and employees as compared with some of the provinces. These same difficulties make it expensive for insurance companies to operate in the territories; therefore the rates for adequate coverage are high. These difficulties should be and can be surmounted.

I am pleased to learn that the Department of Resources and Development has a committee of officers studying the problems of workmen's compensation in the Northwest Territories. The committee has held several meetings already, and has obtained information from provincial compensation authorities and from insurance companies writing compensation business. It has also ascertained the opinions of employers of labour in the provinces and the territories in the mining, lumbering, fishing and transportation industries.

Though the terms of the workmen's compensation ordinance of the Northwest Territories are much more favourable than those of the Yukon Territory, the present system is inadequate. The Northwest Territories ordinance provides for compensation by insurance, with a limit of $15,000 for any person and $105,000 for any accident. These limits in the past have proved insufficient, and I believe the problem under consideration is how to render the system adequate. This resolution provides only for compensation for government employees killed or injured in the course of duty in the Northwest Territories or Yukon; it does not provide compensation for non-government workmen in those territories on a scale comparable to

that provided in the other provinces of Canada. With the exception of the province of Prince Edward Island, all the other original provinces have a reasonably comparable system of compensation for workmen killed or injured in the course of their employment.

A general summary shows that on an average, based on a maximum salary of $2,500 per annum, for compensation purposes, workmen during their period of incapacity receive 66⅔ per cent of their average earning up to the maximum allowable of $2,500. Funeral expenses varying from $125 to $175 are allowed. Widows receive from $40 to $50 per month, with from $10 to $15 per month for each child, depending upon the province.

If the Northwest Territories and the Yukon Territory are to expand, as we all expect they will, the fact that adequate workmen's compensation is not available will definitely tend to discourage capable workmen, who are conscious of their obligations to their wives and families, from seeking employment in those territories; and these are of the type the territories should encourage to settle there.

I believe the solution is to establish in the Northwest Territories and the Yukon Territory a full-scale workmen's compensation scheme in accordance with the provision contained in workmen's compensation acts in the other provinces of Canada, preferably British Columbia. I prefer British Columbia for the reason that the mining industry of the north is largely an extension of that in British Columbia. Therefore legislation providing compensation for employees engaged in placer mining, deep lode mining or smelter or mill occupations should be the same in the Northwest Territories and the Yukon Territory as in British Columbia. I refer particularly to silicosis and lead poisoning as occupational diseases which are provided for under the British Columbia Workmen's Compensation Act. I see no reason why the good people of our north country should not be entitled to receive the same benefits as those received by people residing in the several provinces. The legislation now in force in the territories is nothing more than rank discrimination and surely should not be tolerated any longer.

I am strongly of the opinion that, owing to the similarity of the conditions and types of industry in the Yukon and Northwest Territories, a workmen's compensation scheme should apply with equal benefits in both areas.

The north, which is the last reservoir of mineral resources in North America—it has hardly been scratched, or even thoroughly prospected—is now coming into its own with the opening of new mines and the expansion of older ones. All this will lead to an increase in population which will make it easier to put into operation more generous legislation affecting workmen's compensation, with the ultimate object of having properly organized workmen's compensation boards in operation. This will have to be done if we are going to get people to go into the north to develop its resources; and now is the time to start doing something about it.

I am therefore glad to support this resolution, which is an honest endeavour to correct this injustice in so far as it relates to government employees; and I hope that similar legislation will be enacted at an early day to provide proper benefits for non-government workmen on a scale comparable to those provided in the provinces of Canada, preferably British Columbia.

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

Mr. Knowles: I should like to ask the minister a few questions. Is it clear that the effect of this resolution will extend only to the Yukon and the Northwest Territories? From what the minister said, as well as I could hear him, I take it that there is nothing in the bill now proposed that alters the provisions of the Government Employees Compensation Act, 1947, with respect to government employees in the provinces. Is that correct?

Mr. Gregg: Yes. This applies only to government employees, or employees of commissions or boards responsible to the government, resident in the Northwest Territories and in the Yukon.

Mr. Knowles: For example, the minister's reference to what the situation used to be in Prince Edward Island was merely given as an example?

Mr. Gregg: That was just an example of the compensation board of a neighbouring province being used in an area that had not yet established its own act.

Mr. Knowles: All right.

Now may I say that I listened with interest to the remarks made by the hon. member for Yukon-Mackenzie River, and I noted that he expressed approval of the measure forecast by this resolution. But he also indicated that there were further steps that might yet be taken. In particular, he expressed the hope that the day might come when there would be for all workmen in the Yukon and Northwest Territories workmen's compensation legislation similar to that which obtains

in the provinces. May I ask the minister to indicate whether consideration has been given to that aspect of the matter?

Further I should like to ask, what is the situation with regard to labour legislation generally? Does the Industrial Relations and Disputes Investigation Act apply in the Yukon and the Northwest Territories? If it does, does it apply only to the categories of employees covered in other parts of Canada, or does it apply to all employees in that area? If it does not apply to all employees in that area, is there any legislation in the Yukon or the Northwest Territories corresponding to what we call labour codes in the dominion and in the provinces? My reason for asking that type of question is, I think, clear. It leads into this other question as to who should bear the responsibility for workmen's compensation legislation for all employees, including non-government employees, in the Yukon and the Northwest Territories.

Mr. Gregg: I should like to point out, as I perhaps should have done in my statement, that the Department of Labour in this instance is acting for other departments, particularly the departments of resources and development and of transport. As my hon. friend knows, under the Department of Resources and Development there is a system of local government, increasing in responsibility. My colleague the minister of that department introduced certain measures to that end. The hon. member for Yukon-Mackenzie River expressed the hope that these amendments might lead to a uniform compensation act being worked out for non-federal government employees in the two areas. I know full well that that is also the hope of the Minister of Resources and Development. It will, of course, be appreciated that the councils which act as the local governing bodies in those two areas would need to consult with employers in industry within the areas and with the people themselves in order to bring that about.

Now, as to the more detailed question raised by the hon. member for Winnipeg North Centre with regard to other labour legislation, perhaps he would allow his question to stand on the record, and we shall see to it that it is replied to in detail when we come to the bill itself.

Mr. Knowles: Following that may I ask one or two other questions? I note that the government decided to base the compensation rates and the other regulations to apply in the Yukon and Northwest Territories on the situation in Alberta for the reason that the minister gave, namely, the proximity of the areas concerned to the province of Alberta and so on. Could the minister put on the record either now, or at a later stage in this legislation, the comparable rates and provisions of the various provinces, say in particular the western provinces? The hon. member for Yukon-Mackenzie River, while he welcomed this legislation, said he would prefer to have seen it based on the British Columbia pattern. I think I heard the hon. member say that the rate paid to a person who is disabled as a result of an accident is 66⅔ per cent of his normal wages. I take it that is the rate in Alberta. What is the rate in British Columbia? What is the rate in Saskatchewan? What is the rate in Manitoba? In other words, was consideration given to placing this legislation not on the basis of the nearest province but on the basis of the best scheme available, say in western Canada?

One other question, and unless the minister says something that prompts more, these will be my last at this stage. What will happen if Alberta changes its workmen's compensation regulations? Will the federal provisions of the Yukon and Northwest Territories be tied to what they now are, or will they be governed by any changes that Alberta might make.

Mr. Gregg: I shall try to answer my hon. friend's questions. I shall answer the last one first. My understanding of it is that they would follow whatever changes were made in the province of Alberta; the two areas would follow the same rates.

On the other, I should be glad to give the hon. member a comparative statement later on of rates in all the provinces of Canada. Perhaps it would be of interest to him at this juncture, however, if I referred to what the hon. member for Yukon-Mackenzie River outlined as to the present situation in Alberta and the present situation in the Yukon with regard to permanent disability. On the one hand, in Alberta at the present time the weekly payment for permanent total disability during a man's lifetime is equal to two-thirds of his average weekly earnings up to $2,500 ceiling per year; a minimum payment of $15 a week, or full earnings if less than $15 a week. In the Yukon at the present time for total disability a lump sum of $6,000 is paid. At this point I should like to refer to the question whether it should be tied to the Alberta act or to the act of some other province—British Columbia or Saskatchewan—was very carefully considered by the interdepartmental committee that studied all the factors affecting it. Perhaps I could do no better than to read a short paragraph on that in the submission

made to that committee by the Department of Resources and Development. It reads as follows:

Transportation routes from the Keewatin district of the Northwest Territories lead mainly into Manitoba. Transportation routes from the Mackenzie district lead almost entirely into Alberta. Freight traffic of the Yukon Territory tends to come largely from the province of British Columbia. In the latter case, however, the construction of the Alaska highway and the trend of air transportation routes has resulted in an increased traffic through Edmonton to the north. I believe the future will increase this traffic to the extent that the great majority of the passenger traffic to the Yukon will pass through Alberta.

The number of federal employees in that portion of the Northwest Territories serviced through Manitoba is negligible as compared with the number of federal employees in the Mackenzie district of the Northwest Territories and the Yukon Territory. The selection therefore of the Workmen's Compensation Act of the province of Alberta will give the desired uniformity of legislation and will also meet the situation as it actually exists and will continue.

Mr. Murray (Cariboo): May I point out that whoever got out that report did not keep in mind all the factors with respect to transportation facilities. The Yukon Territory particularly is served from Vancouver. Also from Edmonton the point of juncture is at Fort St. John in the Peace river country, so that there is extensive traffic from the city of Vancouver to the Yukon, passing through British Columbia throughout.

Back of this is a very dangerous precedent, it seems to me, to tie in that great north country with Alberta. The natural outlet for that country is British Columbia, and the ports of British Columbia. We in British Columbia devised a workmen's compensation act, which is one of the finest that exist today in Canada or out of Canada. We have met and dealt with the problem of the hard rock miner, the man who suffers from silicosis. We have dealt with the problem of lead poisoning. All these mines in the Yukon and in the Mackenzie will be deep lode mines as time goes on, and also of course there will be placer mining. But the industrial problem there will be identical with that in British Columbia. It would seem to me that it would be much more in order to tie it in with British Columbia than to tie it in with the agrarian province of Alberta. I see a tendency these days to tie a great deal in with Alberta. There is a movement now to annex a portion of British Columbia. I refer to the Peace river block area. These are all straws in the wind. I hope the minister will regard the thing very broadly before he saddles the whole administration of the Yukon and the Northwest Territories onto the province of Alberta.

May I point out also that there are hard rock deep mines in the province of Manitoba. They are at Flin Flon and elsewhere. I am sure that there is a good workmen's compensation act in effect in the province of Manitoba. I think the whole thing leads to this. The time is not far off when you will be obliged to have a new province in the north, and this matter of industrial relations and workmen's compensation will be merely one of the matters that will have to be tackled by that new province. In the meantime I do not think any preference should be shown. and no measures should be taken to tie up that country to any particular provincial pattern.

Mr. Johnston: I want to say a word on this. I think that the action taken and the principle of the amendment to the act as proposed by this resolution are sound. I should like to see the people of the Yukon have their own labour legislation, but I think it would be impracticable at the present time. I was wondering about the difference in rates between the provinces of Alberta and British Columbia. The minister has explained that in part, but perhaps he would put on *Hansard* the table from which he just quoted so that we would be able to see more in detail the difference between the rates of compensation in British Columbia and Alberta.

I was interested in hearing what the hon. member who has just taken his seat had to say, because we have been aware of the fact for some time that the northern part of British Columbia has made representation to the provincial government to have that part of British Columbia annexed to Alberta, and I do not blame them for that. I think it is a very wise suggestion, in view of the fact that we have a splendid government and splendid labour legislation in Alberta. But I think it goes even beyond that, that even part of the Northwest Territories and the Yukon want to be annexed to Alberta. I think that shows their good judgment, too. I am quite familiar with the labour legislation in Alberta, but I am not as familiar with that in British Columbia. We have never had serious objections to the labour legislation in Alberta, particularly as it applies to compensation.

The hon. member referred to silicosis. We have had quite a problem in our province in that connection. Whether the payment in British Columbia would be better, or the legislation in that regard would be better than that in Alberta, I cannot say. However, we will find that out if the minister places on *Hansard* the table to which he referred a moment ago.

Generally speaking I think the legislation proposed by the resolution is commendable. The minister has something on his side when

he proposes to use the province nearest to the neighbourhood in question. He pointed out that that was done in other cases. From the reports we have had from some people in the Northwest Territories and the Yukon, as well as northern British Columbia, I think they would be only too glad to know that the minister has chosen Alberta as the administrative point in respect of labour legislation.

Mr. Murray (Cariboo): Mr. Chairman, so far as the Mackenzie river valley is concerned, I would point out that it is tributary to the city of Edmonton. I am glad to hear an hon. member supporting the Social Credit party saying that they are willing and anxious to take over the Peace river area in British Columbia.

Mr. Johnston: No; they want to come in.

Mr. Murray (Cariboo): No doubt the people up there will be glad to hear that they are being rescued in this way. I still think however that the headquarters for the industrial government of that part of the world should not be established until we discuss thoroughly the position of British Columbia, and the cities of British Columbia in relation thereto.

Mr. Herridge: I support the legislation, but I rise also to support what has been said by the hon. member for Cariboo and the hon. member for Yukon-Mackenzie river in suggesting that the workmen's compensation board of British Columbia should be used by this government in having assessments made on industrial diseases and in connection with accidents occurring to those working in the Yukon and in the Mackenzie district.

Mining conditions as I understand them, and as they are explained by the hon. member for Yukon-Mackenzie River, are similar to those occurring in the greater portion of British Columbia. That is, they are hard-rock mining operations. I believe it is safe to say that the workmen's compensation board in British Columbia has done more research and investigation on the question of silicosis than any other compensation board in Canada. I believe that can be said without question; it is a generally recognized fact.

Owing to the fact that there is a large smelter at Trail, and that other smaller and similar operations are being carried on, a great deal of work has been done in connection with lead poisoning and other industrial diseases. Not only has a large amount of work been done by scientists, doctors and others trained to do research work in these matters, but the whole question has been followed closely by the labour unions and the workers involved. They have co-operated with management in making proposals to the compensation board to assist in the investigations made by that board respecting the complex questions surrounding a proper assessment in connection with silicosis and industrial diseases, and in stipulating what are to be classified as industrial diseases.

I believe the minister should take note of what has been said to the effect that it would be fairer to the mining areas of the Yukon and in the Mackenzie district to have their compensation assessed by the workmen's compensation board in British Columbia, which has had so much experience in assessing the type of disabilities which occur from that kind of occupation, and which also has done a great deal of work in classifying various types of accidents.

Mr. Gregg: Let me assure the committee there is no intention on my part either to begin or to renew any controversy in respect of the extension of provincial sovereignty in the west. The reason I took pains to mention Prince Edward Island in relation to New Brunswick was to assure hon. members that there would not be any possibility of an extension of sovereignty coming about, due to this mild little amendment of mine. Because I can assure the committee that the fact that "The Island" made use of the New Brunswick compensation act did not extend the influence of that province over Prince Edward Island one iota.

But let me say this, that when the commissioner and councils which govern these areas—under the federal government—come to the point where they can work out a scheme of their own on workmen's compensation for that area, they will at that time absorb within that scheme workmen's compensation for the federal employees who happen to be in that area.

So I think we are crossing a bridge some time before we have come to it. This amendment is merely to take care of federal government employees in the area. However, I shall be glad to bring to the attention of my colleague the Minister of Resources and Development the comments which have been made here this afternoon.

Mr. Knowles: The minister indicated that at a future stage he would give information concerning rates across the country. By any chance has he that information with him now in tabular form? If so it would be useful to us in debate at a later stage if it could be placed on *Hansard* today.

While I am on my feet I would point out that the minister's observation, to the effect that the council of the Yukon and the Northwest Territories may in due course take over

directed towards the Indian bill as such, there will be opportunity for extended debate on Indian administration later in the session.

Mr. Drew: I am not particularly concerned about the time at which the statement may be made, but I should like to make a short statement which is directly applicable to the bill. I accept the suggestion of the minister in the spirit in which it is made; and so far as any extended remarks are concerned, I shall reserve them for the estimates.

I wish to make a brief statement in relation to the bill because I believe this is the time to draw attention again to our policy in an effort to find a real solution for this whole question. I can only repeat what I have said before. As I indicated earlier in the session, and in previous sessions as well, I have a strong conviction that there is great inconsistency in asserting our belief that full equality should be established for the peoples of other lands, asserting that as though we thought that principle could be carried into practice in other lands, when in this democracy of ours we have failed to solve this one problem which has to do with the measure of equality that is to be extended to a very large number of our own citizens.

I would point out that the number affected by this bill is not insignificant. It happens that the number is almost the same as the total population of Iceland, an independent nation with a long and proud history. I employ that comparison only by way of illustration to point out that we are dealing with a large number of human beings who have all the qualifications to become equal citizens in every respect of this country of ours.

I realize that some opinions are held among the Indian tribes that they do not wish the treaty relationships to be unduly disturbed. They regard these as sacred contractual rights which they wish preserved, along with all the privileges and protections of certain kinds which they receive under the treaty contracts. On the other hand, whatever views may be expressed, either by members of the Indian tribes affected or by other Canadians, we cannot be satisfied until we have established a basis of absolute equality for all Canadians in this country.

Once again I simply want to place on record, while the bill is under consideration, the opinion that no hon. member should have in his mind the thought that we have done more than improve an unsatisfactory situation. Undoubtedly the amendments that have been placed before the house, and that have been improved by reference to the committee which has spent some time on the bill, will be to the advantage of the Indian population of Canada affected by this measure.

I wish to express my own belief that the minister has approached this subject with a real desire to improve the lot of the Indian members of the Canadian population. No hon. member of this house and no Canadian with the full rights of citizenship can ever be satisfied that this bill will achieve what all of us should desire. While we adopt the bill, to whatever extent it is adopted, as a measure that will improve the position of those affected by it, I wish to leave the thought that all of us should be directing our attention to the way in which we can bring the Indian population fully into the regular citizenship of Canada, protecting them in so far as their basic rights are concerned but at the same time giving them the opportunities of education and of ordinary citizenship which I am convinced they are capable of accepting and of carrying forward with success in the years ahead.

Mr. Fulton: Before the clause is carried I should like to say a word or two, not by way of any extended remarks but first to support to the full the remarks just made by my leader on the attitude which should inspire us in our relationship with the Indians and in our efforts to bring them into full equality and citizenship. Judging by the way in which those remarks were received in the house they were acceptable to and can be taken as reflecting the attitude of all members in this chamber.

While it is undeniable that the Indian affairs committee did a tremendous amount of work in not a very long time, and the substantial number of amendments made in that committee have, as the minister himself has said, improved the bill either in detail or in some cases in general principle and application, nevertheless I want to record at this stage my regret that the committee did not see fit to call on Indian representatives to appear before it to give the members of the committee, who are members of the house, an opportunity to hear at first hand the views of representative Indians with respect to Bill No. 79.

It is true that there were extended hearings two years ago and three years ago by a committee which considered the subject of Indian affairs generally. It is also true and only fair to say that that committee heard many representatives of the Indians themselves who had a full opportunity to present their views and to submit briefs which were incorporated in the proceedings of the committee. But that committee, Mr. Chairman, was not dealing

this field, leads me to observe that the council is likely to be guided by whatever has been established as federal government practice. If the federal government has adopted a practice which calls for payment at the rate of 66⅔ per cent rather than 75 per cent, as I believe is the case in some other provinces, the council would likely follow suit.

I still think it would have been better to have picked some other province, for that reason. However we can discuss that later. Has the minister a table at hand now which could be placed on *Hansard* at this time, so that we would have the information before we come to second reading of the bill?

Mr. Gregg: No; I have just a comparative statement of the classifications of rates of compensation for accidents as between Alberta and the Yukon at the present time. However I shall be glad, when we are in committee of the whole on the bill, to give the rates for all the western provinces.

Mr. Knowles: Is 66⅔ per cent the rate in Alberta? What is the rate in British Columbia?

Mr. Gregg: I know that is the rate for Alberta, but I am not prepared to give the exact British Columbia rate at the moment.

Mr. Knowles: I believe it is higher.

Resolution reported, read the second time and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 291, to amend the Government Employees Compensation Act, 1947.

Motion agreed to and bill read the first time.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

Hon. W. E. Harris (for the Minister of Finance) moved the second reading of Bill No. 286, to amend the Veterans Business and Professional Loans Act.

Mr. Sinclair: It is the intention that this bill be referred to the special committee on veterans affairs.

Mr. White (Hastings-Peterborough): I would suggest that this bill be permitted to stand until nine o'clock, because it was distributed only after the house met. The parliamentary assistant to the Minister of Veterans Affairs told me that he would agree to both veterans bills standing until that time.

Mr. Speaker: This will stand until later this day.

Motion stands.

BUSINESS OF THE HOUSE

Mr. Harris (Grey-Bruce): I presume that both bills standing in the name of the Minister of Veterans Affairs will stand until nine o'clock, and the next order of business would be that the house go into committee of the whole on Bill No. 79.

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved that the house go into committee to consider Bill No. 79, respecting Indians.

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

On section 1—*Short title.*

Mr. Fulton: Mr. Chairman, I think it would be useful if the minister would summarize the amendments which were made in committee so that the public, and particularly the Indians, may know what changes have been made since the bill was first introduced.

Mr. Harris (Grey-Bruce): Mr. Chairman, the amendments made by the special committee are underlined in the sections where they occur in the reprinted bill. In some cases the amendments were of a strictly legal nature and were intended to place a better complexion upon the section. Others were efforts, and successful efforts, by the committee to improve what we have been trying to improve for many months. They were all directed toward making the act clearer to those who would read it and to make the administration of the act more simple. Where a matter of policy was involved I think it is correct to say that in every case we tended toward granting the Indian greater opportunity for self-government in one form or another.

Mr. Drew: Mr. Chairman, I believe it is appropriate on section 1 to make any general comments about the bill. I have no intention of making extended remarks, but as this will be the last opportunity during the present session to discuss the whole problem of Indians living in Canada I should like to make a few observations directed toward the future consideration of this extremely important problem.

Mr. Harris (Grey-Bruce): Without desiring to interrupt my hon. friend, may I indicate to him that we have not yet dealt with the estimates of the Indian affairs branch. While I know that what he is going to say will be

with Bill No. 79. Bill 79 had not been formulated; it had not been introduced. No legislation amending the Indian Act was before that committee, so that all the committee had an opportunity to do was to give general consideration to the question of Indian affairs and to ways in which the former Indian Act might be amended.

Then we had Bill No. 267 introduced last year. I believe it is perfectly accurate to say that Bill No. 267 was not found to be acceptable. You will remember, Mr. Chairman, and members of the committee will recall, that the bill was not proceeded with after its introduction late in the spring of 1950. Now we have Bill 79 which again in fairness must be said to be an improvement in certain respects over Bill 267. The minister did call nineteen representative Indians, I think it was, to a conference. That conference, however, was held with the minister and officials of his department. No members of the house were in attendance, and there was no opportunity for the Indians themselves as a body to appear before the house or a committee of the house to present their views.

Therefore when the present Bill 79 was before the special committee set up this session there had been no representations by Indians to that committee as to their attitude with respect to the bill and how it might be further improved. It is an unfortunate fact that there are a large number of responsible Indians who feel that Bill 79 does not go as far as it might to improve the general position of Indians in this country. The bill, however, was fully considered by the committee, and I do not propose at this time to repeat all the arguments which were advanced in the committee, because after all it is the purpose of such a committee that these arguments shall take place so that the bill may receive detailed consideration. Generally speaking, although not in any sense depriving members of the house of the right to full expression in the house, certainly it is at least logical to expect that the house will accept the work of such a special committee.

That being the case, I think it is doubly to be regretted that Indian representatives did not have an opportunity to appear before the committee. I might say at this point that twice during its proceedings motions were made that Indian witnesses be called, once at the first sitting of the committee before we embarked upon the detailed consideration of the bill, and the second time when the committee had considered the bill clause by clause and was about to bring its proceedings to a close. On each occasion it was formally moved that the committee, in addition to any other witnesses who might be heard, should call upon Indian representatives to come and give us the benefit of their views with respect to this legislation. On each occasion these motions were defeated by a majority of the members of the committee.

I think it is a pity that the bill, which is so important to the Indians, should be passed first through the committee and now through the house without that opportunity having been given. The history of the Indian Act, as I recall it, shows that the act has only received major amendment on an average of about once every twenty years since it was first enacted. That is a very rough average, but I think it will be found to be the approximate interval between major amendments of this legislation. Therefore this is long-term legislation.

This is legislation under which a very substantial number of men, women and children living in Canada will be governed. Therefore, now that the problem of Indian affairs has been brought before this house in a way it has not been for twenty years, at any rate now that our attitude toward Indian affairs has made a considerable advance, as I believe it has, and now that we are coming to believe, to insist and have it generally accepted that Indians can and should be made equal, it seems to me doubly important that the very people who are going to live under this legislation should have had the opportunity to appear before the committee and express their views as to the details of the legislation under which, if past history is anything of a guide, they will have to live for perhaps the next twenty years.

It is true that the committee did pass a resolution, in the form of an amendment to one of the motions to which I have referred, in which they said that the Indian Act should be reviewed at the end of two years. When the motion was made that we hear Indian representatives an amendment was moved that we should not hear the representatives at this time, but that the committee was of the opinion that the Indian Act should be reviewed at the end of two years. That, however, was only an expression of opinion by the committee, and I think I am correct in saying it does not have the force of law. It rests with the government and minister to decide whether or not the act will be subject to a general review at that time. So there is no assurance in that amendment that Indians will have an opportunity as a body, through their organizations, to have a thorough review of this legislation at the end of two years. As I say, past history shows that this legislation is not

thoroughly reviewed and subject to major amendments on an average of more than once every twenty years.

I express this opinion because, while I do not wish to dissent from the work done by the committee in so far as it improved the legislation, I do wish any acceptance of this legislation on my part at the present time to be subject to the reservation that it probably could have been further improved if the Indian representatives had been brought here and heard, and also to the further reservation that in that case no Indian or anyone else could suggest that the Indians were not fully and properly consulted and their views and wishes ascertained with respect to this legislation.

I should like to ask the minister what assurances can be given or whether in fact he will give an assurance that so long as he is minister he intends to accept that recommendation of the Indian affairs committee that the act be subject to review at the end of two years and that a parliamentary committee be set up at that time to hear from the minister and his officials on the operation of the new act we are putting through the house today.

Mr. Richard (Gloucester): After listening to the remarks of the last speaker I do not know whether those who sat on the committee for the last three or four years share the opinion I hold. I believe representatives of all Indian tribes throughout Canada were given every opportunity to place their problems before the committee; and I think the committee did marvellous work. Now the hon. member seems to wish to leave the impression with the house that all Indians were not given full opportunity to bring their problems to that committee. I do not believe the last speaker was a member of the old committee, and I do not think he can have read all the evidence that was adduced before that committee. The members of that committee sat patiently during many sessions; and if this year it was not thought desirable to re-examine all the subjects we had already covered so thoroughly it was because we did not want to delay the legislation, which we thought implemented all the conclusions at which the committee had arrived. So I do not think the impression should be left with this house that the Indians did not have full opportunity to make their representations. I dare say the legislation is not perfect, but as with any other legislation it can be corrected in future if any correction is necessary.

Mr. Harris (Grey-Bruce): I do not think my recollection of the proceedings of the committee is quite in accord with that of the hon. member for Kamloops. We discussed the matter of the further revision of the act, and on more than one occasion I gave the assurance that we would not have a long period between revisions. When we discussed the question of again interviewing the Indians I gave a categorical answer to a question put me by one of the other members of the committee. That appears at page 280 of the committee's proceedings. I was asked if another conference similar to that held with the Indians in February and March would be held within a period of two or three years, and I gave the assurance that the government would reconvene such a conference within that period of time.

Mr. Fulton: Does the minister not recall that on the last day of the committee's sittings, I think it was, I introduced a motion that Indian representatives be now called? Then what was described as an amendment was moved, that they be not now called but that the committee was of the opinion that the Indian Act should be reviewed at the end of two years. I have not the exact words before me, but I have a very vivid recollection that this was the effect of the amendment to the motion I had moved.

Mr. Harris (Grey-Bruce): The resolution reads:

> This committee is of the opinion that no further evidence is now required for our purposes, but that we recommend that further consideration be given to the Indian Act in two years' time.

I gave an assurance that in that period we would convene a conference of Indians similar to that of last winter. I hope to bring in amendments to this bill next session. I am not going to wait for two years to amend the act, if it requires amendment.

Mr. Fulton: It seems to me the wording of the resolution goes a little further than that, in that the committee recommended that the Indian Act be reviewed in two years' time. I am quite sure that every member of the committee would agree that the officials of the Indian affairs branch, through the very fact of exercising their functions, must have the act before them every day, and to that extent it is being reviewed constantly. In the light of that fact the recommendation of a special committee of the house considering whether or not we should hear further evidence now, which expressed the conclusion that we should not hear further evidence now but that the Indian Act should be reviewed at the end of two years, I think must be taken to mean much more than a mere departmental review. I think it must mean the opportunity by a committee of this house to review the act at the end of two years. Certainly that is the sense in which

I took that resolution. I wonder if I am right in taking from the minister's latest answer that he understands the motion merely to mean that the act should be reviewed by the department, possibly with Indian representatives called in from time to time, or whether he does not think it means that the members of this house should have an opportunity in two years' time to make a further detailed study of the Indian Act.

Mr. Harris (Grey-Bruce): The hon. member will recall that there were certain difficulties about voting on the various motions at that time. Later in the proceedings I find that the amendment was reworded, and it now reads in this way:

> This committee is of the opinion that no further evidence is now required for our purposes, but that we recommend that further consideration be given to the Indian Act in two years' time.

Having stated earlier that the government would reconvene a conference of Indians, I assumed that was what the committee had in mind. I did not take this to be a direction that a special committee should be appointed; but if that is what hon. members had in mind I am quite sure they will bring it to the attention of the government in two years' time.

Mr. Diefenbaker: Unfortunately I was away when most of the discussion took place on this matter. But certainly my reading of the evidence that was taken and of the discussions that took place indicated to me that there was to be a review of the whole situation, not by the members of the Indian department but by the House of Commons.

I can say this, Mr. Chairman. I have been in western Canada during the last few days; and during my absence I have received letters from various chiefs in western Canada who are not at all satisfied with the situation under the act as at present amended. I feel that if the review is to be restricted to the members of the Indian department, such a review is worthless from the point of view of protecting the rights of the Indians in this country.

The Indian Act has been before the members of the department over the years. To say that any changes, alterations or suggestions as to improvement are to emanate from the members of that department certainly will hold out little hope that many beneficial changes will take place. Indeed, I have here a letter from a chief, written within the last few days, wherein he sets forth that various chiefs are even now meeting, or have been meeting within the last few days, with a view to making further representations. I speak of the descendants of the chiefs who made No. 4 and No. 6 treaties in the province of Saskatchewan. I have had representations from chiefs in Manitoba. I also have them here before me. They understood there was going to be a further review in two years—

Mr. Harris (Grey-Bruce): So there is.

Mr. Diefenbaker: —not by the members of the Indian department but by members of the House of Commons, with a view to bringing about changes and improvements.

I know that the experience of the hon. member for Essex West would go a long way in the convening of another committee to bring about the necessary changes that must be made. From my own experience I know there are in western Canada Indian tribes who have the right to ask for justice which, up to the present time, has been denied them. I think of the cases in which Indian tribes, within the last fifteen years, have been denied the right to take action against His Majesty the King. I know of one case that was taken—and successfully taken—arising out of highly improper conduct in connection with the handling of money belonging to the reserve. I refer to the Mistawasis case. A justice of the Court of King's Bench in Saskatchewan allowed substantial damages for the wrongs that had been done; and from that date on, no right of action has ever been granted to any Indian tribe in Saskatchewan that made application for a fiat that justice be done, so that action could be commenced.

Mr. Harris (Grey-Bruce): Mr. Chairman, I am sure the hon. member would not want to misinform the committee. That statement is not a fact.

Mr. Diefenbaker: All right. I understand that statement is correct. I was the one who made application for the fiat; and that is fifteen years ago. From the time that action was taken in the Mistawasis case before Mr. Justice McLean in Saskatchewan, fiats have not been granted. But we do not have to worry about fiats any more; for in the next few days when the act is passed—if it is passed—through this parliament doing away with the need for a fiat, the rights of all His Majesty's subjects, whether Indians or others, will not be dependent upon the caprice of any minister as to whether or not action is to be commenced.

I bring this matter to the attention of the minister at this moment and I say this. Will he consider carrying out the request of the Indian chiefs—and I think it has been brought to his attention on more than one occasion—for the setting up, with regard to these reserves where there are claims of injustices, a royal commission for the purpose

of investigating whether or not there is justice in the request of these Indians, to the end that every possible feeling of injustice on their part will be removed by a judicial or semi-judicial inquiry? If that was done, I think much improvement in morale would result.

During the period that the minister has been in office I know that he has brought the various Indian chiefs to Ottawa, that they have discussed the matter with him and with his departmental officials, and that improvements are taking place. But there remains in the hearts and the souls of many Indians throughout the western provinces an abiding feeling of injustice. Under treaty they turned over everything they had to Her Majesty Queen Victoria, and they feel that the promises that were made by her Britannic majesty's representatives have not been fully carried out. I feel that if such a course were followed by the minister it would go a long way towards removing that feeling which prevails among many of these bands and tribes, namely that injustices that have accumulated over the years have not been satisfactorily eradicated or removed or that compensation for wrongdoing has not been given. Realizing that the act as it is being amended today by this bill will remove some of the injustices, in all seriousness I ask the minister to give consideration to the appointment of a royal commission so that whatever other financial injustices may exist may be determined and proper compensation may be given to those affected.

This act has been in effect—I speak from recollection now—for approximately seventy years, with few changes. The revamping of this act has been an unusually difficult and trying job. It has required the co-operation not only of the committee of two or three years ago but of the departmental officials. It has received the co-operative assistance of the minister. But I feel that one thing still remains to be done. I feel that everything possible should be done to remove from the hearts and souls of Indians everywhere, particularly those in the western provinces—and of them only I speak—the feeling of having suffered what they believe to have been injustices.

I remember so well, in 1934, when the Indians gathered near Duck Lake on the sixtieth anniversary of the signing of the treaty that ceded those great western claims to Queen Victoria and her successors, Lord Tweedsmuir met with the descendants of those Indian chiefs, some of them sons of the chiefs who had been signatories to that treaty that gave to the British crown that great area extending from the western shores of Hudson bay and thence to the eastern slopes of the Rocky mountains. Those chiefs, some of whom were sons of the chiefs who were the signatories to that treaty, one after the other raised the question as to instances of what they believed to have been injustices for which they and their bands would be entitled to compensation. I remember so well that Lord Tweedsmuir, as His Majesty's representative, promised them in the name of His Majesty that any injustices and unfairness that may have existed would be removed. Of course he had to speak within the limits of his constitutional position. I make this appeal to the minister. Let us not only make this act work, but let us also do something to remove that feeling that does exist—and I think it rightly exists—that in too many cases, as a result of the law being what it is, and as contained within the Indian Act, promises that were made to these people, the aborigines on the western plains, have in fact not been carried out in accordance with justice and just dealing, as promised at the time the treaties were made.

I ask the minister again, has he given consideration now, since a new act is about to be passed, to the setting up of such a commission, free of and removed from the Indian department, judicial, if you like, in its nature, to the end that the claims for compensation, if they have any legal basis, will once and for all be determined by a judicial body, and, if there is any legal basis for the claims of these Indians, that compensation be given?

Mr. Brown (Essex West): I do not want to create the impression that I am an expert on Indian affairs. As a matter of fact I do not know of any experts on Indian affairs in this house.

Mr. Diefenbaker: Thank goodness this is one department that has no experts.

Mr. Brown (Essex West): However, I do think that the impression that has been given by the hon. member for Lake Centre is not fair either to himself or to the members of the Indian administration. As I said, I do not know of any experts in the house, with probably one exception, namely, the minister himself who has within a very short period of time taken such a keen interest in the affairs of the Indians that he has grasped the situation among the Indians, as I see it, in a commendable way. I do believe that in fairness to the Indian administration, as has been pointed out by the hon. member for Peace River, this matter is one primarily of administration. In that regard the Indian problems have largely, if not dissolved, at least lessened in the past few years. This

has happened, as the hon. member for Peace River has pointed out, since the committee was formed.

Under the able assistance of Mr. R. A. Hoey much was done to improve Indian affairs. I think that the Indians of this country, and the people generally, owe him a deep debt of gratitude. He has been succeeded by Major D. M. MacKay, who is now director of Indian affairs. He comes to the administration after many years in this work, and after having lived for some time among Indians on the west coast. He has done a remarkable job in improving Indian administration. I think we are very fortunate in Canada to have an administration of this type and an administration headed by a person of such integrity and ability.

Mr. T. R. L. MacInnes has had many many years of experience. He is well versed in the history, lore and habits of the Indians, and has a great sympathy for their problems. I know that the hon. member for Lake Centre has, with me, a very high regard for his integrity and his ability.

Mr. Diefenbaker: That is correct.

Mr. Brown (Essex West): I would not have it appear that there is any reflection whatever on the department heads. I could go on all through the department and point out individuals who have sacrificed considerably to be of service to the Indians.

There is another matter which has been brought up, and which I think should be referred to, namely, that we have not given the Indian an opportunity to appear before the committee. The committee formed in 1946 took as its theme that we were going about to help the Indians help themselves, and I think they have adhered strictly to that policy. We brought to Ottawa to appear before this committee Indians from all parts of Canada. When we could not get the Indians to agree we brought different factions from different provinces. In addition to that, a select group of the committee, ten in number, went down to the maritime provinces, and there heard every individual Indian who had anything to say on Indian affairs. I personally, and at my own expense, I may say, went out to the west coast to see how the Indians lived, to hear them and as much as possible to observe their habits and customs. I know, too, that the minister has travelled across this country hearing and seeing the Indians, and has tried to get a greater knowledge of their problems.

You will recall too, sir, that early in the session Indian representatives from every province in the dominion were brought to Ottawa, and they met with the minister in closed conference to discuss the bill which is before the committee now. It may be argued that there were some there who were not representative. Well, those who have any knowledge of Indian affairs will realize that it is very difficult to get one person to represent any large group of persons, and it is no exception among Indians, but I feel sure, from the knowledge I have of the representatives who attended that conference, that the persons who were in attendance did truly represent the large majority, and by far the largest majority, of the Indians in the provinces from which they came. They were in conference for several days. They went over this bill, clause by clause. I was not in attendance myself. What I am saying is hearsay. They went over the bill clause by clause and voiced any objections that they might have, and these objections were brought before the committee of this house which has considered this bill, so that when it is said that the Indians have not been heard, it is not quite correct.

Mr. Bryce: Mr. Chairman, I had the privilege of serving on the Indian committee for a number of years. While the redistribution in 1949 took away most of the Indians it was my honour to represent, I still take an interest in Indian affairs.

I entered the chamber too late to hear everything the hon. member for Lake Centre said; but from those few remarks I did hear it appeared to me he was suggesting that a claims commission should be set up.

Mr. Diefenbaker: That is right.

Mr. Bryce: I do not wish at this time to go over the ground I covered before when speaking in the house. My remarks at that time were lengthy, and anyone who wishes to know what I said will find them recorded in *Hansard.*

I still think however that if we are going to convince the Indians that we are giving them a new deal we will have to correct their thinking. If one argues with them he will find they still think, indeed they are positive, that we owe them something, and that we are keeping something back from them.

The minister has heard me say many times that the Manitoba Indians will quote what they were promised back in 1871. They continue to tell their families that these are the things the white man or the Queen Mother promised them, and that the obligation has not been fulfilled.

I have never thought in terms of a royal commission, but I do believe a claims commission such as that suggested by the hon.

member would be useful, so that whoever was placed in charge of it could get these matters straightened out once and for all. The Indian population is increasing, and as it does so there will be more who will believe that there has been an injustice.

I believe all hon. members realize it was necessary to revise the Indian Act. While I did not always get my own way in committee, I was content to accept the rule of the majority. I would have liked to see the Indians back here in Ottawa, so that I would have had the opportunity to talk with them and to ask them some questions. They, too, would have had the opportunity to ask questions. A majority in the committee however ruled to the contrary, and I feel one must abide by the decision of the majority.

To let hon. members know what I have in mind I should like to place on record a telegram I received. We were led to believe that when the Indians went home they were satisfied they had got everything their own way. This telegram addressed to me at the House of Commons states:

> Informed special committee passed bill seventy-nine without incorporating recommendations from conference Indian representatives. If report true deeply regret and strongly protest such action. Urge reconsideration of contentious clauses during debate. Urge amendments suggested by conference be included. Consent of governed in principle concern.

That is from the Indian Association of Alberta, one of the men who were here to meet the Indian committee. I should have liked to see these Indians again. I did not have the opportunity to speak to the Indians from Manitoba. It is possible that, had they been here, we would not have got any further, but I believe that opportunity should have been given.

I shall not take more time in speaking on this occasion. There are one or two questions I should like to ask at a later time. We must realize however that the Indians have gone home and that they are still not satisfied. Some of my friends will say that we will never satisfy them. My reply however would be that we could go a long way toward meeting more of their grievances; and I think a claims commission would be one way of helping to straighten out their thinking which, it may be, is not always in accordance with the facts.

Mr. Blackmore: Mr. Chairman, I have no desire to speak at length now, because on a previous occasion I did discuss the matter more fully. I believe however there are some points which ought to be made before we proceed to discuss the bill in detail.

It is my view that in large measure the value of the bill will depend upon the general attitude in the minds of those administering the act. If the attitude is taken that the rights of the Indians ought to be extended, and that on all occasions they should be given the benefit of the doubt, then I believe the act will pretty well take care of itself. However if the opposite view is taken we shall require an exceptionally good piece of legislation to prevent considerable damage being done to the Indians.

To make it perfectly clear to those who may read my remarks that I am not suggesting in any way that those who are now administering the Indian Act are negligent or deficient in their general attitude, let me say at once that, so far as I can see, the present Indians branch has the right idea, and is working forward progressively. I believe that should be said.

Almost anyone must agree that the present bill is much superior to any bill of a similar kind presented to any Canadian parliament heretofore. I believe anyone who knows the facts must agree that the minister in charge of Indian affairs has far surpassed anyone charged with a similar responsibility in the whole history of the Dominion of Canada. As such he deserves the credit and honour due a man who discharges his duties in a statesmanlike manner. I believe history will give him credit for what he has already done, and what I believe he still will do.

Perhaps I should add that I am not alone in the opinions I express. A statement from the Alberta Indian Association, issued since the bill was published, states that the new Indian Act in the present revised form is an excellent piece of legislation. It points out that the government has made the most serious study of the Indians themselves, and seems genuinely interested in giving these people a charter that will ensure their steady progress and development.

In those sentiments I heartily concur. Yet I believe there are some words of warning which ought to be uttered on this occasion.

There appears to be a belief among a good many people that the day ought to come by and by when the whole matter of Indians can be written off as finished business in Canada. People entertaining such views take the general point of view that we ought to integrate the Indians with the whites just as rapidly as we can. We might even have regulations to impose enfranchisement upon the Indians as one means of achieving that objective. Such people hold also that we should disintegrate and ultimately eliminate the reservation, and they have in mind certain

devices whereby that objective could be attained, even by using the present Indian Act.

Between me and the men who take that attitude there is a sharp and I might almost say violent opposition in point of view. I do not believe the day will ever come, at least in our time, when we can write off the Indian as finished business. If we are not to write him off as finished business we must make provisions for expanding our services to the Indian down to the latest generation. Once that principle is laid down and followed our whole approach to the Indian problem will change.

There are certain rights which I believe the Indians possess. First of all, the Indian has a right to remain an Indian and to have his children and his children's children remain Indians to the latest generation if they so desire. There are certain reasons why this is the case. Indians are very religious. Their traditions go back through the millenniums. They do not want to see themselves disappear as Indians any more than the members of the tribe of Judah desire to see themselves cease to be members of the tribe of Judah. Those who understand the Indians know that they are just as tenacious in their feelings in this respect as are the descendants of Judah. No people, no officials can disregard that profound and far-reaching fact without doing violence to sacred beliefs among the Indians. If some day Indians outgrow those beliefs then the situation will be different. But as long as they maintain those beliefs which have been handed down to them by their fathers, we have a reality there, even though it may be an intangible reality, which we must not lightly treat.

The Indian has the right to have his reservation preserved inviolate as a place of refuge for his children and his children's children whenever those children may find themselves unable to compete successfully with non-Indians in the struggle for existence. Let us consider just how serious that can be in the fearful times through which we are going. Every hon. member knows that it is next to impossible today for the most qualified non-Indian to get employment if he is thrown out of employment at 65 years of age. A great many people, regardless of how skilful they may be, find it next to impossible to obtain employment when needed after 50 years of age. If we are going into that sort of thing it must be obvious that the Indian is going to be under a most serious disadvantage when he attempts to compete in the economy of the non-Indian.

To me this is a most solemn consideration, and I think all hon. members will agree with me. If the white man, the non-Indian, insists on so managing his affairs that there is little use for our own people after they are 45 or 50 years of age, he must realize that he has a responsibility toward the Indian which must be assumed. If we are going to indulge ourselves in the luxury of supporting a financial and economic system like that, we at least should see that the Indian does not have to pay the price.

The Indian has the right to remain out of our wars if he sees fit. We say that the Indian was born here, that he is a Canadian and therefore has a responsibility to defend this country. That is one point of view. But in most of the original treaties there was a stipulation that the white queen would never call upon the Indians to fight her wars. That was a sacred promise. We must take into consideration along with that fact the fact that these wars that we fight generation after generation are of our own making or the result of the economic system under which we choose to operate. That is known to all well-informed people. The Indian should not have to go and shed his blood to fight our wars.

The Indian has the right to the highest degree of training of every kind. Up to the present we have not begun to give the Indian that right. In only a very few cases scattered far and wide has there been even an approximation to doing that. Yet some people are thinking of pushing the Indians out into the stream of economic competition where they will have little or no chance at all. The boys and girls of even our race are going out into that stream of competition and are finding that at 45 or 50 years of age they are unable to compete successfully!

All we have to do is remember what happened during the depression when Canada had a million and a quarter of her people unemployed, not because they were not able to work, not because they were not willing to work, not because there was not a tremendous amount of work to do, but simply because we insisted on following a financial and economic system that made it almost impossible for men to get work under the best of circumstances. If we insist on keeping that financial system, how in the world can we justifiably expect the Indian to suffer for that?

The Indian has a right to adequate rehabilitation. It is too late now to train many Indians who are 45 or 50 years of age, even those of 25 years of age, but surely something ought to be done for these people. Until such time as we are positively certain

that Indians can be fully qualified for participation in the economic struggles of our time it seems to me this right ought to bear a special cogency in our minds.

The Indian has a right to compensation for the injustices that have been done him in the past. The hon. member for Lake Centre, the hon. member for Peace River, the hon. member for Selkirk and a great many other hon. members have said things which indicate they are in general agreement with that statement. How are we going to give the Indians compensation for the harm that has been done them during the 150 years or so we have been in this country? The first thing we have to do is to find out what that harm has been and its impact upon the Indian of today. Therefore it becomes necessary to address ourselves to the problem of discovering the solution to this situation.

Some people say: Certain groups of Indians have no treaty rights, and therefore we have no further obligation to them. For example, I am told that a great many Indians in eastern Canada have not been fortunate enough to be treaty Indians while the Indians in the western provinces have become treaty Indians. There are people who say that because we did not sign any treaties with those Indians in the east they are not entitled to as fair consideration as our Indians in the west. I think such people overlook the important fact that our fathers had become a great deal more civilized by the time they dealt with the Indians of the west than their fathers were several generations before when they dealt with the Indians in the maritimes.

We talk about the Indians becoming civilized. The white man had to become civilized, and the average white man among us has a long way to go yet before he is really civilized if you take the word "civilized" to mean thoroughly prepared to co-operate with his fellows in obtaining the betterment of all, and that is the only sound definition of "civilized".

Some people say that the Indians have no special legal rights, and why bother about such Indians? I confess that such arguments seem to me quite unsound. The Indians' rights in my judgment result from the fact that America was the Indians' promised land. Maybe that does not mean as much to certain other members of the house as it does to me. Judging from the expressions on the faces of the members present I think however it does mean as much to them.

This land was their land. The land of both North and South America was the Indians'. They owned it by prior right. The Indian settled here first and had been here for thousands of years before the whites ever came. We must never forget that. Then the white man came to this promised land of the Indian. He did not conquer the Indian. He negotiated with him as an equal. Then he killed the Indians' buffalo with his guns. He caught the Indians' fish with his advanced methods of fishing. He cut down and ruined the Indians' forests with his advanced methods of cutting them down. He burned them down by devices which he had and which the Indians either did not have, or else knew a whole lot more about how to take care of. He spoiled the Indians' pastures. He trespassed on the Indians' hunting and camping grounds. He dried up and polluted the Indians' rivers and streams; he fenced off the Indians' trails.

Every single step in that unhappy process rendered it more and more difficult for the Indians to survive. Will anyone seriously argue that the Indian was not establishing rights by indirect measure when all that was occurring? Will anyone seriously argue in his saner moments when he is no longer a politician that when the white man did all these things he did not assume a responsibility to the Indian which the white man's children should at least endeavour to discharge? As a result of all these things the white man did against the Indians, the Indian was left with inadequate means of adjusting himself to the white man's economic life. Generally speaking the white man did nothing about it at all except to beat the Indian whenever he could.

An hon. Member: Beat?

Mr. Blackmore: Yes, beat. At this point let me read a short passage from this same document of the Indian Association of Alberta just to show what the white men have done. I am taking it right out of its context but it is appropriate. It is as follows:

> And in the late 1800's, when Indians were being brought into treaty, both Indians and mixed bloods were offered land scrip in exchange for treaty rights. This scrip entitled the holder to crown lands, and of course was valuable. Unscrupulous whites cheated many an illiterate and simple Indian or "breed" out of his or her scrip by offering in trade a bottle of rotgut whiskey, a few yards of print or some gaudy trifles. And of course the victims kept on living with the band, for they couldn't do anything else. Eventually, in P.C. 1182, 1901, Hon. Clifford Sifton, minister of the interior, ruled that these people could be taken back into treaty, with the value of their squandered scrip to be deducted from their annuities. But Bill 79 states outright that no recipient of scrip or any of his descendants may be registered as an Indian.

That is painting an ugly picture in big broad splashes, is it not? Every member of this house who has any genuine contact

with the Indian situation at all knows that this kind of thing has occurred and occurs today. In my judgment there is only one way in which we can deal with this whole situation satisfactorily. That is by doing what I suggested the last time I spoke, namely, setting up two specific commissions. These commissions would not be set up under the Indian Act, but would be commissions which would work in co-operation with the department in administering the Indian Act. The first one would be an Indian claims commission that would probe into history, find out the facts, and then find out what the impact of those facts is upon the Indians today and what measures ought to be taken to reimburse or recompense the Indian so that his children may know that something was done at least in our generation to be fair to him.

Then we should have an Indian rehabilitation commission, as I suggested before. No Indian department could do this work. The personnel of the department are so overworked now that all you have to do is to look at them to see that that is so. You can step into the office of almost any one of these men and you will see that they are positively overworked. How in the world can men like that, burdened with thousands and thousands of administrative details for many of which they have no guide to follow, use the imagination and initiative which is necessary to enable them to adapt the Indians to the particular circumstances surrounding them? Let me give an illustration concerning the Indian reserve which I have the honour to represent. In our area there is a beet growing section for which there is need for a great number of beet workers. If the appropriate officials could come and train the Indians to be beet workers, as they could, as skilfully as the Indians of Caughnawaga have been trained to become steel workers, then as long as the beet sugar factories remained there the Indians would be assured of good jobs off the reservation every year. They would learn to be just as successful at that kind of work as the d.p.'s who come from Czechoslovakia, Poland, Hungary and other places, and fit right into that scheme and prosper among the beet fields. This is only an illustration; there must be countless instances from coast to coast in Canada. An Indian rehabilitation commission would undertake to discover these possibilities of training Indians to adapt themselves to the economic life surrounding them and in due time would make them a far happier and more useful people both to themselves and to us.

Indians of today have still other grievances. With all the other things we have done to the Indians our government now insists on taxing them on the income they make off the reserves. Numbers of my fellow members in the house seem to think that is all right, but to me it is positively revolting. We say to the Indian in effect that we simply defy him to adapt himself to conditions outside the reserve and make a success, but that if he does we will tax him for the privilege of doing so. I do not see how anyone can face with equanimity a proposition like that, it is so outrageous. Let us take the Caughnawaga people, for instance; suppose they are able to make a pretty good income off the reserve. They could return to the reserve and improve it; buy more land, do reforestation, restock the streams, and all that sort of thing. They could do it if they could take back to the reserve the income they earned elsewhere, but no; as soon as they make any money the white man steals it from them in taxes so they go back practically impoverished, just as the white man in general goes back to his home with a pay envelope altogether inadequate to meet his needs.

The situation thus confronting the Indian is quite hopeless. The white man insists on doing this also; or, if he does not exactly insist on it, there are indications in this legislation that he may do so! If an Indian does excel, if he establishes himself in a conspicuous manner as a success among the white men, the government might say, "Well, you have done very well. You can get along without assistance. We do not need to help you any longer. We will enfranchise you and turn you loose among the whites." It will not matter at all if that Indian's grandchild should not be as successful as he was. The grandchild may not be successful at all; nevertheless he will be enfranchised and to the end of time all the privileges and rights which were guaranteed to him as an Indian will be taken away because he had an ancestor who happened to be successful. Is that not almost unbelievable for intelligent men in 1951 to be contemplating? Yet that is the sort of thing presumably facing the Indians. They are very bright and keen, and though they do not talk very much about it they understand how serious it is. It fills them almost with dismay, all over the land.

I promised, Mr. Chairman, that I would not speak too long. I intend to keep that promise, but I want to say one further word which will perhaps offer a ray of hope. I want to project myself now into the minds of those men who say we have to get to the point somehow where we can write off these Indians, because if

we make it possible for them to multiply the first thing we know we shall have millions of them and we shall not be able to take care of them. They think we are going to have more old age pensioners. Now that we are bringing the pensionable age down to 65, the first thing you know we will have to bring it down to 60, then to 55; and they want to know where in the world we are going to end. I realize men are thinking in such terms today; but let me assure people from coast to coast in Canada and the members of this house that if we would adopt a realistic financial system these worries would disappear at once. Then we would not ask where we were going to get the money to do all these things for the Indians, for our aged people, and others. We would ask whether we in Canada can produce the milk and the cream and the butter and the eggs and the meat and the lumber and the clothing and the fuel. Can we produce enough of those commodities to take care of all those who will be born to us and to the Indians? The answer must come back a thunderous "Yes". Well, all we have to do is adopt a financial system that will be realistic in respect to our productive capacity so the financial system will reflect the facts of our production. Then we shall have no cause for any anxiety as to our ability to advance the welfare of our Indians to the very end of time, or as long as the good Creator wills that we remain here as a free and independent people.

Now may I close with one more word of commendation to the minister. I cannot put into language, without seeming to overdo it, my admiration for the kind of work the minister has done during the last year; nor can I convey to the government all the appreciation it would be fitting to express. By reason of what it has done for the Indians, on paper at least, and by reason of the attitude I find in most of its members, I believe the Liberal party deserves high commendation. I think it stands unique in the history of Canada in its manner of treating our Indians.

With these few words, which I utter sincerely and from my heart, I shall conclude. I wish the minister greater and greater success and greater and greater vision. I wish the men of his department also greater vision; and I hope they will have a minister of finance before long who will be able to make the financial system reflect the physical realities of Canada.

Section stands.

Progress reported.

At six o'clock the Speaker resumed the chair and the house took recess.

[Mr. Blackmore.]

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order for private bills:

Mr. J. W. Welbourn (Jasper-Edson): Mr. Speaker, if I have the unanimous consent of the house I should like to move, seconded by the hon. member for Vegreville (Mr. Decore), that Bill No. 269, an act to incorporate Independent Pipe Line Company—letter D-8 of the Senate—be dealt with as the first order of business at this time.

My reason for making this request on behalf of a Canadian oil-producing group who desire to build an oil pipe line over an all-Canadian route from the Edmonton area to Vancouver, is that all engineering and other preliminary work in connection with this proposal has been completed and the sponsors of this bill would appreciate having an early opportunity to appear before the standing committee on railways, canals and telegraph lines.

Mr. Speaker: Has the hon. gentleman unanimous consent?

Mr. W. A. Robinson (Simcoe East): If I may be permitted to do so, I should like to say a few words in connection with the motion of the hon. member for Jasper-Edson (Mr. Welbourn). I should like to draw Your Honour's attention to the present condition of the order paper, especially with regard to private bills. At the present time there appear on the order paper as items Nos. 30 to 91 a number of divorce bills. Following those divorce bills, as item No. 92, appears a bill to incorporate Border Pipeline Corporation, sponsored by myself. Item No. 93 is a bill with respect to the British Columbia Telephone Company, sponsored by the hon. member for Skeena (Mr. Applewhaite). Item No. 94 is a bill sponsored by the hon. member for Hamilton East (Mr. Ross). There then follow a number of divorce bills, and then items Nos. 162, 163 and 164 which are bills other than divorce bills.

Last week we spent two evenings—Tuesday evening and Friday evening—on a discussion on second reading; and I think in that time we disposed of only five divorce bills. At this rate of progress, it is extremely doubtful whether the other private bills which I have mentioned would even be heard in the course of this session, although most of those bills appeared on the order paper before the divorce bills which are now at the top of the order paper.

I want to make it quite clear that, as far as I am concerned, I do not withhold unanimous consent requested by the hon. member for Jasper-Edson. At the same time, however, I feel that the house might be disposed to give some consideration to the plight of these other bills that I have mentioned. If I might make a suggestion, I think that the hon. member might enlarge his motion, to have his bill appear at the head of the order paper and to have those private bills other than divorce bills move up ahead of divorce bills, from the position they at present occupy on the order paper.

It would appear that in this session there is going to be some substantial discussion with regard to the divorce bills. I think the hon. member for Winnipeg North Centre (Mr. Knowles) indicated that such a discussion might well take place. I should like to say here and now that I feel that that is the sole interest of the hon. member for Winnipeg North Centre, and that he is not in any way attempting to delay or to hinder in any way the consideration of the bill which I am sponsoring or those which are sponsored by any of the other hon. members to whom I have referred. But in view of the situation with which we are undoubtedly confronted, I feel that the house might wish to give some consideration to the plight of these private bills I have just mentioned.

Mr. David A. Croll (Spadina): Mr. Speaker, I am concerned with regard to the hundred and thirty divorce bills that are now before the house. I think there is nothing more vital than the need for dealing with these bills here and now; and I shall have to object to giving unanimous consent for any change in the order paper.

Mr. Speaker: Under the rules, unless there is unanimous consent, we shall have to follow the order set forth in the order paper. I will not make the ruling immediately, but I am sure that unless there is unanimous consent I cannot put the motion which has been made by the hon. member for Jasper-Edson (Mr. Welbourn). I understand that the hon. member for Eglinton (Mr. Fleming) wishes to speak.

Mr. Donald M. Fleming (Eglinton): May I appeal for unanimous consent for the motion that has been introduced. I have no interest in that particular motion, but I am the sponsor of a bill which appears as item No. 162 on this order paper. It is a bill that will be completely non-controversial. I should think it would take a matter of only a moment or two for the house to deal with it; it is for the incorporation of a religious organization. If the pattern followed last week in the two hours devoted to the discussion of private bills is pursued this week and succeeding weeks, it means that bills such as the one I am sponsoring will not be reached during this present session. I think that would be a deplorable result.

To facilitate dealing with urgent business, I would urge that the house might well give effect to the request made by the hon. member for Jasper-Edson (Mr. Welbourn) for unanimous consent to proceed with his bill, and then permit bills like the one I am sponsoring, which are not controversial in any way and are brief, to be proceeded with similarly by unanimous consent.

Mr. Croll: Mr. Speaker, I am sponsoring Bill No. 268, which appears as item No. 163 on the order paper. It is just as important as the bill being sponsored by the hon. member for Eglinton (Mr. Fleming). But I am prepared to wait. There is no problem here at all. All we need to do is to pass these divorce bills. Then we can get on with our business. I am prepared to wait until these divorce bills are dealt with.

Mr. Speaker: There is not unanimous consent. Accordingly, I cannot put the motion which has been proposed by the hon. member for Jasper-Edson (Mr. Welbourn).

EMILY RITA ROWLANDS SIMPSON

The house in committee on Bill No. 111, for the relief of Emily Rita Rowlands Simpson—Mr. Winkler—Mr. Dion in the chair.

On section 1—*Marriage dissolved.*

Mr. Gagnon: I wish to say that I will vote against this bill. No one has the right to ask for a divorce. There are cases in which an annulment—

The Chairman: Order. Before proceeding with this debate I would ask all hon. members to proceed in accordance with standing order 58. Paragraph 2 says:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Therefore I shall ask all hon. members to confine their remarks to each particular clause of each particular bill.

Mr. Gagnon: No one has the right to ask for a divorce. There are cases in which a marriage annulment can be allowed by the religious and civil authorities of my province; but the Quebec law states very clearly that marriage is indissoluble. I will not undertake to give the reasons justifying such legislation,

but I can say it is in our statutes to stay forever. The speeches of my C.C.F. friends the last time this matter was before the committee will not make us change our minds in that regard. The hon. member for Rosetown-Biggar has said that whether or not we agree with the principle underlying divorce—

The Chairman: Order. The principle of the bill may be discussed on second reading, but in committee hon. members must confine their remarks to the particular clause under discussion. We are on clause 1 of this bill.

Mr. Gagnon: Mr. Chairman, I am quoting what the hon. member for Rosetown-Biggar said when this bill was discussed last Friday. I said that the hon. member for Rosetown-Biggar said last Friday that whether or not we agreed with the principle underlying divorce was an immaterial point. By showing so little interest in a social problem which involves such disastrous consequences he reveals, I believe—

Mr. Coldwell: On a question of privilege, I followed that statement by saying that we had divorce now. By leaving out those words the hon. member is changing the meaning of what I said. We have it now. It is immaterial whether we believe in it or not, we have it with us.

Mr. Gagnon: I quoted exactly what the hon. member said.

The Chairman: Order. We are considering clause 1 of Bill 111. I will read the clause:

> The said marriage between Emily Rita Rowlands and James Arthur Simpson, her husband, is hereby dissolved, and shall be henceforth null and void to all intents and purposes whatsoever.

That is what we are discussing.

Mr. Gagnon: In this case, as in every similar case, it is the fate of the family which is at stake, and I cannot be the accomplice of the instrument of its destruction. Divorce strikes at the very root of family life. It is the victory of selfishness over sacrifice. In serving the people by helping them to find stability and security in the home we are directly serving the nation. That is the reason I ask for the rejection of this bill.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

The Chairman: Shall I report the bill?

Mr. Fournier (Maisonneuve-Rosemont): On division.

Bill reported.

[Mr. Gagnon.]

IVY LUCAS LEVITT

The house in committee on Bill No. 112, for the relief of Ivy Lucas Levitt—Mr. Winkler—Mr. Dion in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, I should like to say a few words with respect to clause 1 of this bill. This is a case which I feel deserves the support of this house, and I for one not only intend to vote for this bill, but I feel that all hon. members should vote for it.

I shall take just a moment to indicate in brief the circumstances. This is a case of a woman living in England—she is still there. A Canadian soldier went overseas during world war II and married her. They lived together while they were both in England, and they had one child, a son. After the end of the war the soldier appears to have deserted his English wife and returned to Canada. For a number of years she did not hear from him or about him in any way. Later she learned that he was back in Montreal and had married again.

Some time after this second so-called marriage the second wife discovered that her husband was already married to a lady in England, and so she obtained an annulment of her marriage in a Quebec court. That annulment was granted on December 19, 1946. When the lady in England learned of the situation she took steps to get a divorce from her Canadian husband. The woman who became the so-called second wife appeared as the chief witness for the deserted wife. She appeared at the Senate and gave evidence that she, not knowing that this man had been previously married, went through a form of marriage with him, and subsequently lived with him. On the basis of that evidence the Senate committee had no hesitation in approving of this divorce.

This is one of those human tragedies about which we all feel very sad. It is unfortunate that nothing can be done to force this man to contribute to the support of his and his wife's child in England, but surely the least we can do for this English girl is to see to it that she gets this divorce. This is one case where I felt I should not mention any of the names involved. I do call upon the house to support this bill.

Mr. Hansell: I should like to say just a word or two about this bill. I support the views of the hon. member for Winnipeg North Centre in suggesting that this house should pass this bill. However, there are one or two things I should like to say about it. The point I would like to make now I

do not want to be regarded as any reflection upon the committee of the other place that heard this evidence.

I notice that the acting chairman was Senator Fogo. I understand that he is rather an outstanding barrister, and perhaps—

An hon. Member: I would not say that.

Mr. Hansell: I do not know. There may be other opinions. That is my understanding. Perhaps I will have to take his authority for it. But there is one place in the evidence in which the marriage record—that is the second marriage record—is presented, and the acting chairman says: "It is not a record of marriage, because it was not a marriage at all, but a form of marriage which she went through."

I am one member in the house who has performed a good many marriage ceremonies; and I have never performed one yet, and had it registered, where I did not feel pretty certain that the marriage, as performed, was more than a form of marriage. It may be a technical point, but I would point out, as was pointed out in the evidence, that this certificate of marriage was also registered in the superior court, district of Montreal. If anyone wished to apply to the superior court for an abstract of that certificate, he would have proof enough that this woman was married to the man, even though he had no right to marry a second time.

During the first world war I was called up under a certain category for military service. It happened that I was married, and should not have been called up in the first category. When I saw the authorities I told them I was quite prepared to go into the services at the proper time. However they wanted proof of my marriage, and so I submitted to them—

The Chairman: Order. It seems to me the hon. member is not directing his remarks to the first section of the bill.

Mr. Hansell: I realize that the evidence to which I am referring is not a record of my marriage. I was only illustrating that the military authorities at that time would not accept the marriage certificate as proof of marriage.

What happened? I had to obtain an abstract of the registration of marriage, and that abstract was what proved to the satisfaction of the military authorities that I was married.

The second marriage of the bigamist in this instance was registered with the superior court, district of Montreal. I say that it was something more than a simple form of marriage. Another point I would make is that this woman was separated from the man when she realized he had been married before, and was still married. She got a separation, and there was produced in evidence a document issued by the superior court annulling that marriage. Therefore I say this divorce is based upon a recognition that adultery had been committed.

I should like to ask the sponsor of the bill if any steps were taken whatsoever to charge the person named in the bill with bigamy, and to punish him for it?

Mr. Winkler: Mr. Chairman, I must reiterate what I said earlier, that the evidence is before every member, and has been mailed to every member. As a rule, bills are distributed in a hit or miss fashion. In respect of divorce bills however the distribution is made in a very orderly manner. I can only repeat that all the evidence is before every member, and he may read it for himself.

Section agreed to.

Section 2 agreed to.

On the preamble.

Mr. Graydon: A member is up and wants to speak.

(Translation):

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I take this opportunity to declare myself emphatically and unalterably opposed to the passing of any divorce bill. I do not intend to labour the point. The divorce question has been amply threshed out in the house.

Nevertheless, I wish to say that no man-made law will ever destroy the indissolubility of the sacrament of marriage, which we consider absolutely inviolable.

I was anxious to make this profession of faith because I feel that I am in duty bound to object to the passing of these bills, on behalf of my constituents and even of the citizens of my province. I wanted to let it be known that I shall vote against any and all divorce bills introduced in this house.

(Text):

Preamble agreed to.

Bill reported.

MARGUERITE MARIE RITA FOURNIER COOK

The house in committee on Bill No. 113, for the relief of Marguerite Marie Rita Fournier Cook—Mr. Winkler—Mr. Dion in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, this is another case which it seems to me should have been dealt with by a court. However, as the matter stands it is before us and I

think hon. members should be made aware of the particulars of the case. As the sponsor has pointed out, every member receives copies of the evidence; but it appears they do not read it.

As a matter of fact I have read more of them in the last few days than I read in all the years I have been here. My only reason for doing so is that if parliament has decided we are going to deal with cases like this, then we should deal with them in a responsible way, and I for one will do my part.

This is the case of a young woman by the name of Fournier who married a man named Cook. They had one child. Mrs. Cook is now living in Toronto, and Mr. Cook is living in Hull. According to his own evidence he is living there with an unmarried woman by the name of Miss Fleming. In his evidence before the Senate committee Mr. Cook admits his relations not only with Miss Fleming but with other women.

An hon. Member: Explain.

Mr. Knowles: Furthermore, when the respondent, Mr. Cook, was before the Senate committee it appeared he had no sense of shame whatever, either for his behaviour or for the irresponsible way in which he was treating his wife and child.

I shall read from the evidence only those questions and answers which relate to the question of support of the child. I am refraining from reading some of the other questions and answers in the evidence because, while they are public property, I do not like to put such evidence upon the pages of *Hansard*. The following questions and answers are pertinent to the point I have mentioned.

By the Acting Chairman:

Q. In the period that you have been living apart from your wife, have you supported the child?

A. No, sir, I have not.

Q. Or Mrs. Cook?

A. No, sir.

Q. Not at all?

A. Not at all.

I find nothing in the evidence to indicate any attempt on the part of the Senate—I realize their helplessness; indeed I emphasize it—to do anything to get this man Cook to face up to his financial responsibility in connection with the support of his child. This story is a very sordid one. I feel, as I said the other night with respect to another case, that this woman who lives in Toronto and is looking after her child has the right to be freed from her marriage to this man. But it seems to me that parliament should know what it is doing and we should concern ourselves with finding a better way to deal with cases like this, particularly when the interests of a child are concerned.

[Mr. Knowles.]

Mr. Coldwell: Mr. Chairman, I am sure that no one wishes to interfere with the rights involved in a case of this sort, or in a case like the one we discussed a few minutes ago. What I want to emphasize is that we are going to pass these bills. In the last two bills there were children involved. Neither the other place nor this place has any say in having the man in each of these cases made responsible for his own child.

If this was before a court I know that under the law that exists in some other places, including the United Kingdom—some of our provinces follow United Kingdom procedure—the court would order that some payment must be made by the father for the support of the child. We punish the innocent woman in cases like this because there is no proper court which could deal with these problems adequately and in a humane and proper manner. A few minutes ago an hon. member objected to divorce, but the fact is that we have divorce now. We cannot say that there is no divorce in the province of Quebec or the province of Newfoundland because these bills are before us.

Let us do this in a manner that will protect innocent parties. It should be done by proper judicial proceedings and not in the manner adopted by parliament at the present time. Admittedly the man in this case is a bigamist but there is no evidence that he has been dealt with according to the laws of our land. I am persuaded that if the case had come before a court some instructions would have been given and the man would have been dealt with. We are not denying redress to people who need redress, but the fact is that we have neither the time nor the opportunity to go into these cases. There are 130, 140 or 150 before us, with more coming in every day.

I am not criticizing the other place for the manner in which they have dealt with this bill. I think the hon. gentlemen in the other place do the best they can under difficult and awkward circumstances. But surely the time has come when this parliament should remove these matters from its jurisdiction and have them properly and adequately dealt with. That is the point we are trying to get across to this committee, to this parliament and to this country.

Mr. Croll: The hon. member for Rosetown-Biggar has stated that his purpose is to draw attention to the manner in which these bills are handled. Speaking the other night the hon. member for Vancouver East said that there was no other way we could do it except as it was being done at the present time. I rather agree with him and I agree with the hon. member for Rosetown-Biggar

who says that the purpose is to protect innocent children. But innocent people are being hurt by virtue of what we are doing tonight in discussing these bills in the way we are. Those people are entitled to more consideration than they are getting. Here is the fallacy of the argument presented by the hon. member for Rosetown-Biggar. The only possible thing that we can do, the only authority that we have—

Mr. Robinson: I rise to a point of order. we are on a section of the bill and the hon. member is entering into a general discussion. If we are going to consider these bills one by one then I ask Your Honour to direct that the discussion be relevant to the section before us.

The Chairman: The point of order is well taken.

Mr. Croll: The hon. member for Rosetown-Biggar said that he wanted a court to deal with this matter, and that is pertinent to the bill. The only court that we could clothe with jurisdiction would be the exchequer court.

Mr. Robinson: I rise again to a point of order. We should discuss the section of the bill which is before us.

Mr. Croll: I am merely following the example set by the hon. member for Rosetown-Biggar and he never gave me a wrong steer before. If he was right, then I am right, and I agree that he was right in following that course.

The Chairman: I ask the hon. member to confine his remarks to section 1.

Mr. Murray (Cariboo): Important as these cases may be, we are Christian people and we are living in a Christian country.

The Chairman: Order. I would ask the hon. member to confine his remarks to the particular section of the bill.

Mr. Murray (Cariboo): I bow to your ruling and I say that—

The Chairman: I think the hon. member for Spadina still has the floor.

Mr. Croll: When the hon. member for Simcoe East rose to object to my remarks I was indicating that the hon. member for Rosetown-Biggar had thrown out what I thought was a proper suggestion, and I felt it only right that it should be amplified and explained. This section reads:

> The said marriage between Marguerite Marie Rita Fournier and Peter Frederick Cook, her husband, is hereby dissolved, and shall be henceforth null and void to all intents and purposes whatsoever.

Some body clothed with authority to deal with the matter of marriage has come to a conclusion and I submit that it is pertinent for me to discuss some other body that we might create to deal with the matter of marriage. That is all I am doing. The suggestion was made that a court should deal with this matter rather than the Senate.

The Chairman: The hon. member is discussing procedure in general.

Mr. Croll: No, no. I am not discussing procedure in general. I am saying that a court may be delegated to perform this duty, and that the exchequer court, a specific court, should be delegated to discharge this particular duty. All I want to say is, if it is the desire of the house to deal with the matter in that fashion, then all right. On two other occasions the hon. member for Winnipeg North Centre introduced a bill. The first time it was talked out and the last time it was defeated on division. He is a very capable authority on procedure and he knows full well how this can be brought about. All we require to do is to have the Senate pass the necessary legislation setting up the exchequer court—

The Chairman: Order. I think the remarks of the hon. member are out of order.

Mr. Croll: I am in favour of passing the bill, Mr. Chairman.

Mr. Murray (Cariboo): The world was recently shocked by the announcement of a divorce concerning Aly Khan.

The Chairman: Order. I would point out to the hon. member that there is nothing concerning Aly Khan before the committee.

Mr. Knight: If I may, I should like to take the discussion back for a moment to the question of the bill now before us. I think the hon. member for Spadina was getting away from clauses of the bill. I should like to speak to the bill and I should like to ask a question of our legal friends or perhaps of the sponsor. I am glad that the house has apparently decided to meet its responsibility to discuss these measures because I am tired of giving blank cheques so far as the passing of these bills is concerned. I should like to return to the question of the custody of children. I know nothing about law, and I should like to ask the sponsor if the court of the other place has any jurisdiction in the matter of the care of children or if it deliberately ignores such responsibility. I want to ask him first if it has any responsibility. If he can assure me that it has none, then of course I would not say that it is ignoring its responsibility because there would not be any. Can the sponsor answer that question? Then I should like to continue for another minute or two.

Mr. Winkler: I can give the hon. member no assurance.

Mr. Knight: The reason I asked the question was that I should like to refer to page 8 of the evidence concerning Bill 113. It has to do with the custody of the child in question. If the court of the other place has no jurisdiction over the custody and care of children, then I should like to know what court has. I should also like to know whether at a later date the husband, presumably the guilty party, would be able to use the processes of the courts to claim this child from the mother who has custody over a period of years. Questions were asked of the mother presumably by the lawyer in the case, and the part I should like to read is as follows:

Q. Who has the child?
A. I have, and I have supported him continually.
Q. You have supported that child continually and you are asking for the custody of that child?
A. Yes.

You will notice that the mother said that she was asking for the custody of the child. Then the evidence continues as follows:

Q. And he is now eight?
A. Nine years of age.
The Acting Chairman: She is not asking here for custody.

It is on the basis of that little interchange that I should like to know what is the responsibility of the divorce committee of the other place with respect to the question of the custody of children. Can the wronged person have any assurance when he or she appears before the other place that some arrangement is going to be made for the children, or is it a fact, as some hon. member mentioned the other night, that not only do these cases have to come before a committee of the Senate but other proceedings have to be instituted in order that there may be a decision with respect to who shall have the custody of the children? This is a point that I should like to have cleared up. Perhaps some of my learned and honourable friends would speak on it so that we may have the information if, as the sponsor says, he does not know.

Mr. Hansell: I should like to ask a question of the sponsor of the bill because I am a little confused. I find that the party in this case who is asking for relief lived in Toronto previous to her marriage, was married in Toronto, and since leaving her husband in 1948 has lived in Toronto. I should like to know why this woman who lived in Toronto, was married in Toronto, and now lives in Toronto, has to come to this place for a divorce.

Mr. Winkler: I have no information.

[Mr. Knight.]

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

The Chairman: Shall the bill carry?

Mr. Gagnon: On division.

Bill reported.

PAUL EMILE PIUZE

The house in committee on Bill No. 114, for the relief of Paul Emile Piuze—Mr. Winkler—Mr. Dion in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, some of the hon. members are suggesting that I give more of the story this time, but this is a particularly sordid case and I do not intend to place upon the records of this house some of the evidence contained within these pages. I would point out that in this case both of the parties are residents of the province of Quebec, and I may say that there are children of the marriage. In this case it is the woman who has run out on her husband, and I use those words advisedly, having read the evidence. As a matter of fact this case, like the last two cases that we have had before us, is one in which no detectives have been called as witnesses.

The evidence seems quite clear that this woman has not only deserted her husband but has been committing adultery with various other persons. Yet I find that the husband, out of earnings of $75 a week, is still contributing $40 to $45 a week to his wife. Of course the main reason why he is doing that is to enable her to support the children. Apparently they are still in her custody, or at least they were at the time this case was heard before the Senate. He did say he was going to try to get the children at some future time. In view of the carryings-on of the woman in this case I certainly think it would be better for the children to be with their father rather than their mother, though in saying that I am aware of the very human tragedy involved in this case. I say it is very sad, and I certainly feel sorry for the man who reached the point where he had no alternative but to apply for this divorce.

Mr. Croll: Would the hon. gentleman answer a question?

Mr. Knowles: If I can.

Mr. Croll: I think you can. You brought up the question of children. Do you know of any method by which we could provide for the custody and control of children in any court the dominion government might establish?

Mr. Knowles: The hon. member's question is well put, if I can answer it without getting out of order.

The Chairman: In my opinion that matter is not at issue and the question is out of order.

Mr. Knowles: Even though the question may be difficult to answer satisfactorily I submit that it is in order, because in the evidence in this case there is reference to the children. The fact of the matter is that the only court I could suggest in a case such as is dealt with in Bill No. 114 is the Exchequer Court of Canada. That being a federal court it could not exercise jurisdiction as far as children were concerned; that matter would still have to be dealt with by the courts of one of the provinces. It seems to me, however, that if we get this matter of divorce dealt with in a court we are making a step in the direction of having the whole matter dealt with by a proper court on a legal basis. I know there are times when a party before the Senate will agree to support the children, but such an agreement is not always carried out. As a matter of fact I had a letter today concerning a case in which an agreement was made before the Senate, but once the man got away he refused to sign any such agreement. In other words the Senate has no power to bind or obligate the parties with respect to children. I recognize the pertinence of the question asked by the hon. member for Spadina, but I submit that if the divorce itself were being dealt with in a court it would make possible a more proper consideration of this question by another court later.

Mr. Murray (Cariboo): May I ask the religious background in this case?

The Chairman: Shall the clause carry?

Mr. Murray (Cariboo): I ask that the hon. member for Winnipeg North Centre give us the religious background of the case to which he has been referring.

Mr. Knowles: I know the background.

Mr. Murray (Cariboo): The religious background.

Mr. Knowles: I am not the sponsor of the bill; ask the hon. member for Lisgar. It is his bill.

Mr. Hansell: There is just another point or two I would like to bring out in respect to this particular case. In speaking about another case the other evening the hon. member for Rosetown-Biggar said there was a very strong suspicion of collusion. I suggest that this is a similar case, and I want to point out why I think so. When the man in this case found that his wife's behaviour was something that he could not countenance he refused to live with her. That was in January, 1949; but he continued to live in the same house, under the same roof. He lived with her in that way for a year and one month, during which time he had some trouble even to the extent of accompanying her to a hospital where she was examined because, the evidence states, she was afraid she had some social disease. He talked with her then and continued to live in the same house until eventually, according to the evidence, the woman went off with three men at the same time. Then he took proceedings.

During that time, and right up to the time he appeared before the Senate committee, he had supported her to the extent of $40 or $45 a week out of his earnings of about $75 a week. I would add that those who gave evidence against this woman were two of the men who accompanied her. I claim that such conditions would indicate that between this man and his wife there was either collusion or connivance; there is some technical difference between those words which I have not been able to fathom. There was collusion here. I am not suggesting that there may not be cause for divorce, but I do suggest that in many of these cases it might be as well for the committee to pay a little more attention to whether or not there is any suspicion of collusion.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

The Chairman: Shall the title carry?

Mr. Gagnon: I am asking for a recorded vote.

The Chairman: On what; on the bill?

Mr. Gagnon: Yes.

Some hon. Members: Nine o'clock.

The Chairman: Shall I report progress on this bill?

Some hon. Members: Agreed.

Progress reported.

THIRD READINGS

Mr. Winkler moved third reading of the following bills:

Bill No. 111, for the relief of Emily Rita Rowlands Simpson.

Bill No. 112, for the relief of Ivy Lucas Levitt.

Bill No. 113, for the relief of Marguerite Marie Rita Fournier Cook.

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

Some hon. Members: On division.

Motion agreed to on division, and bills read the third time.

Mr. Speaker: It being nine o'clock the house will resume the business which was interrupted at six o'clock.

SPECIAL FORCE VETERANS

PROVISION FOR EXTENSION OF BENEFITS TO MEMBERS OF SPECIAL FORCES

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 287, to make certain rights, privileges and benefits applicable to persons serving in that part of the armed forces of Canada designated as the special force and to certain other members of the Canadian forces.

Motion agreed to and bill read the second time.

Mr. Lapointe: I would move that the bill be referred to the special committee on veterans affairs.

Motion agreed to.

PENSION ACT

AMENDMENTS RESPECTING CHILDREN OF PENSIONED WIDOWS, BURIAL GRANTS, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 288, to amend the Pension Act and change the title thereof.

Mr. P. E. Wright (Melfort): I should like to say a few words on this amendment to the Pension Act. Under this amendment it is proposed, among other things, to provide that widows of members of the forces with children will be able to be paid on the basis of schedule B for orphans; in other words, that their pension for their children will be doubled. Under schedule B the payment for the first child is $228; for the second child, $180 and for each subsequent child, $144. On the basis under which they are being paid now, that of the orphaned child, there will be $456 for the first child, $360 for the second child and $288 for the third child. That is doubling the amount which will be payable under that clause.

The point that I want to raise with the minister is this. I do not see anything in the bill which gives any increase to an orphaned child. There are numbers of children who are orphans of members of the forces and they are receiving, according to the schedule which I have just read, $38 a month in the case of one orphan or $68 where there are two. I do not see anywhere anything to indicate that this payment is being increased. It seems to me that if we are doubling the amount that is payable to a dependent child, certainly we should be doing something with respect to the orphaned child. I would ask the minister to comment on that feature and tell us just why we should be doubling the one without giving any increase to the other, as I read the act.

The other matter that I wish to comment on is that of education for children of the veterans. Under this act we are proposing to continue the payment up to twenty-one years of age where the child is able to absorb the education, is passed as being able to do so, and requires further education. That is all to the good. But again I say that in the case of orphaned children we are doing nothing under these amendments to the act, as I read them. If I am mistaken in this, I hope the minister or his parliamentary assistant will correct me.

It seems to me that we in Canada owe a duty to these orphans of the men in our forces. It seems to me that we owe these orphans an opportunity to receive as good an education as they can absorb or are capable of attaining. If their fathers had returned to Canada we would have provided, under the veterans charter, for their training in specialized trades or they could have had up to four or five years in university. Where there are orphaned children, it seems to me that we should be prepared to give them an opportunity equal to that which would have been available to their fathers had they returned to this country. I see nothing in this act which provides for that.

I think it is a disgrace in this country if we are going to leave orphaned children of members of our forces in the position that that they will not have every opportunity of obtaining the best education that it is possible for them to have. I do not see any provision made for that under the act. I should like the minister to comment on those two matters before we give second reading to the bill.

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

Some hon. Members: No.

Mr. Speaker: Order. If the minister speaks now, he will close the debate.

Mrs. Fairclough: Mr. Speaker—

Mr. Wright: I was just asking the minister a question.

An hon. Member: We are not in committee.

Mr. Speaker: If there are questions to be asked, I would suggest that the minister answer them when he is replying and closing

the debate. Has the hon. member for Melfort (Mr. Wright) completed his remarks?

Mr. Wright: Yes.

Mr. Speaker: Then I would call on the hon. member for Hamilton West (Mrs. Fairclough).

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I am not at all sure whether the hon. member for Melfort (Mr. Wright) had reference to orphan children who are now in the care of grandparents. But if he did not have reference to that particular type of case I would ask the minister, when he is considering the matters referred to him by the hon. member for Melfort, to consider also those children who have been orphaned, whose grandparents are now looking after them and who have been receiving a pension. I have had a number of inquiries from people in these circumstances who have found the load increasingly heavy and have wondered whether or not they come under the provisions of this act.

Mr. Speaker: If the minister speaks now, he will close the debate.

Mr. Lapointe: In commenting on the remarks made by the hon. member for Melfort (Mr. Wright) and the hon. member for Hamilton West (Mrs. Fairclough), I should like to point out that heretofore the rates of pension awarded to orphaned children have been double those of the pension awarded to children of disabled pensioners or widows. The rate paid up to now to the children of disability pensioners and widows, as the hon. member knows, was $19 a month for the first child, $15 for the second and $12 for each subsequent child. At the same time the law provides that in the case of orphans being brought up by their grandparents—and I believe this would deal with the case just mentioned by the hon. member for Hamilton West—the grandparents are acting as guardians, and those orphans are paid the doubled rate. It is $38 a month for the first child, $30 for the second and $24 for each subsequent child.

What is behind the amendment which we are introducing this year is this: It was brought to our attention that in many cases young widows with children found themselves in great difficulty because they could not supplement their pension income by outside work and that, although they were the mothers and guardians of the children, they were getting just the ordinary rate. In order to help out these widows we are this year amending the act to give to the children of these widows the same higher rates which had been paid in the case of orphans. That is the purpose behind the present amendment.

Mr. Wright: There is no increase in the orphans' rate at all?

Mr. Lapointe: No.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—EXTENSION OF APPLICATION, ETC.

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 286, to amend the Veterans Business and Professional Loans Act.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

The house resumed consideration in committee of Bill No. 79, respecting Indians—Mr. Harris (Grey-Bruce)—Mr. Dion in the chair.

On section 1—*Short title.*

Mr. Fraser: I should like to ask the minister a question in regard to Indians who have been off the reserve for some time. I understand from a letter that I received from Dr. Moore, director of Indian health services, that they are not entitled to medical services. Why should they not receive medical services? One man was mentioned who is receiving the old age pension of $25 a month, which is allowed under the act. But he has no money to look after himself so far as medical services are concerned. He cannot even buy medicine. He finds it hard enough to buy food for himself.

Mr. Harris (Grey-Bruce): Perhaps we can discuss that better on the medical services section. I do not think I know too much about it. It is under national health and welfare, but I do know they have a regulation as to a time limit beyond which, if an Indian is off a reserve, he does not normally receive the service. If the hon. member would allow his questions to stand I will answer them on one of these sections, when we come to it.

Mr. Fraser: Yes. I have a letter here which says that if they are off the reserve for 18 months or longer they cannot get medical services. There should be a change there. I do not think it is fair.

Section agreed to.

Section 2 agreed to.

On section 3—*Minister to administer act.*

Mr. Fraser: Under which section do the medical services come?

Mr. Harris (Grey-Bruce): It is section 72 or 73.

Section agreed to.

On section 4—*Eskimos.*

Mr. Charlton: I objected to this clause on the second reading of the bill, and although it has been amended in the committee all the objectionable features of the section have not been removed. There are many other things that the minister or the governor in council can do by proclamation that would be detrimental to the Indians all across Canada. I would therefore move, seconded by the hon. member for Kamloops, that subsection 2 of section 4 be amended by inserting after the word "may" in line 18 the following:

With the consent of the Indians or band concerned.

Mr. Harris (Grey-Bruce): We had a vote on this in the special committee, and there is no change in the position of the government with respect to this section. It is designed to assist the administration of the Indian Act, and to assist in removing those restrictions in the Indian Act from an Indian or a band from time to time, as circumstances may require. It is action taken by the governor in council, which would be on recommendation of course of the minister, and we do not feel that it is necessary to have the consent of the bands in all cases.

Mr. Noseworthy: I should like to support the amendment. As a member of the committee may I say the fact that a majority of that committee favoured the government's position does not mean very much, except that a majority of the committee were simply following the minister's direction.

As I understand it, the purpose of this bill is to gradually encourage the Indians to become enfranchised and to assume their position as democratic citizens in Canada. One of the ways in which this can be achieved is by giving them such responsibility as they are capable of discharging.

One of the criticisms I have had is that in more than 70 clauses of the bill the responsibility rests upon the minister or the governor in council without consultation with the bands or with any of the Indian representatives. If we are aiming to educate these people, to teach them to assume responsibility, we must give them some responsibility and not place these matters entirely in the hands of the minister or the governor in council, without even consulting with the band or with the people concerned.

In this particular instance it would seem to me that it would be quite logical to consult the band in the case of people who have probably spent their lifetime on the reserve. I feel they should not be removed at the whim of the minister or the department, and particularly if there was opposition to that on the part of the band. For these reasons I would support the amendment.

Mr. Fulton: Mr. Chairman, having seconded the proposed amendment, I should like to say a word in support of it. Section 4 as at present worded gives to the governor in council authority to declare by proclamation that this act or any portion thereof, except sections 37 to 41—and only five sections are excepted—shall not apply to any Indian, or any group or band of Indians. As I recall, sections 37 to 41 are those dealing with the surrender of lands. All matters outside the scope of those five sections can be dealt with by the governor in council by proclamation, if section 4 in its present form is accepted.

This means that the very matter of the status of an Indian can be dealt with by proclamation, without the consent of the Indian. The very existence of a band, their status as a band of Indians, and their continuance or otherwise as a band of Indians can be dealt with by the governor in council by proclamation, without consent of the band.

We have heard in committee, and in the house before the bill went to committee, that one of the efforts being made—and a very praiseworthy one indeed—is to achieve equality of status for the Indians; and not only to put it into legislative form but to convince the Indians that that is our intention. Indeed it is suggested that, by our example, and through the means of this legislation, we should encourage the Indians to assume equality of status with us, so that eventually they might graduate into full citizenship and absolute equality with the white man.

Surely it goes without saying that no municipality in Canada would give consent to having its status interfered with or changed by proclamation of the governor in council, without the consent of the municipality; and I am sure the House of Commons would not consent to any interference with its status on that basis. I very much doubt if the house would consent to authorizing the governor in council to make a proclamation changing the status of a white individual, without his consent. In most cases, so far as white people are concerned, before any change in status can be brought about, and before any penalties for breach of legislation

can be imposed, or anything of that sort, legislation which must receive the sanction of parliament is required.

Here, however, it is not legislation; it is a proclamation of the governor in council. In view of the fact that there are so many administrative matters which must also be dealt with under this statute, I think it is quite acceptable to have the matter dealt with by the governor in council, and not to require legislation before anything can be done; but if we are going to place that tremendous power in the hands of council, namely the power of changing the status of individuals, groups or bands of Indians, then surely we must put in a safeguard that the change must be made with the consent of the Indian or band concerned. That is the effect of the amendment.

It does not make it impossible to make these proclamations. The section, if amended as suggested, would read that the governor in council may, with the consent of the Indian or band concerned, by proclamation declare that this act or any portion thereof, except sections 37 to 41, shall not apply to any Indians or any group or band of Indians, and so on. So it does not take away any of the ultimate power of the governor in council, nor does it in any way abridge the things that may be done by proclamation of the governor in council.

All it does is to require that before these things which affect the very status of Indians, whom we say we are trying to place on a basis of equality, can be done, this consent by all concerned must be obtained. I appeal to hon. members who, I am sure, are desirous of creating in the Indians a sense of equality, to give to the Indians some control or some say in their own affairs, and to require that their consent must be obtained before any change in their status can be brought about by proclamation by the governor in council.

Mr. Blackmore: This is one of the sections to which I referred in a general way when I spoke before six o'clock, and pointed out that in the Indian Act there were powers which, if used by an administration genuinely interested in the welfare of the Indian, could be instruments of benefit, but which, if they were used by an administration aiming to hurt the Indians, could become instruments of intimidation.

In effect, as I understand it, this section means that the department could excommunicate a band of Indians—and I use that word, not in its religious sense, but as it would be envisaged in connection with the operation of the act. Consequently if Indians, let us say on the Blood Indian reserve, which I have the honour to represent, became self-assertive, or endeavoured to insist upon their rights in certain respects, as time goes on officials could say, "You boys had better be good, or we will bring section 4 on your heads." That is precisely the possibility involved in this section, as I understand it.

I believe it was pointed out in committee and, as I recall, the minister, as well as officials in his department, assured us that a section almost identical with this one had been in the act from the earliest time. However the Indians had never known it was there and consequently were not greatly concerned. It was said that all through the years, since it was first put into the act, it has never been used as an instrument of intimidation. Perhaps that is correct; but it is no proof that at some time it might not be used as an instrument of intimidation. We know there are certain Indians who are quite outspoken. For instance the Six Nations are outspoken, and in that they are not doing anything more than their forefathers told them to do, through traditions passed down to them through the years.

If the Indians are to become the self-reliant, courageous and outspoken people we hope they will become, and if they are to enjoy the freedoms we enjoy, then certainly they should not be put in a position where they can be intimidated through a section of this kind.

I think I have expressed clearly the way this appeals to the Indians. I believe it will be found that the Six Nations Indians are very much afraid that this section will be used in exactly the way I have indicated. As I said in committee, the department would not lose any material advantage by accepting the amendment which has been suggested. I believe if they did lose any flexibility of action in the administration of the act, through the inclusion of those words, they would gain in confidence and good will of the Indians to an even greater extent.

Mr. Macdonnell (Greenwood): Mr. Chairman, I should like to say a word, not so much as to the merits of the amendment, because others are more competent to do that, but rather to point out that we did have a debate on this subject before it went to committee some weeks ago. At that time I believe it was stressed by the minister, and I am sure in perfect sincerity, that what we were wishing to do, among other things, was to raise the status of these fellow citizens many of whom, incidentally, had served their country so well in wartime, and who were therefore entitled to consideration of their status.

The bill went to a committee and it has now come back to us here. Many of us were not members of that committee. Reasons which seem to me to be most convincing have been given from this side for this amendment. If I remember correctly, the minister said that when the bill was before the committee this point had been raised and the committee had voted against it; that that was the government's view and they had not changed it. That seems to me to be an odd state of affairs. There are many on both sides of the house who have not had the benefit of hearing the discussion before the committee and surely we are not going to be left in a position where the matter is going to be voted on just because there is a majority without anyone on the government side undertaking to answer the arguments which have been made.

Mr. Harris (Grey-Bruce): Mr. Chairman, I regret that I did not make it clear in my explanation that I had discussed this particular section fully on second reading and gave them all the reasons which I believe I could give now as to why this section should remain in the bill. This section has been in the act since 1880, and, as the hon. member for Lethbridge has said, it did not cause concern to the Indians until the past few months when the matter was raised by some hon. members opposite.

The section is designed to aid in the flexible administration of Indian affairs so that the Indians may have the benefit of being removed from some of the restrictions in the act. If you did not have a section of this kind you would not be able to relieve the Indians from some of the restrictions unless the act was brought back to the house and it was done by way of amendment so that a particular section would not apply to a particular band. This is a salutary provision in the interest of the Indian and will be used for that purpose.

Mr. Fulton: I accept the answer of the minister which I believe is given in absolute sincerity, that this section is intended to be used for the benefit of the Indian. The minister's answer seemed to be based on the assumption that we were moving to strike this section from the act. No such thing has been suggested. It is admitted that there must be flexibility. I stated specifically that we were not trying to strike out this section because then you would have to have new legislation each time you wanted to make some change. I admitted specifically that it was probably necessary for administrative flexibility to do many of the things that are contemplated to be done by proclamation of the governor in council.

[Mr. Macdonnell (Greenwood).]

The point of the amendment is not to strike out this section so as to make it necessary to have legislation to bring about any change. The point of the amendment is merely to require the consent of the band or the Indians affected before a proclamation is issued. The minister's answer has not dealt with that point at all. His answer has dealt with a situation based on the assumption that we are attempting to remove the section from the act, which of course is not so. We are merely attempting to ensure that the people whose welfare will be affected, whose status is going to be changed by the proclamations which are contemplated, must first give their consent.

Mr. Noseworthy: Will the minister state how in his opinion the adoption of this amendment will interfere with the carrying out of the objectives of this bill?

Mr. Harris (Grey-Bruce): Mr. Chairman, that is a very simple matter to deal with. As the committee knows, as the house knows from the discussion on second reading, and as the special committee knows, the Indians have not been unanimous on many sections of this bill nor are they unanimous on how the Indian affairs branch should administer particular matters. Everyone here knows that the opinion of a band council of this year may not be the opinion of a band council next year. If you take the sense of a band at any given moment it may not be the sense that would be shown the following day.

Mr. Noseworthy: That is true of the Canadian electors.

Mr. Harris (Grey-Bruce): Quite so. As the committee knows, in dealing with band affairs and Indian affairs a final decision must be made by someone as to what is in the interests of the Indians under all the circumstances. The power to make that decision is vested in parliament, and by the Indian Act is vested partially in the minister and partially in the governor in council. The final decision in these matters must rest in those hands rather than, in some cases, in the hands of the band council or of the individual Indian.

In some cases the sections give authority to the minister to do certain things with the consent of the band council. In other cases he may do certain things without the consent of the band council. I cannot recall a case, except in the surrender clauses, where the consent of the band is necessary. But certain privileges are vested in the band council, certain authority is vested in the minister, and certain authority in the governor in council.

If the time should come when a band would be benefited under certain circumstances by

the action of the governor in council taken under this section then I think parliament would hold the governor in council responsible if he did not exercise his judgment at that time as to what was in the interests of the band.

I do not want to precipitate a debate on later sections, but I might mention that this is the section which might be used to alter the liquor regulations which are covered by sections 95 to 100. It might very well be in those cases that one would obtain the consent of the band council, but as I have said at any given moment a decision may have to be made in the interests of the band and, since the responsibility for making those decisions is vested here, we shall have to have the right to make them.

Mr. Noseworthy: All the minister has told us is that in the opinion of his department the Indians at no time can be trusted to know what is best for them.

Mr. Harris (Grey-Bruce): I said nothing of the kind.

Mr. Noseworthy: The minister has indicated that the minister or the governor in council must under all circumstances decide that they know better than the Indians affected what is in their best interests. How in the world does the minister expect the Indians to become independent and responsible citizens so long as he refuses them the right to decide what is in their best interests under any given circumstances?

Mr. Harris (Grey-Bruce): The provisions in the bill which give authority to the Indians and to the band council to exercise certain powers are the sections under which the band and the Indian may exercise those powers. If he exercises those and shows discretion in doing so—I know most of them are doing this at the moment—if he continues to learn the practices of democracy, we hope and believe that ultimately he will be not only ready but willing to accept the responsibilities for a much greater portion of self-government. Until that time there must be a division of authority among the minister, the governor in council, the band and the Indian.

Mr. Fulton: I do not think the minister has appreciated the point we have tried to make. The amendment merely seeks to safeguard the welfare of the Indian. Before any proclamation is issued that affects the status or welfare of individual Indians or bands, it is asked that those Indians or bands must be consulted and give their consent. The minister has given an example. He says that section 4, subsection 2, might be used to change the application of the liquor laws by exempting a certain band or group of Indians from the provisions of the bill. If one thing has been obvious in the consultations which members have held with Indians and with bands of Indians, it is that they are greatly concerned lest they should be subjected to wide-open liquor laws. Admittedly that is a question on which opinions vary considerably from band to band. It must surely therefore be a question which could most properly be dealt with in consultation with the band concerned. I understand that some bands feel now that they should be placed on a basis of absolute equality with white citizens. Other bands, as the minister has pointed out in his notes of the conference which he held with the Indians, feel that they should have a midway position, and there are others still where the majority feeling of the band is that they do not want any liquor on their reserves. They do not want their people allowed to buy liquor and they do not want the white man to be allowed to sell liquor to them. It is a case where opinion varies widely.

Surely therefore we should not give to the governor in council blanket authority to change the Indian Act with respect to liquor laws without the requirement that he consult first with the band and make the change only with the band's consent, in effect if the band first requests it, which would of course imply their consent. That is all the amendment seeks to do, not to take away from the governor in council the ultimate power to exempt a band from the specific provision of the bill by proclamation, but merely to ensure that that power is only exercised with the consent of the band concerned. I think the example which the minister himself gave is a most powerful example to reinforce the proposition that the band's consent must be obtained before these proclamations are issued.

Mr. Macdonnell (Greenwood): I hope the minister has helped other people more than he has helped me because I am still in great difficulty. When the minister began his remarks I thought he was really going to take the position that there was such a vacillation of feeling backwards and forwards that you could not, to use the words I think he used, be sure that an expression of opinion you got one day would be valid the next. The hon. member for York South answered that fairly well, but then the minister to my surprise went on and apparently made it quite clear that I was quite wrong in taking that point from him because he went on to explain that in certain cases they did act on consent.

Indeed he surprised me still further by saying, if I got his words right, that in the case of any question of liquor, which I would imagine would be one of the most difficult and important involved, they might very well ask the consent of the band. That seemed to me to take the ground right from under the argument I thought he was making because he did not stick to what I thought was his first point, that you really could not get a consent that would stick. He does not maintain that point nor does he take the position that you must consult with the band only as to things that are rather unimportant—because surely the liquor question is not unimportant. Therefore I am really left quite at a loss, particularly in view of the explanation of the hon. member for Kamloops that this is only a minor restriction, to know what the argument is that the minister is making.

Mr. Charlton: After listening to the discussion on the amendment, it would appear to me that the minister does not want to agree to it because it is pretty obvious that he himself wants to do something that is going to be disagreeable to the Indians, or he would consent to it.

An hon. Member: No.

Mr. Charlton: That is the only conclusion one can draw.

Mr. Chevrier: Bosh.

Mr. Charlton: That is the only possible conclusion one can draw, because if he cannot get the consent of the band then it is obviously against their wishes. What would he possibly want to do against the wishes of the band that leads him not to agree to the amendment? What, for instance, would he want to do that would be so drastically against the Indians that he could not get their consent to do so? The matter of the liquor law is pretty important. The minister made the statement that they would probably get the consent of the band to make any change so far as that is concerned. In my estimation that is probably one of the most important parts of the whole act. In the case of some reserves it is more important than others. In some reserves he would not have any trouble getting the consent of the band to take the band out from under the act with respect to the liquor laws. In other cases it would be very difficult for him to do so. Would the minister suggest that he would want to do so against the wishes of the band? That is the only obvious conclusion we can draw.

Amendment (Mr. Charlton) negatived: Yeas, 23; nays, 63.

[Mr. Macdonnell (Greenwood).]

Section agreed to.

Sections 5 to 24 inclusive agreed to.

On section 25—*Transfer where Indian ceases to reside on reserve.*

Mr. Catherwood: Mr. Chairman, I was not a member of the special committee, but section 25 does not appear to be quite right the way I see it. Ownership of property has always been considered a very sacred thing. Under this section provision is made for compensation to the Indian for permanent improvements, but why should the land revert to the band without some compensation being made to the owner in the same way that compensation is made for improvements to the property?

Mr. Harris (Grey-Bruce): This is the case, Mr. Chairman, of an Indian who transfers to another band, or something like that, and ceases to be entitled to live on the particular reserve. He has made improvements on his land, erected buildings, and of course is entitled to receive compensation for them. The Indian Act, however, does not provide for anyone holding land on a reserve except a member of that band, with one exception which you will see later. Therefore his transfer rights are limited to persons who can take land on that reserve. If he is unable to sell the land within six months the provision is that the land will revert to the band, who will hold it and perhaps later dispose of it to some other Indian; but, that having been done, that the band funds should recompense him for the improvements he has put on the land.

Mr. Catherwood: He should be entitled to some compensation for the land itself, if it is his own property.

Section agreed to.

Sections 26 to 31 inclusive agreed to.

On section 32— *Sale or barter of produce prohibited unless superintendent approves.*

Mr. Catherwood: This section may have been meant as a protection to the Indians, but surely by this time they have come of age and should be capable of carrying on their own negotiations. I would like the minister to give the committee a little enlightenment on that point.

Mr. Harris (Grey-Bruce): In the first place this only applies to the western provinces, which are named in the section. This was a matter of some debate with representatives of my hon. friend's party on the special committee. Some of them favoured more restrictions on the Indian in disposing of his produce than are contained in this section. This goes back a great many years and has

been a protection for the Indian in the west, where it has been needed at times. By subsection 2 we are providing that if the Indian desires, and if he has shown his ability to transact his own business, the minister may exempt him from the provision. In the special committee I gave the assurance that, as far as the administration of the section was concerned, we would try to exempt every Indian at the earliest possible moment.

Section agreed to.

Sections 33 to 42 inclusive agreed to.

On section 43—*Particular powers.*

Mr. Catherwood: What about property held by the Indian outside the reserve? Can the minister appoint executors to administer estates which contain holdings not within the reserve proper?

Mr. Harris (Grey-Bruce): The minister can appoint the executor, but in order to convey the property the will would have to be registered in the registry office of the county in which the lands are situated.

Mr. Macdonnell (Greenwood): Do I understand the effect of sections 42 and 43 is that Indians themselves may not make wills at all?

Mr. Harris (Grey-Bruce): Where do you read that?

Mr. Macdonnell (Greenwood): I am asking the question. Section 42 says "all jurisdiction and authority in relation to matters and causes testamentary is vested exclusively in the minister". Then section 43 says that without restricting the generality of section 42 the minister may appoint executors, and so on. I am not making a statement; I am only asking a question. Is this merely a provision to take effect in certain cases where Indians have not themselves acted, or does it take away their right to act?

Mr. Harris (Grey-Bruce): If my hon. friend will look at section 45 he will see that the opening words are: "Nothing in this act shall be construed to prevent or prohibit an Indian from devising or bequeathing his property by will". Section 43 in effect constitutes the minister a court for the purpose of probating wills, appointing administrators, and generally dealing with the estates of Indians.

Mr. Fulton: Is it the practice in dealing with the estates of Indians under this and succeeding sections to deal with them in conformity with the laws of the province in which the property is situate, or is a standard practice followed throughout the dominion? The thought behind my question is that if we are eventually to make Indians absolutely equal with us, sharing the same citizenship, the time will come when in respect to these matters of wills, succession to property and so on they will be subject to provincial law. So I am wondering if the administration of this and subsequent sections is now in accordance with the law of the province in which the property is located.

Mr. Harris (Grey-Bruce): We take our legal advice, of course, from the deputy minister of justice, who advises us on the particular points. The general rule is that we follow the common law in the province concerned. My hon. friend has raised a question, however, that is not settled in the Indian affairs branch. It may well be that we shall soon have to adopt a uniform practice throughout the dominion or, alternatively, have all these matters dealt with in provincial surrogate courts under provincial law; and I must say I am studying that at the moment.

Mr. Fulton: If a recommendation will be of any assistance at this time I would like to express the personal opinion that the move should be toward bringing these things under the same system in effect in the province so that there will be no eventual problem and no adjustments required in that regard.

Mr. Harris (Grey-Bruce): I think that is logical, and we are looking at it in that light.

Mr. Charlton: Is it true that in his will an Indian may not provide that his widow shall have a life lease on his land and property, and that it shall go to a son or daughter, as the case may be, on the death of the widow?

Mr. Harris (Grey-Bruce): That is a rather interesting point of law. It relates to the right an Indian has in land under his location ticket. That is not the full right of a fee simple, as we know it in Ontario, for example; and it has been suggested that since the Indian has what is in effect a right somewhat less than that, he may not be able to establish a life interest but can only establish a permanent interest the same as his own. I believe the particular point my hon. friend has in mind actually arose because of the unusual will in that case. I would prefer to put my answer this way, that we are trying to find a method by which Indian wills and the disposition of Indian lands will be comparable with the provincial registry laws, as the hon. member for Kamloops suggests, or something akin to that, so there will not be a distinction.

Mr. Macdonnell (Greenwood): First of all I have to ask the minister a question because

I am not as familiar with this act as I should be. Section 45 (3) states:

No will executed by an Indian shall be of any legal force or effect as a disposition of property until the minister has approved the will or a court has granted probate thereof pursuant to this act.

There may be some qualification of those words I do not know about; but assuming that a court has granted probate, notwithstanding that has the minister all the powers contained in section 46?

Mr. Harris (Grey-Bruce): No, Mr. Chairman. The minister may direct that probate of a will be proceeded with through the surrogate court. If he does that he divests himself of any control over the ordinary administrative processes in that estate except as it relates to land on a reserve, because a will cannot take effect to transfer land on a reserve without the minister's consent, since the minister must sign all transfers whether of land willed or sold or otherwise.

Mr. Macdonnell (Greenwood): Then may I assume that there is a section somewhere else in the act providing that the effect of a court granting probate is what the minister has just said, in other words that he will not have all the powers contained in section 46?

Mr. Harris (Grey-Bruce): That is in section 44 (2) and (3). Section 44 (2) gives the minister permission to direct probate through a surrogate court, and 44 (3) says the court may exercise this jurisdiction but not with respect to lands until the minister has intervened.

Section agreed to.

On section 44—*Courts may exercise jurisdiction with consent of minister.*

Mr. Noseworthy: Just under what circumstances would the minister likely be called upon to give consent for the court to exercise jurisdiction?

Mr. Harris (Grey-Bruce): There might be a complicated will which we might decide should be determined in the provincial court. The greater part of the assets of the deceased might be situated outside the reserve or something of that kind.

Mr. Noseworthy: Have the descendants or the heirs the right to ask that the case be settled by the court? Have they that right to take the case from the minister to the court?

Mr. Harris (Grey-Bruce): No; they have not that right. But since we do this work without charge, if the heirs ask us to transfer it to a provincial court, and if in doing that there were no great inconvenience to all the parties concerned, I am sure we would be glad to get rid of it.

Section agreed to.

Section 45 agreed to.

On section 46—*Minister may declare will void.*

Mr. Macdonnell (Greenwood): I am not for the moment saying whether section 46 is right or wrong; but it seems to me that we may as well face the fact that we are really just taking away any rights of any kind. I go on to section 47 because an appeal is provided for there. But how realistic is it to talk about an appeal with regard to the people we are talking about and whom we deal with in the words used in section 46? First let me read one or two subsections of section 46 to show how utterly illusory their rights are. You can hardly use the word "rights" with regard to them. I should like to read from the beginning of the section:

46. (1) The minister may declare the will of an Indian to be void in whole or in part if he is satisfied that—

Then I go on to paragraph (c):

(c) the terms of the will would impose hardship on persons for whom the testator had a responsibility to provide,

(d) the will purports to dispose of land in a reserve in a manner contrary to the interest of the band or contrary to this act,—

That seems to me to be absolutely wide open. Then finally:

(f) the terms of the will are against the public interest.

My comment, Mr. Chairman, is that provisions of that kind seem to me to be utterly repugnant to the declared intention, as I recall it, of the minister when he spoke to us first about this act. We would not treat children in that way.

Mr. Harris (Grey-Bruce): I think my hon. friend has overlooked the fact that the minister has been constituted a court under the previous section. This section in a general way provides jurisdiction in the minister comparable to that of a surrogate court judge or a supreme court judge in any action which might be brought with respect to a will. That does not answer the one particular question about the interests of the band; because there you interject a thing which would not be present in a lawsuit between non-Indians. But my hon. friend must remember that band councils and bands feel strongly at times about the disposition of land on their reserve. There are many reserves where all the land is allotted, where the allotments have been held by families going through several generations, and the thoughts of land tenure which are common to most of us

here are held by those Indians. But there are other reserves where the thought of allotment itself is opposed today and where, if there is a limited allotment, and if an Indian in his will purports to dispose of that land in a manner quite contrary to the commonly-accepted policy of that band, it might be in the interests of harmony and good relationship, and perhaps not affect really the interests of the heirs, to have this power which would not be exercised unless there were all these circumstances I have described.

I agree that it is repugnant to most ideas that we ourselves entertain; but my hon. friend will have to accept my word for it that there is a great deal of opinion that the band council should have the sole word as to any lands on a reserve; and many band councils today insist that no will be looked at and approved of by the minister until they have looked at it to see whether it affects the land tenure on that reserve.

Section agreed to.

Sections 47 to 65 inclusive agreed to.

On section 66—*Expenditure of revenue moneys with consent of band.*

Mr. Fulton: What I have to say really applies to all three subsections of section 66. Is there any safeguard to make sure that, if band funds are expended for these general benevolent purposes, Indians will not be deprived of benefits which they might hope eventually, at any rate, to receive under the general social security laws of the country? What I have in mind is this. Perhaps the answer will be self-evident, and perhaps I should therefore put it rather in the way of a suggestion for the future. Now that social security legislation is being made of universal application, but yet there are still means tests preserved in some of our social security legislation, as the Indians are brought along to a position of equality with the white man and, as I hope before long, are made the recipients of old age pensions, I would hope that the use of band funds for benevolent and charitable purposes and to look after the sick and the indigent and so on, that is provided for under this section will not in any way complicate the situation with respect to the means test; in other words, I hope it would not be counted as part of the income of an Indian for the purpose of disqualification for any social security benefits that he might otherwise be entitled to.

Mr. Harris (Grey-Bruce): When this government raised the allowance for the aged from $8 to $25 last July 1, we found that in some cases band councils had been distributing money to their aged people on a monthly basis; this distribution was perhaps generous enough that we found the application of a means test somewhat embarrassing to some of the bands. We have not been able to work out a perfect formula yet. But as to all that my hon. friend has said, it is the intention of the department to work that out in one form or another as our legislation improves.

Section agreed to.

Sections 67 to 71 inclusive agreed to.

On section 72—*Regulations.*

Mr. Fraser: Mr. Chairman, I raised this matter before.

Mr. Harris (Grey-Bruce): Mr. Chairman, my understanding is this, although I qualify it by saying that this is a matter for national health and welfare. I understand that when an Indian leaves the reserve, for the first eighteen months after he leaves he is entitled to the medical care that he normally would have on the reserve. After that time it is presumed that he has made other contacts and other arrangements in the community in which he is living. But if he returns to the reserve, he immediately resumes the position he had when he left, and is entitled to all the medical care he had before he left.

Mr. Fraser: I have a case of an Indian who is off the reserve, and who has been off it for several years. The reason he went off the reserve is that he is an old man. He had nobody to keep him except himself. He was unable to work owing to illness. He is receiving $25 which is really all that is allowed; it is just really an old age pension. If he was not an Indian, he would be allowed $40, but being an Indian he gets $25. He has to live with his daughter in order to live at all, and he is not allowed medical attention. It comes pretty hard on him. Some provision should be made for these people who are off the reserves. There is no living on the reserve for them. They have to get off. I have the case of an elderly woman who is off the reserve and living with her relation because she cannot live on the reserve; yet she is not allowed medical attention. There is no place on the reserve where she can go and live.

Mr. Harris (Grey-Bruce): We would have some difficulty in providing this medical service to persons who are scattered all over. Part of the advantage of being on the reserve is that the people are there and you can administer to them. If my hon. friend will give me the particular cases we shall look into them and see if something can be done.

Mr. Fraser: I took the case up with the director of Indian services.

Mr. Harris (Grey-Bruce): I realize that. Let me know about it again.

Mr. Fraser: It went to the director of Indian health services.

Mr. Harris (Grey-Bruce): I know. Let me have them.

Mr. Fraser: Nothing was done. I really believe that something should be done for cases like these because they could use the same doctor who attends to the Mud lake reserves. I will let the minister have the case again.

Mr. Harris (Grey-Bruce): Thank you.

Mr. Bater: Section 72, paragraph (g), provides for medical treatment and health services to Indians. At this time I should like to commend the minister, his department, and also the special committee which has been acting for some time on behalf of our Indians.

In connection with the treatment and health services for our Indians, I should like to mention that in my home city of North Battleford, on the North Battleford airport, we have a splendid hospital that is entirely for Indian patients from the reserves of, I think, the Meadow Lake constituency and the constituency of The Battlefords. I should like to read into the record with respect to this hospital an item of Mrs. C. Wetton in the *Star-Phoenix* of April 20, 1951. Mrs. Wetton is special correspondent of the Saskatoon *Star-Phoenix* and also an authority on Indian history in our part of the province. This article carries the dateline North Battleford, August 22, 1876, and reads:

> . . . and the third day of the Fort Carlton treaty-making:
>
> "I have spoken much to you. Now I wish to hear the voices of your chiefs, or of those chosen to speak for you."
>
> Governor Morris paused before the assembled tribesmen.
>
> Poundmaker arose, to deliver an impassioned plea for aid for his people in the great task confronting them as they turned their footsteps to the white man's way of life, pleading at its close. "The children yet unborn, I wish you to treat them in like manner, as they advance in civilization like the white man. This is the voice of the people."
>
> "I have heard the voice of the people," said the governor. "Those that come after us in the government, will think of your children, as we think of you."
>
> How that pledge, so solemnly entered into in those far-away days at Fort Carlton is being fulfilled, is the story of the Indian hospital here.
>
> It is a story of selfless endeavour; of men and women with wide experience, working in unison under the superintendency of Dr. P. W. Head for a better and fuller life for the descendants of those treaty makers; of the application of the latest in medical and surgical techniques, and nursing skills to the improvement of their health standards; and of kindly guidance, in abundance, that has achieved more for the Indians here than anything else in their long story.
>
> Indians are not demonstrative. But eagerly, now, they are seeking its benefits. No longer do they regard it as merely a government hospital for the Indians. "It is our hospital," they would have the world know.

At the last conference held here in Ottawa, called by the minister, there were two Indians down from my constituency, one chief Favel, representing the Queen Victoria protective association of Indians, and the other John Tootoosis, who is president of the Saskatchewan association of Indians. They advised me at the conclusion of their conference that they thought much good would come out of the conference and that it would be something for the betterment of the Indians of the future in the whole of Canada. After speaking to our two chiefs who were down I came to the conclusion, Mr. Chairman, that Bill No. 79 is the Magna Carta of our Indians.

Section agreed to.

Sections 73 to 78 inclusive agreed to.

On section 79—*Regulations respecting band and council meetings.*

Mr. Catherwood: This whole bill is constituted to encourage the Indians to assume responsibility. If we expect them to claim the status that section 79 would give them, such as that of acting as presiding officers at such meetings, dealing with notices of meetings, the number of persons required at the meeting and so on, I think the representative of the department should sit in as an advisory counsel. I do feel that there is an opportunity here to give those Indians that responsibility, particularly at their own meetings of their own band. I should like the minister to consider that point.

Mr. Harris (Grey-Bruce): I quite agree with all that the hon. member has said.

Mr. Murray (Cariboo): May I refer to the work of the chairman of the special committee. The Lord Chief Justice of England, in his most exalted moments, was never more thoughtful than the chairman of that committee. The hon. member for Essex West gave all of us on this side of the house, or the other side of the house, an opportunity to express our opinions. Out of this discussion has grown the bill we have now before us, and I hope it will be an act which will be unanimously supported by the parliament of Canada. In the work that he has done, the hon. member for Essex West has rendered a tremendous service to Canada.

Section agreed to.

Sections 80 to 85 inclusive agreed to.

On section 86—*Property exempt from taxation.*

Mr. Gibson: I am sure we all agree, Mr. Chairman, that this bill is not perfect, but I must say that I myself feel it is as nearly perfect as we can make it in our first attempt to amend the Indian Act.

Subsection 2 of section 86 is what I consider to be the most vital part of the Indian Act. I refer to the right to vote or the right not to vote. I must say that this is the only section in which I found myself in complete disagreement with the minister. He himself holds very strong views on this matter, and I respect him for it. On the other hand, I feel that there is only one way in which the Indians will be able to bring before parliament effectively their desires of any worthwhile amendments to this legislation in due course. That will be done by virtue of the fact that they will have a vote. I have been long enough in politics, Mr. Chairman, to realize that people without a vote do not really have a great deal of power when they speak to a member of parliament. On the other hand, I notice that since the province of British Columbia gave the vote to Indians in provincial elections there has been decidedly a great deal more interest taken in Indian affairs by the members of the provincial legislature, and indeed by the government of the province of British Columbia.

This may be the only time I shall speak in the debate, and in doing so I should like sincerely to congratulate the minister upon the extremely fine job he has made of this revision of the Indian Act. He was not a member of the special committee which sat in 1946, 1947, and 1948. But I must say, as was pointed out today by the hon. member for Essex West, that he certainly outstripped us all in a very short time with his intense application to the job. It is my view that the Indians of Canada are most fortunate in having a man of his capacity to look after their interests at this time, when the act is before parliament for amendment.

In my lifetime I have had a unique experience with Indians and with the officials of the Indian affairs branch. My experience extends over a period of more than thirty-five years. I have had many business dealings with the department, both before coming to Ottawa as a member of parliament and since that time. I can only say that in all that time, both as an outsider and as a member, I have always received the fullest co-operation from the officials. I feel they are doing a wonderful job in the administration of Indian affairs. I would express to them and to the minister on behalf of a very large number of Indians in my riding our thanks for and appreciation of the work done on behalf of those Indians.

While I hesitate to do so, I feel I must move, as I did in committee—

That subsection (2) of section 86 be deleted.

It seems to me that in subsection 1 we recognize the claim by the Indians to exemption from taxation. And yet, at least in my opinion, in subsection 2—perhaps the minister will not agree with this—we ask the Indian to barter his right to the exemption for the privilege of voting in a federal election. That is something which I feel is fundamentally and basically wrong.

We inquire why this is done, and the minister says he does not want to set up a special category of Indians. It seems to me there are about one hundred Indians in reserves in Canada—and I give that figure only as a rough guess—who are earning taxable incomes, or incomes that would be exempt under our present legislation. I would be very pleased to have the minister correct me if I am wrong. In other words we are disfranchising about 125,000 people, or at least making it difficult for them, and asking them to waive some of their rights, in order that the Department of National Revenue here in Ottawa may collect some revenue from about one hundred Indians.

Let me point out that there are a great many people in Canada who do not pay income taxes. I look at one of our greatest provinces and realize that in it there are probably 200,000 farmers who enjoy the right to vote, who enjoy the privilege of receiving $40 a month old age pension, and all the amenities and other privileges enjoyed by white people; perhaps I should name the province of Quebec where there are perhaps another 200,000 farmers who pay the sum total of $50,000 in income tax, or about 25 cents each per year; yet we give them all these rights.

In order to go ahead and collect from one hundred Indians who might or might not have taxable incomes, the government says, "You must give away these fundamental rights"—rights which we have already acknowledged under subsection 1. We ask them to give away the rights they would enjoy under this legislation, in exchange for the privilege of voting.

I do not think this has been explained to the average Indian—because, after all, not many of them have much knowledge of or familiarity with the workings of the Department of National Revenue. Most of them do not realize that the greater proportion of the money they receive from their reserves will be in the form of capital, and would not be taxable. I do not think we have ever explained to those people that money coming

in from oil or timber is a capital receipt and, as such, would not in any case be subject to income tax.

At least half the Indians in Canada will be afraid to sign this waiver in order to gain the right to vote because they will feel that they are losing something. As I said in committee, it seems to me we are straining at a gnat in an effort to collect income tax from perhaps one hundred Indians.

If there is any flagrant abuse of exemptions from taxation, by people opening up large manufacturing establishments on Indian reserves, then that might become something in the nature of a racket. I could then understand the minister's concern about something that might develop through time. So far as I know, however, that has not yet developed. Even if it has, perhaps we could go ahead and say that we would put a ceiling of $5,000 on the tax exempt income of an Indian on a reserve. Perhaps that would be reasonable.

On the other hand, if a business bringing in half a million dollars a year is developed, I am sure the Minister of National Revenue or the Minister of Finance could not resist the temptation of moving in and securing some of that revenue. It seems to me that this subsection would disfranchise Indians, perhaps because of their lack of knowledge of the manner in which the Income Tax Act applies, and that all this would be done to catch only a few Indians. This in my view is fundamentally wrong.

I hope that if the amendment is turned down tonight, it may be considered again in two or three years, when we see how the arrangement works out.

Mr. Applewhaite: Mr. Chairman, it is with regret that, entering the debate for the first time, I find I must oppose the hon. member for Comox-Alberni. I feel however that in this instance we should place our views on record in connection with the amendment proposed by him.

I am going to vote against his amendment, and for two reasons, the first of which is purely technical. At the last session of parliament when amendments were made to the Dominion Elections Act a certain principle was accepted. My understanding is that at that time we set up, as a matter of law, the condition under which Indians as such, under the Indian Act, were entitled to vote at dominion elections. Through our own inadvertence we accepted the principle and placed it in the elections act, without taking the steps necessary to make that principle operative.

[Mr. Gibson.]

In other words the Dominion Elections Act says that an Indian may vote if he signs a waiver, but no statute has said what effect the waiver to be signed would have. Therefore this is really only a complementary section to a principle already adopted when we passed the amendments to the Dominion Elections Act.

My second objection is more serious, and perhaps is not a popular one. I would ask the committee to believe that I am just as sincere in my objections as I know the hon. member for Comox-Alberni is in offering his amendment. The effect of the amendment to the Dominion Elections Act in this subsection is not to persuade the Indian to barter away anything; it is to persuade him to accept at one and the same time the rights, privileges, duties and responsibilities of a full-voting Canadian citizen.

I am sure the hon. member who has spoken did not intend to convey the impression, one which I gained from some of his remarks, that the subsection is here to enable the Department of National Revenue to catch up with some Indians. I do not think he meant to convey the impression that our purpose in putting such a section into the laws of this country was in order to collect the few dollars which we might collect.

He has suggested as a basis for his argument that we are taking away from the Indian certain rights which were his of exemption from certain forms of taxation. I suggest that those rights, if that is the proper expression, were given to the Indian as a *quid pro quo,* as compensation for the fact that we have refused him permission to take full part in the government of this country by expressing his opinion by means of the ballot. I could talk on this for a long time but I am going to conclude with one sentence which I hope will convey my feelings. In this country over a long period of years in recent history we have gradually come to lay more emphasis on rights, ignoring our duties. I suggest that if we are making a real effort to assist the Indian we shall help him to regard duty and rights as going hand in hand.

Mr. Fulton: Mr. Chairman, since the discussion has become somewhat general on section 86 I should like to try to lay before the committee what I understand to be the views of the Indians with regard to whether or not in order to receive the vote they should have to give up what had previously been their exemption from taxation. Whether or not we agree with the stand of the Indians it does seem to me that there is a duty on the committee to try to appreciate their point of view.

We must remember that he is an Indian; he is not yet a fully qualified citizen. Therefore I think there is some merit in his contention that he is entitled to an exemption which might confer privileges over and above those enjoyed by white people for the time being. But there is a great deal of substance of right to the Indian's claim. I agree with most of the argument of the hon. member for Comox-Alberni, although I am not certain that I agree with his legal argument, that revenues from oil and timber rights would necessarily be capital and therefore not definable as income to be taxed.

Mr. Gibson: That is correct; that is the best part of the argument.

Mr. Fulton: I am not sure as to the merits of the hon. member's legal argument. Revenue from oil rights might be derived from lease rentals or simply from the receipts of outright purchase. It seems to me that the part of the hon. member's argument which was most impressive, if he will forgive me for putting it that way, was that part which dealt with the merits of the Indian's claim to be exempt from taxation.

The Indians take the position that they were the original inhabitants of this country, that the white people came and took over the lands and confined the Indians to certain areas and reserves. Those reserves were created by treaty in some cases and in other cases by processes of allotment. Generally speaking, the Indian's argument was that he should be compensated, not only for the loss of the possession of his lands but also for the loss of the general hunting and fishing rights over the lands from which he had derived his living. As compensation we gave him certain privileges which he enjoyed on the reserve. The Indian did not ask to be confined to the reserve; we confined him to the reserve. There is no doubt about that. We must not kid ourselves about this. The Indian did not ask to be put on the reserve; we put him there.

In partial satisfaction of a sense of justice we said to the Indian, "You will enjoy certain privileges on those reserves." The Indian's position throughout the years has been that those privileges which he enjoys in connection with his reserves and in his status as an Indian were conveyed to him in perpetuity in compensation for the losses which he suffered at the hands of the white men when they took over the country.

That being the case the Indian says, "Now you come to us and say that you wish to make us citizens by amending the Indian Act; that you wish to bring about a set of circumstances under which the Indian may become enfranchised"—I am using the word "enfranchised" in its proper sense, not merely as conveying the right to vote. "You have told us you want us to be enfranchised, you want us to enjoy equal status with the whites and you want us to accept equal obligations. You say you are doing this for the future of the Indians. You tell us that we should exercise the right and privilege of voting. The first thing you do when you ask us to accept these so-called privileges and to embrace these duties is to give up a privilege which has been ours ever since there were Indians, ever since there were bands and reserves established in the country."

The Indian does not think it is a strong argument when we say that we are trying to encourage him to become a citizen, to enjoy all our benefits and to assume full equality with us when as a first condition we tell him he must give up certain privileges which were given to him in perpetuity. He is unable to appreciate the logic of the argument just put forward by the hon. member for Skeena. I have to confess that were that argument applied to white people its logic would be inescapable, but I do suggest strongly that, when it is applied to Indians who are not yet our equal in status or in many respects our equals in appreciation of logic, it loses much of its force.

We have to deal with this matter to a certain extent from the Indian's point of view. If we want him to be fully equal to the white man, if we want him to assume willingly the duties which go with citizenship and equality, then we might make this one small concession, particularly, as has been pointed out by the hon. member for Comox-Alberni, when there would only be a small proportion of the Indians in receipt of taxable income on the reserves. I think it is proper to compare the situation in Canada with what exists in the United States. I have here a pamphlet issued by Theodore H. Hass, chief counsel of the United States Indian Service, entitled, "Should Indians Vote?" I should like to read one passage, which is as follows:

> In 1924 all Indians born in the United States, who had not become naturalized by treaty or statute, were made citizens by an act of congress. About 125,000 Indians were affected by this law. As a consequence of attaining national citizenship, Indians automatically became citizens of the state where they reside. Yet on January 26, 1938, seven states still refused to let Indians go to the polls. As a result the solicitor of the department of the interior issued an opinion on the question of whether these state actions were constitutional. The opinion concluded:
>
> "I am of the opinion that the fifteenth amendment clearly prohibits any denial of the right to vote to Indians under circumstances in which non-Indians would be permitted to vote. The laws of Idaho, New Mexico, and Washington which would exclude Indians not taxed from voting in effect exclude citizens of one race from voting on grounds

which are not applied to citizens of other races. For this reason I believe such laws are unconstitutional under the fifteenth amendment. Similarly, the laws of Idaho and South Dakota which would exclude Indians who maintain tribal relations from voting are believed to be unconstitutional as such laws exclude citizens from voting on grounds which apply to only one race."

Section 1 of the fifteenth amendment to the United States constitution, which was adopted on March 30, 1870, provides:

"The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any state or account of race, colour, or previous condition of servitude."

I know, Mr. Chairman, that we are not governed by the United States constitution or the United States bill of rights, but I do suggest that we are here endeavouring to do that thing which the United States apparently has already done, make the Indians full citizens and give them the right to vote. It is argued by the minister, and by such hon. members as the hon. member for Skeena, that the Indian who—and I will put it on their basis—as a previous condition of servitude enjoyed tax exemption cannot be allowed to vote unless he gives up that tax exemption. I would hope that we are not behind the United States in our ideals of citizenship. We have not the fifteenth amendment or anything like it, and it has been argued by ministers of the crown opposite on other occasions that the reason why we do not have these written bills of rights is because they are inherent in our constitution and in our way of life. Yet it seems to me that if we do what is contained in subsection 2 of section 86 we will in effect be denying the right of citizens of Canada to vote on account of race, colour or previous condition of servitude. That is what we will be doing, the thing which the United States, in accordance with its traditions of freedom and democracy, has made it impossible to do under their fifteenth amendment.

Here in Canada of course I think there is another significant factor, and that is that at least two of the provinces have given the Indian the right to vote in provincial matters. British Columbia, and I believe Saskatchewan, both allow the Indians to vote. Perhaps I should speak only for my own province and say that British Columbia now allows Indians to vote. Whether they live on reserve or off reserve, whether or not they pay income tax, the province does not attach any conditions to the right to vote, and surely this house will not be less generous in its treatment of Indians than one of the provinces of Canada.

In the United States, again according to this pamphlet, apparently the situation was the reverse. The federal government first made them citizens and gave them the right to vote, and certain states denied them that right. The pamphlet dealing with this question contains a passage having to do with a case where one of the states denied Indians the right to vote. It points out that this case was brought before a court, and the court pointed out that the provision designed to prevent people who are unfit or unqualified from voting in an election was not intended to exclude Indians. Then the pamphlet goes on to say:

Three weeks later a three judge federal statutory court granted a permanent injunction in the case of Trujillo vs. Garley restraining an election clerk from refusing to register a Pueblo Indian and others similarly situated because of a provision of the New Mexico state constitution excluding from the franchise "Indians not taxed."

New Mexico had attempted to restrain Indians from voting unless they gave up their exemption from taxation, and the United States court gave the opinion that this could not be done under the American constitution. Apparently in Canada, in spite of the fine things which are said about this act—and I think the spirit behind the act is a fine spirit—we are going to deny Indians the right to vote unless they give up exemption from taxation. As I pointed out, at least one province of Canada has given them the right to vote with no strings attached. Under the constitution of the United States, having previously enjoyed tax exemption, it has apparently been held that when given the right to vote they shall have that right without the necessity of giving up their tax exemption, and states have been restrained from preventing Indians from voting on the ground that they are tax exempt.

Surely, Mr. Chairman, we can see the force of the Indian argument which I attempted to outline earlier when it is reinforced by the practice and the principle laid down in the United States, which has an Indian problem at least similar to ours. In that country they have accepted the principle that Indians when made citizens shall be given the right to vote without giving up these privileges which we gave in perpetuity in compensation, in the Indians' eyes, for other and vastly greater privileges, the privilege of sole ownership of this country which we took away from them. I would hope that this parliament would be guided by principles and inspired by charity no less than that which appears to guide the citizens of the United States.

The Chairman: Before going any further, perhaps you would be good enough to examine the legal aspect of the amendment. Mr. Gibson moved:

That subsection 2 of section 86 be deleted.

The amendment is negative if we are considering subsection 2 separately, and I should

like to refer hon. members to Beauchesne, third edition, citation 341. I should like, however, to ask the opinion of hon. members.

Mr. Fulton: As I understand the motion made by the hon. member for Comox-Alberni, it was simply that section 86 should be amended by deleting subsection 2. In considering this bill in committee we have not previously dealt with sections except as a whole. In other words, we have not yet broken down the sections and dealt with them subsection by subsection. I would certainly accept your ruling without question if the motion were that section 86 be deleted, because that would be a straight negative; but we are not asking that the whole section be deleted. We are suggesting that it be amended by deleting a subsection, which does not defeat the whole of the section. Then the other point arises that there is no chance of dealing with subsection 2 of the section unless Your Honour were to call section 86, subsection 1, and deal with that, and then section 86, subsection 2, so that we might deal with that by a negative vote. I submit that, since Your Honour has called section 86 as a whole, it is in order to move that the section be amended by deleting a part, and that the amendment does not fall within the principle laid down in Beauchesne.

Mr. Harris (Grey-Bruce): Mr. Chairman, it happens that I want to move an amendment to subsection 1 in any event. I wonder if we could adopt the suggestion that has been made, call subsection 1, and deal with that. Then if the committee wishes to vote on subsection 2 as such, we can have the vote without the amendment. I do suggest that we avoid taking future sections by subsections. If any hon. member wishes to oppose a subsection, however, we can dispose of it by calling it and voting upon it. If you will call subsection 1, Mr. Chairman, I will move an amendment.

The Chairman: Very well; subsection 1 of section 86.

Mr. Harris (Grey-Bruce): There is some doubt as to whether subsection 1 does carry out the intention of the section to give the desired tax exemption, and we have prepared the following words to be added as an amendment at the end of subsection 1. The subsection will just continue, adding the following words after a comma:

nor shall any such property be taken into account in determining the duty payable under the Dominion Succession Duty Act on or in respect of other property passing to an Indian.

Mr. Fournier (Hull): I move accordingly.

Amendment agreed to.

Subsection 1 as amended agreed to.

The Chairman: We come now to subsection 2 and the amendment moved by the hon. member for Comox-Alberni.

Mr. Fulton: Could we dispose of it by a vote?

Mr. Knowles: Now that you have called subsection 2 by itself the amendment is not necessary; we vote either for or against the clause.

The Chairman: Shall subsection 2 carry?

Some hon. Members: Yea.

Some hon. Members: Nay.

Subsection agreed to: Yeas, 45; nays, 21.

Section agreed to.

Sections 87 to 109 inclusive agreed to.

On section 110—*Sale of lands of enfranchised Indians.*

Mr. Charlton: Subsection 2 of this section reads:

When an order of enfranchisement issues or has been issued, the governor in council may, with the consent of the council of the band, by order declare that any lands within a reserve of which the enfranchised Indian had formerly been in lawful possession shall cease to be Indian reserve lands.

The council of the Six Nations Indians take very strong exception to this section, and always have. They say it will simply dot the Indian reserve with white owners. Even though the minister has inserted the words "with the consent of the council of the band" they are still fearful that the reserve may become infiltrated with white owners, which in their view would be a very bad situation. If in connection with land bordering the reserve the council of the band were in agreement I can see no reason why such lands could not be taken out of the reserve; but to pinpoint any reserve with white owners would be very objectionable, and I think would mean the ultimate end of that reserve. Surely the minister could do something in this section to prevent any such thing happening. If the whole band wanted to give up their reserve that would be all right; but to pinpoint it with whites would only mean that the reserve would be broken up and the only home the Indians feel is theirs would be gradually taken away from them.

The Chairman: Shall the section carry?

Some hon. Members: Eleven o'clock.

Mr. Blackmore: I am not prepared to have this section carry.

Section stands.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up Bill No. 289, respecting Laurier house; Bill No. 290, respecting Kingsmere park; Bill No. 79, respecting Indians; Bill No. 291, to amend the Government Employees Compensation Act, 1947; Bill No. 195, to amend the Consumer Credit (Temporary Provisions) Act; and Bill No. 284, to amend the Canadian Commercial Corporation Act.

Mr. Drew: Is the minister in a position to indicate when we shall be returning to the consideration of the defence estimates?

Mr. Fournier (Hull): I would prefer to take this as a notice. I have not discussed the matter, and I am not in a position to give an answer just now.

Mr. Knowles: What about the budget resolutions?

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

HOUSE OF COMMONS

Wednesday, May 16, 1951

The house met at three o'clock.

DOMINION ELECTIONS ACT

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. G. T. Fulford (Leeds) presented the first report of the special committee on the Dominion Elections Act, 1938, and amendments thereto, and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PROCEDURE IN DEALING WITH DIVORCE BILLS

Mr. J. H. Harris (Danforth): Mr. Speaker, I rise on a question of privilege. I have had a communication from my constituents who are very much concerned about the present world situation, and particularly the situation here in Canada. They feel that our time here is not being properly occupied, when for two, three or four nights we use the services of this highest court in the land to discuss matters which concern perhaps two or three or four hundred individuals, regarding their marital relationship, when we could be discussing matters of great concern to the 14 million people in Canada. They have asked me, and I ask through you, sir, whether the government would not give some consideration to calling in the law officers of the crown and others who may be required in order that we may cut some of the red tape which is holding up the proceedings of this chamber at this time of stress and strain in the minds and hearts of all our people.

It does not matter if we have to stay here until Christmas; let us divorce ourselves for another year or two from the bills to which I refer and get down to the hard facts of cold-blooded business so far as Canada is concerned.

My specific point of privilege, Mr. Speaker, is to ask those charged with responsibility, and all the help that they have around them here, there and beyond, and some over on this side, to get together and slash some of this red tape so that we may get on with the business of Canada.

NORTH FRASER HARBOUR COMMISSION

AMENDMENT OF ACT TO PROVIDE FOR TWO ADDITIONAL COMMISSIONERS, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 292, to amend the North Fraser Harbour Commissioners Act.

Mr. Green: Will the minister give an explanation?

Mr. Chevrier: The object of the bill is to amend the North Fraser Harbour Commissioners Act so as to provide for additional representation on the board by means of two commissioners appointed by the governor in council, and also to provide for the payment of the remuneration of the commissioners out of harbour dues.

Motion agreed to and bill read the first time.

QUESTIONS

NATIONAL PHYSICAL FITNESS ACT—NOVA SCOTIA

Mr. Balcom:

1. Has an agreement recently been entered into between the federal government and the province of Nova Scotia in respect to the National Physical Fitness Act?
2. If so, on what date, and what are the terms?

Mr. Martin:

1. Yes.

2. Agreement date, March 30, 1951; ratified by order in council P.C. 1930 of April 18, 1951. The terms are as follows:

"1. The province will at all times during the currency of this agreement, through the organization, co-operate with the national council on physical fitness in promoting the physical fitness of the people of the province of Nova Scotia.

2. The province will during the currency of this agreement develop the physical fitness plan, which has been approved by the minister, with such supervision in the performance thereof as the minister may require.

3. The province will as soon as practicable after the 1st day of April, 1952, submit to the minister evidence satisfactory to him:

(a) that the province has during the fiscal year 1951-52 carried out its obligations under this agreement; and

(b) of the amount actually expended by the province during such fiscal year in developing the physical fitness plan hereinbefore referred to.

4. The dominion will, if the province carries out its obligations under this agreement and produces evidence thereof, as provided in paragraph 3 hereof, pay to the province within three months of the production of such evidence, out of the national physical fitness fund, to the extent of moneys therein or appropriated by parliament therefor, either one-half of the moneys actually expended by the province during the fiscal year 1951-52 in carrying out its said physical fitness plan, or the sum of $11,301.75, whichever is the lesser.

5. This agreement shall come into force on the first day of April, 1951, and shall terminate on the 31st day of March, 1952."

R.C.M.P. VESSEL MP-30

Mr. Gagnon:

1. What waters are patrolled by the R.C.M.P. vessel MP-30?
2. How many persons make up the crew?
3. What have been the operating expenses for each year since the said vessel was put into operation?
4. How many seizures of contraband goods were made each year?
5. What is the total value of such seizures?
6. What duties are performed in this connection?

Mr. Garson:

1. The R.C.M.P. vessel MP-30 is known as the *Fort Pitt*, and is based at Bagotville, P.Q., during the season of navigation and carries out patrols in the Saguenay river. The patrols are mostly confined to the Port Alfred and Chicoutimi area.

2. Sixteen.

3. This vessel commenced operations on June 8, 1949. Expenses for year ended March 31, 1949, $17,914.78; expenses for year ended March 31, 1950, $31,300.34.

4. 1949, 70 seizures; 1950, 57 seizures; 1951 to date, 2 seizures.

5. Approximately $1,813, based on value for duty of seized smuggled goods before Canadian duties and taxes are applied. In addition, fourteen vessels were seized for having on board dutiable goods unreported at customs; these vessels were released on penalties totalling $1,275, subject to final decision by the Department of National Revenue.

6. The enforcement of the Customs Act involving the search of deep-sea vessels and the seizure of any dutiable goods which have not been reported to customs, as required by the act. During the season 1949, 775 vessels called at Port Alfred, and approximately 300 of these were 10,000 ton ships direct from foreign ports.

[Mr. Martin.]

HEALTH GRANTS—ST. ANNE'S HOSPITAL BAIE ST. PAUL, QUE.

Mr. Maltais:

1. Since 1945, has the Department of National Health and Welfare made any grants or given any subsidy to St. Anne's hospital at Baie St. Paul, county of Charlevoix, province of Quebec? If so, how much per annum?

2. Since the said year, has the department made an annual grant or defrayed in part the fees of a physician attached to the above-mentioned hospital? If so, what is the amount of such contribution?

Mr. Martin:

1. Yes.

1949-50	
(a) Grant for the purchase of scientific equipment	$15,895.50
(b) Grant for the training of the medical superintendent of the hospital and hospital technicians	2,550.00
Total 1949-50	$18,445.50
1950-51	
(a) Grant for training of technicians	$ 1,800.00
(b) Grant for purchase of laboratory supplies	500.00
(c) Grant for the employment of a part-time assistant physician	2,000.00
Total 1950-51	$ 4,300.00
1951-52	
(a) Grant for the purchase of laboratory equipment and supplies	$ 767.23
(b) Grant for the training of hospital technicians	3,600.00
(c) Grant for the employment of a part-time assistant physician	2,000.00
Total 1951-52	$ 6,367.23

2. Yes. See item (c) above for the years 1950-51 and 1951-52.

USE OF SODIUM FLUORIDE IN PUBLIC WATER SUPPLIES

Mr. Bradette:

Is any action being taken by the Department of National Health and Welfare with respect to the use of sodium fluoride in public water supplies to prevent tooth decay?

Mr. Martin: The dental health division of the Department of National Health and Welfare is conducting, in collaboration with the provincial department of health and the city of Brantford, a well-controlled study of the dental effects of sodium fluoride. The division examines periodically 1,800 school children at Brantford, Ontario, where, since 1945, the local health authorities have been adding fluorine to the water supplies. For purposes of comparison 1,800 children are also being periodically examined by the dental health division at Sarnia, a fluorine-free community.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEPARTMENT OF TRANSPORT—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of Transport for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $25,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

DEPARTMENT OF NATIONAL REVENUE—PROFESSIONAL AND SPECIAL SERVICES

Mr. Fulton:

1. What was the total paid by the Department of National Revenue for professional and special services in the fiscal year 1950-51?

2. What person, persons, firms or companies received payments of $10,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

MOTION FOR PAPERS

MINISTERS AND PARLIAMENTARY ASSISTANTS—EXPENSES

Mr. Hodgson:

For a statement showing the total expenses paid during the fiscal year ending March 31, 1951, to each (a) member of the cabinet; (b) parliamentary assistant.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO TABLING OF REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, on April 26 last I asked the Prime Minister about the probable date of the tabling of the report of the royal commission on arts, letters and sciences. He stated, as it is set out at page 2398 of *Hansard*, that the latest information was that the government might not have the report until about May 14. It is now past that date. Is there any further information the Prime Minister can give us?

Right Hon. L. S. St. Laurent (Prime Minister): I have communicated not only with the secretariat of the royal commission but also with the chairman and one other of the commissioners, and they are as much embarrassed as I am by the fact that the report has not yet been received. They are doing their best to expedite the printing. They appreciate the fact that there are many hon. members who are as anxious as the hon. member for Eglinton to have the report.

I was told that the printing of the French version had now caught up with the printing of the English version, and that there was not going to be any additional delay because of any disparity in the dates when the two versions are ready. I can assure the hon. member that I am told by the secretariat—and this is confirmed by the chairman and one other commissioner to whom I talked about it—that everything possible is being done to expedite the matter.

Mr. Fleming: Has the government yet seen the report?

Mr. St. Laurent: The government has not seen the report. The commission recommended, and the government acquiesced in their recommendation, that they would themselves attend to the printing of the report, and that it would not be available even to the government until it was available for immediate distribution after it had been handed to His Excellency.

WHEAT

REQUEST FOR REVIEW OF CEILING PRICE UNDER INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of rising costs of production and an increasing world price level, has the government made any attempt to have reviewed the present ceiling price under the international wheat agreement?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The international wheat agreement is an agreement among some forty governments. It is now in its second year of operation, and the only action Canada could take to vary its terms would be to denounce it. Canada has no intention of denouncing it, nor has it any desire to do so.

Mr. Argue: Could the minister not say whether any effort has been made to call in the countries and to talk it over?

Mr. Diefenbaker: Without there being any repudiation of the international wheat agreement, could not the government give consideration to communicating with the signatories to the agreement with a view to a revision in prices, having regard to increased costs?

Mr. Howe: There are three producing countries involved in the agreement, and at least thirty-seven consuming countries. My hon. friend is optimistic if he thinks that the wishes of the three would prevail against the wishes of the thirty-seven. I presume that the signatories to the agreement would have equal standing in the agreement.

FREIGHT RATES

GENERAL INQUIRY BEFORE TRANSPORT COMMISSIONERS—APPLICATION FOR FURTHER INCREASE

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, yesterday the Minister of Transport undertook to make inquiries concerning the postponement of the general freight rates inquiry by the board of transport commissioners. Is he in a position to make a statement in the matter now?

Hon. Lionel Chevrier (Minister of Transport): Following the inquiry of the hon. member I asked the chairman of the board of transport commissioners to give me a report as to what happened. I am informed that counsel for the Canadian National Railways and the Canadian Pacific Railway Company stated that the railways' studies on equalization of freight rates had not been completed, that the recommendations of the royal commission on transportation as to equalization differ in important respects from the plan on which the railways' studies were based, and that the extent to which the recommendations of the royal commission are to be implemented by legislation and the extent to which new studies and changes in the railways' plan will be required will not be known until legislation is introduced. Counsel for the provinces represented before the board urged an adjournment to enable the provinces to see the proposed legislation. The board adjourned the matter to September 10, 1951, and directed the railways to file, not later than August 20, 1951, six copies of their plan for equalization with the board and the provinces appearing in the matter.

The hon. member also asked as to the present position of the application by the Railway Association of Canada for freight rate increases. The position there, as reported to me by the chairman of the board, is that the date fixed for the hearing of the application is June 11, 1951, and that no request for an adjournment has been made.

INQUIRY FOR RETURN

NEWFOUNDLAND—ECONOMIC SURVEY—DEVELOPMENT OF INDUSTRIES, ETC.

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I should like to direct a question to the Secretary of State. On Wednesday, February 21, I asked whether any application had been made by the government of Newfoundland for an economic survey, and if so what action had been taken. My question was passed as an order for return. This was almost three months ago. I should like to know when I may expect the return.

LAURIER HOUSE

PROVISION FOR ADMINISTRATION OF THE MACKENZIE KING TRUST ACCOUNT

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 289, respecting Laurier house.

Mr. Fulton: I wonder if the Prime Minister has anything further to say at this time?

Mr. St. Laurent: No, I have not. I shall be prepared at the committee stage to answer such questions as are asked and as I can answer.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, there are a few remarks that I think should be made at this stage of the bill. I am sure that no one will be disposed to object to any generosity shown by the late Mr. King to the people of Canada. Indeed I think everyone will be inclined not only to agree that the financial objects of his will are praiseworthy, but also to confirm the general sentiments and objectives that he himself expressed, that although he had done much for this nation, it too had done much for him and had been generous to him, and that it was fitting that he should make some gift to the nation which had elevated him for so long to the office of first citizen and done so much for him while he occupied that office. I am sure we shall all agree that that was a worthy and proper motive.

But such enthusiasm as we may have for this proposal should not blind us to the realization that it is not likely to be carried out without some considerable expense to the taxpayer. After all, we have but recently had under consideration a project for a house for the present and future prime ministers which was approved by parliament on the

basis of one estimate, but which was realized only at a cost to the taxpayers of well over $500,000 more than the amount first indicated. I think we should beware lest this project in connection with the home of a past prime minister should also cost the taxpayers vastly more than is at first indicated.

The right hon. gentleman who is the leader of the present government, in the answer he gave to my question yesterday, said that the sum provided under the will of the late Mr. King will not be sufficient to carry out the full cost of his monument, and that the public treasury is to be diminished also to bear the cost of bringing to their full fruition Mr. King's bequest and his ideas as to how his house should be used. Therefore we should make some inquiries as to how the project is to be administered and how much the annual cost to the taxpayer will be.

I should like the Prime Minister to indicate, if he will, just how this cost is to be met. Will it be met by way of an annual item in the estimates under the federal district commission, or under the dominion archives?

I think we should receive further particulars when in committee. We shall have an opportunity to ask questions at that time. I should like to know what the estimated cost of the alterations is. What staff will be necessary to operate the research centre? What will be the cost of acquiring and installing and storing the various historical materials? These are subjects to which our minds should be directed, so that we may know how much the actual bequest of cash made by the late Mr. King will fall short of the requirements necessary to carry out the project envisaged in this bill.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to add just a word to what the hon. member for Kamloops (Mr. Fulton) has said. As the hon. member has stated, there are two aspects of this matter. The first is the gift to the people of Canada, which we respect and welcome, and the other is the expenditure of money by the people of Canada, in connection with which I think we should be fully informed.

(Translation):

Mr. J. A. Bonnier (St. Henry): Mr. Speaker, I wish to make a few remarks on the bill which deals with the home of the late Right Hon. W. L. Mackenzie King. That house was left to him by Sir Wilfrid Laurier and Mr. King himself bequeathed it to the government just as he had previously given his summer cottage at Kingsmere. He also willed a few hundred thousand dollars to be spent on the upkeep of these properties, something the leaders of the Conservative party at that time unfortunately never did. It is unfortunate that former leaders of the Conservative party did not show the same generosity on their departure. The Right Hon. Mr. Bennett went to Europe and left his money to England instead of to Canada. That is the difference between the two parties. They were led by two bachelors; one of them was attached to his country while the other was not.

(Text):

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

On section 1—*Short title.*

Mr. Coldwell: Is the Minister of Public Works in a position to make any estimate as to what it will cost to put this house in proper repair? As I suggested yesterday, I do not think that any very expensive work is required on the outside of the building. If my reading of the portion of the will which was placed on the record by the Prime Minister is correct, I think it was the late prime minister's desire that the interior of the house should remain pretty much as it is now. That is to say, it would not need a great deal of expenditure on structural alterations as was the case with the new residence of the Prime Minister.

Perhaps the Minister of Public Works could give us some information that would be useful in the light of the suggestion made a few minutes ago by the hon. member for Kamloops. Can the minister indicate approximately what it is proposed to do, and what the cost will be? I do not think a very large outlay is needed at the present time.

Mr. Fournier (Hull): Mr. Chairman, I must admit that after looking through the bill I would assume that our duties with respect to Laurier house will be to maintain it in a good state of repair. We have not visited the place to make an estimate as to what is actually needed, but as it is an old building I am sure we shall have to spend money every year to maintain it in a good state of repair.

Mr. Fulton: I am interested in this question, as I know many other hon. members are. As the hon. member for Greenwood has said, the matter is approachable from two angles. First there is the gift to the nation. So far as that is concerned, it is welcome. But there is also the question of the upkeep or expense to the nation which may be involved in carrying out the terms of this bequest. We have had experience recently in embarking on projects in connection with houses without knowing what the total cost was going to be, and then having the unpleasant shock, which has given rise to unpleasantness all

round, of finding that the cost has greatly exceeded what we were led to believe at first would be the approximate figure. I can hardly credit the fact that the government would actually be introducing legislation to go ahead and set up this project without some estimate of the cost which will be involved. I think the Minister of Public Works said that they had not looked into it at all, that they do not know what the cost will be. I am certain that the minister would not wish to make that approach to legislation. I hope I misunderstood him. I hope I misinterpreted him, and I trust there is some plan of the way in which the project is to be administered. I should like to ask the Minister of Public Works whether any plan has yet been made and any estimate prepared of any structural alterations, either interior or exterior, to place the house in such a condition that it can fulfil the terms of the bequest.

Mr. Fournier (Hull): If I understand correctly our position under this measure, it is to maintain the house in a good state of repair. We will consider Laurier house in the same way as we consider other public buildings in Ottawa belonging to the federal government. Estimates will come before the house. If the repairs are minor in character, the cost will be taken out of the general vote. They will be examined by the treasury board, and reported in the Auditor General's report. If they are extensive repairs to the building, there will be a special estimate. I intend to wait to see in what condition the house is. Before going into this property we had to accept ownership of it. This having been done not long ago, I did not think it was my duty to interfere with the property and have estimates prepared in advance of the bill, so I am not in a position to give the amount to be expended nor to go into the details.

Mr. Fulton: Perhaps we have a fundamentally different approach to this problem.

Mr. Fournier (Hull): That of course does happen.

Mr. Fulton: Based on past experience, however, I think we should be more careful. Are we to take it from the reply the minister has made that no preliminary inspection has been made of the house, and that no preliminary plans have been drawn up or any preliminary decision made as to whether it will even be necessary to effect any structural alteration either to the interior or to the exterior of the building to place it in such a condition that it can fulfil the purpose of the bequest? Have any such preliminary inspections or plans been made?

[Mr. Fulton.]

Mr. Fournier (Hull): Mr. Chairman, probably the house will have to be redecorated, and we shall have to do some work on the exterior. We are not going to change Laurier house into another kind of structure, or enlarge it. We are going to try to keep it the way it is, in order that it may be the memorial it is intended to be. As to the expense, I will invite my good friend to my office some morning and we will look into all the details. We will go over the rooms and get some expert to give the hon. member the exact amount needed to do the necessary work.

Mr. Fulton: I can assure the minister I shall be pleased to accept his invitation whenever it is extended, but I think it might have been more timely if the invitation had been extended before the bill was introduced rather than after, so that we could have had that information before us. I should like to ask the minister a further question. What staff will be necessary to operate the research centre under the dominion archivist when the scheme is operating?

Mr. St. Laurent: There has has been no preliminary plan made as to that. The will was communicated to the government. The government felt it was proper to accept the bequest, and that it was proper to come before parliament and recommend that the dominion archivist be put in charge of Laurier house, and that he be assisted by a curator to conserve the property. I know that up to the present time there has been some preliminary inspection, and I am told that something is being done about some bit of electric wiring in the house which, for the safety of the premises, should be attended to. I was told that was all that was required as a matter of urgency. There has been no plan determined. As a matter of fact the inventory of the contents of the house to be turned over by the executors to the government has not yet been completed. It is still in process.

The title to the real estate was conveyed to the government as of the first of January, but there is a representative of the executors still on the premises, and, together with Mr. Handy, who is a civil servant and was Mr. King's private secretary, he is drawing up the inventory of contents which will remain a part of the property. The executors and Mr. Handy did look over the house to see if there was anything urgently required for its preservation. I was informed that all that was urgently required—and it was being attended to—was some bit of wiring in the electric lighting system that might have constituted a danger.

With respect to the manner in which the house will be used, that will depend upon what is subsequently determined. I think the dominion archivist is a gentleman who enjoys the confidence of all Canadian students, and I think that Canadian students and the Canadian public will be satisfied that he will not recommend anything in the way of facilities to be provided to students that would not be worth what it is going to cost the country. This bill is the preliminary step. The suggestion that is being made is that Laurier house be heated and maintained by the Department of Public Works, that the dominion archivist be in control, and that he have a curator under him to look after the place.

A question has been asked as to when the house is to be open to the public. I was told recently on behalf of the executors that they did not think it could be opened to the public until quite late this summer, that they are still proceeding with their sorting out of the contents of the house, and that it is not possible to be specific about that matter.

With respect to the grounds, the recommendation is that they be maintained as a part of the parkway system that the federal district commission maintains in Ottawa. Whenever anything is required that will be beyond the cost of the ordinary upkeep, there will have to be an appropriation by parliament. There will have to be a recommendation to parliament, at which time the plans and details will be communicated to parliament. Unless parliament is going to say this bequest should not be accepted, it is necessary to proceed in this gradual fashion and not attempt to communicate to parliament any suggestions at this time as to what would be the best way to take advantage of this property as a research facility for students, but to obtain the considered recommendation of the dominion archivist. That is what the government plans to do.

Mr. Fulton: From the remarks of the Prime Minister I understand that title to the property already has been transferred under the will to the government?

Mr. St. Laurent: Yes, but of course that is subject to repudiation by parliament, if parliament sees fit to do so. The government felt that parliament would not wish to repudiate it.

Mr. Fulton: I wanted the question of ownership established, as it now has been, because obviously it was not necessary, in order to convey the property, that this legislation be passed. The Prime Minister has said that the property was conveyed and title taken even before the introduction of this legislation. Therefore, for myself at any rate, I express regret that the government has seen fit to introduce legislation asking parliament to accept the full principle of maintaining and administering this property before the completion of the preliminary surveys to which reference has been made. According to the statements of the Prime Minister and the Minister of Public Works, it is only after those surveys have been completed that the government will be in a position to indicate to the house their plans for the administration of the bequest and some idea of the cost of that administration. The position at the moment is that we are being asked to accept this legislation without any minister opposite being able to tell us the detailed or even the general plans for the administration of the project, or any idea of what the cost may be. I regret exceedingly that this course was followed, and that the legislation was not deferred until the government were in a position to enlighten the house.

Mr. Cruickshank: May I ask the Minister of Public Works whether important committees such as those selecting Rhodes scholars will be permitted to use this property for research work?

Mr. Browne (St. John's West): I should like to ask the Prime Minister whether the public archivist was consulted before the government decided to accept the bequest.

Mr. St. Laurent: The public archivist was not consulted, but the public archivist knew of the terms of the will. He knew that it was the intention of the government to ask parliament to make him responsible for the custody of the house.

Mr. Browne (St. John's West): I am speaking of the practicality of the scheme. Did he approve that?

Mr. St. Laurent: Will the hon. member please repeat his question?

Mr. Browne (St. John's West): Was the public archivist consulted about the feasibility of carrying out the intentions of the testator?

Mr. St. Laurent: No, he was not. It was taken for granted that it would be feasible.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: Shall I report the bill?

Kingsmere Park

Some hon. Members: On division.

Bill reported, read the third time and passed.

KINGSMERE PARK

ADMINISTRATION OF BEQUEST TO GOVERNMENT OF CANADA UNDER THE WILL OF THE LATE MR. MACKENZIE KING

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 290, respecting Kingsmere park.

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

Section 1 agreed to.

On section 2—*Federal district commission to administer Kingsmere park.*

Mr. St. Laurent: I think I should just point out with respect to this section that we are asking that the governor in council have the right to describe Kingsmere park, because, though a survey has been in progress for some time, it has not been completed. A survey was required, because while this property is all in one block it had been acquired in different parcels, and it was felt there should be a survey so we would be able to transfer to the federal district commission something described by proper metes and bounds. It is for that reason that these bills were not introduced before this. We hoped to get the survey in order to make it a schedule to the act, as it is in the case of Laurier house, but we were unable to have the survey completed. Therefore subsection 5 of section 2 will authorize the governor in council to give a proper description when he gets it from the surveyors.

Section agreed to.

Sections 3 and 4 agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. St. Laurent moved the third reading of the bill.

Motion agreed and bill read the third time and passed.

[The Deputy Chairman.]

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

The house resumed, from Tuesday, May 15, consideration in committee of Bill No. 79, respecting Indians—Mr. Harris (Grey-Bruce) —Mr. Beaudoin in the chair.

On section 110—*Sale of lands of enfranchised Indians.*

Mr. Charlton: Can the minister assure us that he will not see these reserves become pinpointed with white settlers? Just before adjournment last evening I made a few remarks on this section and pointed out that danger. Will the minister comment on that point?

Mr. Harris (Grey-Bruce): We recognize that some Indians might be concerned about this section. Until they have read its provisions they might conclude that there could be pinpointing of reserves, as my hon. friend has termed it; but when this section is read along with a previous section it becomes perfectly obvious that there are several safeguards to prevent that from happening. In the first instance, land must be allotted to an Indian. That action is taken by the band council, with the approval of the minister. At a subsequent time, if he chooses to become enfranchised, he may apply to the band council and to the minister for the privilege of retaining the ownership of the land which has been allotted to him. Then there is a further safeguard that, nevertheless, he does not obtain title to that land until ten years after that date. It is true that at that point he may then sell it to anyone he chooses. This is a change from the old act, designed to meet the objections of some Indians, and in particular an objection made before the special committee by a distinguished former member of the Six Nations from Brantford, that it was unfair to the Indian that he should have land allotted to him, work on it and improve it, and that when he wants to become enfranchised—it is admittedly our policy to encourage him to do that—he should nevertheless be penalized at that point and be restrained from becoming enfranchised because he would then have to sell his land to a limited number of people, namely, the members of that particular band.

Strong representations were made before the special committee by Brigadier Martin that that was unfair. Similar representations have been made to me since that time by individual Indians. Other compassionate representations were made, one of which was that Indians, as my hon. friend has said, on the outskirts of a reserve might wish to

become enfranchised and one could not distinguish whether they were on or off the reserve. But it was decided to continue the provisions of the present act, which are there but which have not been used, in such a way that an Indian could become enfranchised and at the same time reside on his land on the reserve. As I say, we have built up all these safeguards; the initial allotment which must be approved by the minister and the band council, the application for enfranchisement which must be approved by the minister, the application for land which must be approved by the band council and the minister, and then the ten year waiting period. So I think under those circumstances the numbers who will take advantage of this will be small. If there are some, they should have this right.

Mr. Charlton: I do not think that people living off the reserve should stipulate to Indians who are living on the reserve, as in the case mentioned by the minister. I do know of an Indian who has a very good farm, but he cannot will his land to his daughters if they marry non-Indians. I know that situation has arisen several times, and it does appear to be a little bit hard on those persons. I know of one Indian who is in that situation, and he cannot will his land to his daughters because they have all married whites. He lives north of the Grand river, as a matter of fact, bordering on white land. I suppose in certain cases it cannot be helped, but as I mentioned before, I hope it will not result in pinpointing the reserve. I do not believe the minister has ever had anyone come to him from the Six Nations council making this request.

Section agreed to.

Sections 111 to 125 inclusive agreed to.

On the preamble.

Mr. Diefenbaker: Mr. Chairman, in connection with the preamble and the general substance of the bill as amended I suggest to the minister that in order to protect the rights of Indians covered by this act, no Indian should be denied recourse to the courts under the provisions of this bill. I ask the minister whether or not he would be prepared, having already taken the stand that there is no denial of recourse to the courts, to accept an amendment which reads as follows:

Nothing in this act or elsewhere shall in any way be deemed to remove, abridge or otherwise restrict the rights of Indians to full access to the courts of the land, and every Indian and every band of Indians shall have the full right to appeal to the appropriate court of the province which would otherwise have jurisdiction, from any decision of the minister hereunder.

I believe such a provision would be salutary in its effects. It would assure to the Indians a position of responsibility, coupled with an opportunity to preserve their rights against anything which they believed to be administrative lawlessness.

If there is one thing more than any other that I think should be assured to the Indians, it is the right to do what all the rest of us can do—to seek out the king's courts with a view to protection against what they consider to be wrongs. There would certainly be no harm to the administration of the act. The court would have no authority to review discretionary orders. The power of review would be the power to remedy wrongdoing wherever wrongdoing existed.

I make this request of the minister in the interests of the more than 100,000 Indians of this country. They should not be placed in the position of having their rights determined not in courts of law but by administrative officials or by the minister. Nothing is more important today than preserving the full rights of the individual under the law.

If my view be correct, we have in this country 125,000 native born Canadians who cannot, if injustice be done to them, seek out the king's courts for the preservation of their rights. If the minister's view be correct that the Indian has that right—I say with great deference that the Indian has no such right today under this act—then the amendment that I ask him to accept will add nothing to the rights of these people. If on the other hand my view be correct, then it will actually assure the Indian of something that over the years he has been asking for, namely, the rights that Canadian citizens and others who are not Canadians or British subjects enjoy—recourse to the king's courts.

Mr. Harris (Grey-Bruce): Mr. Chairman, this brings up a subject which has been a matter of considerable astonishment to the minister since he took over the administration of the Indian Act. I never knew that an Indian could not sue in the courts of Canada in the same way as any other person—

Mr. Diefenbaker: Against administrative order?

Mr. Harris (Grey-Bruce): I did not know that when I became minister of this department; I do not know it now. Indians have the right to sue in courts, and have been exercising those rights at all times that I am aware of, and nothing in the present Indian Act, or in the revised Indian Act now before the house, would abridge that right in any way. For that reason I would reject the amendment, not only because it might

be considered unnecessary, but because it leaves the inference that in the present act, or in the revised act, there may be, or there may have been, an abridgement of that right.

This matter was referred to by the hon. member for Lake Centre in his speech on Bill No. 267 last summer, when he said that an Indian, or a band in Saskatchewan—I am not sure which it is now—had been refused the right to sue the crown. As he said yesterday, there was a case in Saskatchewan in which damages were assessed against the crown by a court, I think it was in 1935. He said yesterday that as a result of that judgment others had been refused a fiat since to sue the crown. Now, both after he made the speech last year and yesterday I asked for and had a search made of our records, and with the exception of one case that I have been able to find, not in Saskatchewan, but in Manitoba, we have no record whatever of a fiat having been refused. It may well be—my hon. friend said he was counsel, and of course he knows—it may well be that there have been other cases, but if he was referring to the Manitoba case, then I am quite prepared to understand the point he made. The one case in Manitoba is well known to members from that province.

Mr. Diefenbaker: The Sinclair case; I know the Manitoba one.

Mr. Harris (Grey-Bruce): In that case there had been certain transactions over forty years ago, which gave rise to debates in this house spread over a number of years. In the end a statute was passed by parliament settling the matter, at least in the view of those who were then responsible for the government of Canada, after negotiation and some form of settlement. Ultimately when it was sought to sue the crown on the basis of the prior matters having to do with that band, a fiat was refused in 1936 because parliament had already dealt with the matter and had presumably disposed of it.

So far as I know, that is the only case in which an Indian or a band council has been refused a fiat in recent times. There may have been some many years ago. When I visited Saskatchewan I met representative Indians, both in the northern part and in the southern part, and I did find an opinion there that they were not free to sue the crown. I told them that I thought they were more progressive than that. They were Canadian citizens; they had all the rights so far as access to the courts was concerned that I could think of, and that if anyone in the hall wanted to sue the minister or the crown all he had to do was to go outside and retain a solicitor to do it. We have not had any lawsuits since. I have repeated that statement in every meeting that I have had with the Indians. The right to sue the crown is well known by the Indians. Let there be no mistake about that.

I agree that there have been many complaints about maladministration, and there have been occasions in the past when perhaps if they had taken action they might have obtained damages in cases other than the one I have referred to. But these matters are adjusted. If complaints are made in or out of parliament, the Indian affairs branch does try to meet those complaints and in some way to make compensation for what might appear to be injustices. Nevertheless, I repeat, Mr. Chairman, that lawsuits are going on at this moment between Indians and the crown. There is no bar to them except the obtaining of a fiat, and that, as my hon. friend has pointed out, may be removed by action of this parliament; I think it is on the order paper. For that reason, sir, I would not want to give any credence to the suggestion that in the past there has been any objection to an Indian taking action against the crown, nor would I want to import into this bill the amendment suggested by the hon. member for Lake Centre.

Mr. Diefenbaker: I thank the minister for his explanation. I know of the case in Manitoba. The solicitor in the case was the late Richard Mulcaster, K.C. The case in Saskatchewan to which I referred was in 1936, and was an application made by him, with myself to be counsel, in the case of the Mistawasis Indians. The application was made to the Department of Justice.

The minister referred to the case in Manitoba. I know the facts in connection with it. Indeed I read the debates in parliament long before I came to this house. If I recollect aright, the late Mr. Bradbury, M.P., of Selkirk, Manitoba, made a lengthy speech about millions of dollars that allegedly were owing to the band there by reason of the appropriation of certain lands in Manitoba that were taken over by the crown many years before. Again, speaking from recollection, I seem to recall that an action was started in the Exchequer Court of Canada about 1908 or 1909—the minister may correct me if I am wrong—and the action never came to trial. Is that not so?

Mr. Harris (Grey-Bruce): That is right.

Mr. Diefenbaker: Yes. I am speaking from recollection. I know that case very well. But the minister has not grasped the significance of what I have in mind. I do not say that an Indian has not the right in ordinary matters of recourse to the courts, but what I say is he has not the right today, except in the specified sections that allow an appeal to the Exchequer Court of Canada, to appeal

against administrative orders, except those specially covered by this act. In other words, he is in the position of being subject to order and direction under the act, except in so far as the three or four sections which allow an appeal to the exchequer court are concerned. He is in the position of a person whose rights may be determined, whose responsibilities may be declared, but at the same time, whether acceptable to him or not, he has no recourse to the courts, either by action, by prerogative right of mandamus or prohibition or certiorari.

These are the cases that I have in mind. These are the matters on which I am asking that the Indians be placed in a position equal to the rest of us. These are the rights. The right of appeal against an order of the king's ministry should be preserved to the individual. There is a case in that regard, reported I think in 1940 Supreme Court Reports, where in Saskatchewan a minister of the crown failed to discharge his responsibility under the natural resources act. The individual whose rights were interfered with had no right of action against the crown. I point out that he was not an Indian. His counsel carried the matter to the courts, by the use of the king's prerogative right to preserve the king's subjects from the tyranny of the king's ministers. That matter came before the court of appeal in Saskatchewan, and the court decided that every person within the king's dominions has the right of appeal to the king, and that the king in turn will ask that his ministers or his servants shall not diminish, interfere with or abrogate the rights of the subjects.

That is what I have in mind under this act, where tremendous powers are vested in the minister. Those powers can be exercised by the minister without right of appeal to the courts, except under certain specific sections which grant that right of appeal. For instance section 47 refers to authority conferred upon the minister by other sections, one of which deals with the testamentary disposition of property, the descent of property and the like.

Section 47 says that a decision of the minister made in the exercise of the jurisdiction or authority conferred upon him by section 42, 43 or 46 may, within two months from the date thereof, be appealed by any person affected thereby to the Exchequer Court of Canada, if the amount in controversy in the appeal exceeds $500, or if the minister consents to an appeal. Then, the second subsection states that the judges of the exchequer court may make rules, and so on.

There are a few provisions in which appeals are allowed, but many sections deny the right of appeal from the minister. There can be no appeal from the minister's decision unless, as in section 47, the power is actually granted. I am asking the minister to grant to Indians affected by administrative regulations or rulings the right of appeal to the king's courts, in order to preserve the rights of the individual against the possibility of injustices on the part of the minister or his advisers.

The minister takes the broad and general view that there is a right of appeal to the courts by Indians. Certainly, they have a general right; but within the Indian Act they are restricted and are denied an appeal, except where it is specifically given. There is no disagreement between us that an Indian can appeal if a decision in a criminal case is made against him, or if he wishes to take action in the courts. But the right of appeal under the Indian Act, in so far as administrative matters are concerned or, indeed, in so far as declaratory orders by the minister are concerned, is denied, and that right exists only where specifically given, as set out in section 47.

I am glad the minister has brought the matter up in this way. There is never any disagreement between us that the Indian has a general right of recourse to the courts. The disagreement arises when it is realized that, under the Indian Act, except where granted the special right of appeal, he has no rights in the courts of the country. If he had the right, as the minister insists, there would have been no section 47 granting him a specific right in certain circumstances. Owing to the fact that in respect of various types of orders under the act that right of recourse is not available, I made application to the minister to give consideration along the lines suggested.

Mr. Harris (Grey-Bruce): Mr. Chairman, I appreciate what the hon. member has said; but I wonder if we have not narrowed the field of discussion from that indicated in his opening remarks.

Mr. Diefenbaker: No.

Mr. Harris (Grey-Bruce): I gathered from his preliminary statement that there were few rights, if any, in an Indian for access to the courts.

Mr. Diefenbaker: No, I did not say that.

Mr. Harris (Grey-Bruce): Then I misunderstood the hon. member. We have now confined ourselves to section 47, as an example of an appeal, under conditions to which I shall refer later. Section 47 is in the act because the minister is created a court in

respect of certain probate and administrative matters. Provision is made for an appeal roughly equivalent to the appeal which exists in surrogate courts, in connection with ordinary estates work.

Mr. Diefenbaker: Excepting to a different court.

Mr. Harris (Grey-Bruce): Yes, as my hon. friend says, excepting to a different court. So that one would expect it to be there in order to get the proper administration of estates.

However the other subject he mentioned, namely the case in Saskatchewan affecting a minister of the crown, I thought closed the argument against the amendment. I think the decision in that case was made on the broad basis he stated, namely that the right to a prerogative writ is not abrogated unless there is specific legislation saying so. And since there is no such provision in the present bill, I suggest that any court would hold just as the Saskatchewan court did with respect to those rights.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Some hon. Members: Next sitting.

GOVERNMENT EMPLOYEES COMPENSATION ACT

AMENDMENT RESPECTING ADVANCES TO COMPENSATION BOARDS, ADMINISTRATION CHANGES, ETC.

Hon. Alphonse Fournier (for the Minister of Labour) moved the second reading of Bill No. 291, to amend the Government Employees Compensation Act, 1947.

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

Section 1 agreed to.

On section 2—*General administration expenses.*

Mr. Herridge: Would the parliamentary assistant explain the procedure under section 2?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Chairman, up until April 1 last there was a difference in the administration of this act as between Quebec on the one hand and the other provinces on the other. The situation now however is much the same throughout the country. The Minister of Finance pays into the fund of each provincial compensation board a certain amount each month to take care of the administrative costs incurred in connection with the administration of the act through provincial boards. I do not know that I can add much to what I have said and I hope it satisfies my hon. friend.

Section agreed to.

On section 3—*Yukon Territory and Northwest Territories.*

Mr. Macdonald (Edmonton East): Mr. Chairman, yesterday when we were at the resolution stage the hon. member for Bow River said that he was quite familiar with the Alberta labour legislation and stated that he thought it was splendid legislation. I know something about labour legislation in Alberta and I want to state that labour has not been too well recognized in that province. There is not even a minister of labour in the provincial government.

This legislation is going to be tied in with the provisions of the Alberta act. When a workman is injured he is interested in three things. First, he wants to know how quickly he can get back to work. Second, he wants to know how much he is going to receive when suffering from his injuries or his industrial disease. Third, he wants to know when he is going to receive it. In Alberta an injured workman is faced with a five-day waiting period after which he is paid compensation on the basis of 66⅔ per cent of his average weekly earnings. In Saskatchewan he needs to wait only one day after which he receives 75 per cent of his average weekly earnings and the same is true in Ontario.

I understand that the Alberta act is to be reviewed this year and I sincerely hope it will be improved. I was pleased to hear the Minister of Labour state yesterday that whatever improvements are made in the Alberta legislation would apply to the two areas covered by this bill.

Section agreed to.

Bill reported, read the third time and passed.

CONSUMER CREDIT

CONDITIONAL SALE CONTRACTS AND ENFORCEMENT PROVISION—AMENDMENT OF ACT OF 1950-51

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 195, to amend the Consumer Credit (Temporary Provisions) Act.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, before we go into committee, when we shall be able to ask questions in more detail, I wish the parliamentary assistant

would say something as to the effectiveness of the act passed last September. Perhaps he could give us some figures in that connection and indicate in a general way whether there is a pattern of weakness that has developed and which is to be dealt with by these amendments. It seems to me that the amendments are more or less directed along the one line.

Mr. Speaker: As the parliamentary assistant is acting for the minister, if he speaks now he will close the debate.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, I shall make a statement now, and when we get into committee I will answer any question that may be asked. As far as the first request of the hon. member for Greenwood (Mr. Macdonnell) is concerned, it is a little difficult, from the statistics assembled by the dominion bureau of statistics, to say what has been the full impact of the restraining effect of these consumer credit restrictions.

Mr. Macdonnell (Greenwood): I wonder if the parliamentary assistant would refer specifically to the regulations which were passed in the autumn and to those which were passed shortly after the turn of the year?

Mr. Sinclair: Last fall after the passage of the act the first set of regulations were brought into effect. These provided for a down payment of one-third in the case of automobiles, with 18 months to pay, and a down payment of 20 per cent, with 18 months to pay, in the case of other goods described as consumer goods. That was not greatly out of line with the type of credit which was being extended at that time by the larger business concerns in Canada. Some of the smaller dealers, especially those dealing in household appliances, had been extending more generous credit.

The initial step was taken to set up the administration and endeavour to have the various associations in Canada concerned with the sale of consumer goods, such as the Retail Merchants Association, the Canadian Automobile Association, and the finance companies, understand the type of regulations we were going to apply. Those regulations had just a mildly restraining effect according to the records of the dominion bureau of statistics for the last quarter of 1950. Each quarter the bureau publishes a report dealing with retail consumer credit, the last one being for the quarter ending December 31, 1950. I have the figures in manuscript form for some of the principal commodities for the next quarter, ending March 31, 1951.

Because the restrictions first in effect were found to be only mildly effective, on March 19 the rates were raised to a down payment of 50 per cent on automobiles, with 12 months to pay, and one-third down on other consumer goods. There was a slight difference in the treatment of these two groups. When a new automobile was purchased the trade-in value of the old automobile could be applied on the down payment, but in the case of furniture or other commodities the trade-in value was taken off the total selling price, after which the regulations applied.

Mr. Macdonnell (Greenwood): Why the difference?

Mr. Sinclair: I think the main reason was that in the case of the purchase of a new automobile the trade-in value of the old car generally represents considerably more than the down payment, especially when a person turns in a car only three or four years old. But the trade-in value of furniture is quite low and encouragement might have been given to placing a fictitious value on old furniture being turned in if it was going to be taken as part of the cash down payment.

The hon. member asked about the impact of the regulations upon the sale of these commodities. The first regulations came into effect on November 1 of last year. I think if I gave the sales of automobiles and then the break-down of the percentage of advances for different months it would give some indication of the trend. The sales of new cars were as follows:

October	35,779
November	32,880
December	29,309
January	33,759
February	43,080
March	49,404

Mr. Gibson: Before the budget.

Mr. Sinclair: The March figure of course undoubtedly does reflect accelerated buying before the budget. Of these the great bulk were sold for cash. The figures as to those financed in the same months are as follows: October, 11,919, or 33 per cent; November, 10,958, again 33 per cent; November, 9,257, a decline to 31·6 per cent; January, 8,348, or 24·7 per cent, quite a marked decrease in instalment purchases; February, 8,730; 20·3 per cent of the cars sold in that month were financed. Then in March, with the sharp rise in sales no doubt in part due to the expectations held as far as the budget was concerned, there were 25·8 per cent.

Mr. Drew: How many cars?

Mr. Sinclair: Of the 49,404 cars sold there were 12,745 sold on instalment buying in that month. There has been a steady increase

in the sales of cars since the regulations were introduced, but there has been quite a noticeable decrease in the percentage of cars sold under instalment buying. The other figures are a little more difficult to ascertain because the dominion bureau of statistics takes quite a bit longer to assemble them from all the trades concerned. Members undoubtedly have studied the figures given in the report covering the last quarter of 1950. Since the last quarter of 1950 included a month in which there were no consumer credit regulations as well as two months in which there were consumer credit regulations, the picture perhaps is not shown very accurately. The new report on consumer credit will be out in the next two or three days. From the manuscript, which unfortunately is not completed, I can pick out certain representative sales. These sales are given in percentages.

For example, in the period October to December inclusive of last year 68·7 per cent of all department store sales were for cash, 13 per cent on instalment buying, and 18·3 per cent on monthly charge accounts. We now have the figures for department stores for this quarter. They show an increase to 69 per cent in cash sales, quite a marked drop of 2·3 per cent to 10·7 per cent in instalment buying, and an increase in charge accounts to 20·3 per cent. Therefore there has been a drop in instalment buying through department stores, which are one of the principal methods of sale by instalment and credit accounts, a slight rise in cash sales and a rise in charge accounts.

The amendments in the present bill are quite minor. The first amendment has to do with a fairly new device used mainly by department stores. Most department stores have charge accounts which people are expected to settle at the end of each month. If they are in arrears two months of course the store takes the usual credit action. I have a table here showing the extent of days outstanding in department stores. For December, 1948, the figure for average days outstanding on charge accounts is 65, for 1949 it is 67, and for 1950 it is 71. However, these charge accounts are not instalment buying in the ordinary sense.

As well as ordinary instalment buying where a definite contract is arranged for each piece of equipment or furniture sold, department stores and other large stores have set up revolving credit accounts, six month accounts, where the customer establishes with the company a line of credit. Take, for example, an individual who is able to establish to the satisfaction of the credit manager that he can pay a line of credit of $240 in a six month period. He is expected to make an immediate down payment of one-sixth, $40. If he does not buy anything from the store that month there is no need for him to make the next payment. If he makes any purchase whatsoever, then he must at the end of the first month pay the second one-sixth, or $40. That system is carried on throughout the six month period.

The loophole, so far as consumer credit was concerned, however, was that there was no conditional sale of the particular article which he might have purchased. He pays his $40 down, and then a week or two weeks later may decide to buy a small stove, for example. The stove is sold to him purely on the credit card which he has for his revolving credit account. The lawyers felt that was a loophole, and that the definition of conditional sale should be expanded to cover revolving credit accounts. The problem is a minor one because these revolving credit accounts limit the credit to six months whereas under our present regulations we allow conditional sales to be made over a twelve month period. It is true that the down payment in this respect would be only one-sixth, that is, the first month's payment, rather than the one-third which we ask for under a conditional sale, but that one-third of course applies to the whole year. Therefore the actual loophole to be closed is a very small one.

The second loophole which has been disclosed is the matter of payment under a contract for hire of consumer goods. There has always been a perfectly legitimate business in renting refrigerators and household furnishings of various sorts for short periods to people who may be transients or only want to rent furniture for a while. However, since the introduction of consumer credit regulations, both in Canada and the United States, a new device has appeared. Let us take a television set costing $600. Under our present regulations the purchaser would have to pay $200 down and pay the balance of $400 in the next year. There have been some merchants who have said to customers: We will rent you this $600 television set for the next thirty months. You will not have any down payment to make. You will just pay $20 a month for the next thirty months, and at the end of that time we will cut the rental rate down to $1 a year.

This practice is not very widespread yet in this country. However, it became quite widespread in the United States. They stopped it by not authorizing such rental agreement beyond the fifteen months which they allow for conditional sales. They also required a one-third deposit by the person

renting on which the company must pay the customer interest. Therefore they have solved the problem quite nicely in that way. That does not in any way affect the perfectly bona fide rental of ordinary household furniture for three or four months such as conducted in most of the large cities by furniture stores.

The next amendment has to do with contracts for work and labour. Let me give two examples. First there is the example of a man taking a car to a garage and having a new engine installed. The claim was made that that was a work contract and that the regulations requiring one-third down and payment within a year did not apply. The same sort of argument was raised where a plumber would instal an automatic washing machine. He would supply the washing machine and instal it, and then claim that since his labour was involved it was a labour contract which did not come within the scope of this legislation. That, of course, was most unfair to ordinary appliance dealers and stores selling the same article, and being forced to sell it under this consumer credit act. So that, too, has been brought into the amendment with the thought that if it is desired the labour can be separated from the material content of the consumer goods involved, and the payments for labour can be whatever the person supplying the labour wishes, but the actual sale of the consumer goods content will be subject to these regulations.

The third change has been the requirement that loan companies who are not directly concerned with sales but who advance money to finance sales must keep records of loans for the purchase of consumer goods in the same manner as we require of the stores who actually sell the goods. The last amendment is to authorize the officers not only to inspect books but to take books to court if necessary, providing they must be returned within 90 days.

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

On section 1—"*Conditional sales contract.*"

Mr. Macdonnell (Greenwood): I should like to make one or two general comments on this and then have something to say about the wording. Regret has been expressed in this house on previous occasions that the restrictions of last autumn were so inadequate. As a matter of fact I think the parliamentary assistant used exactly the right phrase this afternoon when he said they had a very 'mildly restraining effect.' I do not propose to dwell further on that at the moment, but will come to the wording of section 1. The parliamentary assistant has already given some explanation of it, and I am referring to the words which are underlined: "whether or not the seller retains any property, interest or lien in respect of the goods." When I read that I thought it was to deal with a slightly different situation from that mentioned by the parliamentary assistant. I thought it dealt with cases in which the vendor gave up all title and in that way sought to escape the effects of the act. In other words he trusted the man and abandoned any legal remedy. Am I wrong in thinking this is intended to cover that case as well as other cases? If that is not so, would the parliamentary assistant again specify exactly what section 1 does?

Mr. Sinclair: That situation has not been drawn to my attention nor, I believe, to the attention of the administrator. If the vendor should abandon all claim to future payment he would put the purchaser of the equipment in a pretty nice position.

Mr. Macdonnell (Greenwood): I did not mean he would abandon all claim but that he would abandon property, interest or lien, which I suppose he could do. However, let us not talk about something which it is not intended to cover.

Mr. Sinclair: The intention here is to cover the revolving credit plans of department stores. They present no real problem actually, since they are for a period of six months rather than a year and are therefore well within the terms of this legislation. The only point of difference is that their first payment is only one-sixth instead of the one-third we require. On the other hand their period of repayment is only six months instead of the period of up to one year we permit. The intention is to bring them under the regulation. In that case there is no specific contract between the seller and the buyer covering the article that has been purchased under revolving credit.

Mr. Macdonnell (Greenwood): Then is it the hon. gentleman's understanding that in those cases the seller does lose title and has to depend upon the willingness of the creditor to pay?

Mr. Sinclair: That would be my interpretation. It is the same as an ordinary charge account in any store. There is no actual contract of sale for the purchase of anything you may buy, food or clothing, on a charge account. What the revolving credit plan actually does is eliminate the necessity of

the customer dashing up to the credit office to establish his credit for every major purchase he may want to make.

Mr. Murray (Cariboo): I feel that we are in danger of being shipwrecked in a sea of unlimited credit. It is a very good thing to extend credit under certain conditions, but I feel that credit today is unrestricted. You have only to look at the daily newspapers to see page after page of advertisements covering goods very often sold on credit. I reside in a country where credit is very limited. We are fifty miles from a railway, and the trust companies and banks will not loan money on land. You must have very good assets in order to get loans of any kind. The same situation prevails in many parts of Canada far from the great commercial centres. The further you get from St. James street and Bay street the more limited your credit becomes; and because these people are denied credit they are self-sufficient, they stand on their own feet, they are prosperous and happy. I would like some of our city dwellers to think that over.

An hon. Member: City slickers.

Mr. Murray (Cariboo): No, I do not use the word an hon. gentleman has used. We are victims of habit. We are gregarious. We gather in cities. We like to be together. We like to go to picture shows and to have all the attractions of Sparks street, Bloor street, and so on. I believe credit is destroying this country. If I were writing a new charter for Canada one of my first acts would be to teach children in the primary schools the dangers of signing a promissory note. As far as a mortgage is concerned I would place it in the same category as any other dangerous thing. My hon. colleague from Oxford is not here. He is a pharmacist, and he would tell you that in his place of business poison is labelled in a very prominent way. I think the grief and misery we have in this country are due to people signing mortgages without a second thought. Take a young man whose father leaves him a farm free of debt. Some smart salesman comes along and wants him to buy this, that or the other. He tells him, "You can pay for it over a long period of years; just sign here," and the farmer signs on the dotted line.

I see some of my C.C.F. friends are waking up to this. I wonder why the opposition in the house does not take up these matters which are so vital to family life in this country. Look at the indebtedness of Canada—

The Deputy Chairman: Order. The hon. member will realize that this bill does not cover the whole field of investment and credit. The examples he has cited, such as mortgages, are quite in order as long as they prove a point which is related to the bill, but the hon. member should not expand upon these examples to such an extent that he loses sight of the fact that we are dealing now with consumer credit. The principle of the bill is not now under discussion, and his remarks must be strictly relevant to the section before us.

Mr. Murray (Cariboo): I thought I was in order in discussing consumer credit, and that my remarks were pertinent to this matter now before the committee. I say that it extends to other fields within the nation. If the nation goes into debt, the province accumulates vast debt, the municipality and so on down to the family. I believe it is a matter which should be very prominently before this house. The curbing of credit would help us win many victories in Canada.

Mr. Jones: I am in full sympathy with this bill, and I support it wholeheartedly. It has been drawn to my attention that a little injustice is being done to the motor car dealers of British Columbia. I have some correspondence from the Motor Dealers Association of British Columbia with headquarters in Vancouver, as well as from several independent garages in the interior of the province. They cite their experience since this measure was introduced. In order to give some indication of what they have in mind, I shall quote briefly from one letter which is typical of the others. It reads:

> The recent credit regulations have certainly accomplished the aim of the government to restrict unwarranted spending. They have also put a serious obstacle in the way for a man that is compelled to purchase transportation in order to enable him to get to and from his work. They do not hinder a man of means, who can purchase a new car each year, but they do seriously hurt the worker that must have essential transportation.

The letter continues along that line. It points out that the generally high freight rate to British Columbia severely handicaps British Columbia dealers, and puts them at a disadvantage on each car that is sold. For example, the freight from Windsor to Vernon, B.C., is approximately $300, whereas the freight on the same car delivered to Ottawa or Toronto would be $30 or $50. I believe the dealers have approached the government about this matter. They believe that there should be three distinct districts created for the purpose of the credit regulations on automobiles, and they ask for relief on that basis. They would divide Canada into three zones, one west of the great lakes, Ontario and Quebec, and the maritimes. They have asked that the zone west of the great lakes and the maritimes be given relief to the

extent of a forty per cent down payment with fifteen months to pay. It is felt that credit regulations covering the whole of Canada, as they do, are unfair because they work a hardship on the purchaser of a car in British Columbia who would have to pay at least $125 or $150 more by way of down payment than the purchaser of the same car in Ottawa or Toronto.

With that in mind, they suggest that the government should give serious consideration to setting up these three zones now. I do not know if that can be done at this stage of the bill, or whether the parliamentary assistant has investigated the matter and found no practical solution. I do feel, however, that an extension of time should be given to those who are in the west or in the maritimes, and who have to purchase a car. In my riding the main source of income is the fruit, on which payments are made twice a year. Naturally, those people with a monthly income can meet their monthly payments much more easily than people who receive their income in one or two payments during the year. For that reason, I would ask the department and the parliamentary assistant to give serious consideration to the granting of the request of the association of motor dealers of British Columbia.

Mr. Sinclair: Mr. Chairman, I am particularly pleased to hear the member for Yale speak so well of the consumer credit regulations generally, because he has extensive knowledge of their workings in his own retail businesses. The problem of the impact of these regulations on British Columbia has been raised with the minister by the automobile association. Two points arise immediately. Of course, the argument raised applies only to Canadian cars. I am told that British-made cars are laid down in Vancouver at prices lower than any other place in Canada, including Halifax, because they generally come out as deck loads on the timber ships returning to B.C. The first step, therefore, in any regulation to cover this situation would have to be the singling out of whether the car was of Canadian or British make.

The other point it raises is the fact that once you try to get zones for consumer credit regulations based on independent things such as freight rates or local sales tax—the sales tax of three per cent in British Columbia is another factor which raises the price—it makes the regulations very difficult to administer. This time our regulations are even simpler than those in effect during the last war when we had a variety of rates for different commodities. The retail trade found it very difficult to keep abreast of these various rates, the various types of down payment and terms of repayment. It was for this reason that, after consultation with the retail trade of Canada, the department decided to make the regulations as simple as possible. In the case of a car it is a half down, and twelve months to pay; in the case of other consumer goods, one-third down and twelve months to pay. For these reasons the department decided that it would be best to have one national set of rules. Once you extended such considerations to the purchase of Canadian-made cars, you would I suppose have to give similar concessions to the sale of British cars in Winnipeg or Regina. Then, of course, you would be led into concessions to other heavy goods in which the freight rate is a substantial item, such as stoves and refrigerators.

The other point raised by the hon. member is already covered in the regulations. It is provided that in the case of a farmer, fisherman or other person whose annual income is derived mainly in one or two lump sums, he can make payment in that fashion, provided the terms of payment are still within the year mentioned in the regulations.

Mr. Macdonnell (Greenwood): Is any attempt made to distinguish between pleasure cars and the cars used in the course of a man's occupation? The objection one hears raised to the regulation is that they very often hurt the man who needs a car in the conduct of his business. I should like to know if that has been considered, or if it is thought possible to do that? My own feeling would be that if it were possible it would be a good thing. Whether or not it can be done on the basis of the cost of more expensive cars and less expensive, I do not know.

Mr. Sinclair: The criterion of distinction used there is whether the car is individually owned or owned by a company. A car owned by an incorporated company is primarily for business use, whereas cars owned by individuals are very often partly for pleasure and partly for business. There is an exemption in the regulations for cars which are used for business purposes entirely. We do not exempt a car which is used by an individual partly for his business and partly for pleasure.

Mr. Macdonnell (Greenwood): There is no regulation whereby a man could satisfy you that, in fact, his car, although personally owned, is used for his business? There must be thousands of such cases.

Mr. Murphy: Can the parliamentary assistant clear that up, because I know firms who have representatives on the road, and the

employee owns the car but uses it for his business. He also has a car of his own for pleasure use. What would be the ruling in that case?

Mr. Sinclair: If the company owns the car—

Mr. Murphy: I do not mean that. The individual owns the car, but it is used for business purposes. He owns a car for his own personal use.

Mr. Sinclair: I am afraid in that case both of them would be subject to these regulations. With regard to the other point raised, when an employee of a company has to have a car, and the company itself does not care to provide a car for him, I would think in most cases the company would certainly assist in whatever financing he would need himself to carry the down payment if that were necessary. Here again there is the great problem of making a national law simple, effective and understood. We try to keep our administration staff down to as small a number as possible in the interest of economy. If we had to investigate each of the thousands of claims that a privately owned car was used more for business than for pleasure it would require a very much bigger and more costly staff than we propose to have, and it would have to be on a widespread national basis.

Mr. Low: Will the regulations which apply to new cars also apply to used cars?

Mr. Sinclair: That is so if they are financed. New cars of course are wholly sold through dealers. The bulk of the used car trade is one individual selling to another individual. We have no control over that at all; but if cars are sold on the instalment plan through regular dealers, exactly the same regulations apply.

Mr. Murphy: Does it apply to the dealer who takes back a refrigerator, a stove or something like that?

Mr. Sinclair: The same regulations apply to used equipment. With the regular conditional sale, which is financed on the instalment plan, the regulations apply; but the personal arrangement between individuals is different. It might be desirable to apply it, but the actual job of policing it or enforcing it would be beyond any reasonably staffed government bureau.

Mr. Fraser: That is a hardship on the regular authorized dealers. Would they not feel the effects of it?

Mr. Sinclair: The actual division of cars which are sold through dealers and cars which are sold through individuals has not changed very much since the regulations were introduced. The ordinary person who is trying to sell his car personally generally wants cash. It is to the dealer that a person goes if he wants more generous treatment in the way of cash payment than he can get through an ordinary private sale. If you look at the evening papers you will see that most used cars offered by individuals are for cash, or at the outside on six months terms. If an individual wants it financed he sells to a dealer, or finances through a loan company, and so the sale becomes subject to these regulations.

Mr. Low: The volume would be small.

Mr. Sinclair: Yes.

Mr. Jones: Can the parliamentary assistant tell me what method is to be adopted to enforce these regulations? Are you going to depend on individuals to enforce it, or are you going to appoint a staff to supervise enforcement?

Mr. Sinclair: The number of administrative officers here, both in the last war and so far, has been comparatively small because of the very great co-operation we have had from the trade associations. We have ten inspectors in the field, and a total staff of eight here at Ottawa. Groups like the Retail Merchants Association, for example, are the very first to report what they consider to be infractions by merchants. The merchant in the small town who is obeying the regulations can very quickly tell if his competitor is, by evasion of regulations, getting customers whom he had, or customers who he knows have not the down payments. That is where our field men move in immediately. So far this has been a comparatively quiet period in which the trade and the customers have been getting used to the regulations. There have not been any prosecutions as yet, although seven cases are now before the Department of Justice for their opinion. There have been quite a number of minor infractions which have been reported. Most of those infractions were made in ignorance of the regulations, not through a deliberate attempt at evasion, and they have been adjusted and contracts redrawn in line with the regulations; but the co-operation received from the actual industry, the department stores and retail merchants across the country, has been exceptional.

Mr. Quelch: I cannot quite understand why there should be credit restrictions on the sale of used cars. In most parts of the country they are a drug on the market. After all, if people spend their money on used cars they will not be able to buy other goods, and to that extent they will relieve inflationary pressures in other ways. Many of the dealers

who in the past have had new cars now find great difficulty in selling them because of the requirement of 50 per cent down and the balance in twelve months. Would it not be possible to relieve the situation in so far as the used car is concerned?

Mr. Sinclair: One of the most immediate problems would be the definition of what is a used car. That of course was a great problem under price control during the last war. If credit curbs are to be applied to the sale of cars, I think it is only fair to the automobile manufacturers and to the new car dealers at least that the same curbs be applied to used cars as to new cars. The curbs of course are less onerous in terms of dollars on used cars because, the price being lower, the down payment is lower and the monthly payment is lower; but one of the main difficulties would be to define what is a used car.

Mr. Low: And yet I think the hon. member knows that the price of a car one year old is almost as great as the price of a new one.

Mr. Sinclair: That depends of course at the present time on the make of the car. It depends on cars which are still in short supply, the manufacturer's supply.

Mr. Low: If a person goes to one of the used car lots in this city today and finds a 1950 car with a mileage of 10,000 miles or 15,000 miles he will find that it is priced almost as high as a new car.

Mr. Graydon: Like wine, it improves with age.

Mr. Drew: Has there been some evidence of an accumulation of used cars to a degree that would cause a measure of concern at the present time?

Mr. Sinclair: Not to the knowledge of the dominion bureau of statistics. Unfortunately, on used cars our figures are not nearly as accurate as they are on new cars, because it is dealer sales which are reported, and a great deal of used car sales are not through dealers, but the sale of used cars has kept step pretty well with the sale of new cars across the country. Let me give first of all the financing of used cars by numbers in the first quarter of each of these years, 1948, 1949, 1950. Here are the number of used cars which are sold under finance, and that is the only record we have, because we have no record of private transactions: In 1948, 17,488; in 1949, 23,658; in 1950, 37,160; and in 1951, 56,256. In fairness again I must point out that there was a quite marked increase in the sale of used cars as well as new cars in the month before the budget.

Mr. Macdonnell (Greenwood): Meanwhile, can the parliamentary assistant tell us what is the rate of production of new cars?

Mr. Sinclair: I have not got the rate of production of new cars, but I have the rate of sales of new cars, and that figure I gave earlier.

Mr. Macdonnell (Greenwood): I was going to refer to that figure. Just running roughly over it, the figures that were given were as follows: October, 35,000; then going up to 37,000. In December it was down to 29,000. In January, it was 33,000; in February, 43,000; and in March, 49,000. In the face of those numbers one would say that the restriction has not been very effective, but there may have been strong offsetting influences at work. Can a word be said on that?

Mr. Sinclair: The restrictions of course were designed to cut off the buying of cars and other commodities by people who really did not have the money, who were in a credit range far beyond their grasp; but it was also designed to encourage the payment of cash rather than borrowing, and the fact that the instalment purchase has fallen in the same period from 33 per cent in October, 1950, which was the normal month before the introduction of these consumer credit regulations, to 20 per cent, and even in the month before the budget with accelerated buying to 25 per cent, shows that these restrictions are encouraging more cash sales and less credit sales.

Mr. Fraser: You have not the figures for April?

Mr. Sinclair: They are not out yet.

Mr. Fraser: You will find a great drop in the sale of cars. They are a drug on the market now.

Mr. Sinclair: That is of course to be expected. That happens with the sales of almost every commodity in which there is to be an expectation of tax changes. It would happen in the month before. It is to be expected that people may hurry their purchases to the month before the budget. At the same time it would have an effect upon instalment buying, because those people are not so likely to have the cash available and they might have to turn to credit to finance the purchase of a car in March which they had not expected to purchase until April or May.

Mr. Fraser: I understand the reason there was such a demand for cars in March was that the workers in the automobile factories understood that nickel and chrome plate were not going to be put on cars after a certain date, so that they asked that they be

given their cars before the budget came down, or before the restrictions on nickel took place.

Mr. Hosking: Did I understand the parliamentary assistant to say that cars that were not financed through finance corporations could be financed beyond the limits controlled by the corporations?

Mr. Sinclair: No, I did not say that. What I said was that the sale of a car from one individual to another might be affected in this way: for example, if I decided to sell my car tonight, put an ad in an Ottawa newspaper and found a customer, the actual arrangements which I as an individual might make are not controlled by the act. If they had to come within the framework of this measure, enforcement would be difficult. The actual fact however is that in connection with those personal sales the general expectation of the seller is to have all cash, which is the desire behind this legislation. Certainly the ordinary private seller of a car is not in a position to extend credit for six months, a year or eighteen months to some purchaser generally unknown to him. That is why such sales are not much of a factor when it comes to curbing credit.

Mr. Macdonnell (Greenwood): I should like to return to the question of wording, and to the explanation given. If I understood the information given about the revolving fund, that has to do, it seems to me, with the relations as between debtor and creditor, between vendor and purchaser. Does the parliamentary assistant agree that I am right in my understanding of what he said?

Mr. Sinclair: Yes.

Mr. Macdonnell (Greenwood): It has nothing to do with title to the goods. It is really more in the nature of a banking relationship. If that is so, then I would ask hon. members to look at the words of the amendment, which have to do wholly with the title to the goods, where it says "whether or not the seller retains any property, interest or lien in respect of the goods." If I have understood correctly the explanation given, then I am not able to understand why this amendment, which has to do with the question of title, has any effect on the other relationship, which is one of debtor and creditor. I am wondering whether that can be right.

Mr. Sinclair: Well, this being a point which was raised by lawyers in the Department of Justice, I am not competent to discuss it with the hon. member, so far as the legal aspect of the matter is concerned. But earlier in the same section we find the words, "under the terms of which a buyer is to obtain possession of any goods without paying the price thereof in full". This covers the case of the revolving fund.

Mr. Macdonnell (Greenwood): But again, that is not a question of title; it is just a question of possession. I am not much of a lawyer, either, but it does seem we are dealing with two entirely different things. With deference I suggest that possibly this section might stand until the lawyers explain what they mean. Unless I completely misunderstood the explanation given—well, as the saying goes, "Dem two tings don't paralyse."

Mr. Hosking: In Ontario title to the car is sold with the licence. That is the title to the automobile. The note or lien on the automobile is held by way of a lien mortgage, which is something separate from the title. In connection with the title of an automobile in Ontario, there is no registration of a lien note in any way. The title is clear, once the car is sold. Title must be given to the new owner.

Mr. Sinclair: Title is covered by the terms of conditional sales. But, to get back to the revolving fund, the definition in the act of a conditional sale did not include that type of sale. The underlined words here make it quite clear.

The point is largely academic because, with the revolving fund, since they limit themselves to six months they are still within the scope of the legislation in any case. But the department, in order to make it clear that even in those cases where a separate contract was not executed for the sale, for example, of a refrigerator, where the purchase was made under this revolving fund, has made it so the conditions of credit under this act would still apply.

Mr. Jones: Where a person sells his car on his own terms does he have to comply with the act?

Mr. Sinclair: So long as he has owned the car six months, on a sale he arranges himself. If he has owned the car six months the sale is his own responsibility.

Mr. Jones: It does not come under the act?

Mr. Sinclair: No.

Mr. Jones: Does that not leave a wide opportunity for abuse? The ownership of the car can be retained until it is transferred. I am only suggesting that it seems to me that a private car owner could hang on to his car, and sell it within a two-year period if he liked.

Mr. Sinclair: First of all he must own it for six months, and secondly, one thing the individual wants is cash. If he goes to a finance

company or a lending institution he must make certain arrangements. If he wishes to make a private arrangement for the sale of the car, that does not come within the act. The main purpose of selling the car, as a rule, is to raise as much cash as he can. Certainly he would not normally be content to wait one or two years for his payment.

Section agreed to.

On section 2.

Mr. Macdonnell (Greenwood): I am bearing in mind what the parliamentary assistant said about the mixture of work and goods. He gave an instance of a man having work done on his car, and of goods supplied. Is this provision to apply only to the goods, or also to the work done?

Mr. Sinclair: The provision applies only to the actual goods put in. If the contractor wishes to render two separate bills, one for labour and one for goods, his bill for labour can be spread over ten years. That is his concern. However, the bill for goods must come within the confines of the act. What generally happens is that a store sells just one thing, namely the goods and the cost of installation. They want the whole cost included under this credit regulation. But if an individual wants to separate the goods from the labour, then the consumer credit regulation applies only to the goods. The regulations will be drawn up after this measure is passed.

Mr. Macdonnell (Greenwood): Then I would direct attention to the last two lines of the section:

> Engages in the business or makes a practice of lending money.

Would that include the chartered banks?

Mr. Sinclair: It includes the chartered banks and the small loan companies, yes.

Mr. Macdonnell (Greenwood): Then are they to be required to keep accounts in a special way; or would the ordinary accounting of the chartered banks, for instance, be sufficient for these purposes?

Mr. Sinclair: I am informed by the superintendent of insurance that the ordinary records in the chartered banks, and in connection with personal loans of finance companies, are perfectly satisfactory. All this says is that they must have such accounts available in connection with consumer regulations as well.

Section agreed to.

Section 3 agreed to.

Bill reported.

Canadian Commercial Corporation

Mr. Fournier (Hull) moved the third reading of the bill.

Mr. Knowles: By leave.

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

CANADIAN COMMERCIAL CORPORATION

AMENDMENT OF ACT TO PERMIT PERFORMANCE OF SERVICES FOR DEPARTMENT OF DEFENCE PRODUCTION, ETC.

Right Hon. C. D. Howe (Minister of Defence Production) moved the second reading of Bill No. 284, to amend the Canadian Commercial Corporation Act.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, when the new Department of Defence Production was set up at the start of the current fiscal year it took over the task of the procurement of supplies for the three armed services, which function up to that time had been performed by the Canadian Commercial Corporation. The corporation was then left with the task of carrying out transactions for other governments and of attending to certain bulk purchases. The change in its duties was quite considerable and as a result certain changes are required in the Canadian Commercial Corporation Act.

These changes do not involve matters of principle, they involve only matters of clarification. Perhaps it would be more desirable if I dealt with them in committee, but at this stage I could indicate what they are. The first amendment simply clarifies the definition of minister. There was some doubt as to whether the next amendment was legally necessary, but it does make clear that the corporation has the legal capacity to perform the functions authorized by other acts of parliament. The third amendment clarifies the language used with respect to the revolving fund authorized under the Canadian Commercial Corporation Act. It does not add any new power to what was stated to be included when the section was originally passed by this house, but it does clarify the language.

The next provision is to permit a smaller quorum at the meetings of the directors, reducing the quorum to three. The number of directors is being reduced from nine to six. The act authorizes a board of directors made up of from five to nine with a quorum of five, which will be reduced to three by this amendment. The concluding section makes it possible for certain employees of the corporation to be brought under the benefits of the Civil Service Superannuation Act.

Canadian Commercial Corporation

Mr. Macdonnell (Greenwood): I wonder if the parliamentary assistant could make some general remarks about the scope of the work of the Canadian Commercial Corporation. I understand that since 1946 its work for the Department of National Defence has become vastly more important.

The Acting Speaker (Mr. Beaudoin): If the parliamentary assistant speaks now he will close the debate.

Mr. McIlraith: If I may be permitted to continue my remarks. Perhaps I could give that information by indicating the number of contracts let during the last three fiscal years. In 1948-49 the number of contracts awarded by the corporation on behalf of the Department of National Defence was 65,308 with a value of $145,033,051. In 1949-50 the number of contracts was 84,600 with a value of $221,538,679. In 1950-51 the number of contracts was 112,000 with a value of $676,286,512. The figure for the number of contracts placed in 1950-51 is subject to final check, but I think it is accurate.

The values of the contracts placed on behalf of foreign governments and relief agencies for the same three years were as follows:

1948-49	$57,624,676
1949-50	31,194,138
1950-51	102,937,447

Mr. Macdonnell (Greenwood): Those would cover what agencies?

Mr. McIlraith: On behalf of foreign governments, and including certain agencies.

Mr. Macdonnell (Greenwood): I thought the parliamentary assistant referred to relief agencies.

Mr. McIlraith: The United Nations relief and rehabilitation administration was the one I had in mind. I just forget whether it was still in existence in 1948. But in any event it would cover any international organizations outside our own government. I can give the administrative expenses in connection with the contracts placed on behalf of the Department of National Defence, along with the percentage of the total contract value. These figures are as follows:

		per cent
1948-49	$ 773,811.07	·53
1949-50	999,783.52	·45
1950-51	1,394,302.00	·2062

It will be noted that the administrative costs in terms of the percentage of the contract values is quite small in the case of 1950-51, and out of fairness I think I should say that with buying increasing in the last few months of the year there might be a lag in the amount of administrative work. Hon. members perhaps should appreciate that, when considering the precise figures for the percentages. I do not know, Mr. Speaker, that there is much more I can usefully deal with that would illustrate the work.

Mr. Macdonnell (Greenwood): I think the rest will come in questions.

Mr. McIlraith: I think anything else can perhaps be dealt with in the committee stage.

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

On section 1—*Minister.*

Mr. Macdonnell (Greenwood): I want to ask a general question about the relation between the Canadian Commercial Corporation and the Department of National Defence having regard to what actually happens when the Canadian Commercial Corporation, on behalf of the Department of National Defence, lets a contract for the preparation, construction and manufacture of goods for the Department of National Defence. What I want to be clear about is, what is the division of function? The Department of National Defence reaches the conclusion that it wants certain things, and it asks the Canadian Commercial Corporation to procure them. This matter has arisen in the public accounts committee. From that point on I am anxious to know exactly where the responsibility lies. I find it a little difficult to understand. Indeed it seemed to me there was perhaps a danger of duplication. I should like to be informed just what the division of responsibility is from that point on.

Mr. Howe: Mr. Chairman, there has been a change in the system of defence buying, particularly in those purchases that require new facilities or new arrangements to produce. The Department of Defence Production has been established, and a good many of the duties formerly performed by the Canadian Commercial Corporation have been taken over by the production branches of the Department of Defence Production. For instance, the aircraft branch of the department is responsible for all procurement in connection with the aircraft program. Defence construction is handled apart from the Canadian Commercial Corporation. A separate crown company is responsible for defence construction. Similarly the gun division handles all procurement in connection with guns except for foreign orders. Orders from foreign governments are routed through the Canadian Commercial Corporation for the reason that production has to be financed for a time before outside payments are received.

The scope of the corporation has been reduced. A number of men formerly

employed by the corporation have been taken over by the procurement branches. For instance, Mr. Trethewey, formerly head of the aircraft branch for Canadian Commercial Corporation, is now one of the heads of the aircraft production branch.

Mr. Macdonnell (Greenwood): I should like to ask a question at that point. On the face of it, it appears that administrative expenditure for 1950-51 for the Canadian Commercial Corporation, if I understand the matter correctly, is about $400,000 larger. Is the change that the minister is describing just taking place now so that it will alter that? The figures given by the parliamentary assistant show that.

Mr. Howe: The change in organization took place in the late months of 1950. The Department of Defence Production was only officially organized as of April 1, but its activities began to function during the late months of 1950. If my hon. friend will note the size of the contracts placed by the Canadian Commercial Corporation he will understand why in that year there was a considerable increase in staff and in expenditures. I presume for the year 1951-52 the volume handled by the Canadian Commercial Corporation and the expenses involved will be down instead of up.

Mr. Macdonnell (Greenwood): What comes from the minister's answer is that there are now really three organizations. There is the Department of National Defence, the Canadian Commercial Corporation, and the Department of Defence Production, and as I understand it the duty of defence production is to do a good deal of the work formerly done by the Canadian Commercial Corporation. Is that right?

Mr. Howe: Yes, that is correct.

Mr. Macdonnell (Greenwood): My basic question still remains. Just what is the division of responsibility between the Department of National Defence, which gives the order so to speak, and the Canadian Commercial Corporation or defence production which I suppose we can say does the arranging to get the goods? As I understand the matter in the public accounts committee, the Department of National Defence naturally is deeply interested in what is being obtained, and I presume in a way it is the final judge and even the expert as to what it needs. As I understand it, it concerns itself with following through when airplanes, guns or tanks, for example, are being built. It follows through and keeps in touch with the work. It is that relationship between it and defence production, which the minister says is in charge of these things, that I want to get at. What does the minister consider is the division of responsibility?

Mr. Howe: Relations between the Department of National Defence and the Department of Defence Production remain unchanged. Requisitions come from the deputy minister of national defence to the deputy minister of defence production. How they are handled in the Department of Defence Production is a matter of departmental organization with which the military side is not concerned. The division of the work of the two departments is that the defence department specifies what is required. They say what they want, when they want it and where they want it. In other words, any plans prepared for buildings are prepared by the Department of National Defence. Any specifications for goods to be purchased for the Department of National Defence are prepared by that department.

Mr. Macdonnell (Greenwood): Let us take airplanes.

Mr. Howe: They set out the type of airplane. Of course the actual development of airplanes is not carried out directly by the Department of National Defence, but nevertheless that department sets out the over-all specifications and works with the Department of Defence Production in following the development through to the final mock-up. After that it becomes a matter solely for defence production. However, the Department of National Defence has another function, that of inspection. In other words, the Department of National Defence must say that the article is satisfactory. For that purpose there is an inspection branch of the Department of National Defence which is responsible for inspection. They say what they want, when and where they want it, and they decide whether the article delivered is up to their specifications. If not, they have the right to reject it.

Mr. Fraser: Does the Department of Defence Production also have inspectors?

Mr. Howe: Yes.

Mr. Fraser: Then it is duplication.

Mr. Howe: It is not duplication. There are certain matters that we inspect by agreement, but the final decision as to whether an article is up to specification rests with the Department of National Defence. In some cases, as in the case of aircraft, there is some division of the inspection work, but there is no duplication. There was duplication in the last war. There was plant inspection and the British inspection. That has been eliminated.

While there is inspection of all stages, in some cases by agreement it is performed by inspectors of the Department of Defence Production, and in other cases it is inspectors of the inspection branch of the Department of National Defence.

Mr. Drew: Would this be the organization that would negotiate the contract under which Sorel Industries now occupy the arsenal across the river?

Mr. Howe: No.

Mr. Drew: Would this organization have nothing to do with that contract?

Mr. Howe: You mean the contract for guns for the United States?

Mr. Drew: I mean the contract for guns that was under discussion, by virtue of which Sorel Industries are making certain guns in the arsenal at Longueuil.

Mr. Howe: No; that was an arrangement made by the department, and Canadian Commercial Corporation would have nothing to do with that. The only interest Canadian Commercial Corporation has in the manufacture of guns is that orders from foreign governments—in this case an order from the United States government—are placed with the Canadian Commercial Corporation and serviced by them. Arrangements as to where the guns will be manufactured and negotiations with Sorel Industries and the plant at Longueuil would be matters for the gun division of the Department of Defence Production.

Mr. Drew: Just so I may understand the procedure, do I gather that in the case of a contract for the manufacture in Canada of a certain type of gun or guns such as are under consideration in this case, the Canadian Commercial Corporation would negotiate the contract with the foreign purchaser and carry out the arrangements in Canada for the production of guns on behalf of that foreign purchaser, and that the details then would be worked out by the department for the actual production?

Mr. Howe: That is correct.

Mr. Drew: Then may we take it that in this case the government of the United States negotiated a contract through Canadian Commercial Corporation for the purchase of guns of a certain type and that the corporation then entered into arrangements with the Department of Defence Production for the manufacture of those guns. Is that the way it worked?

Mr. Howe: That is right.

[Mr. Howe.]

Mr. Drew: Then the Department of Defence Production would make the arrangements which were under discussion whereby, in this case, Sorel Industries would plan the actual production in their own plant and in the arsenal which has been taken over?

Mr. Howe: That is correct.

Mr. Fraser: In regard to orders from foreign governments, does the external affairs office have to O.K. those orders before they are put through?

Mr. Howe: Yes, Mr. Chairman, every order for munitions of war placed by a foreign government must obtain the approval of the Department of External Affairs.

Mr. Macdonnell (Greenwood): I listened to what the minister said about there being no danger of duplication, and all I can say is that if there is no duplication he is a wizard, because we have all the makings of it. When we started this discussion I did not fully realize the complexity of the situation. I thought we were dealing primarily if not exclusively with the defence department and Canadian Commercial Corporation. Now we have the other organization in the picture, and for the life of me I cannot understand why we need the two other organizations in addition to the Department of National Defence.

The minister has made clear what happens in the case of contracts of certain kinds, and I am not going over that ground again. What he has not made clear, to me at any rate, is why we need these two organizations. I think the minister will agree as a matter of general principle that when you have three or four people working on one job there is prima facie a great danger of duplication, and frankly I do not understand the reason for what is taking place. We have had Canadian Commercial Corporation built up to us as a very useful organization, and let us assume that is so. Now apparently its functions are being diminished; it is to be considerably less important, and we find a new organization coming in. I confess that the matter disturbs me. This afternoon we are going to be asked to amend the Canadian Commercial Corporation Act to give the minister the very fullest powers under it, but we are still left with what seems to me a multiplication of agencies. I would like the minister to tell us further why we need them all.

The Deputy Chairman: Order. Perhaps the point raised by the hon. member for Greenwood could more properly be discussed on the administration item of the estimates of the Department of Defence Production.

Mr. Macdonnell (Greenwood): No.

The Deputy Chairman: I have listened to the discussion that has gone on for the last few minutes; I have read the various sections, and we are in committee of the whole on this bill studying section 1 at the moment. I wonder if at this time it would be in order to discuss the matter of duplication because of the existence of one or two or three corporations. There is no mention in any of the sections of this bill of Defence Construction Limited, for instance. So I think this point should be cleared up if the discussion is to be proceeded with in an orderly fashion.

Mr. Howe: With all respect, Mr. Chairman, I think I can put my hon. friend's mind at rest in a few words. Defence Construction certainly is not mentioned in the bill, but I brought it in, and I think perhaps I could make that relationship clear.

First let us take inspection. The duty of inspection technically rests with the Department of National Defence. I think my hon. friend will appreciate why that should be so, because after all the defence department certainly should be entitled to say whether the article for which they are paying is satisfactory.

Mr. Macdonnell (Greenwood): And they have an expert staff to do that.

Mr. Howe: Yes, they have a branch of their department for that purpose. However, that branch is not large, and it is not easy to recruit new members quickly. They found that in connection with the inspection of buildings they just did not have the engineering staff available for the purpose; so by arrangement, to which we both agreed, we augmented the inspection staff by recourse to the staff of Central Mortgage. My hon. friend will understand that. Central Mortgage acts as consultants, really, or inspectors for Defence Construction.

Mr. Macdonnell (Greenwood): This is another agency.

Mr. Howe: My hon. friend may laugh, but he is accustomed to dealing with corporations. The reason I like corporations is that we know how they keep their books. Everyone understands a corporation; everyone understands a corporate statement. If the departmental organization is carried too far it becomes very difficult to follow. The government's method of keeping books is not the method of a businessman, as my hon. friend will agree; and if we have a big job to do I prefer to handle it in a corporate structure where bookkeeping methods are well defined and well understood by everyone. That is the reason for the two corporations.

As to the point in which my hon. friend is interested, while the corporation we are discussing here was a very effective means of handling defence requirements in peacetime, it is not capable of expanding to the extent required to take care of new productive facilities and all the ramifications of a $5 billion defence program to be completed in three years. What we have done is take from this corporation certain functions such as aircraft production, gun production, chemical production and so on, which it formerly performed; and these are now peformed by branches set up for those specific purposes. I hope I have made myself clear.

Mr. Macdonnell (Greenwood): Yes, Mr. Chairman, the minister has made it clear, but I still want to ask this. He has told us there is a competent engineering staff in the Department of National Defence who lay out the work to be done, who follow it through and inspect it. Am I right in assuming there is also a competent engineering staff in defence production? Will the minister speak on that?

Then, we have had it indicated to us that the Canadian Commercial Corporation has been shorn of a good many of its functions. The question naturally arises, and I am appreciating what the minister said about his preference for corporation books rather than government books, but it does not necessarily follow you need two corporations instead of one just for that purpose. Why could not either the Canadian Commercial Corporation have been given the necessary expert assistance to do what is now being done by defence production or vice versa? Why could not defence production take over the whole thing? Is there a natural division between the two?

I come back to my first question. Will the minister say what engineering staff there is in defence production, and whether or not there is any in the Canadian Commercial Corporation.

Mr. Howe: The engineering staff of defence production is small, but engineering services available to Defence Construction Limited are retained for the purpose of inspecting construction.

Mr. Macdonnell (Greenwood): They remain in the Canadian Commercial Corporation or the other company?

Mr. Howe: They are retained by Defence Construction Limited. Defence Construction Limited is responsible for the building carried out by the armed forces, and Defence Construction Limited retains the engineering services that are made available to it by Central Mortgage and Housing.

Mr. Macdonnell (Greenwood): That is merely to do that building?

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): I think a while ago we were considering the functions of defence production in connection with aeroplanes and things like that.

Mr. Howe: Well, an aeroplane order is handled by the production branch of the department. There is a branch that devotes itself exclusively to the production of aircraft, and they have everything to do with the production of aircraft.

Mr. Macdonnell (Greenwood): That is the Department of National Defence.

Mr. Howe: No, the Department of Defence Production.

Mr. Macdonnell (Greenwood): But the minister has already told us that the Department of National Defence also concerns itself with that.

Mr. Howe: They decide what aircraft they want, and they follow the production through to determine they are getting it. They perform certain inspection services, the major inspection services in that particular case.

Mr. Drew: I understand the difficulty of the chairman in regard to the field that this is covering, but I would point out that section 1 which is under consideration is the general section, and also the section which defines the minister under this particular act as the Minister of Defence Production. I believe, therefore, that this is the one place where we can get some rationalization of the need for the amendment, and also possibly the question as to whether other amendments might even be desirable from the point of view of simplifying the relationship between these different bodies.

From what has taken place, I understand that the Department of National Defence, as a government department, is making decisions in regard to military requirements, as a result of which certain contracts are then made by other agencies. These agencies may be the Department of Defence Production, acting as a department, or the Canadian Commercial Corporation or Defence Construction Limited, both of which corporations come under the same minister. The thing which I find it difficult to understand is why, with the immensely wide powers conferred upon the Department of Defence Production, it is necessary to have the Canadian Commercial Corporation at all. Secondly, why, if it is necessary to have the Canadian Commercial Corporation, it is necessary also to have Defence Production Limited, in view of the extremely wide powers that are conferred and would be extended by this amendment.

[Mr. Macdonnell (Greenwood).]

Mr. Howe: It is not essential, but it is desirable we think. In the last war we had a similar corporation which was called War Supplies Limited. War Supplies Limited handled all contracts made by the United States government or other governments with the Canadian government. These contracts were processed by the old department of munitions and supply. It is much easier for a foreign government to do business with a corporation having offices in the country than it is to do business between governments. The latter is more cumbersome. War Supplies Limited had an office in Washington, and I think the Washington office handled $2 million or $3 million worth of United States orders that were carried out in Canada. It also had an office in London.

The Canadian Commercial Corporation has offices in Washington, London and several offices across Canada. Instead of winding up this corporation, which we could have done, we have made it responsible for booking foreign orders and for handling foreign business. Those are pretty well its duties today. They have been whittled down to that, but it is still handling very large orders and is performing a useful function. The staff of the department has largely been transferred over into one of the production departments or into the general purchasing departments of defence production.

Mr. Macdonnell (Greenwood): I observe it is almost six o'clock, but I am going to suggest that I believe it would help us in considering this complicated and rather perplexing problem if we could have a list of the staff of each of the organizations we have been talking about this afternoon. When I say a "list", I am not concerned with having every name, but I do want to have a convenient list showing how many engineers, accountants and what-not are available, so we shall get an idea of how much talent there is, and how it is divided.

Mr. McIlraith: Perhaps I could answer the question about personnel right now. There seems to be a little misconception about the bill. The staff of the corporation in March of this year was some 660. I do not know what it is today but if it is not down in the neighbourhood of 40 it will be down to that in a matter of a few weeks. Perhaps that will give an effective picture as well as anything.

Mr. Macdonnell (Greenwood): I meant something more than that. I meant the Canadian Commercial Corporation, defence production, defence construction—of course, when you come to national defence, I realize

one must limit it there. I suppose we should have whatever is the relevant unit there, the engineering unit or whatever it is.

Mr. Howe: I am trying to be reasonable, but we are discussing a corporation that has a personnel of about 40. My hon. friend wants to bring in a list of the personnel of the Department of Defence Production that probably has a staff of 1,200. Let us keep the proportion. If the committee wishes to discuss the estimates of the department, we shall be glad to give you the names and talents of each man. I do not know who is an engineer, and who is a lawyer, but I do not think it is pertinent to this particular bill. I am quite willing to show the relationship of this corporation to anything the hon. member likes, but I am not prepared to discuss the Department of Defence Production as a whole on this bill.

Mr. Macdonnell (Greenwood): Could I just make this point. After all, it is true we are now considering an amendment to the Canadian Commercial Corporation Act, but nevertheless it brings in very directly the Department of Defence Production because the Minister of Defence Production is going to exercise some powers under this act. It may be, evidently it is the case, that the Canadian Commercial Corporation has become very much smaller, and in one sense the minister may say we are trying to get all the detail we can. It seems to me it is a perfectly natural thing for us to ask these questions because I do not see how we can properly consider a smaller and shrunken Canadian Commercial Corporation unless we know why it is shrunken and what is the cause of its present situation, and I hope the minister will take that view. It seems to me this is a convenient time to do it. It is a thing that might very naturally happen here. I do not see why it should not happen here as well as elsewhere. The same questions will be asked and answered by the same people.

Mr. Howe: I will ask the chairman to think over the ruling. If he can think of any reason why I should explain the Department of Defence Production on this bill I shall be very pleased to do it at the next sitting.

Mr. Macdonnell (Greenwood): I have great confidence in the chairman. I hope he will think of a good reason.

Section stands.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up third reading of Bill No. 79, respecting Indians. Then we will go into committee of ways and means and continue the consideration of the budget resolutions.

Mr. Fraser: As separate items?

Mr. Fournier (Hull): Well, we are nearly through with the customs resolutions, and the income tax resolutions will come next. After these resolutions have carried we will take up the Canadian Commercial Corporation bill. That will be the first item after the resolutions. Then we will take up Bill No. 198, to amend the Customs Act, and then Bills No. 191 and No. 192.

Mr. Drew: Mr. Speaker, while it may be an extension of the practice that has developed in regard to announcing business for the following day, I do think that for obvious reasons, at this stage of the session, it might be helpful if the business of the second day could also be indicated, because with the number of committees that are being arranged for, many hon. members will be called upon to be present at those meetings.

Mr. Chevrier: Why not all week?

Mr. Drew: In response to the statement made by the minister I must say that that would be extremely helpful, and I believe the business of this house would be proceeded with in a much more orderly manner if it could be so arranged, but I am dealing only with Friday at the moment.

Mr. Chevrier: Apart from today, the business of the house has not moved very expeditiously.

Mr. Fournier (Hull): I would be ready to lay out a program for a week's work but I would not succeed in having any work done during the week. Last week we did not get through one single item, although I had announced a whole lot of things.

On Friday, if the hon. member for Greenwood would be with us, and would be interested, I would suggest to the Prime Minister that we take up the resolution in regard to the Torquay agreement, and that it be sent to the banking and commerce committee. That would be an interesting subject, and I would be ready to bring the matter up on Friday. Perhaps we could then take up the estimates of labour and of some other department.

Mr. Macdonnell (Greenwood): I would think even more highly of the minister if he could put it on, on Monday.

Mr. Fournier (Hull): I will have to revert to estimates on Friday. If the Minister of Labour is here I would ask him to proceed with his estimates. He has been on for a whole day and I suppose we would make some progress. If I can get the Minister of Justice also we would proceed with estimates on Friday.

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

HOUSE OF COMMONS

Thursday, May 17, 1951

The house met at three o'clock.

BANKING AND COMMERCE

Fourth report of standing committee on banking and commerce.—Mr. Cleaver.

FISHERIES

STATEMENT WITH RESPECT TO SALT FISH MARKETS AND PRICES SUPPORT

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker, I wish to make a statement on salt fish markets and prices support. At this time last year there was, particularly in Newfoundland, much doubt about salt fish market prospects for the 1950 catch. Today prospects and outlook for 1951 are, however, more optimistic.

Last year there was a substantial carry-over of salted fish from 1949 still in merchants' hands. The government took action to help dispose of this fish and thereby to relieve the whole Canadian salted fish trade from the pressure of over-supply. We bought substantial quantities for distribution through relief agencies. The fisheries prices support board provided guaranteed prices to fishermen for the Labrador cure. The government undertook to review the results of the 1950 marketing season on shore fish as well, and the study covering returns received by the shore fishermen in Newfoundland is now under way.

At present, prospects for the 1951 season are encouraging. In the past year in Newfoundland all the 1949 carry-over and the 1950 catch have been sold. At present forward sales are being made for fish still in the sea—a marked contrast to the situation at this time last year. There is practically no carry-over of old fish. The world supply of salted fish is likely to be slightly under last year's production. Markets are more buoyant. I was able to announce only a few days ago the sterling convertibility arrangement for Newfoundland, so that the way has been cleared for sales to Europe. Arrangements have been made to permit full sales of Gaspe cured salted fish to Italy for dollars.

We understand that the Newfoundland salt codfish association will meet this month with the Newfoundland fishermen to set minimum prices, with an undertaking to meet together later in the year with the fishermen's groups to work out final payments. This brighter outlook for Newfoundland sales should strengthen the export position of the maritime and Quebec salt fish trades.

As to the 1951 season, therefore, with market prospects good, the prices support board could see no justification for general prices support action in salted fish. During the year there may be some localities where, because of poor fishing, or poor quality fish, returns may not prove adequate to the fishermen. That, however, is more a question of local relief than of national prices support action.

We, along with the departments of finance and trade and commerce, will continue to be ready to help overcome marketing difficulties abroad, should these arise, and to encourage the expansion of the domestic market. Keeping in touch with the market, however, should not put us in the fish business. The responsibility for production and marketing in the Labrador cure, as well as in others, rests with the industry itself, with both fishermen and merchants. It is only under special conditions that government action under the support act should be contemplated. There is, in our opinion, no need for such special action at this time.

I have on several occasions discussed in this house the alternatives to prices support —the constructive plans for future development of our fisheries, particularly on the Atlantic coast. I am greatly encouraged by the fact that joint federal-provincial fisheries development committees have been established in Newfoundland and Prince Edward Island. These committees are seriously studying the problems of these provinces, and I believe they will give us sound and practical advice towards securing a better-balanced fishing industry. This better balance is already being achieved by the fishing industry in the eastern provinces. In Newfoundland, while cod provides the basic income, fishermen's earnings from flatfish, salmon, lobsters, capelin, and herring are continuously growing. Improved fishing techniques are providing more such varieties and also better sizes for marketing. New mechanical driers are producing better standards of quality in salted fish. The industry has built, and is adding this year, several

new freezing plants for fillets. It has added oil and meal plants. It is such development we want to encourage.

In the meantime, and while the development committees prepare their recommendations, we are aiding by research and application the modernization of both the salted and the fresh and frozen fish trades in eastern Canada. For example, in Newfoundland this summer we shall have nine research board engineers—some engineering new fish plants, others checking present installations in freezing plants, in smokers, and in cod liver oil plants. We are installing a new experimental drier for light salted fish at Bay Bulls. We have arranged for two Nova Scotia long-liners to fish with their special techniques in Bonavista, both as an experiment and as a demonstration of techniques.

For the shore fishermen throughout eastern Canada we are expanding our assistance to help them modernize their vessels. The federal government assistance to the construction of draggers and long-liners is now applicable to Quebec and the Magdalens, as well as to the maritimes, and it can be made available to Newfoundland on agreement with the provincial government. The regulations have been changed to increase the assistance. Whereas the payments were formerly made to draggers or long-liners fifty-five feet and up they are now available to vessels forty-five feet and up. This should greatly extend the scope of the grant, which is $165 per gross ton; and it is available to single fishermen or to groups.

We believe that the progress of our Atlantic fishing industry is dependent greatly on the successful application of modern techniques, both in fishing and in processing, in doing old things in better ways, or in doing new things —new methods of fishing, processing, and distributing. Federal assistance in these directions, rather than prices support, will redound to the long-run benefit of the fishermen and their families as well as to all the coastal communities.

Mr. Higgins: I understood the minister to say that government action is contemplated under special conditions under the Fisheries Prices Support Act. What would those special conditions be?

Mr. Mayhew: I am sure the hon. gentleman would not want me to list the various possibilities. We will meet the conditions when they arise.

Mr. Higgins: Could we not have some idea?

Mr. Stuart (Charlotte): The minister mentioned that arrangements had been made for sterling convertibility in connection with Newfoundland. Will the same provisions apply to the maritimes?

Mr. Mayhew: That applies only to Newfoundland. It was arranged specially by the United Kingdom, not by Canada.

QUESTIONS

LEVEL CROSSING ACCIDENTS

Mr. Catherwood:

How many persons were (a) killed; (b) injured in level crossing accidents in Canada during each of the years 1945 to 1950, inclusive, and during the months of January, February, March and April, 1951?

Mr. McIlraith:

Level Crossing Accidents in Canada

Year	Number (a) Killed	Number (b) Injured
1945	121	470
1946	113	442
1947	151	501
1948	141	501
1949	140	490
1950	142	611
January, 1951	12	124
February, 1951	27	79
March, 1951	14	39
April, 1951	Not available	Not available

POSTAL SERVICE LIAISON OFFICERS—COST OF MAIL HANDLED

Mr. Noseworthy:

1. Has the Post Office Department a group of employees known as liaison officers?
2. If so, how many such liaison officers does the Post Office Department employ?
3. In what post offices are these maintained?
4. What are the duties of liaison officers?
5. What salaries are these officers paid?
6. Does the Post Office Department periodically make a cost ascertainment of all mail handled?
7. If so, has this cost ascertainment been made monthly, quarterly, half-yearly or yearly?
8. In what post offices are these cost ascertainments made?
9. What is the annual cost to the Post Office Department of these cost ascertainments?
10. Has this cost ascertainment revealed that the Post Office Department is losing money on any particular type or types of post office service?
11. If so, on what types, and what was the ascertained deficit on each type for the last fiscal year for which information is available?

Mr. Rinfret:

1. Yes.

2. 17.

3. Victoria, B.C., Vancouver, B.C., Calgary, Alta., Edmonton, Alta., Regina, Sask., Saskatoon, Sask., Winnipeg, Man., Toronto, Ont., London, Ont., Hamilton, Ont., Windsor,

Ont., Ottawa, Ont., Montreal, Que., Quebec, Que., Saint John, N.B., Halifax, N.S., St. John's, Nfld.

4. To undertake public relations and educational work in relation to postal service.

5. Montreal and Toronto, $3,888-$4,212 per annum; other offices, $3,240-$3,567 per annum.

6-11. The question of cost ascertainment and the dissemination of information obtained as a result was dealt with in the house on March 7, 1951. See *Hansard*, page 1000.

VETERANS AFFAIRS

CANADIAN ARMY SPECIAL FORCE—GRATUITIES, CLOTHING ALLOWANCE AND LEAVE WITH PAY ON DISCHARGE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of National Defence about a matter which has just come to my attention. Are members of the special force who are discharged on account of sickness after service in Korea entitled to gratuity, clothing allowance and leave with pay?

Hon. Brooke Claxton (Minister of National Defence): A similar question was addressed to the Minister of Veterans Affairs a few days ago, and his reply was that these matters were receiving the consideration of an interdepartmental committee.

Mr. Coldwell: May I ask the Minister of Veterans Affairs if any decision has been reached?

Hon. Hugues Lapointe (Minister of Veterans Affairs): I think I did say at that time that medical treatment under class 2 had been extended to these veterans. They can be discharged to the Department of Veterans Affairs, receive treatment, and in the meantime receive the pay and allowances which they were getting during their service in the army.

Mr. Coldwell: They can receive pay and allowances?

Mr. Lapointe: That is right.

MERCHANT MARINE

CANADIAN DEEP-SEA SHIPPING INDUSTRY—NORTH ATLANTIC SHIPPING POOL

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Transport. Will the minister make a statement to the house at an early day setting out the policy for the present fiscal year with regard to the Canadian deep-sea shipping industry, and also outlining the progress made in setting up a north Atlantic shipping pool? As the minister knows, the policy announced by the Prime Minister on December 9, 1949, was a temporary one for a period of one year only.

Hon. Lionel Chevrier (Minister of Transport): I had hoped to be able to make a statement on that question during the consideration of my estimates, but all the items in the department, with the exception of that one and a few others, were approved by the house and I did not get the opportunity. I am still hopeful that the opportunity will be provided in the not too distant future, and if it is, I shall be glad to make a statement.

Mr. Green: I understand that the remaining estimates may not be reached for a considerable time yet, and this is a very pressing matter. The former chairman of the Canadian maritime commission made a speech about the north Atlantic shipping pool a few days ago in Vancouver. I would ask the minister to give consideration to the possibility of making a statement at an early day.

Mr. Chevrier: I shall be glad to do so. I should say in fairness that I did not delay the passing of my own estimates, and I am still disposed to give the statement at the opportune time.

Mr. Green: Could the minister's estimates be brought up at an early day?

Mr. Chevrier: I am prepared to go on at any time.

COUNCIL OF EUROPE

INQUIRY AS TO INVITATION TO SEND OBSERVERS TO MEETINGS OF CONSULTATIVE ASSEMBLY

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Secretary of State for External Affairs. Has an invitation been received from the consultative assembly meeting at Strasbourg to send observers to additional meetings of the assembly? If so, has the government yet decided what course it will follow?

Hon. L. B. Pearson (Secretary of State for External Affairs): I thank the hon. member for giving me notice of this question. The answer to the first question is that no invitation has been received from the consultative assembly meeting at Strasbourg to send observers to additional meetings of the assembly. We understand that a resolution has

been under consideration by the consultative assembly whereby an invitation might be addressed to the Canadian parliament to be associated more closely with the Council of Europe, but this has not yet been received. If and when such an invitation is received it will, I presume, be a matter for consideration by parliament. Since the creation of the Council of Europe, Canada has been represented at the sessions of the consultative assembly by an observer. The observer for the present session is Mr. T. C. Davis, head of the Canadian mission in Bonn, Germany.

EXCISE TAX

INQUIRY AS TO RETENTION OF INCREASED TAX BY AUTOMOBILE DEALERS

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question either to the Minister of National Revenue or to the Minister of Finance. It arises out of a complaint of one of my constituents about the increased taxes on automobiles. Apparently many cars were purchased before the budget and held for delivery later. Is the minister in a position to collect from dealers the increased tax collected by them?

Hon. Douglas Abbott (Minister of Finance): As the hon. member is aware, the tax is imposed at the wholesale level. What the contract may be between the dealer and the customer I am not in a position to say.

STEAMSHIP SERVICES

QUESTION AS TO SUBSIDY FOR MAINTENANCE OF ARROW LAKES, B.C., SERVICE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Transport. Has the government or the Minister of Transport received any representations or communications from the government of British Columbia with respect to proposals for a joint subsidy toward the maintenance of steamer operations on the Arrow lakes?

Hon. Lionel Chevrier (Minister of Transport): When I last looked at that matter, which was some weeks ago, no representations had been made, and it may be that they have been made since that time. I shall be glad to look into it again.

NATIONAL DEFENCE

ARMY—MINIMUM AGES FOR ENLISTMENT AND OVERSEAS SERVICE

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I should like to direct a question to the Minister of National Defence. Are men under eighteen years of age being enlisted in the active army? If so, what is the minimum age at which they are being sent overseas?

Hon. Brooke Claxton (Minister of National Defence): Speaking from recollection, because I did not have notice of the question, men are being enlisted in the active army from the age of seventeen up, but only with their parents' consent. The minimum age at which they are sent overseas is nineteen.

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the third reading of Bill No. 79, respecting Indians.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, before the bill carries I should like to make a further attempt to have two changes made in this legislation. The first concerns section 4, subsection 2, and the second concerns the question of allowing any Indian or band of Indians to appeal to the courts against a ministerial decision. These subjects have both been debated fully and I therefore do not intend to go over the ground of the discussion and present in full the merits of the case in support of the amendment which I propose to move. I wish as briefly as possible simply to outline the effects of the amendment, and then leave it to the decision of the house whether or not the amendment should be supported.

In the Indians of Canada we have over 125,000 subjects of His Majesty. Their whole future life is to be governed under the Indian Act, and they differ from the rest of us in that way. This House of Commons must direct its mind to the question whether or not we are giving justice to these Indians, whether we are doing everything we can to place them on a basis of equality and in a position to protect their rights.

With respect to section 4, it is desired by those of us who support the amendment which I am about to move that the Indians should be given the right to have a say in decisions which are taken affecting their whole status. Section 4 gives the governor in council the power to issue proclamations which would exempt from the provisions of the bill, except sections 37 to 41, any Indian or group of Indians or Indian band. Such proclamations may be issued without prior consultation with the band. There is nothing at all in the statute which makes it essential that the Indians themselves should be consulted before these proclamations are issued.

Anything affecting the status of Indians, anything affecting the question whether or not Indians should be on the Indian list, anything affecting the right or disability of Indians to obtain liquor, anything at all except the very narrow category of subjects dealt with in sections 37 to 41 involving surrenders of land, can be changed simply by a proclamation of the governor in council.

I wish to emphasize that it is not argued that the process by which these changes are made should be altered. It is not argued that it should require a further bill or further legislation to make the changes which the minister now contemplates will be made by proclamation. We realize fully that in administering the act, day to day problems will arise. There are problems of details. There may be problems affecting only one Indian or a small number of Indians, and it would not be appropriate to insist that each of these changes must necessitate a bill and all the legislative process of passing an act of parliament. It is perfectly proper to leave those things to be done by proclamation, but it is contended that before such proclamations are issued the consent of the Indians or the band concerned should be obtained.

That seems to me a very simple proposition, and there should not be an attempt to sidetrack it by saying this would mean a process of legislation every time it was desired to take any administrative action under this act. That is not the suggestion at all, and if the amendment were adopted no such result would follow. It would mean that the Indians themselves, who are so vitally affected, would have the safeguard that before their rights could be abridged, before any change could be made in their status which might have very serious consequences for them, must be first consulted and their consent obtained. I do not believe this house would pass a bill giving any government or minister power to change the status of a white person or white community in this country by proclamation without the requirement of prior consultation and consent on the part of the person or community whose status might be changed; nor do I think we should do that in connection with the Indians.

I am not moving the amendment formally at the moment, but the motion will be simply that the bill be referred back to the committee of the whole with instructions that the committee have power to amend it by inserting in section 4(2) the words "with the consent of the Indians or band concerned." That is all it is. It does not say that it has to be by any other process, or that it cannot be by proclamation. It simply says that the consent of the Indians or band concerned must first be obtained.

The other part of the amendment I intend to move relates to the right of Indians to appeal to the courts. I am not going to attempt a legal argument in any detail, but I think it was agreed yesterday by the minister and the hon. member for Lake Centre (Mr. Diefenbaker), who has been the prime proponent of this amendment, that many administrative decisions and orders are made by the minister from which there is no right of appeal. To that extent the Indians are entirely different from and in an inferior position to the white population. Surely, if we are going to make them equal at all, one of the first respects in which we should make them equal is by giving them equality under the law with white citizens, one of whose most valuable rights is the right to free recourse to the courts whenever they think themselves aggrieved.

Under the Indian Act there are a number of instances in which the Indian, whose future and fortune can be vitally affected by administrative decisions made by the minister or his officials, has no recourse to the courts and no one further to whom he can appeal for the redress of grievances. This not only places the Indian in a position of inferiority, which he is entitled to resent and which in many cases he does resent, thereby imposing another barrier in the way of this equality we wish to create, but it is nothing short of an injustice to place and keep the Indian in this inferior position in comparison with the white citizens of this country. I therefore move, seconded by the hon. member for Brant-Wentworth (Mr. Charlton):

That the bill be not now read a third time but that it be referred back to the committee of the whole house with instructions that such committee have power to amend the same by inserting in clause 4 (2) thereof, after the word "may" at line 18, the following words: "with the consent of the Indians or band concerned."

And further that such committee have power to amend the said bill by inserting the following as section 123:

"Nothing in this act or elsewhere shall in any way be deemed to remove, abridge or otherwise restrict the rights of Indians to full access to the courts of the land, and every Indian and every band of Indians shall have the full right to appeal to the appropriate court of the province which would otherwise have jurisdiction, from any decision of the minister hereunder."

And by renumbering present sections 123 and 124 as 124 and 125.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, I am going to ask that the amendment be not adopted by this house but that the bill in its present form be permitted to go into effect. With respect to section 4 and the non-existent section the hon. member would propose to add, from my point of view, as representing a riding in which there is a large number of Indians at various

stages of development, at the moment I would prefer that the discretionary power to bring into effect the provisions of section 4 should remain with the governor in council, advised, as it doubtless will be, by the experienced men in the Indian affairs branch. I would point out, though I admit this is not a strong argument, that should the governor in council make a mistake in the application of this act, upon that mistake being brought to its attention the last line of this section also permits the revocation of any such proclamation by the governor in council.

As for the addition of a section such as was so well asked for recently, by the hon. member for Lake Centre (Mr. Diefenbaker), which would state as a fact what the minister has told us is now the law, I think the reply by the minister to the hon. member for Lake Centre should satisfactorily dispose of that argument. However, the point I wish to make at the moment I think is of considerable importance when considering this bill as a whole. This bill is far from perfect, as I am sure the Minister of Citizenship and Immigration (Mr. Harris) would be the first to admit. But as yet its imperfections are largely unknown. Until we have some experience with the new sections of the bill we cannot say definitely where it has fallen short or where it may have gone too far. I took it upon myself to ask the minister in the committee whether, if this bill went through, he would undertake within a period of approximately two to three years to call together, not necessarily a committee of this house but a representative group of Indians from right across Canada, similar to that which was called together at the end of February last, with a view to going into the way this act has operated so that such corrections as might be found necessary could be made on the basis of experience and not conjecture. May I read into the record this part of the minister's reply:

> Now, I did not go the step further, and tell the conference that they would be reassembled in two years' time, but I am prepared to give the committee the assurance, within the limits stated by Mr. Applewhaite, that it would be the intention of this government to invite representative Indians to another conference similar to that held in February last.

Under those circumstances, Mr. Speaker, I submit, and I think I have the interests of the Indians fully at heart, as I know the member for Kamloops has, that the best way in which we can show our desire to make improvements for the Indians of Canada is to pass this bill, which has been thoroughly investigated by a committee, and get it on the statute book.

[Mr. Applewhaite.]

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, just to illustrate that the hon. member for Kamloops (Mr. Fulton) has not been without some justification in making this motion, I should like to read into the record a press report which appeared not so long ago. As I recall it, it appeared in the Ottawa *Citizen*, and the heading is "Act threatens extinction of Indian people." There is a question mark following that title. The article reads:

> A three-man delegation from the Six Nations Indian reservation near Brantford warned here yesterday that passage of the Indian Act in its present revised form would threaten the Indian people with extinction in two years' time.
>
> They said if the act became law, the Indians across Canada would become "bitter enemies" of the present federal government.
>
> The delegation centred its fire on the compulsory enfranchisement clause of the act.
>
> Under this clause, a government appointed committee may enfranchise an Indian whether or not he has applied for such enfranchisement. Once he is given the vote, the Indian loses special reservation rights such as free schooling, free hospitalization and exemption from taxes.
>
> The delegation objected to section 4 of the act giving the minister (in this case, citizenship and immigration minister Walter Harris) unlimited powers with no recourse of appeal.
>
> Criticism was also voiced of the provision under which an Indian who asks for the vote must sign a waiver eliminating his exemption from taxation.
>
> Members of the delegations who saw Mr. Harris, were: E. P. Garlow, chief councillor of the Six Nations Indian council; A. C. Moses, council secretary, and James Powless, councillor.

Perhaps these men were extreme in their views, but I am concerned lest the opinion which is expressed by these men is the opinion held by altogether too many Indians across Canada. Consequently, I am not sure that the member for Kamloops has not done the country a service in bringing this matter to the attention of the house. I do not see why there should not be a provision giving the Indians, when threatened with the application of these clauses of the act, the right to defend their rights in court against the will of the department.

Notwithstanding what the minister has said, and notwithstanding what the past history has been, the Indians do not possess an effective right to appeal to the courts in respect of matters of this kind. One of the main reasons is that the average Indian on the average reserve in Canada is by no means a wealthy man. As a matter of fact I believe it could be safely said that the average Indian on our reservations is a very poor man. The average band on a reserve would have much difficulty in raising sufficient money to enable any Indian to defend successfully his rights in court. Since this condition obtains it must be obvious that whether or not an Indian has

the legal right, he has not the financial strength to enable him to defend successfully his case in any court.

I should feel much better about the whole situation if some commission or some body were set up which would take a part comparable with that which is taken for a veteran by the pensions advocate. The government would put at the disposal of the Indian, men who would be highly trained, and whose business it would be to defend the Indian. By appointing such a commission the government would acknowledge the disability under which the Indian now labours, through no fault of his own, and would express complete willingness that everything should be done to defend the position of the Indian. I think, Mr. Speaker, that anything less than that is not sufficient in our time, having in mind the condition which obtains throughout our Indian population at present. I would be prepared, therefore, to support the amendment moved by the member for Kamloops.

The house divided on the amendment (Mr. Fulton) which was negatived on the following division:

YEAS

Messrs:

Adamson	Hodgson
Argue	Johnston
Beyerstein	Jones
Black (Cumberland)	Knight
Blackmore	Knowles
Blair	Lennard
Browne (St. John's West)	Low
Bryce	Macdonnell (Greenwood)
Cardiff	MacInnis
Casselman	McGregor
Catherwood	McLure
Charlton	Murphy
Coldwell	Noseworthy
Drew	Pearkes
Fair	Quelch
Fairclough, Mrs.	Shaw
Fulton	Stewart (Winnipeg North)
Green	Thomas
Hansell	White (Hastings-Peterborough)
Hatfield	White (Middlesex East)
Hees	Wright
Herridge	Wylie—45.
Higgins	

NAYS

Messrs:

Abbott	Brisson
Anderson	Bruneau
Applewhaite	Cameron
Ashbourne	Campney
Balcom	Cannon
Bater	Carter
Beaudoin	Cavers
Benidickson	Chevrier
Bennett	Clark
Black (Chateauguay-Huntingdon-Laprairie)	Claxton
Blanchette	Cleaver
Boucher	Cloutier
Bradette	Conacher
Bradley	Corry
Breton	Cote (Matapedia-Matane)
Crestohl	Cote (Verdun-La Salle)
Croll	MacDougall
Cruickshank	MacLean (Cape Breton North and Victoria)
Darroch	MacNaught
Dechene	McCann
Decore	McCubbin
Denis	McCulloch
Dewar	McIlraith
Dumas	McMillan
Eudes	McWilliam
Eyre	Major
Ferrie	Martin
Fontaine	Mayhew
Fournier (Hull)	Monette
Fournier (Maisonneuve-Rosemont)	Mott
Fulford	Murray (Cariboo)
Gagnon	Murray (Oxford)
Garland	Mutch
Gauthier (Lake St. John)	Nadon
Gauthier (Lapointe)	Nixon
Gibson	Pearson
Gingras	Poulin
Goode	Pouliot
Gosselin	Power
Gour (Russell)	Proudfoot
Gregg	Prudham
Harris (Grey-Bruce)	Richard (Gloucester)
Harrison	Rinfret
Hellyer	Roberge
Helme	Robinson
Henderson	Rooney
Henry	Ross (Hamilton East)
Hosking	Rousseau
Howe	St. Laurent
Huffman	Simmons
Hunter	Sinclair
Jeffery	Smith (Moose Mountain)
Jutras	Smith (Queens-Shelburne)
Kent	Stewart (Yorkton)
Kickham	Stick
Kirk (Antigonish-Guysborough)	Stuart (Charlotte)
Kirk (Digby-Yarmouth)	Tremblay
Lafontaine	Valois
Laing	Viau
Lapointe	Ward
Leduc	Warren
Lefrancois	Weaver
Leger	Weir
Little	Welbourn
Macdonald (Edmonton East)	Whitman
	Winkler
	Wood—132.

Mr. McIvor: I was late in entering the chamber, but I was engaged in the king's business. Had I been here, I would have voted against the amendment.

Mr. Brown (Essex West): I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted, I would not have voted for the amendment.

Mr. Ross (Souris): I was paired with the hon. member for Melville (Mr. Gardiner). Had I voted, I would have voted for the amendment.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, before the vote is taken I should like to say a few words more as regards this important measure.

We of this parliament are now taking a last look at Bill 79, an act respecting Indians. We have toiled long and earnestly. The task we have wrestled with has not been, and is not now, an easy one.

The problem connected with Canada's Indians, admittedly a highly complex one, complex if not baffling, is not a problem of this generation's making. We have inherited it; it has been left on our doorstep, so to speak. I urge upon all, both non-Indian and Indian, patiently to bear this important fact in mind.

There is too much of a tendency I fear on the part of a number of our Indians and non-Indians to feel unkindly toward each other. There is no justification whatsoever for any bitterness between the two groups of Canadians. We must simply recognize that we have a difficult problem to solve, and we must face this problem frankly and honestly, and without passion, and do the very best we can to solve it in the interests of all.

No blame can be attached to the men and women of our time for the mistakes that may or may not have been made in days now gone, or for the weaknesses that may have manifested themselves in the relations between the two groups. On the other hand no credit is due us for the noble achievements of our fathers, both Indian and non-Indian, whose efforts preceded ours—and there were noble achievements, on both sides.

In debates centring around the Indian Act much has been said which might seem to reflect upon the fathers of our nation, both Indian and non-Indian. In so far as any such impression as that might have been gained through anything I have said, I wish here to disavow any intention of reflecting in any way upon the men and women of earlier times in Canada. I believe that on the whole they did the best they could, and, as I have said noble achievements must be credited to them.

Understanding, forbearance, prudence and skill were manifested by Indian and non-Indian in those dangerous days, while we were learning to adjust ourselves to each other. And there was confidence, hope and faith on both sides. Splendid efforts were made both by Indian and non-Indian, and those efforts in great measure were crowned with success—a success for which all of us have cause to be deeply grateful to our forebears.

To realize how much truth there is in what I have just said, all we need to do is

to recall the difference which generally prevailed in the feelings between Indians and non-Indians in Canada, and the feelings which prevailed in relations between Indians and non-Indians in the United States. My father and mother came to Canada from the United States in 1892 and were well qualified to impress upon me how splendidly different was the situation in Canada from that in the United States. My father told me that while he was in Idaho, where he lived before he came to Alberta, he never went into the wilds without having a rifle and a six-shooter within reach. When they came to Canada they found there was no danger whatsoever. The mounted police seemed to have everything well in hand and the Indians seemed to be happy that they had.

It rests upon our generation to do its full part in the light of the knowledge and facilities at our disposal. We have far greater knowledge and we have far more facilities and therefore we can give the Indians far better times in the days to come if we only realize how to use the resources which have been placed at our disposal by the Almighty.

I feel we in this parliament have done a workmanlike job. I want the Indians who may be reading this to know that that is how I feel.

Recently I read to the house an excerpt from an article entitled, "Who is an Indian?" which was reprinted from the *Albertan* of Calgary, Alberta, of April 25, 1951. This article is signed by John L. Laurie, secretary of the Indian Association of Alberta. I want to give Mr. Laurie all the credit which is his due. I know of no man who has more selflessly and indefatigably exerted himself in the interests of better times for the Indians than this same John L. Laurie. He is a schoolteacher by profession and has done his work for the Indians on the side. He risked his health and in fact has impaired his physical condition to a dangerous point. I believe the Indians of Canada could well afford to set up monuments to Mr. Laurie on every reservation from coast to coast. In the opening paragraph of this statement, Mr. Laurie said:

> The new Indian Act, in its present revised form, is an excellent piece of legislation. The government has met the most serious objections of the Indians themselves, and seems genuinely interested in giving these people a charter that will assure their steady progress and development.

I agree fully with every syllable of that statement. This does not mean that I believe the bill is all that could be desired, neither does it mean that I think the attitude of the minister, of the department or of the government is all that could be desired. I am not sure that the position of the Indians

is appreciated adequately even yet. I think the minister has done literally wonders in training and conditioning himself since he took office, and he is entitled to those words at least, if not to stronger words. But he will be the first to maintain that there might be room for improvement.

As an illustration of what I have just said about appreciation may I refer to the case of the Six Nations Indians who are very unhappy about the situation generally at the present time. May I read to the house a statement which was made on May 11, 1914, by the Hon. Frank Oliver, as reported on page 3537 of *Hansard*. The Hon. Frank Oliver was a prominent Liberal and one of the finest men ever produced by western Canada. His words are worthy of note by the minister and his department and by the people generally throughout Canada. He said:

> But there are bands of the Six Nations Indians located on the Grand river in Ontario who, I maintain, are in a different legal position from any Indian bands who are native to the country. These Indian bands on the Grand river had their original home in the United States. At the close of the war of the revolution they emigrated to Canada and were given lands under a special treaty, not as subjects of Great Britain, but as allies of Great Britain, and I maintain that the holding of these Six Nations Indians on the Grand river is of such a kind that this parliament has no right to interfere with it. I admit that parliament has the power to interfere with the rights of Indians under treaty made with this government, but I say that this parliament has no right to interfere with a treaty made between the imperial government and the Six Nations Indians.

It is to be granted that this creates a difficult situation for the minister and the department, but difficult situations have been met in former times. After all, the men of our country who have got along with the Six Nations Indians since Canada became a nation have in the main shown pretty well the way in which we can get along with these great people without violating any of the things which they hold sacred.

There are other considerations which I have referred to and which I believe I should elaborate on to some extent before I resume my seat in what is perhaps the closing speech of this debate. I have referred to the fact that traditionally the Indians revere the memory of the great white god who visited America. In order to appreciate the Indians and in order to appreciate the position of the Six Nations Indians we have to bear that fact in mind. I wonder if Canadians generally appreciate the historical and religious background of the Six Nations Indians, and also the background of the other Indians in this country?

May I read from a document which was placed in my hands by the Six Nations Indians which rather emphasizes what I have just said. This document is entitled, "Traditional History of the Confederacy of the Six Nations" and was prepared by a committee of the chiefs and presented by Duncan C. Scott, F.R.S.C., and read on May 16, 1911. I read from page two as follows:

> There is no doubt in the mind of the writers of this preface that many of the ancient traditions of the Six Nations have become much modified and some have been long relegated to oblivion owing to the fact that in the earlier history of these people there were for a long time no members of the band capable of rendering these traditions in writing and thus preserving them intact to their posterity.
>
> It is, however, a noteworthy fact that the league of the Five Nations confederacy (now known as the Six Nations) as constituted centuries ago by De-ka-nah-wi-deh and his associates, has been maintained in accordance with the rules of the confederacy as laid down by the founder of the league; and that the installation of the lords or chiefs as rulers of the people, laid down in these unwritten rules hundreds of years ago, is still strictly observed and adhered to by the chiefs of the Six Nations and people.

If a person weighs those words carefully he will look upon the unrest which presently exists among the Six Nations Indians with a considerable amount of sympathy. Who might this De-ka-nah-wi-deh be? I am told that the meaning of the word is "miracle child" which immediately suggests our Saviour, the Lord. Was it Christ? It could have been. Christ could have come over to America after he was resurrected. As far as I can see, there is no sufficient reason why anyone should suppose he could not have done that or did not do so.

May I turn to the Bible for a minute or two in connection with this matter? I am going into some detail here because I do believe that there is danger of unhappy relations existing between the minister and the department and the Six Nations Indians, and that probably these fine people may not be properly understood. Consequently I am holding up the progress of affairs this afternoon so that this other aspect of the matter may be considered by the Canadian people. We find that in the book of John, chapter 10, verse 16, there appear the following words—and Christ is speaking:

> And other sheep I have, which are not of this fold: them also I must bring, and they shall hear my voice; and there shall be one fold and one shepherd.

At no place in scripture is it indicated where Christ went to find these other sheep which were not of the fold in Palestine. Who is to say that the people of America were not these sheep, and that Christ did not come to these people? No one can definitely say that could not have been the case. May I now turn to Matthew, chapter 15,

verse 24, for a statement which also has some bearing on this matter. It is referring to Christ and reads:

> But he answered and said, I am not sent but unto the lost sheep of the house of Israel.

If it should be found that the Indians are descendants of a branch of the Israelites, then considerable meaning can be derived from those two passages of scripture.

Having said as much as this, I think I should give some evidence from the history of America. It will take me about five minutes to do so, and will be of value to those who may read these remarks and desire to check the validity of what I have been saying. There are about fifteen or twenty great writers who have given much attention to the aborigines of America seeking to find out what their beliefs were, and what their origin was. Among these are A. H. Verrill, Lord Kingsborough, H. H. Bancroft and the Marquis de Nadaillac. I should like to give brief quotations from the works of each of these men before I close. Let us begin with A. H. Verrill. He wrote a work entitled "Under Peruvian Skies", published in 1930. In his works we find these words:

> Among the Mexicans, the Mayas and the pre-Incan and Incan people of Peru there was a persistent, universally believed tradition of a bearded white man who visited their lands, taught them their civilizations and religions and then mysteriously disappeared. The tradition tells of this bearded god having reached Mexico and Yucatan in a "magic ship," and the tradition of the first Inca—"Manko Kapak"—having appeared from lake Titicaca and having declared himself the "Son of the Sun."

Lord Kingsborough in his monumental work, "Antiquities of Mexico" in nine volumes, published from 1830 to 1848, has this important statement to make bearing on the subject I am discussing:

> The Aztecs have a tradition of a god suffering and crucified named Quetzalcoatl, and of one preceding Him to prepare the way and call them to repentance. Tezcaltlipoca offered Him a cup, calling him "my Son," of his unwillingness to taste and weeping bitterly after having drunk its contents; forsaking temporal kingdoms for spiritual, being called away by the Father. At His departure there were four earthquakes. He promised to return again and redeem his people.

Anyone who cannot see quite clearly indications of the story of Christ there will probably be unfamiliar with the story of Christ as given in our bible. May I turn now to H. H. Bancroft in his rather remarkable work, "Native Races", in five volumes, published in 1883. I should like to refer to the following passage:

> Although bearing various names and appearing in different countries, the American culture-heroes all present the same general characteristics. They are all described as white, bearded men, generally clad in long robes; appearing suddenly and mysteriously upon the scene of their labours, they at once set about improving the people by instructing them in useful and ornamental arts, giving them laws, exhorting them to practice brotherly love and other Christian virtues, and introducing a milder and better form of religion; having accomplished their mission, they disappear as mysteriously and unexpectedly as they came; and finally, they are apotheosized and held in great reverence by a grateful posterity. In such guise or on such mission did Quetzalcoatl appear in Cholula, Votan in Chiapas, Wixepecocha in Oaxaca, Zamna, and Cukulcan with his nineteen disciples, in Yucatan, Gucumatz in Guatemala, Viracocha in Peru, Sume and Paye-Tome in Brazil, the mysterious apostle mentioned by Rosales in Chile and Bochica in Colombia.

There are some of the names by which this great white god is known in various parts of America. In every case this great white god possesses the same characteristics. They are closely similar to those possessed by De-ka-nah-wi-deh, who is revered in the traditions of the Six Nations.

May I quote one more short passage on this matter, this time from de Nadaillac's work, "Prehistoric America", published in 1885. There will be those of course who will think that the Indians got these ideas about Christ from missionaries who came to this country. The following passage will disabuse the minds of such. It reads:

> No dissemination of merely Christian ideas since the conquest is sufficient to account for these myths.

The Marquis de Nadaillac has given thorough study to this matter and supports his statement adequately. There is no need here to refer to the elaboration in which he indulges in his work. Those who are interested can get the work. Some of these books are in our parliamentary library, where those interested can study these matters themselves.

Having said thus much, Mr. Speaker, in the hope that we may come more and more to appreciate the Indians and sympathize with them, I will close by saying that our generation will do well to take up the Canadian Indians as a solemn obligation and a sacred responsibility.

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

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

CUSTOMS TARIFF

1. Resolved, that schedule A to the customs tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 216f, 296e, 386(p), 403(e), 409f, 410g, 410h, 410i, 410j, 410l, 410o(i), 410p, 410q, 410r, 410s, 410t, 410u, 410v, 410w, 410x, 410z, 435, 440k, 475, 523g, 682, 705 and 708 the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of

the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Mr. Abbott: Mr. Chairman, when we were considering the customs tariff resolution the other evening the hon. member for Eglinton, the hon. member for Acadia, and perhaps some other members, asked that an opportunity should be provided to discuss the Torquay agreement. The hon. member for Greenwood asked me if any of the items in the customs tariff resolution were related in any way to the Torquay agreement, and I told him they were not. I promised at that time to take up with my colleagues the question as to whether it would not be desirable to afford an opportunity to consider the agreement. Hon. members will have seen on the order paper a motion in the name of the Prime Minister asking that the Torquay agreements and related matters be referred to the banking and commerce committee. If it meets with the convenience of the house, I would hope that we might be able to bring on that motion for consideration early next week at which time members who wish to discuss the question generally might do so. Then the motion could be passed and the agreement referred to the banking and commerce committee. There Mr. Hector McKinnon, who was the acting head of the delegation, would be available to hon. members for detailed discussion. But I repeat what I said to the hon. member for Greenwood the other evening, that the particular items here are not in any way related to those agreements.

Mr. Green: There are two matters I should like to place before the minister. The first has to do with this matter of including in item 409f sprinkler irrigation systems. We had some discussion about that type of equipment when this resolution was last up for consideration, and I find now that there was considerable discussion in the house at other sessions. For example, on November 10, 1949, at page 1630 of *Hansard*, we find a statement by the parliamentary assistant in reply to a question raised concerning sprinkler irrigation systems, in which he said:

> I do not think that this matter comes under the Department of Finance, but I am quite sure that if this new equipment—

He was referring to sprinkler equipment.

> —which apparently is being used so successfully in western Canada, reaches any real volume of sales it will not be very long before the industrialists of eastern Canada will be using Canadian aluminum to satisfy the demand. That is perhaps the only argument we have for the retention of such an item.

There the parliamentary assistant was arguing that if Canadian manufacturers could build up their resources so they could manufacture this equipment and sell it at reasonable prices, they were to be encouraged to do so. The following year this equipment was again discussed, and at page 2579 of *Hansard* for May 17, 1950, we find the parliamentary assistant saying:

> The question was raised a year ago by the hon. member for Kamloops and, I think, the hon. member for Calgary East, with respect to the complete portable irrigation equipment. That situation has been adjusted; there is an ample supply available in Canada today. I am told, however, that there is a temporary shortage of sprinkler heads. This has been brought to the attention of the department and they are trying now to see that a satisfactory supply is made available; or if that cannot be done an adjustment in regard to the tariff will be carefully considered. There is no adjustment in this tariff.

There the parliamentary assistant was enunciating government policy as being the encouragement of the production of these systems in Canada, just as had been done the preceding year. As the minister knows, Canadian firms are now in a position to supply the need. Then the hon. member for Kamloops asked:

> Then do I understand that if an adequate supply of sprinkler heads cannot be made available domestically the department will consider an adjustment in the tariff for future years?
>
> Mr. Sinclair: That is one of the items for discussion at Torquay this summer.

There we find the Torquay negotiations coming into the picture. The other evening the minister explained that Canada had not been successful in getting any consideration from the Americans on this type of equipment in the negotiations at Torquay, and of course such equipment is not included in the agreement between the two countries. It does seem to me that in view of these facts, first that the producers of equipment have been led to believe that they should get themselves in a position to produce these sprinkler systems, and second that Canada did not get any concession in this connection from the Americans at Torquay, in all fairness these sprinkler irrigation systems should not have been included in the changes set out in item 409f, and I would hope the minister might see his way clear to withdraw that type of equipment from these changes.

The other matter about which I would like a statement is the proposed dumping duty on British cars. For some time these cars have been coming in without the imposition of a dumping duty, but some weeks ago a statement was made that the provision which relieved them of the danger of having a dumping duty levied was to be withdrawn at either the end of April or the end of May.

Mr. Abbott: The end of May.

Mr. Green: What is to be the policy? It does seem to me that the importation of these British cars has served a very useful purpose. I know many hundreds of them have been imported into Vancouver, where they have been sold at prices very much below the prices of cars made on this continent. This business has greatly helped the British, in that as a result they are in a much better position to purchase Canadian goods. I would doubt the wisdom of stopping that trade by means of a dumping duty. I would ask the minister to deal with these two questions.

Mr. Abbott: As my hon. friend has pointed out, the question of the sprinkler systems has been under consideration for two or three years. I understand they are a relatively new development. When the matter was first raised in the house I think, they were very new as far as Canada is concerned, and I believe they are still quite new here. My information is that it is only recently that manufacturers here have commenced to manufacture this type of equipment. I had the officers of my department make a very careful investigation of the business, the sources of supply and that sort of thing. It was clearly demonstrated to my satisfaction that this equipment was used primarily in agriculture rather than for irrigating golf courses and things like that, and I therefore came to the conclusion that it came within the broad group which Mr. Ilsley announced in 1944 would be admitted to Canada free of duty.

Before we decided to take it off the list and admit it free we did ask our negotiators at Torquay to ascertain whether the Americans would be prepared to give anything in return for such a concession. We found they were not; and rather than allow an industry to be created in Canada behind a tariff wall which might be even more difficult to remove at a later date, we came to the conclusion that the tariff should be removed this year; and to that decision I think we would have to adhere. In the case of the one manufacturer in particular whom I saw personally, and with whom I know the hon. member for Vancouver-Quadra is acquainted, I am looking into the question of whether some relief can be afforded in connection with the parts which were imported prior to the introduction of the budget, but that is still under investigation.

As to the question of the dumping duty, I am very happy that my hon. friend has raised the question because I should like to make a fairly comprehensive statement as to the position of the dumping duty, more particularly as it relates to British motor cars. As the committee is probably aware, the basic provision of Canada's anti-dumping legislation is section 6 (1) of the Customs Tariff, which reads as follows:

> In the case of goods exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value or the value for duty of the goods as determined under the provisions of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such goods, on their importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the goods for export and the said value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such goods although not otherwise dutiable.

As the committee again will probably recall, Canada's first anti-dumping legislation was introduced in 1904 by the government of the day headed by Sir Wilfrid Laurier. Details of that legislation have been amended from time to time, but the present clause is substantially as it was established in 1904, and subsequently maintained by other low-tariff Liberal prime ministers. The anti-dumping legislation, as it will be appreciated, made it possible for tariff rates to be reduced greatly without leaving Canadian producers open to unfair competition from dumped goods. The committee will recall that as long as an article is imported into Canada at no less than the fair market value in the country of origin, the dumping duty does not apply.

The provision introduced in 1904 complemented Sir Wilfrid's policy of consistent tariff reduction, and indeed during the forty-five years since then the anti-dumping clause has formed an integral part of the traditional Liberal policy of having low tariffs, but at the same time not sacrificing Canadian industry and agriculture to unfair competition from abroad. As the committee is aware, automobiles enter Canada from the United Kingdom free of customs duties, as well as from other British preferential sources. I suggest it would be difficult to defend this exemption from the regular duty if dumping in Canada were to be permitted permanently.

Canada's anti-dumping duties have never affected the importation of British automobiles appreciably. They are not applicable unless dumping occurs, and normally British cars are not dumped in Canada. However, in 1948, home market values of British automobiles in terms of sterling were high in relation to the price of Canadian cars at the then exchange rate of $4.03 to the pound. Consequently British motor vehicle producers found it necessary to export at prices below the home market value if they were to expand their sales in Canada to the desired extent. Thus if Canada's anti-dumping legislation had

been kept in force and had been applied rigidly in 1948, it would have had an adverse effect on the sales of British cars in Canada. In view of this situation the Canadian government took action by order in council to suspend the application of section 6 of the customs tariff in respect of automobiles. This suspension also applied to some other kinds of goods where the circumstances were similar.

Under the circumstances that prevailed in 1948 and early 1949, there was a real need for this action. However, since the devaluation of sterling in September, 1949, there has been no need for British automobile manufacturers to dump their products in Canada. Most of them, virtually all of them, have not done so. Accordingly the reinstitution of the Canadian anti-dumping provisions under present circumstances will not affect the principal makes of British automobiles at all. My information is that there is only one or two of the more expensive cars which, at the present time, would be affected. I have no doubt that will be rapidly corrected. As I say, there may be one or possibly two British companies who may be affected to some extent, but they can quite easily conform to the provisions of the law.

When the anti-dumping duties were suspended in 1948 the suspension applied to imports from any country. The suspension could not be limited exclusively to British cars, because the general agreement on tariffs and trade forbids discrimination in matters of this sort. However, the need to make the suspension non-discriminatory did not occasion any difficulty until recently because imports of cars from the United States and certain other foreign countries were limited by quota under the Emergency Exchange Conservation Act. As I have pointed out to this house on other occasions, that gives a most decided advantage to the British motorcar manufacturers.

Since the government suspended automobiles from the anti-dumping provisions in 1948, conditions have changed in two important respects. The import quota restrictions have been removed from cars from the United States, and sterling has been devalued by about thirty per cent. British cars can now be sold in Canada readily without resort to dumping. There is no longer any need to continue the suspension of dumping duties in order to help imports from Britain. Moreover, there is a danger that if these exemptions were continued indefinitely they might be abused by exporters in other countries.

The following considerations, Mr. Chairman, are I think relevant to the government's decision to terminate the suspension of the anti-dumping provisions in respect of automobiles as of May 31 next.

First, after the devaluation of sterling in September, 1949, it was no longer necessary for British automobiles to be dumped in Canada. Second, imports of United States and other foreign cars are no longer subject to any quantitative restrictions. Accordingly, continuation of the suspension of anti-dumping duties might benefit foreign cars more than those from Britain. Third, if the suspension were continued indefinitely, Canadian automobile manufacturers would be convinced, and might be able to convince others, that they had a legitimate grievance because their competitors would be able, if they so desired, to dump in Canada at will. This would make it difficult to defend the continued free entry of British automobiles. Fourth, the action which the government took in 1948 to suspend the application of anti-dumping legislation to automobiles and certain other products was regarded from the start as a temporary measure rather than a permanent change in government policy respecting dumping. There was no intention of continuing this suspension any longer than required in order to deal with a particular condition that no longer exists.

Mr. Thatcher: Mr. Chairman, some months ago I had something to say about these dumping duties on cars, so I was interested in hearing the minister's remarks this afternoon. But I still cannot go along with him in his explanation of the reasons for reimposing these dumping duties. If British competition in the form of these small cars was hurting the Canadian automobile industry in some way, I could understand it. But in Canada today I think I am correct in saying there is little or no unemployment in the automobile industry. They are working at capacity, and you still cannot get a Chevrolet, Plymouth or a Ford without waiting for it. I believe there have been record sales for these cars—

Mr. Cruickshank: Might I interrupt the hon. member to ask a question?

Mr. Thatcher: Yes.

Mr. Cruickshank: Is the hon. member in the market for a Chevrolet? I have an excellent one.

Mr. Thatcher: I am talking about new cars, not second-hand ones. However, Mr. Chairman, the Canadian automobile industry today, I think I am correct in saying, can sell all the cars it can make. I suggest that Canadian consumers are having a difficult time paying the prices that some of these Canadian car manufacturers are demanding.

These English cars fill a place in the low price field, and I believe they are really needed. If the time comes later when these British cars—

Mr. Abbott: None of these low priced cars are paying any dumping duties now because the manufacturers have stopped dumping. They are coming in free.

Mr. Thatcher: Then why not leave the dumping duties the way they were?

Mr. Abbott: If my hon. friend would like an answer to that now, I can give it. I thought I had made it clear that the dumping clause in the Canadian tariff is and has been for forty-five years a fundamental part of the tariff. Its purpose, and its sole purpose, is to prevent unfair competition. Any exporter in another country can send his products to Canada, and if he sends them here at a value which is not below the fair market value in the market in which they are produced the normal rates of duty apply or they come in free. There have been long discussions in this house in years past as to the very serious effect there may be upon Canadian domestic producers if people in foreign countries can dump their surplus production in Canada at prices which bear no relation to the value of the article.

Mr. Thatcher: Mr. Chairman, I accept the statement of the minister, but I still cannot agree with him. For many years I have listened to the Liberal party say that they believe in freer trade. The minister says, we are going to give you freer trade but we will have to have these dumping duties. It does not seem to me to be a consistent policy. I have heard the Minister of Finance tell the British car industry to get their prices down and become competitive, to produce a product that would sell on the Canadian market. Then he said they can earn dollars for England and in turn can buy your wheat and your farm products. It seems to me that the British automobile industry has done this, and the minute that they have got their prices down to that level, Canada goes and puts this dumping duty on. I say that this dumping duty is completely undesirable, that it is inconsistent with Liberal policy of freer trade, and that I think it should be put back in the same state as it was prior to May 31.

Mr. Fulton: May I ask the minister if he can give us this information? Let us take the case of an Austin car which sells for around $1,400, I believe. Has there been any difference in the selling price at which that car was sold in Canada prior to the restoration of the dumping duties and the price at which it sold in Canada after the restoration of the dumping duties? Can he give us a concrete example?

Mr. Abbott: The actual situation is that the dumping duties are still suspended and will be suspended until the end of this month. But the export price of Austin cars, to which my hon. friend refers, to Canada, now is such that, if the dumping duties had not been suspended, it still would not make any difference because there would not be a dumping duty applicable. In other words, the export price of the particular car to which my hon. friend refers is a price which represents the fair market value in the United Kingdom; and I believe that has been the case ever since sterling was devalued.

Mr. Macdonnell (Greenwood): Did the minister not say that there was one exception to that?

Mr. Abbott: I am informed that there is; but until the first of June I cannot prove that. I think that it will be found that in the case I mentioned—and perhaps I may mention the name—namely the Vauxhall car, which is a more expensive car, it is still being exported to Canada at a price which would attract a dumping duty if the dumping duty were still applicable.

Mr. Herridge: On May 3, when this resolution was under discussion, I brought to the minister's attention the fact that the Americans were subsidizing apple exports to other countries at the rate of $1.25 per box. At that time I said that included Canada, but I was mistaken. I should have said that because of the large volume of exports going out of the United States, the greater volume of apples exported received a subsidy of $1.25 a box, which makes it possible for the United States exporters to dump apples into Canada at an extremely low price. The minister at that time said that he would have the situation checked. Has he any information to give us at this time?

Mr. Abbott: I believe that my parliamentary assistant has some information.

Mr. Sinclair: The Department of Agriculture and the Department of National Revenue looked into the situation and found out that the United States' subsidy is not paid on sales on the North American continent. The subsidy was mainly for ECA shipments and for assistance in getting rid of a large surplus of apples which the Americans had. There is an excellent statement on apple holdings in the *Canadian Grower* of April 23. I do not know that it is necessary to put it on record. But Canadian growers themselves feel that British Columbia apples in particular

are holding their own on this eastern market. It is the same problem as the Canadian growers have, because in the Okanagan valley there is a surplus of McIntosh Reds at the moment.

While I am on my feet, I might say that there are two small amendments—

Mr. Fulton: If the parliamentary assistant will permit me to interrupt, may I say that I think that statement should not be allowed to go unamplified. The reason British Columbia apples held their own on eastern markets in recent months is that, in order to hold that market, the producers sold them at less than the normal price. They sold apples at $1 a box, I think it was; although it is true that they sold apples on this market, they had to sell them at the low price of $1 a box because of what amounted to a dumping duty by American producers.

Mr. Cruickshank: And they are better apples too.

Mr. Fulton: I agree with the hon. member for Fraser Valley that they were better apples; and if it were not for dumping duties, subsidies or things like that, they could hold their own and win in any market in the world.

Mr. Cruickshank: Hear, hear.

Mr. Laing: I think an important factor in this apple business is that British Columbia delivers her apples to one particular level in the United States market; and the removal of the lower price United States apples from the market has resulted every year in a sale by British Columbia—as it has since last year, of two and a third million boxes—at the highest price of any apples exported from British Columbia. They demand there an extremely high grade, particularly of Delicious, a few Winesaps, and some McIntosh Reds. They go principally to several acknowledged and long-time markets in the United States, like New Orleans. Prices as high as $3.55 a box, f.o.b. Okanagan, have been paid for those apples, all extra fancies. The removal of the lower grades from the United States I think has kept that market open for our highest grades, longest-priced British Columbia apples.

Mr. Abbott: I have forgotten how the question of apples arose. I know that my hon. friend asked a question about them, but they are not actually included in these tariff schedules.

Mr. Herridge: I have obtained the answer.

Mr. Abbott: I think the matter arose in connection with the Torquay agreements; and it was following that discussion that I arranged to have placed on the order paper a resolution which I hope we shall discuss on Monday.

Mr. Wright: There is one question I should like to ask the minister with regard to item 409f.

Mr. Abbott: Before my hon. friend does that, Mr. Chairman, what is the wish of the committee? Does the committee desire that we should pass the items en bloc or consider them item by item? When we come to the schedule in the bill, it is customary to pass tariff items item by item; but I am in the hands of the committee, and it is up to them to decide whatever they want to do. I do not imagine that most of the items have any special interest.

Mr. Fulton: Item by item.

Mr. Knowles: Agreed.

Mr. Abbott: All right.

The Deputy Chairman: I understand that the hon. member is asking a question in connection with item 409f?

Mr. Wright: Yes.

The Deputy Chairman: Am I to understand that we are to call each tariff item?

Mr. Abbott: After we have completed the general discussion, following the usual practice I thought we would run through the items, and then pass the resolution at the end.

The Deputy Chairman: Is that the wish of the committee?

Some hon. Members: Agreed.

Mr. Thatcher: I have just one general question before you start to do that, Mr. Chairman. The minister answered the hon. member for Eglinton, as reported at page 2675 of *Hansard*, to the effect that he could not tell the exact amount of revenue that would be lost by these tariff decreases. I was just wondering if, in his budget speech, the fact that he has forecast revenue from customs duties next year of $315 million, the same as last year, means that there will be relatively no decrease in revenue.

Mr. Abbott: I said I could not answer at that time. In the meantime I think we have obtained some information.

Mr. Thatcher: Will you give me that?

Mr. Abbott: My parliamentary assistant will.

Mr. Sinclair: The hon. member for Eglinton asked what effect the tariff changes proposed in this resolution would have on the revenue. It is a difficult thing to ascertain from existing records, because quite a few of

these items are listed out of what might be called basket items; for example, unfinished parts of mining machinery are now to be found in one general item in which there are a great number of other types of equipment. When we remove it without a detailed examination of every invoice, it would be difficult to find the effect; and most of the effects are of that nature. But with the new plastic items,—there are many other reductions; there is one increase—the over-all effect is this. It is estimated, as closely as it can be estimated by the department, that there will be a reduction of not more than half a million dollars a year.

Mr. Shaw: While we are dealing with the general item, there is a matter which I should like to bring to the minister's attention and certain information which I should like to procure. Within my constituency there is a dealer who handles American-made hearses and busses. Last month this man crossed into Canada at Windsor with a new hearse. He paid $1500 duty on the vehicle. He remained in London, Ontario, for a day or two and proceeded to Sarnia, there to cross into the United States. He was forced by the Canadian customs officials at that port to search out a bondsman and secure a bond guaranteeing that he would not sell that vehicle in the United States. In his communication to me he states that on ten previous occasions when he or his drivers had crossed in a similar manner, either going from east to west or from west to east, this situation had not occurred. It is conceivable that this matter has been straightened out. It has been indicated to me that he wrote to the deputy minister. I think that in view of the fact that this is the first time such a thing has occurred, and the further fact that he is a reputable dealer, the action was somewhat peculiar. I would ask for an explanation.

Mr. Abbott: Inasmuch as it is a matter relating to administration, I would ask the Minister of National Revenue to answer it, or to look into it.

Mr. Shaw: It was taken up with the deputy minister. I am not familiar with the explanation that has been given. Possibly I should be informed in the matter, but I have not been.

Mr. McCann: I am not familiar with the case, and would have to see the files before I could give an opinion. However, it appears to me somewhat unusual that a Canadian officer should concern himself with the disposition of the article in the United States. I think it will be found that there is some slip-up somewhere, either in the information the hon. member has received or in the action of the officer.

Mr. Shaw: He was the driver, himself.

Mr. Abbott: The hearse was empty, I suppose.

Mr. Shaw: I imagine it was. Trying to smuggle a body from this country to the United States would be difficult.

Mr. McCann: It has been done before.

The Deputy Chairman: As the general discussion seems to be complete, I shall call item 216f.

Item 216f agreed to.

Customs tariff—238. Synthetic resin sheets, film or sheeting, not less than 6 inches in width, n.o.p. synthetic resin lay-flat tubing not less than 6 inches in circumference, n.o.p.

(a) Phenol-aldehyde type, not further manufactured than cast: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

(b) Acrylic type, not further manufactured than moulded or cast: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

(c) Polyethylene type

(i) Plain, uncoated, undecorated: British preferential tariff, 10 per cent; most-favoured-nation tariff, 10 per cent; general tariff, 10 per cent.

(ii) Other: general tariff, 15 per cent; most-favoured-nation tariff, 15 per cent; general tariff, 15 per cent.

(d) Vinyl type, except vinylidene,

(i) Plain, uncoated, undecorated: British preferential tariff, 15 per cent; most-favoured-nation tariff, 15 per cent; general tariff, 15 per cent.

(ii) Other: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent.

(e) Vinyl type, vinylidene,

(i) Plain, uncoated, undecorated: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

(ii) Other: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

(f) Other type

(i) Plain, uncoated, undecorated: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

(ii) Other: British preferential tariff, 10 per cent; most-favoured-nation tariff, 10 per cent; general tariff, 10 per cent.

Mr. Sinclair: There is an amendment to be offered to item 238. This is a new item covering plastics, and it is introduced as the result of two years of study by the tariff board. Since the resolutions have been printed, however, doubt has been expressed as to whether or not it was clear that this applies only to plastics made from resins, and not plastics made from cellulose. To make it clear that cellulose plastics still come under their old item, namely item 711, we are offering an addition to item 238, and I would ask my colleague to move the amendment accordingly.

Mr. McCann: I move:

That tariff item 238 in the resolution of April 10, 1951, relating to schedule A of the customs tariff be amended by the addition of the following proviso:

"Provided that, for the purposes of this item, synthetic resin shall be deemed not to include cellulose derivatives."

Mr. Fulton: Why are the two types of plastics subject to different tariff items?

Mr. Sinclair: I am informed there are a great many items in the tariff dealing with plastics in various groups. In its finding so far the tariff board has dealt only with plastics from resins, and that is what they have asked us to include in the item. Perhaps next year there will be another item bringing in a different terminology with respect to cellulose.

Mr. Fulton: At the present time the cellulose plastics are under item 711. I understand that gradually they will be sorted out, and dealt with in particular?

Mr. Sinclair: That is right.

Amendment agreed to.

Mr. Knowles: Is there not a typographical error here? I am looking at the resolution as it appears in *Hansard* of April 10 at page 1817. Should not the word "nor" be "not"?

Mr. McCann: It is "not" in the resolution.

Mr. Sinclair: In the resins resolution it is "not".

Mr. Abbott: Unfortunately in *Hansard* of April 10 it is "nor".

Mr. Knowles: But it should be "not".

Mr. Abbott: Yes.

The Deputy Chairman: The word "not" appears in the item.

Item as amended agreed to.

Customs tariff—277. Oils, hydrogenated, blown, dehydrated or sulphonated, not including blown or hydrogenated fish, seal or whale oils: British preferential tariff, 15 per cent; most-favoured-nation tariff, 20 per cent; general tariff, 25 per cent.

Mr. Wright: There may be a simple explanation, but the rates in effect prior to the present suggested rate state that to August 27, 1950, the rate was 20 per cent, and from August 28, 1950, that it was "various". What is the meaning of "various"? In what conditions are the tariff rates varied?

Mr. Sinclair: That applies to the item as it was before. It will be noted that in the proposed item we set out specific rates. The reason for this item arises from a tariff board ruling on August 27, 1950, disallowing the former distinction in that raw oils had different tariff rates from these hydrogenated, dehydrated or sulphonated oils. Naturally we permit the entry of raw oils at a rate lower than the finished product, because we would hope that Canadian manufacturers would do the finishing. This item makes it clear that from April 11 these refined oils or partly processed oils, as described in item 277, shall have the tariff rates set out there, namely, a British preferential tariff rate of 15 per cent, a most-favoured-nation rate of 20 per cent, and a general tariff rate of 25 per cent. The old "various" rate varied according to the type of oil.

Mr. Cruickshank: I have been interested in this matter. I see it is only ten minutes after five, and I shall not be engaged in anything until between eight and nine o'clock tomorrow night.

Mr. Macdonnell (Greenwood): Don't get mixed up with the pipe lines.

An hon. Member: Get going.

Mr. Cruickshank: Oh, I am being told to hurry up. Some of these people are not interested in the 550,000 dairymen of Canada. However, I am trying to help the dairymen I represent. I shall just get on the record, if I can pronounce some of these words in item 277, just how these rates apply. It refers to "oils"—how do you pronounce that word; someone will have to help me there?

Mr. Abbott: Hy-dro-gen-a-ted.

Mr. Cruickshank: Yes, "Hydrogenated, blown, dehydrated or sulphonated"—I was going to say suicided—"not including blown or hydrogenated fish, seal, or whale oils." Now, we will get the whole thing on the record so that the dairymen can read what we are discussing here. The first heading is, "British preferential tariff, 15 p.c."—and I hope *Hansard* gets it in that way. Then, the next column is "Most-favoured-nation tariff, 20 p.c." and the next—

Mr. Knowles: Is that Progressive Conservative?

Mr. Cruickshank: Carrying on from there we get the general tariff at 25 p.c.—and I would like to have this printed in *Hansard* the way it reads in this delightful little document—"rates in effect prior to rates proposed in this budget: British preferential tariff, 15 p.c."—and then under that the word "various". You know, these people who do not appreciate the dairy farmers are delighted to put the word "various" in there. It covers a multitude of sins. I believe Adam himself used it.

Then, we move along to the next column: "Most-favoured-nation tariff; to August 27th, 1950, 20 p.c.;" and then we have under that,

"From August 28th, 1950," and under that the word "various" again. Then, under the general tariff item there is, "25 p.c." and under that the word "various".

"Various", I suppose, refers to these oils which are coming into Canada in an endeavour to put the 550,000 dairymen out of action—as well as many creameries. From correspondence I have received from various ridings in Ontario and Quebec, I believe there are a few dairy farmers in those two provinces who are interested in dairying. Then, judging from editorials one sees in the Ottawa *Journal*, among other newspapers, it would seem that there are a few farmers in eastern Canada who are interested in the dairy industry—although surprisingly little is said in that connection. Still I must commend my good friend from Lanark who, in my opinion, made the best speech on behalf of the dairymen that has been made in this House of Commons in the last ten years.

Let me point out to the committee in connection with item 277 that in 1950 the amount of oils brought in per month amounted to 670,000 pounds. This year in the first quarter the importations amounted to 1,500,000 pounds per month. That is quite a large increase. Of course we hear these alibis when we talk about the high cost of living in connection with the price of butter, when it goes up a little, but when the cost of living goes down a small percentage we do not hear that the Canada Packers have decided to lower the price of butter they had in storage to the detriment of the people of Canada. You do not hear that advertised particularly.

I am not going through the list of these different oils. I am not a Rhodes scholar and there are a couple of words that I cannot pronounce, nor do I know what they mean. The item states, "not including blown or hydrogenated fish, seal or whale oils." I do not know what they mean by "blown".

Mr. Abbott: I wonder if my hon. friend would permit me to interrupt for a moment. This item relates largely to non-edible oils, and the principal oil under it is castor oil which is brought in, not for medicinal purposes but for use in industrial processes, paints, textiles and the like. I am not a technician in connection with hydrogenated oils, but the fact is that this item maintains the existing tariff on these processed non-edible oils used for industrial purposes but excludes, as is stated, hydrogenated fish, seal or whale oils. The oils are, to a large extent, not fit for human consumption.

Mr. Cruickshank: I thank the minister for his description of the oils that are customarily used in the manufacture of margarine, but I am afraid the Minister of Finance is not keeping up to date on what goes on in this city of Ottawa where they are trying to ruin the dairy farmers. As far as I am concerned, many of the things that I get go into my wastepaper basket, but here is one that I received which reads:

The Tariff Board

Canada

Public sittings of the tariff board will be held at 541 Sussex street, Ottawa—

That is the street where you cannot make the left-hand turn.

—for the hearing of the undermentioned appeals under the Customs Act and the Excise Tax Act.

The first paragraph refers to an appeal in connection with logging companies. I need not say anything about that as there are a few representatives around here to protect the logging interests. But I could speak for them because we log 282 million feet annually in my riding, and the logs are of such a size that it takes four men and a boy to jump over them. But they are being well looked after.

The next paragraph in this notice refers to an appeal by Canada Packers Limited. I am certainly going to attend that one. I have heard of divorce courts and appeal courts, but I understand at this hearing I will not be able to say anything. The member for Fraser Valley will not be able to get up and say a word about the dairy farmers. The paragraph reads:

Wednesday, June 13, at 10 a.m. (D.S.T.)

That means daylight saving time.

Appeal No. 236 by Canada Packers Limited—

The parliamentary rules do not permit me to say just what they are limited in.

—from a decision of the deputy minister of national revenue that a mixture of hydrogenated cottonseed oil (80 per cent) and hydrogenated soya bean oil (20 per cent) imported under Winnipeg entry No. 35785-A, December 8, 1949; West Toronto entry No. 29251, November 16, 1949 and Vancouver entry No. 49605-A, February 16, 1950, from the United States in tank cars for the manufacture of margarine is dutiable under tariff item 711 at 20 per cent.

I cannot help but think of the $3.86 I have to pay for a hundred of these little pills, and yet here is a case where they are bringing in these oils in tank cars. That is what is being done by this colossal giant which is trying to ruin the dairy farmers. Yet they have the audacity to appeal and waste the time and money of the people of Canada by taking up the time of this board. This could be decided in room 565 without any delay at all.

I do not know where else I could bring up this matter. The two words are alike and I think the two oils are alike. The appeal is in connection with cottonseed oil.

Mr. Abbott: The hon. member could speak to it under tariff item No. 711.

Mr. Knowles: Item 711 is not in here.

Mr. Cruickshank: I knew there would be a joker somewhere when I am trying to protect the dairy farmer. If I moved an amendment I would be ruled out of order. It is seldom that I ask *Hansard* to be put away and preserved in family archives but I hope that the dairy farmers in Ontario and Quebec who happen to get *Hansard* in their homes will put it away and then five years from now read what I have said about these imported oils and the like and then consider the returns they are getting from their dairying at that time.

I wish I could move an amendment, but as I cannot I have taken advantage of the only opportunity I have to bring this matter before the committee. The fact that last year the importations amounted to 670,000 pounds per month as compared with 1,500,000 pounds a month this year shows what is happening. I understand from the minister that they are taking some impure articles out of it to put directly into margarine and they are putting it into cod liver oil or something.

I do not want to take up any more time of the committee. I should like to move an amendment because it would be quite simple. I would go right across the board, 15 per cent, 20 per cent, 25 per cent, 15 per cent, 20 per cent, 25 per cent and make it quite simple for those people who make so many mistakes down here. They should go to the Fisher high school and get somebody to teach them how to multiply because I would suggest that all rates be multiplied by three. We would then have a proper tariff on imported oils which are now being brought in in an attempt to ruin the dairy farmer.

Mr. Fulton: The minister stated that the tariff was changed on August 27, 1950; that prior to August 27 there had been a uniform rate and that after August 27 there were various rates made applicable under the most favoured nation tariff. I do not recollect that the house was in session on August 27 and perhaps the minister could explain how this happened.

Mr. Abbott: On August 27 last the tariff board on an appeal from one of the paint companies stated that dehydrated castor oil was not properly included under item 711. This particular item, castor oil, forms an important part of our trade agreement with Brazil. It was always intended that the raw product would come in free of duty. It was never intended that the processed product should come in free of duty. In virtue of the decision of the tariff board, however, it became necessary to insert this item in the tariff to make it perfectly clear that raw castor oil comes in free but that if it is dehydrated, hydrogenated, or whatever other processes are mentioned here, the existing tariff rates will apply, and that is all.

Mr. Fulton: How would it be that the item was inserted in the tariff? I can understand that the decision would make inapplicable the rate which had previously been thought to be applicable, but the minister says that the item was inserted in the tariff. My understanding was that could only be done as a result of a resolution.

Mr. Abbott: We are inserting item 277 as a new item in the tariff, and have carved it out of item 711.

Mr. Fulton: This change is not now in effect, and will only be in effect, and dated back to August 27, after this is passed?

Mr. Abbott: It has been effective since budget night. Between the 28th of August and the night I announced my budget changes, various rates, as indicated in the three columns to the right, were in effect, but from budget night, assuming that this act passes, this new item will apply.

Mr. Hatfield: The minister says that this item does not cover edible oils. What oils does it cover?

Mr. Abbott: It largely covers inedible oils.

Mr. Hatfield: What do you mean by that?

Mr. Abbott: Just what the item says. These oils are, to a very large extent, not for edible purposes, and my hon. friend will note that fish, seal or whale oils are specifically excluded. I should like my hon. friend to take my assurance, which is based upon the positive assurance of the officials who know, that this item does not, in practice, cover edible oils to any great extent.

Mr. Cruickshank: I should like to ask a question. Is castor oil not edible?

Mr. Abbott: Not in this form. It may be edible in its raw state. I do not know.

Mr. Cruickshank: I do not think we should pass something concerning oil when nobody knows what it is and what it is not. Just before I came in a member of this house told me that they have to import oil to put up herring of all things. We do not have that problem in the province of British Columbia.

Out there herring have oil in them. An hon. member told me that right behind these curtains.

Mr. Knowles: That makes it official.

Mr. Cruickshank: I want to know what these oils are. The minister said they are going into castor oil. If they are going into castor oil they must be edible.

Mr. Abbott: No. I am informed that the basic product of most of these oils is castor oil. Castor oil is brought in in its raw state. I understand that it may then be processed for medicinal purposes or for industrial purposes. It is used in paint, certain textile processes, tanning, and so on. I am not a technical expert with respect to other oils, but what is being done here is not to change the existing duties at all but to maintain the free entry of the raw oil. There are several items for all other oils such as cottonseed oil. There is item 711. There are numerous oil items in the tariff.

Mr. Hatfield: I should like to ask the minister what the duty is on edible oil such as cottonseed and peanut oil.

Mr. Abbott: My parliamentary assistant has the figures.

Mr. Sinclair: For coconut oil the British preferential tariff is 12½ per cent, most favoured nation 17½ per cent, general, 17½ per cent. For peanut oil the British preferential tariff is 15 per cent, most favoured nation 20 per cent, general 25 per cent. For cottonseed oil the British preferential tariff is 12½ per cent, most favoured nation 17½ per cent, general 17½ per cent. For soybean oil the British preferential tariff is 15 per cent, most favoured nation 20 per cent, and general 25 per cent.

Mr. Stuart (Charlotte): There has been some reference by the hon. member for Fraser Valley to edible oil being used in the sardine industry. I can assure the hon. member that hundreds of thousands of gallons are used each year in the sardine industry in the maritime provinces. I am not aware whether or not it is used in British Columbia. At the present time that oil is being imported from the United States. There was a time when we got quite a bit of cottonseed oil from Great Britain, but today it is coming in from the United States. It is brought in in tank car lots, and there are hundreds of thousands of gallons used every year.

Mr. Cruickshank: I am still glad we have better fish in British Columbia.

Item agreed to.

[Mr. Cruickshank.]

Items 296e, 386, and 403 agreed to.

Customs tariff—409f. Grain crushers; grain or hay grinders; grain or hay dryers; milk coolers; steel stanchions for confining livestock either in pens or individually, including complete equipment for milking parlors; automatic stock watering bowls; barn litter carriers and track; sprinkler irrigation systems; barn hay forks, carriage, pulleys and track; all the foregoing for use on the farm for farm purposes only; hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, post hole diggers, snaths, stumping machines, grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing.

Mr. Wright: This item deals with certain types of agricultural machinery or equipment which are now being classified as agricultural machinery and consequently will come in free. It sets out here that among other things there is included equipment for milking parlours. Would that include the stationary gasoline engine which is a part of the equipment in a milking parlour where power is not available? The item also refers to grain loaders or elevators with a capacity not exceeding 40 bushels per minute. Those grain elevators will only operate if there is a gasoline engine attached to them. Will gasoline engines that are attached to such grain loaders come in free of duty?

Mr. Sinclair: Regarding separate or attached gasoline engines, the answer is, generally, no. However, attached gasoline engines meeting the provisions of tariff item 409q are free of tariff.

Mr. Wright: Then I must ask the further question why they are not included. These small portable gasoline engines are pieces of farm equipment which are used on at least ninety per cent of the farms of western Canada. They are essential to the operation of the equipment which you are now placing on the free list. I would urge the minister to give serious consideration to the placing of such engines on the free list especially if they are brought in as part of such equipment, where they are attached to part of the equipment and form a part of it.

Mr. Abbott: My hon. friend is aware that the question of the tariff on gasoline engines is one of long standing. They are covered by a number of items in the tariff, and as my parliamentary assistant has said those items do not provide for the free entry of gasoline engines although they may be used as part of these milking parlours, unless, of course, the provisions of tariff item 409q are complied with. As to what may be done another year of course I am not in a position to say. I will be glad to take my hon. friend's representations under consideration.

Mr. Wright: I may say that this matter was brought to the minister's attention two years ago, I believe. I am wondering if any consideration has been given to it, and what the result of that consideration is. These engines are an important part of farm equipment today. We are not living back in the days of the ox cart when everything was done by hand. Today on our farms, especially on those farms which are not equipped with electricity, people have to use these small gas engines for a great many purposes. I think they should be classified as a piece of farm equipment. I would certainly urge the minister to give consideration to this matter.

Mr. Fulton: For the benefit of myself at any rate, and possibly one or two other western members in whose constituencies there are dairies and dairy farms, I wonder if somebody would tell me what a milking parlour is. Out there our cows are not so delicate that they have to be brought into the parlour for milking. I do not know what a milking parlour means.

Mr. Sinclair: I must confess that I felt the same surprise when I first saw the item. Apparently this is a phrase commonly used for the complete room and equipment used in the operation of mechanical milking. It is a trade name, a phrase used in the industry.

Mr. Fulton: I suppose purebred cows would not like to have their milk taken in anything but a parlour.

Mr. Major: If the hon. member would go out through the country once in a while he would see what these milking parlours are.

Mr. Fulton: In my part of the country cows are milked in a milk room, not a milk parlour.

Mr. Cardiff: For the benefit of those who do not know anything about a milking parlour, we have them on the more up to date farms in our part of the country. It is a room especially equipped, with everything nice and clean. The cow is cleaned before being brought in, and instead of being milked in her usual stall she is brought into this milking parlour. The machine is turned on, and after she is milked she is driven out and another cow is brought in. Anyone who has the opportunity to go into a modern dairy barn will find one of these rooms, right up to date and very clean.

Mr. White (Middlesex East): Once before I asked a question on 409f. I understand that all the articles under this item come in duty free.

Mr. Abbott: That is right.

Mr. Hunter: Can the minister say what the rates were on the various items now being brought in free?

Mr. Sinclair: There were varying rates of duty applying to the different articles which are now being included under this item. The hon. member can find what they were by looking up the customs tariff. However, no matter what the previous rate was they are all free now.

Item agreed to.

Items 410a, 410g, and 410h agreed to.

410i. (1) Miners' rescue appliances, designed for emergency use in mines, where artificial breathing is necessary in the presence of poisonous gases, including high pressure oxygen pumps for use exclusively in connection with such appliances, and automatic resuscitation apparatus for artificial breathing to aid in the saving of human life, and parts of all the foregoing.

(2) Combustible gas indicators, for detecting explosive gases or vapours; methane detectors, carbon monoxide detectors and continuous indicators and recorders; carbon monoxide alarms; pyrotannic detectors for determining the presence and quantity of carbon monoxide in the blood; inhalators for use in reviving victims of carbon monoxide poisoning; pocket gas respirators, dust respirators, paint and lacquer spray respirators, fume and smoke masks, and hose mask outfits complete with face piece, harness, air line and air pump or blower, designated for the protection of firemen and industrial workers; special safety goggles, designed for eye protection of miners, welders, foundrymen and other industrial workers employed in hazardous work; parts of all the foregoing, British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

Mr. Knowles: May I ask the minister for a further word of explanation about this word "various"? He gave an explanation before, but it left one or two questions still in my mind. Does it ever happen that the tariff board or the government fixes rates, various or otherwise, higher than the rates that have been approved by parliament?

Mr. Abbott: No; the executive cannot increase a rate approved by parliament. Subject to the provisions of the Customs Act it can reduce rates under certain conditions, but it cannot increase them. When the word "various" is used in the ways and means resolutions it usually indicates that where a number of items are put on the free list and included in a general item you do not attempt to indicate what the different rates may have been on the various articles. To answer my hon. friend's question directly, there can be no increase of a tariff by executive action.

Mr. Knowles: I notice also that while the word "various" appears quite a number of times, it seems to appear only in the columns under the heading "rates in effect prior to rates proposed in this budget." Am I right in assuming that we never legislate for various rates?

Mr. Abbott: No.

Mr. Knowles: In other words, the word "various" never appears in the column which indicates the new rates being brought into effect?

Mr. Abbott: My hon. friend is quite right.

Mr. Sinclair: The only change in items 410g to 410z is the phrase about parts. Now unfinished parts may also be brought in free and finished in the mine machine shop itself. That is the effect of 410g to 410z, with the single exception of 410l dealing with coal crushers. One of the reasons for the various rates was that forgings and castings had different rates before. Now unfinished forgings and castings together with parts for mining machinery are going to be dutiable at the same rate as the machinery itself.

Item agreed to.

Items 410j, 410l, 410o, 410p, 410q, 410r, 410s, 410t, 410u, 410v, 410w, 410x and 410z agreed to.

435. (a) Locomotives and motor cars for railways, of a class or kind not made in Canada, and parts thereof (including motive power and parts thereof, of a class or kind not made in Canada), for use exclusively in mining, metallurgical or sawmill operations, free.

(b) Diesel switching locomotives, including motive power, and parts of the foregoing, of a class or kind not made in Canada, free.

Mr. Cruickshank: Would it be possible to discuss fire equipment under this item?

Mr. Sinclair: This is not the item.

Mr. Cruickshank: Is there such an item?

Mr. Sinclair: Not in this amendment.

Item agreed to.

440k (1) Engines and complete parts thereof, n.o.p., to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats *bona fide* owned by individual fishermen for their own use in the fisheries, under such regulations as the minister may prescribe, free.

(2) Diesel engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats for use exclusively in *bona fide* commercial fishing operations, under such regulations as the minister may prescribe, free.

Mr. Wright: Are these rates changed or reduced from what they were before, when these engines are used in fishing boats?

Mr. Sinclair: The only change in this section is that now we admit diesel engines free if they are going to be used in fishing boats. We still tax gasoline engines, but we admit diesel engines free. That is the intent of the change in 440k.

Mr. Fulton: Under the general tariff they are to be subject to a duty of 15 per cent, are they not?

[Mr. Knowles.]

Mr. Sinclair: Yes, I am sorry. They are free under the British preferential tariff and the most favoured nation tariff, and the two sources from which we obtain these engines are Britain and the United States.

Mr. Hatfield: Why are diesel engines free when used in fishing boats but not free when used in agricultural machinery when they are part of that equipment? I am not objecting to their being free for use in fishing boats, but I want to know why they are not also free when used in agricultural equipment.

Mr. Sinclair: Under item 409q diesel engines for agricultural equipment are now free. That item reads:

Auxiliary internal combustion engines incorporated in or attached to agricultural implements or agricultural machinery: free, free, free.

This is just bringing the fishing industry in line with the exemption given to agriculture.

Mr. Wright: Why are diesel engines allowed in free while the tariff is maintained on gasoline engines? The gasoline engine is used more than the diesel engine.

Mr. Sinclair: I cannot speak of the east coast, but on the west coast they are turning more and more to diesel engines for their fishing boats. That is a much more expensive engine to purchase initially, but of course it has a much lower cost of operation. I think this is a step forward. Diesel engines for the fishing industry are now free, as they have been for agriculture. The time may come when further consideration may be given other engines, but at the moment the fishing industry is very grateful for the opportunity to bring in these diesel engines free from Britain or the United States.

Mr. Wright: I quite agree with that; but are any of these engines made in Canada?

Mr. Sinclair: Some small diesel engines are made in Canada, but they have been used only to a very limited extent in the fishing industry. Big diesels are made here for use in power plants, but of course that is a different engine. The diesel used in a fishing boat of course is not comparable to the one used in a power plant.

Mr. Wright: I point out that you are prepared to bring in diesel engines free, though they are made in Canada, while apparently you are not prepared to bring in gasoline engines free. Have the gasoline engine manufacturers some special reasons for this?

Mr. Sinclair: There is one important point. In order to have a ruling like this there has to be a sufficient production within the country to satisfy normal demands. That is

certainly not the case with diesel engines for the fishing industry. On the other hand, as the hon. member knows, we have a very large manufacture of gasoline engines in most of the provinces of Canada.

Mr. Bater: May I ask if the recent Torquay agreements make any changes in these tariffs.

Mr. Abbott: No. That question was asked the other evening, and I explained that the Torquay agreements do not relate to these changes at all. It was for that reason the motion was placed on the order paper in the name of the Prime Minister to refer the Torquay agreements to the banking and commerce committee, and I hope we will discuss that matter on Monday. A discussion of the Torquay agreements is not relevant to these items, because none of them tie into those agreements.

Mr. Stuart (Charlotte): I would like to congratulate the minister on having the duty removed from diesel engines. That is something which is very much appreciated in the maritime provinces, owing to the fact that 90 per cent of the diesel engines used down there are imported from the United States. It is considered that the type of engine made in Canada is not of the same quality as the United States engine. This is something the fishermen have been asking for years, and I congratulate the minister on having brought it about.

Mr. Cruickshank: I would like to join with my hon. friend, and to add the hope that the maritimes will adopt the same spirit in connection with the dairy industry.

Mr. Wright: I want to say one more word about these gasoline engines. We have manufacturers in this country, the Massey-Harris and the International Company, who are manufacturing these engines in the United States. They are sending them in here, and we are paying a tariff on them. Why can these engines not be made in Canada at lower prices so we can afford to buy them? They are being sold in the United States at prices which are twenty-five per cent lower than we have to pay for them in Canada. It seems to me there is something wrong. We have been bringing this to the attention of the minister year after year. If these tariffs were taken off these companies would manufacture in Canada, and we would have a Canadian industry. Why should we pay to bring them in?

Mr. Abbott: As I said before, this is an old subject and we have discussed it at length in the house before. It may be that gasoline engines should be put on the free list. I think that you would find in a good many parts of Canada a good many people might object to that. Be that as it may, the government has not yet decided it is appropriate to do so. Broadly speaking, our tariff is very much lower than the United States tariff. I have had occasion to say before in this house that unless I am convinced it is clearly in the interests of the Canadian people, we do not give away any tariff concessions unless we are getting something in return. Once you have given a concession you find that your bargaining position is pretty low.

The record of the party of which I am a member has been one, over the years, of consistently lowering tariffs. I do not think any party in this country can show a better record. But I am not prepared to go into a long discussion now on the merits or demerits of taking the tariff off gasoline engines. It is not being taken off in this budget.

Mr. Coldwell: Mr. Chairman, we appreciate the tariff reductions that have been made, but what the minister has said is reminiscent of the brick for brick policy that I heard the Liberal party criticize so strongly from 1930 to 1935 when they were in opposition. It seems to me it is a big departure from the old tariff discussions we used to have on the prairies when most of the elections were fought on tariff issues. After all, these engines are used very extensively by the farm population of this country, and by others as well. I believe the plea that has been made is one that should receive consideration, and I hope the minister will consider it in spite of the fact he believes in an eye for an eye and a tooth for a tooth tariff policy.

Mr. Abbott: Under item 409q gasoline engines are brought in free under certain circumstances if they are for farmers. To answer my friend's general observation about the brick for brick policy, I think he will be fair enough to recognize that we have been taking down the bricks in our tariff structure faster than other people have been taking them down. The brick for brick policy was a building up, and we have been lowering our tariffs unilaterally—

Mr. Macdonnell (Greenwood): What about 1930?

Mr. Abbott: Well, 1930 was—

Mr. Macdonnell (Greenwood): Will the minister say that about 1930?

The Deputy Chairman: Order.

Mr. Abbott: In 1932, there were some things done which would not apply to that. Let me suggest that the brick for brick argument does not apply to what I have been discussing now.

Mr. McLure: A few moments ago I understood the minister to say that they never gave any tariff concession unless they got some return—

Mr. Abbott: No, I said unless I was convinced it was in the interests of the Canadian public to do it without a *quid pro quo*.

Mr. McLure: I was going to say that there was one item, furs which are allowed free entry, and yet the United States put on a 50 per cent ad valorem duty.

Item agreed to.

Items 475, 523g and 682 agreed to.

Customs tariff—705. Settlers' effects, viz: Wearing apparel, books, usual and reasonable household furniture and other household effects; instruments and tools of trade, occupation or employment, guns, musical instruments, domestic sewing machines, typewriters, bicycles, carts, wagons and other highway vehicles, agricultural implements and livestock for the farm, not to include livestock or articles for sale, or for use as a contractor's outfit, nor vehicles nor implements moved by mechanical power, nor machinery for use in any manufacturing establishment; all the foregoing if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the minister, British preferential tariff, free; most favoured nation tariff, free; general tariff, free.

Provided:

(1) That, subject to the exceptions stated hereunder, any dutiable article entered as settlers' effects may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada;

(2) That the six months' ownership requirement as specified in this item shall not apply in the case of *bona fide* brides' trousseaux and wedding presents; and

(3) That with respect to *bona fide* settlers' effects imported from countries named by the minister that are applying restrictions on the transfer of emigrants' capital to Canada, the six months' ownership requirement specified in this item shall not apply and notwithstanding the first arrival requirements specified in this item a reasonable amount of the effects of a settler may be entered from such countries during a period of three years from the date of the settler's first arrival, subject to such regulations as the minister may prescribe.

Mr. Sinclair: I have a small amendment to this item 705. The first part is exactly the same, but the change is in section (3). The purpose of this amendment is to extend the provisions which allow a settler to bring his effects into the country when he comes here. When countries began putting up barriers so far as the movement of capital was concerned, it became very difficult for settlers from these countries to bring in very much by way of personal effects, which is the reason for this amendment. The section which we have here provided that settlers from countries where there were restrictions, which were going to be designated by the governor in council, could bring in equipment which they had, and they did not have to have it for six months as have other settlers. More than that, they could continue to bring in equipment for the next three years. Some of these countries allow one to bring out so much every year.

This provision has the added advantage of allowing the settler in Canada to look around and see what sort of equipment he should bring here. It was pointed out that this three-year rule would be rather unfair to those immigrants who came out in 1945, 1946 and 1947, who would not get any benefit from it. So, the purpose of this amendment is to carry out the three-year thought so far as settlers coming in the future are concerned, and at the same time give those who came in the past one year in which to bring in their effects. So far only Holland has agreed to such a plan, and it will be of great help in bringing out more Dutch immigrants.

Mr. McCann: I move that the third section of the proviso to tariff item 705 in the resolution of April 10, 1951, relating to schedule A of the customs tariff be amended to read as follows:

(3) That with respect to *bona fide* settlers' effects imported from countries named by the minister that are applying restrictions on the transfer of emigrants' capital to Canada, the six months' ownership requirement specified in this item shall not apply and notwithstanding the first arrival requirements specified in this item a reasonable amount of the effects of a settler may be entered from such countries under this item

(a) during a period of three years from the date of the settler's first arrival, or

(b) where the settler's first arrival occurred between April 10, 1945, and April 11, 1949, during the period ending April 10, 1952,

subject to such regulations as the minister may prescribe.

The Deputy Chairman: Shall the item carry?

Mr. Cruickshank: Does that rule out section 2 of item 705?

Mr. Abbott: No, it revises section 3.

Mr. Cruickshank: Section 2 has not carried as yet, and I should like an explanation of section 2 of item 705.

Mr. Sinclair: In countries where there is no restriction on capital, a settler is expected to have owned his effects for six months before bringing them into this country. Obviously a bride could not be expected to own her trousseau for six months. There is no change in this provision. The only change is to the subsection in which we are applying a different procedure to those countries which have exchange restrictions.

Mr. Cruickshank: I was asking for an explanation of what that consisted of, and I thought the parliamentary assistant could tell me.

Mr. Cardiff: How much are they allowed to bring in?

Mr. Sinclair: That is for the country of origin to say. They are the ones who put on the restrictions. We have no limit to our settlers' effects so long as they come within the type described in the old section 705. The Netherlands are being fairly generous over the three-year period in permitting Dutch immigrants to bring goods forward without restriction. The country of origin puts on the restrictions.

Mr. Adamson: Did I understand the minister to say that only the Netherlands have agreed to this, and the United Kingdom has not agreed?

Mr. Sinclair: So far the agreement is only with the Netherlands. It can be expected to cover any of those restricted countries where there is an agreement.

Mr. Adamson: Where there is currency control?

Mr. Sinclair: Yes.

Mr. Cardiff: This has to do with material, but what about money?

Mr. Sinclair: That again is not a restriction of ours but of the country of origin.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—708. Arms, military stores, munitions of war and other goods the property of and to remain the property of a British commonwealth country designated by the governor in council or of a foreign country that is a party to the North Atlantic treaty and is designated by the governor in council; goods consigned to military service agencies and institutions designated by the governor in council where the goods are for the personal use of or consumption by nationals of countries designated under this item who are employed in defence establishments of those countries in Canada: British preferential tariff, free; most-favoured-nation tariff, free; general tariff, free.

Provided that the governor in council may prescribe regulations for all the foregoing and may order that any of the privileges granted under this item be withdrawn in any case where a country does not grant corresponding privileges to Canada.

Mr. Macdonnell (Greenwood): I want to ask a question under item 708. I read this near the end of the paragraph:

. . . goods consigned to military service agencies and institutions designated by the governor in council where the goods are for the personal use of or consumption by nationals of countries designated under this item who are employed in defence establishments of those countries in Canada.

Does that mean all kinds of personal goods without limitation? In other words, as I understand the privilege of diplomatists, it treats them practically like diplomats.

Mr. Abbott: I am informed, for instance, that this would include goods sold through what are described as American PX stores at an American base at, say Churchill, or at some of the bases in Newfoundland. This section was inserted at the suggestion of the Department of National Defence primarily. My understanding is that it was to facilitate the transfer of arms and equipment between the countries with which we are associated in the North Atlantic treaty.

Mr. Macdonnell (Greenwood): Is the minister satisfied that it is administratively watertight and that it will be limited in the way that he indicates? Suppose that we get in the country large numbers of people like those described in this section, and you found you would open the door much wider?

Mr. Abbott: As to that, of course, it will be administered by the deputy minister of national revenue, customs and excise, Mr. Sim. The wording which is used here is the wording which he in fact prepared; and he assured us that he could administer it. In part, of course, it is to eliminate obsolete phraseology in a similar item going back to 1906, which refers to such things as the imperial government, His Majesty's imperial navy, and so on. But it is intended to broaden the application to our allies in the North Atlantic treaty.

Mr. Macdonnell (Greenwood): Have we in fact had some similar arrangement, either during the wartime or otherwise, and has it worked out satisfactorily?

Mr. Abbott: We have had it in respect of the United Kingdom, but we have never had it with respect to other countries with whom we have been allies.

Item agreed to.

Resolutions 2 and 3 agreed to.

The Deputy Chairman: Shall I report the resolutions?

Some hon. Members: Agreed.

Mr. Abbott: Call it six o'clock. Perhaps in the five minutes that remain I might introduce the bill based on this resolution. Would that be appropriate?

The Deputy Chairman: Perhaps I should remind the minister that we have the income tax resolution to consider. They have all been moved into committee of ways and means at the same time.

Mr. Abbott: They are all before the committee.

The Deputy Chairman: I should not have said just now: "Shall I report this resolution?" We still have this income tax resolution to consider.

Mr. Abbott: I think that is correct. It might be well for me to introduce all the bills at the same time. Then of course my intention would be to allow them to stand on the order paper for several days in order to enable hon. members to study them, particularly the one with regard to income tax.

The Deputy Chairman: Then at this time I will call the income tax act resolution.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That, in respect of income earned after the commencement of the 1951 calendar year, a corporation shall pay a defence surtax for the year equal to 20 per cent of that portion of its ordinary income tax for the year that is computed at the 38 per cent rate, or the 33 per cent rate if applicable (before allowance is made for tax credits), subject to a right to a refund of such tax to the extent that it would reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of its capital employed.

2. That an individual shall pay a defence surtax equal to

(a) for the 1951 taxation year, 10 per cent and

(b) for each subsequent taxation year, 20 per cent of his ordinary income tax (including investment surtax) for the year before allowance is made for tax credits.

3. That, for the purpose of computing income from an office or employment for the 1951 or a subsequent taxation year, there may be deducted certain amounts paid in respect of

(a) travelling expenses that the officer or employee was required by the contract of employment to incur,

(b) professional membership dues where the officer or employee was required by the contract of employment to maintain his professional status,

(c) office rent or salary to an assistant or substitute required by the contract of employment to be paid by the officer or employee,

(d) supplies consumed directly in the course of the employment for which the officer or employee was required by the contract of employment to pay, or

(e) union dues.

4. That the governor in council be authorized to make regulations under which the income tax of members of the armed forces on their service income will be paid in full in respect of the pay and allowances of each pay period by a deduction therefrom in accordance with a special table subject to the right of any member to file a return on an annual basis.

5. That the right to elect to pay the 15 per cent tax on its undistributed income now enjoyed by a private company

(a) be extended to all other corporations, and

(b) be withdrawn, effective April 10, 1951, from a corporation that is controlled by another corporation except in respect of its undistributed income on hand at the end of the 1949 taxation year.

[Mr. Abbott.]

6. That for the 1951 and subsequent taxation years the provision under which the 15 per cent tax rate on the first $10,000 of income of a corporation applies to only one of several related corporations be amended so as not to include in the class of related corporations those controlled by persons not dealing at arms length unless such persons own shares in the capital stock of both corporations.

7. That for the 1951 and subsequent taxation years, payments made for insulin, cortisone, adrenocorticotrophin (ACTH), liver extract injectible for pernicious anaemia and vitamin B12 for pernicious anaemia purchased under a physician's prescription may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

8. That special deductions from income to taxpayers whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1954 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1953.

9. That special deductions from income and taxes to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum be allowed for expenses incurred in respect of deep-test oil wells in 1952 operations on the same basis as for similar expenses in 1950 and 1951 operations.

10. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines that came into production during the years 1946 to 1952 be extended to mines coming into production in the years 1953 and 1954.

The Deputy Chairman: Perhaps we could agree on the procedure to be followed. Is it the intention to call these clauses separately?

Mr. Abbott: I would not have the slightest objection, speaking for myself, to adopting the suggestion which was made the other night by the hon. member for Winnipeg North Centre, I think it was, namely that we should consider the various paragraphs of the income tax resolution, paragraph by paragraph, subject of course to the right of any hon. member of the committee who wishes to go back to one of the items in order to get information about the corporation tax, union dues or whatever it may be; and when that procedure has been completed, that we should adopt the resolution as a whole. It would, of course, be open at any time during that procedure for amendments to be moved to the resolution, if those amendments were otherwise in order.

The Deputy Chairman: Is the procedure outlined by the minister agreed to?

Mr. Macdonnell (Greenwood): I want to raise one other point which might be disposed of now; it will not take half a minute. My understanding is that at the time of second reading of the income tax bill, it will be open to have a discussion of the references

in the budget to changes in the depreciation provisions, and that we may discuss them then and on item No. 1 of the income tax bill.

Mr. Abbott: I think that would probably be the most convenient way of doing it. There is nothing in the income tax resolution dealing with it, but I agree that an opportunity should be afforded for discussing it. Probably it would be better to discuss it in committee where questions could be asked. It is open to any hon. member to make a speech about it on second reading; but perhaps on the title of the bill to amend the Income Tax Act we might agree that those who wish to discuss the new depreciation regulations, if there is no other appropriate section, should do so on section 1.

Mr. Macdonnell (Greenwood): Will there be provision in the income tax bill or elsewhere giving effect to this, or is it proposed to give effect to it purely by regulation?

Mr. Abbott: No. There is an appropriate section in the income tax bill, so that there will be ample opportunity to discuss it.

Some hon. Members: Six o'clock.

The Deputy Chairman: Is the procedure outlined by the minister agreed on?

Some hon. Members: Agreed.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'colck.

The Deputy Chairman: When business was interrupted at six o'clock we were considering the first clause in the resolution.

1. That in respect of income earned after the commencement of the 1951 calendar year, a corporation shall pay a defence surtax for the year equal to 20 per cent of that portion of its ordinary income tax for the year that is computed at the 38 per cent rate, or the 33 per cent rate if applicable (before allowance is made for tax credits) subject to a right to a refund of such tax to the extent that it would reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of its capital employed.

Mr. Macdonnell (Greenwood): Mr. Chairman, I have some questions to ask with regard to the first paragraph. First of all I would draw attention to the retroactive feature set out in the first line, where it uses the words, "in respect of income earned after the commencement of the 1951 calendar year." It is pointed out, and I think with some cogency, that that retroactive feature will work an inconvenience, and perhaps sometimes a hardship, on a company the fiscal year of which ended during these first months before the budget was presented, and which may have completed all its arrangements and may now be seriously embarrassed by finding out that it is subject to a tax about which it knew nothing when it brought its financial year to a close.

Mr. Abbott: As my hon. friend knows, the higher tax will apply only to the months after January 1, 1951. I understand that, to that extent, there is a retroactive feature to the proposal which might cause some embarrassment. But in any case it was felt that in the circumstances the proposal was not unfair.

Mr. Macdonnell (Greenwood): Well, I must say the minister is treating it lightly. I do not know what precedents there are for this procedure; but surely to face companies that have already made their disposition with a tax about which they knew nothing, is something which is not only unprecedented, or for which there is very little precedence, but which is also unfair. Actually, is the amount involved so great and the matter so important to the exchequer that it must inflict this hardship upon individual corporations which, after all, are being heavily taxed?

Mr. Abbott: I do not know how great the hardship may be, but I do not think it would be very great. There is plenty of precedent for it. In many years in the past increases in taxes have been made applicable to all companies whose fiscal periods ended after a certain date. In this case the increased tax will apply only to such portion of the fiscal period as accrues after January 1, 1951. Notice of this 20 per cent surcharge was given on April 10. I do not think the provision is inequitable.

Mrs. Fairclough: Is it intended that this tax shall be calculated and paid without regard to the right to refund? That is, does the company remit the tax and then later claim a refund on the amount it has paid in excess of the 5 per cent?

Mr. Abbott: The hon. member is correct. The tax, including the 20 per cent surcharge, is paid. Then the company must make application for a refund, and the income tax branch will have to satisfy itself, after examining the return, that in fact the payment of the surcharge would reduce the company's income below the 5 per cent mentioned in the resolution. They would get the refund for whatever amount was called for.

Mrs. Fairclough: Will that be handled by the income tax branch or will separate courts decide the amounts, or through whose hands

will the transaction pass? I presume it will be necessary to make an examination of books?

Mr. Abbott: My information is that the Department of National Revenue contemplates that the application for refund would be filed with the return, and that the assessment would be made and the eligibility for the refund ascertained at the same time. Of course there would be the usual right of appeal if a taxpayer was not satisfied with the finding made by the Department of National Revenue.

Mr. Macdonnell (Greenwood): I should like to raise a question as to the meaning of the expression, "capital employed", found in this section. Would the minister say a word on that? I have been looking at the relevant section.

Mr. Abbott: At the present time we are working on a definition that may be included in the bill itself as to what will constitute "capital employed", and I would prefer to defer discussing the terms of the definition until we have decided definitely whether or not this will be done. My hon. friend will recall that during the last war a definition was set out in connection with the excess profits tax. It may be that that definition, or something like it, will be settled upon in this instance. However, that has not yet been finally determined, and I would have to ask that the discussion be deferred until the matter is settled. It is a difficult and complicated question, and it is receiving the day-to-day attention of the offices of my department and those of the Department of National Revenue.

Mr. Macdonnell (Greenwood): It seems unfortunate that that which is so vital should not yet be determined. I was assuming—and it turns out that I was assuming wrongly—that one would refer to the definition existing in section 68 of the act which, as the minister says, refers to the excess profits tax. In face of what the minister says, we are now passing this section, if we do pass it, something after the fashion of having the play without Hamlet—because, after all, this is a very vital factor.

Mr. Abbott: At the present time we are only discussing the resolution. The broad principle is indicated there. When the bill is before the house we will have further opportunity for discussion.

My hon. friend will appreciate that this is a relieving measure, and that we are anxious to have a definition which will be fair and which will give the relief considered equitable. It is for that reason that my officials and those of the Department of National Revenue are examining the question closely in order that the definition used for "capital employed" will be one which will accomplish the purpose we have in mind.

Mr. Knowles: Does the tax referred to in the phrase "refund of such tax" refer to the whole of the corporation tax or just to the 20 per cent surcharge?

Mr. Abbott: Just to the 20 per cent surcharge. The refundable provision applies only to that. The rate which now exists, that of 38 per cent, will be paid. But in the case of the surtax, if there is a reduction to a point below the 5 per cent of the capital employed, as mentioned in the resolution, there will be an allowance to the extent it may be necessary to hold it to that level.

Mrs. Fairclough: Will the definition of "capital employed" be incorporated in the bill?

Mr. Abbott: Of that I am not quite sure. I should say frankly to the house that that is one of the most difficult problems we have to face in connection with this relieving measure. The bill as now drafted provides that the definition of "capital employed" shall be determined by regulation, which would have to be made public. My present view is that that would be desirable because I think we could examine carefully the actual results in connection with a wide range of companies and see what it is. I think I should say to the committee that I am particularly concerned with the type of public utility company whose rates are fixed by public authority. I am anxious that the imposition of an additional surcharge should not of itself necessitate an increase in rates.

That is one of the main reasons why I am anxious to see that a fair test be established. I want to be absolutely sure that the test is fair. In the bill as presently drawn provision is made for power to establish the definition by regulation. I think we had better discuss that aspect when we come to the second reading of the bill. It may be that my view will change on that before we come to second reading because, as I indicated this afternoon, I would hope to give hon. members a number of days, perhaps a week, to consider the provisions of the bill after it has been introduced.

Mrs. Fairclough: I would hope that this definition could be incorporated in the bill. While I recognize the difficulties with which the minister is faced, I would think that in view of the definitions that have appeared in other acts it surely would not be too difficult to frame a definition to cover the situation and give us some idea of what is proposed.

There are already two definitions, one in the Income Tax Act and the other in the Excess Profits Tax Act.

Mr. Abbott: For co-operatives, yes.

Mrs. Fairclough: It should not be too difficult a job to prepare a definition which could be incorporated in the bill.

Mr. Abbott: I hope it may be possible to do that, but I cannot give the assurance that it will be.

Mr. Low: Mr. Chairman, the Minister of Finance will remember that on May 3 I suggested an alternative source from which he could obtain revenue, and as reported on page 2637 of *Hansard* I presented tables to the committee showing the net profits after taxes, made by, the dividends paid by, and the undistributed profits remaining in the hands of Canadian corporations. At that time I was told that the proper time to discuss that whole matter would be on the income tax resolution.

My suggestion was ruled out of order at that time, so at this time I should like to ask the minister one or two things about this whole question. I think the minister believes that the government should arrange its taxes so that they will be collected more or less on the basis of ability to pay. I think I am correct in that assumption. If I am correct, then I should like to know whether the minister honestly believes that the new taxes he is proposing in his budget will be collected strictly on the basis of ability to pay. I would ask him if it would not be sensible to go to the place where the money is in order to get increased revenues.

If his answer is in the affirmative then I should like to have him answer another question. Is it not true that he could easily obtain another $100 million from the undistributed profits of corporations? On May 3 I suggested that 1951 was not likely to be a worse year than 1950. I pointed out that in that year the net profits of corporations in Canada, after taxes, amounted to $1,402 million. The cash dividends distributed to Canadians and other individuals and corporations abroad amounted to $672 million. That left undistributed profits of $730 million. That was $129 million more than the undistributed profits in 1949, which was a good year. In that year the corporations paid quite substantial dividends of $570 million, which left in their possession undistributed profits of $601 million.

On May 3 I also pointed out that during the nine years from 1942 these corporations had accumulated undistributed profits to a total of $4,648 million. At that time I said that I was in favour of the profit motive because I believe that a reasonable profit perhaps is the greatest inducement for production, the provision of services and that sort of thing. But when I see individuals of this country being loaded with a 20 per cent income tax surcharge for defence needs; when I see them being faced with a 25 per cent increase in the sales tax; when I realize that they just have not in their possession accumulated savings from which to obtain these extra charges; when I realize that consumers of this country are having a terrible struggle to make ends meet under the impact of the highest cost of living in the history of this country; I wonder why it is there is so much indifference to the suggestion that the $100 million which the minister said he needs from the sales tax—I doubt it very much—could not be obtained by turning to the corporations and asking them during the next two or three years when profits might be expected to be buoyant that they pay, not a 20 per cent surcharge but a 40 per cent surcharge on their income tax.

I suggested on May 3 that by doing that he would obtain $100 million and yet would leave in their possession undistributed profits of not less than $500 million for 1951, which of course was calculated on the basis of 1950 performance. The minister's forecast pretty much substantiates what I said. I ask the minister if it would not be more fair to impose a 40 per cent surcharge this year on corporation profits, realizing that it would still leave them $500 million in undistributed profits, than to place this load on the taxpayers of this country in the form of an increased sales tax?

Mr. Abbott: The first question asked by my hon. friend was whether we should not go to where the money is. Of course we should, if we are aiming solely at revenue, which is one of the major purposes of the budget. Then he asks if that is the case why we should not go and take a full share of undistributed profits. In my budget speech I tried to make it as clear as I could why I think that as a general rule, and except in very exceptional circumstances, it is a mistake to attempt to take 50 per cent or more of profits from any organization. I think it makes for waste and inefficiency. In fact with this 20 per cent surcharge, if one includes the provincial tax of 5 per cent in the concurring provinces and 7 per cent in Quebec and Ontario, we are over that 50 per cent.

I think it should be realized that the undistributed profits of corporations are not in fact in cash. They are invested as a rule in plant, equipment, inventory and so on. Actually over the past four or five years in particular that has been one of the major sources of the increase in our productive

resources, expansion of plant, equipment and so on. To answer my hon. friend's question directly, I believe that it would be most unfair to put a 40 per cent surcharge, as he has suggested, on corporation profits. After all, we have to remember that corporations are not individuals, and that those profits are taxed again when they ultimately get into the hands of the shareholders. In that sense it is double taxation and the corporation is only a vehicle for collecting taxes.

I think it should also be realized that under existing conditions taxes imposed on business concerns probably go into the price of the goods, and with demands as they are now I must say that my own view is that an excessively high corporation tax could provide an impetus to inflation. I do not know that I can add very much to that. One can argue indefinitely as to the merits and demerits of a particular tax, but the job a minister of finance always has is to try to spread the burden of the taxes which he has to impose as fairly as he can. That is what I have tried to do this year. At the same time I think he has to try to use taxes as a fiscal and economic weapon to check inflationary forces. That again is what I have endeavoured to do in this budget. As I have said before, I do not claim any monopoly on wisdom, but the budget this year does represent my best judgment as to how those two purposes can be accomplished, and it of course carried the judgment of my colleagues in the government.

Mr. Low: Could the minister obtain figures which would indicate the portion of undistributed profits that were turned back into plant investment and expansion, and at the same time the percentage of undistributed profits that have found their way into unproductive investment such as bonds and securities?

Mr. Abbott: I am told that there are probably no figures which would enable that to be given accurately. You would have to look at the balance sheets of the various business enterprises of the country. There is a real incentive under existing conditions to reinvest earnings in plant and equipment rather than keep them in low yield bonds. Speaking generally, I think it is fair to say that by far the greater proportion of the undistributed earnings of the business enterprises of this country have been reinvested in plant and equipment, bricks and mortar, machinery and so on. That has been demonstrated time and time again when you come to examine the record of a family business, for instance, over a period of years. You will find that it starts from small beginnings and it is largely built up by reinvested profits. I think that is probably pretty characteristic of the pattern in this country and in most other countries like ours.

Mr. Low: I think that is perfectly true in connection with family corporations, but it would be very interesting to look at the investment portfolios of many of the corporations. I attempted to go into that whole matter and to find some figures that would be accurate, but as the minister says it is difficult.

Mr. Abbott: I am told it is pretty well impossible to do it and do it accurately.

Mr. Low: But I have been wondering, since the minister has included in the budget some provision for restraining investment during this coming year, if he will not find that quite a number of corporations will take undistributed profits and invest in securities of some sort. If that is the case it would seem to me that he would be helping his purpose to a very great extent by taking this further tax that I have suggested.

Mr. Abbott: They will have less than 50 cents left out of every dollar of earnings to do what my hon. friend suggests.

Mr. Low: Of course, and I am thinking of farmers and individuals across the country who will have much less than 50 cents.

Mr. Knowles: Nothing at all.

Mr. Abbott: No. A man has to get into a fairly high income tax bracket even under existing rates before his marginal rate reaches 50 per cent. I do not know what my hon. friend's income is. I have not quite figured mine up yet but I hope I will not be quite at that point on my top dollar.

Mr. Herridge: I should like to have a few words to say on this point because the question of corporation profits is one of great interest to this group. It is obvious that we take a fundamentally different approach from the minister to this section of the Income Tax Act. The normal associations of this group are with working people and farmers, and it is quite reasonable to suppose that we would look at the question of taxation through somewhat different spectacles than the minister. I want to suggest that we in this group believe the minister suffers from certain budgetary astigmatisms which we trust some remarks on the part of the opposition will do something to correct. Before I proceed further, I might say that I am very interested to see that the hon. member for Comox-Alberni is also interested in this question of the taxation of corporations.

In his replies to the hon. member for Peace River, the minister indicated what his reasons are for not agreeing with the suggestion that there be an increase in corporation taxes. He said that to take more than 50 per cent is unfair and that the balance was needed for reinvestment in industry, the maintenance and increasing of production, and so on. As I understood him, that was the general tenor of his remarks. When he introduced the budget the minister said, as reported at page 1808 of *Hansard*:

> The increases in corporation income taxes which I shall be proposing will drain off substantial amounts of corporate profits but the total volume of profits remaining in corporate hands will still be sufficient to maintain and, in some cases, to increase the capacity of corporations to plan additional capital investment without recourse to borrowed funds.

Mr. Gibson: Hear, hear.

Mr. Herridge: I hear the hon. member for Comox-Alberni saying "hear, hear" with relish. At page 1809 the minister went on to say:

> I shall not repeat what I said about the excess profits tax last September. I still believe that it is not a sound tax except under very special circumstances, and I do not believe we have reached that point. A part of what I said about the excess profits tax, namely, that it blunts the goad to efficiency and that it invites waste, applies also to high rates of corporation income tax. It is, of course, a question of degree. I say quite frankly, however, that I am not happy about corporation tax rates when they go over 50 per cent. I think it is bad psychology to permit people to say that more than half of any income earned, or any savings made, will go to the government.

I think it is bad psychology when it comes to the question of workmen but I do not think it is bad psychology in dealing with large corporation profits in the manner suggested by the hon. member for Peace River. In assessing the income tax situation we in this group believe that the minister would have been wiser, so far as the personal income tax is concerned, to exempt more of those in the lower income groups from the surtax in order to keep the cost of living down for them to that extent. We believe a graduated tax on excess profits also would have assisted in halting inflation and overcoming the shortage of certain goods caused by overinvestment in capital goods at this time. I think we can learn something from the experience of Great Britain in that respect. The minister has said that high taxation reduces output. It is generally recognized that through the years total taxation in Great Britain, both on individual incomes and on corporate incomes, has been much heavier than taxation in Canada.

Mr. Abbott: Not on corporate incomes.

Mr. Herridge: I am talking about the most recent and total taxes.

Mr. Abbott: Even with those.

Mr. Herridge: I just want to bring to the minister's attention the level of output per man in industry in 1949 as compared with 1938, which is taken as 100:

United Kingdom	118
Sweden	118
France	102
Italy	98
Denmark	97
Norway	94
Belgium	93
Holland	81

I think this is evidence that the output per man in Great Britain under the circumstances, considering the war damage and the very difficult conditions they have experienced through the loss of a great deal of their overseas trade during the war and in the after-war period, has not been affected, nor has the total production been affected, by the high rates of taxation; because the total production is the greatest in Britain's history.

Mr. Abbott: It is away below our output per man.

Mr. Herridge: I am coming to that point later. Now what about commodity production per head of population? In 1949, in terms of dollars at 1938 prices, the figures were as follows:

Sweden	255
United Kingdom	226
Denmark	202
France	158
Norway	157
Belgium	155
Netherlands	145
Czechoslovakia	129
Germany	128
Iceland	122
Austria	105
Finland	103
Poland	101
Italy	74
Bulgaria	49

I remember the parliamentary assistant saying how much the Belgians had improved conditions in that country by working hard and endeavouring to rebuild its economy; yet on the basis of these figures it is far behind the increase in commodity production that has been attained in Great Britain. According to the United Nations economic survey of Europe the only country whose output per man has risen as much as Britain's is Sweden. Sweden was not in the war and did not have the task of converting industry to peacetime production. In 1946 Sweden's productivity already stood 11 points above 1938 whilst Britain's stood 3 points below. Since the war,

therefore, the British worker has increased his output by 12 points compared with the Swedish worker's 7 points.

In that connection I want to make a point in reference to the remark by the minister about our total output per man and our total production. Since the war the British people have increased their output per man to a far greater extent than have the Canadians up to the present. Some time ago I believe a member on the government side suggested that the possibility of increasing the per capita production in Canada at this time was very slight indeed. In 1948 the output per worker in Britain was 8 per cent higher than in 1947; in 1949 it increased 5 per cent over the 1948 figure, and in the first quarter of 1950 it was approximately 10 per cent higher than the year before. Since total manpower had scarcely fluctuated, this suggests a further considerable advance in industrial productivity this year; and of course these remarkable achievements were carried out in the face of very high rates of taxation.

As a result of that increase in productivity under these heavy rates of taxation, what has been the situation with regard to the level of real income per head in Great Britain, taking the pre-war level as 100? The figures are as follows:

United Kingdom	118
Sweden	118
Norway	117
Denmark	106
France	101
Holland	100
Italy	92

As the minister knows, Great Britain has a higher rate of taxation than any of the other countries mentioned in that table. It is sometimes argued that a steep profits tax removes the incentive to the employer to increase production or expand his business. I believe the figures I have given will indicate that this is by no means the case, because since the end of the war taxes in Great Britain have constantly increased, and production has constantly increased as well. Profits are quite high enough even after taxation, even in Great Britain. Profits are not taxed until they are made. If the profit is not high, the tax is not high. Taxation is not a part of the cost of production. As far as Great Britain is concerned her productivity is limited to a great extent by the lesser amount of industrial power available per worker as compared to the United States, and by her difficulty in obtaining certain raw materials and access to natural resources.

In reply to the minister's suggestion that he does not like to take away more than 50 per cent of the profits of a company, and the need to leave at least 50 per cent of profits for capital expansion in Canada, I want to quote a few figures that have been mentioned from time to time in the *Financial Post*. These indicate the percentage increase in profits made by certain corporations in Canada as between the years 1949 and 1950; and I will give just a few illustrations:

	Percentage increase in profits, 1950 over 1949
Great Lakes Paper Company	55·0
Canadian Utilities Limited	13·8
Imperial Oil	21·3
Riverside Silk Mills Limited	56·4
International Paper Company	29·0
London Investment Corporation	24·2
Atlas Steels Limited	109·0
International Metal Industries Limited	54·0
Dominion Engineering Works	34·3
Modern Containers Limited	21·0
Dominion Fabrics Limited	13·0
Aluminum Limited	20·7
Famous Players	14·9
Monarch Mortgage and Investments	57·0
Canada Foils Limited	49·0
Wool Combing Corporation	260·0
Bathurst Power and Paper	54·0
Canadian Fairbanks Morse	16·4
Mining Corporation of Canada	50·0
United Service Corporation	44·0
Amalgamated Electric	143·0
McColl-Frontenac Oil	56·8
Lake St. John Power and Paper	65·0
St. Lawrence Corporation	59·8
New Brunswick Telephone Company	75·0
Quebec Power	43·0
British Columbia Telephone	71·3
Kelvinator of Canada	34·0
Robinson Cotton Mills	99·6

I see the minister's adviser laughing; I suppose he thinks this is an amusing debate so far as the taxpayers of Canada are concerned. I quoted the New Brunswick Telephone Company for the information of those from the maritimes; and when we see the profits of the cotton companies it is no wonder cotton prices are high. The net profits of all these corporations I have listed have increased tremendously between 1949 and 1950. We in this group believe there is an opportunity here to get the increased revenue we need as the hon. member for Peace River has said, instead of imposing the sales tax upon many of the things required by the working people of the country.

Now, Mr. Chairman, in further support of my contention I want to quote very briefly from a financial paper entitled "Canadian Finance". This is published in the interests of investment, banking, insurance, mining, trade and public affairs. This is the May issue for this year, and it is written for people who are interested in business. This article is entitled "Getting Tax-Free Surplus Secured; section 95A of Income Tax Act

allows companies to distribute accumulation of profits painlessly". It reads as follows:

Fifteen per cent tax is not a very high price to pay for a substantial "melon" if you are running a small business, and quite a number of business proprietors have been using or are planning to use the facilities of last year's Income Tax Act amendments to get their accumulated surplus funds freed of future income tax liability at the minimum cost. While it is impossible to generalize about the effect of the new legislation there has been a great rush to investigate its merits and in many cases it appears that the capitalizing of surplus, thereby assuring a future personal tax-free income, outweighs the cost of getting the corporation's undistributed surplus into a form in which it can be either held or distributed without further liability.

Mr. Gibson: They have already paid tax on it.

Mr. Herridge: Just let me finish this article, you can gloat later.

The budget resolutions introduced at current session have extended the scope of the right to all companies except subsidiaries, thereby doing away with a use of legal fiction by which some public companies have converted themselves into private companies for the specific purpose of qualifying under the 1950 legislation. This change had already been requested by many competent taxation lawyers.

Specifically, part 1A of the Income Tax Act, passed by parliament on June 30, 1950, provides that a corporation which qualifies as a "private company" may elect to pay a special tax of fifteen per cent on undistributed income he[illegible]y it at the end of the 1949 taxation year, the [illegible]pitalize such undistributed income. With a few [illegible]ving refinements, this is a general principle. [illegible]uent years may each be treated separately a[illegible] has been cleared. The effect is to allow [illegible]wners of closely held companies to get ac[illegible]ed profits capitalized and therefore availab[illegible]later distribution into personal possession [illegible]g only a fifteen per cent tax. When it is [illegible] that the minimum personal income tax no[illegible]teen per cent on taxable income, and that it[illegible]lases the maximum rate payable may reach [illegible]la cent or more, the potential value of this n[illegible] can be visualized.

Now, Mr. Chairman, it is obvi[illegible]t even this financial paper sees adva[illegible]n the present arrangements for the [illegible]ations concerned. We in this group fi[illegible]elieve there is a great opportunity for [illegible]nister to secure considerably greater r[illegible] from the corporations of this coun[illegible]thout damaging the operations of the [illegible]tions and without affecting seriously t[illegible]pan-sion, rather than increasing th[illegible]sonal income tax on some of the lo[illegible]ome groups with the twenty per cen[illegible]varge and the sales tax that has been un[illegible]ocus-sion. Therefore, Mr. Chairman, [illegible] to move that the resolution be am[illegible] deleting paragraph 1, and s[illegible] therefor the following:

(1) That, in respect of corporation inc[illegible] after the commencement of the 1951 cal[illegible], there be levied a graduated tax on exces[illegible] profits to the extent necessary to maintain the balance of ways and means.

We move that amendment, Mr. Chairman, to indicate our support for the principle of a graduated tax on excess profits rather than the taxation of lower income groups and the sales tax.

The Deputy Chairman: When the hon. member moved his amendment he indicated he was doing so for the purpose of showing his support of the principle of corporate taxes in this form. I believe he has also a clear understanding of the fact that previous amendments of the same character have been declared out of order. I shall ask the committee if it is prepared to give unanimous consent, and if so I shall be glad to put the motion to the committee.

Mr. Abbott: Mr. Chairman, the only danger with these things is that they create a precedent. My hon. friend has made quite clear what he has in mind in moving the amendment. For reasons which I have already given several times, I would oppose it. I believe that any amendment of this kind to be effective would have to contain a definition of excess profits, and so on. I would oppose the amendment. If it is clearly understood on the records of the house that this is not a precedent for moving amendments of this kind, I do not want to get into a procedural tangle and waste our time in a procedural argument. I believe the amendment is out of order, and perhaps to be logical one should adhere to that position.

The Deputy Chairman: Are there any other hon. members who wish to speak to the point of order? Are the members giving their unanimous consent?

Some hon. Members: No.

Mr. Gibson: There is nothing before the committee, and there could not possibly be, which gives a definition of excess profits, without which no one would know what they were voting for.

The Deputy Chairman: I refer hon. members to two rulings which were made early last week and which appear in *Hansard* for May 3, 1951, at pages 2640 and 2655. The rulings then made, which were based on an earlier ruling of November 10, 1949, would apply to the amendment moved by the hon. member. The hon. member has nevertheless accomplished his purpose. So far as I am concerned, I have no alternative but to rule the amendment out of order.

Mr. Herridge: I bow to your ruling, Mr. [illegible]hairman, and I will try to draft a proper [illegible]mendment for second reading of the bill.

Mr. Hatfield: Will the minister say whether there is any advantage given to a corporation that reinvests its profits in plant and machinery?

Mr. Abbott: No, they are in the same position as anyone else. They can distribute them or reinvest them. That is a matter of business judgment.

Mr. Hatfield: Will the minister give the reasons for that? Why not make a corporation surcharge of sixty per cent, and then if the corporation reinvests in plant and equipment to give more labour to people, then allow the ten per cent or fifteen per cent.

Mr. Abbott: That is a special tax on distributed profits, and I do not see that is desirable at this time. The general level of tax which is established here is about as reasonable as one could expect.

Mr. Coldwell: Did the minister give any consideration to a graduated surtax so that smaller amounts of profit would have lower rates than the higher?

Mr. Abbott: In fact, that applies as my hon. friend knows in connection with smaller corporations—

Mr. Coldwell: I know it does with the smaller ones, but I was thinking of the larger ones.

Mr. Abbott: —but in my view, and I know it is shared by my financial advisers, a graduated tax in the case of profits of this kind is not sound. These are profits which are going to be taxed again. In essence, you have double taxation on these profits. The corporation is not a living individual. You tax it at a certain rate, and then when the profits are distributed you tax them according to ability to pay. You have a steeply progressive rate going from 15 per cent in the lowest brackets to as high as 80 per cent in the highest, leaving out of account the surtax. I am no tax theorist, but I am told that is a sound tax structure. Personally, I would feel that a general graduated tax of this kind on profits would be unsound.

Mr. Coldwell: What I had in mind was this. Where you have large profits and the corporation decides not to distribute those profits, if what the minister says is sound, namely that there is double taxation when you have the profits distributed, then it seems to me that there is a legitimate reason for suggesting something in the form either of a higher rate of taxation or of a graduated tax on the higher profits.

Mr. Abbott: Just in order that I may get it clear, what my hon. friend is advocating is really a tax on undistributed profits.

Mr. Coldwell: I was just going to say that it is in reality a tax on undistributed profits. In my opinion that is preferable to taxing by way of surtax the incomes of those who are finding it difficult to make ends meet. That is why, in the main budget debate, we moved an amendment suggesting that the exemptions—for the surtax only, of course—be $1,500 and $3,000 instead of $1,000 and $2,000. We had that end in view. With the tremendously high cost of living—and I am sure the minister must realize this—people in the smaller income brackets, as well as those who have incomes insufficient to be liable to income taxes at all, are feeling the pinch of high prices and inflation severely at the present time. What we are suggesting is that the minister might endeavour to find a way of getting the money, as the hon. member for Peace River says, where that money can be found rather than try to squeeze it out of many people who really have not any surplus at all; and who, if they were living at an adequate level of life, would indeed have a deficit every year instead of a surplus to tax. That is the point I am trying to make.

Mr. Abbott: There are two points of view as to what should be done with regard to corporation profits. I know that my hon. friend has a great admiration for the present government in England.

Mr. Coldwell: They tax undistributed profits.

Mr. Abbott: Mr. Gaitskell, the chancellor of the exchequer, is proposing a 50 per cent tax on distributed profits and 10 per cent on undistributed profits; that is just the opposite of what my friend the leader of the C.C.F. party is advocating. So far as one can judge, that was done to discourage the distribution of profits; and he wishes to encourage the retaining of profits presumably because he considers that the retaining of profits is anti-inflationary. I can only judge by what he has done. But I tell my hon. friend that the present British system of taxing profits of this kind is exactly the reverse of what he is advocating.

Mr. Wright: I should like to bring one point to the attention of the minister in connection with this matter. Great Britain and Canada are in two entirely different positions. Great Britain found herself, when she came through the war, in the position that her industries were not properly adjusted to the production of goods as related to our production in Canada. Her industries were destroyed. Her methods were old. Mr. Gaitskell, through his budget—as indicated by the minister—is trying to get the industries in Great Britain modernized. That is why he is not taxing more heavily undistributed profits; it is so that it will be possible to modernize their equipment. We are in a better position here—

Mr. Abbott: We can always do with increased efficiency.

Mr. Wright: —in a country like Canada where things are already modernized.

Mr. Gibson: I do not know what is going on down at the other end of the chamber; I do not know whether the Socialists are going Social Credit or whether the Social Crediters are going Socialist.

Mr. MacInnis: You would not know.

Mr. Gibson: I think either thing would be bad. I have been rather surprised to hear the remarks made by my good friend the leader of the Social Credit party. He is a businessman. I think he knows what surpluses, as shown on company balance sheets, are. I think he knows it is not just money that is laid under a stump some place. It is not in the form of cash, as the minister has so clearly pointed out. It has all been reinvested in the business in most cases. Not many companies keep a great deal of cash hanging around. They usually have to borrow against securities in the bank to carry on their business. A surplus in these small companies is certainly the lifeblood of them, and the reinvesting of part of it into the business, putting it back into increased plant. If, in the first year they start to produce anything, the minister takes half of it to start with—and if there are any profits at all, they are invested in the company—the minister has a preponderant interest in it. Rather than tax surplus itself, I think maybe the profits that are not distributed should be taxed at a lower rate than distributed profits, and when they are taken out of surplus again, perhaps the tax could be larger than 15 per cent; but the minister has already covered that.

Mr. Coldwell: What happens under that sort of arrangement is this. Profits are left in the hands of companies who reinvest them in capital equipment and otherwise. In reality, you are taking from the public funds by means of profits and reinvesting them. In other words, the public are thus paying for the capital equipment; but the company owns the equipment and assets afterwards.

What I really rose to say to my hon. friend is this. There is one aspect of this problem that I think we are overlooking—it is one perhaps that concerns the present economic system rather more than it would a different system—and it is this. By means of this method, corporations are becoming independent of the savings of the great mass of the public, of the banks, of trust companies and of other financial institutions, with the result that power in our economy is becoming concentrated more and more in the hands of a group of industrialists. What we are really witnessing to some extent is a transfer of power from financial institutions and investors who did a normal business and performed a normal function in our economy years ago, and a concentration of that power into the hands of another group in our society. At the same time, they are preventing what was quite common prior to this important change, namely the small investor finding a place where he can invest his savings and his funds. He is narrowed down more and more merely to government bonds and other types of low-interest securities.

Mr. Gibson: He can go to the stock market.

Mr. Coldwell: My hon. friend says "Go to the stock market." He knows that the stock market is much more speculative than is the reinvestment of funds in the company which is controlled by directors who have at their disposal all the information that is necessary to decide whether the investment is likely to be worth while or not. The average man has to take a chance with the stock market. I am pointing that out because I think in the present development of our economy it is something that needs to be considered. It does not matter what your point of view is politically; there, I think, is a new and important factor; and is one of the reasons why I suggest that a tax on undistributed profits would be a good tax in this new country with a developing industrial economy.

Mr. Hosking: I feel that there is one point that the socialists have overlooked in this discussion, namely that the most important thing in the Dominion of Canada is full employment. Wages are only relative. It does not much matter whether a man earns $10 a day or $5 a day as long as the things that he buys are relative to his earnings. The minister's taxation policy on corporations is one means of creating full employment. Canada is growing, and we must have capital for our industries, if they are to grow too. This is one means of placing capital at the disposal of industries in a reasonable manner, thus creating employment. Anyone who is opposed to increasing industries is opposed to the creation of jobs for the people who live in Canada. Since our population is increasing it becomes more imperative than ever that we have more and more industries. I suggest therefore that any legislation such as this, which tends to create more jobs and to give more work to labourers and which tends to bring about the good times we are now enjoying, is sound legislation.

Mr. MacInnis: Mr. Chairman, I hesitate to speak on this complex question, because there are so many different views which could be expressed—and I have not the benefit of experts to advise me. However, after observing over some years the result of policies put into effect on the advice of experts, I have come to the conclusion that the experts can be wrong, too. If we have been following the advice of experts, and if they are not wrong, then I wonder how we have got into the mess we are in now.

Some hon. members seem to have strange views on the methods of increasing taxes, or of raising revenue. Several times each day I listen to newscasts—indeed, that is about the only radio program in which I am interested. I have noticed that, for the last while, every time I turn on the radio an appeal is made to the young men of Canada, most of whom have no property at all, to help save our free way of life. And, Mr. Chairman, if one may judge from what is happening in Korea today, saving our way of life may involve something more than paying some of our surplus money in taxes. It may, and sometimes does, involve the supreme sacrifice of life itself.

It seems to me that if we are to ask people to pay taxes, particularly if taxes are of such proportion as to involve a sacrifice, they should be told the purpose of the sacrifice. For most people paying taxes is a sacrifice, because they do not understand the purpose for which they are paying the taxes. Indeed, we have never told our people clearly why we must tax heavily. The result is that people complain that they are not going to work just in order that Doug Abbott may have a little more money. I do not take that position, because I know it is not the correct one to take. It is not Doug Abbott who gets the money; he is just the collector. The money is for Canada, and for all its people.

The criterion as to whether our taxes are heavy or light is not how much we pay but how much we have left after the taxes are paid.

When one considers the corporations that have 50 per cent of their not inconsiderable profits left, and compares them with the ordinary citizens of Canada who have not only nothing left when they have paid their year's bills, but have not had enough income in the first place to give them a decent standard of living, one realizes at once who is making the sacrifice. We know then where we should seek the money. We should look for it where it is, and we should not be taking it from people who did not have it in the first place.

[Mr. Hosking.]

Let us not forget that, as applied to a large proportion of the people in Canada, every cent we take from them in sales tax or other taxes, direct or indirect has to be restored to them through social services of one kind or another. That is the case because they are not paid a sufficient amount for producing the wealth of this country to enable them to live decently.

Mr. Abbott: You have to pay for the defence of the country, too.

Mr. MacInnis: Yes, we have to pay for the defence of the country. But in paying for defence consideration must be given to what one has to defend; and I say the corporations of Canada have much more to defend than have the ordinary men on the street who today may have jobs and who tomorrow are out of jobs.

Let us look at this picture as it is, and not try to talk about it from preconceived ideas that do not at all meet the situation we are dealing with today.

Mr. Gillis: Mr. Chairman, I should like to say a word on this matter. There have been times in the house when a matter of this kind has been discussed with a good deal of seriousness. Lately however it has not been. The reason is that when anyone rises to criticize the government he feels, as was pointed out by the hon. member for Lake Centre, like the little boy who has spit in the cathedral.

Mr. Abbott: Do you feel like that?

Mr. Gillis: The subject is almost sacred; one must not talk about it. "We have decided —and there are an awful lot of us." The opposition are hesitant, because those are the people who handle the payrolls and who give out the jobs. They are all-important.

That kind of thinking is out of date. Even in his day, Abraham Lincoln said, in respect of the question of capital versus labour, that labour created capital and wealth, and that labour came first, and that if it were not for labour there would be no capital. If I sit back and live off the sweat of another man's brow, I am not the emancipator: the reverse is true. If it were not for the fact that there are thousands of men and women in Canada who are content with their humble role of producing the country's wealth for very little in return, a great many exalted persons who are making large sums of money would be starving, because they could not produce enough for themselves.

I do not say that disparagingly, because we recognize this as the scheme of things. What prompted me to rise at this time was the

remark of the hon. member for Comox-Alberni, a very good friend of mine, and an old logger who went through the mill.

Mr. Gibson: Broken down.

Mr. Gillis: But finally his background has got away from him. He has gravitated down here and mixes among the exalted, so that he is beginning to forget where he came from.

Mr. Gibson: I sit in opposition, too.

Mr. Gillis: He said the hon. member for Kootenay West in moving his amendment had not defined what excess profits were. I would point out that that has been defined many times in the house. The government itself set the formula in 1940, 1941 and 1942 when it said, "If you were in business between 1936 and 1939 your normal profits will be struck in relation to those three years, and we will perhaps give you fifteen or twenty per cent more than that." Excess profits were considered at that time, and the provision worked out satisfactorily.

The fact of the matter is that most of the plant and equipment in Canada today was financed by the taxpayer and written off at accelerated depreciation. We do not own those goods; we gave it away; for three years we wrote it off. That is a very easy way of getting into business.

There would be no difficulty today in setting up an excess profits tax. The government could say, "We are going to go back to 1947, and make that your normal profit." There has been a skyrocketing of profits since 1947, as indicated by the table put on the record by the hon. member for Kootenay West. Do you want to allow him a little more on top of what he is getting today?

I think the hon. member for Vancouver East dealt with this quite properly. We are asking men to give up everything they have in this country to fight for us. Do not make any mistake about it, it is not the executives and the fellows who make the payrolls who are going to do the fighting in Korea or anywhere else. This fighting will be done by the man who works in the shop or the factory, the young fellow who is physically fit and who is making perhaps $2,000 per year. He is the one who is going to do the fighting; he is the one who has always done the fighting.

You are asking these fellows to put on uniforms to save the institutions of this country for as little as $2.35 per day, when they are swapping at least $10 or $12 per day in other occupations. He is asked in the final analysis to perhaps risk his life for $2.35 per day. In the face of the profits made today by large corporations across this country how can anyone justify asking these young men to do that kind of job unless he is prepared to make similar sacrifices?

In my opinion inflation is the greatest enemy we have. It constitutes the most serious defence matter we have to consider. We are spending $5,000 million in the next three years, and on the basis of present prices we are going to get only half value; we are going to lose in purchasing power about 50 per cent of the money we will spend on defence. The Minister of Finance has said that we must pay for defence. Certainly we must, but who is getting that extra money because of inflation? It is no one else but the fellow who is marking that ledger and skyrocketing profits. There is no doubt about it, he is price fixing. He sets his own prices. He calls the shots. All this leads to waste and extravagance and that kind of thing.

If that analysis is correct, it adds up to simple dishonesty. I have never seen it that way. I think of the progress we have made in pensions and all that kind of thing in the last ten years and I suggest that it is all due to the fact that these corporations decided they might as well pay out profits in that way rather than in excess profits taxes. If we had good stiff excess profits taxes I think they would go a long way toward stopping rising prices. There would be no incentive to raise prices if you could not keep your profits.

I think this matter will have to be considered seriously. We are only just beginning to siphon off manpower and buy our defence equipment. I think that is one particular spot the government should get tough with. I think the time has come when we should all consider it most seriously. The fellow who makes the payroll should not think he is all-important. I consider that the fellow who produces the payroll is the important man. Without him there would be no payroll. The fellow who is just writing figures and making a good profit out of them should consider himself very lucky in comparison with the man who produces the wealth.

I know we cannot do anything about these matters. As I said a moment ago, we are just bumping our heads against a stone wall. But it does not do any harm to have a re-examination of conscience every once in a while in the hope that we might be able to drive home to the Minister of Finance and his advisers that this is one matter they will have to tackle, if for no other reason that for defence and the encouragement of those whom we are asking to leave home and go to other parts of the world to make great sacrifices for us.

I should like to say a word to the hon. member for Comox-Alberni about the right to a profit on your investment. Sometime

he should go to the library and get the Macdonald report on the British Columbia mining industry. He will see where these rights were given away for the building of a railroad and then capitalized at about $10 million. They got these rights for nothing, they marked up the price of coal in order to pay dividends on watered stock of about $11 million, and around and around it went just like a merry-go-round. That report offers a pretty good analysis of practically every corporation in this country. When you squeeze all the water out of their stock they will not find it hard to pay profits on the actual capital invested.

I hope this discussion will be taken seriously by the minister and he will come into the house shortly and say that his conscience has bothered him a little and he believes this is necessary.

The Deputy Chairman: May I say that in my view the discussion could be more closely related to section 1. Certain statements were made, then the minister gave some explanations, but from there on the committee has got into an academic discussion covering the whole field of economics within and outside Canada. If the discussion does not terminate shortly by the clause carrying I feel that, for the benefit of hon. members who are not participating in the discussion, I shall have to intervene and indicate that the discussion must be relevant to the item before the committee.

Mr. Hansell: Mr. Chairman, I am sure that we all agree with your observations and will want to abide by your ruling in respect to these matters. However, corporation taxes are somewhat involved. Speakers who have preceded me have attempted to draw a comparison between the justice of taxing the wage earner and those who produce the wealth and permitting corporations to pile up certain profits without similar taxation.

I should like to say a word to those who have preceded me. I think perhaps we are pursuing a wrong tack. Those who have spoken in this debate have spoken rather powerfully, but the minister has sat there without saying a word. The hon. member for Rosetown-Biggar referred to certain financial policies followed in Great Britain and the minister twigged a slight error that was not of great consequence and rose momentarily to point it out. However, he did not answer the argument. The hon. member who leads this group spoke rather powerfully, as did the hon. member for Vancouver East, and we have just listened to a plea for justice by the hon. member for Cape Breton South.

[Mr. Gillis.]

May I say to these gentlemen that I think the tack we should follow in our pleading with the minister is to say to the minister: Mr. Minister, do you agree with that? Is the soldier in Korea paid so much today and does he have to pay taxes? Do you agree with that? Is that right? If the minister says it is right then it will go right into *Hansard*. We should follow the same course right through because I can see that all the pleadings we may make with the very passions that flow from the innermost parts of our souls are not going to change the minister's mind. The hon. member for Cape Breton South hopes that the minister's conscience may prick him so that he will return later and reverse his policy. My, my, what a hope! Finance ministers come and finance ministers go, but the financial policy remains the same. Therefore I think, gentlemen, that we will have to go into a huddle and change our tactics to see if we cannot prick the minister's conscience enough for him to say right now: You have got me there, boys. I cannot keep back the tears. I must change this policy right away.

Mr. Fair: May I ask the minister whether any further consideration has been given to relieving the active service forces from having to pay income tax while they are on active service?

Mr. Abbott: I intend to deal with that at some length when we come to the section dealing with amendments to the income tax relating to the armed forces.

Mr. Bater: Mr. Chairman, most of the talking seems to be taking place on this opposition side of the house tonight, and I think I may as well get in a word or two for half a minute.

An hon. Member: You had better be careful.

Mr. Bater: One of the hon. members on my left stated that the public is paying, so far as these corporations are concerned. I should like to tell him that, so far as the government of Great Britain to which he referred is concerned, I think the people of Great Britain are paying. If I had known this discussion was coming up tonight I would have brought with me a letter that I received from a relative in Great Britain about three weeks ago, and I would have read it on this occasion. Another hon. member mentioned the mess we find ourselves in. I think there are many people in other countries of the world, which have a different system from our own, who are also finding themselves in a mess. While the socialists' idea is that they will get social security and economic freedom through

a system different from ours, I think they will find that in the final analysis they will end up with no social security or economic freedom. I contend these are things that we should keep in mind when we are discussing this issue tonight.

Mr. Thatcher: I should like to take a minute or two to say something in this debate. I had not intended to, but after hearing the hon. member for Cape Breton South and the hon. member for Kootenay West I thought I should make my own position clear. In this party we can differ now and then, and I regret that I must say that I do differ tonight with some of the views that have been expressed by members of my own party. The corporation tax level in Canada and in my own province of Saskatchewan is now 51 per cent. I have a small business, and perhaps I am biased because of that. Nevertheless when I pay that 51 per cent I pay it in hard cash and the minister leaves me my stock in trade and bad debts, many of which may or may not be collected. I think that he is taking a lot more than 51 per cent from me at the present tax levels.

I also believe that when he stated that in England only 10 per cent of undistributed profits are taxed he had a very strong point. I could be all wrong but it seems to me that, so far as taxes on corporations in Canada are concerned, we have almost reached the saturation point in peacetime. If war comes of course a further excess profits tax may possibly be imposed; but at the present time, and speaking from my own experience, I do not think that taxes can go very much higher. I say that to make my own position clear. If more revenue is needed then I think it is going to have to come from greater production, perhaps from more people in the country or something of that kind. Perhaps we are even going to have to borrow if we need more money for defence. As I say, I could be all wrong but I do not think my colleagues will object to my making my position clear.

Mr. Coldwell: One of the great strengths of democratic organizations is of course that there can be differences of opinion expressed freely and openly.

An hon. Member: Hang on to the good ones.

Mr. Coldwell: I certainly do not deplore that sort of thing. I want to say, however, that I think my hon. friend is mistaken in one particular at least. This is not peacetime. What we are suggesting is a policy that in reality is a wartime policy. It is true that we are not engaged in the kind of war in which we were involved from 1939 to 1945, but we are spending as much money this year as we did in the early part of that great struggle. To that extent, while it is a defence effort, it is analogous in expenditure to a war effort. I am also going to say that I suggested when I rose a little earlier that we should have a graduated tax on corporations, as we have on individuals. The Minister of Finance pointed out that there was a certain exemption now for the smaller corporations. That is true, and I think that can be adequately defended, but what we are pointing out in our remarks tonight is that here we see these vast accumulations of money. It is all very well for my hon. friend to say that it is not in liquid form and therefore no part of it could be paid in taxes, but that is not wholly true. A great deal of it is in liquid form. It comes into their hands in liquid form. It can remain in liquid form, and it can be liquidated by the Minister of Finance.

I believe that we are expressing a point of view that is sound, just and fair. The hon. member for Cape Breton South pointed out very accurately and forcefully that we are asking thousands of young Canadians to offer to surrender not their profits but their lives, and when they do not surrender their lives, they risk their futures, for the defence of the democratic way of life which, regardless of our political views, we all profess and wish to defend. I do not want to transgress the rules, Mr. Chairman, but I want to say that I believe we are speaking, not only for our party but for a large number of people who are not of our party, when I say that instead of taxing the less fortunate individual, who is finding it very difficult indeed to get even the necessaries of life, we should call upon those who have accumulated vast amounts of wealth and of power to surrender, in this time of preparation for defence and high expenditures, some of that wealth and thereby relieve the people of this country from the great burdens that they have to carry.

Mr. Abbott: I do not want to hold up this clause, nor do I want to prolong this discussion on corporation profits; but I do not know whether it is generally realized that under this proposal the majority of Canadian corporations will pay a higher tax than they paid during the last war. Companies whose earnings did not exceed the average for 1936 to 1939 only paid 40 per cent of their profits during the last war; and that represented by far the greater number of corporations, both large and small. And at that time there were no provincial corporation taxes, because under the wartime tax agreement they were suspended.

Mr. Coldwell: But there was an excess profits tax.

Mr. Abbott: I do not know whether the public or the members of this house generally realize that the great majority of Canadian corporations will pay a higher proportion of their earnings in corporation taxes today than they did during the last war. I just wanted to make that point. I make it without argument, as an assertion of what I know to be the fact.

Mr. Coldwell: But in addition to the corporation tax during the last war a very substantial excess profits tax was imposed.

Mr. Abbott: Only if the profits exceeded their standard; that is my point. The minority of corporations, which had war contracts, paid an excess profits tax; but the great majority of corporations, the average corporations, paid 40 per cent and no more.

Paragraph agreed to.

2. That an individual shall pay a defence surtax equal to

(a) for the 1951 taxation year, 10 per cent and

(b) for each subsequent taxation year, 20 per cent of his ordinary income tax (including investment surtax) for the year before allowance is made for tax credits.

Mr. Knowles: I rise to protest against the application of this 20 per cent surtax to individuals at the low level to which it is made to apply. We have already expressed our opposition in the form of a subamendment during the main budget debate, but I repeat that we feel it is most unfair that married couples with less than $3,000 of income should be called upon to pay this 20 per cent surtax.

We all recognize the need to increase the income tax rates if additional revenue must be found. Indeed, when we were discussing the resolution having to do with commodity taxes we objected to taxes of that kind on the ground that they are not based on ability to pay. We argued that the fairer tax to employ is the income tax, because it is based on ability to pay. Therefore we assert that when larger revenues are required the proper kind of taxes to employ include a graduated corporation tax and a graduated personal income tax.

We contend, however, that you destroy the whole principle of graduating those taxes, and you defeat the aim of basing them on ability to pay, when you apply this 20 per cent increase right across the board starting with the very first dollar of income tax a person has to pay. At the present time the exemption levels are $1,000 in the case of a single person and $2,000 in the case of a married person. This means that a married couple without children, with an income of $3,000, have an exemption of $2,000 and pay income tax on $1,000. The amount of tax

paid under the old rates was $150. This surtax will require that couple to pay an additional tax of $30. I point out that back in the period 1935 to 1939, when the dominion bureau of statistics worked out the cost of living index to which we make frequent reference, the income tax exemption level under the federal act was $2,000, just the same as it is now. In addition to that the allowance for a dependent child was $400 as opposed to $150 at present.

Mr. Abbott: It is $400 now if they are not in receipt of family allowance.

Mr. Knowles: Yes, but the child eligible for family allowance is computed at $150.

Mr. Abbott: That is correct. There was no family allowance then, of course.

Mr. Knowles: That is right.

Mr. Abbott: My hon. friend knows that this same couple paid $584 during the war?

Mr. Knowles: Oh, yes; but the minister cannot have it both ways. He cannot argue that we have not approached wartime conditions when he is talking about the corporation tax, and suggest that we make a comparison with wartime conditions when we are talking about the personal income tax.

Mr. Abbott: I have hit most of the corporations harder than we did during the war.

Mr. Knowles: You forgot to mention the wartime excess profits tax. But are we back on paragraph 1, Mr. Chairman?

Mr. Abbott: Well, you raised the point.

The Deputy Chairman: We are on paragraph 2 and hon. members will please speak to paragraph 2.

Mr. Knowles: Thank you, Mr. Chairman. That is what the hon. member is trying to do. I was endeavouring to point out that during the years 1935 to 1939 when the cost of living index was worked out at 100, it was on the basis that the actual expenditure incurred by certain so-called average families amounted to $1,453 a year. When we talk of today's cost of living index being 181·8, it means that it costs 181·8 per cent of that $1,453 for that same basket of goods and services. Now I point out that when the recognized basket of goods and services cost $1,453 a year the income tax exemption for a married couple was $2,000. Today that same basket of goods and services costs well over $2,600, yet the income tax exemption level is still the same figure of $2,000.

If it were peacetime, today's high cost of living would make our case unanswerable that the exemption level for a married couple

should be raised to $3,000 with comparable increases for children. I insist on that; if it were not for the wartime or semi-wartime conditions facing us, today's cost of living would make it essential that there be no income tax below the $3,000 level. In view of the situation we are in and the need for additional revenues, I suggest the least the minister should do is exempt those people with incomes between $2,000 and $3,000 from this surtax. The same argument applies with respect to single persons. Their exemption at the moment is $1,000. I should say that certainly the first $500 of their taxable income —the amount from $1,000 to $1,500—should not be subject to this 20 per cent surtax.

It would be very easy to work that out in the form of an amendment if there were any possibility of persuading Your Honour that an amendment would be in order. I recognize all the rulings that were made during the other debate, however, and I will not put Your Honour to the trouble of looking up the book to find ways in which to rule out of order any amendment I might make, but I will suggest the kind of amendments which it seems to me would be appropriate. Perhaps if I suggest them to the minister and leave him the privilege, he may move one himself. On the one hand it could be proposed that there be an amendment to paragraph 2 adding a phrase similar in spirit to the last part of paragraph 1. We remember that paragraph 1 had a qualifying clause to the effect that the surtax was not to reduce the income of a corporation below a certain point. I should like to suggest to the Minister of Finance, since he could move the amendment although I could not because it would be a money amendment, to add to clause 2 an amendment which would suggest that these taxes are subject to the right of refund where they reduce the net income of the taxpayer to a point below that necessary to maintain a decent standard of living at today's prices. Is that not just as fair a request as was contained in the qualifying clause with respect to paragraph 1? The minister wants to get additional revenue out of corporations. He wants to get all that he can but he wants to be fair. He must not go too low, so he puts in a qualifying phrase. The minister wants to get all the money he can out of the personal income tax. Why should he not be fair to the single person in the $1,000 to $1,500 bracket, and to married couples between $2,000 and $3,000, and add a qualifying phrase such as the one I have suggested based on the kind of qualifying phrase he put in paragraph 1?

If that sort of amendment seems rather hard for the minister to word in such a way as to define the amount necessary to maintain a decent standard of living, then he could do it very simply by means of another amendment which I would offer to him. It would read something like this: That this surtax set out in paragraph 2 shall not apply to the first $150 of tax paid by a married couple or to the first $75 of tax paid by a single person. That is a simple way to do it, and it achieves the proposal that we made in our subamendment during the course of the budget debate. The figure of $150 is the amount of tax paid under the present rate by a married couple on their first $1,000, that is the $1,000 between the figures of $2,000 and $3,000. I suggest that bracket should not be subject to surtax. In other words, the first $150 of tax paid by a married couple should not be subject to this 20 per cent. Similarly, in the case of a single person the first $75 paid is, to use the same kind of example, the tax he pays on the amount between $1,000 and $1,500; in other words, the first $500 of taxable income. There, too, I suggest that the surtax should not be paid.

I recognize, Mr. Chairman, that this proposal was made in our budget subamendment, but it was not discussed to any great extent during the course of the budget debate. I do not recall the minister replying to it. I feel that he should now deal with this matter, and indicate whether or not it is possible to give consideration to this suggestion. He brought down his budget on April 10, and at that time we had before us a cost of living index figure which was the highest in history. Another month end has gone by and that highest figure in history has gone still higher. I point out that this simply means that single persons with less than $1,500 income and married persons with less than $3,000 a year income are finding it still harder to make both ends meet. I believe it is a most reasonable request, namely, that the people in those brackets should not be subject to this defence surtax.

I wish to make it clear that I am not opposing the main part of paragraph 2. When we were discussing the sales tax we said that the income tax was a fairer method. Now that we are on the income tax, I support it. If it is necessary to make up for any loss of revenue because of my proposal that these lower income groups be not subject to the surtax, that could be made up in either one of two ways: either by increasing the percentage in the higher brackets or by going back to paragraph 1 and increasing the rates in the upper brackets of corporation income tax. Like the member for Macleod, Mr. Chairman, I hope that when we are

making these proposals we are not just pouring out our hearts and making an impassioned plea which the minister is going to ignore. I am sure he will not. I am sure he will discuss this matter, and that he will find there is a pretty general feeling amongst members in all parties that it is unfair to impose this surtax at the low levels which this paragraph proposes it should apply.

Mr. Abbott: Mr. Chairman, I would be very glad to comply with my hon. friend's request and deal with his suggestion. There are two elements in connection with the imposition of any personal income tax; one is the level of exemptions and the other is the rate at which the tax is imposed. As is well known to all members of the house, our exemptions are very much higher than the exemptions in the United Kingdom, and higher than the exemptions in the United States. The tax that is imposed, even with the surtax which is now suggested, on the people in the group to which my hon. friend has referred, the $3,000 group and below, is infinitely less than the tax which is imposed in the United Kingdom, and very much less than the tax that is imposed in the United States. I take these two countries as being countries whose responsibilities for defence and other things are, to some extent, comparable with our own.

Now, it is perhaps unnecessary for me to say that in formulating my tax proposals I gave most earnest consideration as to what should be done with respect to exemptions and what should be done with respect to the rates. I came to the conclusion, as I said in my budget speech, that for this year I did not propose to touch the exemptions, and I did not propose to touch the graduated rate schedule. But I did propose to put a twenty per cent surtax on the amount of the tax payable. Now, that represented the best judgment I could come to as the fairest way of spreading this burden, after a great deal of consideration and a good deal of discussion with my advisers. My colleagues agreed with my recommendations. It would be pleasant if we could get all the money we needed from people with incomes of $5,000, $6,000 or $7,000 per year or more, but there are not enough of them in the country to provide us with all the revenue. I suggest to the committee that since our exemptions are already higher than those two countries I mentioned, since the actual tax which is imposed even after the increase which I am suggesting is still substantially lower than the countries to which I have referred, it is rather difficult to suggest that this is a manifestly unfair tax schedule.

Mrs. Fairclough: I should like to ask the minister what the intent is under clause 2 (b) with respect to the imposition of the surtax. Does this mean that the surtax will be calculated on what is described in the income tax form as net tax payable, or is it to be imposed before the allowance for the ten per cent dividends from taxable Canadian companies which is deducted from the tax? In other words, is it to be imposed on what is described in the income tax form as the total tax or is it to be imposed on what is described as the net tax?

Mr. Abbott: The surcharge will be imposed on the tax as calculated before any tax credits are taken. Of course, in arriving at the income taxable one will deduct charitable donations, medical expenses and the like. Then a calculation will be made of the amount of tax. We have all been doing that for some time. The surcharge will apply to that figure. Then, when the tax payable is arrived at these credits will be taken for foreign taxes payable and so on.

Mrs. Fairclough: On the tax form the ten per cent of net dividends from taxable Canadian corporations is not described as a credit. What is described as a credit is a credit for foreign tax. The 10 per cent, as I understand it, was allowed to correct a practice which had been common in the department in former years which amounted to double taxation. By the allowance of this 10 per cent deduction it was felt that this practice had been at least partially overcome. If it is the intention of the minister to revert to the former practice and permit this 20 per cent surcharge on the tax before allowance for dividends, then in effect what you are doing is going back to the former system and permitting at least some of this taxation in a double capacity. Twenty per cent of it, of course, would be double taxation.

Mr. Abbott: It is merely a simple way of calculation. Instead of changing the rate structure, we make a 20 per cent increase. It is merely a method of calculating your tax. There is no double taxation involved. I think my hon. friend is mistaken there.

Mrs. Fairclough: No. The only mistake I made is in not making myself clear, I am sure. I am thinking in particular of those people who have a small income almost entirely from dividends, from their savings. A great many of them were released from the obligation of paying taxes by reason of this allowance of 10 per cent against their taxes. Under this scheme, if it was a matter of $2,000, it means a difference of $40 tax to them, if the surtax is going to be imposed before the credit is allowed for the 10 per cent off Canadian dividends.

Mr. Low: I think the suggestion made by the hon. member for Winnipeg North Centre has a great deal of merit.

An hon. Member: It is quite simple, too.

Mr. Low: Yes, it is quite simple. But I also think that the technique suggested by my colleague the hon. member for Macleod is a good one. In view of the fact that the Canadian dollar today is worth only about 55 cents in terms of the 1935-39 dollar, and consequently the $2,000 exemption for married people under the Income Tax Act would be worth only about $1,100, I am going to ask the minister if he does not think that the suggestion made by my friend the hon. member for Winnipeg North Centre is sound. Does the minister not think that the individual taxpayer throughout this country ought to be given some consideration in virtue of the fact that his exemption today is not $2,000 but is actually $1,100? I am speaking of the married exemption. I should like to have an answer.

Mr. Abbott: I will answer my hon. friend's question in the negative. Since the $2,000 exemption before the war, we have fought a war and we have increased our debt some two or three times. We have all the additional charges imposed on Canadians as a result of the war. We have had a $400 million or $500 million addition to our social security payments. We must therefore raise more money from the taxpayers of this country.

As I said in reply to the hon. member for Winnipeg North Centre, there are two elements to be considered in determining taxation. One is the rate of exemption and the other is the rate of the tax. Actually, the $3,000 married man with no dependents, to whom my hon. friend referred in his speech, paid $584 in taxes at the peak of war taxation.

Mr. Knowles: What year was that?

Mr. Abbott: That was in 1942-43. Then he paid $584.

Mr. Knowles: The cost of living index was 117 then.

Mr. Abbott: Let us leave the cost of living index aside.

Mr. Knowles: Oh, no. And it is now 181·8.

Mr. Abbott: This year he will pay $150, plus 10 per cent surtax or $15, a total of $165. It is all very well to talk about increasing the exemption and lowering the rate. But let me reiterate—as I have had to do so many times before—that one must get the money from the Canadian people, and one must get it from the people who earn in excess of these exemptions which I have mentioned. There is no use talking about getting it from the millionaires, because there are not enough of them. As a matter of fact, we impose extremely stiff taxes on millionaires. Never mind the cost of living index, or what the index may have been since 1939; I reiterate what I said before, namely that in the United States and in the United Kingdom the exemptions are substantially lower than they are in Canada and the rates of taxation are higher.

Mr. Low: In reply to what the Minister of Finance has just said, namely, that the rates in both the United Kingdom and the United States are substantially higher, I would point out to him that food prices in both of those countries are substantially lower than they are in Canada. That makes a real difference.

Mr. Abbott: Has my hon. friend been in the United Kingdom lately?

Mr. Low: No. But what food people can buy there is substantially cheaper. There is not any question about that. I think my friend the hon. member for Selkirk, just a few days ago, put on the records of this house a table showing comparative prices of certain standard foods in the United States and in Canada; and without a single exception, they were lower in the United States than they are here.

Mr. Abbott: My friend the hon. member for Winnipeg North, I think it was, told me that he had lunch in the Senate restaurant in Washington where an ordinary piece of pie cost 35 cents and a steak cost $2.75. I would ask the hon. member to compare those prices with the prices in our parliamentary restaurant here.

Mr. Knowles: Wait till you eat in our restaurant on Monday!

Mrs. Fairclough: On this point which has just been discussed, I should like to ask the minister whether the rates that he quoted—and he takes the years 1942 and 1943—include compulsory savings.

Mr. Abbott: No. That was pure tax.

Mrs. Fairclough: To revert to my former question, I am still not clear whether the minister meant definitely that this surcharge would apply on the total tax.

Mr. Abbott: Let me make it as clear as I can. It is merely a method of calculating the tax. Suppose a person has a net taxable income of $1,000. His tax would be $150. Ten per cent added to that will make it $165. That is his tax payable. It could be done in another way. Instead of a 15 per cent rate, we could have made it an 18 per cent

rate. With half the rate for this year, you would have got exactly the same result. That is the tax.

There is a variety of tax credits. The taxpayers can take credit for 10 per cent of the dividends received from common shares; and if they have received $1,000 in dividends from common shares, they can deduct $100 from that $165 tax, just as they could last year; and if they have paid certain taxes in a foreign jurisdiction, I suppose they could deduct those. There is no change in principle or practice at all. It is merely a method of calculating the additional tax. If this system prevails throughout next year you could, I suppose, with equal force say that the initial rate would be 18 per cent instead of the 20 per cent surcharge. That is as clearly as I can explain it.

Mrs. Fairclough: It is quite clear now. I was hoping that was not the case because, of course, as to those people who make just barely enough to get by, and when what they do make is the result of lifetime savings, it seems to me a great pity that they shall have to pay, the first full year, an additional $40. It is lifting them out of the non-taxable class and putting them into the taxable class.

Mr. Abbott: They could not have done that; because after all, there has been at least a 15 per cent rate on all income and the tax credit is 10 per cent.

Mrs. Fairclough: If they made $1,500 in dividends, they would have $150 exemption which is the equivalent of the total tax they would pay. If their income was $2,000, you can see where it places them.

Mr. Bater: The hon. member for Peace River mentioned food prices in Great Britain. But I do not think we should forget the fact that the taxpayers of Great Britain pay £410 million in subsidies for food.

Mr. Higgins: I agree in great measure with what the minister has said. In fact, I can hardly understand how he is going to raise this large amount of money without the taxes that he is imposing. I tried to follow the arguments of my hon. friends to the left of me; but I do not think there is enough money in the big corporations for the government to be able to take from them sufficient to raise the money that is needed here for a war effort.

That, again, is only my opinion, of course. But there is one part of the population which I feel has suffered a great injustice, and I am referring to those who are on fixed pensions. I am sure the minister has taken this into consideration, but I should like to have an explanation of how, with the cost of living index as it is today, a person on a pension fixed five or ten years ago can live in a normal fashion. I do not mean "normal" under present circumstances, but normal as we would expect he should be able to live. I do feel that in respect of fixed pensioners there is a great injustice, and that there should be a higher exemption.

Mr. Abbott: There is the $500 exemption for those of sixty-five years and over, which includes a good many pensioners.

Mr. Higgins: Many people on fixed pensions are not sixty-five years, but they still have to eat.

Mr. Abbott: That is considered the normal pension age.

Mr. Higgins: In other words they have to do the best they can until they reach the age of sixty-five. I think that is unfair.

Mr. Abbott: One would expect, unless they are incapacitated, that they would work until the age of sixty-five is reached.

Mr. Wright: In the discussion on paragraph 1 the minister established a precedent for doing exactly what the hon. member for Winnipeg North Centre is asking him to do in connection with paragraph 2. The corporation making $10,000 or less in profits is not subject to the 20 per cent surtax. They pay only 15 per cent on their corporation tax, and do not come under this section at all. The precedent has been established whereby the small corporation does not have to pay the surtax. I do not see why the minister is not prepared to say that the man or woman on a small income should not be relieved from the 20 per cent surtax, inasmuch as the small corporations do not have to pay it.

Mr. Abbott: I cannot add anything to what I said a moment ago.

Mr. Blackmore: I wonder if the minister would mind telling us whether he is imposing these surtaxes or surcharges as an anti-inflationary measure, or purely as a means of raising revenue?

Mr. Abbott: I thought I made it clear in my budget speech that both elements were important. I need these moneys, both as a means of raising revenue and for the anti-inflationary effect which, I believe, will be the result from the raising of the tax. That is my view. It may be a mistaken one.

Mr. Blackmore: Does the minister assume there is a shortage of supply of the ordinary necessities of life in Canada?

Mr. Abbott: The hon. member's question covers a wide field. I would say there is a shortage of a good many essential materials,

such as steel, which enter into the production of the normal necessities people have to have. I think it is fair to say that there is today in Canada a greater supply of spending power than there is of immediately available goods. That is a major reason for the present inflationary tendencies. But if one includes in necessities of life basic food products, probably not, although apparently we have not an over-supply of butter at the present time.

Mr. Blackmore: Has the minister any statistics or figures by which he can establish that there is a relative shortage of goods as related to the money in actual working circulation in Canada?

Mr. Abbott: I do not think I have. I believe one has to draw that conclusion from the cost of living index.

Mr. Blackmore: I wonder if the minister is justified in drawing that conclusion from the cost of living index, having in mind the fact that the cost of living has risen largely as the result of manipulation rather than as the result of spending power.

Just to refresh the minister's mind along this line, may I recall to him that in April of 1946 the government granted the steel companies of Canada the privilege of advancing the price of steel by $5 a ton. I think the minister would have a hard time establishing, even before his most sympathetic friends, that that increase of $5 a ton was because people were buying more steel than was available in Canada. That $5 a ton increase was actually just a gift to the steel companies. And that $5 a ton increase in the cost of steel increased the cost of production, to which the minister referred a moment ago, and thereby it actually forced up the prices of commodities in Canada.

Then the minister will recall that, following the increase in price, there was a strike of the steel workers. They demanded that they be given their share of that $5 a ton. The result of the strike was that there was a substantial increase in the wages of the workers which, again, raised the cost of production of all commodities.

Now, can the minister honestly say that these two increases in the cost of production were the result of a shortage of goods?

Mr. Abbott: I recall the incident to which my hon. friend refers, but it was in 1946, in the period of post-war inflation. I would hope that we might not have to enter into an extended discussion of inflationary forces of that time when we have before us this resolution relating to personal income tax. There was another debate on that subject earlier in the session, which arose from an amendment to a motion to go into supply. At that time the cost of living was discussed. I can only say that what I have expressed represents the opinion I genuinely hold. I am quite prepared to concede, of course, that others may hold a different view; but I cannot give a more specific answer than that.

Mr. Blackmore: The point is that people in the House of Commons should come to grips with the problem of inflation, and not talk in generalities. There are many assumptions in the minister's position which, in my judgment, cannot be substantiated by the facts.

The whole question as to the validity of this impost, so far as it is looked upon as an anti-inflationary measure, depends upon whether or not there is actually in Canada a shortage of goods in reference to the amount of working purchasing power. There is no doubt about that. If that is so, then there could not be anything more pertinent to the question than this very discussion of inflation. It would be quite impossible to have anything more pertinent or more relevant than that. I believe the minister would agree on that point.

Then I would ask the minister this, simply because the people of Canada deserve to have an answer: If it could be found that there is a surplus of goods in Canada over what there was six months ago, then would it not be feasible and sound to create money and to spend it into circulation—because that money would not cause any increase in price.

I do not propose to enter into a discussion of that matter tonight, but I do believe that before the discussion of these budget resolutions is concluded the minister ought to attempt to show the House of Commons that he is justified in these outrageous imposts. He can say the people in Great Britain are being heavily taxed and that the people in the United States are being heavily taxed but that is no reason why the Canadian people should be so taxed, unless the situation in Canada justifies it.

If production in Canada is such that we can create money, instead of demanding it from the people—

Mr. Hellyer: The wrong time.

Mr. Blackmore: Never mind whether it is the wrong time or not. With you it is always the wrong time to discuss these matters. It is always the wrong time with the hon. member, because he cannot answer this argument, and the minister cannot answer it.

Mr. Hellyer: I know more about your theory than you give me credit for.

Mr. Blackmore: If you know anything about it, then get up and show it, and we will find out then what you know.

I am sorry, Mr. Chairman, but I had to deal with this young chap over here. There are a lot of people who think they know a lot until they are asked to prove it. If it is possible because of our large production to create that money then obviously these taxes are not necessary. Time and again we have heard it admitted that we could get revenue from increased production. If we have increased production, why cannot we get the revenue without taking it out of the pockets of the people?

In fairness to himself I think the minister ought to furnish statistics to establish the validity of the position he has taken. I maintain that the minister cannot show that the increases in prices which have resulted in this thing we call inflation are the result of surplus money in circulation. They are the result of direct and deliberate manipulation. I mentioned before how the price of steel was manipulated. These men simply said that they were going to raise the price of steel $5 per ton. They did not care whether people needed steel. They did that and the government agreed with them and ever since then the people have been paying the shot. There is no question about that. That thing has pyramided until I wager it would be astonishing if the minister got the actual figures to show just how much the people of Canada have lost because of that increase of $5 per ton in steel. Until he is able to do so and until my brilliant young friend over here is able to do that I think it would be just as well for them to reserve judgment.

I do not think I shall say anything more about this. In the light of what I have said tonight I hope the minister will not say that this discussion is not relevant.

Mr. Abbott: I did not say it was not relevant.

Mr. Blackmore: I would not be surprised if before we got finished with these budget resolutions I asked the minister to indicate just how much knowledge his department actually has.

Mr. Coldwell: I do not like to renew a previous discussion, but the minister made a statement regarding United Kingdom taxes so I went upstairs to see if I could not find something authoritative on what profits taxes are imposed in Great Britain. I have that information here in rather short form. After depreciation the net profit is taxed in the following way: First, the nation takes 30 per cent of the profits which were to be distributed in dividends.

[Mr. Hellyer.]

Mr. Abbott: That is before the last budget; it is now 50 per cent.

Mr. Coldwell: That 30 per cent is now 50 per cent?

Mr. Abbott: On the distributed profits.

Mr. Coldwell: I referred to the previous budget because I had the figures. Second, the nation takes 10 per cent of the undistributed profits; third, the nation imposes an income tax of nine shillings in the pound on what is left after the profits taxes and the depreciation allowances have been deducted.

Mr. Abbott: The taxpayer takes credit for that.

Mr. Coldwell: Then the nation takes another nine shillings in the pound from personal incomes of shareholders as well as extra sums from those whose incomes are subject to surtax:

Mr. Abbott: The nine shillings is a credit against the tax paid by the individual.

Mr. Coldwell: That is not the way I read it.

Mr. Abbott: That is confirmed by my officials.

Mr. Coldwell: In any event, take £1,000 to be distributed after depreciation and so on. If the minister's figure is right, and I presume it is, 50 per cent of the £500 to be distributed would mean that on the profits to be distributed £250 would be taken—£500—50 per cent—£250. Then £500 at 10 per cent would be £50. That gives us £300, which would leave £700 to be distributed. Then we have nine shillings in the pound—

Mr. Abbott: That £750 would be equivalent to our corporation income after taxes, available for distribution.

Mr. Coldwell: There is another tax of nine shillings in the pound which is collected.

Mr. Abbott: That is merely deducted by the corporation and the shareholder takes credit for it. There is no double taxation under that tax.

Mr. Coldwell: It is paid by the corporation.

Mr. Abbott: But the shareholder takes credit for it in his return. It is really a deduction at the source.

Mr. Coldwell: There is a different rate of taxation on earned and unearned income.

Mr. Abbott: That is right; we have that also through the investment income surtax.

Mr. Coldwell: Then there is the surtax. I am simply pointing out that when the minister made the statement that there was a 10 per cent tax he did not give the whole picture.

Mr. Abbott: That is in addition. What my hon. friend is saying now is that there is a 10 per cent profits tax on undistributed income.

Mr. Coldwell: And 50 per cent on the distributed income.

Mr. Abbott: That is right.

Mr. Coldwell: Then there is nine shillings in the pound for which the minister says the shareholder gets credit although this document does not indicate it.

Mr. Abbott: That is now nine shillings sixpence.

Mr. Coldwell: In any event it is a much more substantial tax than I think most of us understood the minister to say when he was discussing this at an earlier stage.

Mr. Abbott: I think the hon. member has proved the point I was trying to make.

Mr. Coldwell: No.

Paragraph agreed to.

3. That, for the purpose of computing income from an office or employment for the 1951 or a subsequent taxation year, there may be deducted certain amounts paid in respect of

(a) travelling expenses that the officer or employee was required by the contract of employment to incur.

(b) professional membership dues where the officer or employee was required by the contract of employment to maintain his professional status.

(c) office rent or salary to an assistant or substitute required by the contract of employment to be paid by the officer or employee,

(d) supplies consumed directly in the course of the employment for which the officer or employee was required by the contract of employment to pay, or

(e) union dues.

Mr. Knowles: I am sure the committee will not be surprised if I say that I welcome heartily this paragraph, and one clause of it in particular, namely the last one which consists of the two words "union dues". I welcome the fact that these are now to be allowed as an exemption for income tax purposes. I am grateful for the decision that has been made by the minister and I will not take the time to remind him of all that was said against this proposal on his behalf by his parliamentary assistant on February 26.

Mr. Abbott: And by myself over the course of years. I shall deal with that in a moment.

Mr. Knowles: The Minister of Finance opposed it in person in former years, but it just happened that on February 26 of this year it was the parliamentary assistant who led the attack against my motion asking for this change. However, I am not going to go into all that. As I said on one other occasion, it is good to know that persistence pays. It is good to know that by hammering away we can persuade the minister to see the justice of some of the things we are arguing for.

I was convinced when I raised this matter for the first time several sessions ago, as I have been convinced every time I have moved an amendment or motion respecting it, that the claim of trade unionists to have their dues allowed as a deduction for income tax purposes was a perfectly justifiable one. From correspondence I have had from trade unionists across the country since the announcement was made on the night of April 10 I can say this move on the part of the government is most welcome.

Mr. Abbott: I should like to say a word as to why this was done. As my hon. friend has said, he has been most assiduous in urging this on the government for a number of years. However, I know he will forgive me when I say he was not the first one that raised it. It has been urged for many years in the past.

Mr. Knowles: Certainly; it was even in the Income Tax Act in 1945.

Mr. Abbott: The position with respect to union dues and a number of other things was this: The information which my predecessor got during the war was that the only deductions which were allowed from salaries and wages were some allowances for the running trades who were on a mileage basis. That was then extended to include all railway employees of the running trades. My hon. friend is familiar with that. It was then extended to clergymen. My information up to the last two or three weeks was that those were the only deductions allowed. I was somewhat surprised to be informed by officials of the Department of National Revenue that in that respect I had been mistaken, and they too had apparently been mistaken. We found that in some parts of the country certain other allowances had been made. I think probably the hon. member for Cape Breton South will know for example that certain miners were allowed to deduct the expense of explosives they were using when they were on a piece work basis, and so on. There were some similar deductions of that kind.

I felt that if that was the case, and if it could be administered, it should be continued. Having arrived at the point where we were going to go into that field of deductions, I came to the conclusion that union dues should be given the same treatment. It is for that reason that they are included in the resolution now before the house. There

will be a definition in the bill as to what constitutes union dues. It will include the fees paid by civil servants to associations which are formed for the purpose of promoting better conditions of work and employment. They might not come technically within the ordinary understanding of union dues, but I hope it will be found that there is a clear definition of what constitutes union dues when the bill is brought before the house.

Mr. Knowles: Could the minister give any further details as to that definition now?

Mr. Abbott: I would prefer not to do so. I think it would be better for the committee to have the definition before it. Then we can discuss it and see whether or not the committee considers the definition is adequate. I think the other items are pretty well self-explanatory. They are items which the Department of National Revenue have told me they can administer without any serious risk of abuse on the part of people who claim these particular deductions. It will be seen that they are all directly related to the contract or work which is being performed.

Mr. Macdonnell (Greenwood): There are one or two questions I should like to ask the minister. First of all, I am asked this question with respect to subparagraph (e), which the minister has just been discussing, and I should like to put it on the record and ask to have it answered. I should like to know whether this includes the amount of pension assessments which are necessary or compulsory for union members to retain their membership standing.

Mr. Abbott: I will answer that part, but I would prefer to have the detailed discussion of this matter when we have the section before us. Pension assessments as such will not be included in this item because they are deductible under another provision in the act having to do with approved pension plans. Therefore pension contributions as such will not be eligible for deduction under this section. However, I would suggest to the committee, if it meets with their approval, that the detailed discussion as to what union dues will include should await the discussion of the definition itself. I will be ready to listen to any suggestion that may be appropriate to make it a clear definition.

Mr. Macdonnell (Greenwood): Does the phrase "contract of employment" imply a written contract?

Mr. Abbott: No, contract in the legal sense.

Mr. Macdonnell (Greenwood): Just a working arrangement. Another matter which has been brought specially to my attention is the position of actors. I am told in a letter from one of them that they are not given the same status in Canada as they are in the United States and Great Britain. He says in part:

> Surely, sir, Canadian artists have had a singular struggle to gain recognition and a not too steady income without being burdened with unjust and illogical taxation. Both in the United States and in Great Britain the professional status of the free lance artist is recognized.

Is the minister familiar with that matter? Is that problem before the department?

Mr. Abbott: I will have to inform myself as to that. I am making a note of it, and I will give the answer at a later stage. I am not familiar with it, and the officials in front of me are not in a position to give me all the information that my hon. friend wants.

Mr. Macdonnell (Greenwood): Perhaps the minister would like me to bring to his attention the material I have.

Mr. Abbott: I would be very happy if the hon. member would do that.

Mr. Knowles: I should like to say a further word to the minister regarding the definition of trade union dues. I accept his suggestion that we wait for further discussion until we have the definition in the bill before us. He said when that time comes he will listen attentively to any suggestions that we make. If the definition seems to have any flaws in it, will he be prepared at that time to listen to suggestions that are made and perchance accept some of those suggestions?

Mr. Abbott: Of course. We want to get the right definition. My officials have discussed it. They have done their best to draft what they think is appropriate. It may not be possible to distribute the bill tomorrow if we should conclude tonight but I would hope that it would be available by Saturday. My intention is to allow it to stand for four or five days, probably a week, for study by members.

Mr. Knowles: My point is that usually when a printed bill comes before us we can make all the speeches we want but cannot persuade the minister to make any changes.

Mr. Abbott: I think my hon. friend will recognize that in this sort of thing, as in most other things for that matter, I try to keep an open mind, and I want to get the right sort of definition.

Mr. Knowles: That's good.

Mr. Gillis: If the minister has any difficulty in arriving at a definition I shall be glad to help him. I am not going to pursue that matter any further but will wait for the

bill. However, there are two matters of exemption that I should like to mention while we are dealing with exemptions because there is no other place to do it. The first one—and the minister himself brought it to my attention—is the question of miners, particularly those working underground, who have to purchase safety clothes such as shoes, a certain type of safety hat, and explosives. Explosives are not exempt for taxation purposes at this time. The minister might take that into consideration because practically everyone in a business in this country is permitted to deduct the legitimate expenses of operating that business. I think a man who has to buy shoes, a hat and explosives, which run into quite a bit of money a year, for the purpose of earning his income, should be permitted to deduct their cost for taxation purposes.

The second point I want to bring to the minister's attention is one about which the Department of National Revenue is a bit confused. I brought it to the department's attention on two or three occasions, and I got a mixed-up decision. I am not blaming them for that because perhaps this type of exemption of medical expenses applies to only one part of the country. The Department of National Revenue confused it with regular medical associations that collect from the individual and then pay his expenses for hospital and doctor. In the type of medical organization I have in mind that is not done. For example, the coal miners of Nova Scotia pay a doctor a dollar a week or $52 a year each as insurance. The doctor only supplies an examination and prescription. The individual pays for his medicine. The doctor keeps that money and pays nothing out of it. The type of service he gives is to diagnose your trouble and prescribe medicine.

In the second place the individual pays $52 a year to a hospital on a subscription basis. For that he gets ward treatment and ordinary services. I have brought two or three cases to the attention of the Department of National Revenue. The person affected, whose income was under $3,000 a year, had some $400 odd in medical expenses that year, minus this $104 by way of insurance, and he wanted to put in that $104 which he had paid the doctor and hospital on that subscription basis with his over-all hospital bill to make up the 4 per cent of his net income as an exemption for medical purposes. I know that whoever answered my letters confused that payment he made with payments made to associations that operate across the country and pay all medical bills. There is nothing paid back out of that $104, however. When the minister is reviewing this matter of exemptions I hope he will take these questions into consideration.

Mr. Abbott: I will not take time to deal with them tonight, but I will consider the points my hon. friend has raised.

Mr. Argue: I approve of the provision including union dues among the amounts which may be deducted for income tax purposes. The minister has now said that the definition will include fees to civil service associations, even though technically they may not be trade unions, and I am all for that. Before the minister draws up the final definition, however, I would like him to consider whether it might not also cover, as I think it should, the dues paid to farmers' unions and other farm organizations. It seems to me that if we are going to make this provision for professional people, for trade unionists and for civil servants, the same provision should be made for farmers.

Mr. Abbott: My understanding is that the farmer is a businessman, self-employed. This has reference to people on salaries and wages. However, I will make a note of that and be prepared to deal with it when we are discussing the section.

Mr. Knowles: In that case will the farmer be able to deduct those payments as an expense, as has been the case right along with doctors and lawyers?

Mr. Abbott: I could not answer that offhand. If it is a trade association I should think he would be able to do so. I have never even considered the position.

Paragraph agreed to.

4. That the governor in council be authorized to make regulations under which the income tax of members of the armed forces on their service income will be paid in full in respect of the pay and allowances of each pay period by a deduction therefrom in accordance with a special table subject to the right of any member to file a return on an annual basis.

Mr. Pearkes: What happens in the case of a man whose total income would not be taxable? Let me give the example of a university student who goes to camp for the summer, and who otherwise would not have any deductions. Will deductions be made monthly?

Mr. Abbott: I am told that is provided for in the table. I had hoped to take a little time on this resolution to put before the committee some considerations in connection with the complete exemption from taxation of those serving in foreign theatres. Perhaps it would be equally convenient if I were to do that on the bill. I want to review our experience.

I am sure many hon. members here, particularly the hon. member for Nanaimo, are familiar with some of the difficulties we ran into during the last war. I should like to deal with them, to outline what we did and the problems we had to face, but I think perhaps I should not attempt to do that on this resolution this evening.

This is a proposal for a very simplified form of tax collection from the armed forces, where a table will provide for complete deduction. They will not be required to file a return if they do not have income in excess of $50 beyond their service pay. There will be an allowance of $50 in lieu of charitable donations and so on; but it will be always open to the serviceman to file a return if it is more beneficial to him to do so. Of course the serviceman who is comparatively wealthy, who has an income in addition to his service pay, will be required to file a return and of course will get credit for the deductions made. My people tell me this new system has received the wholehearted endorsation of the national defence department. They believe it is a forward step over what we have had in connection with tax collection in previous times, and I think it is an excellent system.

When we are considering the section of the bill I should like to say a word on the general question of the taxation of our armed forces. That is something about which I know a good deal, since Mr. Ilsley had me spend a good deal of time on it during the last war. I should like to put before the committee some facts with relation to it; in view of the late hour I would prefer not to do that tonight.

Mr. Green: I point out to the minister that this question is of the utmost importance and also of the utmost interest to people from coast to coast in Canada.

Mr. Abbott: I agree.

Mr. Green: Many newspapers of all political stripes have taken very strong stands with regard to the taxation of men who are fighting in Korea. I believe the conscience of the Canadian people is very much troubled over this suggestion that the men who are doing the fighting in Korea are going to have to pay income tax. I hope the minister has changed his mind and that these men are not going to be taxed; but I am afraid we cannot wait until the bill is brought in to find out.

Mr. Abbott: It might be an excellent idea for me to deal with it tonight, then.

[Mr. Abbott.]

Mr. Green: I would suggest that the minister tell us now just what he is proposing with respect to the taxation of Canadians fighting in Korea.

Mr. Abbott: Perhaps that is a good suggestion, and I will be happy to do so. The subject, as I say, is one with which I had a good deal of experience during the last war. As was pointed out by the hon. member for Royal the other day, such income tax exemption as has been suggested is very much more beneficial to the more highly paid officers than to the men. In the case of officers of the rank of general or higher it may be worth $140 a month or more. In the case of the other ranks it may be a few dollars a month at most.

The subject had considerable attention during the last war. The three main headings under which I would like to discuss it are: first, the inequities and anomalies created within the services by tax exemptions granted in world war II; second, the inequities and anomalies created in relation to the rest of the taxpayers by the armed forces exemption; and third, the difficult administrative problems encountered in carrying into effect the armed services tax provisions in world war II. As hon. members know, in the United Kingdom armed services there is no such tax exemption and never has been.

Under the first heading, the inequities and anomalies created within the services by the tax exemptions we had in world war II, here is the history. We started out by granting an exemption for the ranks and leaving the officers to pay the full tax. That had the troublesome result, of course, that the higher levels of non-commissioned officers were receiving perhaps several hundred dollars more net income than the lowest levels of commissioned officers. Under those conditions it was understandable that warrant officers, for example, would be unwilling to take out commissions. The second step was the rectification of this anomaly by granting an exemption based on income. Any single member of the armed forces with an income of less than $1,600 was exempt, and married members were exempt at higher amounts. In addition a complicated tax credit formula was employed to gradually increase the tax above those exemptions until the full rate of tax was paid. At the same time a complete exemption for servicemen overseas was granted.

The fact that some servicemen in Canada were required to pay tax created considerable resentment. This group felt that it was a condition of their enlistment that they be required to perform their duties anywhere, and it was not of their own choice that they

happened to be stationed in Canada. I know from personal experience that there was a very real sense of grievance among those groups. Many officers, of course, whose services were required here, would far rather have been engaged in active duty at the front, and they felt that the imposition of income tax upon them completely disregarded that circumstance.

In the third place the position of one group of officers in Canada, who would otherwise have been taxable, was recognized by the granting of an exemption. These were the personnel of the services whose duties were normally performed either in the air or afloat. In the practical administration of that test, as I am sure a good many service members of the house will recall, it was necessary to adopt some simple rule as to eligibility. Unfortunately once a specific test had been adopted the temptation was presented to qualify for income tax exemption by meeting the requirements of the test. In short, it became possible to fly or float into a tax-exempt position, and of course it was impossible to establish any system for determining whether or not the exemption had been really earned. I might add that the possibility of obtaining complete exemption by a stint of duty overseas was also one that presented a constant temptation. I found, in my own brief experience in national defence, that there was a certain tendency to post people overseas in order to give them tax exemption, although they may never have got very much further than headquarters in London.

In the next place, another group that warranted special treatment were members of service units stationed outside of Canada but not overseas. Around the fringes of the continent there were units stationed in Labrador, Newfoundland, Kiska, and other places, which were from time to time engaged in combat duty. The position of this group was recognized by exempting them from half the tax that would have been payable had they been stationed in Canada.

These provisions covered the main elements in the tax provisions for the armed forces in world war II. They were the products of attempts to deal with specific situations as they arose, and represent one of the most unsatisfactory experiences in the history of Canadian income tax law.

My second heading refers to the inequities and anomalies created in relation to the rest of the taxpayers by the armed forces exemption. Even more serious than the problems involved in working out the tax positions of the armed services themselves were the innumerable difficulties to which the exemption gave rise in relation to the rest of the taxpayers. The exemption for the forces was generally interpreted as being a reward for the risk they underwent in performing their duties and, as a result, almost every other group, both overseas and in Canada, that was engaged in an activity involving an element of risk sought similar preferred treatment. Outside of Canada the firefighters, the auxiliary services, the merchant marine, the ferry command, radio and press reporters at the front and other groups, at one time or another, requested income tax exemption in whole or in part. Some form of concession was finally extended to many of these, and I had something to do with working out those concessions, particularly with respect to the auxiliary services. At home taxpayers who were test pilots, civilian flying instructors, employees of shell filling plants, fishermen exposed to the risk of being sunk by enemy action, and even miners engaged in dangerous work underground producing metals for the war effort represented that on the basis of the armed forces precedent they should also be given some exemption from tax. As far as I can recall, no concessions were given to any of these groups in Canada but it was, and still is, utterly impossible to draw clear, logical and reasonable distinctions in this field. From the initial precedent of the armed forces exemption, claim after claim was made by groups who, in many respects, were performing duties involving equal danger, and who could be excluded only by holding to rigid and arbitrary lines of distinction.

The third, and of course least important, heading is the difficult administrative problems encountered in carrying into effect the armed forces tax provision in world war II. I think there I should point out that, although the principal difficulties encountered were problems of equity as between taxpayers, there were very serious administrative difficulties in carrying out this complex and cumbersome system. The mere fact that there were so many different graduations and classifications of taxability made the whole system most complicated for the Department of National Defence, the Department of National Revenue, and of course for the serviceman himself.

In the light of that experience, my belief is that any consideration which should properly be given to our servicemen who are serving in foreign fields should really relate to their remuneration and not to a tax exemption, if for no other reason in addition to the ones I have indicated here that such tax exemption is manifestly of far greater

value to the wealthy man or higher officer and of relatively little value to the man serving in the ranks. Perhaps I should add that the revenue implications are not of particular significance so far as the persons who are now engaged in Korea or who may later be serving in Europe are concerned. I was not in the house, but I believe the hon. member for Broadview made some suggestions about combat pay or something of the sort. It is not the function of the Minister of Finance to go into those matters, but if consideration is to be given to that type of service—let me say at once I do not say it should not be—

Mr. Green: Is it going to be?

Mr. Abbott: Perhaps my hon. friend could put that to the Minister of National Defence. I do not think it should take the form of an income tax exemption because such an exemption is of very little value to the ordinary serviceman and is of very considerable value to the high ranking officer or the officer who has a private income. It does lead to all these very difficult lines of distinction which I have outlined. I speak, as I say, with a very close personal knowledge of this matter because I had to live with it during the last three or four years during the war.

Mr. Macdonnell (Greenwood): I appreciate fully the minister's earnestness in this statement he has made. Reverting to what he said towards the end of his remarks about an alternative, that is to say about combat pay, danger pay or whatever you want to call it—

Mr. Abbott: It might, for example, be called foreign service pay.

Mr. Macdonnell (Greenwood): That seems to me a very practical point indeed, because I do believe that, as the member for Vancouver-Quadra has said, people's consciences are aroused. There is a great desire to have something done. Now, what is the practical thing to do? The Minister of National Defence is not here tonight, so is the Minister of Finance prepared to have this item left and, in the meantime, discuss this matter with the Minister of National Defence to see whether something can be worked out? While we desire to be co-operative I think there is no question but that the member for Vancouver-Quadra is right in saying that this is something to which the people wish to give expression. The minister has given a very formidable list of objections to income tax exemptions. Those of us who know something about the army, and about the way people get shifted or as the minister has said floated or flown into income tax exemptions, vividly describes the difficulties which arise. Can the minister make a practical suggestion with regard to combat or danger pay, so that we will not feel this thing is being closed out? That is our difficulty.

Mr. Abbott: It will never be closed out. I shall be very glad to discuss that aspect with my colleague the Minister of National Defence. I have already indicated that I have no personal objection to that sort of thing. I believe that is the proper way to handle it, if something needs to be done. I recognize the feeling which has been referred to this evening. I do not think the proper way to give recognition to that sort of thing is by creating what I conceive to be a most inequitable and unfair way of giving a benefit to higher income people. If anything should be done, I believe the proper basis is something in the nature of, let us call it, combat pay or special pay for service of this kind. I had hoped that we could have the benefit of discussion by some of our members who served in the last war under this system, because they will have seen the practical application of it.

I had hoped we might be able to conclude the resolutions this evening, but perhaps we cannot. I wanted to get the bills distributed. We can discuss this again on the bill. I do not believe we should hold up the resolution. For the reasons which I have given, and which I am convinced are sound ones, I do not think the income tax exemption is either fair or desirable. There probably are other ways of making provisions for what hon. members have in mind than the income tax exemption.

Mr. Green: I am afraid that the minister is looking at this problem from the point of view of the last war rather than from that of conditions which exist at the present time.

Mr. Abbott: Present conditions can quickly change to other ones, as my hon. friend knows.

Mr. Green: If there is a change, then of course there can be a change here too.

Mr. Abbott: My hon. friend will recall the chain of events that I recounted in the last war.

Mr. Green: The fact was that during the last war we had the utmost difficulty in persuading the Minister of Finance to grant any exemption at all. I remember our fighting over here, day after day; and it was extremely difficult to get him to grant any exemption. Finally, when the exemption was granted, it was only a half exemption; and to some of the groups to whom the Minister of Finance has referred tonight exemption was not given when, obviously, it should have

been given to them because they were risking their lives. What is the position today in 1951? We have a brigade fighting in Korea; and certainly anyone who is fighting in Korea should not be asked to pay income tax on the pay he is receiving for doing that fighting.

Mr. Abbott: The British brigade fighting in Korea are.

Mr. Green: That may be.

Mr. Abbott: And the Americans.

Mr. Green: Just a minute ago the minister was quoting the British the other way.

Mr. Abbott: The British are taxed in Korea.

Mr. Green: The minister talks about high ranking officers. The highest-ranking officer we have in Korea is a brigadier.

Mr. Abbott: It would be worth $172 a month to him.

Mr. Green: That may be. The minister is being quite petty, I think, when he tries to base his defence on that.

Mr. Abbott: I should have said $142.91.

Mr. Green: The government has a pretty weak defence when the best it can do is to try to throw a few bricks at the higher officers.

Mr. Abbott: Oh, no. I am just talking about fairness; it would be $6.85 for the privates.

Mr. Green: There is a principle involved here, namely whether these men who are actually doing the fighting and are offering their lives in order to protect this country should be charged income tax on that pay.

I submit that Canadians from one end of the country to the other are against any such thing being done, and are perfectly prepared to make up the difference in taxation from their own pockets. The minister himself has said tonight that this question does not involve the revenues to any extent; there is not a great deal of taxation involved. But what is involved is the treatment of these young men; and that is a serious factor. This is a matter of principle, and not just a matter of a few dollars. I have here a letter written to the minister by a wife in Vancouver. I think it sets out the position clearly. It reads in part as follows:

> Surely the men who answered the government's call to fight for our great nation, some never to return to their wives and families, should receive some small considerations.
>
> In today's trying times of international strife, we must all come to expect higher taxes and restricted luxuries, to assist our country's great efforts toward preparedness. But why should our gallant men in uniform, fighting overseas, be expected to pay for the bullets they are firing, the clothes they are wearing, and the food they are eating?

That seems to be the picture from the point of view of the person in the street. I have here an editorial which appeared in the issue of April 28 of the Vancouver *Sun*, which is a supporter of this government. The heading is "Taxation where it Hurts", and it reads in part as follows:

> Imagine the public uproar if the defence minister ordered our soldiers in Korea to buy their own bullets.
>
> Yet that's just about the government's attitude when it insists that they go on paying income tax. This mean gouge is bravely defended by Finance Minister Abbott as the principle that "no group" should escape income tax.
>
> Well, the men in Korea aren't just another "group" of Canadians. They're men who voluntarily gave up all comfort and safety in a time of high prosperity to risk their lives thousands of miles from home. Among the things they're defending is the freedom of other Canadians to stay home and enjoy the prosperity they've sacrificed.

There are editorials from many other papers to the same effect. I am afraid that the government is brushing this appeal aside because of administrative difficulties.

Mr. Abbott: No, it is not.

Mr. Green: The minister has stressed the fact that it is just too hard for the income tax—

Mr. Abbott: The minister had stressed the fact that it is most unfair.

Mr. Blackmore: What about equality of sacrifice?

Mr. Abbott: That is right.

Mr. Blackmore: How much equality of sacrifice is there about that?

Mr. Green: Most of the minister's complaint is based on the difficulties of administration: they could not do this and they could not do that, and therefore—

Mr. Abbott: My hon. friend is not being fair. I put that consideration last, and I said it was far less important than the others.

Mr. Green: All the way through the minister stressed the difficulties of administration. Not only did he do that, but there was also this argument about the higher officers, to the effect that they were going to get away with something and therefore they had to be taxed.

Mr. Abbott: A disproportion.

Mr. Green: That type of argument is used only when there is a bad case to defend; and that is exactly what we are meeting here tonight. I suggest to the minister that further consideration be given to this question. I also appeal to the private members on the government side of the house. They must

know, just as well as we do, that this thing is wrong. It is not a matter of partisan politics at all.

Mr. Abbott: I completely agree.

Mr. Applewhaite: Rot.

Mr. Green: Who said "rot"?

Mr. Applewhaite: I did.

Mr. Green: You are the man who is talking rot. This thing is wrong. These men who are fighting for us should not be charged income tax on their pay. As to the men in the forces at home, different considerations may apply. I am not arguing now on their behalf at all. But I say that the men who have gone to Korea should be exempted from income tax on their pay, and that they should be so exempted at this session. That particular case can be dealt with. There is no excuse for trying to bring in other people in order to break down the argument made for the men in Korea. Let us deal with them and them alone in considering this question at this time. If that is done, I am sure that neither the minister nor any other member of the government can get up on the floor of this house and justify the levying of an income tax on these men who are fighting in Korea. It is eleven o'clock, Mr. Chairman.

Mr. Abbott: I move that the committee rise, Mr. Chairman, and report progress. I hope that, before we conclude the discussion of this section, we shall have the benefit of the views of some hon. members who have had practical experience in this war. I would particularly welcome the views of the hon. member for Nanaimo and the hon. member for Broadview; and I know there are a number of others.

Mr. Ross (Souris): In the last war, you mean.

Paragraph stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall withdraw from the order paper Bill No. 193, respecting weights and measures and replace it by a new bill in a day or so. The motion will probably be made by the Minister of Trade and Commerce (Mr. Howe). Then we shall continue with the budget resolutions. When discussion of them is completed, we shall go into committee of supply and take up the estimates of the Departments of Labour and Fisheries.

Mr. Green: You are not taking the Canadian Commercial Corporation bill?

Mr. Fournier (Hull): Oh, yes. Before we go into supply, we shall try to study Bill No. 284, to amend the Canadian Commercial Corporation Act.

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

HOUSE OF COMMONS

Friday, May 18, 1951

The house met at three o'clock.

PUBLIC BUILDINGS

PRINTING BUREAU—REFERENCE TO INFORMATION GIVEN IN SESSIONAL PAPERS

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, on a question of privilege affecting myself and other members of the house, I should like to point out that in sessional paper No. 107-D, dated May 17, 1951, which was tabled yesterday, I find the following question by the hon. member for Calgary East (Mr. Harkness) with the following answer by the government. This is the third question in that sessional paper, and it has reference to the site of the printing bureau in Hull. The question and answer follow:

Q. How much was paid for the site on which the building is being erected?
A. Estimated cost—$496,817.56.

On checking back I find that in sessional paper No. 107-B, dated March 27, 1950, the following question was asked by the hon. member for Victoria, Ont. (Mr. Hodgson), and the following answer was given by the government:

Q. What was the cost of the site of the proposed printing bureau in Hull, Quebec?
A. Cost of the site to date, $824,979.72.

It is quite evident that an explanation is due from the minister as to this discrepancy, in that the answer tabled yesterday indicates a figure more than $300,000 less than the figure given on March 27 last year as to the cost to date.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, there is no doubt that the figures in the two answers do not agree. I shall look into them. On listening to the hon. gentleman I was struck by the thought that in one case the officials probably were referring to the exact site on which the printing bureau is being built, while in the other case they were including other properties which were expropriated but which will not actually form part of the site. That may be the explanation, but I shall certainly have the facts when I give the answer.

HOUSE OF COMMONS

VISITORS IN GALLERY—STUDENTS OF NORTH BAY NORMAL SCHOOL

Mr. J. R. Garland (Nipissing): Mr. Speaker, may I be permitted to refer to a group of eighty-five students who are now in the gallery to our left? These young people come from all parts of northern Ontario, as far west as the Manitoba border, as far north as Kapuskasing, as far northeast as Rouyn and Noranda, and as far south as Gravenhurst. They are students who attend the normal school in North Bay, and are now enjoying a two-day trip to the capital city. May I through you, sir, express the sincere hope that their visit to Ottawa, and particularly to the parliament buildings, will prove to be a pleasant and informative experience.

REFERENCE TO REPORT IN THE "CANADIAN TRIBUNE"—PAMPHLET "KNOW YOUR ENEMY"

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of privilege, I regret very much to have to take a Toronto newspaper to task. I have always been taught that if a man hits you on one cheek you should turn the other, but when a newspaper hits you below the belt I think you have a right to stand up and fight. This paper accuses me of using my franking privilege to send out a pamphlet entitled, "Know Your Enemy." I absolutely deny that. Somebody must be using my frank in some illegitimate way, and therefore I say that that is hitting below the belt. They tell me that this pamphlet is anti-Semitic. If the *Tribune* condemns this pamphlet, then there must be some good in it. The pamphlet was just placed on my table; I looked at it only in a cursory way, but what I saw was good. It may be that I can find another issue of this pamphlet, because if it is as good as the first part then the world should know what the aim of this paper is.

I will not say any more on the matter. I will turn over the matter to the protective staff to find out who has been using my frank, and I will hand this paper to the Minister of Justice for future action.

Mr. Coldwell: May I say that I also received this pamphlet, but my copy was in an envelope with no frank and no stamp. I am wondering how it got in my box. It is most objectionable.

LENGTH AND MASS UNITS ACT

DEFINITION OF CANADIAN STANDARD YARD AND POUND

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 293, respecting units of length and mass.

Mr. Green: Could we have an explanation?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, the Weights and Measures Act as passed in 1873 provided that a specified bronze bar would be the primary standard of length in Canada and a specified platinum-iridium weight would be the Canadian standard pound. With the progress of scientific metrology since 1873, it has been found that a more scientifically accurate primary standard can be defined in terms of the international metre. The bill now before the house for first reading therefore defines the primary standards of weight and measure in terms of the international metre and the international kilogram.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Rene N. Jutras (for Mr. Bradette) presented the first report of the standing committee on external affairs, and moved that the report be concurred in.

Motion agreed to.

PARLIAMENT BUILDINGS

VISIT OF PRESIDENT OF FRANCE—SUGGESTED PLACING OF FLAGS IN MEMORIAL CHAMBER

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Public Works. For the visit of the president of France four flags were made and placed in the anteroom of the memorial chamber, and they have since been removed. I ask the Minister of Public Works whether he will give consideration to having them placed there as a permanent memorial of that historic occasion, the visit of the president of France.

[Mr. McIvor.]

Hon. Alphonse Fournier (Minister of Public Works): I will certainly submit that request to my colleagues and do my best to meet the hon. member's wishes.

FISHERIES

SALTFISH MARKETS AND PRICES SUPPORT

On the orders of the day:

Mr. Charles Cannon (Iles-de-la-Madeleine): I should like to direct a question to the Minister of Fisheries. In his statement to the house yesterday the minister said:

> It is only under special conditions that government action under the support act should be contemplated. There is, in our opinion, no need for such special action at this time.

Will the minister tell the house whether this statement applies only to the 1951 catch or also to the 1950 catch?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member gave me notice of the question. I think it is quite apparent from the statement I made that I was referring to the 1951 catch. We have already given support to the 1950 catch in buying Labrador codfish. We have also agreed to make an investigation of returns to fishermen on shore fish for 1950. That investigation is now proceeding, and it will probably be July before it is finished. We are not going back on anything that we have promised to do. In my statement I was referring only to the 1951 season.

HOUSE OF COMMONS

INQUIRY AS TO SITTING ON VICTORIA DAY

On the orders of the day:

Mr. Robert Fair (Battle River): I should like to ask the Prime Minister whether the house will sit on Thursday, May 24.

Right Hon. L. S. St. Laurent (Prime Minister): The matter has not received any special consideration. In conformity with the practice that has been followed over many years past, I think it would be the desire of hon. members to sit on that day.

Mr. Fair: I have no objection whatever to the house sitting. In fact, I should like to do that, but because civil servants across the country will have a holiday on May 24 I should like to know whether consideration will be given to giving the members' stenographers staff Saturday morning off to make up for having to work on Thursday.

Mr. St. Laurent: The Prime Minister has no control over the stenographic staff of the House of Commons.

WEIGHTS AND MEASURES ACT

ORDER FOR SECOND READING OF BILL 193 DISCHARGED AND BILL WITHDRAWN

On the order:

Second reading of Bill No. 193, an act respecting weights and measures.—The Minister of Trade and Commerce.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, before the motion for second reading is put I should like to move:

That the order for second reading of Bill No. 193, an act respecting weights and measures, be discharged and the bill withdrawn.

The reason for the motion is that the bill provides for the primary standards of length and weight. Earlier today we introduced a bill providing for those primary standards in another way. The provision therefore will be withdrawn from the Weights and Measures Act. The consequence of the withdrawal of that provision from the weights and measures bill involves some changes in the language of a great many sections as well as one main section. It was considered that it would be fairer to all members that they have before them the weights and measures bill that we are asking the house to consider rather than another bill to which many amendments would have to be made in committee.

Motion agreed to and bill withdrawn.

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That, in respect of income earned after the commencement of the 1951 calendar year, a corporation shall pay a defence surtax for the year equal to 20 per cent of that portion of its ordinary income tax for the year that is computed at the 38 per cent rate, or the 33 per cent rate if applicable (before allowance is made for tax credits) subject to a right to a refund of such tax to the extent that it would reduce the corporation's taxable income after payment of ordinary income tax to an amount less than 5 per cent of its capital employed.

2. That an individual shall pay a defence surtax equal to

(a) for the 1951 taxation year, 10 per cent and

(b) for each subsequent taxation year, 20 per cent of his ordinary income tax (including investment surtax) for the year before allowance is made for tax credits.

3. That, for the purpose of computing income from an office or employment for the 1951 or a subsequent taxation year, there may be deducted certain amounts paid in respect of

(a) travelling expenses that an officer or employee was required by the contract of employment to incur,

(b) professional membership dues where the officer or employee was required by the contract of employment to maintain his professional status,

(c) office rent or salary to an assistant or substitute required by the contract of employment to be paid by the officer or employee,

(d) supplies consumed directly in the course of the employment for which the officer or employee was required by the contract of employment to pay, or

(e) union dues.

4. That the governor in council be authorized to make regulations under which the income tax of members of the armed forces on their service income will be paid in full in respect of the pay and allowances of each pay period by a deduction therefrom in accordance with a special table subject to the right of any member to file a return on an annual basis.

5, That the right to elect to pay the 15 per cent tax on its undistributed income now enjoyed by a private company

(a) be extended to all other corporations, and

(b) be withdrawn, effective April 10, 1951, from a corporation that is controlled by another corporation except in respect of its undistributed income on hand at the end of the 1949 taxation year.

6. That for the 1951 and subsequent taxation years the provision under which the 15 per cent tax rate on the first $10,000 of income of a corporation applies to only one of several related corporations be amended so as not to include in the class of related corporations those controlled by persons not dealing at arms length unless such persons own shares in the capital stock of both corporations.

7. That for the 1951 and subsequent taxation years, payments made for insulin, cortisone, adrenocorticotrophin (ACTH), liver extract injectible for pernicious anaemia and vitamin B12 for pernicious anaemia purchased under a physician's prescription may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

8. That special deductions from income to taxpayers whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1954 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1953.

9. That special deductions from income and taxes to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum be allowed for expenses incurred in respect of deep-test oil wells in 1952 operations on the same basis as for similar expenses in 1950 and 1951 operations.

10. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines that came into production during the years 1946 to 1952 be extended to mines coming into production in the years 1953 and 1954.

Mr. Drew: During the discussion of this measure before the committee rose last evening, Mr. Chairman, a good deal was said about the income tax provisions in so far as they affect men and women in our active service forces overseas. A number of hon. members expressed the opinion that members of our active service forces overseas should be exempt from the provisions of the Income

Tax Act. In response to these suggestions it was explained that there were certain administrative difficulties; and it will be recalled that when this subject was brought up on an earlier occasion the Minister of National Defence pointed out the difference in dollars and cents that this exemption would result in as between a private in the ranks and a major general. Other considerations also have been put forward.

I suggest there are reasons why the recommendation that members of our armed forces on active service overseas should be exempt from the provisions of the Income Tax Act deserves further and favourable consideration by the Minister of Finance. It is not necessary to repeat the arguments that have been so well presented in favour of this exemption. However, it does seem necessary to refer to the fact that this was done during the last war. It is true there were administrative difficulties, as there would be today; but I submit that it is the duty of the government to decide what should be done and then take such steps as may be necessary to overcome any administrative difficulties.

This is something which particularly requires every effort on the part of the government, at a time when all Canadians are being asked to encourage enlistment in the armed forces. I submit the evidence is very strong that public opinion across Canada is overwhelmingly in favour of the suggestion that those who are offering life itself in the service of their country should be exempt from these taxes during their period of active service.

I recognize that hon. members should not regard as conclusive arguments the editorial point of view which may be expressed in newspapers across this country, important though that may be. But when there is a uniform request for this exemption, in very strong terms, on the editorial pages of the most responsible newspapers of Canada, we should recognize that it interprets public opinion without regard to political or other affiliations. Merely to look at some of the editorials which have taken a very strong stand on this matter one finds such words as "repugnant", "heartless", and terms of that kind used to describe the imposition of income tax on those on active service. I would refer to a statement such as this: "Imagine the public uproar if the defence minister ordered our soldiers in Korea to buy their own bullets". That statement, appearing in the Vancouver *Sun*, which is ordinarily very friendly to the government, merely indicates the sentiment being expressed from the Atlantic to the Pacific in regard to this tax.

Many anomalies can be suggested which indicate why such a tax would be most unfair. Let us consider, for instance, the case of a man killed in action—and unhappily we must recognize that we are called on to consider such cases; we are reminded of it from day to day by the casualty lists which indicate what Canada is suffering in a war, which is a very real war, being waged by the collective forces of the United Nations. Is the government going to make a claim against the estate of that man for arrears of income tax? Is the government going to pursue the ordinary course in regard to a debt of this kind? I am not raising this question for any other purpose than to illustrate one of the numerous difficulties that would arise and would have to be faced. I should think there would be a great reluctance to follow such a course. I am sure the Minister of Finance, a veteran himself, would be most reluctant to take such action. Then if that course is not right, the initial step should not be taken which would call for such action as an ultimate result.

I notice that a good deal of attention was paid to the fact that exemption from income tax would result in a substantial saving to a major general and a relatively small saving to other ranks. It may well be that there are discrepancies of the kind which require special consideration. I suggest, however, that that is no argument in itself. If it is right that the soldiers, sailors or airmen of the lowest non-commissioned rank should be exempt from this tax, the fact that someone else might be exempt in respect of a larger sum can surely be no conclusive argument against granting what would otherwise be regarded as a just allowance. As I recall the figure, it was estimated that for the lowest non-commissioned ranks the saving would be $6.85 per month. That, after all, does amount to some $80 in a year, which is not an insignificant figure in these days of rising costs of the necessities of life.

May I point out, Mr. Chairman, that on earlier occasions the government did not feel that this principle was so repugnant. It will be recalled that until comparatively recent times diplomatic and other representatives overseas in similar posts were exempted from income tax. As I understand it, that was done in recognition of the fact that those who served Canada outside of the country do not receive many of the conveniences, services, and amenities which are provided from the tax money which is paid. Furthermore, it was also a recognition of the fact that men and women who served Canada overseas are often called upon to bear dual expenses because of the necessity of maintaining a family or home in Canada, and also

other facilities of a similar kind overseas. Evidently the government decided that this was not a satisfactory method. The exemption was discontinued but in its place came the provision of generous living allowances and expense accounts, intended to recognize that in addition to the ordinary cost of carrying out services of that nature outside of Canada, there were also unusual expenses involved. Although the method is different, the government still recognizes that those who serve Canada outside of our national borders are faced with special expenses, quite apart from their daily living, that at least call for recognition. I submit that if it is appropriate that we should recognize our obligation to those who serve us in civilian capacities overseas, we certainly should recognize that same obligation to those who serve us overseas in uniform in a much more dangerous capacity.

Apart from the great danger, apart from the hardship and the separation from their families experienced by those on active service, which they willingly accept in offering their own services to their country, there nevertheless is the fact that those who go on active service outside of Canada in our armed forces do, for a considerable time, remove themselves from the opportunity to make use of the public services, the many public facilities and conveniences, which are available to the rest of us from the money paid in taxes to the government of Canada.

For that reason, in addition to the other reasons which have been so clearly stated, I believe that while men and women are on active service in our armed forces they should not be called upon to pay the full taxes required for all the services that they would ordinarily receive if they were in Canada. I believe the least that can be done for those who are making it possible for us to enjoy these services is to exempt them from those income taxes which bear particularly heavily on those who are receiving armed forces pay.

There are times when the government must follow a course which is not necessarily related to general public opinion if they believe that course to be more convenient and more satisfactory from the administrative point of view. I contend that in this case there are special reasons why the government should be very sensitive to public opinion as it has been expressed by the editorials in our newspapers—which often clearly interpret public thinking—and by veterans organizations, municipal councils and other bodies which have taken a definite stand on this subject. We want everyone to feel that the utmost is being done to encourage young men and women to accept the great responsibility they assume in becoming members of the armed forces of Canada. With the opinion that has been expressed so clearly by these various organizations, by veterans bodies and by the press as interpreters of public opinion, I urge that the Minister of Finance reconsider this particular request and indicate to the house that there will be an exemption from income tax for all members of our armed forces serving overseas.

Last night there was some suggestion that this subject should be discussed in detail, and that hon. members of this house should say how this should be done or what alternative should be offered. I would point out, Mr. Chairman, that at this time we are considering a motion which says that it is expedient that certain things be done. As I understand it, the real purpose of the debate on this motion, and other similar motions, is that members of the house may indicate what they think is expedient or is not expedient. Then if their arguments have been sufficiently convincing, the minister responsible for the legislation which will be subsequently introduced has an opportunity to amend it accordingly before it comes into this chamber.

The point I am making, and the point I urge with the utmost earnestness upon the Minister of Finance, is that he should agree that it is not expedient to impose an income tax on those who are assuming the great responsibility of preserving freedom for Canada by taking their place in the armed forces of this country on active service overseas.

Mr. Abbott: Mr. Chairman, I want to thank the leader of the opposition for the objective way in which he has dealt with this important question. I completely agree with the statement he made, and with the one that was made yesterday evening by the hon. member for Vancouver-Quadra, to the effect that this is not a question which is to be determined on the basis of partisan politics or party interest. It is a question in which we are all interested, and our objective must be to do what is fair and just.

I again agree with my hon. friend that editorial comment does not necessarily indicate what public opinion is, although it is a fair indication of what a great many people feel. It was for that reason that I placed on *Hansard* yesterday evening a carefully-considered statement as to why I felt that an exemption from income tax for our armed forces was inequitable and unjust. I did not put it on the basis of administrative difficulties. At the end of my remarks, it is true, I referred to administrative difficulties, but

I expressly pointed out that this was not the important point, and that I was resting my case on the inequities and injustices created by such a system. As clearly as I could, I dealt with the history and with the reasons why I felt that it was unfair and unjust. I expressed the hope that those veterans who had had personal experience in the last war would give us the benefit of their views. I know that some have already done so. But I feel sure that the hon. member for Broadview could do so. He was of course a gallant officer; he had the benefit of these exemptions, and, by reason of the fact that he was an officer and fairly fortunately situated, would have received from that exemption substantial benefit, much greater benefit than the men serving under him. I myself never was in that position, but, speaking personally, I think I would feel uncomfortable.

Some hon. Members: Oh, oh.

Mr. Abbott: I am being perfectly sincere. It is easy to get cheap applause for urging something of this kind; but I am trying to do what the leader of the opposition did, namely, deal with the matter objectively.

I stated that I thought that blanket exemption for those serving overseas would be unfair. To take the case of the private who is in Korea today, as my hon. friend pointed out, his income tax liability is $6.85 a month if he is single. In the case of officers, of course, it is much higher. As against that he receives a tax-free foreign allowance now of $9 a month, which is in excess of his income tax liability.

The purpose of the resolution which is now before us, or the legislation which will be based upon it, is to provide that, as to service pay and allowances, if a man has no other income his total tax liability will be discharged by a special total deduction and he will not be even obliged to file an income tax return. Therefore the case which my hon. friend mentioned, that of trying to collect income tax from a soldier who had been killed, could not arise under those circumstances. Any liability which might exist would have been discharged as he went along.

After the most careful consideration, I have come to the conclusion which I have indicated, namely that of a blanket exemption for those who are serving overseas creates the most manifest inequities and injustices. It is for that reason that I am strongly opposed to it. I think that recognition of the service offered by our soldiers should take some other form than that of a blanket income tax exemption.

I suppose that one should not always argue by analogy, but I think there must be some reason, which is probably similar to the one I am putting forward now, why a similar practice should have been followed in the British forces and in the American forces. I am aware of the fact that we did it in the last war. Last night I indicated the historic sequence of events, how from time to time we had to amend it, and the difficulties that we got into in doing it. Such a system might create incentive to keep people in the field rather than back at headquarters; but honestly, from the best consideration I have been able to give to it, that is the only justification I can see.

If we look at this thing objectively and dispassionately, and try to disabuse our minds of the admittedly strong emotional appeal of an exemption of this kind, I would hope that we would come to the conclusion that there should not be any over-all blanket exemption such as is suggested, but that such recognition as may be appropriate should take the form, as it does now in the case of other ranks in Korea, of a tax-free foreign allowance. I would hope that those who have had personal experience in the last war—and I did not have it, although I had a bit of experience by being in touch with it through my association with the Department of Finance during that period—would give me the benefit of their views as to how it worked out and whether they honestly, sincerely and conscientiously believe that it was a fair system.

Mr. Diefenbaker: Will the minister permit a question before he sits down?

Mr. Abbott: I should be happy to do so.

Mr. Diefenbaker: The minister mentioned a blanket exemption.

Mr. Abbott: Yes.

Mr. Diefenbaker: Is there any reason why there should not be an exemption of those who serve, not in the nature of a blanket exemption but one to cover pay and allowances in the same way that we as members of parliament are exempt to the extent of $2,000?

Mr. Abbott: That is what existed. I am sorry if I misled by hon. friend.

Mr. Diefenbaker: The minister mentioned a blanket exemption.

Mr. Abbott: All service pay and allowances were exempt. I can give an example—I will not take anyone in the chamber. There is a friend of mine in Montreal who was in one of the high brackets. I think ninety-six per cent of his top dollar was taken in taxes. His rank

during the war was that of major. The exemption which he got through serving overseas meant that he got virtually his whole pay, whereas if he had not had that exemption, a substantial amount would have been taken in taxes. It is perfectly obvious that a man benefits who either has high service income or high outside income. There is administrative difficulty but I do not consider that the administrative difficulty is the only thing.

Mr. Diefenbaker: That is the reason the minister gave.

Mr. Abbott: I said that last night. I do not know whether my hon. friend read what I said.

Mr. Diefenbaker: Yes, I read it.

Mr. Abbott: It was a statement that I tried to make as comprehensive as I could. I set out the history in detail. We had fellows flying into an income tax free position and floating into an income tax free position. I would hate to be thrown back into that sort of situation again. I am sure that the committee will appreciate the fact that the revenue implications of this suggestion are relatively negligible.

Mr. Diefenbaker: That is right.

Mr. Abbott: The suggestion that I have been hinting at, that is, of some form of combat pay or foreign service pay, would probably be considerably more expensive from the point of view of the treasury. But I suggest that it would be infinitely fairer than this haphazard impact of a general exemption of service pay and allowances, either for overseas service or otherwise. It is for that reason that I urge that all members consider this matter carefully. I should like to suggest that we do not attempt to decide it on this resolution. In this resolution I am providing for the authorizing of a simplified form of income tax liability for all service personnel who are serving in Canada or abroad. But that does not preclude another provision to the effect that they shall be entirely exempt.

The consideration I have given to the matter up to the present time will not enable me to conclude that the fair and proper thing to do would be to revert to the practice which we followed in the last war. Now, perhaps views may be put forward which will persuade me that that is wrong. I am not under any illusions as to what the easy course to follow would be. The easy thing to do would be simply to follow the practice which prevailed in the last war. I am sure that hon. members will give me credit for believing that the view which I am putting forward is not with the object of gaining any immediate popularity. While I may be mistaken, it is put forward because I believe it is in the best interests of the servicemen themselves and the taxpayers as a whole.

Mr. Diefenbaker: Certainly anyone would be impressed by the dispassionate way in which the leader of the opposition and the Minister of Finance have discussed this matter. However, as an example of the unfairness of granting a general blanket exemption the minister mentioned an officer who had a private income. My suggestion to him was that so far as service pay and allowances are concerned, they should be exempt. Certainly there is not much at stake from a monetary standpoint. If the entire force in Korea today were taxed the total amount would not exceed $1 million.

Some time ago the Minister of National Defence gave as his reason why the system that was followed during the last war could not be followed at this time, that a brigadier overseas, with a large income, would be exempt from income tax. That argument is not a very powerful one. The brigadier would pay approximately $120 a month in income tax.

Mr. Abbott: It would be $142.90.

Mr. Diefenbaker: I was just figuring it out roughly. It is $142.90 for one brigadier. How many colonels are there?

Mr. Fulton: Four. The colonel's tax is $97.35.

Mr. Diefenbaker: Well, the number of officers over the rank of lieutenant would not be very large. The position there is that the many who receive the small rate of pay of $2.35 a day, the privates, and beyond that of course the non-commissioned officers, would have to pay tax in order to prevent the senior officers from escaping the payment of tax. Looking at the situation from the broadest standpoint, and aside from any sentimental consideration at all, the people of Canada as a whole ask that this exemption be given. Generally speaking, I think that members in all parts of the house—I know of no exceptions, although there may be some—are in support of the idea, as are the people generally.

I feel that even though the minister has rather categorically closed the door to consideration, the desires of the people of the country as a whole should be effectuated. There may be difficulties in administration.

Mr. Abbott: Not serious.

Mr. Diefenbaker: Not serious difficulties?

Mr. Abbott: No.

Mr. Diefenbaker: Then, if there are no serious difficulties in administration—

Mr. Abbott: There are inequities and injustices, not difficulties in administration.

Mr. Diefenbaker: If there are no difficulties in administration—

Mr. Abbott: No serious difficulties.

Mr. Diefenbaker: No serious difficulties; I took it from what the Minister of National Defence said the other day that there were, and the only reason is that it might create inequities. If that is so, then I feel that that of itself is not sufficient, because after all, the only reason for objection to inequities is that they are felt by others. I know of no person in this country who would feel it was inequitable to allow those who serve to be exempt from income tax on their pay and allowances—and I refer to those who serve today in Korea.

Members of parliament have an exemption of $2,000 a year. I know there are some who regard that as inequitable, but I know of no one who would say that an exemption to the men who serve in Korea would be inequitable. Let me give you an example. In the Department of External Affairs we have on foreign service many competent officials. They pay income tax on their income, but they do not pay on their allowances. The result has been that in recent years, while the pay has not gone up, the allowances have mounted. I ask any hon. member to look at the record of public accounts for 1950 at page E-20. These allowances are substantial. While I do not suggest to the Secretary of State for External Affairs that the allowances have increased as a form of indirect exemption, the fact remains that they have materially increased in recent years.

I am just reading indiscriminately from these allowances. I am not speaking of the salaries of $16,000 a year and so on. Allowances, $13,092, $15,366, $15,000, $12,192, $23,592, $13,836, $13,992, $16,092. I pick out the larger ones as well as the smaller ones—$10,092, $12,792, $25,320, $12,552, $14,892, $13,536. The last one on the list is Pakistan, and it is the last one I gave. No one has suggested that these allowances are inequitable. In addition to these allowances the recipients receive removal expenses, travelling expenses and the like. These allowances are given in part because the officer on foreign service, as the leader of the opposition said, does not enjoy the benefits that his taxation would grant to him were he within this country.

I do not want to engage in any sentimental discussion. I went to the reading room about a week ago and I read the editorial comment across the country, in publications of different political persuasions, and without exception the general demand that was voiced was for the granting of this exemption. For instance, here is what the Windsor *Star* said in an editorial on May 14:

> Making it worse.
>
> The federal government's arguments against income tax exemptions for service men on overseas duty are going from bad to worse.
>
> The latest, offered by Defence Minister Brooke Claxton, is that it's difficult to devise a system of exemptions that would be fair to all concerned. By way of example he said that if the forces overseas were relieved of all income tax liability, a major general would gain $172.30 a month and a first-class private only $6.85.
>
> But a major general is at the divisional command level, and for every officer of that rank there are about 10,000 privates. Does this mean that to keep one major general from saving $172.30 a month in tax, the department is willing to nick the privates for $68,500?
>
> As it happens, we haven't a major general in Korea, nor are we likely to have one there or in Europe for some time. Our highest officer in Korea is a brigadier. Are 6,000 or 7,000 privates to be clipped for $6.85 a month each, therefore, just to keep one brigadier from saving about $120?
>
> Our financial wizards in Ottawa should come down to earth.

That represents the general viewpoint today. The minister has stated that it is not a question of administrative difficulty; it is the inequities or anomalous conditions that would be created. There would be no anomalous condition or inequity created if the pay and allowances were exempted. A person with a private income would make out his income tax return the way we do, and on top of page 2, I think it is, he would show as an exemption his pay and allowances from the armed forces the same way as we show our $2,000 allowance.

The inequity is caused by a few people having the idea that they are being discriminated aganst, that something unfair is being done. I cannot think of anyone in this country who would consider that an inequity was being created by exempting the pay and allowances of those who are serving in the armed forces. I hope the minister will have his officials look into this matter. It is little things like this that, while unimportant—the minister says it is only a matter of $1 million of revenue—undermine morale. It is this kind of thing that causes a feeling of resentment. It is this kind of thing that, as we all know, whether we sit to the right or the left of the Speaker, creates those pinpricks, those difficulties that so often undermine spirit and morale.

Mr. Abbott: As the hon. member suggests, I shall give consideration to all the views that are voiced today. But in order to keep

the record straight I should like to point out that under the Income Tax Act the allowances of our diplomatic officials who are serving abroad are subject to exemption, and the same exemption applies to members of the military or air forces of Canada who are serving abroad and who are receiving allowances.

Mr. Quelch: Mr. Chairman, we in this group strongly support the suggestion that the pay and allowances of men in the armed services fighting overseas should be exempt from income tax. To my mind there is something revolting about the idea that a man who is fighting for his country and who may be called upon any day to make the supreme sacrifice should also be required to contribute toward the financial cost of the war. Surely his sacrifices should be regarded as full payment on his part toward the cost of the war without his being required to make any other financial contribution.

We must remember that these men when they come back, if they are lucky enough to come back, will be required, by means of taxation in the years to follow, to contribute toward the cost of the war they have fought. Yesterday the minister mentioned the fact that there is no income tax exemption in Great Britain and the United States for men of the armed services. Surely the minister would not say that he supports everything that is done by the governments of Great Britain and the United States?

Mr. Abbott: I do not know of any country where complete exemptions are allowed.

Mr. Quelch: The minister must be aware of the fact that in Great Britain and the United States there is compulsory military service. Canada and Iceland are the only two countries that have not compulsory military service. There is a big difference between a country that has compulsory military service and a country that has a voluntary system.

If we had in this country a compulsory system whereby every man would have to go into the armed services at the age of eighteen years, we would be spreading the burden equitably across the whole country. But where you have a voluntary system there is no equality of service and sacrifice. In some cases whole families are wiped out. I know a case in the last war where five or six sons in a family were wiped out. That is not equality of sacrifice. I do not think the minister is making a fair comparison when he compares Canada, where there is voluntary service, with countries having compulsory service.

Mr. Abbott: We had compulsory service in the last war.

Mr. Quelch: The minister is aware of the fact that it is highly desirable that during his term of service a soldier should save as much money as possible toward the day when he must re-establish himself. The minister knows that the benefits granted by the veterans legislation are not sufficient to re-establish these men. The minister knows also that, judging from what has happened in the past, the veteran is usually discharged in a period of inflation during which he must face the added difficulty of re-establishing himself when prices are high.

While we have the dependents allowance board, many soldiers serving overseas are having to make substantial contributions toward the upkeep of their family made necessary by the high cost of living. Yesterday the minister gave a number of reasons why he thought exemption should not be granted to the members of the armed services.

Mr. Abbott: Is the hon. member advocating a general exemption for members of the armed services, or only for those serving in some foreign theatre?

Mr. Quelch: For those serving overseas. The minister referred to senior officers and stated that the benefits they would receive would be so much greater than those received by the men in the ranks. The minister has dealt with that point himself and shown how that difficulty was overcome in the last war. As reported on page 3152 of *Hansard* of May 17, he said:

> Any single member of the armed forces with an income of less than $1,600 was exempt, and married members were exempt at higher amounts. In addition a complicated tax credit formula was employed to gradually increase the tax above those exemptions until the full rate of tax was paid.

We could give the men in the ranks an exemption of $2,000 in the case of single men and $3,000 in the case of married men, and then steeply graduate the income tax above that so that the officers in the higher ranks would be paying the full amount of the tax.

The minister referred also to the difficulty of deciding who would benefit. That is a problem that is faced by the Department of Veterans Affairs in all their legislation. In every act it has been necessary to define just what type of veteran will benefit. For instance, under the War Veterans Allowance Act the beneficiary is the man who saw service in a theatre of real warfare. Under the Veterans Land Act the beneficiary is the man who saw service overseas or who served twelve months in Canada. I presume that if exemptions are granted from income tax the eligibility will have to be defined carefully,

but it should not present any greater problem for the minister than has been presented in the veterans legislation.

I should like to say once again that we must realize that the men who are fighting our battles today are paying their full share of the war; therefore it would not be fair to ask them to pay income tax, because in doing so they would be bearing a double share.

Mr. Wright: On behalf of this group I should like to express our support for the idea that the men serving in Korea should be exempt from income tax. I am pleased that the discussion has been kept on a non-political basis, and that we are discussing the question in a straightforward manner in an effort to find a solution. I am sure that the minister is as anxious as we are on this side of the house to do the best possible. I do not think the administrative difficulty is such that it cannot be overcome.

Mr. Abbott: Not insurmountable. I have said time and time again there is no insurmountable administrative difficulty.

Mr. Wright: Then the only basis on which you can argue that you should continue the tax is that inequities might arise if the tax were not left in effect. I think that can be overcome. It is true that there were many difficulties during the last war when our troops were serving in a great many theatres. There were many different types of cases that had to be dealt with, but at the present time that is not so. We are only fighting in one theatre of war, and it seems to me that the difficulty experienced in the last war would be much less today. If the minister thinks there would be inequities between senior officers and privates at the present time, may I point out that there are very few senior officers involved, and therefore that is not an argument at all.

Mr. Abbott: My hon. friend appreciates what I said, that it is not only the inequity between officer and private but between one soldier and another.

Mr. Wright: If that is the obstacle, then I think the way to avoid it is to give an exemption of $1,000 on the pay of men in combat service overseas. You do that for men over sixty-five years of age. You give them an additional $500 exemption. If an additional exemption of $1,000 were given on the pay and allowances of men in combat service then that would take care of practically all ranks below that of captain. From every point of view that one can look at the matter it seems to me that something should be done at this time. I have read the newspapers, and I have not seen one organization expressing an opinion on this matter that has not asked the government to give consideration to exempting these men. The minister admits that there are no administrative difficulties.

Mr. Abbott: I did not say there were none. I said there were no insurmountable difficulties.

Mr. Wright: No insurmountable difficulties. There have been difficulties in the application of all income taxes ever since 1940 when we started to raise income tax levels. We have had to make amendments to the act to do away with inequities and to make it fairer. Therefore it does not seem to me that is a sound argument at this time. I urge the minister to give serious consideration to granting an exemption of at least $1,000 on the pay of men serving in active combat service for this country at the present time. As the hon member for Lake Centre indicated, it is the little pinpricks that very often carry more weight than something much more important. If it is possible to avoid them I think we should.

Mr. Fair: Having brought this matter to the attention of the government on at least three other occasions, I feel compelled to again voice my support at this time because I believe the minister is perhaps softening up somewhat and will make the necessary change to meet the wishes of members of the house.

Paragraph 4 of the resolution reads:

> That the governor in council be authorized to make regulations under which the income tax of members of the armed forces on their service income will be paid in full in respect of the pay and allowances of each pay period by a deduction therefrom in accordance with a special table subject to the right of any member to file a return on an annual basis.

Right from the start I have resented the principle of taxing men who are fighting overseas. A reading of this particular section makes me feel all the more resentful of the implications contained therein. The hon. member for Acadia has put the position very well. I feel that by giving single men an exemption of $2,000 and married men an exemption of $3,000 we would get away from quite a few of the inequities involved in this proposition. Last night the Minister of Finance suggested giving additional foreign service pay. In my opinion that is another way of passing the buck to the Minister of National Defence, and if this legislation is passed he will again throw it back to the Minister of Finance. By doing what has been suggested by the hon. member for Acadia, the pay and allowances of those in the higher pay brackets would be adequately taken care of. I think there is something the matter with the principle of this legislation and I should like to see it corrected before it is passed.

Mr. MacDougall: I had not anticipated participating in this debate, but I feel that the minister has given a very clear-cut statement with respect to the inequalities that would arise from the adoption of the program now being supported by the opposition. I should like to go back to the years of the first world war. As the hon. member for Lake Centre has stated, the pay is now more than 100 per cent greater than what it was from 1914 to 1918.

Mr. Fulton: So is the income tax.

Mr. MacDougall: It is very difficult for any member of the house to prevent himself from rising to speak on a question which by and large may be viewed at the moment as a popular one to support. It has been stated —and I recognize the truthfulness thereof— that there has been more or less of an uproar in the editorials of various newspapers across Canada with respect to this particular tax. If we look back I think we will find many instances in the past where for the moment a particular topic was popular with a great number of people, and to get up and kick about it was the popular thing to do. It is very hard for a person to resist doing that at this time. However, I think that we should look at this matter objectively, as the minister has stated. I have talked, as other hon. members have, with a great number of men serving not only in Canada but also in Korea. It has been stated during the debate that at the present time we have no major generals serving in Korea. That is quite true, but we unquestionably have a large and ever-increasing number of higher officers in the service. I do not think for a moment those to whom I have spoken would strenuously object to the payment of income tax. When we went overseas in the first world war there was no question of income tax, of course, because it was not in existence then; but neither was there in the minds of any of those who went overseas at that time any question of social security while they were serving or when they returned.

These are matters we should keep in mind. I believe the government made a mistake when they exempted $2,000 of a member's indemnity from the payment of income tax. I believe that, otherwise I would not be on my feet now. As lawmakers for Canada I think we should be taxed on our entire indemnity. Whether or not that indemnity is too low is another question, but I do not believe we should have an exemption, because we set a very poor example to the electorate throughout Canada. There are plenty of people in this country today on fixed incomes who will be in a very poor position to pay the income tax they will be charged. It is true that they may not go on active service either now or in the years to come, though there are thousands of such people who are preparing for active service or going on service today, to whom the income tax does not mean tuppence. I believe, and I would be prepared to maintain my stand before the various returned organizations of this country, that these people do not wish any particular preference. They want to serve their country in the way they can serve it best. Fundamentally it is a question of service to the country on the part of those men now in the active services, and the women who will be enlisted under plans which have been announced. They are desirous of giving something to the country, not of getting something from the country. So I sincerely and honestly believe there is not nor will there be any great resentment in the armed services of this country as a result of the imposition of income tax.

The Minister of Finance has stated that there would be no insurmountable difficulties with respect to the administration and collection of that tax. I do not wish to disagree with him, but I think because of his kindliness he may have minimized those potential difficulties as much as possible. We have an increasing number of men serving in various parts of Canada, and who will be serving in Europe and in Korea. We have stepped up our program with respect to technical personnel. We know that plans being followed today may be completely outmoded two or three months from now. As a result we may have large numbers of men being transferred from Korea to Canada or from Canada to the United Kingdom or from the United Kingdom back to Canada. I believe the difficulties that would arise because of that constant shifting of personnel would be very great.

As far as pay is concerned, as I have said the ordinary man in the ranks will never become a millionaire; but the fact remains that he is getting over 100 per cent more than we got in the first world war. I really believe the great majority of those in our armed services today will not resent the imposition of income tax at all. Rather I believe they will welcome it, because they want to see our whole defence program speeded up and they know the money taken from them in that way will increase rather than lessen the ability of this country to give them the necessary equipment in the shortest time possible, so that in the words of Winston Spencer Churchill they may be able to go on and finish the job. I do believe that with respect to this question of income tax we should completely divorce our thoughts from an appeal which may be

popular for the moment. I am sure those in the armed services are not anxious that their stay in foreign lands should be prolonged, and the contributions they make in this way, small though they may be, will give them confidence that they will be able to conduct the war against the present enemy, and against any future enemy, to a successful conclusion so they may return to their homes and loved ones as soon as possible.

The hon. member for Lake Centre quoted a number of figures showing the allowances made to those in the foreign service. I am rather inclined to believe that those allowances may be out of proportion, though I do not know; I have not gone into the question. It seems to me, however, that the soundest way to look at this proposition is to realize that whatever our contribution may be by way of taxes, that money is going to assure victory and peace; to think of what we as Canadians are going to have after the money has been spent, and what would be our situation if the money to carry forward our preparedness program was not forthcoming. The alternative could quite easily be defeat. I cannot help but think of the words of the president of France who honoured us with a visit not long ago, and who said it was not so much a matter of the cost as long as the result was peace. I believe those words would be repeated by thousands of our fighting men, no matter where they are. The things they want are the tools of war. They want the war prosecuted with thoroughness and effectiveness. They want to have the most modern arms and equipment. It is our duty as legislators of the Dominion of Canada, Mr. Chairman, to keep our eye constantly fixed on the goal, and to see that these men are given just that. We can best do it by the quickest consummation of our whole program with respect to taxation, and our program to prevent aggression, in order that victory may result and peace be assured.

Mr. Gillis: Mr. Chairman, while listening to the last speaker I felt sorry that he had not paid some attention to the tone set by the Minister of Finance in this debate. The minister correctly said that this is not a political issue. This is a matter in which all members of this house are equally concerned, and for which they are trying to find a solution in the best interests of the men about whom we are speaking. The hon. member for Vancouver-Burrard certainly got away from that. His case was very weak. He took the advice I have heard given by some of the ministers of the church here: when your case is weak holler very loud. He did not have much of a case, and I am sure everyone could hear him. This is not a popular issue, but is an honest endeavour by everyone who has spoken to find the best solution. I do not think the hon. member contributed very much towards the solution.

I listened to the minister's statement, and then I read it over very carefully. I agree with most of what he said He definitely came to the committee and said: this is a problem; I do not think I have the solution. He posed the problem for us. Solutions have been offered, and I think some of them are workable. I agree with the minister that a blanket exemption is not the thing. I believe that the method which would cause the least administrative difficulty, and which would relieve the people we are thinking about, is to grant another $1,000 exemption. The hon. member said that the $6.85 received by a private who is sleeping in a foxhole in Korea would buy a lot of equipment for him, but that does not mean very much to the private.

Mr. MacDougall: Will the hon. member repeat that? I did not hear it.

Mr. Gillis: To the private soldier this $6.85 is a lot of money. It represents a lot of beer. I know it means a lot to the private, because I have gone through the experience. When you go into a canteen without that $6.85 it is not so nice. That is the fellow I am concerned about, the fellow getting the $6.85 monthly tax. I should like the minister to consider granting another $1,000 exemption which would take most of these people we are worrying about out of the tax brackets altogether. Everyone concerned would get relief to the extent of the extra $1,000 exemption. The brigadier and the lower ranking officers would get that bit of relief, and they would be grateful for it. The department would not lose very much in taxes from the top group, but it would completely relieve those in the lower brackets; that is the $6.85 tax a month chaps, the men who do most of the fighting. The other fellow just directs it. I believe this extra $1,000 exemption would get us over the difficulty.

I do not believe combat pay is the answer. I think that is an excuse which has been set up. This combat pay arrangement creates more administrative difficulties. You have to have an extra staff to decide who is a combat soldier and who is not, who should receive the exemption. Then, the department takes it back in taxes. There is no doubt in my mind that the tax department will find a way of getting back that combat pay. I am not saying the minister will do that, but there are people behind him who are rather adept at getting back as much as possible. I do not feel combat pay is the

answer. I believe it creates a lot of administrative headaches. Now we know who are in Korea, and we have them on the tax rolls. We could do as we have already done on two occasions. I want the member for Vancouver-Burrard to note this carefully. A tax exemption was granted to corporations under $10,000 in that the surcharge did not apply, and then there was a special exemption of $500 for men over sixty-five years of age. This exemption business is not new. It would be a simple matter to write in that additional exemption of $1,000, and in my opinion it will take care of the problem.

The hon. member made another point that is not germane to this discussion at all. I do not know why he dragged it in, but he mentioned the $2,000 exemption granted to members. Anyone in this house who feels that he cannot use that or who feels he is doing anyone an injustice by getting it, can return it or can declare it as taxable income. He can pay taxes on it. Sometime someone is going to raise that question in this house and give it a real analysis. I consider that the members of parliament who sat here all during the war—many of them lost a lot of money—were the greatest suckers in Canada. They fought for everybody in the country. Everyone got tax relief for the amount of money he spent in earning his income, that is everyone except members of parliament. A lot of members went into debt to the extent of $2,000 or $3,000 a year in order to stay here. I have never felt a bit reluctant about taking it. I considered I was entitled to it. Sometime this question has to be opened up, but I have not any intention of doing so now. I would suggest that any hon. member of this house who feels as the member for Vancouver-Burrard indicated, that it is a wrong thing to do, should return the money or pay taxes on it.

Mr. MacDougall: On a question of privilege, Mr. Chairman, I did not say anything of the kind. The hon. member is misinterpreting what I said. I did say this, and I maintain it, that as legislators of the Dominion of Canada we should not be the ones to place exemptions on our own salaries. I did not say that we are not entitled to it. I believe we are entitled to that and more.

Mr. Gillis: I am not going to argue with the hon. member, but I am glad he came around to my way of thinking.

Mr. Abbott: We are going to forget the soldiers pretty soon.

Mr. Gillis: I should like to leave the idea of that $1,000 exemption with the minister. Will the minister say whether the soldier in the field receives a living allowance—I think it amounted to $1.37 in the last war and was called a field allowance—and is that allowance included in his income for tax purposes?

Mr. Abbott: I do not know about field allowances. I am told that a married man receives what is known as a separation allowance if he is serving away from home. That is tax exempt. This foreign allowance to which I referred a bit earlier, which in the case of a private is $9, is also exempt. I know that these two are exempt, but whether or not there are other allowances I do not know. In the case of a man in the ranks it is $39, plus $15 for children. I am told that as much as $87 is paid in the case of a lieutenant general.

Mr. Fulton: I think what the hon. member for Cape Breton South had in mind was as to what was reckoned as the equivalent of meals and quarters which serving personnel would receive—I think that was calculated at something like $1.37 a day—or whether, as to those who pay tax in Canada on pay and allowances, their income from the services was reckoned including that amount which they were calculated to receive for meals and quarters, and that their total income was assessed on that basis. The question asked by the hon. member for Cape Breton South is whether the income of those who pay income tax today is calculated by including the value of their meals and quarters.

Mr. Abbott: I am afraid I am not too familiar with the present-day scale of pay and allowances; but I am informed that for the purpose of computing income tax, pay and allowances consist of basic pay of rank for officers, plus two-thirds of the allowances for rations and quarters. Then there is separation allowance when they are serving away from their families which is tax-exempt. But I will inform myself a little more fully as to the allowances.

Mr. Gibson: I should like to express to the minister for what it is worth my own personal comment. I think that the hon. member for Cape Breton South, when he was speaking, stated the problem well, and I must congratulate him on the way he did it. I am glad to see the attitude taken by the minister, by the leader of the opposition as well as by all those who have spoken in this debate. They have kept the discussion on a high, non-political plane. I would certainly hope that the minister would give the matter his consideration, and I know he will. I should like to see this $1,000 exemption taken into consideration.

Mr. Coldwell: Should the item not stand, Mr. Chairman?

Mr. Abbott: No. Perhaps I might say at this point that I am glad to have had this discussion, and I am glad to have the views of all hon. members on this question. As I said at the beginning—and as others have said—I feel strongly, as I know we all do, that this matter should not be treated on the basis of party politics at all. I hope it will be settled on the basis of what is right and fair and not on the basis of emotion or sentiment. That is what I have been striving for, and I am sure that is what all hon. members have been striving for. I am sorry that so far most if not all of those who have spoken have been my fellow veterans of the first world war when we did not have any income tax problems. In considering the matter, I think we should project our minds a bit farther forward than Korea, as indicated by the hon. member for Melfort, because it is anticipated that we shall have troops serving in Europe as part of the integrated force; and I think we should give consideration to what may be the situation there.

As I have tried to indicate, this is far from being a simple problem. I too was impressed and interested in the suggestion made by the hon. member for Cape Breton South; and I am quite prepared to study that suggestion and all suggestions that have been made. I want to emphasize again the fact that this is not a matter of fundamental government policy. We want to do what is the right thing here, and what the members of the House of Commons, representing the Canadian people, want. But I want to be sure that there is full and adequate discussion of all sides of the thing so that, so far as possible, we do the right thing. I do not believe that what we did in the last war was the right thing; and that is the only reason that I have been attempting to put forward the suggestions which I have been putting forward.

If this meets with the approval of the committee, I would hope that we would pass this resolution as it stands. We have to bring in a bill. I shall be glad if any others who have views to express will voice them. We have not as large an attendance here this afternoon as we sometimes have. There may be others whose views on this question would be valuable. I should like to get the bill distributed and made available to members. But I am quite prepared to give an undertaking that if we come to the conclusion that some change is desirable, it can be made of course when we have under consideration the section of the bill relating to service pay. I think that is the practical way to deal with the matter.

I am quite sincere when I say that I am anxious to get just as many points of view on this thing as possible. It may be that a suggestion of some additional exemption, such as that made by the hon. member for Cape Breton South, would overcome the difficulties in the putting in of a system of combat pay or foreign service pay. I should like to discuss that matter with my officials and with the service authorities, and see what the implications would be, before I attempt to take any firm decision on it. But that is my position. I want to do what is fair and just for the service personnel, and for the people of Canada as a whole. By the necessary discussion here, I think we can probably arrive at what that policy should be. But I deeply appreciate the tone that the debate has taken this afternoon. There has been nothing controversial in it, in the sense of party controversy; and I know that we can keep the discussion on that basis.

Mr. Fulton: Just in case the minister should attach any significance to what he pointed out as being the lack of expression of views by veterans—

Mr. Abbott: No, I did not.

Mr. Fulton: —may I say that I should have been glad to express my views, but I did not want to prolong the discussion because I am certainly in general support of the proposition put forward.

Mr. Abbott: We old soldiers have been doing a good deal of talking but have not had much experience with this.

Mr. Ferrie: I should like to say a few words with regard to this assessment, as you would call it, or the amount that a veteran will be assessed on. I agree that another $1,000 exemption would, to some extent, work all right. But on the other hand, why not take from him the assessment that you have made with regard to his board and his lodging? If you do that, then you take away practically the whole assessment from the Tommy himself; and he is the man who is earning $2.35 a day and his keep. Why add anything for his keep? Canada has guaranteed to keep him. If you take away that board and lodging, as you put it, when they are out by themselves, or if you exempt that, then the Tommy would not pay any income tax at all.

Mr. Abbott: I will give consideration to that suggestion.

Mr. Herridge: As one who is greatly interested in this question, I have been interested in this non-partisan debate this afternoon. I heartily support the proposals made with respect to further exemptions. I greatly appreciate the spirit in which the minister has accepted the proposals made from this side of the house.

Mr. Abbott: Thank you.

Mr. Goode: Before this discussion terminates, inasmuch as the minister has invited comments from the veterans of the last war, I think perhaps I could really express the view of some of the officers on both sides of the house, because I served in the barrack room up till towards the end of the war when I became a W.O. and perhaps heard what the officers were thinking about income tax. I give this suggestion to the minister. He has been good in this debate. He has given us an opportunity to speak. In fact, he has invited comment on this matter. I may tell him that the effect of this $6.85 on the morale of the barrack room will be most serious. That seems to me to be the important point, not whether a private soldier, or sergeant or W.O. should pay $6.85 or whatever the amount is. There is this fact to be considered. When you are sitting in a room or tent or hole, sometime you are going to start discussing this matter with someone else; and in the barrack room—as these things always are—the thing becomes magnified until you come to the end of the month and then the boys are all dissatisfied. That is not the way to do it. It is not just a matter of $6.85. It is a matter of morale. Do not charge those fellows $6.85 a month for income tax. You cannot do that and at the same time maintain morale; because some barrack room lawyer, talking to a bunch of privates during the week, is going to kick this thing in the face and you are going to have a lot of trouble. That is the important point, to my mind; not whether a private soldier has to pay tax, but whether he should pay it on the basis of morale. As I got up in the army a little bit I found out what officers think about income tax. I never did have much respect for second lieutenants and lieutenants, but so far as the ranks above that are concerned, I think they could well afford to pay their income tax. I am thinking of the lower ranks, and while, as the minister mentioned the other night, the W.O. I and W.O. II would not want to go up into commissioned rank, because of the payment of the tax, I have yet to see the W.O. who would not take a commission, especially in the army, even though he had to pay income tax.

Mr. Abbott: Even though it would cost him $200?

Mr. Goode: If they had offered me one in the army I would have taken it and paid income tax. I would suggest that whatever steps you have to take to ensure no income tax payment you should do it. I do not know whether you can or not, but in the interests of morale this $6.85 should not be taken from the non-commissioned ranks or the private soldier.

Paragraph agreed to.

5. That the right to elect to pay the 15 per cent tax on its undistributed income now enjoyed by a private company

(a) be extended to all other corporations, and

(b) be withdrawn, effective April 10, 1951, from a corporation that is controlled by another corporation except in respect of its undistributed income on hand at the end of the 1949 taxation year.

Mr. Fulton: Can the minister say whether it is possible to make this applicable to a corporation which had more than 75 shareholders, and which has gone into voluntary liquidation, and therefore was not qualified previously? Will that corporation be permitted to make distribution?

Mr. Abbott: Does my hon. friend know whether distribution has actually been made or not?

Mr. Fulton: Only partial distribution.

Mr. Abbott: Well, my hon friend is a prominent lawyer and knows that a corporation in liquidation retains its corporate status until the liquidation has been completed. I hesitate to give a legal opinion off the cuff —I am a little out of practice—but for what it may be worth I would think that, to the extent that profits were still undistributed, advantage could be taken of the amendment.

Mr. Fulton: That is—

Mr. Abbott: I do not guarantee the opinion; I am just giving it offhand.

Mr. Fulton: I wish the minister would ask his deputies to look into it to see if it will apply, because it does seem to me it would be unfair otherwise to put it in that way and not allow a corporation in the position in which it has undistributed income on hand to take advantage of this amendment. I can appreciate that there might be insuperable administration difficulties in applying it to that portion which has been distributed, but the legislation should be drafted to apply to the undistributed portion.

Mr. Abbott: Again with the necessary reservations, I do not believe there is any question as to undistributed income still on hand. I think advantage could be taken of this legislation.

Mr. Coldwell: I do not want to renew a discussion which was more or less closed last night, but I was not satisfied last evening with the minister's comparison between our method of taxation of corporations and those of the United Kingdom. I am no more interested in what is going on there than in the United States or elsewhere. I am not an expert regarding taxation, but I tried to

get some information on this problem, and all I am doing this afternoon is to suggest to the minister in a brief, simple way just what I am informed is the type of legislation and methods of assessment for income tax on corporations in the two countries. Often this and similar matters are raised in this house either by ourselves or by somebody else. Last night I said, as reported at page 3148 of *Hansard:*

> The nation imposes an income tax of 9 shillings in the pound on what is left after the profits, taxes and the depreciation allowances have been deducted.

The minister said:

> The taxpayer takes credit for that.

I have here an extract from an official statement, and I shall read into the record from it. This is what it says:

> After the depreciation allowance is deducted from the gross profit, the net profit is left to the corporation. The corporation then decides how much of its net profit it will distribute and how much it will retain. The net profit is then taxed in the following ways:
>
> First, the nation takes 50 per cent of the profits which are to be distributed in dividends. Second, the nation takes 10 per cent of the amount which is to be put to reserve. Third, the nation takes, through income tax at 9s. 6d. in the pound, nearly half of what is left after the profits taxes and the depreciation allowance have been deducted. This is paid by the corporation. Fourth, the nation takes another 9s. 6d. in the pound income tax from the personal incomes of the shareholders as well as extra sums from those whose incomes are liable to surtax.

Mr. Abbott: That is right.

Mr. Coldwell: Reading that in conjunction with—

Mr. Abbott: Does my hon. friend want to complete that and add that in regard to the 9s. 6d. which is taken from the individual shareholder he can take credit for that on the amount which his company has paid out.

Mr. Coldwell: That is the point I want to raise.

Mr. Abbott: That is the English system, and always has been.

Mr. Coldwell: Now, as I say, I tried to make some inquiries regarding that, and my understanding is that the deductions which the minister said were allowed under the paragraph I have just read, and to which I have referred, refer—

Mr. Abbott: Which deduction is that?

Mr. Coldwell: The last 9s. 6d.

Mr. Abbott: Yes.

Mr. Coldwell: It refers to the 50 per cent tax that has already been—

Mr. Abbott: No.

Mr. Coldwell: —paid by the corporations.

[Mr. Coldwell.]

Mr. Abbott: No; I had no relation to that at all.

Mr. Coldwell: As set forth in part I; no, I am saying that is my understanding. The third point was:

> The nation takes, through income tax at 9s. 6d. in the pound, nearly half of what is left after the profits taxes and the depreciation allowance have been deducted. This is paid by the corporation.

That is the one which the minister said the taxpayer subsequently takes credit for. My information is that the levy of 9s. 6d. in the pound is distinct and separate from the other 9s. 6d. and surtax, if any, payable by the individual taxpayer and in effect the allowance to the taxpayer is in connection with the 50 per cent of the profit distributed in dividend. That is the information I have.

Mr. Abbott: My hon. friend is completely misinformed on that.

Mr. Coldwell: Coming to that point, in his budget speech of last year Sir Stafford Cripps made this statement:

> Some 55 per cent of all company profits are required for taxation; probably not less than half of what is left is used for new capital expenditure in one way or another; so that some three-quarters of the gross profits is already being utilized for essential economic purposes which otherwise we should have to finance in some other way: only a quarter goes to personal consumption, and even some of that may be subject to surtax.

That I believe was the amount of the corporation tax in Great Britain in 1950 and it is higher now. It works something like this.

Mr. Abbott: Will my hon. friend allow me? The income tax in Great Britain, and how it is levied, are a matter of fact. It is not a matter of opinion, it is a matter of fact and well known.

Mr. Coldwell: That is what I put on the record. I put the fact, an authoritative statement, on the record.

Mr. Abbott: I do not know who the author of your authoritative statement is, but the man in front of me is one of the greatest tax experts in this or in other countries.

Mr. Coldwell: I do not profess to be an income tax expert but I have tried to get the best advice I can on this matter. I am going to put that advice before the minister and he can tell me if it is wrong. I know that taking hypothetical cases is not always the best way to deal with a matter of this description, but I should like to take a hypothetical case of a British corporation having net profits of £100,000, after depreciation, half to be distributed in dividends and half retained. The 50 per cent tax on the one-half would amount to £25,000, and 10 per

cent of £50,000 would be £5,000. That gives a total of £30,000, which would leave £70,000 in the hands of the corporation. As I understand it, the nine shillings sixpence tax on the £70,000 would amount to £33,000 in round figures, which would leave some £37,000 to be distributed. If that computation is correct the corporation would have paid £63,000 out of the £100,000, which would be 63 per cent.

Last night the minister said that we had a higher corporation tax. According to that computation based on a United Kingdom statement I would say that our corporations are still paying a lower percentage than the British corporations. I wanted to place that point before the minister and I would be glad to be corrected if I am wrong. As I say, I tried to get the best advice I could for income tax everywhere is very complicated.

Mr. Abbott: I appreciate that. I did not attempt to check my hon. friend as he went along, but I think his mathematics are substantially correct. They have not a straight corporation tax in the United Kingdom as we have here, they have a profits tax and on that portion of the profits which is set aside for distribution. The tax is now 50 per cent, with 10 per cent on the portion which is not to be distributed. As the hon. member mentioned in the case of the hypothetical company with profits of £100,000 after depreciation, if they decided to distribute £50,000 and keep £50,000, there would be £25,000 in tax on the £50,000 to be distributed and a tax of £5,000 on the other, which would make a total of £30,000, leaving £70,000. On that £70,000 the tax of nine shillings and sixpence would have to be paid at what is known as the standard or normal rate in the United Kingdom.

But under the British system, as distinguished from ours, that £70,000 when distributed to the taxpayers would be considered as already having been taxed to the extent of nine shillings sixpence in the pound. The shareholders would then take credit for the normal tax of nine shillings and sixpence which had already been paid by the corporation. Of course, the shareholders would have to pay whatever surtax might be levied.

The profits tax in the United Kingdom is completely analogous to our corporation tax. The corporation tax paid with respect to that £100,000 of income would be £30,000. In Canada today, using the same basis of computation, if it were in provinces other than Quebec or Ontario, the corporation taxes, federal and provincial, would be roughly £50,000 or £20,000 more than in the United Kingdom. The remaining available for dividends would then be taxed at whatever rate applied to the individual shareholder recipient.

I think that is a completely accurate statement or comparison of the impact of the Canadian corporation tax on the profits of £100,000 or $100,000, whichever you like, and the impact under the present United Kingdom scale. It is true that in the United Kingdom they have not in the past had a corporation tax like ours. They largely eliminated this double taxation system on corporate profits.

Mr. Gibson: Is it not true that there are some instances where the corporation and income tax amounts to more than 100 per cent?

Mr. Abbott: It so happens that with the 20 per cent surcharge we have imposed on personal incomes the rate of tax on the last dollar can be 100·8 per cent.

Mr. Gibson: Does that suit the C.C.F.?

Mr. Thatcher: There are a couple of questions I should like to ask. I wonder if the minister could tell us the revenue that he got in the past year from this tax and also the reasons for making these changes?

Mr. Abbott: I think the information to answer my hon. friend's first question is contained in the white paper, but the revenue was roughly $91 million. The reason for making the change is this: This was a new departure last year and we were not sure what the result might be in the case of publicly owned companies. If I remember correctly I think I indicated in the house that I was afraid that the announcement of this policy might result in some sort of market activity in the shares of publicly listed companies. As a result of the experience over the last year it has become clear to us that there is no reason for abuse. There are a good many closely held companies which nevertheless have shareholders in excess of 75 and it was thought to be eminently desirable to extend it to all classes of company and not make any distinction.

Mr. Fulton: May I ask the reason for withdrawing the privilege or right from corporations that are controlled by other corporations?

Mr. Abbott: This change is necessary because a controlled corporation which has qualified for the special treatment of its earnings after 1949 may pay half its earnings out in dividends to its parent corporation free of tax and capitalize the portion remaining after payment of the 15 per cent in tax. If the parent corporation is in turn a controlled corporation it may pay out half the income so received in dividends to its parent free of tax and capitalize the portion remaining after paying 15 per cent in tax. This

process could continue through a chain of corporations with the result that a substantial part of the earnings of the original corporation would be capitalized and bear only a 15 per cent tax instead of the tax they would have borne if received by individual shareholders as ordinary dividends. There were possible loopholes which we felt should be plugged.

Mr. Fulton: Did you find that you were losing revenue?

Mr. Abbott: We had inquiries which led us to suspect that someone might try it.

Mr. Adamson: The system of double taxation which we have in Canada is most unfortunate, to say the least, but it has been incorporated into our tax laws for a number of years and I do not suppose there is a great deal we can do about it. When does the cumulative tax on corporations in Canada increase over the cumulative tax on corporations in England? In other words, in England you have a 50 per cent tax, plus a five per cent tax—

Mr. Abbott: A 50 per cent tax on distributed and 10 per cent on undistributed.

Mr. Adamson: Then in Canada you have a tax of 40 per cent.

Mr. Abbott: Forty-five per cent.

Mr. Adamson: A 45 per cent tax on total profits.

Mr. Abbott: That is federal.

Mr. Adamson: Then on top of that the shareholder must pay income tax on the dividends he gets from the corporation.

Mr. Abbott: Right.

Mr. Adamson: At what income does the individual shareholder actually pay more? In other words, at what point does the government in Canada actually take more of the corporation profits than they do in England? There must be a point. Obviously at some point the government takes 100·8 per cent of the earnings of the company. There must be a point, and I think it would be interesting to the committee to know whether Canadian taxation is higher than United Kingdom taxation.

Mr. Abbott: I will have to study my hon. friend's question and see what answer I can give him. What I meant by the 100·8 per cent was that the highest bracket of the personal income tax now is 96 per cent plus a 4 per cent investment income surcharge. It is 20 per cent of 4 per cent. In effect if you are one of those relatively few fortunate individuals who have an income of $400,000 or more, on the income in excess of $400,000 you would pay out more than you received so that it would pay you to convert your securities into cash and not attempt to earn anything on them. That is why I indicated that in the revision of the rate schedule some consideration would have to be given to that fact. It illustrates the impact of horizontal surcharges in certain instances.

Mr. Knowles: To what base is that 4 per cent surcharge applied?

Mr. Adamson: I should like to know somebody in that class.

Mr. Abbott: It is on the investment income. Income in excess of a certain figure is taken to be investment income.

Mr. Fulton: $1,800.

Mr. Abbott: And the 20 per cent surcharge of course is on the 4 per cent as well as on the 96 per cent.

Mr. Adamson: I wish I knew somebody like that. I should like to shake his hand to see what it felt like. What I think the committee would be interested in knowing is whether the tax levied on corporation profits in Canada, the total taxes levied against the corporation and against the individual taxpayer, is actually higher than the same tax levied in the United Kingdom. In fact the taxes extracted from industry in Canada are enormously high despite the lesser schedules we have for individual income tax in Canada simply because of our double taxation.

Mr. Abbott: Of course to answer my hon. friend's question you would have to know the income bracket in which the individual recipient of the dividend happened to be, and what his other income was in order to compare it with the English company. You would have to know what proportion of its income was being distributed and what was being retained because there is a different rate for the two. However, speaking broadly, I think it is fair to say that corporation profits as such are taxed more highly in Canada and the United States than they are in the United Kingdom.

Mr. Adamson: That is the admission I wanted the minister to make, and I am delighted to have it.

Paragraph agreed to.

6. That for the 1951 and subsequent taxation years the provision under which the 15 per cent tax rate on the first $10,000 of income of a corporation applies to only one of several related corporations be amended so as not to include in the class of related corporations those controlled by persons not dealing at arms length unless such persons own shares in the capital stock of both corporations.

Mr. Fulton: Mr. Chairman—

Mr. Abbott: Before my hon. friend makes his remarks, I should say that I have an amendment to correct a clerical error. The figure "1951" in line 1 should be "1949". I will ask one of my colleagues to move as follows:

That clause 6 of the income tax resolution be amended by substituting the figure 1949 for the figure 1951 in line 1.

It is purely a clerical error.

Mr. Fournier (Hull): I so move.

Mr. Thatcher: Would the minister explain the significance of this?

Mr. Abbott: This is the section relating to related companies. The law now provides that only one of a group of related corporations may receive the benefit of the lower rate of 15 per cent on the first $10,000 of income. Corporations are considered to be related if 70 per cent or more of the common shares of each of them are owned by one person, or a group of persons, or by persons not dealing with each other at arm's length. By definition persons are not dealing with each other at arm's length if connected by blood relationship, marriage or adoption. As a result, under the law as it now stands a corporation owned by one brother in Montreal and a corporation owned by another brother in Vancouver have been considered to be related although they may each be carrying on an entirely different line of business and be separate in every way. It is proposed to relieve this situation by providing that corporations controlled by persons not dealing at arm's length be not considered as related unless one of the persons owns shares in the capital stock of both corporations.

Mr. Fulton: As it appears from a first reading of this paragraph, one would think that possibly the definition of related corporations was going to be made to depend upon the question of whether or not the same person owned shares in both companies. That is what it looks like here, and there is a question I should like to ask. Is there going to be any change in the definition so that if a person happens to own shares in both companies it will then make them related corporations as the result of the wording in this resolution?

Mr. Abbott: A person is not dealing at arm's length in that circumstance. We had a number of cases brought to our attention. I cited the example of the two brothers. I had one case brought to my attention of two brothers—and sometimes this happens in families—who were not even speaking to each other and had not for years. They were both in business with their own corporations. Under the definition contained in the act they were related corporations, and only one of them could get the benefit of the $10,000 exemption. Needless to say there was considerable difficulty in arriving at a decision as to who would get the benefit of the exemption. That was not the sort of thing that the law was intended to prevent. It is obvious that the restrictions are intended to prevent people splitting up larger businesses in order to get the benefit of the lower exemption. I think we have progressively improved the definition. This represents the result of a good deal of consideration and, I think, achieves an equitable result without involving any risk of tax evasion.

Mr. Fulton: Let me put the question I have for the minister by way of an example. The last three lines of the resolution read:

. . . so as not to include in the class of related corporations those controlled by persons not dealing at arm's length unless such persons own shares in the capital stock of both corporations.

At first it would seem that might widen the relationship as to when they would not be deemed to be related. However, let us take two companies that are not doing the same type of business but Mr. X happens to own one share in each corporation. Here you have a case of a person who owns a share of the capital stock of both corporations. The point I am worried about is whether it is going to be the result of this resolution that that fact will make them related corporations.

Mr. Abbott: I am not sure that I have followed my hon. friend quite as well as I should, but at present persons are deemed to be not dealing at arm's length if they are, as I said, connected by blood relationship, marriage or adoption. That excludes members who bear that relationship to each other. It excludes corporations in which those persons may be interested, and all of them. Therefore only one corporation owned by that family group would be eligible for exemption. As a result of the proposed amendment, if one brother owns all the shares in one company, another brother owns all the shares in another, the father owns the shares in a third, a sister owns the shares in a fourth, and another brother owns the shares in a fifth, they can all be considered as independent companies for the purpose of the $10,000 exemption provided none of them has any shares in any of the others. Have I made that clear?

Mr. Fulton: Then the other factor to determine whether the companies are related will be that one person must still own more than 70 per cent of the shares?

Mr. Abbott: That is correct.

Mr. Fulton: That still stands?

Mr. Abbott: That is correct. It is a little complicated, I know.

Mr. Drew: As I understand it this expression of not being at arm's length is simply an acceptance of the proposition that where there is a member of the family in the other company there is a presumption that there is naturally some association because of that fact.

Mr. Abbott: That is exactly the position.

Amendment agreed to.

Paragraph as amended agreed to.

7. That for the 1951 and subsequent taxation years, payments made for insulin, cortisone, adrenocorticotrophin (ACTH), liver extract injectible for pernicious anaemia and vitamin B12 for pernicious anaemia purchased under a physician's prescription may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

Mr. Applewhaite: I should like to try to make a point on this paragraph. Because of the evident desire of the committee to pass this resolution before six o'clock I would ask the minister to accept as read the deserved compliments on this extension. My point is that I understand the section being amended had as its original intention the protection of the taxpayer against being crippled financially owing to unexpected medical expenses. These medical expenses are quite closely restricted, whether by statute or by regulation I am not too sure. The point I tried to make a year ago and which I shall try to make again is that in some parts of this country, where people live at great distances from medical attention or hospitals, often the actual incidental expenses necessary to obtain medical attention are much higher in proportion than the medical expenses themselves. People may live where it would cost them $100, $200, $300 or more to make the return trip to obtain necessary medical attention, while on the other hand if they were able to get that attention quickly the cost of the medical service might be only one-sixth that amount.

It seems to me, therefore, an injustice that these people can get no credit as far as income tax goes for the amounts necessarily expended in order to obtain needed medical attention. I do not know whether this appeal should be addressed to the Minister of Finance or the Department of National Revenue. I will admit that there would be some difficulties in applying the principle which I am requesting. I will admit also that conceivably there might be cases where people desiring to go to the nearest city might try to take advantage of such a provision to finance their trip, though of course such people are not to be found in the riding of Skeena. So, if it cannot be done in connection with this year's budget, I would ask the minister once again to look into the possibility of giving a fair measure of relief to those people who must expend hundreds of dollars for medical attention, even though the whole expenditure is not made to a doctor or a hospital, but part of it is necessary in order to get to where treatment may be obtained.

Mr. Knowles: Like the hon. member for Skeena I heartily welcome the terms of the paragraph now before us. Also, I should like to add my word of support to the very reasonable request the hon. member for Skeena has made.

My main reason for rising just now is to express the hope that the minister will give further consideration to the whole question of the 4 per cent clause in respect of the exemption for medical expenses. I need not go into this matter at length, since I did just that on April 17 in a speech the minister can read at pages 2131 to 2138 of *Hansard*. The point I sought to make on that occasion was that medical expenses which are involuntary, and which often impose very heavy burdens, should get at least the same consideration as charitable contributions, which are voluntary. In the course of that speech I gave examples showing the tax relief to persons with certain incomes if they were faced with medical expenses, compared with the much larger tax relief they would get if they made charitable donations. I pointed out then that I do not disagree with the exemptions that are allowed for donations to approved charitable organizations, but it does seem to me the whole principle underlying this medical exemption requires that the government go a step further and put it on the same basis that is accorded to charitable donations.

I remind the minister that when this provision was first introduced the exemption applied only to medical expenses in excess of five per cent of one's net income. In those days we made pleas of this kind, and in due course Mr. Ilsley met us to the extent of reducing the figure from 5 per cent to 4 per cent; and that change was welcomed. I feel, however, the time has come to wipe out that figure altogether and allow all bona fide medical expenses as an exemption from net income before the tax is computed. The point raised by the hon. member for Skeena emphasizes the fact that many other items enter into the cost of sickness than those allowed by the statute. In the speech to

which I referred, on April 17, I indicated some of those, and I need not repeat them now. I recognize that you cannot by statute include everything every person might say was part of the cost of sickness. Therefore it seems to me the government should help to meet the problem to the extent I have suggested by wiping out the 4 per cent figure and allowing all bona fide medical expenses to be deducted from the net income before the tax is computed.

Coming back to the specific subject of the paragraph before us, I am sure everyone in the house welcomes this decision to include a number of these expensive and important drugs as items that may be included in medical expenses. There are others some of us think should be included as well, but my study of the problem leads me to feel that the question I raised is even more important, namely that the 4 per cent level should be wiped out. I know from the interest the minister is showing in what I say that he has studied this matter. I dare to hope he read my speech—

Mr. Abbott: I did.

Mr. Knowles: —and I would be interested to hear his comments.

Mr. Abbott: I think I shall have to restrict myself at the moment to saying I shall give further consideration to my hon. friend's representations. One advantage of doing that is that I seem to have to open up this section every year; and with the persistence for which the hon. member is so justly noted I am quite sure he will keep this subject alive until possibly something further is done.

Mr. Knowles: I will.

Mr. Low: I wonder if the minister would answer this question with respect to the procedure to be followed. Under the regulations as they have existed up to the present time I understand that when such drugs as cortisone, ACTH and these others were purchased, they had to be obtained through a hospital or from a doctor before the purchaser was entitled to the exemption. Will that still be necessary?

Mr. Abbott: No, they can purchase them from a drug store on a prescription.

Mr. Low: That is fine. I just wanted to get that.

Mr. Higgins: I only want to say, Mr. Chairman, that I endorse the remarks of the hon. member for Winnipeg North Centre and the hon. member for Skeena. I wish to ask the minister whether at present streptomycin, penicillin and other antibiotics are included in these medical deductions?

Mr. Abbott: None of those are included, although if they were included in the doctor's bill or hospital bill they would be eligible. Most of them are available without prescription.

Mr. Higgins: I believe they should be included because they are as important as the others.

Mr. Abbott: We have been proceeding on these things year by year in consultation with the department of health and welfare. As my hon. friend will recall from last year, one of the difficulties is the ability to check the validity of the claim. But I will consider his representations. I think we will probably find that from year to year we will have to include more of these drugs.

Paragraph agreed to.

8. That special deductions from income to taxpayers whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1954 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1953.

Mr. Abbott: Perhaps I could say a brief word, Mr. Chairman, on this paragraph and the two succeeding ones. The amendments to be founded on these paragraphs will extend for another year the concessions now allowed for exploration expenses in the mining, oil and gas industry and will assure the exemption of the first three years of income of any new metalliferous or industrial mineral mine that comes into production before the end of 1954.

Mr. Gibson: It is a rather curious thing that the only natural resources receiving these special exemptions are oil, gas or mining and exploring for minerals. These commodities, of course, produce a great deal less revenue than the most important thing we have in Canada, our forest resources. I have been a rather patient soul, since I have been waiting for a number of years to hear that some consideration had been given to our forest resources. Always the government was considering this problem or giving it careful study. That has been going on for six years. While I know there have been many problems that the government has faced and solved in that time, I am afraid that they have put this forestry problem down at the bottom of the heap. Evidently they thought there was no necessity for giving it consideration.

As the minister will agree, our forests are our greatest source of revenue from a taxation point of view. They probably have the greatest potential value for the future. We are going to have forests today and forests tomorrow. I think we can guarantee that

the minister is going to get a substantial part of his revenue from the forests as long as Canada is here. The way the matter stands now, a taxpayer can deduct his expenses so far as forestry and silviculture are concerned on the particular piece of property from which he is taking logs at the present time. No incentive at all is given to any of our great forestry corporations, large or small, to try to provide a supply of wood for the future. As a matter of fact, the government seems to have a negative approach to the whole question. They say, "Yes, we realize it is a desirable thing that forests be put on a sustained yield basis." But on the other hand, they do not give any encouragement at all to people to invest money in growing trees. I am wondering whether there is any possibility of the minister giving some definite consideration to this problem within the next year, with a view to encouraging people to invest their money in growing timber.

Actually, the government seems to feel that someone might make a capital profit out of growing trees. It is that negative approach that annoys me. The minister will say: It is desirable to grow trees; on the other hand, if we encourage anyone to grow trees he may make a capital profit and I would not get anything out of it.

I believe that is a negative approach to the matter. I think something should be done to encourage people to invest their money in the future timber of this country. We allow people to lay up treasure in heaven be permitting them to deduct their charitable donations up to ten per cent.

Mr. Abbott: Some avail themselves of the opportunity, and some do not.

Mr. Gibson: I think as most people get older they invest a greater part of their income in that way, because they are getting closer to the time when it might be of value to them. I would suggest the government should give consideration to allowing companies to invest say five per cent—I would not go as high as ten per cent by which they are allowed to lay up treasure in heaven—of their gross income for the practice of silviculture. That would limit it. I quite understand the difficulty with which the department is faced, but it does not seem to me there has been any constructive approach to this problem. We have not done anything about it. I sincerely hope the minister will give serious consideration to it this year.

Mr. Abbott: I do not know this of my own personal knowledge, Mr. Chairman, but I understand my colleague the Minister of Resources and Development is discussing the question which the member for Comox-Alberni has raised, not only with the provinces but with an interdepartmental committee he has formed in his department.

Mr. Low: It is an extremely important point.

Mr. Abbott: I agree it is a matter of considerable importance.

Mr. Herridge: It is not often I find myself in agreement with the member for Comox-Alberni on taxation proposals, but I believe this is an extremely constructive proposal. There is a great demand throughout the country for conservation, both on the part of the government and on the part of private timber owners. I believe it would be of much greater advantage to the country to allow a certain proportion of taxes to be used for silviculture, rather than to allow people to deduct from taxation the money they invest in developing mines which produce minerals that are not required at this time. I believe there is a more reasonable argument in favour of a tax allowance for those who are practising silviculture than there is in some cases of mineral production.

Mr. Adamson: Mr. Chairman, I was happy to listen to other industries talk about this matter, and I may say I wish them well. I take exception to the statement just made that minerals are produced which are not required.

Mr. Gibson: Gold, for instance.

Mr. Adamson: We shall come to that next week, I hope. If there is anything this country needs today it is minerals, particularly metals that are in such desperate shortage throughout the free world. I notice that this measure merely extends for a period of one year the benefits, or the tax concessions, of previous years. In view of the increasing cost, and the increasing incidence of failures to discover mines as well as the lessening of prospecting throughout Canada, is the minister considering increasing these tax concessions? Has he had representations about this, and has he given any consideration to announcing the same concessions for a longer period than one year? In many cases it takes four or five, or possibly a great many more years, to bring even a most promising property into production. The raising of capital today is still a difficult matter.

Mr. Abbott: My hon. friend appreciates that this is a complete exemption. One can write off expenses entirely, and it is extended really for a period of three years. It is extended forward into 1953. Our practice has always been to give that much advance notice each year—in one case it goes to

1954. It has always been felt that it is desirable to review it each year, and that has been our practice for a number of years.

Mr. Low: Mr. Chairman, I believe the minister is quite justified in asking for an extension of this type of encouragement to prospecting. At the same time I believe the hon. member for Comox-Alberni has made a very important suggestion, and one which should be followed up. There is a much better case to be made for what he has proposed than there is for allowing certain income tax deductions for exploration preliminary to starting a gold mine on which the people of Canada have to start paying subsidies.

Mr. Abbott: This covers oil wells.

Mr. Low: Yes, it covers oil wells. Quite frankly, I think it has gone a long way to encourage exploration for gas and oil in my own province.

An hon. Member: That is real wealth.

Mr. Low: Yes, that is real wealth, of course; and you do not have to pay subsidies on that the minute you get the well started.

Mrs. Fairclough: That is liquid gold.

Paragraph agreed to.

Paragraph 9 agreed to.

10. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines that came into production during the years 1946 to 1952 be extended to mines coming into production in the years 1953 and 1954.

Mr. Adamson: I cannot allow this comment about gold to go unanswered.

Mr. Abbott: We will have another debate on that subject.

Mr. Adamson: We are going to have a debate on that subject next week; but I want to tell the hon. member for Peace River and his entire party that gold is one of the most useful things we are producing today in Canada. When the minister comes to find what an adverse balance of trade we have with the United States at the end of this fiscal year, he will be wishing that the gold production in Canada was twice what it is today. But I reserve any further remarks on that matter until the debate on the gold bill.

Paragraph agreed to.

Resolution agreed to.

Resolutions reported, read the second time and concurred in.

EXCISE TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 294, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 295, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 296, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

CANADIAN COMMERCIAL CORPORATION

AMENDMENT OF ACT TO PERMIT PERFORMANCE OF SERVICES FOR DEPARTMENT OF DEFENCE PRODUCTION, ETC.

The house resumed, from Wednesday, May 16, consideration in committee of Bill No. 284, to amend the Canadian Commercial Corporation Act—Mr. Howe—Mr. Beaudoin in the chair.

On section 1—*Minister.*

The Deputy Chairman: Shall clause 1 carry?

Mr. Drew: Before clause 1 carries, I would remind the parliamentary assistant to the minister that there was a discussion taking place at the time the house rose when this bill was last under consideration. He will recall that the questions were directed to the relationship between the Department of National Defence, Department of Defence Production, the Canadian Commercial Corporation and Defence Construction Limited. The impression I gained from the explanation given by the minister, both on an earlier occasion and in the fairly brief remarks that were made a few days ago when this bill was last under discussion, was that the Canadian Commercial Corporation is diminishing its activities in relation to domestic contracts and is more and more becoming the agent through which contracts on behalf of foreign powers are executed.

Mr. McIlraith: That is right.

Mr. Drew: If that is so, I think there should be a statement that will clarify the position of this company in that respect so

that we may know whether it is entirely divesting itself of responsibility for domestic contracts or only partially doing so; and also, if that is so, whether it is the Department of Defence Production or one of these other agencies which will assume the responsibility for domestic contracts.

Mr. McIlraith: Mr. Chairman, I felt that the discussion, on the last day this measure was before the committee, got a bit away from the point and away from the legislation. The situation is that this corporation has ceased to carry on the wide functions it carried on last year and up until the end of the last fiscal year, as the procurement agency for the armed services. It is now left with the function of being a procurement agent for certain other countries, for their purchases in Canada in some fields; that is, the purchases may or may not go through this corporation.

For instance, as is well known, base metals are purchased in Canada by other countries directly from the companies concerned. But in other types of direct defence production, purchases would go through the Canadian Commercial Corporation. In order to illustrate just how sharp was the reduction, I indicated that the staff had been reduced from about 660 to about 40. Its function is as described by the leader of the opposition, namely, the purchasing agency for foreign governments in Canada.

There is one minor limitation on that description. Certain bulk purchases of one or two materials that may be made for Canadian account would continue to go through it. As hon. members will appreciate, I am referring to one or two strategic materials. They might be purchased through Canadian Commercial Corporation. But with that exception, there is no purchasing for the Canadian defence department through this corporation. I think that clarifies the point raised by the leader of the opposition.

Mr. Drew: Without asking for a disclosure of the nature of the strategic materials—and I would concede that the nature of these strategic materials does not affect the point that I have in mind—will the parliamentary assistant indicate why it is desirable that strategic materials of that kind which are subject to domestic contract should be dealt with by the Canadian Commercial Corporation instead of through the Department of Defence Production, as in other cases?

Mr. McIlraith: Merely because some of them are bought in other countries and they may be under international allocation. By the very nature of the small number of these materials we are discussing, they are either bought in the main in foreign countries or, if they are bought in Canada, they relate to a distribution that may be of particular interest to our neighbouring country. In other words, it is not at all a matter of leaving in this corporation something that is ordinarily purchased for use by the armed forces. It is rather a matter of leaving this one small item there, because by the very nature of dealing with it, it is more or less international in its effect. I realize that I have not been quite as precise on that subject as I might wish to be; but I think hon. members will fully understand why.

Mr. Drew: In seeking to understand the reason for still continuing this function, it appeared to me that perhaps one of the reasons that the Canadian Commercial Corporation was to be continued as a corporate entity for the purpose of making certain of these contracts was the possibility that there might be certain desirable features in having contracts with foreign governments for certain types of supplies and armaments made by a corporation of this nature instead of between governments. Is that one of the reasons?

Mr. McIlraith: Yes, that is so.

Mr. Drew: Just so that we shall have this relationship clear, am I to understand that the amendments that are now being made are mainly for the purpose of tidying up this act in relation to its remaining functions as an agent of the Department of Defence Production under the direction of the Minister of Defence Production in the negotiations of contracts on behalf of other governments, and as an agent in connection with strategic supplies, where those strategic supplies are being acquired in other countries, or where there may be some joint interest in the strategic supplies as between this country and some other country?

Mr. McIlraith: Yes, that is quite correct. That is the correct view. The only section at all that involves a new principle is a very small section having to do with superannuation of employees. The others merely tidy up existing sections.

Section agreed to.

Section 2 agreed to.

On section 3—*Purpose of the corporation.*

Mr. Drew: In the case of clause 3, with the explanation that the assistant to the minister has given, I am mainly concerned with the extent of the powers conferred by section 3, paragraph (d). I would point out that the explanation that is given suggests—

Mr. McIlraith: What section?

Mr. Drew: Section 3 (d). It would add the following paragraph to the powers conferred on the corporation. It reads:

(d) to exercise any other powers or functions conferred upon it by any other act or for the exercise of which it may be employed under any other act.

Then I note in the explanatory notes on the opposite page the following:

These added paragraphs, conferring on the corporation the powers therein mentioned are inserted for two reasons: first, to replace part II of the present act being repealed by clause 7; and second, to resolve the legal doubt raised as to whether the corporation may exercise a power not included among its specified purposes.

I would point out that that is a very broad statement; because, if the corporation is exercising powers not included among its specified purposes when these are so widely stated, I should like to know the nature of the powers which are contemplated by such an amendment.

Mr. McIlraith: I think I can clear that up. It is a rather simple point, but purely technical. A doubt was raised as to whether this corporation would have the capacity to carry out powers that were authorized by another act to be given to it. It is one of those rather intricate legal arguments that I am not anxious to get into at the moment because it gets too refined.

The corporation was set up to perform the function we have been discussing. Then the question arose about its legal capacity to carry out functions provided for by other legislation. In other words, it was not a matter of what was legally authorized by legislation, but a matter of the capacity of this agent to carry out things as agent that are legally authorized by other legislation. I am quite frank to say that I do not know whether I agree with the legal doubt at all. The doubt was expressed. I quite frankly question the validity of the doubt. The doubt was raised.

Mr. Knowles: The doubt was doubtful.

Mr. McIlraith: The doubt was doubtful. That is precisely the difficulty. There was nothing beyond that involved.

Mr. Drew: This is exactly what I do want to know. Just what was the act to which this doubt referred, and what was the doubt?

Mr. McIlraith: I do not know that I can give a specific instance. In drafting this bill we had this situation. A question was raised, for instance, about what "minister" meant in the bill. Then there was a question about the pensions provision. We took any section where there had been any lack of clarity about what was intended, and had these amendments brought in at the same time. This amendment does not involve anything other than what was stated to be the capacity of the corporation when the corporation legislation was before the house. This is rather one of those technical things involving clarification of language. As I say, I do not know that I am prepared to say that the doubt raised was a valid one. I do not think I am prepared to go that far, but it had been raised. There is a similar situation in the next section. If you look back to the old debates you will find the section does precisely what it was stated was being done the last time the bill was up.

Mr. Knowles: It is six o'clock; there is no doubt about that.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order for private bills:

Mr. J. W. Welbourn (Jasper-Edson): Mr. Speaker, I should like to ask the unanimous consent of the house to move that Bill No. 269, to incorporate Independent Pipe Line Company, be dealt with as the first order of business at this time. I should like to stress to hon. members that this bill covers a matter of great urgency and importance, not only to the provinces of Alberta and British Columbia but to the Dominion of Canada as a whole.

There is at the present time a production of 205,000 barrels per day in Alberta. The Interprovincial pipe line can handle 95,000 barrels of oil, and the existing refineries in Alberta together with tank car shipments can look after approximately 55,000 barrels, leaving a surplus of 55,000 barrels which at the present time cannot be marketed owing to lack of transportation.

The Independent Pipe Line Company is an all-Canadian concern which is Canadian financed. If they are successful in obtaining a charter from the board of transport commissioners the line will be built by Canadian contractors using equipment owned and licensed to operate in Canada. The bill provides distinctly that an all-Canadian route will be followed. There is an estimated market in Vancouver and central British Columbia for from 45,000 to 55,000 barrels of oil per day. The line designed to be built by the Independent Pipe Line Company is designed to handle from 50,000 to 60,000 barrels per day, which can be raised

to 125,000 barrels per day by the installation of additional pumping stations. For the second time I am asking unanimous consent to have this bill considered at this time.

Mr. Speaker: Has the hon. member unanimous consent?

Some hon. Members: Agreed.

Mr. H. W. Winkler (Lisgar): Mr. Speaker, I cannot consent for reasons which I need not go into fully at this time. I might mention that there are five other bills before this particular bill, and in view of the large number of divorce bills before us, I think some of them should be disposed of first.

Mr. Speaker: Unless there is unanimous consent, I cannot put the motion.

Mr. Welbourn: May I say a further word?

Mr. Speaker: With the unanimous consent of the house.

Some hon. Members: Agreed.

Mr. Welbourn: I should like to say that I think that this bill is much more important than any provincial divorce bill.

Mr. Speaker: Has the hon. member unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: As there is a negative vote, I cannot put the motion.

PRIVILEGE—MR. KNOWLES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before you leave the chair I should like to raise a question of privilege. In the May 19 issue of *The Ensign*, a marked copy of which was sent to me, this paragraph appears on page two:

> Latest move by Stanley Knowles (C.C.F.—Winnipeg North Centre) to try and get divorce courts set up in Quebec and Newfoundland is his effort to have both houses of parliament deal with divorce suits from these provinces individually, instead of in batches as at present. Resulting delay, he hopes, might influence the provinces to set up their own courts.

Before I come to my question of privilege with reference to the report in *The Ensign*, may I also draw attention to a subheading to a Canadian Press story which appeared in the Montreal *Gazette* of May 16. The Canadian Press story was perfectly correct but the subheading read as follows:

> C.C.F. party insists Quebec cases be taken to courts of province.

My question of privilege with reference to the report in *The Ensign* and to the subheading in the Montreal *Gazette* is that both are incorrect in their suggestion that I want Quebec divorce cases transferred to courts inside the province of Quebec. I have read with interest many reports in newspapers in all parts of the country and I have heard radio broadcasts with respect to this matter and, except for these two instances, universally the point has been caught and made clear by the press and by radio reporters that what I am seeking support for in the house is that divorce cases should be transferred from parliament to a federal court here in the city of Ottawa.

I would point out further that not only is the suggestion that I want Quebec to set up divorce courts completely in error so far as my own wishes are concerned, but it could not be done. The British North America Act specifies that legislation respecting divorce is a federal matter. Quebec could not set up its own divorce courts if it wanted to. We all know that they do not want to. I for one am opposed to trying to force onto or into the province of Quebec, or the province of Newfoundland, any divorce courts. My whole claim is that these cases should be taken out of parliament and be dealt with in Ottawa by a federal court situated in this city.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 114, for the relief of Paul Emile Piuze.—Mr. Winkler.

ANTONIO ROMEO

The house in committee on Bill No. 119, for the relief of Antonio Romeo—Mr. Winkler—Mr. Beaudoin in the chair.

Mr. Knowles: I should like to point out that this is a case where a child is concerned. This child appears to be in the custody of the father and husband who is seeking the divorce. The petitioner indicated before the Senate that at the present time the child is in a convent. It appears from the evidence that the guilty party is the wife. There is not much I want to say about this particular case. The story set out in this evidence is not recommended reading. However, having read it myself, I feel that this is another case that should have been dealt with in a court.

Mr. Hansell: I should like to make one comment. It very often strikes me, as it does in this particular case, that, while there may not be what is generally known as collusion among the principals involved, in this and many other cases there could be collusion between witnesses. I shall let the legal minds in the house battle the question through as to whether collusion between witnesses is permissible. However, I am under the impression that witnesses should be called separately not knowing the story

that the other witness is going to tell. Too often in these cases, as in this case, the two investigators give evidence that sounds too much alike to me. If there was a slight difference here and there it would give more evidence that they were speaking the truth.

This is a rather sordid case. I think perhaps it should go through, but I should like to call the attention of the committee to a piece of evidence that the investigators gave which to me does not appear to hold water completely. As these investigators go into the room they find the door is not locked.

Mr. Winkler: What page?

Mr. Hansell: Page 10. That may or may not be particularly significant in the light of the fact that when they got in the room they found that this man and woman were very drunk. I have never been drunk in my life and I do not know what it feels like to be drunk,

An hon. Member: It would do you good.

An hon. Member: You should try it some time.

Mr. Hansell: I have seen a few people drunk, and it did not seem to me that they could talk in a very coherent manner. Nevertheless when the investigators talked to these two in the room they seemed to be able to answer the questions because they appeared to know all the answers in spite of the fact that they were very drunk. Judging the whole case as I see it, I am in favour of granting this application.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

JAMES EDWARD THOMAS

The house in committee on Bill No. 120, for the relief of James Edward Thomas—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, there are a few particulars about this case of which I think the committee should be aware. In the first place it is noted that the petitioner is the husband and he is a private in the Canadian army. I am glad to note that the Senate committee recommended the remission of at least a part of the fees required in the other place in view of the difficult circumstances in which this man finds himself. It appears that there are two children, and that at the time the application was made before the Senate they were in the custody of the father and were staying with his mother. He indicated that the wife had access to visit them but of course he is supporting the children.

He said in the course of his evidence that he was not supporting his wife. If the evidence of adultery in this case is valid I certainly do not blame this man for not supporting his wife. Where is this place called Rawdon? It seems to have been the scene of the adultery, and I notice that it is named in a number of these cases as the place where the evidence is obtained. Again, Mr. Chairman, it seems to me that parliament should be aware of the seriousness of the job that we are undertaking in dealing with these matters. This is indeed a sad case. This wife and mother has run out on her soldier husband and two children. Again it seems to me it is the kind of case that should have been dealt with in a court.

Mr. Knight: This is one of the cases in which I am interested because of the fact that there are children involved. One is four years of age and the other two. These little children are left to the mercy of people who were not able to get along in their marriage. That is an unsatisfactory situation, because no one knows who is to take care of them. In the meantime we are told they are in the custody of the mother of the father of the children, but that the wife who, according to the decision of the Senate, is the guilty party, also has access to them. I suggest to you, sir, that quite outside of the merits of the case there is a nasty situation. The two little children, one four and one two, are just getting to the stage where they can begin to recognize and love their parents. Yet nobody knows who owns them and nobody knows who is to take care of them. There will probably be another battle between the parents as to who will have custody of them.

That is one of the reasons why I suggested the other night that I thought it was a foolish procedure to have a court as at present constituted which, while it has the responsibility and the authority to dissolve a marriage, apparently deliberately takes the position, as I read in a case the other night, that it has no responsibility in the matter of the custody of children. So far as I am concerned, that is the main interest that I have in this and similar cases. I would say that in this case the home is already broken up irreparably, but there is one thing that can be done. The lives of these little children can be salvaged. I suggest that the method by which they can be salvaged is to have a properly constituted federal court under

whose jurisdiction the business of such salvage would come. At the present time these little children are being sent from pillar to post without parents, without anybody, taking any interest in them.

I think the responsibility in this matter falls upon us. That is why I said the other night that, so far as I am concerned, if we are going to do this work we should do it carefully and well, from now on scrutinizing each case in the short time at our disposal. There is not much time available. It is a scramble to get the evidence read in time to be able to speak about it. I think we should resolve from now on that if the House of Commons is a divorce court we shall have to carry out our duty as best we can in view of the responsibility which we owe to the people who sent us here as well as to these parents and children. I am quite certain that the people who sent me here did not send me to be a judge in a divorce court.

Mr. Hansell: In this case I should like to point out something similar to what I pointed out the other evening in respect to another case, and I shall read a little of the evidence here. It is in respect to whether or not the marriage certificate issued by the officiating clergyman is proof of marriage. Mr. Phillips was the solicitor in this case and he asked the witness this question:

Q. I show you a marriage certificate giving the details of your marriage. Is that a true record of your marriage?

A. Yes, sir.

The Chairman: Who is that signed by, Vatcher?

Mr. Phillips: Yes, by the officiating minister.

The Chairman: You haven't one from the superior court?

There was no reply to that. The chairman then asked:

Q. This is the one you received from the minister at the time of the marriage?

A. Yes, sir.

The only evidence they had to prove this marriage was the certificate the clergyman had given them, and that is not usually accepted as proof of a marriage. The reason for that is that you can go to a book store and buy marriage certificates. You can tear marriage certificates out of family bibles. Such a certificate could be signed by Reverend John Smith of Timbuctoo and palmed off as a marriage certificate. The document that is proof of marriage is an abstract of the registration of that marriage; and the marriage is not registered until the official documents other than marriage certificates are made out and registered with the proper authorities in the various provinces. Upon the registration of that marriage one may obtain an abstract of that registration. That is accepted as proof of marriage, because the officiating clergyman signing the certificate must be licensed by the province.

I am not arguing against this case, for the reason that the wife of the man applying for the divorce testified herself, and on her evidence I believe the application should be granted. I just point out that an ordinary marriage certificate given by a clergyman is not necessarily legal proof that a couple are married.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

MARY LOUISE WEBSTER HUNT

The house in committee on Bill No. 121, for the relief of Mary Louise Webster Hunt —Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: I wonder if the sponsor of this bill, the hon. member for Lisgar, can say how much time was spent on this case by the committee on miscellaneous private bills.

Mf. Winkler: I believe this bill was dealt with in bulk with a number of others.

Mr. Knowles: I am not surprised at that answer, because that is the way most of them are dealt with as far as the committee on miscellaneous private bills is concerned. It is clear that the case was given fairly ample consideration in the Senate because the evidence runs to fifteen pages, which is a little more than the average of the books of evidence that come to our desks.

After reading this evidence I acknowledge the job the members of the Senate committee do. I have no quarrel with them and no reflection to cast upon the way they do their work. My whole point is that they should not be asked to do it, just as we should not be asked; and I am sure they would like, as we would, to be rid of the whole matter.

This case appears to be another of war's tragedies. This couple were married in 1937 and appear to have lived together quite happily for a number of years. They had one child. The husband enlisted and went overseas, and it appears that after a while his letters to his wife became infrequent and a bit unfriendly. She suspected that he must have formed another attachment overseas, but she had no evidence to that effect and it was her hope that their marriage was

still intact. However, when he came back to Canada at the end of the war he got in touch with his wife and indicated that it was not his intention to live with her. It was not long after that before the wife lost all track of her husband, and she had to do her best to support herself and her child. As a matter of fact from the time he came home after the war until August, 1950, the husband did not contribute anything to the support of his child.

Sometime before 1950 this wife learned that her husband was living in Belleville, Ontario, with another woman. Indeed the information that reached her was that he and the other woman had another child and that they were living together in Belleville as a family. On learning that, this lady took steps to obtain a divorce from her husband. Before doing so she had applied to the Ontario courts at Belleville and obtained an order compelling this man to pay $25 a month for the support of his child. I am wondering just what happens to that court order once this divorce goes through. I do not find anything in the evidence to indicate what will happen to it, but in the absence of any question being raised by the senators who made up this committee I dare to hope that this man will be required to continue that payment of $25 a month for the support of his child.

To get back to the story of what this soldier did after he got back to Canada, as I say he got in touch with his wife and indicated that he did not wish to live with her any more. Later it appears that he was instrumental in persuading the Canadian immigration authorities to bring to Canada the girl whose name is Betty. Her last name seems not to be known, but she came from England. It is this girl with whom he is living at Belleville. Now, the evidence seems to be fairly clear. It seems to me it is evidence not only of adultery, but it is evidence of the first marriage having been dissolved by the action of the husband in going off and living with another woman and starting to raise another family.

Hon. members will recognize—

Mr. Murray (Cariboo): May I ask a question at this point?

Mr. Knowles: —that I recite these facts with nothing but sorrow. The whole story is a sad one, and everyone will feel—

Mr. Murray (Cariboo): I rise on a point of order.

Mr. Knowles: —that it is a tragedy.

Mr. Murray (Cariboo): I think that this literature is pornographic, to say the least very lewd, and it is very poor taste to bring it before this body in the presence of children. If the hon. gentleman wants to go ahead I would move that the page boys and persons of immature years be cleared out of the chamber.

Mr. Knowles: Mr. Chairman, may I point out for the benefit of the hon. member, and I hope he has been listening, that in none of the cases I have read from on any of the nights we have been discussing these matters, have I quoted any evidence from those cases that could be characterized by the words he has used. In several of the books I have, I have portions crossed out so that I will not read them, not even by mistake. I submit that the point of order is not well taken.

The Deputy Chairman: I heard the point of order raised by the hon. member for Cariboo, and I heard the explanation that was provided by the hon. member for Winnipeg North Centre. I have been listening carefully to the remarks made by all hon. members who have participated in the debate this evening, and I do not think there were any references to parts of the evidence which might cause any alarm to the hon. member for Cariboo. His point of order is not well taken, and I think the hon. member for Winnipeg North Centre may continue.

Mr. Knowles: Mr. Chairman, I had just about finished my remarks on this case when I was interrupted. I was referring to the tragedy of this whole business. It cannot but make one feel that way. Nevertheless, one feels particularly sorry for the wife and the child in this case. There does seem to be nothing we can do but confirm the dissolution of the marriage that has already taken place by the actions of the husband. I feel, however, that this case, like all the rest of them, should have been dealt with in a court.

Mr. Hansell: Mr. Chairman, I appreciate the objection which the hon. member for Cariboo has raised, and those of us who have attempted to discuss the evidence on these bills have purposely avoided anything that might be objectionable. Might I answer the hon. member by saying that this is the very reason we want these divorce bills taken to some other court and not have them brought before this body. Now, that is the objection.

Mr. Chairman, a question was asked of the member sponsoring this bill as to whether this particular bill was gone into when it was before the private bills committee. He answered that this was one, with a number of others, that had been recommended and was passed in bulk. Now, that is not to be regarded as any reflection upon the committee or the chairman of that committee. I happen to be a member of that committee,

and I suppose it might be argued that I could have spoken to this bill in the committee instead of in this chamber. Well, a member has a right to argue it in either place or in both places. In fairness to the chairman of the committee I will say that should any of us have any objection to any bill, we do not have to pass them in bulk. The chairman is quite ready and willing for us to present our arguments on any one of these bills.

The Deputy Chairman: Order. Will the hon. member please indicate to what chairman he is referring, because in this committee there is only one chairman. I believe he should refer to the sponsor or to the chairman of the committee on private bills.

Mr. Hansell: I am sorry, Mr. Chairman, I meant the chairman of the private bills committee, and not Your Honour. You are both excellent chairmen. I would say this, however, in respect to bringing these bills before the private bills committee. We do not always have the evidence before those bills are presented to us. I suppose we take it for granted that someone has read the evidence. I know there is sometimes difficulty in getting things printed because of the tremendous backlog of printing that has to be done by the printing bureau. I did want to mention that because we did not want to cast any reflection upon that committee.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

MARIE BLANCHE AMILDA LESSARD DUPLESSIS

The house in committee on Bill No. 122, for the relief of Marie Blanche Amilda Lessard Duplessis—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knight: The other night, in talking about this matter, I cast some doubt upon the integrity of investigators. If we consider some of the bills before us here, I believe we shall come to the conclusion that a lot of these investigators make their money simply by this, what I consider, nefarious trade. My friend refers to it as a "racket" and I shall agree with him to that extent, but I would rather have my own phraseology. In the preceding bill, one might have noticed that the lady involved was unknown, except in so far as her first name was concerned. Apparently these investigators could not find out her second name. They could find out everything else, but they just knew her first name. There was no other name in the evidence, and no one knows what the lady's maiden name was. I come now to this Bill No. 122 which concerns a certain lady by the name of Duplessis residing in Montreal, who sues for divorce from her husband. It is sad to note that this marriage took place in 1921, almost thirty years ago. Now, we have a divorce case.

I was speaking, sir, about the integrity, or lack of it, of these investigators. I should like to draw to your attention that in this particular case the alleged adultery upon which the verdict was given was committed with an unknown woman in the city of Montreal. Now, sir, these investigators were able to find out everything else but were unable to ascertain the name of this woman. I believe, sir, it is a fact that some of these investigators are not as straightforward as they might be. I am going to suggest that these women can be obtained for the particular purpose of supplying evidence in these particular cases. There is a conviction in many quarters that a good many of these cases are the result of collusion and that the evidence at times is faked. I think that matter should be brought to the attention of the public.

May I say that the public knows nothing about these divorce bills. The public does not know to what extent we in the House of Commons are crucified by the study of these divorce cases, to say nothing of the senators in the other place. I think it is a good thing that it should be on the record of the House of Commons that one or two members at least, among whom I am one, believe that many of these cases are the result of collusion, the result of faked evidence which is deliberately obtained by the sort of investigators, lawyers and witnesses that we have in some of these cases. When I say that, I am casting no aspersions on the profession that I have named, because I am well aware of the fact that a reputable lawyer would have nothing to do with that kind of thing.

But there is the position as I see it. Some of these cases are those in regard to which I think there may be some suspicion. It is too facile, too easy to be able to go out and get divorce evidence. I am told that in certain cases you can go to these people, and you do not have to do anything. They simply provide the evidence. They provide everything. The whole thing is arranged and that is the end of it. It is disgusting but it is true, in my opinion.

Mr. Hansell: There are just one or two things I should like to bring out in connection with this bill and which I think might be of some value to members of the committee. In the first place, may I say that I

have found some difficulty in being able to determine the difference between connivance and collusion. This is one case in which that difference appears to be explained. I should like to put this on *Hansard*; it is to be found at page 11 of this evidence. I should like to read it, with your permission, Mr. Chairman. Some little argument went on between the chairman and one of the solicitors in this case as to the meaning of these words. The solicitor said that he always understood "connivance" and "collusion" to be synonymous terms. The chairman, Mr. Aseltine, a man who has given some considerable study to this matter, puts him right on this particular point. He says no, that there is a difference in the meaning; and he pulls out a volume, I suppose by Power, because that is what he reads; and this is what he says:

The Chairman: Power on Divorce. It deals with collusion, connivance and condonance. It is the easiest thing in the world to study. For instance, if a woman arranged to have her husband found by detectives under certain circumstances—

Mr. Gaboury: That would be collusion.

The Chairman: That would be connivance, she was arranging the evidence. Collusion is an arrangement between them. To give you an example, after you commenced an action she could go to her husband, and arrange not to have a contestation.

Mr. Gaboury: That would be both collusion and connivance.

The Chairman: Or that she give him something. That is collusion.

Mr. Gaboury: And it is connivance too.

The Chairman: No, you only connive at the adultery.

That throws some light on that particular point. There is another matter, Mr. Chairman, that I should like to bring to your attention. I have always wondered how much it might cost these people to go through the process of obtaining a divorce; and I find that here that information is brought out. The witness is asked by the solicitor:

Q. How much have you paid now? A. $800, I think.

Q. $800? A. Yes.

Q. Does that include the full parliamentary fees paid, $210?

The Clerk of the Committee: Yes, it has been paid, Mr. Chairman.

Looking at this particular case, I feel that that is a great deal of money to pay for what this man got.

Mr. Knowles: This woman.

Mr. Hansell: For what this woman got, I should say. It is a woman in this case. Her husband had been actually living with the other woman for about a year. Even the chairman makes the remark—perhaps I had better read it to you. It is to be found at page 13 of the evidence:

The Chairman: I don't know why you want to hire detectives in a case like this, why didn't you take your client and go down there yourself?

It was only a matter of going there and finding that they were living there as man and wife; and they had been living there for about a year. Yet it cost this woman about $800. Perhaps that is cheap; I do not know. Some costs may run a great deal higher than that. But that is a great deal of money. I think the chairman of this committee is to be commended for calling that matter to the attention of the solicitors. I think the Senate committee that handles these cases are humane, and that they are to be commended for that action.

There is one other point in this evidence that I do not like, and I will read it to you. This investigator goes into this room, turns on the light and commences to say what he saw; and he says "An old woman—". Then Senator Howden rather butts in and asks the question: "Q. An old—?"; and before he can say anything else the investigator says:

A. An old lady, she looked to be fifty or fifty-five.

I do not like that. I do not call a lady of fifty or fifty-five an old lady or an old woman. Many of them look quite young at that age. Besides, if that is so, how old does that make me? Perhaps the investigator could be a little bit more careful in his appraisal of the age of the fair sex.

Mr. Knowles: It has been pointed out that the question of the cost of this case to this woman was raised in the Senate committee. That was done because the senators were aware of the circumstances in which this Mrs. Duplessis found herself. I am glad to know that the Senate recommended remission of all the fees, except the sum of $125. I should like to ask the sponsor of the bill if he knows why the Senate never seems to put the fee down to a lesser figure than that. There are many cases of poverty. In view of the $800 it is costing this woman I wonder whether it would have been possible for them to have put the fee at an even lower figure.

Mr. Winkler: I understand that in many cases the Senate committee does cut the fee down. What the lowest fee is I cannot say.

Mr. Knowles: I appreciate that. Perhaps the hon. member would get the answer to that question before we get back to this matter on another occasion. I may say I am a little surprised that we are dealing with these matters tonight. I understood that there was going to be a request for unanimous consent to go on with another bill. So far as I was concerned, I was only too ready to give that unanimous consent. I did so by my silence, and I have now confirmed it.

However, we are dealing with these matters. There is just one other point I would

wish to make, namely, that in this case, sad as it is—this marriage of thirty years being dissolved—at least there are no young children to worry about. The members of the Senate committee became aware of that. Apparently it startled one or two of them. This is the record on this point:

By the Chairman:
Q. Was the marriage consummated? Did you live together as man and wife? A. Oh, yes.
Q. Did you have any children? A. One boy.
Q. How old is the boy? A. The boy is 28 years old.
Q. Oh, he is grown up? A. Yes.
The Chairman: Well, we don't have to worry about any infant children.
Mr. Gaboury: No.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

ANNE FINEMAN SEGAL

The house in committee on Bill No. 123, for the relief of Anne Fineman Segal—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: I should like to say a word about this bill, if I may, because it has some very interesting features in it. This is another case where there is a child of the marriage. When I look at the evidence I find that the child is small, two years old or thereabouts. The mother of the child, who is suing for the divorce, is questioned as follows:

Q. And you continued to live with your sister and you still do? A. Yes, sir.
Q. Do you work,—? A. Yes, sir.
Q. What do you do? A. I work in a restaurant as a cashier.

I just want to emphasize, as a cashier in the city of Montreal. The questioning continued:

Q. Were you working at the time these proceedings were started? A. No, sir.
Q. And your sister looks after your child? A. Yes.
Q. Is your sister married? A. Yes.
Q. Has she any children of her own? A. Yes, a little girl.
Q. And is her husband living? A. Yes.
Q. With her? A. Yes.
Q. And apart from your earnings as a cashier have you any substantial property? A. No.

Here is the point that I am going to emphasize:

Q. How much do you earn a week? A. $25.

Mr. Knowles: Shame.

Mr. Coldwell: She earns $25 a week working in a restaurant in Montreal as a cashier. We sometimes hear of cases where cashiers are accused of theft, and when you consider that a cashier in a restaurant is paid $25 a week at the present time when the cost of living is so high, and she contributes—

The Deputy Chairman: Order: Perhaps I did not follow the hon. member closely right from the start, but in the last minute I did hear him talk about salary and the cost of living. What the relevancy may be I do not know.

Mr. Coldwell: It was part of my argument. Because of the very high cost of living, a wage of $25 a week does not enable this woman to bring up that child decently. After all it is the child in this particular case that I am particularly interested in at the moment. I am pointing out that she has no income other than the $25 a week that she earns as a cashier in a restaurant, and she has to pay her board and the upkeep of her child to her sister. That is borne out by this question and answer:

Q. Have you received any money from your husband since he left you? A. No.
Q. Nothing at all? A. The first two or three weeks he would send $5 or $10, and then he didn't send any more.

Here is another case where there is a child. The woman appears to be the innocent victim, and she has to bear the cost of the upbringing of that child. I am quite ready to admit that a transfer of the matter to the exchequer court probably would not help in this particular, but in my opinion the whole matter of divorce, particularly as it affects children in these cases, should be gone into very thoroughly; because we have an obligation not only to the innocent party but to any children of the marriage. I am pointing out that it is impossible for this woman to bring up this child properly herself and maintain her appearance as a cashier when the wages are as low as those she gave to the Senate committee as having been received.

Here again we have one of those cases that have been so frequently mentioned tonight where investigators have been employed. They followed, according to their story, the man to a hotel in Montreal. They found the number of the room and they went to the room. Then they knocked on the door and the door was unlatched. The man in the case unlatched it, and then this statement is made:

And Mr. Golden and I forced our way into the room.

They forced their way into the room, and upon the basis of what they saw on that occasion divorce proceedings are commenced. One other point, because I think this may be a deserving case. Again you have the same story. Questions are put to the detective

by the chairman of the Senate committee about the other woman in the case, as follows:

Q. Did you get her name? A. I tried to but she answered me in French in not very nice words.

In other words, no name again of the other party.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. H. W. Winkler (Lisgar) moved the third reading of Bills Nos. 114, 119, 120, 121, 122 and 123.

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

Mr. Fournier (Hull): On division.

Motion agreed to and bills read the third time and passed on division.

Mr. Speaker: It being nine o'clock the house will resume the business which was interrupted at six o'clock.

CANADIAN COMMERCIAL CORPORATION

AMENDMENT OF ACT TO PERMIT PERFORMANCE OF SERVICES FOR DEPARTMENT OF DEFENCE PRODUCTION, ETC.

The house resumed consideration in committee of Bill No. 284, to amend the Canadian Commercial Corporation Act—Mr. Howe—Mr. Beaudoin in the chair.

On section 3—*Purpose of the corporation.*

Mr. McIlraith: Mr. Chairman, at six o'clock we were discussing paragraph (d) of section 3 and I had indicated that this amendment was intended to clarify the power of the corporation because of a legal doubt that had been raised as to its authority. The leader of the opposition had asked what was the act to which this doubt referred, and what was the doubt. The act to which the doubt referred arose in connection with the purchase of some wool stock. There was no doubt raised as to the right to buy wool outside of Canada, but a legal question was raised as to the right to pay for wool bought within Canada; it was as to that part of the transaction that doubt was raised.

Mr. Green: Would that power not be given by paragraph (c) which gives the corporation the power to exercise on behalf and under the direction of the minister any powers or functions vested in the minister by any other act that authorizes the minister to employ the corporation to exercise them? Would that not be broad enough to enable the corporation to do this purchasing?

Mr. McIlraith: Apparently not. The purchase of the wool was authorized under what was then the Essential Materials (Defence) Act and a question was raised as to the payment for the part purchased in Canada out of funds of the Canadian Commercial Corporation under the other section. The hon. member has put his finger on the point. It was thought that paragraph (c) was wide enough and that the authority in the other act to use the Canadian Commercial Corporation to carry out the functions authorized by the other act would be wide enough. Apparently there was a question raised beyond that. As I made clear earlier, I found it difficult to concede that there was legal doubt, but that is the situation that has developed.

Mr. Green: May I suggest to the parliamentary assistant that there would seem to be a rather dangerous principle introduced by the latter part of this paragraph (d). The first part of paragraph (d) gives the Canadian Commercial Corporation the power to exercise any function conferred on it by any other act. If some other act sets out that the Canadian Commercial Corporation can do certain things, the corporation can carry on accordingly. But the latter part of this paragraph (d) seems to confer wide-open authority to do anything without parliamentary sanction and without any act referring to the corporation. It says:

—or for the exercise of which it may be employed under any other act.

The key word is "employed". That means that a minister administering any other act may decide to employ the Canadian Commercial Corporation, and that would be permitted under the latter part of this paragraph. Surely that is contrary to the whole intent of the act and is against parliamentary principles because there is no parliamentary check. In other words, broad power is being given here without any definition by parliament at all, power for other ministers to use this corporation. I think that is most unwise and is going too far.

It looks to me as though in trying to widen this power the officials have gone too far. It would not be the first time they have done that because they like to make sure that there is sufficient power in an act. Quite often they do not seem to think about the powers being excessive, but I suggest that here is a case where excessive powers are being sought.

Canadian Commercial Corporation

Mr. McIlraith: Mr. Chairman, with due deference to the hon. member for Vancouver-Quadra I must say that the interpretation which he places on the latter part of the paragraph is much too wide. It simply provides that the corporation may exercise powers for the exercise of which it may be employed under any other act. There must be authority under another act to employ the Canadian Commercial Corporation. But having employed the corporation as agent to procure materials this paragraph makes it clear that the other powers granted in the Canadian Commercial Corporation Act can be used. For example, there would be the right under section 8 to use funds of the corporation. It has that much narrower interpretation.

Mr. Green: The parliamentary assistant interprets these words as meaning that there must be some other act which actually sets out that the Canadian Commercial Corporation can be employed?

Mr. McIlraith: That is right.

Mr. Green: If that is what it means, that meets my objection.

Mr. McIlraith: Some other act or some other legislation having granted the right to use the corporation, then the corporation can use all the provisions of its own act.

Mr. Green: The parliamentary assistant means that the Canadian Commercial Corporation cannot be employed by any other department or any other crown company unless there is an act which actually sets out that it can be employed by that branch or agency of government?

Mr. McIlraith: That is right; there has to be the other authority. Of course there is the earlier section which we are not amending about exports and imports. Perhaps I could revert for a moment to the act that caused the difficulty. It was a matter of payment, not the authority to be employed as the agent; it was the question of using the funds of Canadian Commercial Corporation to make payment for part of the wool which had been bought in Canada. I admit it seems to be a refined argument. The hon. member will realize that lawyers differ, and I thought it was an over-refined objection. However, there it was.

Mr. Drew: Mr. Chairman, I do not think any of us want to split hairs in regard to the interpretation of this section, but like the hon. member for Vancouver-Quadra I feel that there is a dangerous tendency to try to cure imaginary or uncertain troubles by simply saying, "Well, all right, we will put in something wide enough so that there will be no chance that it will not deal with everything that may arise." The parliamentary assistant was good enough between six o'clock and the time we resumed discussion of this bill to indicate some of the considerations that had led to the inclusion of this amendment. However, I would point out to him that there is one act in connection with which it is not necessary for the Canadian Commercial Corporation to be designated and in which there are wide powers. Under the Emergency Powers Act there is almost limitless power to set up any type of organization by order in council and then designate the Canadian Commercial Corporation as the agency for carrying out that particular function. One reason why I feel it is very unsatisfactory to put in a wide-open provision of this kind is because it is quite frankly stated in the explanatory notes on the opposite page that the purpose is to take care of any powers conferred upon it which are not specifically covered by its present designated powers. That would mean that, while at the present time Canadian Commercial Corporation has certain designated powers under the act which brought it into existence, and while under other statutes such as the Defence Production Act there would be some general limitation as to the nature of the activities that could be covered, under the Emergency Powers Act activities in no way contemplated by the general purpose of the Defence Production Act or the general designated purpose of this act could be carried forward, and then Canadian Commercial Corporation would be deemed to have powers for such purpose.

That might seem to be creating imaginary problems, but I believe the time has come when, unless there is some very clearly stated reason, we should hesitate to give these blanket powers under any statute. I do not want to labour the matter unduly but I would point out that the Emergency Powers Act passed during this session was passed with the statement that in the first place it repealed the emergency act passed last September and conferred wider powers on the government so that the powers might be wide enough to introduce price controls. That was the reason stated. The government needed no wider powers to establish priorities, to stockpile or to do any of the things contemplated from the point of view of positive control and allocation of supplies, but it was stated by the minister who assumed responsibility both for the drafting and the argument in support of the bill that the wider bill was needed so that the government might deal with price controls.

We have come this far in the session and the government has still given no indication

that it has any thought of exercising the one authority for which it obtained wider powers. With that as an example I suggest that we should not give wide powers like these without specific information as to why they are needed, and not just a general statement that somebody may have some doubt about some wool contract. For that reason I move:

That subsection (d) of section 3 be deleted.

Mr. McIlraith: Mr. Chairman, there may be a question of order as to moving the deletion of a section, but leaving that aside for the moment and reverting to the argument, if the Emergency Powers Act is as wide in its authority as the leader of the opposition says it is then of course orders passed under it can re-enact any of the clauses asked for here. I submit that argument is wholly irrelevant to the section we are discussing. The section under consideration has to do with a situation stated clearly in the explanatory note referred to by the leader of the opposition. The note reads in part:

. . . and second, to resolve the legal doubt raised as to whether the corporation may exercise a power not included among its specified purposes.

Under section 4 of the Canadian Commercial Corporation Act the specified purpose in the wool contract related to the right to import wool, and the only other section dealing with powers was part II of the act which had to do with materials for the defence department. The wool purchase did not come directly and squarely within either of these two specified purposes in the Canadian Commercial Corporation legislation. Therefore we had an extraordinary situation where we were seeking to buy wool for defence purposes to provide uniforms—and I think properly seeking to do so—and we could pay for wool bought in other countries but could not pay for wool bought in Canada. The purpose is to clear up that sort of situation. The authority to buy wool of course arises from the essential materials legislation.

Mr. Green: Would not the very fact that it arises from the Essential Materials (Defence) Act enable the Minister of Defence Production to exercise these powers and others?

Mr. McIlraith: That is precisely my point. The answer is no.

Mr. Green: Under the new subsection (c) the Minister of Defence Production can ask the Canadian Commercial Corporation to exercise his powers. Surely subsection (c) covers it.

Mr. McIlraith: It is a curious situation but apparently it does not. Apparently the authority under the Defence Supplies Act to employ the services of the corporation is not wide enough to permit them to use their own money to pay for it in the meantime.

Mr. Green: Should that not be met by an amendment to the Essential Materials (Defence) Act rather than putting in a very broad subsection such as subsection (d)?

Mr. McIlraith: I think the answer to that is that subsection (d) is not broad. The authority must come from another act, and once the authority comes to use the Canadian Commercial Corporation then the corporation can exercise any other powers which it may be empowered to use under the other clauses of its act.

Mr. Green: If there is another statute passed which specifically states that the Canadian Commercial Corporation may do certain things, surely that is sufficient without then amending the Canadian Commercial Corporation Act to say it can do the things that the other act has said it can do. That is just duplication. Surely there is no need to bring in two statutes to achieve that end. I feel quite confident the parliamentary assistant will agree with me that it is not necessary to do that.

Mr. McIlraith: I suppose the answer to that would be to bring before the house all the other legislation authorizing the use of the Canadian Commercial Corporation, amend each section giving that authority and put it in the widest possible language, but this amendment makes it clear that the Canadian Commercial Corporation has, if authorized under other legislation, full capacity to act as authorized.

Mr. Green: The very fact it is authorized by other legislation—

Mr. McIlraith: Is not sufficient. We are back now on the argument that caused the doubt. If my hon. friend's interpretation had been the one accepted by the law officers then of course there would have been no doubt and the section would not have been necessary, but we are back to the original argument that caused the doubt. I must say that I rather agree with the hon. member's point of view, but that is precisely the argument that caused the doubt.

Mr. Green: The position then is that the parliamentary assistant agrees with me that the amendment is not needed so far as he personally is concerned. He has quite frankly expressed his opinion that the amendment is not necessary. Why should that not be sufficient without our being compelled to put aside our opinions and adopt the opinion of some law officer of the crown who may not know half as much about the legislation as

we do? I have not found the law officers of the crown infallible. After all, they are only there to advise, but their opinion is not necessarily correct and need not necessarily be accepted. Here they have taken a pile driver to drive a tack. They have taken far wider power than is necessary to meet the situation which is worrying them. I suggest that the parliamentary assistant should accept the amendment of the leader of the opposition. If an amendment is necessary that amendment should be to the Essential Materials (Defence) Act, and not to this act at all.

Mr. McIlraith: I think the hon. member for Vancouver-Quadra quite overstated my position. I did not assert that I either give the time, or have the opportunity to give the time, or at the moment think it perhaps desirable that the time be given, to a study of some of the more intricate legal arguments raised from day to day on a great many matters. I for one find it desirable and necessary to take the opinions of competent legal men in the various departments on their own work. I find it a very good rule to follow that, if you have an expert whom you trust, you should take his opinion. If you do not trust him then perhaps he should not be employed.

I am asked why I do not accept the amendment and leave out this section. The answer is that very shortly we would be right back in the situation in which we found ourselves previously. A short time ago we had to buy wool. We found that we could not pay for any wool bought in Canada, though we could pay for wool bought in other parts of the world, which was a most extraordinary position. This section clears up that difficulty; but I suggest it is not a wide section, and that the proper method is to amend this act to make it clear that the Canadian Commercial Corporation, if authorized by any other legislation, has the right to use all the powers given it under its own act. For that reason I have no alternative but to regretfully reject the amendment of the leader of the opposition.

Mr. Thatcher: This section does give the minister fairly comprehensive powers. I do not think this group objects to those powers being taken, but we do wish the minister or the parliamentary assistant would use those powers to see that there is a greater diversification of the contracts that are being given out. Since the original legislation was discussed several months ago the minister has seen that western Canada has been given certain airport contracts, for instance. Perhaps the maritimes have been given a little also; but generally speaking I think it is still true that western Canada and the maritime provinces are not being given their fair share of these defence contracts by the Canadian Commercial Corporation.

Mr. McIlraith: That is nonsense.

Mr. Thatcher: A look at the statistics will bear that out.

Mr. McIlraith: No, it will not.

Mr. Thatcher: I beg to differ.

Mr. Claxton: Look at the figures.

Mr. Thatcher: I look at them every week when they come out; that is why I am speaking now.

The Deputy Chairman: Order. Perhaps we should not go into the allocation of contracts by the Canadian Commercial Corporation.

Mr. Thatcher: Section 3 (d) gives the parliamentary assistant wide powers. All I want him to do is use those powers to give western Canada and the maritimes their fair share of these defence contracts. I still cannot believe they are getting it. If they are, let the minister say so tonight, and let him tell us what he is doing for our part of the country.

The Deputy Chairman: Is the committee ready for the question?

Mr. Thatcher: Would the minister not say a word on that?

Mr. Fournier (Hull): He would be out of order, as you were.

The Deputy Chairman: I must tell the hon. member that in my opinion it is not in order on this amendment to discuss the point he has raised. Is the committee ready for the question?

Mr. Drew: No, Mr. Chairman. I know these legal arguments in regard to the interpretation of acts and the breadth of amending sections may seem at times very boring and like a waste of time. I would recall, however, that step by step we have been seeing the powers of parliament whittled away by the extension of wider and wider powers through amendments or whole new acts, in which very little definite information is given beyond the fact that someone thinks powers of this kind might be needed. I refer again to the Emergency Powers Act passed earlier this session, which gives this government the widest powers ever conferred upon any democratic government except in time of general war. Those powers were extended by the majority vote of this parliament with practically nothing before this house to demonstrate the need for powers of that kind.

As I pointed out earlier the one reason, the only clear reason, given for the extension of such powers was that it was necessary to make the earlier emergency powers still

wider so the government could deal with price controls. There were general statements as to the need for stand-by powers; there was the statement that many of the things the government might require to do would never become necessary as long as sweeping powers of this kind were available, which those who might be affected would know might be exercised. Those powers are there. I would point out that under those powers there is no question, and none has ever been suggested, but that the government could by order in council—and this is merely an example—take over the operation of the Hydro Electric Power Commission of Ontario.

Mr. Jeffery: A good idea.

Mr. Claxton: What has that to do with this bill?

Mr. Drew: I am not going to be diverted by comments so ridiculous as those just made. If the hon. member who made that remark had any understanding of the extent of the experience, to say nothing of the efficiency, of the Hydro Electric Power Commission of Ontario, he would not make an utterly silly and irrelevant comment of that kind.

That could be done. I ask the parliamentary assistant if he would question the proposition that if such an order were made, as the Minister of Trade and Commerce said in the earlier discussion of this subject it could be made, the Canadian Commercial Corporation could then be appointed as agent to operate it. I have used that only as an illustration. The same thing could be done to take over all the operating oil fields of Alberta, or to take over the iron development in Labrador. It could be done to take over any other operation regarded by the government as something that was needed for the general welfare of Canada during a period of emergency, which was the basis for the act that was passed earlier in the session.

That being so, Mr. Chairman, I simply repeat that this house in committee is disregarding the responsibilities of parliament if, without anything more than a general statement that somebody thinks they need powers of this kind to deal with a wool contract, we should confer powers so wide, when at the very time the amending bill is before us the parliamentary assistant says he does not believe it is actually necessary.

Mr. McIlraith: He did not say that.

Mr. Drew: Surely at some point this house must say it is not going to accord the government further and wider powers simply to resolve doubts, when the specific case can be dealt with if necessary by an amendment to the section of the act under which these powers were conferred. The Canadian Commercial Corporation was given very wide powers when it was brought into being by an act passed on August 31, 1946. Simply to illustrate why I am taking objection to the extension of wider powers with nothing more before us than we have at the moment, let me read section 4 which designates the purposes of the corporation:

(1) The corporation is established for the following purposes:

(a) to assist in the development of trade between Canada and other nations, and

(b) to assist persons in Canada

(i) to obtain goods and commodities from outside Canada; and

(ii) to dispose of goods and commodities that are available for export from Canada.

(2) The corporation shall comply with any general or special direction given by the governor in council or the minister with reference to carrying out its purposes.

Then, it goes on in section 5 to say:

5. (1) The corporation may do such things as it deems expedient for, or conducive to, the attainment of the purposes set forth in section four of this act; and, for greater certainty, but not so as to restrict the generality of the foregoing, the corporation may carry on the business of:

(a) importing goods or commodities into Canada, and

(b) exporting goods or commodities from Canada, either as principal or as agent, in such manner and to such extent as it deems advisable to achieve the said purposes.

(2) The generality of subsection one of this section is not restricted by any provision of this act other than section four thereof.

Now, Mr. Chairman, with these wide powers which cover every aspect of the activities which the ministerial assistant has stated this corporation now requires, I suggest that there is no occasion to pass an amendment which extends powers beyond those wide powers; and that those powers, as conferred by the act itself, conform fully with what we have been told the act is now going to be called upon to do. I repeat that the explanation of the object of the amending section, written in by those who drafted the legislation, says—

Mr. McIlraith: Not by those who drafted the legislation.

Mr. Drew: Frankly I had hoped it was, because I had hoped it was drafted by those who knew what the purpose was. I take the correction. These words are put in perhaps by someone else, but whoever wrote them, the words which are supposed to explain the amendment as written on the left-hand pages say:

. . . to resolve the legal doubt raised as to whether the corporation may exercise a power not included among its specified purposes.

It means only one thing, namely that the intention of this amendment is to give to the Canadian Commercial Corporation powers

not covered by these designated powers passed by parliament. I suggest again, Mr. Chairman, that with the statement of the parliamentary assistant that, in his opinion, it is not needed, without any specific legal argument to show why it is needed, parliament should not pass a power of this kind. Therefore I close my remarks with the hope that on this occasion an amendment of this kind may not be pressed so that parliament itself can, at least on this occasion, assert its authority to control legislation until it knows exactly why something should be done.

Mr. Green: These objections are raised in the best of faith in the belief that this section is too broad. Perhaps the parliamentary assistant would have no objection to letting this bill stand over the week end, and have it considered further by the experts.

Mr. McIlraith: No, I think there is every objection to that. We have had some questions about the defence production department awarding contracts in various parts of the country. I should very much like to answer that specious argument that is being put forward rather regularly, but this is neither the occasion nor, in my opinion, is it within the rules to deal with it here. I must say I would rather welcome the opportunity to deal with it.

Then we got into another discussion about the wisdom or lack of wisdom of taking over the Ontario hydro, and about how well run the Ontario hydro was. I also have some views about that, but I do not think this is the place or the occasion for me to express them.

Mr. Drew: I do not want to interrupt, but I would point out that I did not raise this subject. I simply raised this as an example, because the minister himself had on an earlier occasion said that this act had sufficiently wide powers for that purpose.

Mr. McIlraith: However tempting it might be to discuss the Ontario hydro, I assure the leader of the opposition that while he has strong opinions about it, I have equally strong opinions about it.

Mr. Drew: Knowing nothing about it.

Mr. McIlraith: Knowing something about it. I came to the conclusion, long before I reached the age I now have, that all knowledge was not given to any one man.

Mr. Fulton: That is self-evident.

Mr. McIlraith: Yes, it is self-evident. It is one of those things I believe one should learn very early in life. I do not know that it is proper for one member to say to another member that he does not know anything about this subject or that. He may or he may not. I have an idea that all members know a great deal about a great many subjects, and I have never been tempted to take the attitude that other members do not know anything about the subject under discussion. I do not believe in that point of view.

In any event, that is not the point before the chair. At the moment, the point is rather narrow, and it concerns paragraph (d) of section 3. The leader of the opposition makes some such remark as, "Let's start asking questions". I should like to be permitted to continue my argument without a lot of questions about this or that. The leader of the opposition correctly read sections 4 and 5 of the Canadian Commercial Corporation Act. It will be noted that these sections deal exclusively with export or import. This power is being taken to clear up a difficulty that arose in another part of the Canadian Commercial Corporation Act having to do with the procurement of defence supplies. It was thought that the power in that legislation providing for the use of the capital made available to Canadian Commercial Corporation for making temporary payment of purchases would be sufficient in certain circumstances, but that was found not to be so.

I did not take the position that paragraph (d) of section 3 was not necessary. It is necessary, otherwise I would not have come here with the paragraph in the bill asking hon. members to approve it. The paragraph reads:

> (d) to exercise any other powers or functions conferred upon it by any other act or for the exercise of which it may be employed under any other act.

Now, we had an experience where this corporation was employed under another act in its proper function of procuring raw wool supplies. The point was raised that, having been employed to buy this wool, it could only buy the wool from other countries under the very sections read by the hon. leader of the opposition. It was found that the corporation did not have the power to pay for wool bought in Canada. Do hon. members want the corporation left in the position of having to buy only from foreign countries? If it is to pay for the goods itself, that is what happens. It can buy in Canada if it is not paying for the goods itself. Do hon. members want that situation to continue? I suggest the amendment is as simple as that, and I suggest the amendment is as narrow as that.

I indicated earlier the functions of the corporation, which are now much narrower than they were. Its only function now being

performed where this situation would arise at all would be in certain types of bulk purchases, of which there are very few. To leave ourselves in the position where the corporation could not use its own capital to make certain emergency bulk purchases is not what the members of the committee want.

Mr. Green: Why could it not do that for the Department of Defence Production? It could act as purchasing agent for the Department of Defence Production?

Mr. McIlraith: Yes, it could buy for the Department of Defence Production, and not use its own capital. It cannot make any firm contracts and use its own money to act quickly. The difficulty arose under the Defence Supplies Act in this specific instance. I was asked for the particular example, and that was it. It arose under the Defence Supplies Act where there was authority to employ the corporation and the corporation was employed, and then it was found that there was no way of handling the money end of the transaction.

Mr. Green: But the corporation can act as agent as well as do buying with its own funds.

Mr. McIlraith: Quite so.

Mr. Green: There is no reason why the wool could not be bought in that way.

Mr. McIlraith: How would it be paid for?

Mr. Green: It could be paid for out of the funds of the Department of Defence Production.

Mr. McIlraith: There is no fund at all under this legislation, I am told, out of which it could be paid for; that is, the Canadian part of the wool.

Mr. Thatcher: The parliamentary assistant said that the prairie provinces now were receiving their fair share of these defence contracts and he would welcome the opportunity to put the figures on record. If I am wrong in that—

Mr. McIlraith: That is not quite what he said.

Mr. Thatcher: I am sorry if I have not been accurate. Did he not say something along those lines?

The Deputy Chairman: Order. That information will be in order on some other occasion. It is not in order to have those figures given here. Is the committee ready for the question?

Some hon. Members: Question.

Mr. Drew: Mr. Chairman, I hope we can deal with this matter without an attempt to set up a straw man, as was done with regard to an illustration that was used simply to try to clarify the extent of the activities that would be embraced by such an amendment as this, because that has some bearing on whether an amendment of this kind is necessary. The parliamentary assistant has now indicated that there is one specific case. He has indicated that this was a case which arose under the priorities act passed last September. We all know that that act was repealed by the emergency—

Mr. McIlraith: It is not repealed yet.

Mr. Drew: As a matter of fact, the act is automatically superseded by the act which was passed at this session; and the powers conferred now are much wider than those which were made available under the other act. Therefore it seems—and in that I was under the impression that the parliamentary assistant shared that view, from what he said earlier this evening in this committee—that it would be possible to deal with this contract in that particular way. But even if it were not, that could be dealt with by a specific amendment. But now we are asked to extend these powers to cases where they will go beyond the specified purposes of the Canadian Commercial Corporation, as approved by this parliament. We ought to know what it is we are doing; because this power is not to be limited to this one case; this is a wide general power to engage in activities not covered by the purposes established by parliament. If we are going to do that, then I suggest that we should know something of the scale of the activities. For that reason I think we should know exactly how many contracts have been executed by the Canadian Commercial Corporation which are now being handled by that corporation, and what the value of those contracts is, so that we may know something of the scale of the business being done by the corporation which is being given these increased powers. Can the parliamentary assistant give us that information?

Mr. McIlraith: Those precise figures, with the values, are on record and were given at an earlier stage in committee on section one. They are therefore all there.

I think I ought to point out to the committee, however, that a few minutes ago the leader of the opposition read sections 4 and 5 of the Canadian Commercial Corporation Act as it now stands. He then omitted to read part II of the act which deals with the whole subject of defence purchasing. He will note that by section 7 of the bill now before the committee, part II of the act is

repealed, and that the only powers that the corporation has on this subject are those now under discussion in section 3 of the bill now before the committee.

Mr. Drew: That was the reason I did not read the other part.

Mr. Fulton: I would take it, from the wording of the amendment itself and from the wording of the explanatory note, that were it not for this amendment there would be a legal doubt whether the corporation could exercise any powers beyond those given it in its parent act and which it might be called upon to exercise, outside the scope of the powers in the parent act, by some other agency or body which asked it to do something for that agency or body. I would gather that if that were the case—that is, if this amendment did not pass—then the proper way to resolve the doubt expressed in the explanatory note would be on each occasion that some other body asked the Canadian Commercial Corporation to exercise some function for it—on each of those occasions if there were a doubt as to whether Canadian Commercial Corporation could in fact exercise that function—to pass a specific short bill amending the Canadian Commercial Corporation Act in order to give it that power. Is that not the case?

Mr. McIlraith: No; I am afraid that is not the case, Mr. Chairman. I am afraid that I must, with deference, differ with the hon. member. That is not the case at all. In the first place, I am not clear to which act the hon. member referred when he used the term "parent act".

Mr. Fulton: The parent act is the Canadian Commercial Corporation Act which gives the Canadian Commercial Corporation its power and defines its functions and duties.

Mr. McIlraith: The powers of the Canadian Commercial Corporation were to deal with export and import; and the powers are indicated in sections 4 and 5. Then under part II it was given authority to purchase for the national defence department. That was done in 1947. That part is being repealed. It has now been given authority limited to performing functions authorized by parliament in any other act. In other words, it is making clear that if another act in itself gives power to use the Canadian Commercial Corporation, the Canadian Commercial Corporation shall have the capacity to function in that instance. The amendments are as simple as that, and that is the extent of them. If I may pursue the matter a bit further, the reason why paragraph (c) was not sufficient, and the first part of paragraph (d), was explained in the illustration I used about the wool. The whole point is as simple as that.

Mr. Fulton: I think the parliamentary assistant and I are almost agreed on this subject. I am referring to section 3, paragraph (d); and the point I am trying to establish—and I think the parliamentary assistant has practically confirmed it—is that Canadian Commerical Corporation is given certain functions and powers under its parent act. It is being asked by bodies established under other acts to exercise certain additional functions. From the explanatory note I would gather that there is doubt whether Canadian Commercial Corporation has the legal authority to carry out those functions, because there is doubt whether the powers conferred in the parent act—that is, the Canadian Commercial Corporation Act—give it scope to do so. So I come back to the point I made at first. If it were not for the meaning embodied in paragraph (d) of section 3 now before us, the only way to resolve that doubt would be, each time the Canadian Commercial Corporation was asked to exercise some additional function about which there was doubt, to pass a short amending bill, amending the Canadian Commercial Corporation Act, saying that Canadian Commerical Corporation shall have power to exercise this function. Is that not the case? Instead of either leaving the matter in doubt or having that short amending act passed each time, you are now seeking by the broad, general scope of paragraph (d), to make it clear that Canadian Commercial Corporation has the power, whenever another agency calls upon it to exercise an additional function. That seems to me to be the situation. You are seeking to avoid the necessity of passing an amending act each time a new agency or board calls upon the Canadian Commercial Corporation to exercise some function which was not clearly and specifically given to it under the original Canadian Commercial Corporation Act. Is that not a fairly accurate statement of the situation with respect to paragraph (d)?

Mr. McIlraith: I am afraid I cannot accede to that explanation.

Mr. Fulton: What is the meaning of the explanatory note which says that the purpose is:

> To resolve the legal doubt as to whether the corporation may exercise a power not included among its specified purposes.

Mr. McIlraith: I have gone over that many times as best I could. I am sorry that I am not able to make myself very clearly understood, or explain the thing in such a way as would be understood by all hon. members. The Canadian Commercial Corporation is not

seeking to get power under this to do things not provided, where it is not authorized to act under other legislation. In other words, it is complete control by parliament over any function it can perform.

Mr. Fulton: I never said anything to the contrary.

Mr. McIlraith: It is this other doubt as to whether it could use its own powers. I am sorry that the explanatory note 3 is drafted in the way it is. If it had been drafted to read, "not included among sections 4 and 5 of the Canadian Commercial Corporation Act", it would have been clearer and more accurate. Hon. members will see, for instance, there is a section, section 8, where the corporation is given some authority. Well, that doubt arose; section 8 is not applicable even though the corporation was performing the act authorized by other legislation for it. That is the doubt that is being cleared up by the legislation.

Mr. Fulton: Would it not be correct to say that paragraph (d) does constitute an enlargement of the powers of the Canadian Commercial Corporation, or a generalization of the powers? Is it not correct to say that previously the powers were outlined in clear and specific terms in section 4 of the Canadian Commercial Corporation Act? If you pass paragraph (d) of this amendment, then the powers will be generalized, and to that extent extended, because the corporation will be enabled to exercise any powers which any other agency or board set up in any other act calls upon it to exercise. Surely, to that extent it must be a generalization and an extension of the powers of the Canadian Commercial Corporation.

Mr. McIlraith: It is not a generalization of the powers, Mr. Chairman. If the other act provided that the Canadian Commercial Corporation may be employed to perform a service, then this makes it clear that the Canadian Commercial Corporation shall have full capacity to use its own act and all the provisions in its own act in the performance of all those services. That is the key.

Mr. Fulton: That is not what the paragraph says. It does not say to exercise its powers or functions, that is the powers or functions of the Canadian Commercial Corporation under the parent act. The paragraph says:

To exercise any other powers or functions conferred upon it by any other act—

It does not say what the parliamentary assistant just said.

Mr. McIlraith: It was the second part of paragraph (d) we were discussing as I understood it.

Mr. Fulton: I have been discussing paragraph (d) generally ever since I entered the debate, and my questions have been related to the whole of paragraph (d) in which it does appear to me very clearly to extend or to generalize the powers which the Canadian Commercial Corporation will be able to exercise; because if this paragraph passes it will not be confined in any way to the specific things which it was called upon to do under its own parent act, but it will be empowered to do any of the things which any other board or agency set up under any other act may ask it to.

Mr. McIlraith: May be authorized to ask it to do.

Mr. Fulton: Well, not exactly. That is not clear in the words of the section, which I will read again.

To exercise any other powers or functions conferred upon it—

Conferred by the Canadian Commercial Corporation. I continue:

To exercise any other powers or functions conferred upon it by any other act.

That is what the paragraph says. In addition then to the powers conferred by the Canadian Commercial Corporation Act, it shall have the power to exercise any other powers or functions conferred upon it—that is the Canadian Commercial Corporation—by any other act. How can it be argued that that is not a generalization or an extension of the powers of the Canadian Commercial Corporation?

Mr. McIlraith: I am afraid, Mr. Chairman, I must still argue it. I do not follow the latter part of the hon. member's argument. I do not agree with it at all. It is not a generalization at all. It is a particularization, if you like. It is making it clear that the authority must come under any other legislation, but if the authority does come under the legislation, then this corporation will have the capacity to exercise that authority. In other words, it leaves the whole thing squarely within the power of parliament on each occasion.

Mr. Fulton: That is what I said ten minutes ago, and the parliamentary assistant denied it and said that was not correct. Then, we are back at the proposition that I stated ten minutes ago, namely, that if another act passed by this parliament gives the board or agency set up under that act authority to ask the Canadian Commercial Corporation to exercise certain powers, then the Canadian Commercial Corporation can exercise those powers without the necessity of an amendment to the Canadian Commercial

Corporation Act. That is clear. That is the effect of this amendment; whereas previously, according to the explanatory note, it would not have been clear. I will take a concrete example.

We set up a board to provide for the purchase of steel, and we will say the purchase of steel was not a power given to the Canadian Commercial Corporation under the Canadian Commercial Corporation Act. Now, we are setting up a board under a separate piece of legislation to exercise powers of the government in connection with the purchase of steel, and that legislation says that all its capacities and functions shall be exercised by the Canadian Commercial Corporation. We go back to the Canadian Commercial Corporation Act and we find that nothing was mentioned with regard to the purchase of steel; but, as the parliamentary assistant said, that act contemplated import and export business and not the domestic purchase of steel; so it was doubtful, according to the words of the explanatory note, whether the Canadian Commercial Corporation could exercise the powers involved in the purchase of steel for domestic purposes. There would have been two ways to remove that doubt. One would be a specific amendment to the Canadian Commercial Corporation Act to provide that it shall have the powers to purchase steel for domestic purposes.

Then, if you wanted to set up a board to purchase wool or to purchase nails or to purchase clothing or to purchase anything else you like, it would have been possible to enact at the time a specific amendment to the Canadian Commercial Corporation Act to give it the power to make these purchases. That would have been one way to do it. But now, I gather, it is not desired to pass these specific amendments, giving the Canadian Commercial Corporation these specific powers in each case. Therefore you are passing paragraph (d) of clause 3 of this bill, and you are saying now the Canadian Commercial Corporation shall have the general power. In addition to these specific powers that general power will enable it to exercise any function which it may be called upon to exercise under any other act, passed by this parliament. Surely that is the effect of the explanatory note, and the original act, and the amendment which we are being called upon to pass. Instead of having to pass a number of separate amendments, this is an omnibus clause giving the Canadian Commercial Corporation the power to exercise any other function it may be called upon to exercise in any other legislation.

An hon. Member: All clear now.

[Mr. Fulton.]

Mr. Fulton: I am glad one hon. member agrees. If it is clear to the parliamentary assistant then we shall have met some of the difficulty. Does the parliamentary assistant agree?

Mr. McIlraith: I do not think that I can accede to that long argument. A good part of it is correct, but in my opinion a good part of it is off base. I have sought to make the situation as clear as I could and I do not think I could usefully add anything more at this time. I am sorry to leave it in that position.

Mr. Fulton: It is a piece of legislative laziness.

Mr. MacInnis: Mr. Chairman, my only purpose in rising to say a word was to inquire if we could not get this amendment voted on. The parliamentary assistant gets me convinced that it is a good amendment and then either the hon. member for Vancouver-Quadra or the hon. member for Kamloops or the leader of the opposition gets up and convinces me that it is a bad amendment. I think they have reached the stage where they are really convincing each other that something is required. I have come to that conclusion after listening to the hon. member for Kamloops.

I do not believe that he is taking the position that no amendment is required because the explanatory note states that the second reason for the amendment was to resolve the legal doubt raised as to whether the corporation may exercise a power not included among its specified purposes. The parliamentary assistant has told us that some legal doubt was raised in connection with the purchase of wool in Canada, and the hon. member for Kamloops said that that doubt could be resolved in one of two ways, either by passing a specific act every time the corporation came across something that it could not do in order to enable it to do it, or to pass this amendment.

It seems to me that if there are those two alternatives, the amendment is the better one. It would enable the corporation to act without having to wait for the passing of a bill to enable it to do something that we can give it authority to do by this amendment. It would appear to be all right.

Mr. Fulton: The parliamentary assistant said that I was wrong, that that is not the effect of the amendment.

Mr. MacInnis: No lawyer who is on the opposite side of an argument with another lawyer will say that anything he says is correct. They provide for such a situation in the courts by having a judge who says ultimately which lawyer is right and which is wrong. Unfortunately we have no judge

here. Many of the judges here are laymen like myself and I think we should be given the opportunity to arrive at a decision before the matter becomes too confused.

The hon. member for Kamloops agrees that if the corporation is to do certain things an amendment is required. The only difference is as to what alternative will be used. I prefer the alternative of this amendment and if it comes to a vote I am going to vote that way.

Mr. Fulton: I should like to make one correction. I did not express any opinion as to whether this amendment is required to enable the corporation to exercise any powers. I merely asked if the amendment was as I outlined it and the parliamentary assistant did not agree that I had outlined it correctly.

Mr. Green: The parliamentary assistant based his argument in support of this amendment on a doubt which had arisen in connection with a deal to purchase wool in Canada. Could he tell us exactly how that deal was handled?

Mr. McIlraith: I am not an expert on wool. There is an advisory board on wool headed by Mr. Brown, which was announced recently. On the advice of that board wool is bought—I think the term is "bought forward"—but the amount of cash involved on the part of the corporation is not always the total value of the wool under commitment. The wool is allocated to the processor and of course is bought only in anticipation of the needs of the various services for the finished article.

Mr. Green: How was this particular transaction handled about which there was some trouble?

Mr. McIlraith: The transaction was put through on the advice of the wool advisory board under the chairmanship of Mr. Brown. It is not a transaction covering the whole quantity which is put through at one time. It is a case of forward buying of wool against the anticipated end use of the finished product. The wool is allocated to the processors to be made into yarn and cloth for fabrication into uniforms and other articles.

Mr. Green: Was the transaction handled by the Canadian Commercial Corporation?

Mr. McIlraith: Yes.

Mr. Green: They actually did the buying?

Mr. McIlraith: Yes.

Mr. Green: The complaint was that payment could not be made from their funds?

Mr. McIlraith: That is right. The legal difficulty arose in connection with payment for that part which was bought in Canada. There was no difficulty whatever about that part bought outside of Canada.

Mr. Green: From what source did the money come with which the wool was purchased if it could not be taken from the funds of the Canadian Commercial Corporation?

Mr. McIlraith: Apparently it could not be taken from the funds of the Canadian Commercial Corporation, and I am not sure where it finally came from. The validity of the payment for the Canadian purchases was questioned but it was never anticipated that there was any lack of authority to carry out the transaction.

Mr. Green: Had the funds of the Canadian Commercial Corporation actually been used for that purpose?

Mr. McIlraith: I am not sure that they had been used, but in any event we had to stop buying Canadian wool with the funds of the Canadian Commercial Corporation.

Mr. Higgins: Apparently the explanation given by the parliamentary assistant does not jibe with the explanation given by the minister on Monday, as reported on page 2975 of *Hansard*. The minister said:

> This amendment defines the minister as the Minister of Defence Production, and removes any legal doubt that may exist as to the corporation's authority to perform such services as may be authorized by any other statute, for example the Defence Production Act, even though such authorities are not specifically set out in the Canadian Commercial Corporation Act.

That explanation seems to me to be a little different from the one given to the hon. member for Kamloops.

Amendment (Mr. Drew) negatived: Yeas, 10; nays, 48.

Section agreed to.

On section 4—*Grants and advances to corporation.*

Mr. Green: As I understand it, this includes a new power. The present situation is that the Minister of Finance, on request of the Minister of Defence Production, must advance up to a total of $10 million. I think there is also provision for loans to the extent of another $10 million under an amendment made in 1949. Whether or not that is so, there is power given to the Minister of Defence Production to repay into the consolidated revenue fund such portions of the $10 million as he believes are not required. That has been the position for several years. Now we have this amendment under which the Minister of Defence Production will be able to require payment back to the corporation from the consolidated revenue fund of whatever portion of the

money he has repaid which he might think at a later time was needed by the corporation.

There would seem to be this objection to that provision. All advances made to the corporation have to be approved by parliament under section 8, subsection 1, I believe, but with this new provision that will not be necessary. The minister pays some of the money back and then without a vote of parliament he can require payment out of the consolidated revenue fund of whatever portion he may think the corporation needs at a later date. I think that is the effect of the amendment, and I would ask the parliamentary assistant to explain whether or not that is correct, and also whether there is a provision of this kind in any other statute. I have never seen a provision of that type, and it seems to be most unusual.

Mr. McIlraith: That understanding is not quite correct. The original amount authorized to be advanced to the corporation was limited to $10 million. The Minister of Finance may from time to time advance funds out of any unappropriated moneys, and so on, up to $10 million. Let me illustrate the point by taking an example. Suppose that ten advances of $1 million apiece had been made. Then there would be no further authority to advance money to the corporation. It is again a case of obscurity of language and two opinions on it. The discussion on the bill when it was put through and when this authority was given was that this would be authority to advance up to $10 million at any time so that the funds could never at any time exceed $10 million but they could be advanced, be repaid and advanced again. That was always thought to be the position. Doubt has been raised as to that and it is made clear by subsection 7 that loans or advances up to $10 million can be made notwithstanding that two years earlier there may have been an advance that was repaid two years earlier. That is the purpose of it.

Section agreed to.

Sections 5 to 7 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF LABOUR

General administration—

185. Departmental administration, $558,397.

Mr. Knowles: Mr. Chairman, when these estimates were before us the last time we had a series of speeches of some length which were general in nature. It was my intention at that time to deal with a number of matters that come within the purview of this department. However, I will change that plan a bit, make only a few remarks now, and reserve the other matters on which I wish to speak until we come to particular items on which they can be discussed.

Before we leave the first item, I should like to bring to the attention of the minister the representations that have been made to the government from time to time by various labour bodies, and by others who are interested, asking for the introduction of the principle of collective bargaining into the government service. As the minister knows, I put a question on one aspect of this subject to the Secretary of State the other day. He did not give me an answer then, and I have been waiting hopefully for it day by day. The question I asked the Secretary of State was whether he was aware of the request of the Ontario Federation of Printing Trades Unions to the effect that the employees of the government printing bureau be accorded the right to collective bargaining. He told me he would answer in a few days, and I have a strong suspicion that when I get that answer it will be to the effect that as the legislation now stands there is no possibility of according collective bargaining rights to government employees in the federal printing bureau. Anticipating that I would get this answer from the Secretary of State I realized that my next question would have to be directed to the Minister of Labour, that I would have to ask him if consideration had been given to amending the federal labour code to provide that collective bargaining be accorded the printing bureau employees. Therefore, I assume we can take the answer of the Secretary of State as read, and so I move on to the next stage. Thus I am now putting the matter up to the Minister of Labour.

I feel very strongly that this matter should be considered. Indeed I feel there is a case for collective bargaining in many if not all the branches of the government service, but I suggest that one place it certainly could be started is in the federal printing bureau. It does not seem logical that employees of the Canadian National Railways, Trans-Canada Air Lines, Polymer Corporation and other bodies of that sort, which belong to the government, should be permitted to organize and enter into collective bargaining with their employers while those in the printing bureau, which likewise belongs to the government, are left in a different category. It seems to me that sooner or later this subject will have to be dealt with by the government as a

whole, but the person upon whose recommendation the government would make any move in this direction is the Minister of Labour, because the Industrial Relations and Disputes Investigation Act comes under his supervision. I draw to the attention of the minister the fact that two of the labour congresses, at any rate, which presented their briefs to the government this year—the Trades and Labour Congress of Canada and the Canadian Congress of Labour—asked for the right of collective bargaining for government employees.

I earnestly hope the minister is giving consideration to this matter. I realize that he has not been in the department very long, that he wants to get his feet, and get the feel of things in the labour field. But I can tell him there is a very strong feeling on the part of many government employees that this should be done. That certainly is the feeling over at the printing bureau. I want to be quite frank about this matter and say I am a member of the international typographical union, which means that I have contacts with many of the employees at the bureau and know how they feel about this matter. Similar representations from other government employees have been made to me, and I urge the minister to take appropriate steps.

That is perhaps the main point I wish to bring to the attention of the minister on this first item. One other matter I should like to draw to his attention is that in the two labour congress briefs to which I already have referred the minister and government are asked to include the check-off in the national labour code. The minister made some reference to this question in an earlier debate, as to whether or not labour really wanted the check-off in the code. I simply draw his attention to the fact that it was asked for again in the briefs of both these congresses. It was interesting to note that one of those congresses appeared before the government at about noon on April 10, asking amongst other things for the deductibility of trade union dues for income tax purposes. As the Minister of Labour recalls, that is one request that seemed to be granted in a hurry, because it was announced by the Minister of Finance in his budget speech that evening. That was, of course, only a coincidence, for that was a battle we had been waging a long time. It is good to know that some of these requests do get consideration, and I hope the minister will seriously consider the matters I have just drawn to his attention; that is, the question of collective bargaining rights for government employees, starting at the printing bureau and moving, I would hope, into other branches of the government service, and the question of including the check-off in the national labour code.

There is just one other matter on this first item, and I will leave the rest until later. This matter the minister may say I should leave until we reach the unemployment insurance item, but I should like to make the point now. The hon. member for Hamilton West referred to it in her remarks the last time these estimates were before us. I refer to the change that has been made in the unemployment insurance regulations respecting married women. As the minister will recall, I asked him a question about this on the orders of the day quite early this session. The point which it seems to me has not been sufficiently emphasized as yet in any public discussion of the matter is the fact that a married woman is now called upon, under the new regulations, to meet an additional requirement which is not imposed on other people in order to qualify for unemployment insurance benefits. A great deal has been made of the argument that unemployment insurance is not supposed to be a fund to provide for a honeymoon. It has been argued that if a woman who has been employed and contributing to the fund marries and quits her job, that is her business and she should not expect to draw unemployment insurance. But there are cases in which a married woman finds it necessary to work because her husband is not able to earn enough to make both ends meet at today's high prices. That woman is available for employment; she reports and wants to work but cannot get work, and is still denied her benefits because she has not proven her attachment to the labour market by being actually at work for 90 days after her marriage.

Mr. Gregg: If my hon. friend will permit me to interrupt, I am sure he will be glad to learn that later on I have a statement to make on that matter arising out of a series of hearings the unemployment insurance commission has been holding during the last two weeks with representatives of labour unions and others. The recommendations to me will, I think, almost entirely overcome the objections my hon. friend raises. Later on I shall be able to put that on the record.

Mr. Knowles: When one gets action as quickly as that I am ready to accede to the minister's request and leave the matter until later. I am indeed glad to hear that consideration has been given the representations that have been made to the minister. I hope the changes to be made will meet the point I have just emphasized.

Mr. Gregg: On the other matter, I am sure the hon. member for Winnipeg North Centre

would not want me to anticipate the reply of my colleague the Secretary of State on the question affecting the printing bureau personnel.

Mr. Johnston: I would like to say one word on this first item, because I do not believe I can say it on any other. It is a matter to which the hon. member for Winnipeg North Centre has already referred; that is, the check-off. Generally speaking I think labour throughout the country is asking for the check-off. Alberta is one of those progressive provinces in regard to labour legislation who have already taken that step. In Alberta we have the check-off if an employee so signifies; and furthermore that check-off is irrevocable for three months after it has commenced. I think that would settle one of the difficulties labour seems to have at this time. They have been endeavouring for a long time to get the check-off. Some provinces have now agreed to that, and I think it would be in the interests of both labour and management in Canada if that provision were incorporated in our labour code. I wish the minister would give consideration to that, and see if there could not be some regulation or amendment made to our labour code so that it would conform to that of some of the other provinces who have already given the check-off.

Mr. Gregg: Mr. Chairman, I shall be glad to give consideration to that matter. On second thought, Mr. Chairman, I believe I should like to put on the record a statement regarding the married women's regulations before this general item is passed.

On November 15, 1950, the unemployment insurance commission made a regulation restricting the payment of benefits to married women. This regulation was designed to stop an unintended drain on the unemployment insurance fund through payments of benefit to married women who had really withdrawn from the labour market.

When the regulation had been in effect for a few months the commission made a survey of its local offices. This disclosed that during the first month after the regulation came into effect a large percentage of married women, whose claims were disallowed thereby, made no further effort to keep alive their applications for employment. Out of 8,884 married women who were disqualified because of this regulation during that period, approximately 18 per cent kept alive their application for employment; 5 per cent reported that they had found work; and 77 per cent allowed their application for employment to lapse.

The first few months of operation, and submissions to courts of referees, also disclosed certain inequities. The commission proposed to make certain changes in the regulation, the principal amendments being: First, it was provided that the additional conditions imposed by the regulation would not apply to a married woman who left her employment voluntarily with just cause for reasons connected solely with her employment. This proviso was new, and was in addition to the other grounds on which a married woman claimant would not be subject to the regulation. Secondly, it was provided that the regulation would not apply to a married woman whose husband was wholly incapacitated for work for at least four consecutive weeks. The present provision is that the husband must be wholly and permanently incapacitated. However, the wife would not be relieved from having to fulfil the additional conditions imposed by the regulation if her husband was receiving compensation for the incapacity or was continuing to receive remuneration.

Before presenting these changes to the governor in council for approval the commission felt it desirable to consult representatives of the principal labour organizations. A meeting was held on April 10, 1951, to receive their views regarding proposed amendments, a draft of which had been circulated to these organizations beforehand. The organizations represented at the meeting were: The Trades and Labour Congress of Canada, Canadian Congress of Labour, the railway brotherhoods. The Canadian and Catholic Confederation of Labour was unable to send a representative but made known its views in writing.

In presenting the draft amendments for consideration by the unions, the commission pointed out that the result of this regulation, which came into effect November 15, 1950, amply justified the stand taken by the commission and the unemployment insurance advisory committee, and had proved conclusively that a large number of married women, who in the past have drawn benefit, were not actually in the labour market and were causing an undue drain on the fund.

The union representatives agreed that the amendments met many of their objections, but requested modification of two of the provisions as follows: The regulation provides that, to draw benefit, a married woman must be in employment for ninety days following marriage, if unemployed when married, or ninety days after the first separation from employment following marriage if she was employed when married. The unions asked that ninety days of employment should run from the date of marriage in either case. The commission felt that the adoption of this

suggestion would make the regulation of little value as a large number of women continue to work without any interruption for a considerable period after marriage. However, the commission is prepared to modify the regulation to the effect that if a married woman was in employment at the time of marriage only sixty of the ninety days of employment required be after the first separation after marriage. The unions objected to the provision that benefit would be denied a married woman while her husband was incapacitated if he was in receipt of compensation or remuneration while so incapacitated. The commission has expressed its willingness to delete this restriction from the regulation.

Now, Mr. Chairman, I have a rather complicated outline here which I would prefer not to put on the record at this time because, while this recommendation has been made by the chief commissioner to the minister, it has not been finally adopted by the governor in council, which is necessary to put the regulation into effect. I am quite confident when that is done it will overcome the legitimate complaints that were made with regard to the married woman question.

Mr. Knowles: The minister's statement is a bit complicated, and we will have to study it closely before expressing a final opinion, but—

Mr. Gregg: That is the reason I put it on the record now.

Mr. Knowles: I realize that, but I am still doubtful whether it will meet some legitimate and deserving cases. I have in mind, for example, one about which I wrote the minister only a few days ago. The minister replied that he would have that particular case looked into. Even though you reduce to sixty days the portion of that ninety days' work that is required after marriage, you are still requiring of married women, before they qualify for benefits, something you do not require of anyone else. The ordinary person must prove, under the Unemployment Insurance Act and regulations, an attachment to the labour market. He proves that attachment to the labour market by being available, by reporting once a week to the unemployment insurance office, and being able and willing to take work if offered. But you require of married women, under the special regulations, not only that they be available and not only that they report once a week; you require that they actually be at work.

If a married woman needs work, wants it, and tries her best to get it but cannot get it then you deny her unemployment insurance benefits to which she is otherwise entitled because she has not proven her attachment to the labour market by actually being at work. It seems to me that is the aspect that is unfair; it is a discrimination against married women. If I have misunderstood what the minister has announced tonight and if he can prove to me it does meet that point I shall be happy to accept it. But I am afraid that what he has just said does not meet that point.

Mr. Gregg: Perhaps we could leave the matter there and refer to it again when we come to the unemployment insurance item.

Mrs. Fairclough: Like the hon. member for Winnipeg North Centre I tried to follow this statement as the minister made it. I am sure he would agree, however, that it is very difficult to get a clear picture from a statement as complicated as that. I do think that, inasmuch as certain other groups were given an opportunity to study these regulations, they might have been made available to those of us who were interested in them. I agree with the hon. member who has just spoken that there is discrimination here. After all this clause in the regulations was designed apparently to curb what was agreed to be a practice that was detrimental to the workings of the act. It is not the only practice which has come into being through the vagaries of employment. There are many classes of workers who, from time to time, have tended to take advantage of the act and of the benefits. They have not been discriminated against in the same manner as this particular class of worker. There are a great many of them who leave employment at various periods, just on a whim, will take periods of leisure, and return again. They are not so penalized. I really cannot let this particular statement go by without making the remark that this is the one class of worker that has had a definite regulation placed against her receiving benefits. I believe it is actually a case of discrimination.

Mr. Higgins: I want to ask the minister one question, but I find no item to which I can specifically relate it, except the general item. On Tuesday last he was good enough to inform me with respect to the employment of labour at Goose Bay airport, the United States base. He answered the question as reported at page 2980 of *Hansard*. There is no doubt about the fact that large numbers of men are to be employed on the construction work at Goose Bay airport. The question I want to put to the minister is this. I have been informed, from what I believe is

a fairly reliable source, that the United States government plans an expenditure of $200 million for the construction work at Goose Bay airport. I have been further informed that the expenditure by the United States government necessitates or requires by that government an extension of the lease or a new lease of the part of the airport that is being used by the United States forces. The other part of the question, if the minister can or will answer, is this. Is this not the real reason for the agreement by the United States government to the changes in the agreement with regard to United States bases in Newfoundland?

Mr. Gregg: I think I shall have to take that as notice of the question. I am sure that my hon. friend would not expect me to answer offhand.

Mr. Hees: I notice by this evening's press that the national advisory council had a meeting today and that the question of national registration was expected to come up for discussion. Is the minister able to make a statement or to give us some little information as to how the discussion went, or to tell us something about it?

Mr. Gregg: When my estimates were up for discussion previously, I indicated that that was an item on which the council asked that a report be submitted at their next meeting. It is on the agenda of their meetings today and tomorrow. I sat in at some of the meetings today, but a report on that item or on any other item, as a matter of fact, affecting the discussion today has not yet been submitted to me.

Mr. Gillis: The minister put on the record the deliberations of the committee that sat here recently in Ottawa for the purpose of making representations to the unemployment insurance commission. In addition to what the minister has already set out with regard to the controversy about married women, I understand there was another committee from the hospital associations across this country, arguing the question whether hospital employees should be brought in or otherwise. I am wondering if the minister has any information as to the outcome of that particular representation. I know that I have received many letters, as no doubt other hon. members have. I wonder if the minister can bring us up to date on that matter?

While I am on my feet, I should like to support my colleague the hon. member for Winnipeg North Centre. I think if the minister will take a look at the regulation that amended the section with regard to married women, and will read it over, he will have to agree that the drafting of that regulation leaves much to be desired. For a start, let me read section 5A (1). It is as follows:

> Every married woman shall be disqualified from receiving benefits for the period of two years following her marriage unless she is relieved sooner from any such disqualification as provided in this section.

From reading that you would imagine that because a woman married, she immediately put herself outside the Unemployment Insurance Act. I am sure that was not intended; but that is exactly the interpretation that I would give this section. Then when you go on and find what has been added to that particular clause, while the minister's explanation that he read into the record sounds rather plausible, it certainly makes it exceedingly ambiguous and, in my opinion, does not change the thing at all. You would be led to believe that the reasonable thing to do would be to decide that if that woman retained her employment for sixty days, as is provided now in the proposed amendment, she would then be eligible for unemployment insurance. But that is not the case. In the second amendment to that particular section, it is definitely stated that she has to prove her right to unemployment insurance by working. If she is working she does not want unemployment insurance. I think the whole thing is badly worded.

I have a fairly good idea of what the department is trying to get at, and I am sympathetic with the objective. But I do not think the minister has overcome the difficulty either in this amendment that I have here or even by the one he read into the record. All that has been done in what he has read into the record is to lower the number of days that she has to be working. It was ninety days. The act has been amended by bringing the period down to sixty days. But that amendment still means that she has to prove her eligibility for unemployment insurance by working. That is nonsense. I think that someone should take hold of this provision and write it in a plain and simple manner. I think if a woman is working for a firm, or is a stenographer for the government and wants to get married, she should not have any trouble in getting time off, coming back to her employment and continuing it. But according to this section here, the fact that she got married immediately constitutes a separation from her employer. I do not think that is intended; but that is exactly how it can be interpreted and is how it is in fact being interpreted in a great many cases. I still think that the minister's proposed amendment does not clean the thing up.

[Mr. Higgins.]

I wonder if the minister could bring us up to date on what was done about the representation of the hospital associations across the country in the matter of bringing hospital employees in?

Mr. Gregg: As I said before, I think we might leave the suggested changes to the regulations with regard to married women, for further study on the part of all of us; and I will promise to bring the matter up again under the unemployment insurance item. This has been a week of conferences. It is true that the commission has also been meeting representatives of the hospital associations of Canada. I have here a brief statement. I know that a number of members have had telegrams, and that some hospitals have been worrying for fear that there was an attempt on the part of the commission to put the main part of the hospital staff under the regulations.

The unemployment insurance commission had a meeting on May 16 with representatives of hospital associations, other charitable organizations and the principal labour organizations to receive their views on its proposals for extending unemployment insurance coverage to some classes of employees in hospitals and charitable institutions.

The proposals made a year ago had been modified and it was suggested that only the administrative and maintenance workers be insured. Most of the persons in these groups were in occupations where they are normally insured when in industry. The commission did not propose to insure medical, nursing or technical staff. Clergymen and members of religious orders would of course remain non-insurable also.

Briefs were received from thirty-eight organizations and individuals. Fourteen supported the proposal. Twenty-four were opposed.

The hospital associations stated that they were in favour of unemployment insurance but could not support the proposal at present because of the additional cost. They saw no way of meeting this except by passing it on to the patients or curtailing their services.

The labour organizations felt that as most workers in hospitals and charitable institutions were in the lower paid groups, and as the turnover was fairly high, it was important that those in occupations where they would normally be insured elsewhere should not suffer an interruption of insurance when employed in similar occupations in hospitals and charitable institutions. They were therefore anxious to see at least the non-professional and general labour groups insured.

I might add here, those in small or medium-size hospitals are not very many, elevator people perhaps, some people on the office staff, carpenters and so forth.

The commission stated that it would give consideration to these representations before any action was taken. It might be possible to make further modifications in its proposals so as to provide insurance for the most vulnerable groups without making too serious an increase in costs.

I can assure hon. members that no drastic action is being taken. The matter is being explored very carefully in the light of all the representations that have been received.

Mr. Johnston: Is the government planning to bring in an amendment to the act to cover these hospital workers? The minister said that no drastic plan is going to be introduced to cover all the workers.

Mr. Gregg: We would not have to amend the act to do this. If the hospitals want half their employees or any number of their employees insured, we could easily extend the regulations to do it. We do not have to amend the act to do that.

Mr. Johnston: I understand it could be done by changing the regulations rather than by an amendment to the act. But as I understood the minister's remarks, he said that preparation was being made to introduce regulations to cover some of these employees. Is that right?

Mr. Gregg: Yes, but we do not want to do that if the hospitals say they cannot afford to do it. That is the crux of the whole thing; and all the protests and telegrams that hon. members have been receiving this past week —I have received one or two myself—have been from hospital administrations who are fearful now. They are being strained to the limit, and they are fearful that this might be beyond their means. So it is out of consideration to hospitals' administration that we are only considering this at this juncture for those people who are described here as the "most vulnerable employees".

Mr. Johnston: Just a word on the point that the minister raised. He says that he does not want to do anything that will be an added cost to the hospital. In the presentations which were received from the hospitals their main argument is that they do not want all these employees brought in. In fact they do not want any in the institution brought in, because it would be an added cost to them, and their budgets now are overburdened. In my judgment that should not be a consideration. Certainly these people whom the minister indicated, like carpenters,

the elevator workers, the charwomen and dishwashers, and such people as those, have a right to protection other than for charity's sake.

What is to be the condition of those people amongst whom, as the minister stated, and I think rightly so, there is a great turnover in employment? They work probably only four or five months and then they are kicked out and somebody else is brought in. I do not think we can just disregard these working people who are employed by the hospitals. We cannot just disregard them and say, we are not going to give you unemployment insurance protection because if we did it would break the budget of the hospital. Do not forget that the hospitals are not charity institutions. I have had a little experience with them, and I know that you pay for what you get from a hospital. Do not make any mistake about that.

If they cannot raise enough money in their ordinary budget to safeguard these working people—and I am not including the nurses who are in training or the doctors who have just graduated from medical school, and are working as internes—if they cannot raise enough money from their ordinary revenue they will have to get assistance from the federal government or the municipalities, but that should not be used as an excuse to disregard these people and kick them out from under the protection of unemployment insurance. The minister should give that very careful consideration. These people in that labour category who may be fired today or tomorrow or next month should have some protection from unemployment insurance.

Mr. Knight: The minister mentioned that he has received many representations from both sides of the case. Would it be correct to assume, as the hon. member for Bow River has assumed, that most of the representations received from management were in favour of one side of the case, while most of the representations received from the classes of workers which he described are all on the other side? Would that be a correct picture of the situation?

Mr. Gregg: Because of the fact that I knew it was a live topic I violated the committee rules by putting it on the record. I hoped that it would not be debated in detail, but since I have answered the other questions I shall answer this one. The carpenters, for example, would be represented by virtue of the fact that the unions were represented at the hearings with U.I.C. this week. I would hope that this general item might pass tonight so that we could get on item by item at the next sitting.

[Mr. Johnston.]

The Deputy Chairman: Is it not a fact that the general discussion has been over for half an hour? These unemployment insurance matters could be discussed on item 201 and others. If hon. members would accept the suggestion made by the minister, we could pass the first item now, and the other questions relating to unemployment insurance could be asked on item 201.

Mrs. Fairclough: I am as anxious to see this item passed as the minister, but I do have a specific question that I wish to ask on these estimates. I have a question to ask in regard to printing of departmental reports and other publications, as appears on page 217, and also the following item, newspaper, radio, film, displays and other publicity. The amount estimated is $8,500 less than last year in the one instance and some $14,500 in the other; in fact, a total of $23,000 less in these two items. I notice there are 13 fewer employees for the current year than last year. Is there any relationship between these two facts; that is, that there are 13 fewer employees and that the amounts in these two items mentioned are considerably lower than those of last year? What is the nature of the reports, and so on, that have been discontinued to effect this saving?

Mr. Gregg: There have been no reports of any moment that have been discontinued. Savings have been made on existing reports by making them not so elaborate and by cutting down on the cost. The 13 fewer employees in the grand total has no extraordinary relation to this item.

Mr. Fair: What I have to say will take one or two minutes. The minister has pointed out that 38 briefs were presented to the unemployment insurance commission. Fourteen of these wanted the hospital employees included, and 24 were against it. A year ago when an attempt was made to bring hospital employees under the unemployment insurance scheme I had representations from every hospital within the Battle River constituency and many objections were sent by all of them. All of them wanted to be excluded from the unemployment insurance.

Mr. Gregg: Excluded or included?

Mr. Fair: Excluded from the unemployment insurance commission, and I have not had any indication that they have changed their minds since. Since they have individually, in most cases, asked to be excluded, I do not feel at this time that heavier expenses should be imposed on them.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will proceed with government notice of motion in the name of the Minister of Labour. Before taking up the resolution in the name of the Prime Minister we will consider Bill No. 285, to amend the Canadian and British Insurance Companies Act. This bill has come back from the banking and commerce committee and the Minister of Finance tells me that he is anxious to have it passed as soon as possible. After that we will take up the resolution in the name of the Prime Minister referring the Torquay agreements to the standing committee on banking and commerce. When those matters have been disposed of we will move to go into committee of supply and call three departments, finance, national health and welfare and mines and technical surveys. If there is time left we shall take up Bills Nos. 191 and 192.

Mr. Knowles: When we go into supply are you just opening the departments?

Mr. Fournier (Hull): Just opening the departments.

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

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

DEPARTMENT OF LABOUR

A—Department—

General administration—

185. Departmental administration, $558,397.

HOUSE OF COMMONS

Monday, May 21, 1951

The house met at three o'clock.

HUMAN RIGHTS

STATEMENT AS TO ENACTMENT OF LEGISLATION AND APPROVAL OF UNITED NATIONS DECLARATION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on May 14 the hon. member for Rosetown-Biggar asked the following question, as reported at page 2980 of *Hansard*:

> Will the government comply with the recent request . . . for the introduction in both houses of parliament this session of a resolution approving the inclusion in the Canadian constitution of a declaration of human rights and liberties, and that pending appropriate legislation such approval should affirm parliament's acceptance on behalf of Canada of the United Nations declaration of human rights?

The question asked by the hon. member divides itself into two parts.

The first part refers to the inclusion in the Canadian constitution of a declaration of human rights and liberties. This would require an amendment of the constitution affecting both the federal parliament and the provincial legislatures.

Under the present procedure such an amendment would have to be made by the parliament at Westminster, and this government would not recommend an application for such action by the parliament at Westminster without the consent of the provincial legislatures or governments.

The federal government is now discussing with the provincial governments the establishment of a satisfactory procedure to have future amendments to the constitution made by Canadian authorities here in Canada, and while these discussions are proceeding this government does not intend to initiate discussions about a matter like that referred to in the question, which is apt to be quite controversial and might retard the solution of the question relating to the establishment of a satisfactory procedure to make future amendments here in Canada.

As for the second part, the Canadian government has already, through the affirmative vote of the Canadian delegation in the general assembly of the United Nations, accepted the universal declaration of human rights as a general statement of principles to which we subscribe. Before the vote was taken on the declaration, the Canadian delegation stated that it had various reservations on details of the text. The head of the Canadian delegation added that certain important aspects of the declaration were within the field of provincial jurisdiction, and that in regard to any rights defined in the document the federal government did not intend to invade that field of provincial jurisdiction.

Now, since this universal declaration of human rights is not a legal instrument, the government does not propose to ask parliament, in advance of the submission for signature of the proposed convention on the same subject which is now under consideration by the United Nations, to endorse the approval expressed by Canada through its delegation.

Mr. Coldwell: I thank the Prime Minister for his extended reply. I should like to ask him, however, if he does not think that a resolution of both houses affirming parliament's support of this declaration would be of much value to those who are working for similar declarations in other parts of the world.

Mr. St. Laurent: I should not like to express any opinion as to what its value might be to those who are working for similar declarations elsewhere, but I would fear that that kind of declaration here would make it more difficult to proceed in the calm attitude which has been maintained up to the present time in our own efforts to secure agreement on a proper form to amend our own constitution in Canada.

Mr. Graydon: I should like to ask the Prime Minister if any other legislative bodies have endorsed the universal declaration of human rights.

Mr. St. Laurent: I would not like to give a snap answer to that question. I will ask that the records of the United Nations in that regard be examined, and try to get the information for the hon. member.

HOUSE OF COMMONS

PAGE BOYS—HOLIDAY IN MONTREAL

Mr. Daniel McIvor (Fort William): Mr. Speaker, the holiday that was arranged for the page boys was made possible by the dollars contributed by hon. members of this house, and I should like to thank those who helped bring this affair to its happy conclusion.

Those who provided their own cars and drove the boys to Montreal included the hon. member for Norquay (Mr. Wood), the hon. member for Jasper-Edson (Mr. Welbourn), and the hon. member for Ottawa West (Mr. McIlraith), as well as Mr. Levesque, a member of the staff of the house.

I wish to thank four hon. members for the arrangements they made in Montreal. I refer to the hon. member for Papineau (Mr. Houde), the hon. member for St. Ann (Mr. Healy), the hon. member for Notre Dame de Grace (Mr. Whitman), and the hon. member for St. Mary (Mr. Dupuis). Mayor Houde went all out to show the boys of this house a good time. He knows how to treat a boy and give him what he likes.

The trip was arranged by the Clerk of the House and the Sergeant-at-Arms, and the boys were in charge of the chief page, who handled them like a veteran. Tonight, Mr. Speaker, you may go home feeling happy that the page boys have been treated by the members of this house as members in good standing of the family of the House of Commons.

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

Hon. Edouard Rinfret (Postmaster General) moved for leave to introduce Bill No. 322, respecting the Canada Post Office.

Some hon. Members: Explain.

Mr. Rinfret: I should first say that there has been no revision of the Post Office Act since chapter 161 of the 1927 revised statutes, which at the time was little more than a consolidation of chapter 66 of the revised statutes of 1906 and the relatively few amendments enacted during the intervening twenty-one years. As a matter of fact, with the exception of a few amendments relating to the appointment of personnel under the Civil Service Act and to certain changes in rates, most of the provisions of the 1927 revision are the same as those found in chapter 35 of the 1886 revised statutes, and in the old Post Office Act of 1867.

The purpose of the present revision is to consolidate and codify all legislation relating to the activities of the Canada post office, to bring old and new provisions in line with present practices and conditions; to simplify and clarify sections where necessary; to eliminate redundant and unnecessary sections, and to improve the general style and arrangement by reducing the law to a systematic form.

Mr. Ferguson: Would this not be a good time to renovate all departments of the government?

[Mr. McIvor.]

Mr. Drew: Perhaps this would be the proper time to ask the minister if in the amendments he is presenting he has included a provision which will bring to an end inequalities in postal rates within a single community.

Mr. Rinfret: I have already told the leader of the opposition that when the legislation is introduced it will speak for itself.

Mr. Drew: That is not an answer.

Mr. Graydon: Is it the intention of the minister to permit this bill to go to a special committee which will deal with postal matters?

Mr. Rinfret: The government has considered the advisability of sending this bill to a special committee, but feels that no reasons have been advanced which would warrant a departure from the ordinary procedure of having the bill discussed in committee of the whole.

Motion agreed to and bill read the first time.

QUESTIONS

HOUSING—WELLAND, ONT.

Mr. Noseworthy:

1. Did Wartime Housing or any other government agency build a number of houses in or adjoining the city of Welland, between 1939 and 1945?
2. If so, what type of houses were built?
3. How many of each type were built?
4. What was the total cost of each type per house?
5. Have any of these houses been sold?
6. If so, how many?
7. What was the selling price of each type per house?

Mr. Winters:

1. Yes; Wartime Housing Limited built 757 housing units in or adjoining the city of Welland between 1939 and 1945; 360 in the city of Welland and 397 in the township of Crowland.

2. Three types of houses were built: 4-rooms, regular; 4-rooms, large; and 6-rooms.

3.

	City of Welland	Township of Crowland
4-rooms, regular	233	328
4-rooms, large	23	
6-rooms	104	69

4.

	City of Welland	Township of Crowland
4-rooms, regular	$3,569.50	$3,350.29
4-rooms, large	3,911.05	
6-rooms	4,413.94	4,180.93

5. Yes.

6. 577, as of April 30, 1951.

7.

	City of Welland	Township of Crowland
4-rooms, regular	$2,750-$2,875	$2,300
4-rooms, large	$2,900-$2,950	
6-rooms	$3,450-$3,550	$3,000

FISHERIES PRICES SUPPORT—NEWFOUNDLAND

Mr. Browne (St. John's West):

1. How many quintals of Labrador fish were purchased under the guarantee of the fisheries prices support board in Newfoundland in 1950?
2. What was the total amount paid?
3. How much of this fish has been sold, and what returns have been received?

Mr. MacNaught: The fisheries prices support board advises that precise answers cannot be given to these questions until the audit has been completed after all fish has been delivered, packed and sold or otherwise disposed of. It is understood that small quantities caught too late last season to be brought down from Labrador before the freeze-up are only now being shipped south.

1. It is estimated that 133,000 quintals of Labrador fish will have been covered by the guarantee during the marketing year ending June 30, 1951.

2. The estimated total cost of the 133,000 quintals, including inward freight, handling, drying and packaging is approximately $1,700,000.

3. To date, 104,000 quintals have been sold commercially for approximately $1,080,000; sales to relief agencies of 26,100 quintals returned approximately $246,000. Existing inventory is estimated at 2,900 quintals.

NO. 2 TEMPORARY BUILDING, OTTAWA

Mr. Lennard:

1. What contracts were let for the renovation of No. 2 temporary building, 70 Lyon street, Ottawa, Ontario?
2. Were these contracts cost plus or otherwise?
3. What was the cost of same?

Mr. Fournier (Hull):

1. Painting and decorating of offices of Department of Defence Production.

2. Cost plus fixed fee.

3. Approximately $35,000, including fixed fee.

FISHERIES—LABRADOR CURE—GUARANTEED PRICE AND ALLOWANCES

Mr. Higgins:

1. What was the price guaranteed to the fishermen for each type of cure of the Labrador codfish production for 1950?
2. Were the fishermen entitled to any allowances in addition to the set price?
3. If so, what are the particulars of such allowances?
4. Was the price computed on the fishermen's estimated cost of production?

Questions

5. If not, on what was the price based?
6. What were the arrangements made with exporters or others for handling the fish produced by the fishermen?
7. If handling charges were allowed exporters, what were these charges?
8. Were the allowances made to fish exporters or others for handling the 1950 production of Labrador salt codfish based on the exporters' estimate of cost?
9. If not, what was the basis of those handling charges?

Mr. MacNaught: The fisheries prices support board advises as follows:

1. Semi-dry, $7.00 per quintal (112 lbs.); ordinary-cure, $7.00 per quintal (112 lbs.); salt bulk, $5.50 per quintal (140 lbs); cullage, $3.00 per quintal (112 lbs.).

Note: Consideration of a differential between ordinary cure and semi-dry will be given when the review of the full year's operation under the guarantee takes place.

2. Yes, certain transportation charges.

3. (1) On fish produced by stationers and permanent Labrador residents, transportation charges from northern points to merchants' premises in Newfoundland were allowed as follows:

(a) north of Domino, $1.75 per quintal; (b) Domino and South Labrador, $1.50 per quintal; (c) north of Goose cape and Flowers cove in Newfoundland, $1.25 per quintal. (These rates include collection, handling, freight and insurance).

(2) On fish produced by floaters, transportation charges from home port to port of sale were allowed at 50 cents or 25 cents per quintal, depending on distance between ports, at the discretion of the Newfoundland fisheries board and provided that the fish was transported in the producer's vessel.

(3) Actual freight charges to fishermen who delivered their fish to Newfoundland ports by regular shipping services.

The effect of these allowances was that all fishermen received the appropriate guaranteed price at his home port.

4. Yes, in so far as information on such costs was available.

5. Another consideration was the estimated return to fishermen from such export sales contracts as had been arranged prior to the guarantee.

6. (1) Exporters

Newfoundland Associated Fish Exporters Limited (NAFEL), the sole exporter of salted fish from Newfoundland, agreed to act as selling agent for the fisheries prices support board, for a provisional commission of three per cent of the f.a.s. sales value, subject to final determination on the basis of NAFEL's

ultimate charge to its own members for handling 'shore' fish of 1950 production.

(2) Merchants

(a) The following costs, f.a.s. bulk per quintal, for the handling of the fish including labour, overhead, cartage, wharfage and shrinkage, by areas, were allowed: St. John's $2.43; Bonavista $2.07; Conception bay $2.32; north of Cape Bonavista $1.92.

(b) Where special drying was ordered by NAFEL to meet the requirements of certain markets, charges were allowed covering costs and loss in weight, as follows:

	St. John's $ per qtl.	Outports $ per qtl.
Semi-dry to hard dry..	2.02	1.73
Ordinary cure to semi-dry	1.78	1.49
Ordinary cure to hard dry	2.92	2.63
Ordinary cure to 40 per cent.....	2.20	1.91
Semi-dry to 40 per cent	1.46	1.17

(c) Packages were to be paid for in accordance with established rates.

(d) Freight costs were to be allowed for transportation from licensed packers to point of export and to another point of export, if necessary.

(e) Storage charges were to be determined by NAFEL and the Salt Codfish Association, subject to approval of the Newfoundland fisheries board.

(f) In certain special cases, a charge for brushing fish will be allowed, subject to approval of the Newfoundland fisheries board, at cost.

(g) In certain special cases on fish brought in to St. John's from outports, an allowance will be made to cover storage and handling charges in taking fish in and out of store and cartage where necessary to export vessel, subject to the approval of the Newfoundland fisheries board.

7. Answered by No. 6.

8. No.

9. (1) Exporters: The final commission to NAFEL will be based on actual costs incurred.

(2) Merchants: Allowances were agreed by negotiation between representatives of the fisheries prices support board and the Newfoundland Salt Codfish Association and were based on average costs determined through prior investigations conducted by the Newfoundland fisheries board.

[Mr. MacNaught.]

HEALTH AND WELFARE—INFLUENZA

Mr. Cleaver:

Has the Department of National Health and Welfare taken any measures with respect to influenza in Canada?

Mr. Martin: A national influenza centre has been established at the laboratory of hygiene with an advisory committee composed of a number of experts in virus diseases.

This centre is working in close co-operation with the world influenza centre in London, England, with the virus research centre at the Connaught Medical Research Laboratories at Toronto, and the regional centres in the United States, and exchanges with them the latest information on current epidemics and the development of new vaccines.

During the recent epidemic, our national influenza centre, in collaboration with the departments of health of all provinces, isolated and identified the influenza virus causing the epidemic. Comparative studies of this strain of virus revealed that it was identical with the strain which caused the recent epidemic in England.

In close co-operation with the American advisory committee on influenza, the problem of the efficacy of influenza vaccines was carefully studied in selected groups during the recent epidemic. These studies indicated that the older vaccines which were commercially available had little protective effect in this particular outbreak and newer improved vaccines are now being developed.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CRANBERRIES

Mr. Smith (Queens-Shelburne):

1. During each of the last ten years (a) what quantities of cranberries were imported by Canada from the United States; (b) what was the estimated production of Canadian cranberries?

2. During each of these years, what was the average wholesale price of (a) Canadian cranberries; (b) imported cranberries?

3. What was the average wholesale price on the New York market during each of the years 1948, 1949 and 1950?

4. What protection is now given Canadian cranberry producers against the imports of United States cranberries?

5. Has there been any change since 1940 in this protection? If so, what is the change?

C. D. HOWE COMPANY LIMITED

Mr. Balcer:

1. During the years 1935 to 1951, inclusive, in respect of what projects has the firm of C. D. Howe Company, Limited, been retained by the government of Canada, by any department thereof, by any dominion crown company, or by any other agency, board or commission to (a) prepare plans and/or

specifications; (b) supervise construction; (c) assume responsibility for any other work or service?

2. In respect of any such work or service, (a) in what cases were tenders not called for; (b) in what cases, where tenders were called for, were lowest tenders not accepted?

3. On what basis were fees or other remuneration paid to the said company for such work and services?

4. What was the total amount of fees and remuneration so paid?

5. What is the total amount of fees and remuneration under contract and not yet paid?

COST OF CANADIAN REPRESENTATION AT INTERNATIONAL CONFERENCES

Mr. Fulton:

1. What was the total cost to Canada of representation at each of the 168 conferences listed in appendix B to the report of the external affairs department for 1950, exclusive of the salaries of permanent employees who attended as Canadian representatives?

2. Of the total cost, how much in each case was for (a) travelling expenses; (b) accommodation and allowances, whether living allowance or otherwise, while the conference was in session; (c) salaries and wages of such special assistants, secretaries, clerical help and advisers as were employed especially for the particular conference?

3. What was the total number of personnel, including those mentioned under 2(c), attending or assisting in any capacity at the conferences themselves?

LABOUR CONDITIONS

APPROVAL OF ILO CONVENTION FIXING MINIMUM AGE FOR EMPLOYMENT OF CHILDREN AT SEA

Hon. Alphonse Fournier (for the Minister of Labour) moved:

That it is expedient that the houses of parliament do approve of convention No. 58, fixing the minimum age for the admission of children to employment at sea (revised 1936) adopted by the general conference of the international labour organization at its 22nd session at Geneva on the 24th day of October, 1936, as modified by the final articles revision convention, 1946, and that this house do approve of the same.

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, the purpose of this resolution is to obtain approval by parliament of a convention passed by the general conference of the international labour organization at Geneva at its 22nd session, October 24, 1936. Upon approval of its terms by parliament the government proposes to proceed to the ratification of the convention.

Convention No. 58 provides that children under the age of fifteen years shall not be employed for work on vessels other than vessels upon which only members of the same family are employed. There are two exceptions in the convention to this general provision. First, national laws may provide for the issue, in respect of children not less than fourteen years, of certificates permitting them to be employed in cases in which an educational or other appropriate authority is satisfied, having due regard to the health and physical condition of the child and to the prospective as well as the immediate benefit to the child of the employment proposed, that such employment will be beneficial to the child. Second, the provision does not apply to work done by children on school ships or training ships, provided that such work is approved and supervised by public authority.

This parliament has already approved the principle contained in this convention, and has given effect to it by an amendment to the Canada Shipping Act contained in chapter 35 of the statutes of Canada, 1948, repealing the former section 279 of the said act, and substituting therefor a new section 279 which provides that no person under fifteen years of age shall be employed on any vessel, subject to specified exceptions which correspond to the exceptions contained in convention 58, which I have outlined above.

It will be evident that Canada is already in full compliance with the provisions of this convention, and that no new legislation is required for this purpose. The convention has been ratified by ten other countries, namely, Belgium, Brazil, Bulgaria, France, Iraq, The Netherlands, New Zealand, Norway, Sweden, and the United States. Canada ratified an earlier ILO convention No. 7, in March, 1926, fixing the minimum age for admission of children to employment at sea at fourteen years of age. This convention is in fact a revision of convention No. 7.

Perhaps I should explain just what obligations follow upon the ratification of an ILO convention by a member state of the ILO. When the ratification has been communicated to the director of the international labour organization, the ratifying state is required to take such action as may then be necessary to give effect to the provisions of the convention by the enactment of legislation or otherwise if this has not already been done. Each of the member states ratifying the convention agrees to make periodic reports to the international labour office on the measures which it has taken to give effect to the provisions of the convention.

In effect, therefore, a member state ratifying a convention assumes the obligation that the provisions of the convention shall be given continuing effect, in that its legislation and practice on the subject matter of the convention provide labour standards on a level at least as high as the standards established by the provisions of the particular convention.

I therefore recommend to the house the adoption of this resolution.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I do not propose to delay the house at all on this matter. I imagine that will be welcome news. I have listened to the parliamentary assistant, and I have had the opportunity of studying the proposed resolution. It certainly appears to be one which should have the full commendation of the house. I understand that the principle has been endorsed already by some ten or eleven nations. It was adopted in 1936, and modified by the final articles revision convention in 1946. As all members are aware the ILO is now one of the specialized agencies of the United Nations, and I feel that as such any recommendation of this kind will have the general support of this house. I am sure that no hon. member wants to have children exploited as they have been in the past, and any measure to prohibit such exploitation is bound to have the approval of all hon. members.

There is one question which occurs to me, but I am sure there is a good explanation for it. I understand that the provision under family allowances is that the children must attend school until they are sixteen years of age, otherwise family allowances are not forthcoming. I presume the obvious explanation is that if children are working before they are sixteen—this measure provides that they may work after fifteen—there will be no need for family allowances. I suggest that is the only question about which there may be any doubt. Other than that, I see no reason why passage of this particular resolution should be delayed, and it should receive the wholehearted support of the house.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I am sure that all members of the house will welcome the ratification, not only of this convention but of any other ILO convention, because the purpose is to improve the conditions of those who make their living by working for someone else. I believe this convention came into effect first in 1939, after it received ratification by two members of the ILO. At this distance I could not hear everything the parliamentary assistant said, but I was wondering why the 1936 convention was not ratified by this parliament. I am just wondering why ratification has been delayed until this late date.

The parliamentary assistant said that the terms of the convention are perhaps not as good as the provisions of the Canada Shipping Act. While that may be true, I think most of us have had sufficient experience with conventions of this kind to realize that the terms of the convention do not mean very much. Unless there is adequate inspection to ensure that the convention is carried out, it may be only so many words on paper. I should like to have heard the parliamentary assistant explain the inspection provisions under the Canada Shipping Act which make sure that persons under fifteen years of age are not employed on any vessel except in conformity with the exceptions made in the convention. In this regard I would draw the attention of the house to a press release issued by the Department of Labour on February 8, 1951. The release was received from the ILO in Geneva, and concerns the health and welfare conditions of seamen who travel from port to port in various parts of the world. Their health conditions, the release pointed out, are such as to be a threat to the maritime nations as well as to the seamen themselves.

There are several conventions—I do not know whether we have ratified all of them—dealing with conditions on board ship and the health of seamen. Evidently they have been ratified by other maritime nations, and perhaps by our own. According to the press release I referred to, the enforcement of these conventions still leaves a great deal to be desired. I believe that this resolution should have been moved at a time when the house could go into committee, so that we could obtain information from the Minister of Labour and his experts as to how these conventions are carried out.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask the parliamentary assistant whether in article 2, clause 1, which prohibits children under the age of fifteen from being employed on vessels other than vessels upon which only members of the same family are employed, there is a loophole whereby children may be taken from school to work with their own family when they are under the age of fifteen. It is not very clear. Probably our own law is more explicit in that regard. I should like to know whether or not that is the case.

In clause 2 of the same article, reference is made to "national laws or regulations," and in the fifth line it reads: "appropriate authority designated by such laws or regulations is satisfied." Does that refer to national laws, or to the fact that provincial and local authorities have the sanction of national authority to issue these certificates?—as has been the case, of course, in Ontario with respect to children leaving school for employment other than on vessels.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have no intention of arguing

the merits or demerits of the resolution, but I should like to point out to the parliamentary assistant that this is a resolution which definitely should go before the committee on industrial relations. There is no hurry about this convention decision. It has been standing since 1936.

From listening to the parliamentary assistant I gained the impression that there is a reservation implied in this resolution as to the decision of the conference to exclude from the age limit laid down by the convention children employed on vessels on which only children of the same family are employed. I do not agree with that. I think it conflicts with the general principle of the resolution. In other words, the father, if he is so minded, can put the children, at ten years of age, aboard a vessel and thus exploit the family, ignoring much of the legislation that we have today with regard to what the province considers to be a proper educational standard before employment is permitted.

Some of the provinces have already established, for work purposes, a definite age limit. This convention decision is cutting right across provincial legislation, and I do not like the reservation that permits the father to exploit the family. The implications of this convention decision are sufficiently serious to justify reference of the resolution to the committee on industrial relations, so that we may at least gain a thorough understanding of what we are doing in accepting the proposal that is now before the house. I therefore move:

That this resolution and the subject matter thereof be referred to the standing committee on industrial relations for investigation and report.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I think the apprehensions of the hon. member who spoke last (Mr. Gillis) are not well founded. This exception in the convention would not override any legislation, whether federal or provincial. All that we undertake is that we will not have anything less stringent than what the convention provides. There are provincial regulations with respect to the obligation of parents to have their children attend school, and the exception contained in the convention would not override those regulations but would merely make it an obligation upon us, in the exercise of such jurisdiction as we may have, to endeavour to have the convention complied with. These international labour organization conventions require us to do everything within our jurisdiction that is necessary to compliance with them, and to use our best endeavours to get the other authorities who may have jurisdiction on any subject matter also to comply. But the purpose of these conventions is merely to establish a minimum which the signatories are obliged to comply with; there is no implication that they cannot do more if they feel that more is better suited to the situation of their own country.

I do not think there can be any serious objection to having the resolution go before the industrial relations committee, if hon. members generally feel that they would like to discuss it there with the Minister of Labour or the officials of his department. By our own legislation we do more than is required by this convention; and the purpose of the ratification, as was suggested on another matter by the hon. member for Rosetown-Biggar (Mr. Coldwell), is to assist the officials of the international labour organization to get an agreement from others who may not be doing as much as we are doing. If there is any desire to have the matter considered in the committee on industrial relations, the government would have no objection to that being done. I do not know that it is necessary; but if the hon. member insists on his amendment, the government will offer no objection.

Mr. Gillis: So far as I am concerned, Mr. Speaker, I would still like to see the resolution go before the committee. I think it would be an education for a great many of us to meet with the officials and to discuss this particular form of legislation.

Mr. Gordon Graydon (Peel): Mr. Speaker, may I just make one or two observations in connection with this proposal? As to a number of these conventions which arise out of the deliberations of the special agencies of the United Nations and of international organizations, it seems to me that a procedure such as that which has been recommended by the hon. member for Cape Breton South (Mr. Gillis) ought to be followed. When the conventions come before parliament, they come in the form of a resolution, and there is no opportunity in committee of the whole to interrogate anyone in the government; they sometimes also come in fairly detailed form, as does this convention. On previous occasions, when resolutions of a detailed nature of this kind have been before the house, I have felt that proper provision is not made under the rules for a proper and full discussion unless the matter goes before a special committee of the house.

When the parliamentary assistant rises to answer the questions that have been put to him during this short debate, perhaps he might indicate why we have delayed so long, a circumstance which was mentioned by the hon. member for Vancouver East (Mr. MacInnis). If it was a good convention—and I agree that it is—surely it should have been

approved long ago. Delaying action of this kind only indicates that this parliament may have had some doubt as to the principle of it, and I think that any such doubt should have been removed long before now.

In addition we ought to know from the parliamentary assistant the dates upon which these various nations officially ratified the convention. That would indicate how far we are behind, or whether we are only keeping abreast of some other slow people in other parts of the world.

Mr. Speaker: Is the amendment in order?

Some hon. Members: No.

Mr. Knowles: Yes.

Mr. Graydon: Yes, it is, Mr. Speaker.

Mr. Knowles: Standing order 50.

Mr. Speaker: The motion of the hon. member for Cape Breton South is that the resolution and the subject matter thereof be referred to the standing committee on industrial relations for investigation and report. Citation 375 of Beauchesne's Parliamentary Rules and Forms, third edition, reads as follows:

> It is not an amendment to a motion to move that the motion go to a committee.

There is also a ruling on page 604, as follows:

> Mr. Woodsworth, seconded by Mr. Garland (Bow River) moved:
>
> That in the opinion of this house, Canada should refuse to accept any responsibility for complications arising from the foreign policy of the United Kingdom.
>
> And a debate arising thereon;
>
> Mr. Bourassa, seconded by Mr. Spencer, moved in amendment thereof: That the question be referred to the select standing committee on industrial and international relations for consideration and study with power to invite expert advice: such committee to report to the house during the present session.
>
> Mr. Meighen raising a point of order on the ground that the proposition was not an amendment, said:
>
> I do not rise to address the house on the motion, nor yet on the alleged amendment, but to take exception to the amendment as no amendment at all. It is not an amendment to a motion to move that the motion go to a committee.

Mr. Graydon: Could we not agree on this?

Mr. Speaker: With the unanimous consent of the house there is no doubt that the motion could stand, but I am doubtful whether the motion in its present form is in order. Is it the unanimous consent of the house that the resolution should go to a committee?

Mr. Sinnott: No.

Mr. Knowles: May I point out that when the hon. member for Cape Breton South (Mr. Gillis) moved his motion, as I understood it, he moved it not as an amendment but as a motion. I submit that that is the point in the ruling that Your Honour has just read from pages 604 and 605 of Beauchesne's third edition. The whole point made by Mr. Meighen was that the proposition being put forward at that time was not an amendment. It was a motion, and that is what is now before us. I submit it is the kind of motion that is provided for by standing order 50, which reads as follows:

> A motion to refer a bill, resolution or any question to the committee of the whole or any standing or special committee shall preclude all amendment of the main question.

What we have before us from the government side is a resolution, one of the items referred to in standing order 50. My colleague, the hon. member for Cape Breton South, has moved a motion that this resolution be referred to one of the standing committees. Standing order 50 makes it clear that so long as that motion is before the house there can be no amendment to the main question moved on behalf of the Minister of Labour. Certainly standing order 50 makes it clear that while an amendment of this kind might not be in order as an amendment, as a motion it is. That is what my colleague moved.

Mr. Speaker: I do not see how the hon. member could move a motion at this time without notice.

Mr. Fulton: I have only Beauchesne's second edition before me, but I might point out that citation 49 on page 133 appears to contemplate that the proper time for presenting or making such a motion is the first occasion on which the resolution or matter comes before the house. I read:

> All instructions must be moved on the first occasion when the order for the committee on a bill has been read.

It seems to me that since it would not be known on this side of the house exactly when a motion or resolution was coming up for consideration, it would not always be possible by any means to give forty-eight hours' notice of a motion to refer the matter to a special committee; but since such a motion is clearly in order, as provided for under standing order 50, it does seem to me that the requirement of forty-eight hours notice would not apply to the motion now before Your Honour.

Mr. Speaker: I think the house will agree with me that we cannot have two motions before the house at the same time except in accordance with standing order 48. I think that is clear. In the circumstances, unless there is unanimous consent, I will be

forced to rule the motion made by the hon. member for Cape Breton South out of order. Is there unanimous consent?

Some hon. Members: Yes.

Mr. Sinnott: No.

Mr. Speaker: Is it the unanimous wish of the house that the motion proposed by the hon. member for Cape Breton South be allowed to stand?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Sinnott: No.

Mr. Speaker: Since there is not unanimous consent I must rule the motion out of order. Is it the pleasure of the house to adopt the motion?

Mr. Cote (Verdun-La Salle): Mr. Speaker—

Mr. Speaker: If the parliamentary assistant to the Minister of Labour speaks now, he will close the debate.

Mr. Stanley Knowles (Winnipeg North Centre): Just before the parliamentary assistant speaks may I express the hope that he will answer some of the questions that have been asked from this side of the house, to which we had hoped we might be able to get the answers in the industrial relations committee. For example, following what the Prime Minister said, we should like to know what the regulations are in Canada at the present time. How much better are our requirements than those in the convention we are now being asked to approve? If possible, I think the parliamentary assistant should give us some detail along that line.

Mr. Cote (Verdun-La Salle): Mr. Speaker,—

Mr. Speaker: If the hon. member speaks now he will close the debate.

Mr. Knowles: He did not move the motion.

Mr. Speaker: The question has been raised by the hon. member for Winnipeg North Centre that the parliamentary assistant did not move the motion, but the parliamentary assistant is speaking for the minister who did move the motion. The minister who moved the motion did not speak, and I have ruled on at least one previous occasion that if a parliamentary assistant speaks on behalf of a minister in his opening address, when he speaks again he closes the debate.

Mr. Paul E. Cote (Verdun-La Salle): Mr. Speaker, in the first instance I wish to tell the mover of the motion which was ruled out of order a minute ago that I had no basic objection to letting the standing committee of the house on industrial relations study this particular convention. But I do wish to remind him that the approval which is sought this afternoon is one after the fact, as compared with the practice of other countries of approving and ratifying a convention before making any necessary readjustments in legislation. As a matter of fact, here in Canada it did happen in 1935 that by exception we ratified a convention before enacting any measure of legislation in compliance therewith. But the house will recall that after three conventions had thus been ratified and later on their provisions had been embodied in measures which this house passed, it turned out that this legislation was ultra vires of this parliament, and that it became null and void. Therefore I think it is a wise course that our country has followed over the years not to ratify any convention before the necessary legislation embodying the terms of the convention has been placed on the statute book. This means that today while we are studying the terms of convention 58 we are asked to consider a matter which parliament approved when it gave consideration to certain amendments to the Canada Shipping Act. The matter has already received approval. I am wondering what purpose would be served if the standing committee on industrial relations, in compliance with the suggestion of the hon. member for Cape Breton South (Mr. Gillis), should go over a matter which has already received the approval of parliament.

The hon. member knows very well that, as a member of the standing committee on industrial relations, he is free at any time to express to the chairman of that committee his desire to have the committee called so that certain matters of concern to him and to the House of Commons generally may be considered.

Mr. MacInnis: Mr. Speaker, I rise to a point of order. You have ruled out of order the motion of the hon. member for Cape Breton South, and I suggest the parliamentary assistant should not be allowed to discuss it further.

Mr. Cote (Verdun-La Salle): It was not my intention to do so. I was using the incident only as an illustration.

Mr. Knowles: We will remember that.

Mr. Cote (Verdun-La Salle): I have been comparing the course followed in Canada with that followed in other countries in the approval and ratification of ILO conventions. I have concluded that the motion to refer the matter to the standing committee on industrial relations could have served a

useful purpose only if the convention was to be ratified before any legislation was introduced implementing or embodying its terms.

A question was raised as to the long delay which has taken place between the time of the adoption of the convention by the international labour organization and today, when the approval of the house is sought. Let me point out that conventions of this kind are rarely dealt with by participating governments before the expiry of two or three and sometimes four years.

Mr. Graydon: Why?

Mr. Martin: There has to be time for study.

Mr. Cote (Verdun-La Salle): In this particular instance, the main cause for delay was the intervening war years 1939 to 1945. As I said in my opening remarks, in 1946 the international labour organization studied and revised the subject matter of the convention. Afterwards it was considered that, in accordance with the policy followed in the past, it would be desirable to wait for the amendment of section 279 of the Canada Shipping Act, so that it might conform with the terms of the convention, and that this should be done before the convention would be submitted to the house for approval. I suggest this explains why, despite the original move in 1936, it is only today that the House of Commons of Canada is being called upon to approve the convention.

I will not add much more to the debate. The Prime Minister (Mr. St. Laurent) has already answered some of the questions put by hon. members. Another question had to do with the enforcement of the provision in the Canada Shipping Act embodying the terms of the convention. I would refer the hon. member to article 4 in part I of the first schedule to the Canada Shipping Act, which states:

> In order to facilitate the enforcement of the provisions of this convention, every shipmaster shall be required to keep a register of all persons under the age of sixteen years employed on board his vessel, or a list of them in the articles of agreement and of the dates of their births.

Now, to meet the request of the hon. member for Vancouver East (Mr. MacInnis) I shall be pleased to have prepared, in tabular form or otherwise, a statement showing how far we are in advance of the strict requirements of the convention in this particular field. When the appropriate item of supply is before the committee I shall be pleased to see that the appropriate document is tabled.

Motion agreed to.

[Mr. Cote (Verdun-La Salle).]

EDUCATION

REPORTED STATEMENT BY CANDIDATE IN ELECTION CAMPAIGN CONCERNING FEDERAL AID

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to ask a question of the Prime Minister, founded on a dispatch of May 16, which says that one Norman Wright, the Liberal candidate in Winnipeg South Centre, said:

> There is a growing conviction among all parties that education in Canada must have federal aid.

Will the Prime Minister say whether the candidate was expressing the opinion of the government in this connection?

Right Hon. L. S. St. Laurent (Prime Minister): The answer, Mr. Speaker, is that this is a free country, and candidates for election to parliament express their own opinions and ask, on the strength of their opinions, for the support of the electors.

HOUSE OF COMMONS

AUDIBILITY OF DEBATE—REQUEST FOR FURTHER INFORMATION ON SOUND-AMPLIFICATION SYSTEM

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to ask a question of His Honour the Speaker—

Mr. Speaker: Order. Before the hon. member asks the question, I would point out that it is not customary to address questions to the Speaker from the floor of the house. See Beauchesne's third edition, citation 302.

Mr. Graydon: Unanimous consent.

Mr. Speaker: I assure the hon. member, however, that I shall be pleased to see him at the very first opportunity and to discuss with him the matter he has in mind.

Mr. Low: Then I shall direct my question to the Minister of Public Works, and ask him to whisper with Your Honour in private. What progress is being made with plans to instal a sound-amplification system in this chamber? In asking the question I have in mind the splendid report Your Honour presented to the house on March 15, and I am also urged to ask the question because it seems to me to be getting much more difficult, as the days go by, for those of us in this part of the chamber to hear what is going on in other parts—and this afternoon has been no exception.

Hon. Alphonse Fournier (Minister of Public Works): When any hon. member is uncertain as to whom he should address a question, I

am ready to answer to the best of my ability. There was a report read by Mr. Speaker to the house concerning this matter. Discussions have been taking place—if I am not divulging a secret—between Mr. Speaker and certain experts in these matters. I attended one meeting with these gentlemen.

An hon. Member: As an expert?

Mr. Fournier (Hull): Not being an expert, I learned quite a bit about the proposed system. Mr. Speaker really is the one who has authority over the House of Commons, and I will heartily support any decision that he may make.

Mr. Coldwell: I imagine that the Department of Public Works is involved in this matter, and I should like to ask the minister whether, so far as that department is concerned, the project is being pressed as rapidly as possible? I quite agree with the hon. member for Peace River that at times it is difficult to hear what is being said.

Mr. Fournier (Hull): I would hesitate to put pressure on Mr. Speaker in a matter such as this.

Mr. Coldwell: I was not thinking of Mr. Speaker.

DEFENCE CONFERENCE

QUESTION AS TO CANADIAN REPRESENTATION AT MEETING OF COMMONWEALTH MINISTERS

On the orders of the day:

Mr. Gordon Graydon (Peel): In the absence of the Minister of National Defence, who I understand is away on public business, I should like to direct a question to the Prime Minister. Has Canada received an invitation to the commonwealth defence ministers conference to be held in Malta next month?

Right Hon. L. S. St. Laurent (Prime Minister): There has been correspondence between the government of the United Kingdom and the government of Canada in that respect. No decision has yet been reached in the matter, but as soon as one is reached I shall be pleased to communicate it to the house.

TRANS-CANADA HIGHWAY

DAWSON ROAD, ST. BONIFACE, TO RICHER, MAN.

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the Minister of Resources and Development. Has the government given approval to detailed plans of construction of the trans-Canada highway from Dawson road, St. Boniface, south to Richer, Manitoba?

Hon. Robert H. Winters (Minister of Resources and Development): I wish to thank the hon. member for giving me notice of his question. The answer is no.

Mr. Bryce: Has the minister approved any other plans in eastern Manitoba so far as the trans-Canada highway is concerned?

Mr. Winters: To the best of my knowledge, the answer is still the same as the answer I gave the hon. member for St. Boniface a week or so ago, at which time I told him that the plans for the route between Winnipeg and the Manitoba-Ontario boundary had not yet been communicated to the federal government by the provincial government.

MANPOWER

NATIONAL ADVISORY COUNCIL—QUESTION AS TO NATIONAL REGISTRATION

On the orders of the day:

Mr. C. E. Johnston (Bow River): In the absence of the Minister of Labour I should like to direct a question to his parliamentary assistant. Has the minister been informed that today's *Citizen* contains an article stating that the national advisory council on manpower does not think it necessary to conduct a national registration at this time? In view of the fact this is an important question, would the parliamentary assistant care to make a statement?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): I am aware that the Minister of Labour has followed very closely the work of the advisory council on manpower. I would not go any further at this time. I shall be pleased to bring the question to his attention.

Mr. Drew: In view of the importance that was attached to the appointment of the council at the time it was announced, and in view of the fact that the activities of the council relating to the general problem of manpower affect not only the Department of Labour but the Department of National Defence and the Department of Defence Production as well, will the Prime Minister indicate whether we are to have a report today of the decisions that have been made? If not, when may we have a report that will interpret the decisions reached on Saturday, which apparently are the first definitive decisions following the announcement of the appointment of the council?

Mr. St. Laurent: My understanding was that the committee was to make recommen-

dations. Those recommendations have not yet reached the government, and the government necessarily has not made any decisions upon them. As soon as a decision is made it will be announced to the house.

Mr. Higgins: I should like to ask a supplementary question. The first paragraph of the official release of May 19 reads as follows—

Mr. Speaker: Order. Perhaps I should have interrupted other hon. members. I think hon. members realize that they should not read dispatches at this time. Will the hon. member put his question without reading the dispatch?

Mr. Higgins: Yes. In the statement to which I was about to refer the suggestion appears that the advisory council is going to use the national census for some of its purposes. Is that correct?

Mr. Cote (Verdun-La Salle): I shall take the question as notice.

CIVIL DEFENCE

RETENTION OF FIRE PROTECTION BARGES AT VANCOUVER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of National Health and Welfare. Have reports been received from Vancouver urging that the two fire protection barges which were in use during the last war should not be disposed of to persons in the United States but should be retained in the harbour to assist in the civil defence program?

Hon. Paul Martin (Minister of National Health and Welfare): The hon. member gave me notice of his question just before I came into the house. I hope he will permit me to say that last week the hon. member for New Westminster made representations with respect to these barges, particularly in so far as they affect New Westminster. The situation is that the barges are the property of Crown Assets Corporation, and no decision has yet been made as to their disposition. However, the civil defence organization of greater Vancouver has made arrangements to hold them pending the decision that may be made by either the provincial or the federal government.

Mr. Green: I think the objection was to having them sent to the United States.

Mr. Martin: Yes. I have dealt with that by saying that pending a decision the barges are being held in this country.

[Mr. St. Laurent.]

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING PROFITS FROM PARTICIPATING POLICIES AND VOTING BY PROXY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider Bill No. 285, to amend the Canadian and British Insurance Companies Act, 1932.

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

The Deputy Chairman: Perhaps I should say that the bill has already been carefully considered by the standing committee on banking and commerce.

Sections 1 to 3 inclusive agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. Abbott: If I have unanimous consent, I should like to get it to the other place.

Mr. Knowles: You do not need unanimous consent; second reading was given on a previous day.

Bill read the third time and passed.

TRADE AGREEMENTS

TORQUAY NEGOTIATIONS—REFERENCE OF SUBJECT MATTER TO BANKING AND COMMERCE COMMITTEE

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That the subject matter of the Torquay negotiations, namely, the final act of Torquay; the decisions agreeing to accession; the Torquay protocol to the general agreement on tariffs and trade; the modifications of the schedules to the general agreement on tariffs and trade resulting from the Torquay negotiations; and the declaration on the continued application of these schedules, be referred to the standing committee on banking and commerce.

Mr. Drew: Mr. Speaker, I propose to have something to say on this, but before making any observations on the subject matter of this motion I wondered if it was the intention of the Prime Minister to make any statement.

Mr. St. Laurent: Two statements were made to the house, one by the Minister of Trade and Commerce (Mr. Howe) and the other by the Minister of Finance (Mr. Abbott), on May 8, when the announcement was made. In drafting this resolution we have endeavoured to make it all-inclusive, so that everything that would have any bearing on the subject would be before the committee. That body, being a standing committee has, by virtue of its appointment and the resolution passed immediately after it

was appointed, the right to send for persons and papers and from time to time to report its observations to the house. I understand the Minister of Finance has certain explanations to make to the house as to the manner in which the proceedings took place and as to the material which this resolution covers and which would go to the committee for investigation and such report as it may see fit to make. If it were the pleasure of the house to hear the Minister of Finance at this time I think he might be the one to open the discussion.

Mr. Drew: I was only asking the question for the purpose of determining the order of debate. I would prefer to wait until I hear any explanation that may be given.

Hon. Douglas Abbott (Minister of Finance): I had assumed that would be what hon. members would wish; and the statement I have to make is purely supplementary to the statements made by the Minister of Trade and Commerce and myself a week or two ago.

Hon. members will recall that when the results of the Torquay tariff conference were announced in the house some two weeks ago, my colleague the Minister of Trade and Commerce made a comprehensive statement outlining the benefits which Canada will receive under the new trade agreements. At that time I also spoke on the changes in the Canadian customs tariff which we had agreed to make as part of the Torquay agreements. In addition my colleague the Secretary of State for External Affairs (Mr. Pearson) issued a fairly lengthy press release outlining in somewhat greater detail the results of the conference. It is therefore unnecessary to cover that ground again today, but I would like to supplement the previous statements with a few explanatory remarks.

When the Prime Minister presented the resolution referring the Torquay agreements to the standing committee on banking and commerce, he referred to a number of documents which embody the results of the Torquay negotiations. These documents are somewhat technical and complicated. A brief explanation of what they contain may be helpful to the house in its consideration of the resolution.

First, a word about the final act of Torquay. This is a purely formal document, authenticating texts of the legal instruments which were drawn up to give effect to the agreements reached at Torquay. It simply states that representatives of the signatory countries had assembled at Torquay for the purpose of carrying out tariff negotiations; that they had achieved certain results; and that the results described in the accompanying instruments do in fact describe accurately what had been done. The final act was signed at the close of the conference by all the participating governments. All the other legal instruments which the Prime Minister mentioned in the resolution are annexed to the Torquay final act.

Annex I to the final act contains the decisions agreeing to the accession of six new countries to the general agreement on tariffs and trade. From the very inception of the general agreement in 1947 provision was made to allow additional countries to join the agreement and so enjoy its benefits, provided, of course, that they enter into negotiations with a view to granting tariff concessions equivalent in value to the concessions made by the original members. The question of admitting new countries is of vital concern to all members because, as hon. members know, under the most-favoured-nation clause once a country is accepted into the agreement it is automatically entitled to all the tariff concessions granted in the course of the three sets of tariff negotiations held under the general agreement since 1947. Hon. members will recall that these three sets of negotiations occurred as follows: 23 countries at Geneva in 1947, 33 countries at Annecy in 1949, and 34 countries at Torquay in 1951. In order to ensure that the new countries do in fact make adequate payment for membership, the agreement provides that a two-thirds majority of the present membership is needed before a decision can be taken to admit a new country. In this way, by giving members an opportunity to pass judgment on the value of the tariff concessions offered by the countries seeking admission to the group, the principle of reciprocity and mutual advantage is protected.

One of the main purposes of the Torquay conference was to increase the over-all value of the general agreement by expanding it to include Austria, the German federal republic, Korea, Peru, the Philippines and Turkey. As hon. members know, Canada concluded successful agreements with all those countries. Accordingly, together with the United Kingdom, United States, and other important countries, we are prepared to indicate readiness to accept them into the general agreement by signing the decisions agreeing to their accession. The last day for signing these decisions is June 20. It is expected that the necessary two-thirds majority will be forthcoming on behalf of all the new countries, so that they will all become members shortly after that

date. Canada will extend the benefits of its tariff concessions to the new countries after they have been formally accepted as members and have extended their tariff concessions to Canada.

Annex II to the final act contains the Torquay protocol to the general agreement on tariffs and trade. The Torquay protocol is the principal instrument which emerged from the conference and, I believe, the document in which hon. members will be mainly interested. It is designed to achieve three things. First, it contains the detailed terms and procedures under which the new countries will be admitted to the agreement. Second, it amends the general agreement in order to extend the Geneva and Annecy tariff concessions for a further period of three years. Third, it embodies the results of all the tariff negotiations undertaken at Torquay. These results are contained in a series of tariff schedules annexed to the protocol, one for each of the present members, and one for each of the acceding countries.

I do not intend to review in detail the legal terms of accession which make up the bulk of the protocol, because they are quite technical and not of general interest. Briefly, the terms of accession provide for reciprocal rights and obligations, so that new countries will be essentially in the same position as the present members. I would, however, like to say a word about the arrangement to extend the Geneva and Annecy concessions for a further period of three years, because this is one of the important achievements of the Torquay conference. As hon. members know, one of the main purposes of the general agreement is to reduce tariffs and other trade barriers to reasonable levels, and in this way to stabilize the conditions of world commerce by agreement among the principal trading nations not to raise their customs duties beyond certain agreed maximum rates. Prior to the general agreement there were, of course, many bilateral agreements in which countries undertook not to raise tariffs on specified items for certain fixed periods of time. While these agreements did provide an element of stability in tariff levels between nations, they did not go far enough, because there were large areas of trade not covered by such agreements. The general agreement drawn up in 1947 was an attempt to overcome this element of instability in world tariff levels. This agreement, which includes all the principal trading nations, together accounting for over 80 per cent of world trade, was a most significant achievement in the field of international co-operation since the end of the war.

The reductions and bindings in the rates of customs duties which were negotiated at Geneva in 1947 and at Annecy in 1949 had an assured life only to January 1, 1951. Beyond that date the tariff concessions would remain in force, subject, however, to the right of members to make modifications or withdrawals after giving appropriate notice. It was felt that if the Geneva and Annecy concessions became liable to widespread modification or withdrawal, the stability of world tariff levels, one of the main benefits afforded by the agreement, would be imperilled. It was also quite clear that before further progress could be made by way of a new scaling down of high tariff barriers, or before additional countries would agree to accept membership, a decision would have to be taken with respect to the status of the original tariff concessions. Accordingly Canada, together with the United Kingdom and the United States, proposed that the previous agreements be extended for a further firm period of three years. This proposal was accepted by all the participating countries, and with minor modifications the original concessions were extended until January 1, 1954. Agreement on this basic issue paved the way for a large number of new tariff concessions among existing members, as well as with the six new countries. The formal amendment, extending the agreements for a further three years, will come into effect when the Torquay protocol has been signed by two-thirds of the present members. In the meantime, however, in order to secure the position until the formal amendment comes into force, the participating countries signed a declaration undertaking not to exercise their right to modify or withdraw tariff concessions prior to January 1, 1954. This declaration is contained in annex III to the final act.

Finally, I should like to say a word about the tariff schedules which are annexed to the Torquay protocol. These schedules, one for each of the participating governments, contain all the tariff items on which countries undertook not to raise their customs duties beyond the maximum rates stated therein for a period of three years. In most cases the rates shown in these schedules are reductions from existing rates, while in other cases they represent bindings of present customs duties against increase. There are thirty-seven such schedules, and the one allocated to Canada is schedule V which, as members of the house will recall, I tabled on May 8. The Torquay tariff schedules supplement and, in some instances, modify similar schedules which emerged from the previous conferences held at Geneva and Annecy. In order to get a comprehensive picture of the whole range of tariff items now covered by the general agreement, one would have to look at the separate

tariff schedules which were drawn up at Geneva, at Annecy, and finally at Torquay. I understand that the secretariat is now in process of preparing consolidated tariff schedules showing, under one cover for each of the countries, all the tariff concessions granted under the general agreement on tariffs and trade since 1947.

The legal documentation embodying the results of the Torquay negotiations is, as you might expect, voluminous, so that we have only published the Canadian schedule V. I believe copies of schedule V have been distributed to all members of the house. The schedules of tariff concessions by all the countries, and the text of the Torquay protocol, have been published by the secretariat at Geneva and released in limited numbers on May 12. We are endeavouring to obtain sufficient copies, and these will be distributed to all members of the standing committee on banking and commerce as soon as they are available.

I hope, Mr. Speaker, that after this resolution has been discussed and passed by the house, the question of this agreement can be fully considered by the banking and commerce committee where, as I indicated the other day, Mr. Hector McKinnon, chairman of the tariff board, who was one of our principal negotiators at Torquay, as well as other members, will be available to answer any questions hon. members may have in connection with the Torquay agreement, or the proceedings at Annecy and Geneva.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I expect that there will be general approval of the decision of the government to refer the Torquay agreement to the banking and commerce committee as proposed in this resolution. My remarks are directed, first of all, to the general effect of the Torquay arrangements, and second as to the essential considerations which it seems to me should be before that committee in addition to the consideration of the Torquay agreement itself. While this resolution deals exclusively with the results of the Torquay agreements, and the documents related to those agreements, the banking and commerce committee will of course have full authority to make such other recommendations as may appear to be appropriate in the light of the Torquay arrangements.

It is with that thought in mind I wish to make some observations concerning the Torquay agreement, and also on the general subject of trade. We cannot regard the Torquay decisions in a vacuum, but must regard them as part of an integrated picture of our world trade as a whole. I am speaking in that respect of Canada, and of the impact of those arrangements upon Canada at this time. First of all, I believe it is desirable that the Torquay agreement be kept in perspective, because, if there is a tendency to overemphasize the results of what took place there, there may be the same tendency to overlook other matters that are of equally great or perhaps greater importance, having regard to our long-range picture of world trade.

Undoubtedly the presentation of the results of that conference by the Minister of Trade and Commerce (Mr. Howe), and the supplementary statement made public by the Secretary of State for External Affairs (Mr. Pearson), did leave the impression that tremendous gains had been made at Torquay. I believe it will be necessary for all of us to wait and see exactly what happens before we assess in very precise terms exactly what the effect of the Torquay agreement is going to be upon Canada or upon the other countries. But one of the things which it seems to me might well be in the minds of the members of the banking and commerce committee in considering these agreements, and any other recommendations that they think it desirable to make, is that the headlines in the press are not, in themselves, going to bring results. It would be unfortunate if, through the great headlines that were given to the Torquay agreement, we got the idea that these agreements alone were going to produce immense gains for Canada.

I believe all hon. members of this house will welcome whatever extension of trade has resulted, or will result in the future, from these agreements. But there are definite limitations upon the results that can flow from those agreements, which it would be a good thing to keep in mind when we are considering the whole problem of world trade. The Minister of Trade and Commerce has stated that at the moment we have no worries about marketing our products. Undoubtedly that statement interprets the unusual situation in which we find ourselves at the moment, with certain reservations. The fact is that already there does seem to be some concern as to whether there may not be too great exports of some particular products.

The first thing that all of us are naturally concerned about is the longer picture of the future, and what is going to happen in the years ahead. Unfortunately it would appear that, in so far as greatly broadening world trade is concerned, Torquay has not lived up to the expectations of those who went there from the different nations that attended that important conference. For one thing, there was the effective burial of the international

trade organization, to which so many people had attached such great hopes. It may well be that some other organization will emerge which will give alternative advantages. When we consider, however, the great expectations that were attached to the international trade organization, the demise of ITO cannot in itself be regarded with any considerable measure of satisfaction until we know what is going to take its place.

The London *Economist*, which is regarded as a modest and extremely well-informed publication in dealing with matters of this kind, put it in these words:

> ITO itself disappeared, with all the hopes built upon it, into the limbo of stillborn international organizations.

This is a time when all of us are hoping to strengthen international organization and to extend in every way possible a wider and wider association in international trade and in other fields of international co-operation. For that reason it seems to me that the demise of ITO is a regrettable feature of the discussions at Torquay.

Generally, the financial observers of this country have been inclined to modify greatly the first glowing reports which were given of these agreements when they were announced. As an example, a recent discussion of this subject in the Montreal *Financial Times* of May 11 is headed "Torquay Tariff Agreements Show Meagre Results." In the *Financial Post* published in Toronto, giving its general impressions of Torquay, we find the heading: "Little Gained from Torquay". These headings merely indicate the moderation with which we should accept the glowing statements that were made about the agreements and about their advantage to Canada. In the Winnipeg *Free Press*, for instance—which is generally favourable to the point of view expressed by the government in matters of this kind—their discussion of Torquay is headed "Trade Liberalization Postponed." Another heading, this time in the Windsor *Daily Star* of April 21, describes the general effect of the article under the heading as follows: "Wilgress Says Results Not So Great". Then in the body of a Reuters news agency dispatch from Torquay the conference chairman, L. Dana Wilgress of Canada, is said to have gloomily reported: "The results are not as great as many had hoped."

Mr. Speaker, these statements indicate reasons why this house should consider other aspects of world trade. Before this house discusses this subject again, the banking and commerce committee should be considering other aspects of world trade so that we shall not alone be dealing with the results of the Torquay conference at the time that this matter comes back before us for further consideration. If we become victims of the illusions created by the headlines which accompanied the formal announcement in this house of the Torquay agreements, then we may be diverted from the attention that should be given to other problems of trade which are of as great importance as and, in some cases, perhaps of greater importance than, the Torquay negotiations and the agreements which resulted from them.

I think that the committee on banking and commerce, in recognizing that the Torquay agreements relate to only a segment of the whole problem of world trade for Canada, might well take into consideration the recommendation made by a meeting of representatives of industry and commerce in Great Britain and Canada when they met in Toronto on May 18. At that meeting, which took place only three days ago, leading manufacturers and businessmen from Britain and from Canada discussed various problems of world trade and the possibility of extending it. The recommendation to which that meeting attached the greatest importance, and the one which received the most attention in the public discussion at that conference in Toronto, was that steps should be taken immediately—and may I emphasize that word "immediately"—to convene a conference of the governments of the nations of the commonwealth and of the other countries of the empire, for the purpose of extending trade within the commonwealth and empire, and of finding a solution of those problems and difficulties which today are raising barriers against that trade.

This conference which was simply an informal meeting of high-ranking representatives of business and commerce in both Canada and Great Britain was attended by men of outstanding experience; and I would mention the fact that, in addition to the general recommendation that the possibility of expanding trade and commerce within the commonwealth and empire be explored, they also urged the consideration of the possibility of finding some solution for the problem of making the pound and the dollar convertible.

I would recall to your mind, Mr. Speaker, the fact that on February 28 of last year we placed before this house a resolution urging the convening of such a conference. At that time the government did not see fit to accede to the arguments we presented in support of such a conference. In fact the suggestion was made that such a conference could not be productive of useful results at that time.

Now we have a recommendation of the very highest ranking businessmen from

Canada and Great Britain, urging that there be a commonwealth economic conference at the earliest practical date. This, it seems to me, ties right in with the discussion of the Torquay agreements, because the value of the Torquay agreements, or otherwise, will depend very largely upon their relationship to trade within the commonwealth itself. Having said that, I would impress upon this house and, through the statements in this house, to members of the banking and commerce committee, that there is good reason for the sense of urgency behind that recommendation of the meeting in Toronto last week of the Anglo-Canadian trade committee.

I think this would be an appropriate time to recall what has happened to our export business to the United Kingdom. At the very time that our exports to the United States have been mounting so rapidly, our exports to the United Kingdom have been diminishing to a very dangerous extent. These are the figures from 1943 on, in millions of dollars, in exports to the United States: 1943, $1,149 million; 1944, $1,301 million; 1945, $1,197 million; 1946, $888 million; 1947, $1,034 million; 1948, $1,501 million; 1949, $1,503 million; 1950, $2,021 million. Placed side by side with the export figures to the United Kingdom, we see what has been happening in the percentage of exports going to our two greatest export markets. In 1943 our exports in dollars to the United Kingdom amounted to $1,033 million; 1944, $1,235 million; 1945, $963 million; 1946, $597 million; 1947, $751 million; 1948, $687 million; 1949, $705 million; 1950, $470 million. Thus, whereas in 1943 our exports to the United Kingdom and to the United States were in reasonable balance, amounting as they did to $1,149 million to the United States and $1,033 million to the United Kingdom, we find that last year the exports to the United States were $2,021 million and to the United Kingdom only $470 million. That represents in dollar value a drop to 37 per cent of what our exports were to the United Kingdom in 1943; but that itself does not give the whole picture, because, if we take the basic dollar value used by the dominion bureau of statistics in its regular cost of living index, we find that our dollar in 1943 had a value of 84 cents; whereas last year, or early this year, it had a value of approximately 55 cents. Thus we find that the actual value of exports to the United Kingdom in terms of equalized dollars amounts to only something just less than 30 per cent of what it was in 1943.

One of the answers, and one of the very important answers, to this difficult situation is the inconvertibility of the dollar, which has raised difficulties within the period I have mentioned. These businessmen, these financial, hardheaded, experienced men, who have been dealing in international trade and in international finance for many years, came to the conclusion at this gathering of the Anglo-Canadian trade committee that steps should be taken immediately to convene a conference of governments of the commonwealth at the earliest practical date to tackle this whole problem interpreted in those dollar figures that I have given, and to seek ways of breaking the log-jam that is threatening our traditional trade channels in the years ahead.

We have every reason to welcome the extension and expansion of trade with the United States. On many occasions in this house, long before any recent comments about the fact that Canada must not be a satellite of the United States, members of the party to which I belong have urged that we should make sure that we did not become a satellite of the United States by making sure that we preserved an appropriate balance in our world trade so that no matter how friendly our relationships with the United States might be we would not have all our eggs in one basket, and not find ourselves economically dependent upon the United States although we do regard them with such friendship. It was with that very thought in mind that on more than one occasion during the past years this party has presented motions calling for an economic conference of the nations of the commonwealth to find ways to remove those barriers, to break this log-jam of dollar-pound inconvertibility, and generally to lay the trade basis for first of all the recovery of our commonwealth markets, and then the expansion of those markets in the years ahead.

By all means, let us seek the expansion of our trade with the United States; but let us remember that this country is set up for trading with the United Kingdom and the commonwealth. That was not done with any thought of placing barriers between the United States and Canada. Our ties of blood, our ties of friendship and our ties of history are too close for the effective erection of barriers between the peoples of the United States and Canada, who know each other better than the peoples of any other two nations in the whole world.

But that does not get away from the fact that this country has recognized from the earliest days that our production is largely parallel with and not complementary to that of the United States. One of the reasons we have been able to export such enormous

quantities to the United States has been one which none of us can welcome. Undoubtedly one of the reasons why there was such a tremendous increase last year in the dollar value of exports was the tremendous stockpiling that is taking place in the United States. Much of that business was abnormal; much of that business was business which took from Canada raw materials which, to the great advantage of our own people, we could be fabricating in Canada.

I suggest we should examine with great care many of the lines of raw materials and products we exported last year to the United States, and we should consider whether it is desirable that exports on that level, of those particular raw materials and commodities, should continue in future years. I do not wish to have that statement interpreted at any time as a suggestion that I do not welcome Canada's full participation in any joint steps which are necessary for the building up of the mutual strength of each of these nations. I suggest however that we should recognize why it was that the figure rose so rapidly from $1,503 million in 1949 which, up to that time was a record in dollar value of exports, to $2,021 million last year. The preparation for the defence of freedom was part of the reason for that great increase.

Along with that we see the alarming drop from the figure of $705 million in dollar value of exports to the United Kingdom in 1949—and this amount was less than half of the value of exports to the United States in that year—to the tragically and dangerously low figure of $470 million in 1950—and that figure is even lower than it appears, if we consider the depreciated value of the dollar. It will be noted that this last-mentioned figure is not much more than one-fifth of our value of exports to the United States.

There are many reasons why, by every device within our power, we should be seeking to find a solution for the problem of convertibility of the dollar and the pound as between Canada and the United Kingdom. That is our first problem. I think we should not be unwilling to explore the problem with the government of the United Kingdom and other governments throughout the commonwealth, without waiting for any general solution of the problem by the international organization built up under the United Nations.

After all, if for military purposes it is found satisfactory for a limited number of nations within the United Nations to deal with a particular military problem, as we have in respect of Korea, and as we did earlier in respect of the Atlantic nations, then I say that in the field of international trade there is no reason whatever why nations of the commonwealth should not seek a solution of this problem, to their own advantage and to the advantage of every trading nation in the world.

If we can find a solution to this problem as between Canada and other nations in the commonwealth, we shall have found the key which will unlock the door to vast trading possibilities throughout the whole world, which are being held back by this one almost insuperable problem. Today we are nearer this possibility than we have been at any time since the dollar and the pound were declared inconvertible. The very fact that it was necessary for the United States to buy essential requirements last year in such large quantities throughout the whole world has eased the dollar problem to an extent it has not been eased since this major difficulty first arose in the post-war period. For that reason I do believe that, when dollars are flowing to nations for essential defence supplies, we should seize this opportunity to seek a solution of the problem.

In a speech delivered in London over a year ago the Minister of Agriculture (Mr. Gardiner) stated why he thought trading possibilities between our two countries should not be limited by any artificial barriers of this kind. His statement was welcomed then by the United Kingdom, and I believe found general approval at that time. He was pointing out that, at a time when there are hungry nations in the world, it seems illogical that we should sit back and do nothing to break down the barriers which are preventing our selling food supplies we can produce in such quantities and which the people of other nations need so badly.

We can produce a great deal more. We can produce a great deal more of many types of essential products. It has been said over and over again that one of the devices by which we can most effectively fight communism is to see that there is ample food throughout the world. Today India, a sister nation in the commonwealth, is in many sections facing real and terrible starvation. Without delay, not only as a practical gesture of health and friendship, but also as evidence of our partnership within the commonwealth, Canada should make available to India all the wheat we can possibly spare to ship at this critical time.

Quite apart from that, we should be finding ways in which nations within the commonwealth which need our food supplies can buy that food, and buy it very largely through the rotating exchange which would be possible if we were able to break down this

barrier of inconvertibility. There are humanitarian reasons; there are business reasons. There are reasons related to the strength of the British partnership itself which all suggest that when the Torquay agreements are before the committee on banking and commerce that committee should also consider this recommendation, which has been made in such urgent terms by the Anglo-Canadian trade committee.

I hope that when the banking and commerce committee reports to the house it will report not only on the Torquay agreements but also on other aspects of related trade, and that it will recommend that without any delay whatever the Canadian government, which is in a unique position to take such action, being the one nation of the commonwealth which deals in dollars rather than in pounds, should take the necessary steps to bring together a conference of the nations of the commonwealth to seek every possible means of extending trade and removing any barriers which still hinder the extension of trade and of contact of every kind within this great fellowship.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think that all of us who followed the Torquay conferences hoped that the name of Torquay might be associated with a much wider reduction of tariffs than was there achieved. I quite agree with what has already been said that, as far as one is able to see from the schedules that have been published in some of the newspapers, there is very little indeed that gives any hope of a really wide extension of trade and commerce. In his last few words I think the leader of the opposition (Mr. Drew) indicated that he had overlooked the content of the resolution. The wording of the resolution is as follows:

> That the subject matter of the Torquay negotiations, namely, the final act of Torquay; the decisions agreeing to accession; the Torquay protocol to the general agreement on tariffs and trade; the modifications of the schedules to the general agreement on tariffs and trade resulting from the Torquay negotiations . . .

And so on. The committee is not ordered to report back to the house. In December, 1947, there was a resolution on the order paper dealing with the Geneva agreements. It died on the order paper although we had been brought here specifically to discuss the Geneva agreements. The present resolution merely refers the subject matter of what took place at Torquay, and the results that were obtained, to the banking and commerce committee. They are not asked to report or to recommend anything.

Indeed the government has the right to make certain reductions or modifications in our tariff schedules by order in council. In other words, we are not requested as a parliament to confirm anything that the government might do with respect to reduction of tariffs under agreements of this description. Neither at Geneva, at Annecy nor at Torquay were changes made in our tariff schedules that required the approval of parliament. I imagine that the resolution is in this form because of the authority that the government now has. What we are really doing under the resolution is merely referring the subject matter to the banking and commerce committee in order that that committee may call before it the officials responsible for these negotiations and for arriving at the conclusions reached at Torquay.

In passing may I say that I think the committee of representatives we had at Torquay, headed by Mr. Hector McKinnon, was an exceedingly able one, and I am sure they did their level best to safeguard the interests of Canada. However, as far as we are concerned this afternoon, let me repeat that all we are doing is referring the subject matter of these agreements and conclusions reached to the banking and commerce committee for their study. All they need do at the end of their study is to do what was done with the Geneva agreements, transmit the evidence and report to the house that the committee has studied and considered the matter referred to them. No recommendations will be required of the committee. Indeed under a resolution of this kind no recommendations could be made to the house that would be at all helpful to us or enable us to modify these agreements in any way.

Like the leader of the opposition—and I am sure in this respect all parties in the house agree—we regret that the international trade organization has failed to do what we hoped it would under the United Nations. I do not think there are any members who do not realize that the freeing of the channels of international trade is one of the great problems confronting the world. Indeed the need to free those channels and, as the leader of the opposition indicated, at the same time have a universal currency in which all our values could be expressed and to which our trade relationships could be related, makes it clear that convertibility of the dollar and the pound is of great interest not only to the world but particularly to the country in which we live.

Our whole economy was built up in the past on what has sometimes been referred to as the Atlantic triangle. We sold vast quantities of goods to Great Britain and the sterling area generally, and with the credits we obtained from our trade with that area

we were able to purchase vast quantities of goods from the United States. I am one of those who believe that at the present time our trading relationships are not healthy. While it has been valuable to increase our exports to the United States in the spectacular manner that we have, I believe that in reality that is not a sign of health so far as our economy is concerned. At the same time, as has already been pointed out, we have seen our exports to the United Kingdom drop proportionately. When we consider what our exports are from Canada to the United States we realize that they are largely made necessary because of the international situation and also because of the depletion of United States resources. The wasteful manner in which the forests and the great iron ore deposits have been exploited has compelled the United States to look across the border, with considerable interest and some envy, at the great resources of this country. Our exports to the United States perhaps are not the sign of a healthy economy we would like to think they are. We may find—perhaps not within the next few years, because the international situation may prevent it—that if and when the United States again builds up surpluses of goods, as she did in the past, she will no longer want many of the products and commodities we are now exporting to her, because she will no longer need them. Those of us who have lived in western Canada for any number of years have seen occasions when the United States was willing to take all the cattle and other commodities we could send her; but the time came when the United States was not able or willing to absorb the exports we had been sending, and we found ourselves cut off from the market we had built up. Of course to some extent that also applies to other markets, but in many instances and many respects I think the United States has been our most uncertain market.

As has been said already this afternoon, in many respects our economy, and particularly our agricultural economy, is not complementary to that of the United States, as it is to that of Great Britain and the sterling area. It is distinctly competitive. When surpluses occur in the United States, under the peculiar congressional system in that country powerful blocs can exert sufficient pressure upon members of congress and congress itself so that we may find ourselves in a very embarrassing position. I quite agree that we should do everything we can to encourage the maintenance and expansion of our trade with the United Kingdom and the sterling area, but I do not think we should go back to 1932 and in the building up of our trade with the commonwealth do anything that would be restrictive. If we entered into trading negotiations and arrived at trade agreements that were restrictive, in the sense that we were building trade within the commonwealth—if that were possible today, which I do not believe it is—we would be interfering with that larger expansion of trade at which I think we must all aim.

This agreement, like the others, is largely a matter of reciprocity in the hope that the nations agreeing at Torquay may obtain mutual advantages; and after all it is on mutual advantage that trading relationships are built. I hope we shall obtain more from this agreement than appears likely at the moment. Like most hon. members, I am sure, I have been able only to look over these schedules and get some general impressions of them. I do not note that the concessions we are making to other countries, particularly in regard to commodities we get from the United States, are offset to the extent some of us had hoped by the concessions we are getting from the United States and other countries. However, that is a first impression, which may be dissipated when the banking and commerce committee is able to question the representatives who negotiated this agreement on behalf of Canada. As things stand in the world today I think one of the satisfactory features of the negotiations is that the Geneva and Annecy agreements have been extended until January 1, 1954. At least that gives some guarantee of stabilization during that period and removes some uncertainty in our trading relationships. The reductions that are made are to come into effect, so the minister told us a few minutes ago, on June 20; but only, I believe, if they come into effect on that date mutually. We are not obligated to put anything into effect until the country with which we have negotiated is prepared to put into effect the mutual concession. I think the object of the extension of the agreements for three years, to prevent increases in these tariffs during that time, is something we should all welcome in this house; but really what I rose to say was that while we support this resolution referring to the committee the subject matter of these negotiations and agreements, we think it would have been well if we could have had a report and some recommendations from that committee so that we could have discussed the wider issues involved under these Torquay arrangements.

I do not intend to say more. I believe one of my colleagues is going to deal with several specific matters connected with these agreements. I do hope, however, that the agreements which have been made—Geneva,

Annecy, Torquay—will never be regarded either by the government or by anyone else as a substitute for what we hoped might be done under the international trade organization of the United Nations. It seems to me that if we are going to build up the kind of world we hope to see we must have a freer flow of commodities all across the world, and that free flow must be in the nature of a two-way traffic. We cannot expect to sell in markets where we do not buy. Then, as was said a few moments ago, we must also consider the effect on the improvement in standards of living, so that Canada may play her part in meeting the threat to the world caused by the poverty, misery, want and economic insecurity to be found over such a large portion of the globe at the present time.

Mr. Solon E. Low (Peace River): It is a matter of regret to us, Mr. Speaker, that this resolution in the name of the Prime Minister does not provide for a report and recommendations to be made to this house after the committee has studied the Torquay agreements and decisions. I feel, as the hon. member for Rosetown-Biggar (Mr. Coldwell) has just expressed himself, that much good may be lost in this discussion since no provision has been made for a report and recommendations by the committee.

We are keenly interested, Mr. Speaker, in any proposals for the expansion of world trade on a basis mutually satisfactory to all countries concerned. Possibly we may find in the subject matter of the Torquay negotiations, that is the final act of Torquay and the decisions agreeing to the annexations and so on named in this resolution, some evidence that the barriers to satisfactory trading relations between nations have been removed to a certain extent. I hope so. I am not fully enough acquainted with what happened at Torquay to be able to assess that, but I look forward to the study in the banking and commerce committee, and perhaps we shall have something to say at the conclusion of the studies there. I am hoping that the real debate will take place when the committee reports to the house, because then we shall have much more information on which to base a sound judgment.

We do welcome, however, any agreements that lead to the removal of barriers, and to a mutually satisfactory type of trading relations. Over the years in this house I believe we have made our position quite clear, that is that we were working towards a type of trading relationship which would result in a balance, not necessarily a balance between two countries, but a balance between any one country and the rest of the world. We are still convinced, Mr. Speaker, that this ideal, towards which we are labouring constantly, can only be reached if the great trading nations of the world will determine now, or at any rate soon, to buy from the rest of the world as much as they wish to sell to the rest of the world. Only by so doing can the currency with which to trade be made available.

We have been trying to follow an almost impossible method of trade. This matter of the convertibility of currencies, which has been one of the principles laid down upon which satisfactory trading relations can be carried on, is a fool's dream under present circumstances. There can only be convertibility of currencies if the great trading nations like United States, Canada, and Great Britain are prepared to purchase from the rest of the world goods to an amount equal to those which they are prepared to sell to the world. Now, I am afraid that Torquay has not made too many strides towards that ideal. It does not appear that is so, although we shall reserve a decision on that matter until such time as we have had a chance to examine more carefully what did come out of Torquay.

We welcome, Mr. Speaker, whatever reduced tariffs have been effected, particularly any movement towards a reduction to a reasonable level of tariff barriers. Now, that does not mean to say that we favour absolutely free trade, because we try to be realistic about it. Under present circumstances, no country could possibly remove all its tariffs. No country could go on a completely free trade basis. We must reserve the right to preserve our economic defences, and tariffs certainly constitute one of the bases of economic defence. I am afraid that we went a bit far in that regard under the Bretton Woods agreement. I am afraid we did agree there to surrender too many of our defences; tariff reductions or increases were amongst those that we did surrender. We have been breaking that agreement right and left ever since it was made. We have been ignoring it in many respects, indicating how foolish it was to enter into it in the first place.

In any event, we welcome whatever Torquay did to reduce tariffs to a reasonable level, so that there will be as few barriers to trade as possible. We are going to carefully study exactly what they were. We like the idea, which we have been constantly advocating, of a commonwealth economic conference. We feel that the commonwealth should and could be a great balancing factor in a world of trade unbalance. I do not know of any better way to try to restore balance, in a world of unbalance of trade, than to promote

the solidarity of the commonwealth and agreement amongst ourselves—not restrictive agreement, but at any rate a solidarity that would be in many respects comparable to our good neighbour to the south of us in its industrial capacity first, and in its trading possibilities second. It would only be through having such a solid commonwealth bloc that we could possibly impress upon nations like the United States the importance of attempting to balance trade. I do not see any other way. Certainly, there is much merit in what the leader of the opposition (Mr. Drew) has suggested in that regard.

We are interested not only in those things, Mr. Speaker; we are also especially interested in what progress might have been made at Torquay in connection with the principle of discrimination. One could speak at great length about that matter, but inasmuch as we are in the dark concerning what was accomplished at Torquay with respect to discrimination, we have to reserve anything we might want to say about it until after we have had our study in the committee. But let me say this. If the world is still crippled through having to accept the unconditional most-favoured-nation clause in all trading agreements, then I am afraid Torquay has not accomplished very much. I am interested in finding out particularly just how far the foolish discriminations that are involved in the so-called unconditional most-favoured-nation clause have been removed. We have suffered, and other nations of the commonwealth have suffered, as a result of that foolish clause. We have fought wars over it, and I am afraid that unless the clause is modified, or unless it is thrown out altogether sometime and a much broader, more humanitarian principle imposed in its place, it will cause many more wars. I am going to reserve further discussion on that matter until I see just what the investigation in the committee brings out.

I am interested, and all of our group here are, Mr. Speaker, in what is going to be the future market for Canadian wheat and farm products. When I express that interest I have in mind what happened in 1949 and 1950, almost a godsend to the Canadian people, when the United States was prepared to spend over $960 million for Canadian farm products to send over to Europe under the ECA program. If it had not been for that, I just wonder where we would have found a market for that wheat and those farm products.

Mr. Macdonnell (Greenwood): The government would have found it somewhere.

[Mr. Low.]

Mr. Low: I imagine the optimistic suggestion of my friend the hon. member for Greenwood (Mr. Macdonnell) might have been made by the Minister of Trade and Commerce (Mr. Howe).

Mr. Macdonnell (Greenwood): That is what they would perhaps have told us.

Mr. Low: That is right. That is what they would have told us. But the situation is simply this. Had it not been for the generosity of the people of the United States in spending that $960 million, we would have had a terrible situation in Canada. What I am anxious about, and what all the people here are anxious about, is this: what is going to be the situation in the future? Where are we going to sell those farm products and how are we going to be able to find a lucrative market for them in order that we can induce an all-out productive effort? That is an extremely important consideration for us. It is those things that we should like to study more carefully in the committee; and when we have all the information before us, Mr. Speaker, I hope we shall be able to have a real debate on the occasion of the chairman's bringing in the report of the committee and moving its adoption.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few rather brief comments on the situation we have before us. First of all, I should like to associate myself with what has been said by the hon. member for Rosetown-Biggar (Mr. Coldwell) and by the hon. member for Peace River (Mr. Low), in suggesting that it would be highly desirable that we should be able to get much closer access than we seem likely to get now to the nature of the discussion and the inside views of those able men who represented us at Torquay. I think what has been said on that matter is extremely sound, and I should like to associate myself with it.

When we are considering this Torquay agreement, it is not possible to prevent our minds from going back some three years and a little more to the time of the presentation in this house of the Geneva agreement. I certainly wish there were time to read to this house the speech that was made then by the late prime minister, in which he described to us the wonderful things that were going to happen, and in which we had a review of Liberal free-trade policy over the years, marred slightly by the fact that somebody reminded him of the Dunning budget in 1930. Nevertheless, the former prime minister had a great field day.

Those who were in the house at that time will remember that we were led to believe

that we had been brought back here in December, or whenever it was, to a special session in order that we should press on with this great achievement and give effect to it as soon as possible. That was the beginning of it and here is the ending of it. That great speech was made on December 9, 1947. Then we come along, by toilsome stages, to June 26, 1948, when the leader of the opposition at that time asked the prime minister this question, as reported at page 5916 of *Hansard* of 1948:

Will the prime minister say whether he intends before prorogation—

Which was just on top of us at that time.

—to deal with either of the two resolutions standing in his name?

Later Mr. Mackenzie King says:

I beg my hon. friend's pardon. My hon. friend is referring to resolutions with respect to the Geneva agreement?

Mr. Bracken: Yes.

Mr. Mackenzie King: I would say that they will not be proceeded with this session.

That was the beginning and ending, so far as this house was concerned, of the Geneva agreement. And so far as my memory serves me, that is the last thing that happened. Certainly it has rested in peace, so far as this house is concerned, since June, 1948.

Mr. Howe: They have been in effect right along.

Mr. Macdonnell (Greenwood): Oh, yes.

Mr. Fleming: Only in part.

Mr. Macdonnell (Greenwood): In part; and with never any need of coming to this house. But of course we are used to that. That is just becoming routine.

Mr. Gardiner: You could have brought it here at any time.

Mr. Macdonnell (Greenwood): I pass over Annecy lightly, and I come now to the new report from Torquay. Just in passing, I should like to stop for a moment to endorse what my leader has said about the importance of making all the progress towards convertibility we can. I do not share the views of the hon. member for Peace River (Mr. Low) that it is just a chimera that we should move towards convertibility. After all, after years or at any rate after a great many months of stubborn—shall we call it—pride or stubborn folly, or whatever you like, this government last summer—yes, it was last September—was forced to do the sensible thing; and I imagine that they know now that they should have done it long before then, but of course they will never say so.

Mr. Blackmore: Will the hon. member permit a question?

Mr. Macdonnell (Greenwood): I would ask the hon. member to allow me to make my speech. I have only enough steam to carry on by myself. If I had to stop and answer questions, I might run down.

Mr. Blackmore: The trouble is you have misquoted the member for Peace River.

Mr. Macdonnell (Greenwood): I will try to answer when I am through. If the hon. member will allow me to make my speech, I will do the best I can to answer him privately afterwards. I never feel that I am equal to public discussion on that subject.

I should now like to draw attention to one or two estimates, from independent sources, of the actual effect of Torquay. I do not pretend to have studied every detail of the agreement, but I will read first of all a short extract from the Winnipeg *Free Press,* and then a short extract from the London *Times,* giving two opinions from those two quarters as to what the effect of Torquay was. First, I read from the Winnipeg *Free Press* of Saturday, May 12:

The new international trade agreements negotiated at Torquay and announced Wednesday probably mark the end, for the time being anyway, of the great postwar movement toward a freely-trading, multilateral world.

That is the sentiment of our own Winnipeg *Free Press,* and I suppose we can all earnestly hope that they are wrong. But at any rate that is their view. I continue reading from the *Free Press*:

Measured by the hopes which it had raised, the Torquay tariff conference was not a success.

I now turn to the London *Times* of May 11. I will not say they are more hopeful, but they are less pessimistic about the results of the agreement; and they have some interesting comments as to various ancillary features of the agreement which I think are of some interest and of some importance.

Mr. Howe: May I ask the hon. member a question before he reads from the London *Times*? Are they discussing the effect on Canada or the effect on England?

Mr. Macdonnell (Greenwood): The minister will have to make up his own mind. I think they are discussing mainly the effect on Canada.

Mr. Howe: Why would the London *Times* be concerned about Canada? It is not their custom.

Mr. Macdonnell (Greenwood): The minister may not know it, but they are still part of the British commonwealth. At any rate, they seem to be concerned.

Mr. Howe: That is a smart answer.

Mr. Macdonnell (Greenwood): I read from the London *Times*:

As a result of seven months of negotiations at Torquay (which are the subject of a white paper issued yesterday) the general agreement on tariffs and trade is to remain in force for another three years. This means that the reductions of import duties and the other measures to remove restrictive practices in international trade which were agreed upon at Geneva and Annecy are now renewed until 1954. This was no foregone conclusion. By the beginning of 1950 many European countries were restoring their protective duties to at least the pre-war level. There was growing—and, in the end, successful—opposition in America to the Havana charter for an international trade organization. It is a matter for some congratulation that the effort to bring about freer world trade is to be continued after all.

So that they gleaned some comfort—perhaps not a great deal—out of the results. Then they go on to point out that there are some gains. I read again from the London *Times*:

The Torquay negotiations have achieved some new reductions in customs duties, and some new countries—above all, western Germany—have been brought into the general agreement.

Then they make a comment which I think is an extremely shrewd one. They say that probably one of the reasons that even a modicum of success was achieved was this, and I think this is a shrewd comment:

Probably the return of the sellers' market since the spring of last year is largely responsible; it has again dulled the edge of competition, and for the time being, fewer manufacturers feel the need for protection.

I suppose there is a certain amount of truth in that, and it raises in one's mind the question whether the period of active trade and of seller's market is not one which if at all possible should be availed of for the purpose of doing away with more restrictions.

Then they go on to speak about the imperial preference, and they have one or two things to say about that which I think are important. They had one very interesting comment, namely, the difference in attitude of the United States as between imperial preference and the Schuman agreement. I was interested in that partly because I was at Strasbourg last summer when they were discussing the Schuman agreement. I will read again from the *Times* because I think they put it very well. They say:

Any failure in commercial negotiations with America is to be regretted. It had been hoped that some valuable concessions which would have aided the increase of sterling sales in the chief dollar market might have been obtained. The Americans asked for concessions in return which the British government were not prepared to make, and they were above all anxious for a further reduction of imperial preferences. They wished to make arrangements with the members of the commonwealth one by one, for reducing the preferences which they give, without consulting the other member countries who benefit from them. This approach was rejected. With some reservations, all the proposed reductions of imperial preferences have been discussed by all the commonwealth countries concerned and in the end very few concessions have been made. The chief changes have come out of negotiations between Canada and the United States; they are a token of the strong natural attraction of trade over the Canadian frontier—and possibly also of Canadian disappointment over the restricted market afforded for Canadian goods in this country.

I think the minister, even though he does not think that the *Times* should have any interest in this matter, may agree that their comments are not without a certain amount of common sense. I will read on, because again I think the points are so well made that they cannot be improved on:

The American attitude in these negotiations has reflected the difficulties of the American government over the renewal of the reciprocal trade act and the bill for the simplification of the tariff. Rather than accept the amendments by the house of representatives to the reciprocal trade act the president may use his veto.

Later on this comment touches on the difference in the relation between preference and tariff, and puts it in what I thought was a rather pointed way. It says:

In view of the present uncertainties this country must weigh with the utmost care the obligations which are imposed upon it by the general agreement. This is especially necessary now because the next meeting of the members in the autumn may be concerned with trying to give permanent form to the present temporary organization.

If a permanent organization is to be set up, this country cannot allow the status of preferences to be left, as it is at present, inferior to the status of tariffs. The illogicality of the American attitude to imperial preference is illustrated by the American support of the Schuman plan,—

Hon. members will recall that the Schuman plan is that much discussed plan proposed by Schuman of the French government in an attempt to integrate particularly French and German, and also other minor European countries', iron and steel industries. Last summer it looked as though it was likely to break down because of lack of sympathy from Britain; but by reason of recent changes which they have made, it now seems likely to succeed. I continue:

The illogicality of the American attitude to imperial preference is illustrated by the American support of the Schuman plan, which sets out to create a new free trade area in Europe and is at least as likely to hinder as to help the more general extension of freer trade. Certainly, Europe cannot be regarded as a more satisfactory economic unit than the commonwealth; the countries of the commonwealth, in fact, are naturally still more complementary than are the predominantly industrial countries of western Europe.

There is one further quote I wish to make because it is on the same point. It says this, speaking again of the American attitude towards the Schuman plan:

The cause of freer trade can only be hampered by illogical and one-sided distinctions of this sort;

and if the Schuman plan is a portent and the future lies not with many-sided free trade but with regional pacts, then the preservation of the bonds within the commonwealth will become even more vital for this country than it already is.

Now, Mr. Speaker, I have read these extracts because it seems to me that the points which they raise are very practical, and they are particularly underlined by reason of what the leader of the opposition said this afternoon regarding the meeting of Canadian businessmen and their desire to have a conference on commonwealth trade. The setting up of this free trade area in Europe, if that is what it comes to be, may actually hinder rather than help the task of freeing world trade.

Of course, there is another thing which comes into this, and which I should like to refer to briefly, namely, the everlasting question of bulk trade agreements. That of course is one of the things that bother them in Britain, and it is one of the things that bother us here. The Minister of Trade and Commerce, if you can still refer to him in that way, said very frankly when we were talking about the wheat agreement—I think it was the wheat agreement we were discussing in this house some weeks ago—"If we had known four or five years ago as much as we know now we might not have done quite the same thing." I should like to read a short extract from the *Free Press* again, which shows what they feel the international wheat agreement is doing to the growth of wheat in western Canada. It reads:

According to farmers' present seeding intentions it is down by—

That is the wheat acreage. I continue:

According to the farmers' present seeding intentions it is down by more than 700,000 acres or nearly three per cent.

Then later on they say:

But in the main the explanation is simply this: The other crops are offering the farmer the chance of making more money. Their price has improved, responding as it does to the influences that make themselves felt in a free market. As compared with this time two years ago, the price of oats is now 14 cents higher; barley is four cents higher; rye is 87 cents higher and flax is 82 cents higher. But wheat on the other hand is 14 cents lower.

I mention that because it has often been mentioned in the house before in the discussions within the last few days. There is one other point I should like to raise, which seems to become prominent. It was made prominent first of all, as I recall, by the Minister of National Defence (Mr. Claxton) in the speech he made on March 30 to the American arbitration association, if I remember rightly. At that time he referred with disappointment—indeed I think I might say distress—to the very small amount of American munition orders, or orders in connection with the essential program, which are being received in this country. I think at that time he said $17 million only. I know that just the other day the Minister of Defence Production (Mr. Howe) said—I am not sure whether the figure he gave is strictly comparable—that we had got orders for something like $25 million worth of equipment. The minister shakes his head.

Mr. Howe: It is much larger than that. You had better not use it. You cannot quote it.

Mr. Macdonnell (Greenwood): I had better get what the minister said, and he can correct me if he wants to. In passing I notice one interesting thing. The minister pointed out the difference between manufacturing for defence at war, and when we are not at war. He said, speaking of peacetime demand and wartime demand:

At the present time, we have no such demand and we must think in terms of say vehicle production at the rate of about five a day, rather than the hundreds a day we produced last time.

Mr. Howe: Where did he say all this and when?

Mr. Macdonnell (Greenwood): This is very interesting. This is an address by the Right Hon. C. D. Howe—that is the minister, I take it—at Ottawa on May 14, 1951. Does the minister not think he said these interesting things?

Mr. Howe: But I do not know what it has to do with this House of Commons.

Mr. Macdonnell (Greenwood): I just threw that in. I have been looking for that figure, and when I find it I shall bring it to the minister's attention.

Mr. Howe: Write me a letter about it.

Mr. Macdonnell (Greenwood): The minister and I always agree, in the end, although we often look as though we disagreed.

Mr. Howe: The assistant financial critic, the boy clerk!

Mr. Macdonnell (Greenwood): The last thing I wish to say is just to point out that we, in the past, have tried to have discussions on the matter of the imperial preference and trading relations within the empire. In fact, we tried it about a year ago, in February of 1950, but at that time our friend the Minister of Finance (Mr. Abbott) in a rather offhand way said that he did not think there was much use in it—

Frankly, however, I do not think the trading problems of the world are going to be solved by simply calling another conference.

Anyway, another conference was called, and we can agree with him that it has not solved the problem yet. Then he goes on:

I for one do not like to either initiate or attend a conference unless I know exactly what we are going to talk about.

I hope the minister makes an adequate study of what happened at Torquay, and that perhaps he would read part of my speech so that he would know exactly what we think should be talked about. Then he goes on to say:

While I have no doubt it will be found desirable to hold further conferences to discuss trade matters, I do not know that the holding of a full-fledged commonwealth or empire conference at this time would add very much to the knowledge of this or any other member of the commonwealth in reference to specific solutions which can be found for these trade difficulties.

I hope the minister and the government will reach a very different view, in view of the frank opinions of something near failure of the Torquay conference, such as I have read from the Winnipeg *Free Press* and, to a lesser extent, from the London *Times*. The leader of the opposition (Mr. Drew) has indicated a strong desire from most responsible and reputable quarters for such a conference, and I hope with all my heart that this great and important question will not be allowed just to drift any further.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I believe in freer trade—I always have, and I hope I always shall. So far as this Torquay agreement goes—well, certainly I do not think any member in the house could find very much objection to it. Whatever steps they have taken must be accepted as progress, although we may be disappointed in the degree of that progress. I think, indeed, that everyone has been disappointed.

This would include even the chairman of the Canadian delegation, Mr. Wilgress, who, according to a Reuters dispatch, said on April 21 that the results were not as great as many had hoped, and pointed out that governments had been hesitant about agreeing to substantial reductions in duties.

As I understand, the chief disappointment in the agreement is that Great Britain and the United States could not get together in a sort of tariff-lowering pact. Had they been able to do that, other countries automatically would have benefited. We had all hoped there would be a kind of softening of the lines of division between the sterling and dollar areas. Instead however I think it is correct to say that those lines have been hardened; and every hon. member knows the implications that has for Canada.

I believe I am safe in saying that United States tariffs were the first and chief targets

of the Canadian delegation at the conference. One of my first criticisms is that the United States out-negotiated and out-bargained us at Torquay. I should like to develop that point at eight o'clock, and for that reason I would ask that you call it six o'clock, Mr. Speaker.

Mr. Macdonnell (Greenwood): Mr. Speaker, I rise to a question of privilege, in order to bring a figure to the attention of the Minister of Defence Production (Mr. Howe). The figure of $25 million to which I referred is for the production of the plants at Sorel and Longueuil. The minister's words were:

These plants are already committed to produce some $25 million worth of guns for the United States navy.

What the minister does not say is that that is all we are getting.

Mr. Howe: Is it all we are getting?

Mr. Macdonnell (Greenwood): I am saying that.

Mr. Howe: You said $25 million was the extent of it. Perfect nonsense!

Mr. Macdonnell (Greenwood): We have gone up from $17 million to $25 million.

Mr. Howe: Perfect nonsense!

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Thatcher: Mr. Speaker, at six o'clock when the house adjourned I had stated that, although the government obtained many concessions at Torquay which were advantageous to this country, in a general way the results were disappointing. In order to support that statement I should like to refer to what was said by Chairman Wilgress of the Canadian delegation who reported on April 21 as follows:

The results are not as great as many had hoped . . . governments have been hesitant about agreeing to substantial reductions in duties and preferences . . .

If I understand that matter correctly, the chief objective of the Canadian delegation at Torquay was the lowering of United States tariffs. The American delegation made some substantial concessions, and I think it was gratifying to the other nations of the world to find that they were inclined to be so co-operative at the conference. Nevertheless the fact remains that when the United States delegation went to Torquay they went more or less with their hands tied behind their backs. According to the United States law,

they could not grant to other countries concessions of more than 50 per cent of the tariff levels existing on January 1, 1945. Of course many such concessions had already been made at Geneva and Annecy. Therefore Canada was often disappointed during the negotiations with our American friends.

When we look at the results of the conference I think we cannot help but realize that the Americans, as they have been able to do so often in the past, out-manoeuvred and out-negotiated us. If we can believe the last issue of the Toronto *Saturday Night* the United States gave concessions to Canada on 400 items which in 1949 were valued at $120 million. Canada on the other hand gave the United States concessions on 251 items which were valued in 1949 at $390 million. Therefore my first criticism of the Torquay agreements is the fact that we gave far more to the United States by way of tariff reductions than we received in return.

I am not overly enthused either about the nature of the concessions which Canada made, and which Canada received from the United States. What were the principal concessions that our United States friends made to us? They reduced the tariff on aluminum from 2 cents to 1½ cents a pound.

Mr. Blackmore: Raw material.

Mr. Thatcher: On lead from 2½th to 1½th cents a pound.

Mr. Blackmore: Another raw material.

Mr. Thatcher: They made concessions on zinc, plywood, canned salmon, and so on. In other words, most of the concessions that our neighbours made to us were on raw materials and natural resources. I welcome these concessions to a certain degree, but I should like to have seen more on finished products. It seems to me that in recent years far too many of our exports to the United States have been in primary form, and to a distressingly large extent we have merely exchanged our trees, minerals and the fertility of our farm lands for the processing skill of our American friends.

Mr. Blackmore: Hear, hear.

Mr. Thatcher: On many occasions we have shipped raw materials to the United States, had them processed there, and then bought them back in the form of finished products.

Mr. Blackmore: Imagine that.

Mr. Thatcher: It seems to me that we should be processing more of our materials ourselves. My second criticism of the Torquay agreements then is that most of the concessions which we extracted from the United States were on primary products and far too few were on finished products. One of the main concessions we gave was on machinery, a drop from 25 per cent to 22½ per cent, and from 10 per cent to 7½ per cent on machinery not made in Canada. There was a tariff concession on auto parts. Formerly they were 25, 27 and 30 per cent and now they are 17½ per cent. Tires dropped from 25 per cent to 22½ per cent. These concessions are welcome, but once again I am going to suggest that the reductions are not going to mean very much to the Canadian consumer at the present time in the way of price decreases, because we must remember that the sales tax is levied on the duty-paid value of imports.

Recently the government increased the sales tax to 10 per cent. I should like to give the house an illustration. Let us say there is a certain item of farm machinery invoiced at $100. Before April 10 the laid-down cost, duty plus sales tax, was $135. After June 6, with the lower tariff rate but the higher sales tax rate, that same machine is going to cost $134.75, or a reduction of 25 cents. Therefore my hon. friends can see that the tariff reduction, so far as farm machinery is concerned at least, is not going to be passed on to any extent to the farmers in the various parts of Canada.

Mr. Howe: May I ask the hon. member a question?

Mr. Thatcher: Yes.

Mr. Howe: What item of farm machinery is the hon. member quoting? Practically all farm machinery comes in duty free.

Mr. Thatcher: I used that as an illustration. I should like to refer to *Buchanan's Bulletin,* registered information on national affairs for businessmen. It makes this statement:

> The reductions in the Canadian tariff on industrial items are not spectacular, from 25 to 22½ per cent on machinery made in Canada, and from 10 to 7½ per cent on machinery not made in Canada.

Mr. Howe: My hon. friend spoke of farm machinery. He should know that practically all farm machinery comes in duty free. The last item of farm machinery that was taken off the duty list was cream separators under the present budget. Practically all farm machinery was taken off the duty list several years ago.

Mr. Thatcher: I thank the minister for his correction.

Mr. Howe: My hon. friend was talking about the duty on farm machinery. I asked him a very simple question as to what item of farm machinery he was talking about.

Mr. Thatcher: I thank the minister for his correction. I am very pleased to have it. He

is correct and I was wrong, but the fact still remains that as to standard machinery what I said is correct. I say that despite the concessions which we have obtained from the United States at these three conferences the American tariff level is still considerably higher than the Canadian. The effect of Torquay, Geneva and Annecy is that it will facilitate the entry of more United States goods into Canada without bringing the United States tariff to a point where Canadian manufacturers can compete in the United States market. I think Canadians are going to be disappointed that something has not been said about armaments. I understood that Canada was going to manufacture arms for the United States. Now it appears that all we are going to make now is parts. I do not know if there is a tariff on munitions that we export to the United States. I assume there is. Perhaps this is one item on which we should have received a concession in these critical times.

I say again that the Canadian government was bested at Torquay by our United States friends, if you judge by the dollar value of the concessions obtained. I think at this time it is proper that we should consider the state of our trade with the United States. I would not deny for a moment the tremendous strides which the government has made in building up our exports to the United States. The fact that they have been able to build up our exports in that market, the most competitive in the world, is no mean achievement, and I do not wish to detract from it. Nevertheless when we recall that in 1950 two-thirds of our exports went to the United States we can see the dangers inherent in the situation. This afternoon the leader of the opposition (Mr. Drew) said we were something like the man who put all his eggs in one basket. That is what we have done so far as our trade is concerned today. As has been pointed out already, the United States market has never been known as the most stable market in the world. Actually the opposite is true. It is subject to economic recessions, and going by past history, tariff policy can change overnight. I wonder what would happen to Canada if suddenly General MacArthur or Mr. Taft should become president of the United States. I think then we might have to worry immediately about higher American tariffs. Therefore I say one of our objectives in tariff and trade policy should be to diversify our trade to a greater extent in future.

The minister or some of his friends may ask how we can do that. Well, there are many possibilities. I have in my hand a clipping from the *Financial Post* of April 14, which states that France offers to exchange steel for our newsprint. They want our newsprint, most of which is going to the United States. We are pretty short of steel. There may be objections to such a procedure; perhaps the price of French steel is too high, or there may be other reasons why that is not feasible, but on the surface this would seem to be one way by which we might diversify our trade.

Our second chief trade problem today is the British market. A great deal has been said already about the deteriorating position of that market. In 1949 United Kingdom sales to Canada were only 43 per cent of her purchases from this country. In 1950 they were 85 per cent. Before the war Britain used to take nearly half our exports. Last year she took only one-third, and I think it is safe to say that all hon. members are alarmed at the way our exports to Britain have deteriorated. Prior to the war the British bought a great deal from us. Since the war they have not been able to buy as much simply because they lacked the Canadian dollars with which to make those purchases. British statesmen and opposition leaders in this house have warned the Canadian government repeatedly as to what would happen if we did not permit them to earn more Canadian dollars. To give only one illustration, I remember a Canadian Press dispatch back in 1949, which said:

> Cripps issues warning Canada to lose exports unless it "buys British."
>
> Britain will buy less food from Canada unless Canada buys more from Britain, Sir Stafford Cripps, chancellor of the exchequer, said Thursday.
>
> . . . he said the crux of the post-war Anglo-Canadian trading problems is expansion of British exports to Canada.

At that time, two years ago, Sir Stafford Cripps put the trade problem as far as England was concerned right up to this parliament. If Canada wanted to hold the British market he told us we had to buy from them. However in the intervening years, our government has been most apathetic in trying to increase British imports. As a matter of fact this government has taken several steps which have had the opposite effect. For instance, several years ago our government encouraged the British to send textiles to Canada. They said that in order to encourage that trade they would remove the tariff. The British textile industry went to work and produced at competitive prices, and began to earn a great many Canadian dollars. As soon as they began to do that our government decided to put the tariff back on again. Much the same thing happened in the

automobile industry. Ever since the end of the war one cabinet minister after another, one government spokesman after another, has been urging British industry to become competitive, to get their prices down; yet when the British automobile industry did begin to compete, when they did produce a car that could be sold in the Canadian market, right away our government put on a dumping duty.

I cannot reconcile actions like those with a desire to increase British imports, and increase trade within the commonwealth. I think it is fitting also to mention what happened as far as our wheat agreement was concerned. The British government made an agreement in writing with the Canadian government to buy wheat at a fixed price. They fulfilled the terms of their agreement, and did so in writing; yet numerous members of this house accused the British of reneging, of failing to live up to a moral obligation. I do not suppose the British liked such statements very much. I think we in this house should remember that our chief market for farm products in the past has been Britain, as it probably will be in the future. When we do things like that and make statements like those in this house, I suggest that we are jeopardizing that market. Insulting your customers is not a good way to build up trade. I do not think you could do it in any other kind of business.

Mr. Speaker, it is clear now that another world-wide, multilateral trade conference like Torquay is most unlikely. If that is the case, any additional concessions we get must come from direct negotiations. Therefore I agree with other hon. members who have suggested that we should commence further trade negotiations with Britain. Probably we should do the same thing with the United States, and possibly with France and other countries. Our first objective in these negotiations should be to get back our old, traditional markets, and our second objective, the diversification of our trade. If we can do these things, our trade in future will remain in a healthy position.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, tonight I am not going to presume to assess the results which may or may not have been achieved in the Torquay agreements. We have had many discussions of these trade agreements in the past, as was pointed out this afternoon by the hon. member for Greenwood (Mr. Macdonnell), running from Geneva to Annecy and now to Torquay, and we are led to hope that much good will come out of this one. That is something that can be perhaps better determined by the committee to which this matter will be referred; and certainly we in the house will be in a better position to discuss the question after that committee has performed the functions required of it. However, I do suggest there are one or two questions raised by this report, some of them perhaps of particular interest to the east, to which I should refer tonight.

In connection with these agreements we see that some special arrangements are made with respect to Cuba. We are told that we will purchase some 75,000 tons of sugar annually for the next three years, and it is hoped that as a result we will be able to at least partially regain the position we held at one time in the Cuban market, but which unfortunately we lost. Just what we are going to gain by the concessions given us by Cuba is not clear; that is one of the questions the committee will have to determine. At one time that was a very satisfactory market for our potatoes, and it also took large quantities of fish products from eastern Canada. Then in the late twenties the government of this country negotiated a treaty with the British West Indies, no doubt thinking it was accomplishing a great deal in the development of our trade. I think most Canadians, however, and particularly those in the east will have to admit that as a result of that British West Indies treaty we gained very few benefits, and certainly we lost our markets in Cuba. If by these negotiations at Torquay the government has taken steps to rectify that position it certainly will be an advantage to us.

Then another question is raised. The British West Indies treaty has been in effect since 1927 or 1928. We built a fleet of ships, which we have subsidized. We have spent a great deal of money attempting to develop trade between Canada and the West Indies; but now we see that Mr. Donald Gordon, president of the Canadian National Railways, says that tremendous decisions will have to be made this year. He hopes parliament will provide money to cover the deficit of last year, which I believe was something like $845,000, but he doubts whether further deficits of this size can be covered in this way. More than that, he points out the fact that replacement of ships now in the British West Indian-Canadian service will have to be made if the treaty is to be maintained. Now, sir, there is a serious question.

The second question arising out of this one dealing with Cuba is: having once more sought to regain the Cuban market, are we also going to maintain the developments which we have achieved in the West Indian market? Certainly, there have been some definite advantages gained, particularly to

eastern Canada. One of the questions to which I am sure this house, or at any rate the government, will have to determine before many weeks go by is what will be our position with respect to the British West Indian trade in the future. Are we prepared to make the capital expenditure which will ultimately be necessary if these advantages are to be maintained?

There is one ray of sunshine that some of us may see in Torquay, perhaps a minor one. Those in the east, at least in my constituency, will note with some satisfaction that apparently trade arrangements have been made with western Germany. At one time the German market was of tremendous importance to us in the valley in so far as the shipment of apples was concerned. During the years immediately preceding the last war we shipped large quantities of apples there. Of course, that market has been lost to us. We would be interested, and I know the house will be interested, in determining just what advantages we derive under Torquay from the apparent beginnings which we are making towards the resumption of trade with western Germany. But generally, Mr. Speaker, I think that Torquay leaves one with a great deal of disappointment.

This afternoon the member for Rosetown-Biggar (Mr. Coldwell) referred to the triangle from Canada to Great Britain to the United States and back, which has developed over a period of many years. It has been of tremendous importance to all of Canada, but particularly to eastern Canada. Sometimes when we talk politically of the imperial preference one gathers the inference that imperial preference was something which developed under the aegis of the late Viscount Bennett. Our friends are sometimes disposed to shrug their shoulders, as if it were something of which they were not too proud. Of course, we know that imperial preference has been written into our tariff laws through generations. The preference was established by a Liberal government back in the days of Mr. Paterson, who was minister of finance. When Mr. Fielding was minister of finance we had the first imperial preference budget. It was written into our trade throughout the years, but we received no corresponding benefit from Britain, because she was a free trade country. Throughout the years, we did everything to develop that trade, and we succeeded in so doing.

Then in the thirties the matter developed still further, but today we have to face the fact, as suggested by the member for Moose Jaw (Mr. Thatcher) a moment ago, that after Torquay it looks as if these conferences have reached the limit of their resources. From reports we have had about Torquay the United States, quite properly, was insisting on the one hand that imperial preference be reduced or be abolished, while on the other hand you had certain commonwealth countries such as the United Kingdom, New Zealand and South Africa refusing to compromise or to do anything with respect to these imperial preferences.

Mr. Blackmore: Good for them.

Mr. Nowlan: We in this country, because of our geographical position—I am not criticizing for the moment but I think this is a fact—felt we had to make some compromise between the two positions, and we did give away, rightly or wrongly, the preference on some two hundred articles or more in order to get some hoped for benefits out of the United States market. Whatever the situation may be, sir, we know that trade on the triangle has virtually gone. Figures have been given, and I do not want to weary the house with respect to them again, but our trade with Great Britain has diminished until last year our exports to Great Britain fell off some thirty-four per cent; our exports to other countries, outside of the United States, fell off by some twenty per cent, whereas our exports to the United States increased to a substantial degree. Instead of a triangle you have at the best a two-way street. For the sake of argument I will admit for the moment it is a two-way street, but it is a street, sir, which could be mined very easily. It is a street on which land blocks could be established, if not an iron curtain dropped. We could very easily find ourselves in the position where it became a one-way street or no street at all but simply a meandering path on which the grass will grow. Then, our trade will wither and disappear, because we have lost those traditional markets to which we have been accustomed; markets which we in the east have to depend upon if our economy is going to be maintained. It is for that reason we look upon Torquay with misgiving and with doubt.

So far as these concessions are concerned we feel that our government has gone about as far as it felt it could go. Other conference countries, commonwealth countries, refused to go that far. The United States has refused to go any farther. We know that sooner or later this government, or some other government, will have to make up its mind just what position we are going to take in the trading of the world in the future. Certainly, we hope for multilateral trade. Certainly, we hope for a lessening of the trade barriers. But, sir, I think we have to be practical. Living in this world today we have to realize how, not fantastic perhaps, but how very flimsy may be these hopes. This preference is more than a matter of trade to those of us

in the east. Written into the trade agreements of the past there is the benefit of direct shipment, and the fact that preference will only apply to shipments made from the ports of origin in the commonwealth to a port on a river, lake or seaboard in Canada without transshipment.

In his statement the other night the Minister of Finance stated we had safeguarded the principle of preference. I am not quarrelling with that for the moment at all. It is for the future to determine. Since we gave away the benefits on at least two hundred items, then we automatically lost the benefits of direct shipment on those articles coming into Canada. They will now go into New York or Boston.

Mr. Howe: May I ask the hon. member what the two hundred items were on which we gave away the preference? We did not give up our preference, but we reduced the preference on certain items.

Mr. Nowlan: According to the statement made the other night by the Minister of Finance, and the statement which appeared in the press, we relaxed our preference to that extent. This is a matter which will be developed later, so I am not going to quarrel with the minister now. I am certainly glad to hear the minister make that statement that we gave it up on none, because that is not the impression that has been created in this country. Whether we gave it up on any or relaxed it on any—I do not think this point has been made in this house before—to that extent we lose the benefit of direct shipment to Canadian ports. The people employed in the ports of Halifax, Montreal, Saint John or Vancouver will suffer as a result of the relaxation of those benefits because that direct shipment clause was an important factor in the imperial preference agreements as originally drafted.

Mr. Howe: Will the hon. member, at this stage, accept my statement that there is no impairment of the privilege or obligation of direct shipments and the benefits accruing therefrom. He did not accept it before, he repeated his statement after I made the assertion.

Mr. Nowlan: I accept the minister's statement, and I am sure that will clarify the situation in Canada which is worrying many at the moment because that is not the impression which has been created. I am sure the minister will also admit that as we do relax or give away the imperial preference on any item, then to that extent we are weakening or undermining the principle of direct shipment which has been an important part of the economy of the ports of Canada during the past twenty years.

Mr. Howe: You assert we are undermining, and I am asserting we are not.

Mr. Nowlan: I am not asserting we are. I am asserting that if we are, then that follows. This committee can determine that after the matter has been referred to it. I can tell the right hon. gentleman that papers which have not been entirely critical of this government have certainly suggested that is one of the outcomes of any relaxation of the imperial preference which follows because of Torquay. But we are not debating what may or may not happen. At the moment we are debating the realities of the situation, and the fact that we in Canada are facing an extremely serious trade situation because of the emphasis upon our United States trade and the diminution of our trade with the United Kingdom, the commonwealth countries and other countries outside of the continent of North America.

This afternoon the leader of the opposition referred to the statement issued out of Toronto last Saturday by the British-Canadian trade group which has been studying our problems, and which had recommended and urged the establishment or the creation of a conference between the governments of the commonwealth in order to study this problem and to attempt to resolve it. Certainly I suggest that we all should support that proposal. If there ever was a time when such a conference was necessary, it is now. No stone should be left unturned. I realize that there are difficulties in the way. I realize that it is not an easy problem to solve. But the more difficult the problem, the more reason for prompt action and the less reason for delay. Having regard to the seriousness of the situation, and in view of the discussions which have taken place here today, I would hope that this government would take some steps to support the suggestion and to urge and to lead in the establishment of such a study in the immediate future.

Ancillary to that, may I say that I was intrigued to read in a press report the statement by the president, I think it was, of the British federation of agriculture—because agriculture, industry and trade were all represented at Toronto. The head of the British agricultural group suggested that the time had come when there should be, and would be on the part of the British government, greater relaxation of trade restrictions in so far as the importation of Canadian food products are concerned. I know the Minister of Agriculture (Mr. Gardiner) must have studied that statement with some particular interest.

In that statement some reference was made to the fact that the cheese contract showed

a relaxation at least on the part of the British of their fixed determination to engage in bulk purchases. Those of us in the apple industry know that last year Great Britain relaxed the restrictions upon the importation of apples from all the sterling areas. In other words, New Zealand, South Africa and Australia exported their apples to the trade in Great Britain, and the apples were bought and sold direct without restriction; possibly that was only because they were in the sterling areas. But it has been suggested by more than one competent authority, or at least has been suggested, by one who had information on the matter, on Friday night in Toronto that this coming year arrangements could be made whereby Great Britain would import apples from Canada, independent of and apart from bulk purchases and for distribution direct to the trade.

The minister will know that last year importations were made and that purchases of apples were made direct from the trade in British Columbia and Nova Scotia, without the intervention of this government; and that was a step in the right direction. I suggest that there is now more than a possibility and that apparently, according to these men who are now here, there is a probability that, if we take the right steps and follow the right course, this year we can arrange for the direct sale of apples from Canada—from British Columbia and from Nova Scotia; those are the two great exporting, production areas—to Great Britain, to the trade there. It has been suggested that a mission ought to be set up there, representative of the two apple exporting areas, to handle our apples and to sell them direct to the trade. If that could be done, it would be of tremendous importance to the apple producers not only of British Columbia, I assume, but certainly of Nova Scotia.

We know that there are governmental committees engaged on various projects. We know that there is always consideration given to the problem of the dollar and sterling areas. We know that each year during the past two years the British—after discussion, after debate, after waiting, after the apples were probably picked, when no one knew whether they were going to be sold or not—made an agreement whereby they purchased a substantial quantity of our apples. I suggest that this year we take time by the forelock, that we do not wait until the frosts come next fall, that we pursue the matter now and that, if possible, we make arrangements so that the apples may be sold, in order that the producers will know of it well in advance.

[Mr. Nowlan.]

Those are some of the minor and perhaps ancillary matters arising out of the discussion this afternoon of the Torquay agreement. By dealing with these matters, and by working at them unitedly and intelligently, we can and must solve the problem of regaining these markets in the sterling area; otherwise the economy of eastern Canada at least will be most seriously impaired in the future.

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I will be exceedingly brief, but I have heard such a spate of despondency over something that I had persuaded myself we should be overjoyed over, that I think someone should make a statement perhaps with particular reference to his particular part of the country.

I do not know whether the Minister of Trade and Commerce (Mr. Howe) has received many compliments from the province of British Columbia, but I am going to say that, if he has not, he should have, over the agreement which has been concluded. The general basis of the criticism has been that we were unable to get into the broad phases of over-all trading the world around. Theoretically, from that criticism we can only deduce that Canada is to be blamed for not taking complete leadership in everything. Perhaps Canada is to be blamed for the condition the world is in, if we carry that proposition to its logical conclusion. It always takes more than one to make a bargain; and in a conference of this kind, it takes a great many more than one to do so.

I have been reading the United States periodicals and the British papers, and I have been led to believe that Canada came out best of all of the countries in the conference. We in British Columbia were particularly delighted for a variety of causes. I am going to adopt the policy that was adopted by the opposition when they were dealing with the increase in the sales tax, and quote the decreases percentagewise. In the case of aluminum going into the United States, we secured a reduction of 25 per cent in the United States duty against Canadian aluminum. That is going to mean a tremendous boon to our province of British Columbia because we are getting a huge development by the Aluminum Company of Canada which is going to alter entirely the face of our province, particularly in the region represented by my good friend the hon. member for Skeena (Mr. Applewhaite). That development is going to change the entire face of the province of British Columbia. This reduction will induce the early sale of their product in the United States. In zinc ores there is a reduction of

15 per cent in the duty; in zinc blocks, there is a reduction of 14 per cent. The hon. member for Moose Jaw (Mr. Thatcher) said something to the effect: Oh well, those are only things that the Americans want anyway. That is not a sound argument, Mr. Speaker. Of course they are things that the Americans want; but likewise they are things of which the Americans themselves produce vast quantities; and the reduction of their duty against our product makes it that much easier for our product to enter their markets. He seemed to indicate that we had given reductions in American manufactured goods. Why, of course! I understood that it was Canada's policy to have multilateral trade, to trade with everybody who would trade with us. A trading arrangement is a two-way street, as one of the hon. gentlemen opposite has already said. In order to get you have to give something. I think for the manufactured goods and the concessions that we have given we have reduced the cost of those goods to our Canadian consumers by that much, and it will not affect Canadian enterprise in any particular.

The next item to which I am going to make reference is the most important item of all, namely, Douglas fir plywood. We secured a reduction in the United States market of 50 per cent; in other words, a reduction from 40 per cent down to 20 per cent. This is of redoubled importance to us because it means a further manufacturing of our timber resources. There was a time in British Columbia when we British Columbians used to look askance at people who came along with rafts of logs with the bark on and threw them into the holds of boats which went to Japan. After that the best we could do for many years was to sell what we called squares. They too were manufactured abroad into finer lumber, or finished lumber. This agreement means that we are getting the most out of our lumber when we put it into plywood; and the plywood manufacturers in my riding tell me that even at 40 per cent they were almost able to get into the United States market. They tell me that at 20 per cent they will now have no difficulty at all. And we were wise enough to secure a reduction in the steel knives which cut our plywood, and they are a terrific expense. They are a knife I think of about 30 or 32 inches, and I think they run somewhere in the neighbourhood of $300 a piece, and they wear out fairly rapidly. We secured a reduction in those knives. The best knives are made in the United States, although they come from European countries as well. But the great development there is that we are going further with our manufacturing. And today in broom handles, in paint brushes and in other things we also have advantages in that market, and now in plywood. I would suggest that we are getting out of our lumber resources three labour dollars for every one that we took 20 years ago. That is of tremendous advantage to British Columbia.

We have obtained a reduction in that market in canned salmon of 40 per cent. I do not know how great that may be to us in British Columbia. I rather imagine that we have pretty adequate markets for our salmon in British Columbia at the present time; but I want to emphasize that this is a long-range deal. Had anything of this nature been announced in our province in the period 1925 to 1940 it would have been greeted as the greatest news that ever came to our province; and if there is any tendency at the present time just to accept it as another announcement it is because our industries are exceedingly busy at the present time, and have markets for nearly all the products that they can produce. But again I say this is a long-range proposition, and we should solidify and consolidate it as time goes on.

As I said, I wanted to speak just for a very few minutes, because after being a loyal Canadian I am a loyal British Columbian, and this agreement is of tremendous advantage to our province. I should like to say that our people in British Columbia are almost unanimously of that opinion, too. We have in this country today I think only two great sources of money to keep everything going. One is the wages of labour, and the second great source is the annual income of the Canadian farms from cash crops.

As a result of this agreement we are certainly going to step up the industrialization of the province of British Columbia, which is already a very great industrial empire. I should like to add my few words to those which the minister himself graciously gave to the splendid staff that Canada sent over there, headed by Hector McKinnon. I know some of the other men in agriculture, and in various other phases who accompanied the mission, and who I think did a magnificent job for Canada within the territory in which they were permitted to work.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, some of us who in the debate on May 3 urged on the government that an opportunity should be provided for the house to debate trade policies in general and the Torquay agreements in particular welcome the opportunity afforded by the present resolution to discuss these two very important topics.

It is just as well perhaps, Mr. Speaker, that the importance which the house attaches to subjects brought before it for discussion is not measured by the time actually spent on them; otherwise, so far as this session is concerned, it would appear that the house does not attach great importance to the subject of trade; for this is the first occasion that has been offered to the house to debate trade policies, so far as I recall, at the present session.

Trade, Mr. Speaker, has certainly lost none of its importance for Canada, and in approaching this subject we are approaching something which is part of the economic life-blood of our country. In the early post-war years we used to speak very freely about the fact that Canada had risen to the third place among the great trading nations of the world; that she was perhaps more dependent upon export markets for the employment of her people than any other country in the world; that three out of every eight persons in Canada owed their employment to our export trade. And although perhaps the proportion has been reduced slightly, to about one-third, nevertheless the subject is one of paramount importance for every Canadian. Therefore, Mr. Speaker, I think that the house should welcome this opportunity of spending a little time considering trade, and in particular these agreements which have been announced by the government as having been concluded at Torquay.

The hon. member for Vancouver South (Mr. Laing), who has just spoken in fulsome terms of the way in which the agreements have been received in his province, has used quite strong expressions. He has pictured the people of his province as overjoyed. Now, Mr. Speaker, to the extent to which there are benefits in these agreements for the people of Canada I am sure all hon. members will be glad to commend them. At the same time the house will not fail, I am sure, in the discharge of its duty to examine the price that is being paid for the benefits that have been gained, and also to measure what has been gained against the hopes that we were led to form in anticipation of this conference, and also to compare these benefits with the picture that has been given to the house by the government concerning the effects of these agreements.

Those who sat in the house when we were called to meet at the beginning of December, 1947, and recall the way in which the government at that time introduced the Geneva trade agreements, and saw later the way in which some of the colour came out of the picture on closer examination, will, I think, perhaps approach the government's rather grandiose description of the benefits of these agreements with at least a measure of reservation.

One recalls so well that broadcast to the nation on the evening of November 17, 1947, when the then prime minister went on the air and announced that as a result of the trade agreements which had been negotiated by the Canadian representatives at Geneva the new heaven and the new earth had come. And then, as soon as the prime minister had finished, the Minister of Finance came on the air to announce to the Canadian people that the advent of the new heaven and the new earth was postponed because it was felt necessary by the government to apply what were then absolutely illegal and unconstitutional taxes and restrictions upon imports into this country, measures applied by orders in council, which eventually found their way into the Emergency Exchange Conservation Act.

And so the new heaven and the new earth announced by the prime minister on that occasion were at least postponed. And by and by we found we were going to obtain only part of the new heaven and the new earth, at best, because only part of the Geneva agreement has ever come into effect. If I remember correctly the statement made a few days ago by the Minister of Finance, if not one made in an earlier session, the Geneva agreements have come into effect with respect to about half of the items to which they purported to apply. And even on that limited basis the effect of the Emergency Exchange Conservation Act over a period of three years was to reduce still further the area within which the agreements were permitted to operate.

Some of us in approaching the present agreements, however hopeful we may be, cannot dismiss from our minds the recollection that every time the government has come out from a conference it has announced at that time whatever it had to offer in the way of an agreement as though that were the advent of the new heaven and the new earth. This necessarily leaves those who have grown accustomed to these tactics with the feeling that we must approach the government's statements with at least a generous measure of reservation.

I am sure that on the part of every member in the house there will be a desire to commend the able representatives of this country at Torquay. They included some of the ablest of men in our civil service, men of whom the country is justly proud. I am quite

sure that through them Canada was able to discharge her part in those negotiations with credit, in the manner in which the negotiations were carried out.

I have a feeling, sir, that if the government would really break down and forget, for once, trying to sugar everything that it brings before the house, or paint everything it has done in glowing colours—it is my view that if the government would really break down and be candid with the house it would tell us that it has been disappointed with the results at Torquay.

What was accomplished at Torquay? Well, we will welcome the extension of the Geneva agreements for a further period of three years, to January 1, 1954. Then, as to the other fact that has been put before us as an accomplishment, namely the negotiation of sixteen new agreements, I suppose we are glad to see agreements in a world in which it is necessary more and more for the free nations to show the nations behind the iron curtain that the free nations are prepared to work together. Trade is one way in which we believe we can work together.

Having said that, I think we must admit—and I believe if the government were frank it would also admit—that the sixteen agreements are rather narrow in scope. And, even apart from those two factors, the rest of the negotiations at Geneva has been written into a record of failure and disappointment. I do not say, and I wish this to be clear, that the failure is attributable to Canada or to the Canadian representatives. Unquestionably the position taken by some of the nations represented at Geneva made it exceedingly difficult for Canada, and other countries that would have liked to enter into agreements with them, to do so.

Nevertheless we must, in reviewing these agreements, try to see them in their true light and, so far as we can, in their precise proportions. And whatever may be said on their behalf, the fact of the matter is that their benefits are very narrow in scope; and, on the whole, the Torquay agreements in years to come will be remembered largely, I suggest, because of the disappointments that were encountered there.

Torquay is not the only milestone in the post-war record of disappointments in the field of trade negotiations. How hopeful we were in 1945 and 1946! We looked at the draft charter of the international trade organization and we saw a new spirit in Washington, a new attitude toward freeing the channels of trade in the world. We saw throughout the free nations of the world what on all sides appeared to be a desire to further and to extend world trade on a multilateral basis. We were all filled with hope. That, of course, was in the days before Russia had shown to us that she was determined to sabotage every effort of the rest of the world to advance toward either prosperity or peace. And it was also before some of the harder facts of the trading position of many nations were fully appreciated.

We did not appreciate in those days the difficulties Great Britain was shortly to face with respect to her trade and her currency. We underestimated, I think, the material exhaustion of the nations of western Europe; and we certainly underestimated the complexities involved in multilateral trade negotiations.

Mr. Blackmore: Hear, hear.

Mr. Fleming: That belongs to history now. I think most of the free nations of the world tried to do their best, with due regard for their own interests, to give some play to the principles of multilateral trade. But, apart from Geneva and some very limited success at Annecy, and even more limited success at Torquay, it seems that many of those high hopes that were held five years ago have passed now into the limbo of disappointments.

We will not forget, either, in measuring the benefits we have enjoyed as a great trading nation, the fact that we owe much to the enlightenment which has distinguished not only trading policies in the United States, but also those policies that have sought, even at considerable cost to the American public, to assist other nations on the path to recovery. Whoever in this world, living twelve years ago, could have foreseen that the policies of the United States which, up until that time, from the Canadian point of view presented a great handicap and barrier to the freeing of the channels of international trade, would have been supplanted by policies which have been marked by generosity rarely equalled in history? And Canada has been the beneficiary of those American policies of trade, and those economic policies which have been designed to assist Europe back onto its feet. The European recovery plan gave great benefits to Canada.

I think the house will welcome, in general, the proposal to send these agreements and the accompanying documents to the standing committee on banking and commerce for more detailed examination. That, I think, is a highly proper course with respect to a measure of this kind, particularly as it seems to me some attempt will have to be made with respect to many of these items to measure the advantages against the possible disadvantages involved for Canada. We shall have to work within obvious limitations, and the

judgment that we shall apply in the committee or in the house must necessarily be tentative, until the agreements have been in operation and there has been an opportunity to see them at work.

However, I think we may well pause to consider the rather limited terms of the reference to the committee, and shortly I should like to say a word concerning the terms of the resolution and to compare it with the course the government invited the house to follow with respect to the Geneva agreements in the session of 1947-48.

May I first offer some comments with reference to the background against which we ought fairly to measure either the benefits or the disappointments of the Torquay agreements. I am not going to weary the house with statistics. As a matter of fact very few statistics need to be emphasized now beyond those that have already been recorded in the course of the debate this afternoon. But let me deal with our fundamental problem, and it is a problem. Whatever joy we may take out of the fact that our markets in the United States have been expanding as a result of the stockpiling policies of that country, the fact nevertheless remains that our trade problem increasingly becomes one of seeing our eggs to an ever-growing degree being placed in one basket.

Let us look at the figures for only the last two years. I will not trouble the house to go back beyond that. In 1949 our total export trade amounted to $2,993 million. Of that sum we exported to the United States $1,503,459,000, or 50 per cent in round figures. To the United Kingdom we exported $705 million in round figures, or 23·5 per cent. To the other commonwealth countries we exported $310 million or 10 per cent of our total exports. That means that in 1949 we exported half our produce to the United States and one-third to all commonwealth countries.

What is the picture in 1950? Our total export trade expanded to $3,118 million, the largest figure in our history. The United States purchased $2,021 million out of that total, or 65 per cent of the aggregate. The United States, even with a much larger total of exports, moved up from 50 per cent the year before to 65 per cent of that considerably larger total. United Kingdom purchases dropped from $705 million in 1949 to $470 million in 1950, and that figure represented only 15 per cent of our total exports. That is a fact that must arrest the attention of the house and give concern to the Canadian public.

Our exports to the United Kingdom dropped from $705 million in 1949 to $470 million in 1950, and in that year they represented only 15 per cent of our total exports. In 1950 the commonwealth countries purchased $185 million of our exports, a very substantial drop from the $310 million the year before, and at that figure of $185 million they were only 6 per cent of our total exports. Therefore, as applied to the larger total of exports in the year 1950 compared with 1949, we see that the United States has moved up from 50 to 65 per cent, and all commonwealth countries, Great Britain included, have dropped from 33·5 per cent to merely 21 per cent. Only one-fifth of our exports went to all commonwealth countries combined last year.

One has scanned the figures for the first two reported months of this year 1951 in the hope that the trend would have been arrested, but we see that for the first two months of the calendar year 1951 our exports to the United Kingdom have dropped—I will give round figures—from $79 million to $73,600,000, and total exports to all commonwealth countries are about what they were in 1950. In those two months our exports to the United States have increased from $260 million to $339 million. Now, sir, let us be fair. We are glad to see the increase in our exports to the United States, but let us remember that they are due to what may be temporary policies. These high exports to the United States are due to their policies of stockpiling, but even if it is only temporary we are glad to see the trading gap between Canada and the United States, which has traditionally existed, being closed under pressure of world events.

But no Canadian can view with any degree of equanimity this situation when our exports to the United Kingdom have shown this very alarming decrease accompanied by an equally alarming decrease in our exports to all other commonwealth countries. When I say all commonwealth countries I am referring not merely to the aggregate; I am referring to all commonwealth countries because it is one of the alarming features of our trading statistics of 1950 that the decrease in our exports to commonwealth countries applied right along the line. All commonwealth countries were purchasing less from us than in the previous year.

In the face of that situation what is the course that we urge upon the government? We urge, as we have consistently urged, that the government should take every step open to it to arrest this alarming decline in our exports to the commonwealth countries, and in particular to the United Kingdom, that great traditional market, a great market particularly for the primary produce of Canada. This danger of which I have spoken, of putting all our trading eggs in one basket,

is a danger that confronts the primary producer in this country more than it does any other person in our Canadian economic system. Therefore as one who regards the primary producer of this country as still the bedrock of the soundness of the Canadian economy, I make no apology for attaching the highest importance to this decline in our exports to the United Kingdom and to all commonwealth countries.

It is a fact that stares every one of us in the face, and I submit that the house cannot be content to sit back and watch the government apparently viewing this alarming decline with apathy. In case hon. members think that is a little strong, may I come back to this point, that we have urged upon them the calling of a conference of these very nations who are purchasing less from us, as I have indicated. Why should we not sit down together and see if we cannot do something to eliminate the very real difficulties that stand in the way of restoring the kind of trade they were doing with us previously? It is not simply a case of trying to expand our trade. It is a case now, so far as Canada is concerned, of seeking to win back markets that we have been steadily losing in the past fifteen months at an alarming rate. It is not good enough simply to sit back and watch that going on under our very eyes. It is far too dangerous a trend for any Canadian to sit back and watch without grave concern.

There are difficulties on the other side of this picture. The difficulties are not simply on the part of Canada, or any unwillingness on the part of Canada to trade. We will frankly realize, if we approach the problem realistically, that there are in the policies being followed by the United Kingdom government difficulties in the way of increasing trade between Canada and the United Kingdom. The bulk purchasing policies of the United Kingdom government have not in the long run assisted Canada's export trade to expand, no matter what some of the ministers opposite may say about temporary benefits. As a country we have not had much benefit from some of the bulk purchasing policies followed by the socialist government of the United Kingdom which has been directing many of its bulk purchases to countries which are competitors of ours.

The difficulties in the field of exchange are very great; unquestionably the negotiators who represented Canada were confronted with the problem very frequently. But, sir, when difficulties arise do we simply sit down and say it is no use, and throw up our hands? I say this situation is too serious to justify an attitude of that kind. Not once, but on many occasions we have urged the government to call a conference or to recommend the calling of a conference by other nations within the commonwealth, in order that sitting together we might seek to grapple with this problem and see if we cannot at least reduce some of these very real and admitted difficulties in the way of the expansion of trade with one another. The house will not have forgotten that on February 28, 1950, a motion was introduced in this house on behalf of the official opposition by the hon. member for Lake Centre (Mr. Diefenbaker) which will be found at page 308 of *Hansard* for that date. This was on a motion to go into supply; and after moving that all words after the word "that" be stricken out the official opposition sought to substitute this motion:

> this house is of the opinion that the government should take immediate steps to convene at the earliest possible date a conference of the nations of the British commonwealth and the countries of the empire to devise policies to restore our lost markets, and thereby to provide jobs for our Canadian people.

If one turns to pages 337 and 338 of the same volume the unhappy fact will be noted that the government whipped up its big majority to defeat that motion by a vote of 148 to 55. What was the result? A situation which was then commencing to assume serious proportions was permitted to assume more and more imposing proportions until now the export trade of this country to Great Britain has dropped from $705 million in 1949 to $470 million in 1950, and to commonwealth countries from $310 million to $185 million. I do not say that whole drop could have been avoided by the calling of a conference. We have to be frank and admit the difficulties which brought about this situation, helped along by policies the British government felt compelled to adopt. But there is no possible extenuation for the failure of the government to do what ought to have been done to meet these conditions by seeking to call a conference at which everything possible would have been done by men of good will from our sister nations within the commonwealth to at least reduce those difficulties. So time has gone on and the situation has steadily become worse.

Mr. Ferrie: Water under the bridge.

Mr. Fleming: Well it would not have been water under the bridge if the government had adopted the very constructive suggestion offered by the Progressive Conservative opposition on that occasion. We would not now be facing a situation in which our exports to the markets of the United Kingdom and the commonwealth countries have

experienced this further critical drop. And when I speak of the serious drop that has occurred in the last fifteen months, I do not confine to that period the falling off in our exports to the United Kingdom and commonwealth countries. That has been going on for some years, ever since war purchases dropped out of the picture. But the situation became infinitely more critical during the fifteen month period beginning toward the end of 1949 and running now into 1951. A great deal of this loss of trade would not have been water under the bridge today if the government had been prepared to move in the direction they were asked to move at that time and on other occasions.

I said something about the procedure indicated by the government on this occasion. What I have just said relates to the background of the trading situation against which we must measure the Torquay agreements to judge their value and relative importance in influencing a trade situation that has been characterized by an increasing lopsidedness. In 1947, after the Geneva agreements were signed and the then prime minister made the announcement on the air to which I have referred, parliament was summoned at a very unusual time. The reason given was that parliament was to be asked to meet on December 5, 1947, for the purpose of ratifying the Geneva agreements. Such was the importance of those agreements, such was the urgency attached to their ratification by parliament, that nothing short of immediate ratification was proposed at that juncture. So parliament was called to meet two and one-half weeks before Christmas. If you will examine *Hansard* for December 5, 1947, you will see at page 2 a paragraph in the speech from the throne relating to the course the government asked parliament to follow with respect to the Geneva agreements. That paragraph read:

> A permanent solution of our exchange problems and the future well-being of the nation depend upon the revival of world trade. An important step forward in this direction has been the successful conclusion of the recent discussions at Geneva. A positive achievement was the conclusion of trade agreements with eighteen other nations.

Then mark these words, if you please:

> You will be asked to approve these agreements. Canada is now represented at the United Nations trade conference in Havana, which it is hoped will result in the establishment of an international trade organization along lines agreed to at Geneva. The trade agreements and the establishment of an international trade organization will provide a sound foundation for the expansion of world commerce, production and employment.

I have already alluded to the fact that the Geneva trade agreements were to a substantial degree neutralized by conflicting policies adopted at the same time by the government. But to contrast the course the government invited parliament to take at that session with respect to the Geneva agreements with the course suggested in the present motion may I refer to the resolution introduced in the house, which will be found at page 106 of *Hansard* for December 9, 1947:

> That it is expedient that parliament do approve the general agreement on tariffs and trade, including the protocol of the provisional application thereof—

Then it goes on to set out the various documents, and in conclusion states:

> —and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

In the course of the debate objection was taken to parliament being called upon to vote approval of those agreements before there had been detailed examination of them. On March 12, 1948, the then prime minister introduced the following motion, which was seconded by the present Prime Minister, and which will be found at page 2145 of *Hansard*:

> That the subject matter of the general agreement on tariffs and trade, including the protocol of provisional application thereof, together with the complementary agreement of October 30, 1947, between Canada and the United States of America, be referred to the standing committee on banking and commerce.

You will see, sir, that the resolution is one which has been followed quite closely by the government in the resolution now under debate. I make this one observation in respect to the course that was followed in the banking and commerce committee and in the house. Following the adoption of that motion on March 12, 1948, the committee held several meetings and it heard some evidence. Then, the committee suddenly ceased to be called. The Geneva trade agreements rested literally in the lap of the banking and commerce committee, and that was the last that was heard of them. They have never been approved by parliament. The resolution which was introduced by the government at the beginning of that session was never disposed of because the agreements, apparently by the deliberate tactics of the government, were never reported back and have never been debated since.

Now, attention has been called in the debate today to the fact that the committee on banking and commerce is not being called upon to make any recommendations with regard to these agreements. The resolution simply proposes that the subject matter of the Torquay negotiations be referred to the standing committee on banking and commerce. What happens after they are referred there will remain, I suppose, in the inscrutable realm of government strategy. If it

suits the political interests of the government to have a resolution passed in the committee reporting these Torquay negotiations back to the house, unquestionably that will be done. If it suits the political fortunes of the government that the study of the agreements should die in the committee, no doubt that is the fate that awaits this agreement, just as it was the fate that overtook the Geneva agreements in 1948.

Mr. Knowles: The committee only has the subject matter of the agreements referred to it, not the agreements themselves.

Mr. Fleming: The committee has the subject matter of the agreements, but apparently will not be given the opportunity of passing judgment directly on the agreements.

Now, sir, it seems to me that this method, while commendable from the point of view of getting before a committee the details of the negotiations, is not a satisfactory method, having regard to the relationship between the committee and the house; and the relationship between the government, acting in pursuance of such powers as it possesses in the matter of negotiating a trade agreement, on the one hand, and the house on the other. It is no happy reflection upon the Canadian parliament, as it certainly is no happy reflection upon the government opposite, that measures such as these Geneva trade agreements which were pictured to be the new heaven and the new earth, in that broadcast of November, 1947, so important that parliament was summoned to meet on the eve of Christmas to pass judgment on them, were simply allowed to be forgotten. Such a course reflects no credit on the Canadian parliament, and it certainly reflects no credit on the government opposite. While I repeat that I am glad to see the banking and commerce committee given an opportunity of reviewing the details of these negotiations, I am nevertheless regretful that the government now proposes to simply follow a course which is a repetition of an incident which does not reflect credit on parliament or the government.

The government goes ahead with trade negotiations on what we were led to believe was a very broad and important scale, in pursuance of the powers it possesses to reduce the Canadian tariff. Surely, sir, if those measures have the importance pretended on their behalf by the government, this parliament should have the opportunity of passing judgment on them, whether favourable or unfavourable. It seems to me that what we have before us is a very halfhearted permission from the government to have a peek at the details of the agreements, but apparently no opportunity of expressing some judgment upon them. I urge, Mr. Speaker, that the terms of this resolution should be broadened so that when the committee meets it will not be stultified, it will not be confined, but as a committee possessing the dignity of parliament will be a responsible committee to consider the matter which the government pictures as one of importance, and will have an opportunity of conducting such a review and inquiry with respect to these negotiations and agreements as will be a credit to the Canadian parliament.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the purpose of this resolution is to refer the documents executed at Torquay to a committee of parliament for the information of the members of the committee, and for such report as may emanate from the committee to the House of Commons. Objection has been taken that the committee cannot change the agreement. Well, I agree that is the situation. To have forty countries enter into tariff negotiations and not make it possible for representatives of those countries to bind the governments that they represent to agreements reached during the conference would of course make tariff negotiations of this kind impossible. All the countries at Torquay were acting under executive authority. For the United States, Canada, Great Britain, all the countries there represented, the executive of each took the responsibility for signing the agreement on behalf of his country. It is the method followed by British countries, and it has been accepted in countries outside of the British commonwealth.

I do hope that the committee will give careful study to the results at Torquay, because it seems to me that this uninformed debate we are having indicates that a study of the terms of agreement will be very helpful, particularly to members of the opposition who have spoken. We are told tonight that the results at Torquay have been unimportant to Canadian trade. I believe that many parts of the country will take a different view. We have heard the viewpoint of British Columbia, and I believe we shall get an even stronger viewpoint in the same direction from the maritime provinces. I believe the farmers of this country—

Mr. Hatfield: No, no.

Mr. Howe: The hon. member sees no virtue in anything but potatoes. We did not do anything about potatoes but we did get concessions for other maritime products.

We are told that Canadian trade is in a very serious situation, but that the whole

situation can be saved by calling an empire conference. If hon. members were reading the newspapers they would know that an important trade conference is taking place in the city of Ottawa today with a high level team of British and Canadian experts. On the British team are the heads of three departments of government, the treasury, the board of trade and the ministry of food. This trade conference will continue throughout the week. I can say that conference is to be followed by a trade conference with the republic of France; that is to be followed by a trade conference with the British West Indies; that is to be followed by a trade conference with New Zealand. I believe this government is not wholly oblivious of the fact that conferences may be helpful.

The minister of external affairs (Mr. Pearson) has called my attention to the fact that last year Canada attended 169 conferences, so that if conferences, the cure-all of the opposition parties, can be helpful, I think we have done well by international conferences.

We are told that our Canadian trade is in a dreadful position. I will admit that the Conservatives have come quite a distance since 1911 when they said: No truck or trade with the Yankees. They now admit that some trade with the Yankees is not too bad, but they say that we have far too much of it at the present time.

Then trade figures are quoted to show that our trade with the United Kingdom has fallen off tremendously. I was interested in the base figure that was used by the leader of the opposition (Mr. Drew). He used the trade figures for the year 1943. In 1943 Canada was at the top of its production of munitions of war and we were sending those to England in tremendous quantity, with no price tag on the munitions. We built up a tremendous trade in that way, but it was wholly abnormal, of course. Using that base, he showed—

Mr. Fulton: He did not use it as a base.

Mr. Howe: He started with the year 1943 as a base.

Mr. Fulton: He did not say it was a base. He just started there, it is true, but he did not say it was a base nor did he look upon it as a base.

Mr. Howe: We will call it a point of departure, then. In other words, his comparison was with the year 1943. Then he showed that after we had that level of trade established in 1943, through to about 1947, it began to drop away. But what he did not say was that today the trade between Britain and Canada is exceedingly high, compared with any pre-war year in history. It is still high. It is true we have not trade in munitions of war, but we are still doing a big business in the United Kingdom and with the empire, comparing the figures of today with any pre-war trade figures.

There is a certain limit to the trade that a country can have. A country cannot export more goods than it produces, minus the goods that it consumes within its own borders. That is the limit of exports, and we have been producing exports up to that limit continuously since the year 1943. I will take the same point of departure as that taken by the leader of the opposition; we will use that as a base. Every year since then we have been selling everything that we could produce. I claim that no country can do more than that in the line of exports.

There is a limit to the amount any country can import. That limit is the amount that it can afford to pay for imports; and we have been importing about to that limit.

It has been said that we have been increasing unduly our exports to the United States. Why have we been doing that? We either had to do that or we had to limit our imports from the United States; and this country cannot get along without substantial imports from the United States.

My hon. friend has referred to the session of 1948, or of 1947, I believe it was.

Mr. Fulton: 1947.

Mr. Howe: Yes, 1947. At that time we were going bankrupt in United States dollars. In other words, up to that time we were exceeding our ability to buy in the United States. We had to meet that situation. We met it partly by cutting back our imports from the United States, but we met it to a larger extent by building up our exports to the United States and thus building up our ability to import from the United States. It seems to me that that was the logical development of trade. Today our trade with the United States is not in balance but, counting shipments of gold and certain invisibles, we are certainly trading on a basis that is manageable and that is within our ability to pay for imports.

The United Kingdom has been in the same position in its trade with Canada. We have never refused to export anything to England; we have pressed exports on England every year; and England has bought to the extent of her ability to pay. We have been told repeatedly by representatives of the United Kingdom that Britain would gladly spend in Canada all the dollars that she could earn in Canada. Canada therefore has promoted the sale of British goods in Canada; and exports to this country from Britain are today at far the highest level in the history of either

country. In other words, we have been building up our trade with the United Kingdom by building up the ability of the United Kingdom to pay for goods purchased in this market. Through our efforts and through the co-operation of the British government, the balance of trade today is in favour of the sterling area. In other words, the sterling area is selling Canada more goods than it is buying from Canada. Surely that is a sound position for both countries to be in, because it removes the balance of payments situation as an impediment to trade and it places both countries in a position so that the trade of each can increase, step by step and in parallel.

Our trade with South America has been increasing greatly, particularly in the last several months. There again that represents a fairly well-balanced trade presently somewhat in our favour. Our over-all trade position is that exports and imports are almost in balance. In 1950 the figure for our imports was slightly larger than that for our exports. Usually there has been a slight difference in in our favour; that is, exports were greater than imports. Surely that is a sound trading position.

We speak of the old triangular pattern of trade. Under that pattern, we made most of our purchases in the United States, sold most of our products to England and said to England: You pay our bills in the United States; we cannot find the dollars; you must do it for us. That was the triangular pattern of trade. We bought in one market, sold in another market and asked our two principal customers to square up our balances with each other. Today our trading position with all our customers is nearly a balanced one, as nearly as it is desirable to get in the nature of multilateral trade in which Canada participates.

We are told that we are sacrificing the British preference. As a matter of fact, we have given up no important British preference. The margin has been cut on a few items. At the Annecy conference Britain, for reasons that were good to both Canada and the United Kingdom, unbound the preference margin as far as the United Kingdom was concerned; and in a few items the margin of preference has been shortened. But no important preference has been given up and no preference has been taken away from any empire country.

A good deal has been said about empire preferences. Hon. gentlemen opposite speak as though those would be the salvation of any situation. Any British country can ship to Canada and can take advantage in Canada of the British preference. But I know of no article that Canada can ship to any British country freely and as to which Canada can obtain a British preference. The preference is on the statute books, but behind the preference is a prohibition or a quota. Therefore, unless trading methods change within the empire, I doubt whether the British preference is going to find markets for us within the empire. With the improvement in the balance of exchange that I have mentioned, I hope that those quotas and prohibitions may be removed, in time; if so, the British preference will be to the advantage of Canada. But today Canada is not gaining the advantage of the preference which inures to other British countries trading into this market.

I do not know that I need to touch on any other remarks in this debate. It was suggested that we have not been standing behind India. It was said that we should have given wheat to India. Well, I can say for the benefit of the house that we delivered wheat to India this year. We delivered our last cargo just a few days ago. We have delivered to India in this calendar year 300,000 tons of wheat, which represents something over 10 million bushels. I think that 300,000 tons of wheat from Canada compares reasonably well with 2 million tons just voted for delivery to India by the United States. It compares very well with 50,000 tons from Russia, and a very much smaller amount from China. I think it is well for hon. members to know these facts when they are being critical of the government for our not doing anything to help out this situation in India.

Then we are told that the only reason we are selling our products in the United States, apparently the only reason we are able to export at all, is due to stockpiling in the United States. I can say to hon. gentlemen that that is utter nonsense.

Mr. Fleming: Nobody said that.

Mr. Howe: That was said by two speakers of the opposition.

Mr. Casselman: It was given as one of the reasons.

Mr. Howe: If that was one of the reasons, let us dispose of that one reason. I can say that the general demand for everything that goes into the United States stockpiles has been far greater than the supply, and the effect of the stockpile is not in any way important as far as exports from Canada to the United States are concerned.

Mr. Macdonnell (Greenwood): Not to any extent?

Mr. Howe: Not to any extent. Had the materials not been sold to the United States,

whether for stockpiles or anything else, there are other markets begging for them.

Talking of conferences, I might say that the lord privy seal of England was here today, and the purpose of his visit was to obtain greater quantities of raw materials from Canada of the very same items that have been going to a very limited extent into United States stockpiling.

I think that the sessions of the committee mentioned in this resolution should be very helpful. I hope that all opposition members who have taken part in this debate will attend the sessions regularly. I am sure anyone in the house can obtain great benefit from the information that will come out of these sessions of the committee, and I commend the work of the committee to all hon. members who are fortunate enough to be members of the banking and commerce committee.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, in spite of the very low opinion which the Minister of Trade and Commerce (Mr. Howe) seems to place on the suggestions which have been made to the house during the course of this debate today, I am going to be bold enough to put a few more thoughts before him and my fellow members of the house. I really believe that the subject is a great deal too serious, and of far too much importance to Canada, to be treated in quite the way in which it was treated by the minister in his remarks a few moments ago. However, be that as it may, I do plan to be analytical in my remarks about the Torquay agreements, and about the problem of Canada's external trade.

There is no doubt that the objective in these various negotiations held at Geneva, at Annecy and more recently at Torquay is very much worth while. That objective has been to expand trade, and I think that in each case there has been a valuable expansion of trade among the free nations. Of course the unfortunate position is that the Soviet and her satellites, as I understand—and the minister can correct me if I am wrong—have taken no part whatever in any of these negotiations, and the result must have been that the negotiators of all the countries, including those from Canada, have found the work difficult and discouraging. Our vision of a world in which there would be free trade among all the nations is certainly very far even from our imaginations under present conditions.

While there has been value in all these treaties, I do not think the minister will question that Canada, in telling the results of the treaties, has put her best foot forward and I suppose that is only natural. I believe the United States has done the same thing. The American government, in announcing what it has gained in these various negotiations, always emphasizes the favourable side of the story, and the Canadian government has been doing the same thing. For example, in his statement on May 8, the Minister of Trade and Commerce pointed out that exports to the United States from Canada of the goods in the categories on which there had been a reduction of tariffs granted at Torquay amounted to $120 million in 1949. He did not give the figure of the value of the goods coming to Canada on which the tariff had been reduced under the agreements, but we find this figure given in the announcement made from Washington. The Americans claim that they got reductions on trade with Canada amounting to over twice as much, the figure they give being $290,-049,000 on United States products coming into Canada.

Their review of the results is quite interesting. I hold in my hand a clipping from the last edition of *United States News and World Report* of May 18, 1951, which sets out that tariff cuts negotiated by the United States with seventeen countries at Torquay involved about $500 million in imports, that being six per cent of all imports into the United States. On the other hand United States exports which got tariff benefits amounted to $1 billion in 1949, which hon. members will notice is about twice as large a figure; it is pointed out however that the figure of $1 billion would be well above any normal export year.

The statement goes on to set out that Canada and western Germany made the greatest concessions to the United States; that Great Britain and other nations of the commonwealth made no concessions at all; that France and some other countries actually raised duties on some United States export items. Then it sums up the results of the Torquay conference in these words:

> Results of the Torquay conference, therefore, were not all successful. Actually, the tariff concessions negotiated are not expected to affect trade in the near future. Tariffs do not mean much when goods are scarce, demand high. Problem in world trade now is primarily to increase output of basic materials.

Mr. Howe: Hear, hear.

Mr. Green: The Minister of Trade and Commerce says, "hear, hear." I believe that that summary fairly sets out the main problem today in world trade.

There is very little in the agreement which will bring down the cost of living in Canada. The Minister of Finance (Mr. Abbott) in making his speech the other evening referred to a few of the items on which there have

been small cuts, and made special reference to grapefruit juice and half a dozen other items. But I do not believe the new agreements will give much help, so far as the cost of living is concerned. It may be that in the years ahead there will be some help for the little man; but he does not stand to gain much at the present time.

The hon. member for Vancouver South (Mr. Laing) dealt with the benefits to British Columbia, and said that these treaties were wonderful things for that province—perhaps the most wonderful trade development there had ever been from the point of view of British Columbia. I rather think the minister would not have gone that far, in so far as that province is concerned. Certainly the results are not that good. In his statement the other night the minister referred to canned salmon, plywood and base metals as being the three commodities produced in British Columbia which received the most assistance under the Torquay agreements.

The duty on canned salmon entering the United States has been cut from 25 per cent to 15 per cent, but at the same time Canada has cut her duty on canned salmon coming from the United States from 27½ per cent to 15 per cent. We have always been in pretty tight competition with the canned salmon producers of Washington and Oregon, and it is too early yet to say what the results of this reciprocal change in the tariff will be.

Upon the announcement of the results of the negotiations Mr. S. M. Rosenberg, chairman of the salmon canners' operating committee in British Columbia, and president of the Canadian Fishing Company, said that Canadian costs were still too high to meet United States competition. I believe that British Columbia packers of canned salmon have never been able to get into the United States market to any large extent and, even with this cut, I doubt very much whether they will be able to do so.

As for the cut in the tariff on plywood going into the United States, I find in the same article the statement that at present British Columbia mills are going full blast to fill Canadian orders, bolstered by defence and other demands. While that may be the position at the present time, I believe the reduction in the tariff will be of benefit over the years.

Mr. Howe: They have shipped large quantities of plywood into the United States over the 40 per cent tariff.

Mr. Green: This statement in the article may be incorrect. Then, with regard to base metals: there, too, I believe the Americans have been taking all they can get, and for the time being the reduction in duty will not make much difference.

The hon. member for Vancouver South also mentioned the cut in the duty on aluminum. Well, we are not yet producing aluminum in British Columbia, and will not be for four or five years; so that the benefits are not apt to accrue on that commodity for a long time. Furthermore when aluminum is produced, it is earmarked for Great Britain; so that it would not be available for export to the United States.

The minister mentioned apples. While I believe some reduction has been given by Peru in respect to the tariff on apples, Canada has dropped her tariff on apples coming in from the United States from three-quarters to three-eighths of a cent per pound and has also extended the time each year during which apples can come in free. I believe the extension is from July 12 until July 31. So that once again apples seem to be getting a bad deal. In 1947 the preference on apples to the United Kingdom was given up; certainly in the negotiations at Geneva they came off very badly.

There is one point in connection with these negotiations which I cannot understand, and that is why Canada should give away negotiating points. In the debate on the resolution leading up to the changes in the Customs Tariff, statements were made to the effect that irrigation sprinkler systems were one type of commodity under negotiation at Torquay, but that Americans would not give any concession. Yet, in spite of that fact, a change is being made in the present budget cutting off the Canadian tariff on this product completely.

I cannot understand why that has been done. Where we have been actually in negotiation on a certain type of equipment, and have been unsuccessful in getting any concessions, we turn round and, without any *quid pro quo,* take off the protection.

Mr. Howe: That is to help the farmers.

Mr. Green: I believe the farmers of British Columbia, who are the ones using this particular kind of equipment, were perfectly satisfied to have the tariff remain as it was.

Mr. Howe: They did not say so.

Mr. Green: The farmers will probably lose in the end, because I am afraid that once the American producers of this equipment get a corner on the market the prices will be what they can get, for the competition from a Canadian firm will be removed. I believe it is bad business to negotiate on an item such as that, and then, when our requests are turned down, to take off the

tariff entirely, thereby giving the other side the very best they could have got in the deal. I believe a mistake was made in that connection.

These negotiations and agreements really bring up for consideration a problem much deeper than that involved in the actual items covered, and that is the question as to what is to be the Canadian policy in future years in the matter of external trade.

I believe it is clear that Canada is becoming more and more dependent upon the United States market, both in the matter of her exports and her imports. Someone pointed out today that sixty-five per cent of our exports are now going to that one country. There are certain dangers in that situation which the minister must see. One is that the basic United States policy, for as long as I can remember—probably right from the days of independence—has been to protect the American people first. The whole of their trade policy has been designed to protect their own people. The Hawley-Smoot tariff, which goes back to about 1930, is still in effect. That is still the basic United States tariff. Of course it is true that the president was given power to make reductions amounting, I think, to 50 per cent on items, and then still further power was given to him to make further reductions on the items as they stood at January 1, 1945, up to a maximum of 50 per cent. There are those provisions in the United States tariff law, but they are subject to change at any time, and the fundamental United States policy continues to be one of very high tariffs, much higher than Canada has ever had no matter what kind of government has been in power here.

Another fact which makes the situation dangerous is that Canada and the United States produce goods of the same type in many cases. On the west coast, for example, our lumber has always been in competition with the lumber of Washington and Oregon states. The same is true of canned salmon, as I mentioned a few moments ago. Our apples compete with apples from those two states, and the United States apples ripen earlier because they are grown farther south. To a degree we have had the same situation with many of our base metals. If you go right across Canada from one coast to the other you will find commodities produced by both countries. For example, there is grain on the prairie provinces and in the prairie states; manufactured goods in Ontario and Quebec and in the industrial eastern states; fishing in the maritime provinces of Canada and in the New England states to the south.

There will always be many commodities which both countries are producing, and especially when there is no great demand for goods there is bound to be difficulty for Canada with respect to these particular commodities. The United States producer has a much larger home market. He does not have to depend on exports to the same extent that Canadians do, and for that reason our position has always been and always will be difficult.

Then there may very well be changes in the United States government. The present government has been in power for many years, and if there should be a change in the next year or two I think the minister will agree that Canada is apt to have a great deal more difficulty in getting her goods into the United States market than she has under the present administration. Even as things are today, while the Americans perhaps have not been responsible for killing the international trade organization, certainly it is now a thing of the past, and no doubt the attitude of the United States has been largely responsible for the failure of the free nations to set up that agency under the United Nations.

Another thing we must remember is that the Americans for a long time have been attempting to destroy the commonwealth preferences. They have been against the preferential system ever since it was brought into effect. In the recent Torquay negotiations they set out to break down the preferential system. I am afraid that Canada, willingly or unwillingly, has been aiding in that attempt.

It has been pointed out today that the British preference was first created by the Laurier government about fifty years ago. Hon. members know that about 1932 the late Right Hon. R. B. Bennett negotiated extensive British preferential agreements. I do not know what their effect was in other parts of Canada but they saved British Columbia. The preferences on lumber, apples, canned salmon and metals saved our province at a time when we were in a desperate position. That was the one time when trade agreements meant a great deal to the west coast province.

Mr. Mackenzie King and the Liberal party fought the imperial preferences from start to finish. I am told there were extremely bitter debates in the house, and only one member of the Liberal party voted for those preferences, that member being Right Hon. J. L. Ilsley, who of course was representing an apple constituency in the province of Nova Scotia. When Mr. King came into power in 1935 it was not very long until he renegotiated the agreements and the preferences were reduced. In my opinion that has been the attitude of the present government right from 1935. They have looked on the imperial preferences as Bennett treaties,

and therefore as something that should be dealt with pretty harshly, to say the least. Step by step since 1935 we have found Canada whittling away at the roots of the preference system.

I have here a statement made by the present Prime Minister (Mr. St. Laurent) on March 17, 1947, when I believe he was secretary of state for external affairs. He made a statement on the situation with regard to imperial preferences. Members will find it at page 1414 of *Hansard* for that date. The present Prime Minister quoted a statement which had been made by Prime Minister Attlee setting out the situation of the preferences at that time, in which, and it was accepted by our present Prime Minister as correct, we find it set out there that these preferences would not be altered in the forthcoming Geneva negotiations unless all the parties thereto agreed to such alterations. The key sentence reads as follows:

> There is thus no question of any unilateral surrender of preferences. There must be adequate compensation for all parties affected.

In other words if a preference was to be cut down or eliminated, all the parties thereto must agree and must get some *quid pro quo*. That was the situation in March of 1947. But in December, 1947, after the Geneva agreements had been negotiated we find Mr. King, who was then prime minister, making statements to the effect that any country of the commonwealth must be free to change the preferences. In fact he had a letter to that effect written to the British delegation, the stand taken being that Canada, or Great Britain for that matter, could simply give notice and withdraw the preference on any item, rather than having the items bound by an agreement for a term of years. That, of course, was going quite a lot further than the present Prime Minister had gone in March of the same year.

Then in 1949 we find the present Minister of National Defence (Mr. Claxton), who was then a minister of the government, expressing his views on the British preference. That was on October 12, at page 705 of *Hansard*, where the minister was answering a question asked by the late member for Broadview, Tommy Church. After the answer had been given Mr. Church said:

> May I say to the hon. gentleman that the proposal also hangs preferential trade on the sour apple tree, like John Brown's body.

The reply of the minister was very short but very enlightening. He said:

> That is a good place for it, too.

This question and answer had to do with the Annecy agreements, so we know exactly where the present Minister of National Defence stands with regard to all these British preferences.

Mr. Howe: If my hon. friend will permit a question, with all this discussion of British preferences will the hon. gentleman explain in what way British preferences have contributed anything to Canada's trade position during the past ten years?

Mr. Green: I have pointed out to the minister what they meant to British Columbia before the war.

Mr. Howe: That was twenty years ago.

Mr. Green: That situation existed right up to the outbreak of war. Of course when war conditions intervened the whole trade picture was changed. I do not suppose agreements of any kind made any difference during the war. I had hoped that after the war we would be able to retain this system of British preferences.

Mr. Howe: We are retaining the system.

Mr. Green: I am complaining of what appears to be a constant whittling down of these preferences by the present Canadian government. I am not too sure that this government would not do away with the preferences entirely if they felt they could get away with it as far as the public were concerned.

Mr. Howe: Who would stop us? Don't take yourself too seriously. If we wanted to get away with it who would stop us?

Mr. Green: That is just typical of the minister; if he wanted to get away with anything who would stop him? I tell him he is not yet the dictator of this country, and he is not going to be. He grows more and more dictatorial every session. Some day the Canadian people are going to wake up and realize what a dictator they have here running this country.

Mr. Howe: Some day the people of British Columbia will wake up and see what kind of representation they have here.

Mr. Green: The minister need not worry about the people of British Columbia. They will take care of the choice of their own representatives without any advice from him. They have experienced his visits to British Columbia, when he flies off the handle and uses abusive language not fit for any public man. They know of his doing that. One of the great tragedies of public life in Canada today is that the minister has such little control over his temper. That anyone in such a responsible position should have so little control is tragic. I am going ahead with

my remarks. If the minister does not like them he can at least keep still; perhaps someone else will have the courtesy to listen to them, whether or not he does.

I dealt with the attitude of the Minister of National Defence in 1949. Now let us go on a year and see what was the attitude of the Canadian representative at Torquay in 1950. I have here a newspaper clipping dated September 29, 1950, headed "Wilgress startles tariff parley". I have great respect for Mr. Wilgress; I think he is an excellent civil servant. He was chairman of the Torquay negotiations, and this dispatch says:

> At the formal opening, chairman Wilgress said the countries represented in GATT (general agreement on tariffs and trade) must face the "fundamental question" of eliminating restrictions on trade.
>
> By inference he referred particularly to the British system of imperial preference which is expected to come under strong criticism.

There we have the Canadian representative dropping a pretty broad hint that Britain had better do something about giving up the preferential system. Now this year, in 1951, we have another press dispatch dated May 9, headed "Trade pacts may doom preferences". It is from Ottawa, and reads:

> Canada today had seventeen new tariff and trade agreements that many observers said spelled the doom of this country's participation in the British empire trade preference system.

Then it goes on:

> Officials here said Britain's failure to work out new tariff agreements with the U.S. had been "regrettable." They indicated that the failure had been partly political—a resolve to maintain the empire's trade structure for its own sake.

There you have Canadian officials again criticizing the British for the stand they took; and in the statements made by the two Canadian ministers on May 8 we find much of the same. For example, the Minister of Trade and Commerce (Mr. Howe) had this to say at page 2830 of *Hansard*:

> From the Canadian point of view, it is a matter of regret that these countries failed, at Torquay, to add to the substantial body of tariff concessions which they made to one another at the earlier negotiations.

Mind you, he was dealing there with the British countries and the United States; and the Minister of Finance also made statements much to the same effect. Tonight, I suggest, the Minister of Trade and Commerce has shown pretty clearly that he is not a very strong advocate of the British preference. Incidentally he made a statement directly contrary to that made by the Minister of Finance on May 8. Tonight the Minister of Trade and Commerce said that no preferences had been eliminated. At page 2832 of *Hansard*, on the other hand, the Minister of Finance had this to say:

> . . . we agreed to the modification and in some cases to the elimination of certain margins of preference.

Somebody is wrong.

Mr. Knowles: Somebody left out a comma.

Mr. Green: Somebody left out more than a comma. Somebody is telling one story and somebody else is telling another, and we will have to find out which is right. Then tonight the minister said these preferences do not mean anything, because even if we have them there are prohibitions and quotas put on by the British; that we cannot get into the British market and therefore, presumably, the preference system is of no value. Well, for the time being it may be necessary for the British to adopt measures of that kind. They have been in a terribly difficult position, far more difficult than Canada has ever encountered, and they have had to take drastic steps. But because those quotas and prohibitions exist at the present time it does not mean they are to continue indefinitely or even for very long. You know, there may very well be a change of government in the United Kingdom before the year is out. I believe it is only a matter of time until the British, the Australians, the New Zealanders, the South Africans and the Indians will be able to deal with this country on a normal basis. When that time comes, these preferences are going to be of great value to Canada. Incidentally, while Canada cut out some of the preferences she has been giving to other British countries, under these Torquay agreements we still retain our preference in the other British markets because those British countries refused to reduce any preference.

Mr. Howe: I am sure my hon. friend would not like that statement to stand. There is no change in any preference between Australia and Canada, New Zealand and Canada, or South Africa and Canada. The only change is between the United Kingdom and Canada, and that was with the consent of the United Kingdom.

Mr. Green: Was that contained in the Torquay agreement?

Mr. Howe: The margins were reduced, but not as they affect Australia, New Zealand or South Africa.

Mr. Green: The statutory preference for Canada in the other British markets remains, does it not? It has not been reduced at all by the Torquay negotiations?

Mr. Howe: The margin has, yes.

Mr. Green: Not the margin in other British territory. Our margin of preference on the

goods we sell New Zealand, South Africa and Australia has been retained, because those countries did not give the United States any concessions at all; that is the point I am making.

Mr. Howe: Yes, that is right.

Mr. Green: I suggest that Canada should not be critical of the stand taken by these other British countries at Torquay. They only took that stand as a matter of self-preservation. I am sure that they were not trying to make any trouble, but were doing it as a matter of self-protection.

Then, finally, a word about the future. I believe that the long-term trade policy of Canada should be to diversify our trade far more than is the case at the present time. There have been tremendous developments in this country. We are producing a great many products that we did not produce before the recent war. They will be coming into competition with United States products in just the same way as many of our primary products are in competition with similar products in the United States. I believe that our wisest course is to diversify to the greatest extent possible.

For that reason, not only should we seek to promote trade with all nations, for example in South America and Asia, but also I believe the preference system should be retained. Little has been said today about trade with Australia and New Zealand, but for us on the Pacific coast it has always been of great importance. We believe that trade with these sister nations, and with other nations across the Pacific, could develop to a greater degree than trade with nations in any other part of the world. I would hope that Canada will always retain the preferential system for her dealings with other nations of the commonwealth. It may be necessary to alter that system from time to time, but I do believe that the plan is a sound one. I believe also that it may turn out that Canada will have good reason to be grateful to the other British countries for their refusal to abandon the preference system at Torquay. After all, the essence of that preferential system is to increase trade amongst the British countries. Here we had the United Kingdom, Australia, New Zealand, South Africa and India refusing to give up that preferential system—

Mr. Deputy Speaker: Order. I must inform the hon. member that he has now exhausted his time.

Mr. Green: In conclusion, Mr. Speaker, may I suggest that probably the best thing we could do would be to endeavour to persuade the United States to change from a high tariff policy. If she altered that policy and became a low tariff nation, I believe that would be the greatest contribution that could be made to freeing the trade between all the countries of the world today, because the United States is undoubtedly the leader. I suggest that Canada's main effort should be to endeavour to encourage the United States to take a step of that kind.

Mr. H. H. Hatfield (Victoria-Carleton): Mr. Speaker, the Minister of Trade and Commerce (Mr. Howe) has been talking about the importance of the Torquay agreements to the maritime provinces. Before these agreements were tabled, there was a press dispatch in the *Citizen* of May 5 stating that Canada was receiving the same concessions from Cuba as the United States was receiving. After the agreements were tabled we found out that this was not the case. On May 8 the Minister of Trade and Commerce said at page 2829 of *Hansard*:

> In the case of Cuba, I wish to make an announcement of considerable importance.

He then said that Canada was going to buy 75,000 tons of raw sugar from Cuba which would be distributed to the Canadian sugar refineries. He goes on and says:

> The Cuban government has now undertaken to revalidate until January 1, 1954, important tariff concessions which were originally granted to Canada at Geneva, including amongst others, codfish, wheat flour and potatoes. This will be of definite interest to our maritime provinces.

Now, we received no advantage from the Geneva agreement in respect of either potatoes or fish. The only advantage received at Torquay was a fractional reduction on codfish in the Cuban market. The Cuban market was the greatest market the maritime provinces ever had for potatoes, fish, lumber, apples and other commodities. Since the freight rates to the central provinces have advanced, we cannot ship to the central provinces. The only markets the maritime provinces have are in Cuba, South America and the United States, and those are the only markets that are any good to us. I do not say that reciprocity is any good to us. I do say that while there is a favourable government at Washington, this government should negotiate a long-term treaty arrangement with the United States so that the maritime provinces can exist.

I should like to know what the minister meant by that statement on May 8. The Torquay agreements even took four of the concessions away that Canada did have. The only concession given to Canada was a fractional reduction per hundred kilos on codfish. There is very little advantage to the maritime provinces from this Torquay agreement. So

far as I can see the only concession that was any good to my constituency was a reduction on ground oats to the United States from 25 cents a hundred to 12½ cents a hundred. That was the only concession that my constituency received, and that was the only concession the province of New Brunswick received. The member for Vancouver South (Mr. Laing) spoke about a reduction of 50 per cent in plywood. This treaty only covers Douglas fir plywood, and that plywood is only manufactured in the province of British Columbia. No Douglas fir plywood is manufactured in any other province.

Mr. Howe: There is birch plywood.

Mr. Hatfield: There is birch plywood, and the reduction there is only 5 per cent.

Mr. Howe: 25 per cent.

Mr. Hatfield: There is little or practically no advantage to the maritime provinces. He says: In the case of Cuba I wish to make an announcement of considerable importance. Is there going to be a reduction? Are we going to receive anything further? Is there going to be any other agreement with Cuba so that, by taking this raw sugar, we might have the same concessions that the United States have with Cuba? Before the West Indies treaty we shipped there immense quantities of potatoes and fish, and that was a great market for the maritime provinces. Since the West Indies treaty went into effect we lost the Cuban market. Cuba immediately retaliated with an exceedingly high duty against fish, flour, potatoes and lumber from Canada; and we have lost one of our best markets.

We in the maritime provinces must have trade agreements with Cuba, South America and the United States in order to exist. When this article came out in the Ottawa *Citizen* of May 5—I do not know where they obtained this statement—it built up high hopes in the maritime provinces that we were going to receive in Cuba the same concessions as those received by the United States. Since the West Indies treaty, the United States has had all the table potato market in Cuba. We have never been able to ship any commercial potatoes from the maritime provinces. What we did receive was a reduction in duty or freedom from duty on seed potatoes. What Cuba cannot grow from our seed, she buys from the United States. Cuba has been a great market for the United States, since the West Indies treaty came into effect. The West Indies treaty is now blocked. We have our ships going down there empty. It is costing us an enormous amount of money to keep those five ships which, by that agreement, we agreed to put on that West Indies trade. We get no advantage. Those ships are losing money. They are going down empty. We have blocked sterling. We get a permit to ship a few tons of potatoes once in a while, but they hardly ever make up carload lots. With the quotas we get from the West Indies, the market is practically finished down there for our fish and potatoes. I hope this government will make with Cuba, the West Indies, the United States and South America a treaty that will help the maritime provinces.

[Mr. Hatfield.]

Mr. Wright: Mr. Speaker, I just wanted to ask the Minister of Trade and Commerce (Mr. Howe) a question based on the statement he made a few minutes ago with regard to Canada's shipping wheat to India. According to this trade report, we have shipped to India 11,200,000 bushels under the international wheat agreement. We have not shipped any to India outside of the international wheat agreement, have we?

Mr. Howe: No. We have made all our shipments under the international wheat agreement. The United States will make their shipment of two million tons under the international wheat agreement, I hope. Russia has sold wheat not under the international wheat agreement, because it is not a party to that agreement. China has sold wheat to India.

Mr. Wright: According to these trade figures, the United States has shipped 27,773,000 bushels under the world wheat agreement and Australia has shipped 15,589,000 bushels, as compared with Canada's 11,200,000 bushels. The United States, I believe, have now passed a bill authorizing the shipping of another two million tons which, if they make delivery, will be about a further 70 million bushels on top of the 27,773,000 bushels they have already shipped. As mentioned by the minister, I do not think we have as yet fulfilled all our obligations to India.

Mr. Howe: We would have shipped much more had we had the wheat available when India made the inquiry for further wheat. Unfortunately we had only enough milling wheat to take care of part of the commitment. We offered No. 5 wheat but India did not wish to take No. 5 wheat. All we can ship is what we have.

Mr. Macdonnell (Greenwood): I wish to ask a question of the minister. A few minutes ago he said that our exports to the United Kingdom were greater than those in any pre-war year. Was he measuring in terms of dollars or goods?

Mr. Howe: Dollars.

Mr. Macdonnell (Greenwood): I wonder why the minister would give us a figure of that kind? Does he not think that is very misleading? You cannot eat dollars.

Mr. Hatfield: The minister has not answered my question as to what concession the maritime provinces received from Torquay, outside of that with regard to codfish.

Mr. Deputy Speaker: Order.

Mr. Howe: We are not in committee, but to answer the question as to what concessions they received at Torquay, the principal concession was an extension for three years of the agreements they made at Geneva. I may tell my hon. friend that it took long and difficult negotiations to get that extension; and without the sugar purchase the concessions made at Geneva would have been cancelled as far as Canada is concerned. If that is not a concession, we got nothing—if my hon. friend says that is of no value.

Mr. Hatfield: What did the maritime provinces get with regard to fish and potatoes in the Cuban market at Geneva?

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

Motion agreed to.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

PROPOSED AMENDMENT TO BRITISH NORTH AMERICA ACT—TURNOVER TAX OF THREE PER CENT

Mr. E. D. Fulton (Kamloops): Before this motion carries, Mr. Speaker, there is a matter which I wish to bring to the attention of the house. It concerns the proposal which has been made by the federal government to the various provincial governments to amend the British North America Act so as to enable the provinces to impose an indirect sales tax or turnover tax of 3 per cent. This proposal has been the subject of a great deal of criticism by private individuals, by the press and by some of the provincial governments across this country. It is to be hoped that the proposal is dead and that the government will not proceed with it. But because we have not had that assurance and because the time when these amendments to the British North America Act must be passed, if they are to be passed, is coming closer and closer, we in the official opposition think that it is timely to ask the house to express its opinion in opposition to any change in the constitution whereby the provinces will be given the power to levy an indirect 3 per cent sales tax.

It may be helpful, Mr. Speaker, to review briefly the history of the proposed amendment to which I have referred. It was discussed at the recent dominion-provincial conference and it was at first suggested—and it certainly became generally accepted in the mind of the public—that the proposal for the 3 per cent sales tax was in part at any rate to enable the provinces to bear their share of the increased cost of the revised old age pension scheme. So for a time, as I will show, certainly in the minds of many of the provincial premiers and in the mind of the public, it was assumed that the two proposals—the revised old age pension scheme and the constitutional amendment on the 3 per cent sales tax—went hand in hand and that one was dependent on the other. In the course of a recent discussion in the house the Minister of National Health and Welfare (Mr. Martin) to some extent confirmed that that had been the impression, when he said that it was suggested that the two might conveniently be considered together.

Mr. Martin: One never depended on the other, and that was clearly stated in the house.

Mr. Fulton: The minister has said that one never depended on the other. I have said, and as the correspondence with the provinces shows—I will refer to that correspondence in some detail—certainly the provincial premiers were under the impression that one was dependent upon the other, and it was suggested by the provincial premiers that they be separated, and they stand now on an entirely separate and independent basis.

The proposal to amend the constitution to allow the provinces to levy an indirect sales tax was first put forward in the following form, and I am reading the correspondence which has appeared at various times as appendices to *Hansard*. In the appendix to *Hansard* for February 1, 1951, at page 43, the following proposed amendment is set forth:

> 2. Re-enact head 2 of section 92 to read as follows:
>
> "2. The raising of revenue for provincial purposes by
>
> (a) direct taxation within the province, and
>
> (b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province."

Turnover Tax

It became obvious to the government that the proposed sales tax would be attacked, as it has in fact been attacked, and therefore efforts were made to offer the proposed amendments in various particulars so as to make it more palatable. We find, for instance, the following letter from the Minister of Justice to the premiers of the provinces, as reproduced at page 45 of *Hansard* of February 1. I am reading in part. There was a growing feeling across the country that this tax was unpopular and undesirable and the Minister of Justice went on to say:

Apparently the attack will be made partly on the plausible ground—

These are rather odd words, I think, Mr. Speaker, to come from the Minister of Justice in discussing the proposal which the federal government had put forward, seriously and honestly it is presumed, to the provinces. These are his words:

Apparently the attack will be made partly on the plausible ground that if provincial governments are allowed the right to levy indirect sales taxation, they may discriminate between different classes or types of retailers based on their residence—

Then he went on to say:

You will recall that it was on this general ground that a somewhat similar proposal was defeated in the Senate in 1936.

And so the Minister of Justice submitted to the provincial premiers on January 20, 1951, the following words to be added to the proposed amendment:

And not so as to discriminate between sellers or classes of sellers of the same class of goods.

Well, Mr. Speaker, the fact is that this proposal to allow the provinces to levy an indirect sales tax may be attacked on a number of grounds. Whether the minister may classify some of them as plausible or not, the fact is that it is a bad tax, and every ground of attack which I have seen mentioned in any of this correspondence, or in the newspaper articles dealing with the subject, is a valid one because the tax is a bad tax, and when it is examined and analysed it does not stand up. It is clearly shown to be contrary to the best interests of the Canadian people to transfer to the provinces this power to impose this type of taxation. And indeed the arguments which are used by the provinces and by those people in newspapers and elsewhere against this tax in the hands of the provinces apply with equal force to the use of this type of taxation by the federal government. The whole subject, Mr. Speaker, is closely related to the discussion which recently took place in connection with the budget, and the proposals to increase the general sales tax. The same arguments against this form of indirect taxation apply in both cases.

[Mr. Fulton.]

Well, then, another objection to the proposed tax became evident when it was seen that some of the provinces, at any rate if these amendments were passed, would use the authority contained in the amendment to apply the indirect sales tax to more than the retail sales of goods; that is, on other things besides goods, on services, and so on. This becomes clear when one reads the letter from Premier Campbell to the Minister of Justice, reproduced at page 991 of *Hansard* for March 6, where he said:

This proposed amendment deals only with the sale of goods. It would therefore presumably not apply to such things as electrical power, or services provided by laundries, theatres, hotels, restaurants, barber shops and the like. It was our understanding that this amendment should enable the province to impose this type of tax wherever it is a more convenient method of raising revenue from the people in the province who get the benefit of goods and services available in the province. It therefore seems to us that the proposed amendment should make it clear that it covers these other types of industries, which provide services directly to the consuming public.

In that approach to this problem the objectionable feature of this tax becomes most obvious when it is to apply not only to the retail sale of goods but also to services provided by laundries, theatres, hotels, restaurants, barber shops and the like, wherever it is a more convenient method of raising revenue, wherever it may be conveniently hidden so that the people will not know in fact the extent to which they are being taxed. There was another letter from a premier showing that the tax would be enlarged from the original proposal, as found in the letter from the premier of New Brunswick to the Minister of Justice, dated February 2, in which he says:

As to the second proposed amendment involving constitutional changes which would permit the provinces to impose indirect taxation by way of a sales tax, we feel that the proposal advanced will not meet the situation of the provinces, fixing as it does the maximum tax that could be levied thereunder at three per cent.

In our view the main and overriding purpose of such an amendment is to be found in the advantage which would accrue to the provinces through being able to impose such indirect taxation in lieu of a purchasers' or consumers' tax such as is now found in five of the provinces.

He went on to say:

We would strongly urge that the federal government amend its proposals to permit the imposition of a tax at a higher level; to meet our situation it should be at least four per cent.

Then a letter from the premier of Nova Scotia contains a somewhat similar suggestion. This is the letter of March 12, and is found at page 2729 of *Hansard*. The quotation is as follows:

I should like, however, to repeat what I have already said in my memorandum which accompanied

my letter of January 19. That was that the amendment constitutes the sole source of the provinces' power to impose an indirect tax. It ought, therefore, to be sufficiently wide in its terms to authorize any tax which it is contemplated the provinces should have a right to impose.

Therefore it becomes clear from this correspondence, Mr. Speaker, that some of the provinces at any rate intended and feel that they should be allowed to use this constitutional amendment, if it passes, not merely to impose a limited three per cent tax on retail sales, or retail turnovers on sales of goods, but to impose indirect taxes on all forms of commercial transactions, on the rendering of services, on amusements, on theatres, hotels, and on anything else, as Premier Macdonald says, on which it is contemplated the province should have a right to impose such a tax. As we have seen, some provinces felt it should be a higher rate even than the three per cent rate at first suggested.

Then, coming back to the question as to whether or not the two constitutional amendments were at first considered together, I should like to read a few letters to make it clear that they were at first considered together. But the point I wish to establish by these references is that it is not necessary that the old age pension amendment must be accompanied by the sales tax amendment.

That being so, and that being clearly agreed and established—and it must be said that it was a pity that the confusion was ever allowed to develop; and the purpose of the amendment I intend to move is to enable the house to express its opinion—I hope nothing further will be heard of the proposal that this undesirable, discriminatory and vicious form of taxation should be imposed, thereby increasing the already heavy burden of inflation and high taxation being borne by the Canadian people.

I am convinced that, when the people of Canada realize they do not need this proposed sales tax amendment in order to have the amended old age pension scheme, they will speak even more clearly and unequivocally against the sales tax amendment than they have up to the present time. But it was necessary for provincial premiers to make the first suggestion that the two constitutional amendments should be considered separately. This will be seen from consideration of one or two letters. For instance, there is the letter from the premier of New Brunswick to the Minister of Justice, as set out at page 2734 of *Hansard*. Reading from that letter, as it is continued on page 2735, the premier said:

> The government of this province would welcome an assurance from you that so far as the federal government is concerned the two amendments are not inseparable; and in particular that the old age pension amendment will not stand or fall with the other.

And in another passage:

> On the assumption that general agreement is arrived at with the provinces on both proposed amendments we have another suggestion to offer. It is that the matters should be dissociated when laid before parliament. In other words they should, in our view, be made the subject of the two separate joint addresses.

And then at page 2736, in a letter of April 16, addressed to the premier of New Brunswick, and copies sent to all the other provincial premiers, the Minister of Justice makes it clear for the first time in this correspondence that the two proposals will be considered separately, when he says as reported at page 2736:

> In line with the thought that these two constitutional amendments are separate and distinct, we are quite agreeable, if the provinces wish it that way, that these two constitutional amendments should be made the subject of two separate joint addresses to be presented to the parliament of Canada requesting respectively that these two constitutional amendments should be passed by the parliament of the United Kingdom.

There are other extracts from letters of provincial premiers I could read, to the same effect. But the extracts I have read make it clear that it was at the suggestion of the provincial premiers, first, that the two constitutional amendments were separated. So that we are now in a position clearly where the one is not dependent upon the other.

That being so, it seems to me that this house should and must approach the question of the proposed sales tax amendment on its merits, and not be moved in any sense or influenced, or be placed under any pressure to approve of that proposal because we are told, or because we may be told, or because it may be suggested or has been suggested, that without it we cannot have the old age pension plan.

Turning, then, to the merits of the sales tax amendment proposed to the provinces by the federal government, this can and should be said, that the proposal is one which envisages the imposition of a tax by the provinces of Canada which is undesirable, vicious and unnecessary. I have said, and I repeat, that the arguments used against the sales tax at the provincial level apply, in my view, with equal force to any proposals to increase or to apply the sales tax at the federal level.

But I said that the tax in the hands of the provinces is unnecessary. The provinces can now levy a direct retail purchase tax. That is done by several of the provinces, the one with which I am most familiar being the one in British Columbia where there is a 3 per

cent retail purchase tax, which is perfectly constitutional because it is completed on the purchase and collected at the retail level. It is not an indirect tax. That tax yields in one year, in round figures, at the rate of 3 per cent the sum of $28 million to the provincial treasury—and that is from a population of approximately 1,200,000 people. So that it is not essential to have a constitutional amendment in order to enable the provinces to levy a retail tax, even if it is desired to do so.

Then, other objections to the tax, on its merits, are that these forms of indirect tax, such as contemplated in the proposed amendment, are multiplied from the time they are imposed at the source, all the way down the line, through the hands of the distributor and the retailer to the consumer. So that the tax itself is multiplied many times over in the ultimate purchase price of the commodity. To that extent they are directly inflationary, which is of course the main objection to this type of taxation.

On motion of Mr. Fulton the debate was adjourned.

IMMIGRATION

COUNT JACQUES DE BERNONVILLE—TABLING OF FRENCH DECREES

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, if I might have unanimous consent to revert to the order for motions, I would table certain documents requested some weeks ago by the hon. member for Bonaventure (Mr. Arsenault).

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will move again to go into committee of supply, and continue this most interesting debate.

Mr. Fulton: I shall not be long.

Mr. Fournier (Hull): And we will listen to the amendment—and see if it is in order, Mr. Speaker.

Following that we will take up Bill No. 198, to amend the Customs Act; Bill No. 293, respecting Units of Length and Mass; Bill No. 191, to amend the Prisons and Reformatories Act; Bill No. 192, to amend the Petition of Right Act, and, last, Bill No. 322, respecting the Canada Post Office.

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

HOUSE OF COMMONS

Tuesday, May 22, 1951

The house met at three o'clock.

HOUSE OF COMMONS

VISITORS IN GALLERY—HIGH SCHOOL STUDENTS, GUESTS OF OTTAWA ROTARY CLUB

Mr. Gordon Graydon (Peel): Mr. Speaker, I rise on a question of privilege to draw the attention of all hon. members to a representative group of young Canadians from collegiate institutes and high schools in many parts of Canada who are distinguished visitors in the galleries this afternoon. These students, numbering 132, are the guests of the Ottawa Rotary club, which, in association with well over one hundred other Rotary clubs in Canada, deserves high praise and credit for this outstanding adventure in citizenship promotion, furnishing, as it does, a very special opportunity for these fine samples of young Canada to gain a first-hand appreciation of the beauties and facilities of our national capital and the workings of our free democratic way of life at the national level.

As a Rotarian myself I take deep pride in calling their presence today to the attention of the House of Commons, at the same time extending to our visitors on behalf of all hon. members a warm and enthusiastic welcome to parliament hill.

Mr. Speaker: It has come to my notice that there is not enough room for our visitors in the galleries ordinarily used by the public; perhaps on this occasion we might extend to them the facilities of the other galleries. If there are students who cannot get in the public galleries, they may be allowed to sit in the Speaker's gallery.

NATIONAL CAPITAL PLAN

TABLING OF GENERAL REPORT AND LETTER OF TRANSMITTAL FROM FEDERAL DISTRICT COMMISSION

Right Hon. L. S. St. Laurent (Prime Minister): I wish to lay on the table a copy in English and in French of the general report of the plan for a national capital, and the letter of transmittal from the chairman of the federal district commission, together with the recommendations made to the federal district commission by the national capital planning committee.

These documents will be available for distribution to hon. members, and there will be an opportunity in the consideration of the estimates for an expression of appreciation to the members of the federal district commission, the national capital planning committee and the Gatineau park advisory board.

I believe hon. members would wish me to express at once our appreciation of the devotion to a national cause that has been exhibited over the years by the members of these commissions and boards, and by those who have supplied them with their technical advice and assistance in the preparation of this work. I am sure hon. members will find that this is a plan for a long-time job to be done by the Canadian people to testify to the continuity of their institutions and their pride in those institutions. Hon. members will feel, I am sure, that it is a privilege for us of this generation to have some part in the furtherance of that national scheme.

I am certain it will be a pleasure to the young ladies and young gentlemen who are guests of the house in the galleries today to have been present when the final plan for the national capital was placed before their elected representatives.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to join with the Prime Minister (Mr. St. Laurent) in expressing gratification that the plan, which I believe is to be regarded as the final plan, has been presented to the commission and forwarded by the commission to this house for consideration. As the Prime Minister has indicated, the efforts of those who have served on this commission so unselfishly and so faithfully is evidence of that very citizenship which we are seeking to impress upon the minds of all Canadians at this particular time. It is one of those contributions that men and women can make in the furtherance of their own national developments, which has been done so well in this case.

To those who are visiting the parliament buildings there is now an opportunity to see something of what those plans will mean, interpreted in the actual form that they are intended to take. May I suggest, however, that these plans should not be regarded as providing only a beautiful community which will house the buildings in which the business of the nation is done, but also as being directed to the beautification of a city which

to all Canadians is the capital of a nation which is assuming increasing importance in the world.

In every country, the capital city is something more than just a city. In a way it is an expression of the loyalties, the hopes and the expectations of the future. To the people of the United Kingdom, London is no mere city. It is the home of all that they cherish in the form of the great traditions of that nation with which we have been and will continue to be so closely associated. So it is with Paris, and with all the memories of the pride and glory of that other nation with which we have such deep and affectionate ties. So it is with Italy, where Rome holds the memories of their greatness in the past and their hopes for the future. So it is with every nation.

As we accept these plans, and as we have an opportunity to consider them, I hope there will be in the minds of all of us the belief that in the years ahead Ottawa is to be the capital of a nation of increasing importance which will give to all its people reason for pride in calling this their capital city.

PARLIAMENT BUILDINGS

REPLACEMENT OF GLASS IN WINDOWS OF LIBRARY

Mr. R. M. Warren (Renfrew North): Mr. Speaker, I rise on a question of privilege. My question relates to the beauty of Ottawa and the parliament buildings. During the months I am in Ottawa I live up in room 669, which is a small office. I am not fussy, but there are no conveniences—not even running water. It is all right for me. I do have, however, a good many visitors, among whom are many students. There is a window in that office, and the first thing a student wants to do is to put his head out the window and take a look. What does he look at? He looks at the library of parliament, that tower, and what does he see? Some years ago the glass in those windows was broken, and they are now covered by boards. The glass has not yet been replaced. I wonder if the Minister of Public Works would consider replacing that glass to make the view more attractive.

The thing that really makes me grumble is the lack of a bridge across the Ottawa river. This bridge should have been built fifty years ago, and when the minister is considering my problem he could also keep that in mind.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 297, for the relief of Addie Jane Monica Wright Brock.—Mr. Winkler.

[Mr. Drew.]

Bill No. 298, for the relief of Evelyn Maria Bianchi Lippiatt.—Mr. Winkler.

Bill No. 299, for the relief of Leon Simon Marchand.—Mr. Winkler.

Bill No. 300, for the relief of Ruth Helen Findlay Paterson Priestman.—Mr. Winkler.

Bill No. 301, for the relief of Ilse Helen Kneutgen Jorgensen.—Mr. Winkler.

Bill No. 302, for the relief of Howard Wesley Bartlett.—Mr. Winkler.

Bill No. 303, for the relief of Stephanos Katinoglou.—Mr. Winkler.

Bill No. 304, for the relief of Yetta Handler Meller.—Mr. Winkler.

Bill No. 305, for the relief of Raymond Landry.—Mr. Winkler.

Bill No. 306, for the relief of Lloyd William Lane.—Mr. Winkler.

Bill No. 307, for the relief of Lovannez Chartrand Dinelle.—Mr. Winkler.

Bill No. 308, for the relief of Sophie Kotsos Moscoutis.—Mr. Winkler.

Bill No. 309, for the relief of Mae Kert Sigman.—Mr. Winkler.

Bill No. 310, for the relief of Sarah Jane Greeley Smith.—Mr. Winkler.

Bill No. 311, for the relief of John Cook Donaldson.—Mr. Winkler.

Bill No. 312, for the relief of Cecily Chandler Troop.—Mr. Winkler.

Bill No. 313, for the relief of Doris May Thompson Ewaldt.—Mr. Winkler.

Bill No. 314, for the relief of Laurette Trudel Charland.—Mr. Winkler.

Bill No. 315, for the relief of William Stevenson Greenshields.—Mr. Winkler.

Bill No. 316, for the relief of Clare Kent Gerrie Jorgensen.—Mr. Winkler.

Bill No. 317, for the relief of Beatrice Watson Bell.—Mr. Winkler.

Bill No. 318, for the relief of Marion Cruickshank MacArthur.—Mr. Winkler.

Bill No. 319, for the relief of Annie Mendelson Teitelbaum.—Mr. Winkler.

Bill No. 320, for the relief of Gwendoline Mary Teresa Sullivan Duddridge.—Mr. Winkler.

Bill No. 321, to incorporate Champion Pipe Line Corporation Limited. — Mr. Macnaughton.

IRRIGATION

INQUIRY AS TO REPORT ON SOUTH SASKATCHEWAN RIVER PROJECT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I wish to direct a question to the Minister of Agriculture. Has a final report been presented to the government on the South Saskatchewan river scheme? If so, when may we expect the tabling of that report?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member was kind enough to give me notice of his question. The first question is: Has a final report been made on the South Saskatchewan river project? The answer is yes.

The second question is: If so, when will a copy of the report be tabled in parliament? The answer is that the detailed final report on the South Saskatchewan river project was tabled in the house on Friday, September 8, 1950. The only other reports are summaries of parts of the report which are submitted from time to time to the government for consideration.

Mr. Coldwell: I thought that a report had been made recently.

Mr. Diefenbaker: I should like to ask a supplementary question on this matter. Is the work to be proceeded with this summer?

Mr. Gardiner: That is the question which is being considered when we get the summary reports.

HOUSING

REFERENCE TO SPEECH IN TORONTO BY MEMBER FOR PARKDALE

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Resources and Development. In view of the announcement of a new government housing policy, made last night in a Toronto speech by the hon. member for Parkdale (Mr. Hunter), will the minister acquaint the members of this house of this new policy?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, I know of no such new policy.

Mr. Fraser: That puts the hon. member for Parkdale on the spot.

Mr. Noseworthy: I should like to ask two supplementary questions of the Minister of Resources and Development, arising out of the one asked by the hon. member for Broadview. First, has the minister's attention been directed to the article referred to? Second, did the hon. member for Parkdale have any authority for speaking with such assurance of a new government policy?

Mr. Winters: I am well aware of the importance the hon. member for Parkdale attaches to the matter of housing, especially in Toronto. He has spoken to me about it on a number of occasions. I presume he was speaking in Toronto last night in his capacity as a private citizen.

Inquiries of the Ministry

DOMINION-PROVINCIAL CONFERENCE

MEETING OF CONTINUING COMMITTEE—PENSIONS FOR HANDICAPPED PERSONS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I wish to direct a question to the Minister of National Health and Welfare. Is it the intention of the government to seek to place on the agenda of the federal-provincial conference, which has been called for tomorrow, an item which will permit discussion of pensions for handicapped or incapacitated Canadians?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the hon. gentleman gave me notice of his question, and I would answer it by pointing out that the continuing committee of the federal-provincial conference which is meeting tomorrow in these buildings derives its terms of reference from the agreement reached with the provincial governments in December, as stated in the following terms by the Prime Minister (Mr. St. Laurent) at the conclusion of that conference:

> That a continuing committee should be set up to consider the character of legislation which would be appropriate respecting persons between the ages of sixty-five and sixty-nine and to what groups thereof and under what conditions it should be made applicable in each province.

Mr. Coldwell: This government is not seeking any change in the agenda in order to discuss this matter?

Mr. Martin: As I pointed out, this is a conference which has been called as a result of an agreement with the provinces, and the provinces and the dominion have agreed as to terms of reference and as to the agenda of the conference.

Mr. Coldwell: The answer is no.

BUSINESS OF THE HOUSE

INQUIRY AS TO MORNING SITTINGS

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): I should like to direct a question to the Prime Minister. I have not sent him notice of my question, but I think it is an urgent one. Having regard to the extent of the progress that has been made in this house over the last few weeks, can the Prime Minister say when the government will give us the opportunity to sit in the forenoons and, if necessary, on Wednesday nights, so that we shall be able to complete the work and get out of here at least by the end of June?

Some hon. Members: Hear, hear.

Inquiries of the Ministry

Right Hon. L. S. St. Laurent (Prime Minister): The government notes the applause that seems to have followed the suggestion made by the hon. member.

Mr. Green: All from the Liberals.

Mr. Coldwell: On a question of privilege, in view of the Prime Minister's comment on the question asked by the hon. member for Moose Mountain, that his suggestion was received with hearty applause, I think the Prime Minister misjudged the temper of the house.

Some hon. Members: No.

Mr. Coldwell: At this stage of the session many of us are opposed to morning sittings.

CRIME

INQUIRY AS TO SETTING UP OF COMMITTEE OF INVESTIGATION

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to direct a question to the Minister of Justice. It is based on an article in the issue of the Montreal *Standard* appearing yesterday which contains the second instalment of a story entitled—

Some hon. Members: Order.

Mr. Fulton: —"The Case of the Missing Gamblers". In this article it is stated—

Some hon. Members: Question.

Mr. Speaker: I would ask the hon. member to put his question.

Mr. Cruickshank: Where is the missing stone of Scone?

Mr. Speaker: Order.

Mr. Fulton: The question I wish to put to the Minister of Justice is whether he knows of a request which was made by the wife of one of these missing men for assistance by the Royal Canadian Mounted Police to locate her husband, and of the reply which was given to her, as alleged, that the R.C.M.P. would assist in locating her husband, which reply was given last February. In the second place, I should like to ask the minister whether, in view of—

Some hon. Members: Order.

An hon. Member: Write him a letter.

Mr. Fulton: —in view of the allegations of the importation of American gunmen into Canada and the existence of organized crime in Montreal and elsewhere,—

Some hon. Members: Question.

Mr. Mutch: That is a speech, not a question.

[Mr. Smith (Moose Mountain).]

Mr. Fulton: —including counterfeiting and gambling—

Mr. Speaker: Order. If the hon. member wishes to ask a question, he must ask it briefly. It must not be a long question.

Mr. Fulton: I would ask the minister whether the government has given any consideration to conducting an inquiry into organized criminal activities in Canada along the lines of the inquiry which has produced such startling results in the United States.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, as I understand my hon. friend's question, he wants to know whether we have given any consideration here to setting up what would correspond to the Kefauver committee in the United States. My answer to that question is that no consideration has been given to such a proposal.

Mr. Fulton: Will the minister be kind enough to answer the first part of the question, with regard to a request for assistance from the Royal Canadian Mounted Police?

Mr. Speaker: Order. What has just taken place shows how improper it is to ask at this time questions which are long and involved. Questions which are asked on the orders of the day should be urgent ones which can be asked briefly and which can be replied to briefly. I would think that the hon. member might withhold this question until some future time.

Mr. Fulton: If I might be permitted to say so, Mr. Speaker, I think the disappearance of men—

Some hon. Members: Order.

Mr. Ross (Souris): The steam roller.

Mr. Fulton: My question is based on—

Mr. Speaker: Order. Probably we would not have had this difficulty if the hon. member had asked a short question. If he wants to do so now, I will allow him to do it; but it must not be a long and involved question.

Mr. Fulton: I would ask the Minister of Justice whether the Royal Canadian Mounted Police made any investigation, in response to the request from his wife, into the disappearance of that man in Montreal.

Mr. Garson: My hon. friend has given me no notice whatever of this long question.

Mr. Fulton: I telephoned the minister's office yesterday.

Mr. Speaker: Order. I have given the hon. member a great deal of leeway. I think he should allow the minister to answer the question.

Mr. Garson: As I was saying, Mr. Speaker, my hon. friend has given me no notice of his long and, as I find it, rather involved question. I should therefore like to take his question as notice and answer it tomorrow. Before doing that, however, I think I should like to have a conference with him in order to find out just what it is he would like to find out.

Mr. Fulton: Mr. Speaker—

Mr. Speaker: I do not think it would be proper to allow this discussion to continue.

Mr. Fulton: On a question of privilege, Mr. Speaker—

Mr. Pouliot: It does not pay to ask a twisted question.

Mr. Speaker: Order. The hon. member for Kamloops (Mr. Fulton) is rising on a question of privilege.

Mr. Fulton: I wish merely to point out, with reference to the statement of the minister, that I phoned his office yesterday and advised him of the subject matter of the inquiry which I was to make.

CEMENT

QUESTION AS TO PRIORITIES FOR FARMERS

On the orders of the day:

Mr. L. E. Cardiff (Huron North): I should like to direct a question to the Minister of Trade and Commerce. I should like to draw the attention of the house to a group of our population which, if they are not already considered to be one of our most important groups, should be so considered. I refer to the good farmers of Canada. Why are they being discriminated against in the matter of priorities on cement?

Right Hon. C. D. Howe (Minister of Trade and Commerce): That is hardly a question; it is a statement. I think I can say they are not being discriminated against. There are no priorities on cement. Cement is distributed by the dealers—we hope, fairly to all. I have received no complaints from the distinguished citizens whom my hon. friend claims to represent.

Mr. Cardiff: I had a letter this morning from a farmer—

Mr. Speaker: Order. I do not think we should have a discussion at this time on that question.

Mr. Cardiff: Could I make just one statement? The only cement that the farmers—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Graydon: Don't howl down the farmers.

Mr. Speaker: I think the hon. member for Huron North wants to make a brief statement. I am sure he has the unanimous consent of the house.

Mr. Cardiff: I should like to ask the minister why it is that the only cement the farmers in my part of the country can get is United States cement at 40 cents to 45 cents a bag more than the price paid for our own cement.

Mr. Howe: I have no idea. I am not responsible for the distribution of cement. I have no authority to distribute cement, and I do not know of any importations of United States cement.

LOCKPORT BRIDGE

REQUEST FOR EXTRA SHIFTS ON REPAIR WORK

On the orders of the day:

Mr. William Bryce (Selkirk): I wish to direct a question to the Minister of Public Works. In view of the great inconvenience to the local people, would it be possible to have extra shifts employed to speed up the repair work being done on the bridge at Lockport?

Hon. Alphonse Fournier (Minister of Public Works): May I congratulate the hon. member on his short question, and I think I can answer right now. This work is under contract. I have instructed my officials to get in touch with the contractor to see whether he can speed up the work.

CANADIAN NATIONAL RAILWAYS

STATUS OF EMPLOYEES WHO ENLIST IN AIR FORCE OR NAVY

On the orders of the day:

Mr. William Bryce (Selkirk): May I direct a question to the Minister of Transport? Is it so that the Canadian National Railways will not guarantee jobs or seniority to those who enlist either in the air force or in the navy?

Hon. Lionel Chevrier (Minister of Transport): I would ask the hon. gentleman to allow me to accept his question as notice. I received it just as I was coming into the house. I have not had an opportunity of discussing it with Canadian National Railway officials.

DEFENCE PRODUCTION

REQUEST FOR ORDERS IN SASKATCHEWAN

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I should like to direct a question to the Minister of Defence Production. It arises

out of the last figures released by his department, listing Canadian firms awarded new defence orders in excess of $10,000. Does he know that once again there was not five cents for Saskatchewan? If he does know that, can he take some steps in the future to see that we do get more defence contracts?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the suggestion that Saskatchewan is being overlooked is not correct. Only a few days ago I signed a very large order for blankets with a Saskatchewan woollen mill.

Mr. Thatcher: These are your figures.

Mr. Howe: Nevertheless I am having an analysis prepared, a proper analysis of the location—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Howe: —of defence work.

Mr. Harkness: Weighted?

Mr. Howe: The list to which my hon. friend refers names the post office from which the tenders were filed. It does not necessarily name the province in which the goods are to be manufactured. If he would accept it as such it would save him a good many speeches in the house. I will have a proper list prepared in which we will show all the defence expenditures in the province of Saskatchewan. Incidentally, my own department is at present spending a few million dollars there through Eldorado Mining and Refining.

INQUIRY FOR RETURN

AIR TRAINING PLAN, SASKATOON—HOUSING

On the orders of the day:

Mr. R. R. Knight (Saskatoon): On May 10 a question of mine was passed as an order for return, as appears on page 2875 of *Hansard*. I should like to ask the Minister of Resources and Development, or the Secretary of State, whether that return can be expedited. It is a matter of importance in connection with housing in Saskatoon.

Hon. Robert H. Winters (Minister of Resources and Development): I shall be very glad to look into that, Mr. Speaker.

Mr. Knight: The minister's nod does not show on *Hansard*.

[Mr. Thatcher.]

SUPPLY

PROPOSED AMENDMENT TO BRITISH NORTH AMERICA ACT—TURNOVER TAX OF THREE PER CENT

The house resumed, from Monday, May 21, consideration of the motion of Mr. Fournier (Hull) that the house go into committee of supply.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, when this motion came before the house last night I indicated that the official opposition wished to take the opportunity which such a motion affords to bring before the house and the country the question of the opposition which exists to the suggestion that the British North America Act should be amended to allow the provinces to impose an indirect sales tax to the extent of three per cent.

Last night before the house adjourned I had dealt with some of the aspects of this matter, which might be briefly summarized as follows: It is now established that the proposal for an amendment in order to revise the old age pensions scheme and the amendment with regard to the three per cent sales tax are entirely separate; that this separation was brought about mainly as a result of the representations made by the provincial premiers, who had desired that the two matters should be considered separately, and their request was acceded to by the federal authorities, as outlined in a letter by the Minister of Justice (Mr. Garson) on April 16.

There is, therefore, at this time no pressure with respect to the three per cent sales tax amendment, no pressure which could result in the fact that it might be said to be necessary in order to bring about an amendment to facilitate the revised scheme for old age pensions. Therefore this house can now express its opinion on the three per cent sales tax question entirely without pressure, and without any suggestion that to oppose the one amendment might jeopardize the introduction or the facilitation of an amendment dealing with the old age pensions scheme. So we have arrived at the point where we can consider the sales tax amendment entirely upon its merits.

Just before eleven o'clock last night I had suggested also some grounds for opposing the three per cent sales tax amendment. The first ground is that it is unnecessary that there should be any such amendment to the constitution. It is unnecessary that the provinces be empowered to impose indirect taxation, because they now have the power

to do the same thing, namely, to raise revenue by a turnover tax, provided that that levy is in the form of direct taxation.

There are several provinces which have such a form of taxation. Notably I have in mind the province of British Columbia, where it is at the rate of three per cent, and yields in a fiscal year, in round figures, the sum of $28 million from the taxpayers of that province.

The second objection to the proposed amendment is that it would enable the provinces to impose a hidden form of taxation. Much has been written in economic textbooks about the objection to hidden forms of taxes. I think, however, the matter has never been more succinctly or clearly expressed, and in language that those who are not economists can understand, than in a recent editorial in the Windsor *Daily Star* of April 5 of this year. It says:

> The difference between the direct sales tax and the turnover tax is that the sales tax is added to the amount charged for an article and is known to the customer, but the turnover tax is on turnover and is hidden. The customer is charged so much and he does not know how much is tax. So far as that goes, he usually thinks the merchant is sticking him for a higher price and does not realize he is paying a tax.
>
> Apart from this feature there is the unfair burden a turnover tax places on those least able to pay. It applies to everything. Those in poorer circumstances pay much more in proportion than those in higher incomes.

Then the article concludes:

> The idea of a turnover tax is a cowardly method of raising revenues. It sticks the tax knife into the customer after he has been given an anaesthetic.

Perhaps the most important of the objections to this type of taxation is that it is directly inflationary. It is imposed at the manufacturer's level, based on turnover. Each succeeding dealer, whether he be the middleman distributor, or retailer, adds to the price of the goods, which already includes a tax, his normal margin of profit. Through each succeeding pair of hands that particular article passes there is an increased mark-up, based on the initial price plus the tax, with the result that the tax at three per cent at origin may well be an additional increase in price of from five to six per cent by the time it reaches the hands of the consumer.

This type of taxation increases the prices of goods people must buy, out of all proportion to the revenue it actually brings to the treasury. It increases profits, because the mark-up is placed on the tax as well as on the initial price of the goods. To that extent it directly increases prices, increases profits and contributes directly to inflation. It is inequitable in that it bears most heavily on those who are least able to pay, because the man with a low income and a large family has to pay as much tax on the goods he buys as the man who has a large income and perhaps only a small family.

These are the objections on economic grounds which might be advanced with respect to the tax. There are other objections, not the least of which is that at the present time we have much too large a proportion of our taxation being raised by way of indirect taxes. In years gone by—and not so many years at that—the major proportion of the revenue of the federal government and of most provincial governments came from direct taxation. That trend has now been reversed to a point where practically fifty per cent—I believe in 1949 it was over fifty per cent—of the national revenue is raised by means of indirect taxation.

Looking at the figures tabled by the Minister of Finance in his budget speech, we find that the federal government now raises $1,200 million by means of indirect taxation. This amounts to forty per cent of the revenue collected by the federal government. If one bears in mind that the federal sales tax has just been increased to the general level of ten per cent, and the fact that the proposed amendment would enable the provinces to impose a similar tax of three per cent, both taxes being applied at the source on turnover, one will see, as was shown by an analysis made by experts on the subject, that the increases in prices of the goods when they reach the hands of the consumers would be in the order of from sixteen to eighteen per cent. With the burden of inflation and heavy taxation now being borne by the Canadian people reflected directly in higher prices and a spiralling cost of living, it surely cannot be denied that a tax impost which would result, when coupled with the federal government tax, in an increase in price of from sixteen to eighteen per cent should not be contemplated at the moment.

Another objection which might be offered is that the power to the provinces to impose this tax would be divisive and discriminatory. All the provinces do not now have equal sources of revenue. Some provinces have indicated that they would not resort to the three per cent tax. Other provinces have indicated that they would definitely impose the three per cent tax, and in fact would like to impose it at a higher rate.

If one of the objects of recent dominion-provincial financial discussions, from 1945 forward, has been, as I understand it, to distribute equitably among the people of the country the fiscal burden they

have to bear, so that the poorer provinces particularly would be in receipt of provincial incomes which would enable them to render services comparable with the services rendered by the richer provinces, with respect to social security; and if generally the idea has been that there should be a redistribution of income among the provinces, perhaps on the basis of fiscal need—if, as I say, that is an accurate statement of the general approach to the problem, then I submit that this proposal to allow the provinces to levy a three per cent sales tax would be a complete negation of that principle.

This is true for the very reasons I have pointed out; some provinces which are in a fortunate position say they would not use the tax, even if the power to use it were granted, and other provinces say that as soon as the power is granted they intend to use it, and indeed would like to have authority to impose a tax of perhaps four per cent or even more.

Other provinces say they would like to apply the tax not only on the sale of goods but also on the rendering of services such as electric power, theatres, hotels and all that sort of thing. It would render quite unequal the cost of living as between the various provinces. A person passing from coast to coast and stopping off in the various provinces would find an entirely different cost of living in each province. It is a form of taxation which is unnecessary and particularly vicious, in that it would be discriminatory as between the provinces and the people living in the provinces. The very fact that the suggestion should now be put forward indicates that dominion-provincial financial relations are in pretty much of a mess as a result of the policies pursued by this government over past years, particularly as a result of their failure to reconvene the dominion-provincial conference which sat first in 1945 and completely overhaul the fiscal system of this country and follow it through to a logical and successful conclusion.

The provinces were practically driven by the federal authority into such a position that they very reluctantly, in many cases, gave up certain taxation powers. As a result of this whole process the provinces are now offered a most unpopular, a most unsatisfactory and most uneconomical form of taxation, namely, a sales tax. That is the position at which we have arrived. The provinces are strapped for funds as the result of the dominion-provincial agreements which have been imposed on them by the federal government, and are now in such a position that they have to contemplate asking for power to impose an unjust, unfair and discriminatory sales tax on their people in order to get revenue.

The final consideration I should like to lay before the house in asking it to pass its opinion on the amendment which I shall move is that there is a very strong body of opinion which holds that this is an entirely wrong method to use to bring about a change of the constitution in this respect. We have been witnessing a development under which eleven officials, ten from the provincial governments and one from the federal government, are undertaking to amend our constitution in fundamental particulars, with regard to the division of taxing powers between the central and provincial governments.

The division of taxing powers was laid down first in the British North America Act by the fathers of confederation. After years of study and conference they arrived at the division that we now have. Although it may well be suggested that the time has come when a revision of that distribution is necessary, I think the strongest objection should be raised to an alteration in our constitution in any fundamental respect being brought about by eleven people, none of them elected for that purpose. I am not being personally critical of any of the people who have taken part in the conference, but I think that if the Minister of Justice (Mr. Garson), who has carried forward most of the negotiations with the provincial premiers, will analyse the situation he will agree that he was not elected, nor was any provincial premier elected, to amend the constitution. That is not one of the things which the people of the provinces or of the dominion had in mind when they voted in either provincial or dominion elections. But eleven men are seeking to take to themselves the power to amend the constitution in perhaps its most important particular, the distribution of financial powers as between the federal and provincial governments.

In support of my contention that this is a wrong method to use to amend the constitution, I should like to quote from an editorial by Mr. Sandwell in the last issue of the Toronto *Saturday Night*. He points out that none of these eleven people was elected to assume the responsibility they are now assuming, and in the course of his editorial he says:

> The correct position, it seems to this column, is that neither the government of the dominion nor the governments of the ten provinces have any right to change the distribution of taxing powers, or any other arrangement of the powers of legislation and administration, that are established by the British North America Act. The dominion parliament—wrongly, we believe—has acquired from the British

parliament the right to change the constitution in respect of the classes of subjects assigned to that parliament's legislative power. It has not, so far as we can see, acquired any right to change, with or without the consent of one, two, six or ten of the provinces, the extent of those classes, and yet that is exactly what it is purporting to do.

The whole idea of the amendment of the constitution becoming a matter of bargaining between the dominion government of the moment and the ten provincial governments of the moment seems to us illogical, undemocratic and revolting.

In conclusion I desire to move, seconded by the leader of the opposition (Mr. Drew):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that further consideration should not be given to the proposal to authorize by amendment to the British North America Act an indirect provincial sales tax of three per cent."

On a recent occasion when we were discussing the proposal to increase the federal sales tax from eight to ten per cent, all members, on the opposition side at any rate, were agreed that that proposal was unnecessary at the present time and that this form of taxation is generally undesirable, because it is hidden, because it is inflationary, and because it would increase the already heavy burden of the high cost of living. All members of the Social Credit party, the C.C.F. party and the official opposition were united in opposing that increase. I am confident that those members will be united again on this occasion.

Since this is a proposal which invites an expression of opinion from the house and does not in any way involve legislation presented by the government, I would hope that members on the government side might feel free to express their opinion, because that is all they are being asked to do by the amendment—to consider or reject the proposal that at this time there should be no power given to the provinces to increase the cost of living by the imposition of a three per cent indirect sales tax.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am sure you will consider whether or not this amendment is in order, and I do not intend to discuss the question. I do wish to point out some of the inaccuracies—quite involuntary, I am sure—in the speech of the hon. member who has moved this motion. His very first words last evening in opening this matter, which I find at page 3257 of *Hansard*, were:

Before this motion carries, Mr. Speaker, there is a matter which I wish to bring to the attention of the house. It concerns the proposal which has been made by the federal government to the various provincial governments to amend the British North America Act so as to enable the provinces to impose an indirect sales tax or turnover tax of three per cent.

I am sure the hon. member must know that is not a proposal that was made to the provinces by the federal government. A conference was called of the provincial governments, which met here in December of last year. At the end of that conference an agreed statement was issued to the press, which is to be found at page 137 of the report of the proceedings of the conference of federal and provincial governments, Ottawa, December 4-7, 1950, headed "Statement to the press by the Right Honourable Louis S. St. Laurent at the conclusion of the conference." I quote:

The conference discussed:

1. The offer of the federal government for new tax agreements.

2. The offer of the federal government respecting old age security.

3. A provincial proposal for an amendment to the constitution to permit the provincial legislatures to levy an indirect sales tax at the retail level.

Why should the hon. member wish to create the impression that this proposal was made by the federal government, when it is perfectly clear, from the statement agreed to and issued after the conference, that it was a provincial proposal that was made at that time?

Mr. Diefenbaker: What province made that proposal?

Mr. St. Laurent: Several provinces made the proposal, and it was generally discussed. I think the first to voice it at that conference was the premier of New Brunswick. I believe the hon. member will find that at page 30 of the report of these proceedings. I do not think it was referred to by any of those who spoke before the premier of New Brunswick, whose speech commences at page 29 of the report. This is the way he put it:

This, however, prompts me to suggest that there is another constitutional amendment which should be considered at the same time. It has relation to the taxing powers of the provinces whose jurisdiction under the British North America Act is limited to direct taxation.

Under the authority so vested in them, five of the provinces have now in operation a consumer's tax, so-called. In effect it is a sales tax but cannot be imposed in that less unattractive form. In 1950 the legislature of New Brunswick adopted legislation authorizing such a tax, notwithstanding the problems presented in its collection. It is quite possible that as time passes other provinces will find it necessary to rely upon this method of taxation to meet their revenue requirements.

We hope that all provinces will agree that a constitutional amendment should be sought to permit such a levy through the simple expedient of a sales tax. One would assume that if the provinces are in agreement on this point the federal authorities would readily concur.

That is the manner in which this arose. At that time the federal government had proposed to the provinces new tax agreements, had called the attention of the premiers to

the report of the joint committee of the two houses of parliament on old age security, and had stated that if it found a constitutional amendment necessary to enable contributions to be attached to a no-means-test old age pension it would attempt to implement at the earliest possible moment the recommendations of that joint committee. I think it was considered by the public generally that it would be desirable to have that kind of amendment made to the constitution.

At the same time, and concurrently with this general conference, there was an adjourned conference of the provincial premiers to discuss the method by which amendments to the constitution should be made in Canada. We had been discussing these matters on their merits in an amicable and cordial manner, and it appeared that it would not have been conducive to maintaining that cordial and amicable manner of discussing the problem if we said: No; so far as we are concerned all amendments must be just one way amendments; there must be no amendment transferring any part of the federal powers to provincial legislatures; they must be amendments transferring some part of provincial jurisdiction to the federal parliament. We did not think an attitude of that kind would have been conducive to the discussion of these matters in the spirit which was being displayed by all those who were then in conference.

The hon. member chooses to say that this constitutes an offer by the federal government to the provinces to take jurisdiction to impose an indirect sales tax. Well, he may view that as he likes, but he cannot change the facts, nor can he change the printed report or the agreed statement.

The hon. member goes on to say that we have now reached the point where it is admitted that the two constitutional amendments are entirely separate and can be treated in that way, and that this is due to the insistence of the premier of Nova Scotia in a letter of April 16.

Mr. Fulton: That is not quite accurate.

Mr. St. Laurent: The hon. member should have read the correspondence more carefully if he was going to make an assertion such as that. Had he read it more carefully he would have seen that in a letter dated March 12 the premier of New Brunswick had this to say, the letter appearing at page 2729 of *Hansard*:

> Some confusion seems to have developed in certain quarters—

That was even before it developed in Kamloops.

> —where an opinion or view has developed that the sales tax amendment was part and parcel of the old age pension plan which was under study at the December federal-provincial conference. All governments there represented are fully aware that there is no relation or connection between the two and that the old age pension plan can go forward without any sales tax amendment.

Then he added:

> In order, however, to emphasize this point I am referring herein only to the old age pension amendment and shall make the proposals regarding a sales tax amendment the subject of another letter to follow shortly.

The Minister of Justice (Mr. Garson) replied to that letter fully, agreeing that there was no connection whatever between the two amendments. The one concerning old age pensions can go forward without any sales tax amendment.

Mr. Fulton: When was that first put into writing by the federal authorities?

Mr. St. Laurent: That was first put forward by the federal authorities at the very opening of the conference. It was stated that the tax agreements, old age pensions and the matter of the sales tax could all be considered separately. The tax agreements were not dependent upon agreement on old age pensions, and old age pensions were not dependent upon agreement on the tax agreements. Those were the two proposals put before the conference by the federal government, and the only proposals put before the conference by the federal government. It was only upon this question being raised afterwards by Premier McNair that we did not take the stand that we would not give consideration to their request, if they all wanted that power, to impose an indirect sales tax.

After all, in spite of what may be said by any editor of any newspaper in Canada, the provincial premiers do have a certain representative capacity when they meet with the federal government. They are elected to look after the interests of the people of their provinces, just as we are elected to look after the interests of Canadians generally without regard to the province in which they happen to have their homes. I believe that if ten provincial premiers, having given serious study and consideration to a problem, come together and say that in their opinion and judgment it would be in the interests of the people of their provinces to have a certain form of taxation available to them, it would be, I shall say, impertinent for the federal government—in whatever aspect it may be regarded when it comes from the hon. member for Kamloops—to say the proposal is so ridiculous that we will not give it any consideration whatever. Certainly that would not be an attitude that would be conducive to obtaining the kind of co-operation between those who exercise legislative and

administrative authority in this country that is desirable for the promotion of the interests of the people.

I am not going to discuss the merits or demerits of an indirect sales tax. The hon. member for Kamloops says it would bring about discrimination. He himself stated that there was that kind of discrimination. He says that in his province there is now a direct sales tax of three per cent that is payable by all those who are either residing in his province or who just happen to be there and want to buy some commodities. There are at least five provinces in which there are no such sales taxes. There is one in which the sales tax, instead of being three per cent, is five per cent. This kind of discrimination has existed, and the people of Canada have carried on. Since those discriminatory measures were put into effect there have been provincial elections, and those who were responsible for putting them into effect got the support of the majority of the elected members in their respective provinces. That seems to be the way in which democratic institutions operate in this country.

The hon. member says that this kind of tax would be a tax put on at the manufacturers' level, and would pyramid in the hands of each successor who dealt with the same commodity. There again I am afraid the hon. member has been rather shortsighted in reading the form of the amendment which the Minister of Justice was asked by the ten premiers to approve, which he did approve, and which he sent out to them with his letter of January 2, 1951. It is printed on page 43 of *Hansard* of February 1, and reads as follows:

(b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale . . .

It is apparent that the hon. member has built up a windmill against which to direct his speech and his motion, without regard to the documentary evidence that he had before him.

The hon. member says that amendments to the constitution should not be made by eleven men. If that means anything, I believe it does convey the implication that there are amendments made in that way, or that are being proposed to be made in that way. The hon. member knows that there have been a certain number of amendments to the constitution of this country since 1867, and that for the last fifty years at least the procedure which has become the established procedure is for those amendments to be made by the parliament at Westminster on a joint address of the two houses of the Canadian parliament. No one who has been prime minister of Canada has at any time attempted to make amendments to the constitution. The government from time to time has recommended to the houses of parliament that a joint address be presented to His Majesty requesting that an amendment be made. The joint address does not go forward until the members of this house, and the members of the other place, have had an opportunity of deciding, by a majority of the votes of the elected or appointed representatives of the people, whether it is in their interest that the amendment should be made.

The hon. member has been here long enough to have heard from that side of the house the thundering tones upbraiding the government for daring to suggest any kind of amendment to the constitution without the consent of the provincial governments. Frequently that has been the subject of strong denunciations from the other side of the house. The hon. member professes a devotion to democratic processes; then he suggests it is this house which should determine through what form the provincial authorities will put their consent when it is to be expressed to the presentation of an address for an amendment. This party feels that that is a responsibility for those who speak for the provincial government. I know that in fact several of them had their legislatures pass laws or resolutions in connection with the amendment which is now being sought from the parliament at Westminster to establish a no-means-test old age pension in this country. As to what the other governments did I do not know, and I do not think it should be my concern. If one should undertake to put its view forward as being the view of the whole province, the electors of that province will have a democratic opportunity to deal with its conduct. All the provincial legislatures having been in session since this dominion-provincial conference of last December, I am convinced that there was ample opportunity for those legislatures to make their views known and that the ten provincial premiers who have expressed their acceptance of the form of amendment to be requested with respect to old age pensions had the authority of the people of their respective provinces to express such consent. I am not going to deal with the merits of that situation. But this conference was adjourned.

From what I have read in the newspapers it seems that there are some of the provincial premiers who do not think that it would be a good thing for the provincial legislatures to have the right to resort to an

indirect sales tax at the retailers' level. Quite frankly, I would be sorry if they all agreed that there should be any transfer of taxing jurisdiction from parliament to the provincial legislatures. But at this time, when we are merely at the stage of an adjourned conference, both on the method of making future amendments to the constitution here in Canada by some Canadian authority, and on the question of further tax agreements between the federal government and the provinces, it would not appear as if this house had any confidence in this government if it were to say that it should withdraw from the subjects under discussion for the continuation of this conference the possibility of consideration being given to an amendment that would work to transfer some jurisdiction from the federal authority to the provincial authority.

Mr. Diefenbaker: Will the Prime Minister permit a question at this point?

Mr. St. Laurent: Certainly.

Mr. Diefenbaker: What attitude did he, on behalf of his government, take as to the propriety of the provinces having power to impose a three per cent sales tax by the necessary amendment?

Mr. St. Laurent: I was not in a position where I could express the decision of the Canadian government. That was not a part of the authority that had been given to those who were representing the federal government in those conferences. If there was a unanimous request from the provincial governments for that kind of amendment at this period of our constitutional development, with the matters that are now pending for decision between the provincial authorities and the dominion government, I would recommend to my colleagues that we do not refuse to go along with them.

Mr. Green: Even though it is a thoroughly bad tax.

Mr. St. Laurent: Even though the hon. member for Vancouver-Quadra (Mr. Green) calls it a thoroughly bad tax, and had the opportunity of having a vote in this house which showed in what a small minority he was.

Mr. Green: Better hold your temper.

Mr. St. Laurent: The fact that the hon. member calls the thing "thoroughly bad" does not necessarily mean that everyone in Canada agrees with him; because he has called this government thoroughly bad on more than one occasion and he has had ample evidence that there are not many in the country who agree with him.

[Mr. St. Laurent.]

Mr. Ferguson: Over fifty per cent of the people agree with him.

Mr. St. Laurent: This strategy has another effect. This is a motion to say that this house is not prepared to go into committee of supply to provide this government with the money required to carry out the administration of the country. The amendment is that all the words after "that" be struck out and be replaced by this expression of no confidence in this government to carry on further discussions with the provincial authorities on a matter such as that which is involved in the terms of the amendment.

Mr. Fulton: That is a far-fetched assumption.

Mr. St. Laurent: The motion is that the house resolve itself into committee of supply to consider the estimates that have been placed before the house. This amendment seeks to express in advance an opinion upon something that may never come before the house. There could not be any attempt to amend the constitution in order to give the provinces the right to impose indirect sales tax without an address voted on affirmatively by this house. This amendment seeks to express the opinion that further consideration should not be given to the proposal to authorize, by amendment to the British North America Act, an indirect provincial sales tax of three per cent. There is no such proposal being given consideration by this house. A proposal was put forward by the provincial premiers at a conference which is now adjourned, and with respect to which their views were expressed—as to nine of them, I think—in the correspondence that has been tabled. I have read in the newspapers, since the dates of that correspondence, that some views were expressed by another provincial premier in a public speech at London recently.

Mr. Diefenbaker: Who was that? Was it the premier of Ontario?

Mr. St. Laurent: I understand that the premier of Ontario, in a speech at London recently, expressed the opinion that it would not be desirable to have that kind of amendment. There is no direct expression of his views in the correspondence that has been tabled; but my understanding is that both he and the premier of Quebec have now expressed the opinion that it would not be desirable to have that kind of amendment. The premier of Quebec seems to be quite satisfied with the system that he has established of having the dealers act as collectors of a direct tax on the commodities that are sold to the consumers. As a matter of fact, the tax is five per cent in some cities. I

would not be at all surprised if it was preferred to raise five per cent in that manner rather than to be limited to raising three per cent in another manner.

Mr. Diefenbaker: He would not be denied both ways, then, if an amendment passed, would he?

Mr. St. Laurent: He would not be denied both ways; but it is something for which those administering public affairs would be responsible to the people of their respective provinces; and the hon. gentleman knows, as I do, that in provincial politics the volume of taxes and the form of taxes imposed by a party in power are always live issues at election time.

Mr. Diefenbaker: That is in the provincial arena.

Mr. St. Laurent: That has been my experience over the last fifty years. Though I was not of his party, I was somewhat incensed over the fact that my good professor of Roman law was generally called "the taxer", he having headed a provincial administration during whose tenure of office some unpopular forms of taxation had been enacted. There is no doubt that all these taxes are rather obnoxious. But there is no doubt that present conditions in this country require methods whereby there are transfer payments from some income groups to other income groups. That has become necessary. We have discussed in this house problems with respect to social welfare, problems with respect to education, and the needs that are so urgent in all these public services. I think that these matters should be discussed on their merits, and that this house should wait until something comes before it, before it expresses any veto on proposals that may never come before it.

When we sit around the conference table with the elected representatives of the ten Canadian provinces, we are all fellow citizens interested in the same degree in the good administration of the affairs of the whole country under a system whereby a part of the sovereignty is in one place and another part of the sovereignty is in another place, and where the whole of the sovereignty has to be used to satisfy the legitimate interests of the people of the country. Well, when we do that I think that it is preferable that we try to arrive at the best possible solutions, and that we do not go there with a declaration made in advance that we will not even give consideration to any one thing that might come from the provincial representatives.

I think that we have to be prepared to give these matters consideration. It may very well be that the consensus will be that there should not be at this time any attempt to interfere with the respective taxation jurisdictions of these authorities. It may very well be the basis upon which we were acting at that time; that nothing was going to be decided by the majority; that unless there was unanimity with respect to any of those constitutional proposals they could not be proceeded with. That is the basis upon which the matter was put before the ten provincial governments. It was a transfer of jurisdiction, something which interested both the federal government and the provincial governments, and that in those cases until there was agreement that the provinces would be bound by a majority we would not attempt to proceed without the unanimous consent of all those who were to be affected.

Mr. Diefenbaker: Does there look to be any possibility that the provinces will agree to any such change by a majority vote?

Mr. St. Laurent: Well, here I would not like to express any opinion. I know that there was no agreement to be bound by anything but unanimous consent so far; but they have not, any of them, declared that there was no use pursuing the matter further. They are still studying it, and still considering it, and I think they are considering it in good faith, and in an honest endeavour to serve the best interests of those whom they represent in their elected capacities. They have not said that there was no use pursuing it further.

This being a request by the hon. member for Kamloops (Mr. Fulton) for a vote of no confidence in this government, of course the government cannot accept it. The government has confidence in itself. It hopes that there are enough members in the house to support it in that stand; but the rejection of this amendment does not mean anything at all. It does not mean that this house would be prepared to join in an address requesting an amendment to authorize a sales tax. It merely means that this house is not prepared to turn this government out because this government did not refuse to give consideration to that matter when it was raised in the dominion-provincial conference by one of the provincial premiers. That is all it means.

If ever there was any unanimous agreement by the provinces that they should have that power, the government would then have to take the responsibility of deciding whether or not it would recommend to parliament the adoption of an address; and if it recommended to parliament the adoption of an

address, parliament would then dispose of that address as the hon. members might feel was in the best interests of the Canadian people as a whole. But at this time there is certainly no such urgency of expressing such an opinion as would displace the urgency of getting on with the normal business of voting the supplies that are required for the administration of this country's affairs.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the Prime Minister (Mr. St. Laurent) has placed this motion upon the basis of a want of confidence motion, and has left the impression that to support it would be to vote want of confidence in the government. It seems to me that the words of this motion are not susceptible of such interpretation.

The words of this motion constitute an expression of opinion by hon. members that further consideration should not be given to the proposal to authorize, by amendment to the British North America Act, an indirect provincial sales tax of three per cent. That I submit is an appropriate motion at such a time. In fact, this is a long established practice. This is a procedure with a long tradition behind it.

The motion to go into supply affords an opportunity to obtain an expression by the house in regard to any matter that the house is competent to deal with. Obviously, a motion cannot deal with some other motion that is before the house. It cannot deal with any legislation that is before the house. It can deal only with something that is of concern to hon. members which is not before the house in any other way. That is exactly what we have in this instance.

I submit, Mr. Speaker, that this motion is not only a motion well within the rules, but it is a very proper thing that hon. members at this time should indicate what their opinion is in regard to this form of taxation, so that the time of this government, and of other governments, will not be wasted if in fact hon. members do not believe that any tax of this kind should be introduced. That is the purpose of the motion, and that is the result that would follow. The government then would have an indication of the sentiment of this house, and could very properly say that it did not consider it was wise to proceed with the discussion of an amendment of this kind to the British North America Act.

I must confess, Mr. Speaker, to a great deal of surprise as to why the Prime Minister should be so exercised about the fact that it was stated a proposal had been made. A great deal has been said about where this suggestion came from. It was stated that the suggestion had come from the premier of New Brunswick. That will undoubtedly be interesting to the people of New Brunswick. It is of course a matter of interest that New Brunswick already has a four per cent tax; and also it is a matter of interest that the premier of New Brunswick has indicated that he does not think that the amendment put forward by the dominion government—and it is an amendment put forward by the dominion government—is in itself adequate; because he wants an amendment which would make it possible to impose a four per cent indirect tax, or such higher tax as he sees fit.

In other words he has made it clear that he does not think there should be any limitation of this kind. Of course it would have the advantage of being a hidden tax. The premier of New Brunswick is within his rights in presenting that opinion, and the members of the House of Commons, who also must assume responsibility, are within their rights if they also express an opinion as to a tax of this kind.

But, Mr. Speaker, there are other reasons why I find it difficult to understand why such vigorous exception should have been taken to the word "proposal". In the house this subject has been under consideration before. It is interesting to note that this was brought forward for at least consideration by the house in the speech from the throne. If it was worthy of inclusion in the speech from the throne as something for members to consider, and if it was put forward by the governor general as such, then surely it is appropriate for us to discuss a resolution of this kind in an orderly way.

Mr. Ferguson: The Prime Minister just changed his mind, that is all.

Mr. Drew: I would remind hon. members of the words in the speech from the throne when reference was made to these two proposed amendments to the British North America Act—and there were only two. One was an amendment that would make it possible to proceed with the old age pensions plan, and the other was an amendment which would make it possible to introduce this new form of indirect taxation. There were just those two.

Therefore with that in mind it is interesting to read the words in the speech from the throne, and I quote from that document as it is recorded at page 2 of *Hansard* in the present session:

> The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of the present session.

Every hon. member knows that the speech from the throne is drafted by the government, and that the government itself has described these as proposals. Therefore one of the proposals is the amendment to the British North America Act to provide for this indirect form of taxation.

Surely if we adopt the wording of the government itself there should not be any reason for such vigorous opposition to the adoption of that term. But what is a proposal? Surely a proposal is something put forward—and the Minister of Justice (Mr. Garson) was certainly putting something forward, on January 20 of this year, in his letter t the Hon. A. L. Macdonald, premier of Nova Scotia. I think in view of the objection that has been taken to the stand that the dominion government has assumed any initiative in this matter, it would be well to put that letter on record at this point. It says:

Dear Mr. Macdonald:

Since I wrote you on January 2 enclosing a suggested constitutional amendment to make it possible, *inter alia*, for provincial governments to impose an indirect sales tax at the retail level, it has become clear that such a proposal will be subject to the most powerful opposition of the retailing industry throughout the country. Apparently the attack will be made partly on the plausible ground that if provincial governments are allowed the right to levy indirect sales taxation, they may discriminate between different classes or types of retailers based on their residence, or their ownership, or their marketing methods, or what not—thus setting up effective trade barriers between different parts of the country. You will recall that it was on this general ground that a somewhat similar proposal was defeated in the Senate in 1936.

I think you will agree that it would be most unfortunate if as a result of a similar attack based on similar grounds, we should fail—

"We should fail"—

—to secure the enactment of a measure which provides for an extension of the taxing powers of the provincial governments. After very careful consideration, therefore, we would propose that there be added to the draft amendment already sent you, dealing with retail sales taxation, the following words:

"and not so as to discriminate between sellers or classes of sellers of the same class of goods."

Yours very truly,

Stuart Garson

Thus, Mr. Speaker, we have the word "proposal" used several times by the dominion government in regard to this very matter. Therefore in drafting the resolution let me point out that the government itself provided the word that was used in that resolution, which is now before the house.

The Prime Minister was unduly caustic and, in fact, not by any manner of means in his best form, when he became so critical of the hon. member for Kamloops (Mr. Fulton) in his apparent misunderstanding of what the thoughts of some people had been in regard to the two proposed constitutional amendments. He emphasized the fact that there never had been any doubt, that there could not be any doubt, about the fact that these do not go together. May I suggest that if there has been any confusion it is not the hon. member for Kamloops alone and it is not hon. members of the Progressive Conservative party alone who have been subject to any confusion on the score.

I merely place before the house how this confusion has arisen elsewhere. I hold in my hand the issue of the Charlottetown *Guardian* of April 24, 1951, and in big capital letters I see the words, "Here are the facts". Then, in somewhat smaller capitals, but still conspicuous, these words:

If the Conservatives under R. R. Bell should be elected, his promise to veto the sales tax amendment to the constitution would also block the old age pension amendment—

Mr. Fulton: Who inserted that advertisement?

Mr. Drew: I was coming to that. Then this paragraph concludes—

—and the proposed old age pensions would never be paid.

Whom was this inserted by? It was inserted by the Prince Edward Island Liberal party, in a full-page advertisement, just prior to the recent election down there.

Mr. Winters: And how did they do in that election?

Mr. Drew: Who won that election? Oh, I am very glad the hon. member has asked that! Yes, it is perfectly true that Premier Jones did win the election, with statements of that kind printed in the press and given to the public in the province of Prince Edward Island. And if the hon. member wishes to take credit for getting into power by false pretences, then by all means let him gain whatever measure of comfort he gets from that source. But let us just look at the bottom of the advertisement—and this all refers to the objection taken by Mr. Bell to the amendment that would provide for this indirect tax. After the statement I have quoted, down at the bottom of the page we find, "Vote Liberal, and protect the old age pension."

Some hon. Members: Hear, hear.

Mr. Drew: That applause would seem to suggest that there is some confusion also in the minds of Liberal members in the House of Commons, because they are applauding either a dishonest statement or the fact that people should be misled by the suggestion that the refusal to accept the amendment

permitting an indirect sales tax would block old age pensions. There is no other reading of what appears on this page. I have put that forward merely to indicate clearly that if there was any confusion in people's minds that it had been suggested there was some relationship between those two amendments, most certainly that confusion was not confined to any member of this house who has discussed this subject.

The argument put forward this afternoon by the Prime Minister was in effect an argument that we should not now discuss this particular subject because the dominion government should be ready to proceed to hear what the provinces have to say in regard to this amendment, no matter whether they think it is a good amendment or not. The dominion government and this parliament cannot absolve themselves from responsibility in regard to this. Either this is something that should be put forward or it is not. Members of this parliament should not support a submission to Westminster if they do not believe that that submission is something which should properly be put forward as an amendment to the British North America Act.

The Prime Minister said, and I quote his words: I am not going to discuss the merits or demerits of an indirect tax of this kind. I submit that we should discuss the merits or demerits of a tax of this kind because if members of this house do not believe that there should be such a tax then time would be saved for the dominion government and for the provincial governments if they had an indication of opinion from the members of this house. They then could proceed to discuss with the provinces the appropriate adjustment of taxation that would give them the taxing resources they desire without introducing an objectionable tax of this kind.

The Prime Minister has placed a sort of emphasis on his belief that it is the democratic thing to let the provinces decide what they want and then, no matter what view may be expressed here, to accept that if they happen to get agreement among the ten provinces. There were many who thought that the consideration of this tax was a dead issue in view of certain public statements that had been made. However, a short time ago the Prime Minister made it clear that this was by no manner of means a dead issue. On May 4, the hon. member for Vancouver-Quadra (Mr. Green) asked the Prime Minister whether this constitutional amendment was still under consideration and the Prime Minister replied, as reported on page 2682 of *Hansard*:

> The federal government declared at the dominion-provincial conference that if the provinces were agreed that they wanted the other, the federal government would go along with them, and that is still the position.

The "other" that is referred to there is the amendment to the British North America Act which would permit the imposition of an indirect sales tax of that kind. However, if the Prime Minister had made no such statement on May 4 he would have left no doubt in anyone's mind here that this is very much a live issue. Because it is a live issue I suggest that it is appropriate that the members of this house express their opinions without any suggestion that such an expression of opinion would or would not be a vote of confidence in the government. In fact the Prime Minister has indicated that the government has not expressed an opinion. Since it has not expressed an opinion I suggest that it is preposterous to place on the basis of a vote of confidence an expression of opinion which would merely assist the Prime Minister in understanding what the sentiment of this house really is in regard to this tax.

Having dealt with that, let me refer to what the Prime Minister said about the British Columbia tax. He showed a measure of irritation that was out of keeping with the manner in which the arguments have been put forward. He was extremely sarcastic about what the hon. member for Kamloops (Mr. Fulton) had done in presenting some of his arguments and his references to the British Columbia tax.

The British Columbia tax is a sales tax. The Prime Minister left the inference that since they have already dealt with a tax of this kind there would not be much difference if they had this amendment. But the fact is that the British Columbia tax is a direct and open tax. I am not expressing any opinion in favour of a tax of that kind; in fact I have expressed an opinion to the contrary on other occasions, and I refer to when I had a certain responsibility in regard to provincial taxes of that nature. There is a vast difference between these two taxes. The direct provincial tax indicates clearly to the purchaser what the purchaser is paying, but this indirect tax is a hidden tax which hides from the purchaser what he is paying and is not in any way made up in the real value of the article itself.

They are very different and they create great differences in any goods that are merchandised on a national scale. Where goods are merchandised on a national scale the price can be fixed in the advertisements and the purchaser knows that that is the price. When a direct tax is paid the purchaser knows he is paying a tax. That is his choice; that is his decision. In this case, however,

the provinces would have the right to impose or not to impose a hidden tax. Consequently it would be made extremely difficult to merchandise on a national scale products of the same kind that are distributed throughout the whole of this country.

Let us look again at what the Prime Minister said. He said: I do not think it should be my concern. I think it should be his concern; I think it should be the concern of every member of this house whether this is the kind of amendment that should be brought forward. Following the Prime Minister this afternoon one was led to the conclusion that the Prime Minister had the idea that this was something for debate only in the provincial legislatures. If there was agreement, that settled it and we had nothing to do. This matter has been up before the House of Commons in years gone by and never before was there any suggestion that this was not a subject for discussion in the House of Commons. The fact is that the primary responsibility is in this house because it is from this house that any proposal must go forward for consideration by Westminster.

Having said that, and hoping that there still may be an expression by members of this house at this time, may I once again point out the reasons why there should be a clear declaration that this amendment will not be adopted by this house to meet any of the problems that we face today. First of all, let us remember that an amendment of this kind would change the fundamental allocation of taxation which has existed ever since 1867. There are many people who will say, "Well, we have come a long way from 1867." That is quite true, but those who drafted the basic constitution at that time could never have contemplated the problems we face today, and I am one of those here who for years have been urging that these changes should be recognized and that there should be a re-examination of the whole tax structure. I have urged over and over that there should be a conference which would deal exclusively with the whole problem of taxation, so there might be an allocation of taxes at the dominion, provincial and municipal levels which would bear most easily upon the taxpayers of this country and make it possible for the administrative responsibility of those bodies to be matched by their taxing authority so they could in fact have independent discretion as to what they should do.

The suggestion here would simply provide a temporary solution. It would break away from our traditional tax position without providing any satisfactory solution from the long-term point of view. Why should the dominion government make an amendment to the basic constitution and say to the provinces, "You can just have a little 3 per cent nibble at this tax, and no more." Either it is right to let the provinces into the indirect field without any limiting declaration of that kind and have both fields open to provincial and federal governments, as they are now, or there should be clearly defined taxes available to both bodies. The dominion government should not say that the provinces should have so much of this and so much of that, and beyond that they can just whistle for it; that they can only do what may be possible within the amount the federal government is allowing them. That is not the basis on which it should be done.

I know that in answer to what I have just said it can be suggested that this cannot be done at all unless the provinces agree. That is so; but the provinces are being asked to consider—and I repeat "asked to consider"—a draft put forward by the dominion government which would impose that limitation at this time. Already we have an indication that one of the provinces does not think that is enough. Therefore we know that if this were done now it would not be very long before there would be a request for an increased amount. After all this is administrative in function, and should not be the subject of a constitutional amendment of this kind.

This form of indirect taxation not only carries with it all the objections which apply to any other indirect tax; it has special objections in addition. An indirect tax imposed by the dominion government would apply over the whole field evenly. An indirect tax which could be levied by some provincial governments and not by others would constitute in effect something in the nature of a tariff barrier between the provinces; and the amendment proposed by the Minister of Justice would not prevent evils of that kind creeping in. When he suggested the addition of the words "not so as to discriminate between sellers or classes of sellers of the same class of goods" he did not suggest anything that would prevent the inequities which would follow the application of a tax of this kind. Let us take just one of the absurdities that would be met. In the proposed amendment the Minister of Justice has placed before the provincial governments, there is a provision that this would not apply to goods shipped out of the province. Just think of the very interesting situation that would arise right here in Ottawa and in Hull, across the river. Anyone living in Ottawa could order goods

in Hull, which could then be shipped across the river and would not carry this tax, if there were such a tax in Quebec. Anyone in Hull could telephone to a store in Ottawa; and if the tax were imposed in Ontario it would not apply to goods shipped across the river. Therefore you could have a device by which there would be discrimination against merchants in one place or the other, a very open device for avoiding the consequences of the tax itself.

Mr. Fournier (Hull): You know we have that tax in Quebec now?

Mr. Drew: Not this indirect tax.

Mr. Fournier (Hull): Not this turnover tax, but we have a sales tax in Hull.

Mr. Drew: The Minister of Public Works (Mr. Fournier) knows there is a sales tax and he knows when he pays it, because it is a direct tax. He has a chance to pay it or not as he sees fit, and I have no doubt there are occasions when he does not pay it, simply because he is able to determine whether or not he will.

Mr. Fournier (Hull): I cannot recall when I did not pay my tax.

Mr. Drew: But this is a discretionary tax which the minister can pay or not pay, depending on which side of the river he happens to be on any particular day. I hope he will not suggest that he has never bought anything in the province of Ontario.

Mr. Fournier (Hull): Oh, no.

Mr. Drew: Then may I also point out that those provinces which have the greatest tax resources at the present time could most easily avoid putting into effect a tax of this nature. Those provinces which already have their tax resources limited would be more inclined to impose this tax. Therefore those in the provinces regarded as more fortunate from that point of view would not pay the tax, while those in a less fortunate position would be called on to pay it. It is the kind of tax that would tend to divide this country, that would tend to create inequalities, that that would tend to increase inequalities, at a time when this parliament and the government, which is the executive of this parliament, should be seeking methods of taxation and of allocating tax funds which would equalize opportunities and remove inequalities right across the country.

Then may I point out that this is a tax at the top level, at the retail level, and because of that fact it is a tax on every other tax that goes into the cost of goods in this country. It is a tax on the municipal tax; it is a tax on the federal tax paid by the merchant; it is a tax on every other tax, federal, provincial or municipal, which the merchant is called on to bear. Hon. members know that all these taxes go into the cumulative cost of the article, and it is that cost on which this three per cent would be imposed. We have been warned of inflationary trends. Only yesterday there was a warning no one should ignore as to the danger of continued spiralling inflation. At such a time this house should be seeking every possible method to reassure the public that artificial pressures increasing inflation will not be created. Certainly this would be a highly inflationary pressure, and assurances should be given by the members of the house at this time that they do not believe this kind of tax should be imposed.

Having pointed out that I believe there are reasons why this tax would be very improper; that it would be an iniquitous tax to introduce at this time; that it would bear most heavily on those least able to pay it; that it would in fact be a tax to soak the poor: I think this amendment, couched in terms that do not condemn and do not repudiate the action of the government but simply express an opinion, gives hon. members an opportunity to say to the government that while we certainly respect the point of view expressed in any other legislative body, we also have the right and duty to express our own opinion, and our opinion is that this iniquitous tax should not be considered at this time.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I feel that there is a great deal of merit in what the leader of the opposition (Mr. Drew) has said. I think in this instance I am going to afford myself the luxury of supporting the amendment of his party. Despite the fact that the Prime Minister (Mr. St. Laurent) has said that he will interpret the defeat of this motion as want of confidence in his government, I do not choose to interpret it that way. Under these particular circumstances I wish to express my disapproval of this sales tax constitutional amendment. I merely want to say at this time that, despite my vote on this issue, I have not lost confidence in this government.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, from reading the exchange of correspondence between the dominion government and the various provincial governments, it appears that the amendment to the British North America Act which is under consideration this afternoon would read as follows—I hope the Minister of Justice (Mr. Garson) will correct me if I do not have the right wording; I am reading from page 2736 of *Hansard* for May 4. This amendment is to section 92 of the British North

America Act, and would constitute a new subsection 2a, reading as follows:

2a. The raising of revenue for provincial purposes by indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the provinces and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods.

That, I take it, is the proposed amendment. Section 92 being the one which sets out the powers of the provinces, this would be an additional power granted to the provincial governments. It would seem to be accurately summed up in the resolution which was passed by the British Columbia legislature a few weeks ago in the following words:

—granting of power to the provinces to impose an indirect sales tax up to but not exceeding three per cent in such a manner as not to encroach or interfere with interprovincial trade;

I understand, further, that all the provinces have expressed approval of this proposed amendment with the exception of the province of Quebec, or if they have not expressed such approval only the province of Quebec has definitely opposed the amendment. If I am incorrect in that, I would ask the Minister of Justice to correct me.

Mr. Garson: Mr. Speaker, I believe the hon. member is as much in possession of the facts as I am. In the correspondence the province of Quebec has indicated that it opposes or at least that it does not approve of this amendment. The province of Ontario has expressed no opinion at all in the correspondence, but I believe the premier of that province has since publicly expressed the view that it would not likely be proceeded with.

Mr. Green: And the other eight provinces have approved of that amendment, is that correct?

Mr. Garson: The correspondence indicates that.

Mr. Green: So today we come to consider the merits of this proposed amendment. I was somewhat surprised and disappointed at the attitude of the Prime Minister (Mr. St. Laurent). He took a very detached view of this proposal, declaring that he was not going to discuss the merits of the amendment. He said he would be sorry if all of the provinces did agree to such an amendment, but that should they do so then he would recommend to the house that the amendment be accepted. I believe that was the definite statement he made at one stage of his remarks.

Mr. St. Laurent: To my colleagues, I meant, and then to the government, because if I made a recommendation to the house it would involve the responsibility of the whole government. I would have, first of all, to recommend to my colleagues and the government before I could make a recommendation to the house.

Mr. Green: Yes. Well, the point I am trying to make is that if all the provinces agreed to this amendment, then the Prime Minister would recommend to the members of his government that the change should be made. In due course, such a recommendation would be brought to the house. Of course, the offer is still open. It is still possible for all the provincial premiers to approve of this amendment. If they do so, then the Prime Minister, following out his statement of this afternoon, would automatically recommend that amendment to the government and to the house. No doubt in due course the change would be made.

My criticism of his attitude is that he must accept some responsibility to the taxpayers of Canada. On questions of this kind involving taxation from coast to coast and involving a very drastic change in the taxation set-up of Canada, the Prime Minister and the government have a direct responsibility to the Canadian people. He cannot evade that responsibility by saying that if all the provinces ask for this change, then they are going to get it. I repeat that is nothing more or less than an evasion of responsibility.

What is the attitude of the provincial governments? They are offered an opportunity to get the right to levy an indirect sales tax. Naturally, that is a great temptation to them. For example, take the province of British Columbia. In that province a direct sales tax of three per cent is now being levied. Every time any person in that province goes into a store to buy certain goods he has to pay a few coppers, perhaps five or ten cents or perhaps a few dollars if he is buying articles such as furniture. That money has to be paid by him and it is annoying. Every time that tax is paid the buyer is reminded of it, and naturally the provincial government would be very glad to have an opportunity to cover up that tax. I believe any one of us would be severely tempted, if given an opportunity to change over from direct to indirect taxation.

Furthermore, the direct tax is not imposed on foodstuffs. If this indirect tax right were given, I believe you would very soon find that foodstuffs would be taxed because there would be no way for the buyer to trace that tax. There would probably be a wider coverage of goods taxed than there is now under direct taxation.

Some of the provincial governments have said that if they got this power they would not use it. I believe that attitude has been taken because they know that the proposal is unpopular; and in order to mollify the people of their own provinces, the promise is made: "Oh well, let us get this tax, but do not worry; we are not going to levy it." But hon. members can judge for themselves how long that attitude would last if a provincial government should find itself in need of further money.

On one thing they are all agreed, namely that they do not require this additional tax in order to pay their share of the new old age pension which, as we know, is 50 per cent of the pension for people of the ages 65 to 69 inclusive. I believe that the province of British Columbia will have to pay, under the new plan, only a few thousand dollars more than it is paying at the present time. The correspondence from our attorney general shows clearly that British Columbia at least does not need this additional tax in order to be able to implement the new old age pension plan.

This same attorney general, Hon. Gordon Wismer, has shown clearly what he thinks about the proposed tax. He sat here during the conferences. He is a prominent Liberal and a public man of long experience. Just a few weeks ago he made a statement in which he frankly expressed his views of the tax. I have here a clipping from the Vancouver *Province* dated May 3 containing the heading "Wismer Lashes Tax Proposal as 'Unfair'; Condemns Plan His Own Government Backed." This was after the provincial legislature had passed the resolution to which I referred a few moments ago. Now we have Mr. Wismer telling what he really thinks about it. The clipping reads as follows:

Attorney General Wismer complimented retail merchants Wednesday on their fight to block indirect sales tax powers being given the provincial government.

I am sure the Minister of Justice must feel that is a case of the dog biting the hand that fed it.

"Such a tax would be unfair to public and retailer alike," he said.

Mr. Wismer was addressing the conference which elected W. C. Mainwaring president of the B.C. board Retail Merchants' Association.

Recalling a resolution passed in Victoria endorsing an amendment to the British North America Act, which would have given B.C. the power to apply "hidden taxes"—those included in sales prices—Mr. Wismer said:

And this is a quotation from Mr. Wismer's speech:

"B.C. tentatively agreed in Ottawa to support the amendment although, personally, I knew it was not proper or fair."

[Mr. Green.]

Mr. Fournier (Hull): The hon. member knows that the treasurer of the province has already said that they would support this amendment.

Mr. Green: Who?

Mr. Fournier (Hull): Mr. Anscomb, the treasurer of the province.

Mr. Green: I am not speaking for Mr. Anscomb. He will have to speak for himself.

Mr. Martin: He is your leader.

Mr. Green: The quotation continues:

"Quebec has not agreed to it, so it will not go through.

"We did not ask for the amendment and it does not hurt my feelings.

"If we did have such a tax, the retailer would bear the brunt of it."

Surely there could be no more sweeping condemnation of this taxation proposal than the statement made by Mr. Wismer. Yet we have our Prime Minister saying that the offer is still open and that if these provinces agree to take the power, they are going to get it.

Finally, there is the attitude of the people across the country to be considered. I have had representations from many women's groups in Vancouver. They of course are primarily concerned because they believe that this tax would bring about a further increase in the cost of living. I have had these representations from church women's groups and all sorts of associations. I have no doubt that other members of the house of all parties, have had the same representations. If this tax were to be levied it would bring about further inflation and would add to the cost of living. These people who are objecting to it are not political in any way. I believe they are accurately reflecting the views of the men and women out in the constituencies.

There have also been representations from the retail merchants who are concerned because the merchant is going to have all the problems of collecting this tax. In some cases it would be impossible for him to pass it on to the buyer. There can be no doubt that taxation of this kind would be particularly unfair to the small retailer.

I do not believe that there have been in recent years many proposals about which there has been such a unanimous expression of disapproval. The members of the government must know of the editorials which have appeared in papers in all parts of the country. I believe that this proposed tax is thoroughly unpopular, and for a good reason, namely that it is a thoroughly bad tax, if I may again use those words which seemed to rile the Prime Minister so much a few minutes ago. I

suggest to him and to the other members of the government that now is the time to put a stop to his foolish proposal and to decide that there will be no such amendment to the British North America Act.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I rise not to discuss the merits or demerits of the proposed tax; I rise at this time because I think that the people of Canada must be badly confused about this question of old age pensions. For the last couple of years particularly most of the members of this house have been discussing the possibility of relieving the aged people of this country, and the government brought forward a program. That program was to abolish the means test at age 70 and to reduce the age limit to 65. That program has been pounded fairly thoroughly into the minds of the Canadian people.

Most of those who are affected think, as they have thought for some months, that at last the members of the House of Commons have got down to business and have worked out a formula whereby their problem is going to be taken care of. They are badly mixed up on that particular angle.

The second thing that they are badly mixed up on is this. We in this house discussed at great length the possibility of Canada's amending her own constitution. A great many nice speeches were made. We were told that Canada at last has grown up, that we go it alone, that from now on we decide our own destiny. Everybody assumed that we had that right, and that matters that were federal in scope could be decided in the House of Commons. But when we get the first test, what happens? The people outside write to members and say that the matter of old age pensions is a federal one. It is a matter dealt with by a federal act that was passed in the first place over the opposition of most of the provinces. After this country has grown up and we have taken the right to amend our own constitution, in order to abolish the means test with regard to old age pensions, we have to apply to the British parliament. The average person is asking himself: In what respect has Canada taken the right to decide her own destiny? Dominion-provincial conferences are called, and the premiers are brought in to decide what is to be done about these two important questions. In my opinion the decision was arrived at in 1945, and the program then brought in by the federal government is the program that we should be discussing in this house at this time. Instead of that we have the minutes of the last conference, and agreement was arrived at so far as the elimination of the means test is concerned. But the other matter is just as important as the first one—the matter of lowering the age limit in the group 65 to 69. The real suffering in this country is in that age group. What is the solution? The solution was offered by the provinces. They said: It is going to cost us considerably more money to accept the lowered age limit. It is going to mean a lot more people on pension in the provinces, and we are going to pay 50 per cent of it.

The premier of Saskatchewan said that it would cost his province at least fourteen per cent more. That money has to be raised. The premier of Nova Scotia apparently considered the imposition of this sales tax very necessary, because in his last budget he budgeted for approximately $1 million which would be raised through this tax, and I think he was budgeting for a deficit of $2 million or $3 million. I would judge from that action that he considers this tax is necessary if he is to implement the lowering of the age limit.

In presenting his case to the dominion-provincial conference, the premier of Newfoundland stated that out of a population of 350,000 they had at that time about 11,000 on pension. He said that if the age limit were lowered it would mean not 11,000 on pension but 22,000. The number will be doubled, and it is an unbearable load to carry so far as Newfoundland is concerned.

To say that the question now before the house, the abolition of this idea of a hidden tax, has no connection with the second part of the program of old age pensions is not correct, because, in my opinion, they are tied together. Most of the provinces in this country will have to depend on raising new revenue somewhere, and this is the way it was suggested the revenue should be raised. In my opinion, you cannot divorce the two questions. It is definitely tied up with the full implementation of the old age pension program, and we are going to have to make decisions on it. Personally I am opposed to the hidden sales tax. We have been over the years, and I have not changed my opinion on it. But the thing I want to focus attention on is this. Let us not kid ourselves into thinking that, by moving a motion in the house that we are not going to pass the sales tax, we are not injuring the latter part of the program of lowering the age limit.

British Columbia might be able to handle her own problems, and possibly Alberta will. Saskatchewan says that they will have to raise fourteen per cent more money for that purpose. That is a problem. Perhaps Ontario can stand on its own feet, and also Quebec; but very definitely New Brunswick, Nova Scotia and Newfoundland are going to have

to get a revision in the existing agreements by way of subsidy, or new revenue will have to be found in the province if the sales tax is not to be proceeded with.

The thing I want hon. members to recall is that if we were earnest in advocating the lowering of the age limit, we do not want to brush it off in this house with a motion saying that we are not prepared to pass an amendment in this house to implement the sales tax. I am concerned about Nova Scotia because I know that, unless some new sources of revenue are found, there is not much chance of going through with lowering the age limit to 65. From correspondence I receive and from hundreds of people who visit me when I am back home I know it is in that large group that there is real suffering. Many women who have raised families and have no income are in that large group, and every one of them looks forward to something being done and done quickly. By the look of things now it would appear to me that it might be held off for some considerable time.

I should like to say that in my own province, in lieu of a sales tax, there are things that could be done to raise additional money. For example, there is quite a large gypsum industry in that province. The raw materials are shipped out to the United States. Millions of dollars are lost in the province in the application of royalties. Additional revenue could be raised in that province from that source. The royalty on the sale of coal that was fixed away back many years ago could be stepped up one or two cents and a lot of revenue could be received in that way. I notice that last year the total liquor sales amounted to $21,058,000.52. A five or ten per cent tax on that, or an increase in the price of it, would bring considerable revenue to that province. These methods of raising the additional money to implement the pension at 65 to 69 are things that should be done before we adopt the practice of giving the provinces the right to apply that indirect tax; because as the leader of the opposition (Mr. Drew) pointed out, it is very definitely a change in the whole tax structure.

Anyone who went over some of the Sirois report will agree that that report pretty nearly wrote a new constitution for Canada, and particularly the allocations of the taxation fields suggested in that very comprehensive report. Therefore there are a lot of things that we could do by way of allocating revenue other than changing the constitution to give the provinces the right to apply indirect taxes.

The only reason that I rose was to point this out. Let us not forget for a minute that while some of the provinces may be able to proceed to implement to the full the old age pension proposals that we have been considering for years, yet there are many of the provinces that cannot implement these proposals without some additional ways and means of raising revenue. The best way may be a revision of the agreements between the dominion and the provinces.

No figures are available as to what it is going to cost each province, except what the premiers of Newfoundland and Saskatchewan have said. Some hon. members to whom I have talked will argue that it is not going to cost the provinces any more when they are not contributing on the original basis of 25 per cent; that that 25 per cent is revenue that they are going to have. That is quite true, but at the same time the picture is not going to be the same in every province. It certainly is not going to be the same in Newfoundland and Nova Scotia, because in that age group 65 to 69 I am safe in saying you will almost double the number of people on pension. It is much easier to find, say in Newfoundland, 25 per cent of $40 for 11,000 people than it is to find 50 per cent of $40 for 22,000 people, and the picture will change from province to province. I believe it is well for the House of Commons to make up its mind that, so far as we are concerned, the right to change the British North America Act is the prerogative of the House of Commons. We have that say, in the final analysis, regardless of what the provinces may think. And it is right for us to make that known, because there is a dominion-provincial conference coming up in a day or so. This matter is going to be gone into again; and if the premiers are depending upon implementing old age pensions by that method of taxation, then it is just as well for them to know that, so far as we are concerned, we are not prepared to go along with them. We say other means must be devised to raise the additional revenue necessary to bring about full implementation of the old age pension program.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, there is one point in this connection which I think would stand some stressing, a point which has not been greatly stressed, or at least not so much as some others have.

It will be within the memory of hon. members that this question was debated some fifteen years ago—the very same point we have before us now. At that time they backed away from it and the great point made then, which as I understand was given effect to at that time, is that it was really creating a situation where it would be possible to have tariffs between provinces. I say at once to

the Minister of Justice (Mr. Garson) that the form of the proposed resolution at this time attempts to remove that difficulty—but I shall have a word to say about that later.

Let me read from a speech made on May 19, 1936, by the Right Hon. Arthur Meighen, who was then leader of the opposition in the Senate. He says this—something with which I am sure we would all agree—

> But hon. members undoubtedly realize that there never could have been a dominion of Canada unless the power to tax by customs and excise was taken from the provinces and reposed in the dominion.

Under questioning at that time as to what the possibilities of such discrimination were the speaker, Mr. Meighen, gave an illustration from New Brunswick where, actually, an attempt had been made to give effect to that kind of discriminatory legislation. I am not sure that it ever was given effect to, but it was on the statute books. It may be that it never got past the stage of validity tests. Undoubtedly, however, it was a clear attempt to impose certain restricted taxes on certain companies. As Mr. Meighen said—

> If goods are manufactured within the province the tax does not apply; if they are manufactured outside the province the tax does apply.

I need not labour that point further, because I am sure if members felt there was a substantial danger of that happening, there would be no disposition whatever to support a resolution of this kind. Therefore I continue for the moment to refer to that particular aspect of the matter.

In this connection I would read from a staff article appearing in the *Financial Post* of January 27. It raises the question and, while it does not pretend to lay down any dogmatic conclusions, it raises certain questions which were in my own mind. Because one knows that the world is full of ingenious lawyers, when I read the wording of the proposed amendment the question in my mind was: With all the facilities and with all the intricacies of company structure and company relationships, I would think that there would be some people ingenious enough, if not entirely to evade the aim of the resolution, at any rate to create such legal and other difficulties that the world would be filled with cases trying to interpret the section.

I turn now to this article in the *Financial Post,* because it puts very plainly the point I wish to bring before the house and which it seems to me, even if there is any substantial danger of its happening, should be sufficient to deter us from having any truck or trade with this plan. This staff article, speaking of the proposal, says:

> It is also said to be open to wide possibilities of discrimination as between firms with head office in or outside the province.

On this latter criticism of "discrimination," it is claimed here that something can and will be done to prevent abuse if and when it arises, but that this matter has not been broached now because Ottawa would not wish to imply that any province would be likely to be guilty of applying the proposed amendment in discriminating fashion.

It is delightful to read of the charitable and magnanimous nature of Ottawa. But we have already got considerable evidence that it is not a matter of theory, but rather a matter of tactics. The provinces would be very glad to avail themselves of the right to discriminate, if the way was open for them to do so. I continue to read:

> In the draft legislation forwarded to the provinces, there is a safeguard against any tax which would hinder interprovincial trade, but none specifically aimed at the more subtle discrimination that might arise if the provincial authority were to pass regulations to favour firms with head office within its own boundaries.

That of course was done in the case of the New Brunswick statute to which I referred a short time ago. And, without labouring the matter further, I think it would be very unrealistic to dismiss as quite impossible devices of that kind. I do not think we should undertake to sit in judgment on the provinces concerned, either. Once they get this right they will be wanting to use it for the benefit of their own citizens. That is their duty; that is what they are elected for. And if we are to abandon this primary safeguard which the fathers of confederation thought was essential, and which fifteen years ago was thought so essential that legislation, as I understand it, was then abandoned, it seems to me we ought to stop, look and listen.

There is one other point I wish to bring out from this same issue of the *Financial Post.* This is a very interesting statement made by Mr. J. R. Petrie, director of research of the Canadian Tax Foundation, and a recognized tax expert. I read this brief paragraph from what he says. After making various other comments, he added:

> The year 1951 is likely to be a turning point in our peacetime fiscal history. Important policy decisions are in the making. As important as any is the decision on sales tax policy. There is still time to reappraise our over-all requirements and to formulate a policy which will really reach the root of the sales tax problem.
>
> If the current proposals, which are not yet public, simply involve a concession to the provinces to levy indirect sales tax, even though some limitation be placed on the concession, they represent a retreat from the problem rather than a solution to it. Constructive policy is needed urgently. Now is the time to produce it.

The only observation I wish to add is that, notwithstanding what the Prime Minister said as to the position of the House of Commons—the house seems like a conduit

pipe for forwarding the views of the provinces, though perhaps that is an exaggeration —it does seem to me that if we wait until the provinces, let us say, have agreed to recommend a certain course, then I would have thought it would be extremely difficult for this House of Commons to snub them by saying, "You all wanted it, but now you cannot have it".

I understood the Prime Minister this afternoon to go to the length of saying that if, in fact, the ten provinces came along and asked for it, the matter was pretty well decided, so far as we are concerned. If I understood him correctly he said that if that happened he would then submit the matter to his colleagues and—again, if my recollection is right—the matter would be put before the house. We have had a considerable amount of experience as to what happens when something is put before the house by this government. We do not have to make many guesses as to what happens then. Whatever other qualities our friends of the Liberal party may have, we can certainly accord to them the praise which goes to well disciplined troops.

The Prime Minister seemed to indicate that we were merely going to leave it to the provinces. I felt that he felt that it would be rather improper for us to have views on this, but I suggest that if we do not have views now it may be practically too late for us to have them later on.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, the hon. member for Greenwood (Mr. Macdonnell) I hope will not be offended if I tell him that I am more interested in what he says than in what was said years ago by the Right Hon. Arthur Meighen. The hon. gentleman is familiar with the law and he must know that the basis of confederation is the exclusiveness of the respective jurisdictions. Does he consider the constitution to be a straitjacket on Ottawa and the provinces? It was for a time. That is the reason why Ottawa has paid three-quarters of the cost of old age pensions and has left the management to the provinces. This was done supposedly in order to respect the constitution.

What is the purpose of a dominion-provincial conference if it is not to provide an opportunity to representatives of the federal government and the provinces to discuss matters of mutual concern and to reach agreement with respect to modern times? I can tell my hon. friend that very few people are for streamlining the constitution. That is not the point. The point is that we are facing new issues. The hon. member for Cape Breton South (Mr. Gillis) mentioned the agreements between Ottawa and the provinces in connection with the assumption of responsibility for the payment of pensions to needy persons between the ages of 65 and 69 years.

This is a new proposal. If the provinces have not sufficient revenue to pay the share they have agreed to pay in order to provide pensions for these unfortunate people who are not self-supporting, then the only thing to do is to secure enough money in order to do that. If all the provinces are in unison, if they all agree, what can we do? If that is the general desire of the people, can we place obstacles in their way? Can we tell them that just because it was decided by the fathers of confederation that there was to be no change in the constitution this cannot be done? That was the idea in the back of the heads of the fathers of confederation. The British North America Act was not intended to be changed and that is why we have so much trouble about it.

We live in different times. My hon. friend knows that. The representatives of the provinces from Newfoundland to British Columbia have their own responsibilities. The Prime Minister (Mr. St. Laurent) referred to his professor of Roman law. He was mine also. He is a man for whom I have great regard, but he was not a success as a politician. He had the responsibility of imposing certain taxes that were unpopular and he suffered defeat. He had to decide what tax should be imposed upon the people of his province.

It is the responsibility of the premiers to discuss matters that come within their jurisdiction. It is true that Ottawa cannot interfere with the jurisdiction of the provinces or infringe upon it, but when all the premiers attend a dominion-provincial conference and agree to do a certain thing provided they are given the means to do it, it is a matter for their judgment to decide what taxes shall be imposed.

Mr. Macdonnell (Greenwood): Supposing all the ten provinces decided that they wanted a certain change made in connection with taxes to which this house manifestly would object, would we still have to approve it?

Mr. Pouliot: When there is unanimity among the provinces it is hard for Ottawa to oppose it. The hon. member knows that. If he were Prime Minister of Canada he would make the same speech as the Prime Minister did, except the reference to the hon. member for Vancouver-Quadra (Mr. Green). That would have been the only difference.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order for private bills:

Mr. J. W. Welbourn (Jasper-Edson): Mr. Speaker, if I could have unanimous consent I should like to move, seconded by the hon. member for Vegreville (Mr. Decore):

That Bill No. 269, an act to incorporate Independent Pipe Line Company (letter D-8 of the Senate), be dealt with as the first order of business at this time.

My reasons for desiring to make this motion are the same as those outlined last Friday evening.

Mr. Speaker: Has the hon. gentleman unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Since the hon. member has not unanimous consent I cannot put the motion.

IDA WEINSTEIN YAPHE

The house in committee on Bill No. 124 for the relief of Ida Weinstein Yaphe—Mr. Weir—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Hansell: I should like to ask one or two questions on this bill. I notice in this evidence, as in a good deal of the evidence submitted in these cases, that questions as to connivance and collusion were asked. One can get a fair idea of whether or not a witness understands what he or she is going through and is being questioned about by reading the evidence. Sometimes witnesses do not appear to have a very clear understanding of some of the questions asked, but when they are asked whether there has been any connivance the answer is given immediately, no; or if there has been any collusion, the answer is immediately given, no. This causes one to wonder whether or not the person giving evidence knows the exact meaning of those terms. Those questions were asked and answered in this case, and that gives rise to some suspicion. That is not so in some cases; it is so here. I notice that in this case the deputy chairman did not ask the person giving evidence whether she understood these terms. Evidentally he took it for granted that the witness did understand them.

The Deputy Chairman: May I ask the hon. member when he refers to the chairman of the Senate committee on divorce to so state in order to avoid confusion.

Mr. Hansell: Yes, Mr. Chairman. I made that mistake a week ago and I shall try not to repeat it. When the answers were given to the questions as to connivance and collusion, the deputy chairman of the divorce committee did not ask the witness whether or not she knew what the terms really meant. I can quite understand that lawyers may brief their witnesses to make certain they understand these questions, and I suppose to some extent that is permissible; but even at that I am not fully satisfied that it is the proper way to approach these cases. Might I ask the sponsor of this bill whether or not he is certain the witness in this case knew the meaning of those two terms.

Mr. Weir: I think that is very obvious from the positive answers she gave to the questions she was asked.

Mr. Hansell: That is rather an abrupt answer. I fancy the sponsor of the bill was waiting for that question, but he really has not answered it. He says that is obvious. I am asking a question which can be answered.

Mr. Weir: This witness was sworn, and she must have given the evidence as it is set out in the printed report from which my hon. friend is reading. Nothing further I could add would place any greater emphasis on the evidence she gave.

Mr. Hansell: I agree that perhaps there is nothing further the sponsor of the bill can add, but there is still the question whether or not the witness understood. I fancy the sponsor of the bill does not know; and as a matter of fact I am wondering whether he understands the difference between the two terms.

Some hon. Members: Do you?

Mr. Hansell: If hon. members will look at *Hansard* for last Friday night they will find that I put on record the difference between the two words as explained by the chairman of the divorce committee in the other place.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

SHIRLEY TITLEMAN RODIN

The house in committee on Bill No. 125, for the relief of Shirley Titleman Rodin—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Private Bills—Divorce

YVETTE ERNESTINE GAGNON LYONS

The house in committee on Bill No. 126, for the relief of Yvette Ernestine Gagnon Lyons—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Hansell: You were going a little too fast for me, Mr. Chairman. Are we on Bill No. 126?

The Deputy Chairman: We are now on Bill No. 126, section 1.

Mr. Hansell: I should like to say something about this case, because it is very interesting to follow the methods of some of these investigators. I do not call them investigators; I choose to call them something else.

Mr. Weir: What else do you call them?

Mr. Hansell: Well, I think I would call them keyhole peekers, or snoopers. I doubt very much whether they would get very far in life. This is one job where a little muscle might be of some use. I notice that most of them put their foot in the door and push their way in, then begin to toss things around a little bit.

This investigator answers a question. The question is, "Anybody else?" The answer is:

and then I asked the house detective, Mr. Desjardins, to come up to meet me, because he had a master key.

Now, there was a hotel detective in this case, and the investigator asked this hotel detective to come up with him so he could unlock the door. He said:

I did not want to take no chance.

That is a double negative there, but I guess we will not have to spend too much time criticizing this snooper's grammar. Will the sponsor of this bill say, since there was a house detective there who went in and discovered the situation, whether that house detective took any steps to have this man arrested for his misdemeanours?

Before the sponsor of this bill answers that question, might I point out something that I think is more or less commendable in this case. This witness is giving evidence and the attorney, in questioning the witness says:

It was pointed out to me yesterday, and I will try to follow the terms—I hope the witness understands them. Have you in any way connived at this adultery? Do you know what that means?

A. I am not too sure.

Well, that shows that this witness is honest, and is giving an honest answer to the question. Then, the Hon. Mr. Howden says:

Have you had anything to do with bringing your husband and this woman together?

A. Oh, gracious me! No.

[Mr. Hansell.]

Mr. Murray (Cariboo): Mr. Chairman, I believe that the evidence in these divorce cases should not be repeated in committee. This evidence was given in camera, and is regarded as privileged. I do not believe it is proper, therefore, to have it regaled here and sent out in the public press and over the radio. I can refer you, Mr. Chairman, to Beauchesne with respect to statements which are offensive to members of the house. I shall not go any further than that. I say that this is very offensive to a good many members of the house, and therefore out of order.

It is quite proper to say that we have received from another house the report of a committee dealing with a certain divorce. The facts are there and the committee recommends a certain procedure. Very well, we shall accept their recommendations. But I say that we may not go into the sordid details of the events which led up to the application for divorce. We could amend the Criminal Code, but we may not use offensive language with respect to the facts which are brought out here. I could give you the reference, and later I will gladly give you chapter and verse which prohibits any pornographic or lewd material being placed before the House of Commons.

The Deputy Chairman: The hon. member has raised a question of privilege, and has referred the chairman to Beauchesne, third edition, particularly the citation referring to offensive language. I should like to ask him to what particular citation he desires to refer.

Mr. Murray (Cariboo): If the chairman would postpone the decision on the matter and let it stand until the next meeting of the committee, I would be glad to give him chapter and verse.

The Deputy Chairman: I am afraid I cannot do that. Since it is a question of privilege, it must be taken up immediately. Does the hon. member for Simcoe North wish to speak on the point of privilege?

Mr. Ferguson: Yes. May I point out to the hon. member that we are elected by the people to do our duty, and one duty happens to be acting as a court in the passing of these divorce bills. It may be unfortunate from various angles, but it is part of our duty. Surely, we cannot pass all these bills blindfolded. If any member desires to bring out all the harrowing details in order to get a clear picture of what we are passing, then he is free to do so. If it is offensive to any member of the committee, he has the privilege of all other members, and that is to retire and not pass acts he knows nothing about.

The Deputy Chairman: I am afraid it may not be useful to have too lengthy a discussion on this question. It is true that the reports of the evidence in these divorce cases are the results of the taking of evidence in camera. The public is not invited to the sittings of the divorce committee, nor is the press able to attend. When the evidence comes here and is discussed in the house by hon. members, I quite understand the feelings of the hon. member for Cariboo.

Hon. members will recall that he raised a point of order last week along the same lines as his question of privilege this evening. I would say to him that should it be considered by hon. members of this committee that the reading of the evidence is of such a nature that the people in the gallery, for instance, should not hear that evidence, the only move for him to make would be to ask that the galleries be cleared. Because of the seriousness of the matter, I would report to Mr. Speaker, and Mr. Speaker would put the motion as to whether or not strangers should be ordered to withdraw from the galleries.

The hon. member referred to citations in Beauchesne, third edition, but if he does not mind I shall use the second edition because I have it here. This is the section in which offensive language as used by members is discussed. I do not believe it is offensive for any hon. member of this house to use documentary evidence with which one can study the clauses of a bill. I refer the hon. member to citation 294 of Beauchesne, second edition, which reads as follows:

> If a member should say nothing disrespectful to the house or the chair, or personally opprobrious to other members, or in violation of other rules of the house he may state whatever he thinks fit in debate, however offensive it may be to the feelings, or injurious to the character, of individuals; and he is protected by his privilege from any action for libel, as well as from any other question or molestation.

The hon. member for Macleod has said nothing which I believe to be offensive to hon. members. He referred to the investigators as snoopers, and in other qualified terms. He does that on his own responsibility. The only persons to whom he could not refer in this house in derisive or offensive manner are the presiding officers of courts, judges, high officials. I have not before me the citation in Beauchesne, third edition, but I am sure that it is there. I will therefore say that the hon. member for Macleod is in order to carry on in the way he is doing.

Mr. Murray (Cariboo): If I may, Mr. Chairman, I should like to make one remark. I bow to your ruling, of course; but if the evidence with respect to these divorce cases is to be discussed in the house, I do not think that hon. members should quote one paragraph, one page or one section of that evidence only; I think that the evidence should be quoted in full so that the house would have before it the full information with regard to the matter.

Mr. Knowles: The hon. member is being ridiculous.

Mr. Murray (Cariboo): It is a serious matter. My colleague has been a judge of the juvenile court; and other hon. gentlemen have acted as magistrates; and at times, when certain cases have come up, the court has been cleared, the press has been excluded and every effort was made to see that justice should prevail. In this great court, the House of Commons, are we to set aside all those rulings and allow this place to become a common sewer for the offal of the city of Montreal and other cities?

Some hon. Members: Order.

The Deputy Chairman: I think that the matter has been discussed fully. As I told the hon. member for Cariboo, since he raised the point of order the other evening, I have thought about the seriousness of the problem that might be involved. Hon. members, by citing parts of the evidence, go into details which, of course, it may not be proper to disclose before the house with strangers in the gallery and also members of the press. I inquired as to how this evidence was taken before the Senate committee on divorce, and I came to the conclusion either that I myself should decide to report to Mr. Speaker that the gallery be cleared, or that a member move that I do so. To me, that is the only solution.

Mr. Graydon: May I rise on a question of privilege, Mr. Chairman? Is not the argument that has arisen over this point a further indication of the necessity for this parliament not dealing with things of this kind at all?

The Deputy Chairman: Order. That is not a question of privilege. The hon. member for Macleod has the floor.

Mr. Hansell: I will not prolong the discussion of the hon. member's point of privilege. Nothing would be gained by that. I do not think it is necessary to clear any galleries. We have not read anything that might be offensive. In fact, some of us have skirted all round the matter in order to avoid being offensive, and have put a great deal of this evidence in our own language. The hon. member for Lethbridge says that I am not saying anything that I would not say in the pulpit on Sunday. Sometimes that may be offensive; I do not know. However, the logic of the hon. member for Cariboo

was so profound that it left me petrified, and I have almost forgotten the question I was going to ask.

The Deputy Chairman: Order. I have given a ruling on that point. Clause 1.

Mr. Hansell: I bow to your ruling, Mr. Chairman. Might I ask the hon. member who sponsors this bill whether or not the house detective in this case who found this man guilty of a misdemeanour took any steps to have him arrested?

Mr. Winkler: Does the hon. member refer to the investigator or to the house detective?

Mr. Hansell: Perhaps the hon. member who sponsors this bill has not read the evidence. In order to get into this room the investigator got "pally" with the hotel detective because he had a key to the room. Surely, if there is a hotel detective, he must be there for some purpose; and I fancy that purpose is to keep law and order.

Mr. Graydon: It is a matter of property and civil rights.

Mr. Hansell: That might be so. But if he is there to do his duty, I am wondering if he did it and had this man arrested. I am wondering if my hon. friend has any information on that point.

Mr. Murray (Cariboo): Mr. Chairman, if the hon. member is going to go into the details of this evidence—

An hon. Member: We cannot hear a word of what he says, Mr. Chairman.

Mr. Murray (Cariboo): —I would move that you do report to Mr. Speaker in order that he may take the sense of the house as to whether or not the galleries should be cleared.

The Deputy Chairman: The hon. member for Cariboo has moved that I do report to the Speaker in order that he may take the sense of the house as to whether or not the galleries should be cleared. If anyone wishes to speak to the motion—

Mr. Weir: Is the motion in writing?

Mr. Casselman: It should be in writing.

Mr. Hansell: Is the point debatable, Mr. Chairman?

The Deputy Chairman: No; it is not a debatable motion. But the hon. member for Grenville-Dundas indicates that the motion should be in writing.

Mr. Casselman: That is right.

The Deputy Chairman: It is not necessary in this case.

Mr. Casselman: It always is.

[Mr. Hansell.]

The Deputy Chairman: It is an old formula. The hon. member could have said: I spy strangers. This formula has been used before in this house. As I say, if an hon. member makes that motion, I must accept it. My duty now, as I see it, is to report to Mr. Speaker so that he can take the sense of the house on the matter.

Mr. Knowles: Mr. Chairman, will you accept a point of order?

Some hon. Members: Sit down.

Mr. Knowles: I see nothing in standing order 13 that makes it necessary to call in Mr. Speaker.

And Mr. Speaker having resumed the chair:

Mr. Speaker: Order. Mr. Beaudoin of the committee of the whole has reported that the hon. member for Cariboo (Mr. Murray) has requested that the sense of the house should be taken in order that the galleries should be cleared. Standing order 13 reads:

> If any member takes notice that strangers are present, Mr. Speaker or the Chairman (as the case may be), shall forthwith put the question, that strangers be ordered to withdraw, without permitting any debate or amendment.

Is it the wish of the house that strangers be ordered to withdraw?

Some hon. Members: No.

Mr. Speaker: Then I take it that the motion does not carry?

Some hon. Members: Correct.

Mr. Coldwell: Call the yeas and nays.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it. I declare the motion lost.

And the house having resumed in committee:

The Deputy Chairman: Shall clause 1 of Bill No. 126 carry?

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

ROSE PAKIDAILO GREENBERG

The house in committee on Bill No. 127, for the relief of Rose Pakidailo Greenberg—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

MARIE JEANNE DRAGON BIGAOUETTE

The house in committee on Bill No. 128, for the relief of Marie Jeanne Dragon Bigaouette —Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: May I ask the sponsor of this bill whether he was able to get the information I asked for the other night, namely, as to what the practice of the Senate committee is in the matter of reducing fees? To how low a figure do they go?

Mr. Winkler: Mr. Chairman, the Clerk of the Senate sent me the following memorandum. Since it is very brief I will read it:

The parliamentary fees payable on divorce petitions under Rule 140 amount to $210. In cases where it is shown to the satisfaction of the committee on divorce that the applicant is unable to bear this expense the fees are usually reduced to $125, and in a few special cases to as low as $75.

For the present session, of 280 petitions heard to date, the fees were reduced as follows:
In 17 cases fees reduced to $125.
In 8 cases fees reduced to $100.
In 4 cases fees reduced to $75.

The reason that the fees are usually reduced to the sum of $125 is that the cost of printing the evidence, bill, et cetera, is approximately that amount.

L. C. Moyer,
Clerk of the Senate.

Mr. Knowles: One of the reasons why I asked the question on this bill, Mr. Chairman, is that I was surprised there was no reduction of the fees in this case because it is the wife who is seeking the divorce and she seems to be having a difficult time. She has to work for her own support. She has two children whom she is helping to support. In using the word "helping" I have in mind the fact that she and her two children live with her father and mother. It appears from the evidence that there was no assistance from the husband. I had thought that this might have been a case where a reduction in the fees would have been in order.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

OLIVE MARGUERITE CANN NICHOL

The house in committee on Bill No. 129, for the relief of Olive Marguerite Cann Nichol—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, this is a case where the fees were reduced, in spite of the fact that there do not happen to be any children.

I should like to ask one other question with regard to the fees. When fees are reduced in the Senate do I understand that in such cases, where the poverty of the client is pleaded and the fees are reduced, the lawyer in the case is required to submit a statement as to the amount that he is charging his client?

Mr. Winkler: I have been told that in cases such as that outlined by the hon. member for Winnipeg North Centre the Senate tells the lawyer what he is to get.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

ABRAHAM TARONTCHICK

The house in committee on Bill No. 132, for the relief of Abraham Tarontchick—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

MABEL CAROLINE LAY REDBURN MCCORMICK

The house in committee on Bill No. 133, for the relief of Mabel Caroline Lay Redburn McCormick—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knight: I am sorry that two or three of these bills have been passed without what I consider any examination, or any thorough examination, which would justify us in breaking up a home on these terms, without knowing anything about the conditions.

I notice that this bill is sponsored by a private member, the hon. member for Lisgar. I was going to suggest that a great number of these bills are sponsored by the same

private member. May I suggest that since there are some other private members' bills on the order paper, they may want to get them before the house. If there is any way consistent with a thorough examination of these divorce bills, I wish that they might be allowed to stand so that the private members who have bills on the order paper might get a chance at them. As I say, these bills are all sponsored by the same private member, except one sponsored by the hon. member for Portage-Neepawa, and with all respect to the hon. gentleman, for whom we all have the highest respect, I think he is getting too much of his share. Of the private members' bills on the order paper of the House of Commons of today's date, May 22, we find that on page 19 there are three private bills, one sponsored by the hon. member for Simcoe East, one sponsored by the hon. member for Skeena and one by the hon. member for Hamilton East. I think that these gentlemen should have a chance to get their bills before the house. I wish they could get them before this house, but only with some method which is consistent with a thorough examination of these divorce bills. Apparently what we have to do is to give these things a thorough examination, and I think we shall have to do just that. Personally, I should be very glad if it could be arranged that these other private bills—

Mr. Cameron: Will the hon. gentleman permit a question?

The Deputy Chairman: Order. The hon. member must speak to the bill and not discuss procedure generally. Therefore I would ask him to speak to the bill.

Mr. Knight: The hon. member has asked me whether I would permit a question. Certainly I shall do that, but I will not say I shall be able to answer it.

Mr. Cameron: Does the hon. member not think that the proceedings which took place before the committee of the other house, dealing with these matters, and the consideration and care which are given to these matters when they come before the committee on miscellaneous private bills, do not indicate that they have been carefully gone into?

The Deputy Chairman: The hon. member is now asking a question of a general nature relating to divorce procedure in the other place. It is not in order to do so on section 1 of the bill.

Mr. Cameron: I was following the argument of the hon. member, and answering him.

[Mr. Knight.]

The Deputy Chairman: The hon. member for Saskatoon may continue.

Mr. Knight: I would be delighted to answer the question but—

The Deputy Chairman: Order, I could not allow the hon. member to answer the question. Only this bill is before the committee.

Mr. Knight: Mr. Chairman, I was just proceeding to say that I would make no attempt to answer the hon. member's question, although I would be delighted to do so if the rules permitted.

We are now discussing Bill No. 133. The lady in this instance is suing her husband for a divorce. I am interested in this case, as I have been in others, because there is the question of the custody of a thirteen-year-old child. It is one of those unfortunate cases in which the children suffer for the sins of their fathers, or in some cases their mothers—or, I am afraid, in many cases, both of them.

At any rate there is the question of this thirteen-year-old child. The court in the other place makes no provision for the care of the children. It simply says that the marriage is dissolved. Then these people have to come to as friendly an arrangement as possible, or have to go through further court proceedings, with further expense, to decide upon who shall have the custody of the child. In some instances the custody has remained with the guilty person. Surely that must be unfortunate from the point of view of the moralist. In some cases the child has lived with its grandmother, and in other cases with anyone who would keep it. In other words, the child is out on the street.

I suppose there is no use asking the sponsor of the bill if he knows anything about the custody of the child in this case—or does he know?

Mr. Winkler: The custody of children, I take it, is not within the jurisdiction of this committee, or of any committee of this house.

Mr. Knight: Before resuming my seat I should like to say another word about the case. There has been some criticism of the type of investigator employed in these particular cases, and also the type of witnesses—I was going to call them exhibits—used. Perhaps the proper term is co-respondents.

I would point out that in this case, as in many others to which we have referred, the name of the co-respondent was not discovered during the investigation carried out by the Senate committee. The name was not asked for. Sometimes the name is asked for, and the lawyer on the other side of the case will say that that has no bearing. Here is a

woman who was seen—and that is enough. It is strange that while the investigators were astute enough to find out everything else that happened, they could not find the name of the co-respondent.

I am firmly of the belief that today there are people who are professionally working at this game of giving professional evidence in these divorce cases, and that without shadow of a doubt they are faked cases.

Mr. Ferguson: Speaking to this bill, let me say that this is a great exhibition that is taking place in the Dominion of Canada. One must realize that it costs about $2,000 for every forty minutes the house is in session.

An hon. Member: More than that.

Mr. Ferguson: That is the minimum. Here is a group of men in the House of Commons, men without any experience in these cases, with very few exceptions—and those exceptions would be the members connected with the legal fraternity. We are making a farce of divorce; and in this particular case—

The Deputy Chairman: The hon. member is discussing divorce generally.

Mr. Ferguson: No, I am discussing this particular bill.

The Deputy Chairman: Oh, no; when the hon. member says that the House of Commons is making a farce of divorce cases, he is not referring to this particular bill, section 1. I must ask him to confine his remarks to the section before the committee.

Mr. Ferguson: I have Bill No. 133 in my hand. Here is the evidence—truthful and untruthful. In most instances in Canada we attempt to follow precedents, and that is a good practice. In the past, experience has been a great teacher. Surely in this year of 1951, trying this particular case, the particular government in office, with more power than any previous government, could put this law on a basis where members of the House of Commons would not be asked to pass upon this particular bill, and to act in the disgraceful, illegal and unethical manner in which we have to act when passing these bills.

It is time members of the House of Commons put their foot down and demanded that, so long as we are going to be asked to pass on this particular bill, the laws of the Dominion of Canada should be amended so that there would be a proper court set up to pass upon this bill, from now on.

Section agreed to.

Section 2 agreed to.

Bill reported.

JACK HAROLD FREDERICK GRATER

The house in committee on Bill No. 134, for the relief of Jack Harold Frederick Grater—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Bill reported.

KATHLEEN MERLE MCCULLOUGH MCCALLUM

The house in committee on Bill No. 135, for the relief of Kathleen Merle McCullough McCallum—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: Mr. Chairman, in looking over the evidence in this case I find it is almost identical with that of Bill No. 123, which I discussed on Tuesday evening. The same investigators were used and the same story told to the committee:

By the Clerk of the Committee:
Q. Tell me your full name?
A. Harry Maxham.
Q. And your age?
A. 36.
Q. Where do you live?
A. Montreal.
Q. What is your occupation?
A. Private investigator.

Then the private investigator proceeded to give evidence and said that he saw the man, and followed him on several occasions. He saw him with a woman, and followed them to an hotel. He said that he saw them register, that he then proceeded to room No. 3.

An hon. Member: The same room?

Mr. Coldwell: He says he knocked at the door, and that the door was unlatched, and "I entered the room by using force against the unlocked door." Looking at the evidence of this same man in the other case, Bill 123, which was before us last Tuesday evening, I find that he said, "We forced our way into the room"—in similar circumstances and described almost in the same language.

I want to say it is about time these bills were removed from the House of Commons and placed in the courts.

Mr. Ferguson: An awful waste of the public's money.

Mr. Coldwell: There may be reasons why this bill should be passed; but it seems to me we are getting too many bills with evidence of the type I have just referred to, and with the same investigators appearing time after time and giving the same sort of evidence. I object to being made a party to the passage of bills of this description in the House of Commons. We are going to see to it, as the days go by, either that something different is done or these bills be not passed at all.

Section agreed to.

Section 2 agreed to.

The Deputy Chairman: Shall I report the bill?

Mr. Fournier (Hull): On division.

Bill reported, on division.

MARY MARGARET URQUHART CUTHBERT GILMAN

The house in committee on Bill No. 136, for the relief of Mary Margaret Urquhart Cuthbert Gilman—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Hansell: I understood the sponsor of the bill to say that the Senate committee decided on the fee the attorneys were to get. If that is correct, would he tell us what fees the attorneys got in this particular case?

Mr. Winkler: I have no further information than is contained in the printed evidence, and it does not appear here.

Mr. Knowles: I believe that that applies only when the fees of the Senate are reduced or remitted. If the petitioner pays the full fee to the Senate the lawyer does not have to say what he is charging his client for his work on the case.

Section agreed to.

Section 2 agreed to.

Bill reported.

CONSIDERED IN COMMITTEE

Bill No. 137, for the relief of Margaret Isabel Ward Green—Mr. Winkler.

Bill No. 139, for the relief of Frederick John Pratt—Mr. Winkler.

Bill No. 140, for the relief of Arthur Frederick Albin Turner—Mr. Winkler.

Bill No. 141, for the relief of Maria Silvaggio Mazzalongo—Mr. Winkler.

REJEANNE LALIBERTE TINKER

The house in committee on Bill No. 138, for the relief of Rejeanne Laliberte Tinker—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: In view of the remark that was made on an earlier bill there is a question I should like to ask with respect to this one. The remark I refer to was to the effect that these bills received careful consideration in the House of Commons committee on miscellaneous private bills. Can the hon. member for Lisgar tell me the length of time that was given by that committee to the consideration of Bill No. 138?

The Deputy Chairman: Is that question pertinent to the principle of this clause which concerns the dissolution of the marriage of these two people? I do not think that that question is in order.

Mr. Knowles: Before we are asked to accept the report of a committee of this house that this marriage should be dissolved we have the right to ask the chairman of that committee what consideration was given by the committee to the bill before it recommended its passing.

Mr. Winkler: I was asked that question before and the answer given was that the bills were all considered in bulk. That is the answer that applies.

Mr. Coldwell: How long did the meeting last in which these bills were considered in bulk?

Mr. Winkler: I did not time it.

Mr. Coldwell: How long would you guess?

Mr. Knowles: Probably only five minutes.

An hon. Member: Sufficient time.

Section agreed to.

Section 2 agreed to.

Bill reported.

JACQUELINE YVONNE SUZANNE STUCKER GRANT

The house in committee on Bill No. 142, for the relief of Jacqueline Yvonne Suzanne Stucker Grant—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knowles: Are any children involved in this case?

Mr. Winkler: I have not got up to that evidence yet and I do not know whether there are or not. I suggest that the hon. member read that himself.

Mr. Knowles: There is the point. We have put through several divorce bills in a couple of minutes—

Mr. Robinson: On a point of order: on several occasions on clause 1 of these bills questions have been asked with regard to the children. I do not think that such questions are relevant under section 1, which provides merely for the dissolution of the marriage, and I would ask for your ruling on that point.

Mr. Knowles: When this House of Commons is asked to dissolve the marriage of a husband and wife—many hon. members say it should not take place at all—we have the right to ask whether there were any children of the marriage. That question is frequently asked by the Senate committee and I think we have

the right to have that information before we are called upon to pass on the dissolution of the marriage.

The Deputy Chairman: If questions pertaining to the children have not been asked in the Senate committee on divorce no one here can answer them because the witnesses did not appear before the committee on private bills. If the information does not appear in the printed evidence, no one here can give it. As to the point of order raised by the hon. member for Simcoe East, I would think there is something in his point. I doubt whether it is in order to ask questions about the children and what treatment they are going to receive. It is not within our jurisdiction to deal with children. The only reason I thought that perhaps questions with regard to the children might be allowed was that it is a well known fact that in doubtful cases the decision of the Senate committee on divorce might be affected one way or another when there are children. But we have no jurisdiction as far as children are concerned and I would ask hon. members to consider that fact in future discussions.

Mr. Knowles: May I make just one comment on that point of order. We know that we have no jurisdiction over children, but we do have power to pass or turn down a bill. Our decision to pass or turn down a bill may depend upon what is going to happen to the children. That is why we are anxious to know about the children.

Mr. Winkler: There are no children involved in this case.

Section stands.

Progress reported.

Mr. H. W. Winkler (Lisgar) moved the third readings of Bills Nos. 124, 125, 126, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140 and 141.

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

An hon. Member: On division.

Motion agreed to, bills read the third time and passed on division.

Mr. Speaker: It being nine o'clock the house will revert to the business under consideration at six o'clock.

SUPPLY

PROPOSED AMENDMENT TO BRITISH NORTH AMERICA ACT—TURNOVER TAX OF THREE PER CENT

The house resumed consideration of the motion of Mr. Fournier (Hull) that the house go into committee of supply, and the amendment thereto of Mr. Fulton.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Before the question is put I think I should ask the opinion of members of the house as to whether or not the amendment is in order. I have not been able to find a similar amendment. The motion before the house is that I leave the chair for the house to go into committee of supply. The amendment is:

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "this house is of the opinion that further consideration should not be given to the proposal to authorize by amendment to the British North America Act an indirect provincial sales tax of three per cent.

Upon reading the speech from the throne I find it contains a reference to legislation to amend the constitution, and I am sure that reference is to the legislation referred to in the amendment now before the house. It occurs to me that the house has come to the decision that it will consider an amendment of the constitution if and when presented. Another difficulty I find is that this amendment appears to anticipate by a negative motion certain legislation foreshadowed in the speech from the throne, which may or may not come before the house.

I am very doubtful whether the amendment is in order. I have given it very careful consideration for the reason, as I have said already, that it appears to be without precedent. If any hon. member cares to make any observations I shall be very glad to hear them.

Mr. Fulton: It occurs to me, Mr. Chairman, that perhaps the first thing one should consider in this connection is the citations in Beauchesne which refer to the moving of amendments to the motion that Your Honour leave the chair for the house to go into committee of supply. The first is citation 345 at page 137 of the third edition, and it reads in part as follows:

> The ancient doctrine that the redress of grievances should be considered before the grant of supplies is maintained in the House of Commons of Canada by the provision of standing order 49 that the motion for the Speaker to leave the chair can be amended; and the amendments need not be relevant but may relate to every question connected with public administration.

The other citation is No. 467, at page 174 of the same volume:

> Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means, the motion "that the Speaker do now leave the chair" must be proposed, except on Thursday and Friday as provided by standing order 28. When such motion is proposed, it shall be permissible to discuss

any public matter within the powers of the federal parliament or to ask for the redress of any grievance . . .

It seems to me the wording of those two citations, particularly citation 345, which says it is competent to a member to move an amendment which need not be relevant but may refer to any question connected with public administration, indicates that the subject matter of this amendment, which is the amendment of the constitution and the imposition of a three per cent sales tax, a subject which is before a dominion-provincial conference, certainly is a matter affecting public administration which if decided in the conference would require an address of this house before such an amendment of the constitution could be made. So it seems to me the matter of the amendment is quite within the scope of the two citations referred to.

Then to deal with the point made by Your Honour that there was reference to constitutional amendments in the speech from the throne, and the speech from the throne having been voted already that might preclude further consideration of this question through a substantive motion at this time, it seems to me, though I have not the citations before me at the moment, the relevant rule there is that a matter on which a decision has once been reached cannot subsequently be raised at another stage in the session. But does it not seem to Your Honour, as it does to me, that this rule refers to questions which themselves have been the subject of motions, amendments or subamendments and have been decided by a vote? I doubt very much whether it would be feasible to extend the rule to apply to the whole subject matter of the speech from the throne. If one particular phase of the speech from the throne is made the subject of a specific motion or amendment, I suggest that it is not proper to extend the rule to apply to the whole speech, but that only the one part which has been made the subject of a motion may not be raised again. If you were to say that once the speech from the throne has been adopted no motion referring to any of the subject matters of the speech from the throne could be made, debate in the house would be almost pointless, and the field within which one could bring up a subject would be so restricted as to almost eliminate debate during the session. Indeed it would be almost impossible to move an amendment to a budget motion, because some matter on which it was desired to move an amendment there might have been referred to in the speech from the throne. Supposing the speech from the throne said, "It is anticipated that it will be necessary to lay before you proposals for higher taxation to meet defence costs." To extend the rule in the way it seems to me Your Honour has indicated would mean we could not move an amendment on the budget because, the speech from the throne having been adopted, Your Honour would say that had been decided already.

So it seems to me that unless a particular part of the speech from the throne has been made the subject of an amendment or a motion, the rule to which Your Honour has referred does not preclude it from being made the subject of an amendment or a motion at a later stage in the session. This particular question of constitutional amendments was not the subject of any prior motion or amendment this session, and I submit therefore it is open to a member at this stage to move a substantive resolution or amendment dealing with that subject.

Mr. Fournier (Hull): Mr. Speaker, I hesitate to take part in this debate on the regularity of this amendment. When studying the case yesterday and today I thought the test might be that if a member were entitled to move a private resolution such as we have on the order paper at the beginning of the session, in about the same terms as this amendment, then the amendment could not be declared out of order. On the other hand when the leader of the opposition (Mr. Drew) spoke he laid great stress on the speech from the throne, and I think even read the two references to these negotiations with the provinces. Once the speech from the throne is carried I do not think a private member can anticipate any legislation that may be based upon it. The speech from the throne says:

The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of the present session.

Now, this was debated in the house and decided in the affirmative. When a member can stand up and tell the government, "Well, you cannot bring in legislation to amend the constitution after having had an affirmative vote on the speech from the throne", that would, in my mind, be the strongest point to support the opinion that the amendment is out of order.

There is only one earlier case to which I shall refer. It is not similar to this one, but it is a decision of Mr. Speaker, the Hon. Mr. Glen. It is found at page 631 of Beauchesne, third edition, and concerns a subamendment to the amendment moved by the opposition. It was ruled out of order. The subamendment was moved by the hon. member

for Temiscouata (Mr. Pouliot). The headnote on that decision reads:

On the motion for the address in reply to the speech from the throne, a subamendment expressing regrets that His Excellency's advisers are contemplating a reversal of policy cannot be entertained because it deals with future action, is based on an unapproved assumption and seems to be holding the government responsible for something it has not yet done.

That is the only decision I could find which has some similarity to the present amendment. I believe, as has always been the case in the past, your decision will satisfy everyone.

Mr. Drew: Mr. Speaker, I would hope that you would give your earnest consideration to this before reaching such a decision as you have indicated is a possibility, because I would suggest, with deference, that a decision that this motion is not in order, for the reasons suggested, would constitute a most dangerous precedent. After all, the book to which we refer so frequently for guidance in reaching decisions on matters of this kind constitutes very largely the record of precedents established in the very manner in which we are now dealing with the subject under consideration. The suggestion has been made that this motion is not in order because of a reference to the subject matter of this motion in the speech from the throne. May I refer you, Mr. Speaker, to the appropriate paragraph in Beauchesne, third edition, page 174, the paragraph numbered 467. That paragraph makes it clear that it is the established practice, and that it is appropriate, to raise by way of such a motion as this any subject that it is competent for this house to deal with, save the exceptions which have in themselves been established by the precedents which have accumulated over the years in this house through decisions such as that which might be made at this time.

Now, the only exception to the right to bring before the house a subject that it is appropriate for this house to discuss at any time is, of course, that it shall not relate to some motion already on the order paper. I shall quote Beauchesne, third edition, at page 174:

. . . shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

Now, working back, it is quite obvious there is no notice on the order paper that precludes consideration of a motion of this nature. Second, there is nothing in any motion proposing that something go to the committee of ways and means that precludes consideration of this amendment. This does not deal with any item of estimates which we shall be called upon to consider. Therefore, the only exception which could possibly be raised against the consideration of this motion is that there has been a decision of this house during the current session in regard to the subject matter of the motion.

The Minister of Public Works (Mr. Fournier) said that I had laid great stress on the speech from the throne. I laid great stress on the speech from the throne only to the extent that it was in the speech from the throne itself that the word "proposal" was used to describe the amendment to the British North America Act which is under consideration. But let us see whether there has been placed before the house in the speech from the throne anything which calls for a decision. This, Mr. Speaker, I submit is the key to whether or not the exception would relate to a decision by the house.

What was said in the speech from the throne was simply this, as it appears at page 2 of *Hansard* for January 30:

The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of the present session.

That, Mr. Speaker, is simply information communicated to the house. My reference to this was not because any decision had been reached on that but because it was in that very paragraph that one of these amendments, which is of course the amendment under consideration, was described as a proposal along with the other amendments. No decision has been reached by the house in regard to a statement prepared by the government and placed in spoken form by His Majesty's representatives. All that this says is that the provincial governments are at present giving consideration to these proposals. Mr. Speaker, it did not require any decision of this house to determine whether or not that was so. The fact that the house has not tried to declare that they were not being considered by the provincial governments neither strengthens nor does it weaken the argument in favour of permitting an amendment of this kind.

It is only by carrying a precedent of this kind to the point of absurdity that one can see just where a decision of this nature would lead. Let me refer to another statement of a similar nature in the speech from the throne.

The Supreme Commander, General Eisenhower, has recently visited Canada to consult with the government and the chiefs of staff.

Is that a decision which would prevent anyone here from introducing a proper

resolution at some stage that we would welcome a visit by General Eisenhower to this country, or that we approve of the decisions which have been made by General Eisenhower? Certainly, if this constitutes a decision which precludes discussion of a subject mentioned in an informative statement of that kind, it would be equally true that the fact the house has passed the speech from the throne which informs us of the very welcome fact that General Eisenhower was here would prevent us from discussing anything connected with a statement which might be made by General Eisenhower, or any views we might like to express in regard to views he may place before us.

Then, let us look at another subject in regard to which information was given to this house in the speech from the throne. Again I quote from the speech from the throne:

> The urgent need of the St. Lawrence seaway and power project in relation to the security of this continent is becoming increasingly apparent.

If the mention by the dominion government of this proposal to place before Westminster, should the provinces approve, the request for an amendment to the British North America Act is to be regarded as something in respect of which a decision has been made, to such an extent that it would preclude discussion here, then I would say that obviously it would be equally true that we must decide that the decision has been reached with regard to the St. Lawrence seaway which would preclude the possibility of a resolution being introduced in this house which would call for an expression of opinion by the hon. members of this house to the effect that the government of Canada should proceed with the construction of the power development on the St. Lawrence if co-operation with the United States does not in some way become a reality. One could go through statement after statement in the speech from the throne which was merely indicated as a statement which would give information to the house. If those are to be regarded as decisions which preclude the introduction of either a substantive motion by way of the ordinary notice or a motion by way of an amendment introduced in this manner, then all that would be necessary to prevent the effective introduction of motions of any kind during the session would be to make brief references to enough subjects in the speech from the throne; then effective debate in this parliament would be completely stultified simply by the fact that the speech from the throne had been passed. I submit, Mr. Speaker, in all earnestness that the result of such a decision would create an established decision on record—which future interpreters of the rules of this house would be called upon to recognize—which would invite an absolute barrier being placed upon debate simply by the device of including in the speech from the throne every subject which might conceivably come up during the session and which the government did not itself intend to introduce by way of legislation or by some motion. One hesitates to use such a term, Mr. Speaker, but a decision of this kind could establish within the framework of a democracy the effective practices of dictatorship.

Some hon. Members: Oh, oh.

Mr. Drew: I urge you, Mr. Speaker, to recognize how far a decision of this kind could go in precluding all discussion except that which is formally introduced by the government itself.

Mr. Garson: Mr. Speaker, speaking to the point of order, may I say that my hon. friend the leader of the opposition has established a point upon which perhaps most of us can agree. But there is another point upon which we would find great difficulty in agreeing with him. When a clause such as that which he has just read to the house is included in the speech from the throne, it indicates the cogent possibility of legislation at some time later on in the session. It would seem that, once such a clause has been so included, quite apart from any effect that may have resulted from the passage by the house of the address in reply to the speech from the throne, it is improper to introduce any amendment or other motion which anticipates such government legislation.

For example, let us suppose that in this particular case the provinces, instead of reaching a disagreement with regard to the desirability of this sales tax amendment, had, we will say, less than a week ago advised the federal government that they were in agreement as to the necessity for this amendment; then suppose that we for any one or more of a number of reasons did not find it convenient to introduce, until a week or ten days hence, the joint address which was required to secure the passage of such an amendment. Surely, Mr. Speaker, it would not then be open to any member of the opposition, by a motion such as that moved by the hon. member for Kamloops (Mr. Fulton), to force the government, in advance of the time that it might wish to introduce the joint address, to bring it into the house and have it debated; because I think it is a generally accepted principle that as to when those measures of government policy which are indicated in the speech from the throne are brought in, the government has the privilege of bringing them in, at any time that fits in with the public business which is in charge of the government.

Mr. McIvor: I should just like to state how the matter appears to me, Mr. Speaker. Not being a lawyer, this looks to me like a matter of legal technicalities, not clear to the leader of the opposition (Mr. Drew) or to the hon. member for Kamloops (Mr. Fulton); otherwise they could explain it in far shorter time than they have taken.

Mr. Drew: To refer to what the Minister of Justice (Mr. Garson) has said, there is of course a decisive difference between those measures which the government announces that it is going to introduce and subjects which are only referred to by way of general reference. It should be pointed out that in the speech from the throne there is no statement that the government is going to introduce something or in what form it will be introduced. The nearest that it comes to an indication that anything might be brought before the house is to be found in these words:

> . . . amendments which may require to be submitted to you before the close of the present session.

That, Mr. Speaker, is just simply a general statement with regard to the possibility of something which may or may not be introduced. I can only repeat that, if a decision of this kind were reached, it would only be necessary for the government to set down a list of things which it did not think it was going to introduce and say "we may introduce them"; then when the speech from the throne was finished, all discussion of them by way of resolution or amendment to a motion of this nature would be precluded, and the ordinary rights of the opposition to introduce subjects for discussion in this way would be terminated by a decision of this kind.

Mr. Coldwell: May I just say one word, Mr. Speaker. I have listened to the discussion and it seems to me that this matter can be decided by thinking of an ordinary procedure at a public meeting. I do not think the chairman of a public meeting would take a motion that something cannot be introduced or considered. I think the chairman would say that when this is introduced for consideration, at that time you have the privilege of voting it down. Taking it from that point of view, it seems to me that this motion is analogous to the situation arising if somebody at a public meeting rose and said that something shall not be considered. Consequently, apart altogether from the long discussion of the rules and all the rest of it, in my opinion this amendment is not in order. That would be my view.

Mr. Fulton: If I may just reply to the point made by the hon. member for Rosetown-Biggar (Mr. Coldwell), it seems to me there is a fundamental confusion between the two things that he has referred to. This resolution which I moved this afternoon does not say that the house must not consider something. I have not the text of it before me at the moment, but what it says is that the proposal submitted by the government to the provinces should not be proceeded with. It does not say that the house must not consider something which is not before it at all. It refers to things which the government is doing, admittedly in another place, and which it is doing now. It is not hypothetical. The question of this amendment has been considered at sessions of the conferences, has been discussed in correspondence and is to come up again. It is a matter which is under active consideration. This resolution merely asks the house to express an opinion on something which is now under consideration by the government.

Some hon. Members: Question.

Mr. Speaker: May I say first of all that I raise this question of order because I realize, along with the leader of the opposition, that it is a very important matter. The leader of the opposition says that it would be a dangerous precedent not to allow it. I was concerned with whether or not it would be a dangerous precedent to allow it. I do not know to what length members might go in introducing motions of a negative character.

For instance, if this motion is allowed to stand I suppose I could not object to a motion, if an hon. member decided to make it, to the effect that further consideration should not be given by this government to bringing in legislation in connection with old age pensions, or a means test between 65 and 70. If I allowed this amendment I am afraid I would have to allow a similar amendment.

I realize the importance of this decision, and for that reason I have allowed full discussion of the point of order. I wanted to be very sure that I was right, and that I was doing an injustice to no one, and I was not establishing a precedent that would not be a sound one.

I made some notes of what has been said. I will not refer to all the remarks that have been made; but if this amendment is allowed, would it not have been in order for an hon. member to have moved an amendment similar to the one before the house to the effect that at this session further consideration should not be given to a complete revision of the Indian Act? If this amendment is in order then I think an amendment to that

extent would have been in order on a motion to go into supply because all that is said in the speech from the throne regarding the Indian Act is:

> You will also be asked to consider a complete revision of the Indian Act.

By adopting the speech from the throne I take it that the house agreed to consider an amendment to the constitution along the lines referred to in the amendment, should such an amendment be submitted to the house. Might I say also that the question in connection with an amendment of the constitution is not to the effect that the house would amend the constitution; it was not to the effect that the house would amend the Indian Act and the other statutes. The effect of the speech from the throne was that the house would give consideration to an amendment of the Indian Act and the constitution, and other matters which are referred to in the speech from the throne.

Mr. Macdonnell (Greenwood): Would Your Honour allow me to point out the difference in wording of the two? In the one case it says:

> You will be asked to consider a complete revision of the Indian Act.

In the other case it says:

> The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of this present session.

I submit there is a great difference there.

Mr. Speaker: I appreciate the point raised by the hon. member for Greenwood, but when the speech from the throne was prepared it was not known whether it would be necessary to present to the house amendments to the constitution. But by adopting the speech from the throne I take it that the house agreed to consider amendments to the Indian Act, and also agreed to consider amendments to the constitution, should they be presented to the house.

As I say, I realize this is an important decision. I have listened carefully to all the representations that have been made. I came into the house with an open mind, and after giving careful consideration to what has been said on the point of order, I am now prepared to make my ruling.

The hon. member for Rosetown-Biggar has said that this is a negative motion, and he doubts whether it would be allowed at a public meeting. The amendment anticipates by a negative motion something which may be presented to the house at a later date. In my opinion, by the adoption of the address in reply to the speech from the throne, the house indicated its willingness to consider the measures set forth in that speech, particularly:

> The provincial governments are at present giving consideration to these proposals and to proposals for constitutional amendments which may require to be submitted to you before the close of the present session.

As I have said, these constitutional amendments are referred to in the speech from the throne, and I understand that the proposals for the amendments in the speech from the throne were then a matter of public record and related to the proposals in relation to an indirect provincial sales tax.

The present amendment before the house, which would prevent further consideration being given to the sales tax proposal, is, in my opinion, not reconcilable with the earlier decision where, by a vote of this house, the house indicated its willingness to consider such a proposal if and when introduced by the government. I therefore rule that the amendment is out of order because it anticipates by a negative motion something which may be presented to the house at a later date, and as being in conflict with a previous decision of this house.

Mr. Drew: I appeal the ruling, Mr. Speaker.

Mr. Speaker: Those in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And some members having risen:

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

To the motion that the Speaker do now leave the chair for the house to resolve itself into committee of supply, Mr. Fulton moved, seconded by Mr. Drew:

"That all the words after 'that' to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that further consideration should not be given to the proposal to authorize by amendment to the British North America Act an indirect provincial sales tax of three per cent."

I ruled the amendment out of order on the ground that it anticipated by a negative motion a measure which the government had indicated it might present to the house at this session, and also on the ground that it was not reconcilable with the previous decision of the house in adopting the

address in reply to the speech from the throne to give consideration to such a measure, if and when presented.

From this ruling Mr. Drew and others appealed.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Anderson	Hetland
Applewhaite	Huffman
Argue	Hunter
Ashbourne	James
Balcom	Johnston
Bater	Jones
Beaudoin	Jutras
Bennett	Kent
Beyerstein	Kirk (Antigonish-Guysborough)
Black (Chateauguay-Huntingdon-Laprairie)	Kirk (Digby-Yarmouth)
Blackmore	Knight
Blanchette	Knowles
Blue	Lafontaine
Boisvert	Laing
Boivin	Langlois (Gaspe)
Bonnier	Lapointe
Boucher	Larson
Bradette	Leduc
Bradley	Lefrancois
Breithaupt	Leger
Brisson	Lesage
Brown (Essex West)	Little
Bruneau	Low
Bryce	Macdonald (Edmonton East)
Cameron	MacDougall
Campney	MacKenzie
Carter	MacLean (Cape Breton North and Victoria)
Cavers	McCann
Chevrier	McCulloch
Cleaver	McDonald (Parry Sound-Muskoka)
Cloutier	McIlraith
Coldwell	McIvor
Corry	McLean (Huron-Perth)
Cote (Matapedia-Matane)	McWilliam
Cote (St. John-Iberville-Napierville)	Major
Cote (Verdun-La Salle)	Maltais
Croll	Martin
Cruickshank	Monette
Denis	Mott
Dewar	Murray (Cariboo)
Dickey	Mutch
Dion	Nixon
Dumas	Proudfoot
Fair	Prudham
Ferrie	Quelch
Fournier (Hull)	Ratelle
Fournier (Maisonneuve-Rosemont)	Richard (Gloucester)
Fulford	Richard (Ottawa East)
Garson	Richard (St. Maurice-Lafleche)
Gauthier (Lake St. John)	Rinfret
Gauthier (Lapointe)	Robinson
Gauthier (Sudbury)	Rochefort
George	Rooney
Gillis	Rousseau
Gingras	St. Laurent
Gingues	Simmons
Goode	Sinnott
Gour (Russell)	Smith (Moose Mountain)
Gourd (Chapleau)	Smith (Queens-Shelburne)
Harris (Grey-Bruce)	Smith (York North)
Harrison	Stewart (Winnipeg North)
Healy	Stewart (Yorkton)
Helme	Stick
Hetland	Stuart (Charlotte)
Huffman	Thomson
Hunter	Ward
James	Warren
Johnston	Weaver
Jones	Weir
Jutras	Welbourn
Kent	Whitman
Kirk (Antigonish-Guysborough)	Winkler
Kirk (Digby-Yarmouth)	Winters
Knight	Wright
Knowles	Wylie—138.
Lafontaine	
Laing	
Langlois (Gaspe)	
Lapointe	
Larson	
Leduc	
Lefrancois	
Leger	
Lesage	
Little	
Low	
Macdonald (Edmonton East)	
MacDougall	
MacKenzie	
MacLean (Cape Breton North and Victoria)	
McCann	
McCulloch	
McDonald (Parry Sound-Muskoka)	
McIlraith	
McIvor	
McLean (Huron-Perth)	
McWilliam	
Major	
Maltais	
Martin	
Monette	
Mott	
Murray (Cariboo)	
Mutch	
Nixon	
Proudfoot	
Prudham	
Quelch	
Ratelle	
Richard (Gloucester)	
Richard (Ottawa East)	
Richard (St. Maurice-Lafleche)	
Rinfret	
Robinson	
Rochefort	
Rooney	
Rousseau	
St. Laurent	
Simmons	
Sinnott	
Smith (Moose Mountain)	
Smith (Queens-Shelburne)	
Smith (York North)	

Wheat

NAYS

Messrs:

Adamson	Green
Balcer	Harkness
Black (Cumberland)	Hatfield
Blair	Hees
Browne (St. John's West)	Hodgson
Cardiff	Lennard
Casselman	Macdonnell (Greenwood)
Catherwood	McGregor
Charlton	McLure
Courtemanche	Murphy
Coyle	Noseworthy
Diefenbaker	Nowlan
Drew	Pearkes
Fairclough, Mrs.	Rowe
Ferguson	Stanfield
Fraser	Tustin
Fulton	White (Hastings-Peterborough)—36.
Gibson	
Graydon	

Mr. Gardiner: I was paired with the hon. member for Souris (Mr. Ross). Had I voted, I would have voted to sustain the Speaker's ruling.

WHEAT—COST OF PRODUCTION

Mr. H. R. Argue (Assiniboia): Mr. Speaker, before the question is put I have a grievance which I wish to raise at this time and which affects hundreds of thousands of wheat producers in western Canada. I refer to the fact that during the present crop year the wheat producers have produced wheat now selling at a price which does not adequately compensate them for their increasing costs of production.

We in this group have always held that the wheat producers and other farm producers of Canada, and the industrial workers for that matter, should have a parity income, should receive for their services a price comparable to the cost of producing those services. There is no method at this time by which the wheat producers of Canada can protect themselves against the ever-increasing costs of production. In order to indicate how these costs have risen I might say that in 1945 the eleven factor cost of production index for farmers stood at 152·1, whereas on January of this year that index had risen to 216·9, an increase of 64·8 points or 42·6 per cent. I want to point out that when the 1950 crop is finally disposed of there will be little or no chance of the western wheat producers receiving any more for it than they received for the 1945 crop, even though since that date the cost of production has gone up by more than 40 per cent.

Wheat

As I have said, we in this group have always believed in parity prices. We believe there should be some fair relationship between the farmer's cost of production and, in this instance, the price of wheat. I remember that during a debate in 1946 the Minister of Agriculture (Mr. Gardiner) made the statement that a parity price for wheat at that time would be $1.41 or $1.42 a bushel. He went on to explain that this was the parity price previous to increases which had occurred in implement prices and farm labour costs. If one looks at the eleven factor index at that time, that is, January of 1946, one finds that it stood at 149·7. In April of 1950, when farmers were undertaking expenditures for the production of the 1950 crop, that index stood at 209·7. In August, 1950, when the farmers were harvesting the 1950 crop, that index was 218·7. On that basis the 1950 average for the eleven factor index was 214·2. This means that on the basis of the parity price given by the Minister of Agriculture in 1946 and the change in the cost of production since that time as given by the bureau of statistics, parity price for the 1950 crop would be $2.02 a bushel. One might figure parity prices on a different basis. If one makes the assumption that the price for wheat during the five year pool period bore a fair relationship to the cost of production, taking the average of the eleven factor index for that period as 175·6 and considering the average for 1950 as 214·2, then parity price for the 1950 wheat crop would be $2.24 a bushel.

I have heard it said altogether too frequently in this house that the farmers in Canada are making more money today than ever before and that the wheat producers of western Canada, being the elite among farmers, so it is said, are making even more than the average of all farmers in Canada. I have before me a report of the bureau of statistics showing the net income of farmers in the prairie provinces in 1949 and 1950. The income of farmers in the three prairie provinces in 1949 was $803·5 million. In 1950 the income of those farmers dropped to about $644 million, or a loss in that one year period of $159·5 million or more. I realize that certain adjustments will be made which will change that picture to some extent; but considering the cost of production in 1949 as compared to the cost of production in 1950, and the very large drop in income indicated by the bureau of statistics, I submit that the position of the farmers in 1950 even including any subsequent payment on the 1950 crop will be considerably worse than the position of the farmers in 1949.

Mr. Gardiner: It is already $200 million.

[Mr. Argue.]

Mr. Argue: Yes, but $200 million does not buy nearly as much today as it bought in 1949. The minister could not have been listening to what I said. I pointed out that the effective buying power of the farmers' income for 1950 will not be as great as it was in 1949. I have here a publication of the Department of Agriculture, the *Economic Annalist*. It contains a table showing the value of production in constant dollars per farm worker, starting back in 1901, omitting some years and going up to 1949. In looking over these figures I was amazed to find that the farmer's production, in other words his income, has gone down from a peak of $2,211.60 in constant dollars in 1942 to $1,857.10 in 1949.

Mr. Blue: If I may ask the hon. member a question, is he speaking from books or from experience?

Mr. Argue: I am speaking from both, and I doubt if the hon. member who asked that question speaks from either. As I said, the statistics I have been quoting are from an official publication put out by the Department of Agriculture, and for my part I would not question their accuracy. While there are certain variations up and down from 1942 to 1949, these figures certainly prove that the farm net income in constant dollars has been going down. On Wednesday, May 16, I asked the Minister of Trade and Commerce (Mr. Howe) this question:

> In view of rising costs of production and an increasing world price level, has the government made any attempt to have reviewed the present ceiling price under the international wheat agreement?

The Minister of Trade and Commerce replied:

> The international wheat agreement is an agreement among some forty governments. It is now in its second year of operation, and the only action Canada could take to vary its terms would be to denounce it. Canada has no intention of denouncing it, nor has it any desire to do so.

That was not an answer at all to the question I posed to the Minister of Trade and Commerce. I did not suggest in that question, I do not suggest now, and I never will suggest that the Canadian government should in any way denounce the international wheat agreement. All I was asking the government was whether or not they had considered the suggestion made in the presentation to the cabinet by the farmers union of Alberta, the British Columbia bloc, the Saskatchewan farmers union and the Manitoba farmers union that the government do what it could to have the international wheat agreement reviewed in order that the farmers might be given some compensation because of the rapidly increasing cost of production since that agreement was signed. This idea did not

originate with me. I do not know whether it originated with the farmers unions; but I do know that Mr. Danielson—

Mr. Cote (Matapedia-Matane): May I ask the hon. member a question?

Mr. Argue: Surely.

Mr. Cote (Matapedia-Matane): The hon. member says it does not originate with himself; I should like to know from what source it comes.

Mr. Argue: I am sorry I did not hear the hon. member.

Mr. Cote (Matapedia-Matane): You said it does not originate with yourself, and I should like to know from where it comes.

Mr. Argue: If the hon. member for Matapedia-Matane would contain himself, I was just about to say where that suggestion might have originated. It may have originated with Mr. Danielson, a Saskatchewan Liberal member of the legislature. Mr. Danielson's motion presented in the Saskatchewan legislature as shown in *Votes and Proceedings* for Thursday, April 5, reads as follows:

> That this assembly requests the federal government to take action to renegotiate the international wheat agreement, with a view to having an additional term added to the said agreement providing for an annual conference between the parties thereto, such conference to have the power to increase the minimum and maximum price each year, so that such prices may be set at an amount which would give the same purchasing power as the said prices did when the agreement was signed.

I may say that a number of amendments were moved to that motion. If the house desires I can read the motion as amended, but the amended motion in no way changes the intent of the first motion moved by Mr. Danielson. When that motion asking for a revision of the international wheat agreement was put to a vote, I might point out that it received the unanimous support of the members of the Saskatchewan legislature.

I believe that Canada, one of the chief exporting countries under the international wheat agreement, and a country that has over 400 of the some 2,000 votes distributed amongst the countries signing that agreement, might very properly suggest to the other signatories that a conference should be called to discuss this matter. That was all I had suggested, that was all the farmers of the nation have suggested, and that was all Mr. Danielson, the Liberal farm critic of the Saskatchewan legislature, suggested. The Minister of Trade and Commerce (Mr. Howe) threw up his hands in holy horror, and said that the government were not going to repudiate the international wheat agreement. I thank him for saying that, but I wish he had replied to my suggestion.

Almost all the wheat being sold today by the Canadian wheat board is being sold on the basis of $1.89 or $1.90 or $1.91, right in that neighbourhood, for No. 1 northern, basis Port Arthur-Fort William or Vancouver. The wheat outside of the international wheat agreement sold on Saturday last for $2.29½ per bushel, which was 38 cents a bushel higher than the wheat being sold on that date under the international wheat agreement. This means that on that basis the wheat producers of Canada are subsidizing the Canadian consumer today to the extent of 38 cents a bushel. I am against a government policy that forces the wheat producers to subsidize the Canadian consumer. I do not want to see bread prices rise, but if bread should be subsidized then I believe the country as a whole should pay that subsidy, not the wheat farmers alone.

I suggest, Mr. Speaker, there should be a final settlement in view of the increasing cost of production, and in view of the fact that the western farmer is still being forced to subsidize the Canadian consumer, for the 1950-51 wheat crop of not less than $2 per bushel. I suggest that is a very moderate request. It is a request for the dominion to guarantee a payment of only some 8½ cents more than the price at which No. 1 wheat was being sold by the wheat board to international wheat agreement countries and to Canadian millers on Saturday last. In my opinion it would amount to no more than the farmers of Canada are doing during the same year by way of subsidizing the Canadian consumer. All I am asking in this suggestion is that the farmers of western Canada be allowed to recover from all the Canadian people, through the federal treasury, an amount approximately equivalent to the subsidy that the western wheat farmers are now providing for the Canadian people.

Mr. Cote (Matapedia-Matane): May I ask the hon. gentleman a question?

Mr. Argue: No; I do not think I will permit the hon. member the opportunity of asking me a question now.

Mr. Blue: You could not answer it.

Mr. Argue: I will answer any questions at the end of my speech. I am not afraid of the question, but I should like to conclude my remarks. Considering what I have said, Mr. Speaker, my request for the $2 a bushel is fair and reasonable. It will not in any way totally compensate the farmers for the terrific increase in farm costs brought about by the fact that this government would not take adequate measures to hold down the farmer's cost of production. The farmer is

the only person in Canada today who has to sell his commodities at a frozen price when his costs of production are rising by leaps and bounds.

When most issues are being discussed in this house I usually hear one of the cabinet ministers refer to what is being done in the United States as an argument for Canada doing something similar. I want to tell the house what the United States government is doing for the United States farmers. The United States wheat producers are selling a larger quantity of wheat under the international wheat agreement than is the Canadian wheat producer. On the Chicago market at the present time wheat is approximately $2.35 a bushel. The United States government does not say to the wheat producer, "All you can possibly get for your wheat is the price under the international wheat agreement." Instead of that the government guarantees the farmers a certain percentage of parity. For the 1950 crop the United States government guaranteed the farmers 90 per cent of parity, a guaranteed price of $1.99 per bushel. Then the United States government said to the wheat producer, "For every bushel of wheat you produce you can receive the highest possible price." So, while wheat has been selling for $2.35 per bushel on the Chicago market, the United States farmer is receiving the full benefit of that price. I want to read a comment in this regard taken from the *Country Guide* of May, 1951. It is a monthly commentary, furnished by the United Grain Growers Limited. It reads as follows:

The United States has now completed sale of its full agreement quota, and Australia's sales are practically completed. Consequently it is to Canada that buying countries now look for remaining quotas under the agreement. This country has still to sell about 35 million bushels before completing its commitments. The United States is refusing to enlarge its quota, and any wheat bought in that country for export is at the prevailing market price, 60 cents per bushel or more above the maximum price stipulated in the agreement. The United States government has subsidized all sales this year under the agreement at a total cost which cannot be very much less than 100 million dollars. Farmers in the United States have received the full market price for their wheat, and the government there has absorbed the full burden of the agreement. The government of Canada has undertaken no such expenses, and to whatever extent the maximum price under the agreement represents a burden, that has fallen upon the Canadian wheat producer.

That is the situation in the United States. I do not ask the government to do for the Canadian wheat farmers everything that the United States government is willing to do for their wheat producers. But I ask the government to do something for the Canadian wheat producers and that something is to guarantee them a final payment for their 1950 crop of at least $2 a bushel. The United States guarantee their farmers 90 per cent of parity plus anything they can get above that. We are asking that our government take into consideration the terrific increase in the farmer's cost of production, also the fact that the farmer will get but little more for the 1950 crop than he received for each crop from 1945 to 1949, even though those crops were produced at considerably less cost. We further ask that this measure be undertaken so that the farmers of western Canada may be compensated for the subsidy which today amounts to 38 cents on every bushel of wheat consumed in Canada. Because we think that should be done, and that it is a moderate suggestion, I wish to move the following amendment, seconded by the hon. member for Melfort (Mr. Wright):

That all the words after the word "that" to the end of the question be struck out, and the following be substituted therefor:

"in the opinion of this house, in view of drastic increases in the cost of production, the government should give consideration to the advisability of making the final payment on the 1950-51 wheat crop an amount that will bring the total payment for the said crop to not less than $2 per bushel for No. 1 Northern, basis in store Fort William/Port Arthur or Vancouver."

Some hon. Members: Question.

Mr. Deputy Speaker: Shall the amendment carry?

Mr. Gardiner: It is out of order.

Mr. Knowles: Not at all.

Some hon. Members: Carried.

Mr. Deputy Speaker: Those in favour of the amendment will please say "yea".

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say "nay".

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the "nays" have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The house divided on the amendment (Mr. Argue) which was negatived on the following division:

YEAS

Messrs:

Adamson	Fairclough, Mrs.
Argue	Ferguson
Beyerstein	Graydon
Blackmore	Green
Blair	Harkness
Browne (St. John's West)	Hees
Casselman	Hodgson
Coldwell	Johnston
Coyle	Jones
Diefenbaker	Knight
Drew	Knowles
Fair	Low

McGregor
McLure
Noseworthy
Quelch
Rowe
Stewart (Winnipeg North)
Tustin
Wright
Wylie—33.

NAYS

Messrs:

Anderson
Applewhaite
Ashbourne
Balcom
Bater
Beaudoin
Bennett
Black (Cumberland)
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bradette
Bradley
Breithaupt
Brisson
Brown (Essex West)
Bruneau
Cameron
Campney
Carter
Cavers
Chevrier
Cleaver
Cloutier
Corry
Cote (Matapedia-Matane)
Cote (St. John-Iberville-Napierville)
Cote (Verdun-La Salle)
Croll
Denis
Dewar
Dickey
Dion
Dumas
Ferrie
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garson
Gauthier (Sudbury)
George
Gibson
Gingras
Gingues
Gour (Russell)
Gourd (Chapleau)
Harrison
Healy
Helme
Hetland
Howe
Huffman
Hunter
Jutras
Kent
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacLean (Cape Breton North and Victoria)
Macnaughton
McCann
McCulloch
McDonald (Parry Sound-Muskoka)
McIlraith
McLean (Huron-Perth)
McWilliam
Major
Mayhew
Monette
Mott
Murray (Cariboo)
Murray (Oxford)
Mutch
Nixon
Pearson
Proudfoot
Prudham
Ratelle
Richard (Gloucester)
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Rinfret
Robinson
Rochefort
Rooney
Rousseau
St. Laurent
Simmons
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Smith (York North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Ward
Warren
Weaver
Weir
Welbourn
Whitman
Winkler
Winters—117.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Carried.

Mr. Blackmore: Mr. Speaker—

Some hon. Members: No.

Mr. Chevrier: Too late.

Mr. Blackmore: Mr. Speaker, you did not make clear what question you were calling.

Mr. Chevrier: Yes, he did.

Mr. Howe: There is only one question before the house.

Mr. Speaker: There was only one question before the house. I do not wish to be unfair to the hon. member, but I thought I had waited a sufficient length of time.

Mr. Howe: Certainly you did.

Mr. Chevrier: Too late.

GOVERNMENT FINANCIAL POLICY—PROVISION OF DEBT-FREE MONEY

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire first of all to associate myself with the expressions of the hon. member from Saskatchewan who spoke recently on the wheat question.

Some hon. Members: Order.

Mr. Blackmore: I rise to voice a grievance against the practice of the government of Canada.

An hon. Member: Why?

Mr. Blackmore: My grievance is that His Majesty's present government in Canada has mismanaged the financial affairs of Canada—

Some hon. Members: No.

Mr. Blackmore: —and that as a result there is obvious danger to the people I represent in this house. Specifically, Canada's Department of Finance is failing to keep enough money circulating in the hands of the appropriate people to ensure the health of the body economic of Canada.

Money has been fittingly characterized as the bloodstream of any community's economy. It is essential therefore for the economic health of Canada that money should visit regularly in adequate quantities every unit of the Canadian community.

In this age of abundance in which we live, abundance resulting from the employment of machines, solar energy and technological skills, it is no longer possible for any government to maintain adequate working circulation of money in the state with only debt-money at its disposal.

To help focus attention upon the thesis I desire to dwell upon, may I place before the house two monetary pronouncements of compelling significance for these times we live

in? The first of these is from a report by the Right Hon. Reginald McKenna, chairman of the Midland Bank, made to his directors in 1936. This quotation appears in the January 30 issue of the *Times* in that year:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers, without reference to the central bank's holding of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, brought also the machinery whereby it could be subjected to intelligent control.
>
> We learnt that a shortage of money may be just as vicious in its effects as an excess, though deflation has still a touch of virtue about it in the minds of many people. Nevertheless it is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused.
>
> For money to be truly sound there must be enough of it to finance an ordinarily growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

The next quotation to which I would draw the attention of the house is from a booklet called "Your Money" by Sir Norman Angell, published in 1936.

At page 13 it states:

> Now, it would make no difference to the value of Law's money that it should be "backed" by the resources of the Mississippi valley, or to the French revolutionary money that it should be a mortgage upon the national possessions, if the money were issued in too great a quantity in relation to the exchange of goods to be effected.
>
> Both of the moneys just mentioned became utterly worthless, although the whole resources of France and the French empire did "stand back of" them. If the quantity had been limited it would not have mattered in the least that nothing stood behind them in the material sense. So long as they were legal currency, and their quantity was limited, their value would have been maintained.
>
> What wrecked them was their excessive quantity. If the effect of putting material wealth "behind" money is to limit the quantity, to cause it to bear some quantitative relation to goods, the device, of course, serves the purpose of limitation. But it is the limitation of quantity which constitutes the guarantee of its value. Ricardo saw this quite clearly when he wrote:
>
> "There is no point more important in issuing paper money than to be fully impressed with the effects that follow from the principle of limitation of quantity. It is not necessary that paper should be payable in specie to secure its value; it is only necessary that its quantity should be regulated."
>
> Now, the truth, that the value of money depends, in the last analysis, not upon the material of which it is made, or upon being "backed" by this or that commodity, but upon its quantity, opens up great possibilities for man. He is not necessarily in this vital question of money the slave of a circumstance outside his control like the discovery or the failure to make adequate discovery of gold. He can control his money, make it his servant instead of his master, if he can learn the trick, the technique.

[Mr. Blackmore.]

These two pronouncements convey to us four most vital truths affecting our very lives today. They are:

1. The financial authorities of a sovereign state can furnish additional currency without reference to gold;

2. Such currency can be subjected to intelligent control;

3. The amount of such currency soundly available for active working circulation in a state is directly dependent upon (a) the exchangeable goods and services available in that state and (b) the number of people able and ready to effect the exchange of those goods and services, granted the means, and (c) the adequacy of the resources of that state to keep up the constant replenishment of the goods and services supply;

4. If, other things being equal, there is too little money in active—working—circulation to effect the exchanges that should be effected, then there will be depression or deflation because of too little money in active or working circulation, so that prices will fall too low, thereby raising the value of a dollar too high and thus rendering the money unsound. If, other things being equal, there is too much money in active or working circulation for the exchanges of goods and services to be effected, then there will be a boom or an inflation, prices will rise too high, thereby running down the value of the dollar too low, thus again rendering the money unsound.

These four vital truths about money I discussed in a measure in my speech of April 30, and I refer hon. members to pages 2519-2526 of *Hansard*; and in my speech of May 1, pages 2558-2562 of *Hansard;* and paved the way for such discussion in the series of questions I asked in my speech of April 19, pages 2195-2202 of *Hansard.*

To help the house and the country realize the hope-giving truth that our Canadian financial system can be better managed than it has hitherto been, or now is, may I place before the house a brief account of two well authenticated monetary experiences which occurred within the last 140 years of history.

These were, first, the Guernsey island experiment, particularly in progress during the years 1815 to 1829, and, second, the greenback experiment in the United States, particularly in progress during the American civil war and the post-war period of 1862 to 1879.

Each of these two historical monetary experiences clearly indicates at least three general truths.

They indicate, first, that under suitable circumstances a sovereign state can print or otherwise create either currency or credit-money, without reference to gold, and employ it greatly to the advantage of the people of that state. Second, that such created money has been and therefore logically could be still further subjected to intelligent control by a democratic state. Third, that since these two experiments were conducted with success under conditions which could be characterized as abnormal, it would seem reasonable to assume that monetary experiments of a somewhat similar nature ought to succeed yet more gratifyingly in times of relative normalcy such as the year 1951 in Canada.

Shall we now take a look at the two experiments? May I summarize the story of the famous Guernsey island experience? In 1815 the Guernsey island legislature, democratically elected, desired to build a markethouse. The 32,000 people of the tiny island, five-and-a-half miles wide by nine-and-a-half miles long, were suffering from depression. Their public debt was £19,500 and the taxation rate was very high. They could produce adequately many kinds of goods and services, but they could not consume or distribute their production.

On April 12, 1815, the parliament appointed a committee to consider a scheme for enlarging the markethouse. The committee recommended that the government issue £3,000 debt-free in state notes to build the markethouse. The state created £3,000 of debt-free money with no specie behind it and spent it into circulation: First, to buy stone from Guernsey island's quarry, and second, to have the stone transported, dressed and laid up into the markethouse. The notes were to be withdrawn from circulation in ten years with the proceeds of the renting of the markethouse.

Therefore, the Guernsey islanders got their markethouse at no financial cost to themselves. There is no evidence that prices rose and consequently there was no inflation in the strictly modern sense that inflation means a rise in price. Extensive but careful use was made of such notes throughout the next fourteen years. The island government built roads, schools, a very costly dike and paid off thousands and thousands of pounds of their national debt throughout the fourteen year period that followed 1815. In 1829 William Collings, a member of the finance committee, reported to the government that there were then 48,183 notes in circulation, with apparently no inconvenient results.

For verification of this information see "The Story of Money" by Sir Norman Angell, published in 1929, pages 265 to 271, and "An Example of Communal Currency" by J. Theodore Harris, published in 1911.

Mr. Fournier (Hull): Mr. Speaker, on a point of order, if we look at pages 2198 and 2199 of *Hansard* of this year we find almost an exact repetition of the speech the hon. member is making. He is repeating the same speech for the fourth time. At that time he indicated that there were three main reasons for inflation, and then he went on to describe what he referred to as debt-free money and how happy we would be if we adopted his system. There is a rule that a member cannot repeat the same speech four or five times during the same session. I do not know if my point of order is well taken but I protest against having the people's money spent in that way, even if it might be debt-free.

Mr. Blackmore: Mr. Speaker, may I just reply to the hon. member. I think that without very much effort I could go back into the pages of *Hansard* and find hundreds of times where hon. members have risen and stated, "We cannot get money anywhere else except from the people."

Mr. Fournier (Hull): You have told us that for sixteen years.

Mr. Blackmore: If the rule as to repetition is to be applied it will not be very long until we have no speeches in the house at all. I move the adjournment of the debate.

Mr. Speaker: I think the hon. member might take into consideration the remarks of the minister and consider whether it is appropriate to continue this speech when the motion to go into committee of supply is called again.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue or close this debate. Then we will take up Bill No. 198, to amend the Customs Act; then Bill No. 293, respecting units of length and mass; then Bill No. 191, to amend the Prisons and Reformatories Act; then Bill No. 192, to amend the Petition of Right Act; and finally Bill No. 322, respecting the Canada post office.

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

HOUSE OF COMMONS

Wednesday, May 23, 1951

The house met at three o'clock.

PARLIAMENT HILL

QUESTION AS TO FACILITIES FOR PARKING OF MEMBERS' CARS

Mr. L. A. Mutch (Winnipeg South): I rise on a question of privilege, Mr. Speaker. This question affects the personal privilege of every member in this house, and certainly the privilege and convenience of more than thirty-five of them. I should like to draw to Your Honour's attention, and, through Your Honour, to the attention of the appropriate person concerned, the parking situation for members on these grounds. I believe that if I had kept them I would have had one of the superior collections of these little yellow tickets, one of which I hold in my hand. I freely confess to destroying most of them, but this one I have brought with me because it affords me an opportunity of bringing this situation to Your Honour's attention. It is a situation of which I have grown quite tired.

I have made some check of it, and I find that there is ample space on these grounds to accommodate all members' cars if the grounds were treated as they were intended to be, as an adjunct to the parliament of Canada and not either a park or a thoroughfare. I have in my hand here, and this is the second one today, a ticket which says that the Royal Canadian Mounted Police inform me that "the driver of this vehicle has committed a breach of the traffic regulations governing traffic on dominion government property as indicated below". I say at once that I am guilty. Down below it says, "Parking in a reserved area, space No. 69, reserved for *Hansard* reporters." I hope that my relationships with *Hansard* reporters, as with all other employees of the house as well as the members, are good. The *Hansard* reporter did not leave his seal or even his car on the space. As usual when I came here this morning there was no place to park. I was waved down in that direction. I refrained, sir, from doing what I have often been tempted to do, and that is to park the car in the vacant space opposite your own door or at the peace tower. I am convinced that if someone did that, this matter would be righted.

This situation is intolerable, and I believe that view will be shared generally. There are persons who have spaces on this hill reserved for them personally who are neither members of the parliament of Canada nor particularly prominent servants of the house, with the exception of yourself, sir, as the first commoner. I protest against the idea of there being any space reserved, unless it is proposed to reserve adequate space for every member of the Commons, whether or not he has a car here. Under these circumstances, perhaps the rest of us would have a chance.

I think perhaps I have said enough to draw to Your Honour's attention the desirability of something being done about the matter. I live two miles from the parliament buildings. I like to enjoy some of the amenities of home life; and two of these tickets per day are too many to tear up.

Mr. Speaker: In reply to the hon. member for Winnipeg South (Mr. Mutch) may I say that the question of parking has been receiving the attention of the Sergeant-at-Arms for some time. As hon. members know, there is only a limited space in the neighbourhood of the parliament buildings which can be made available for parking motorcars. The Sergeant-at-Arms has endeavoured to ascertain how many members have motorcars and wish to park them on parliament hill. There are officials of this house, for whom space has been reserved, who come here regularly, often they arrive earlier than members of parliament, and they are required to stay here very late at night. The question of parking on parliament hill is a problem, just as it is in every city. I can assure hon. members that the Sergeant-at-Arms is doing his best to provide parking facilities for all members. In view of what has been said today, I am satisfied that he will again go into this question.

Mr. C. E. Johnston (Bow River): Mr. Speaker, on a question of privilege, I too have a complaint with regard to parking on parliament hill. As yet, I have not received one of the tickets mentioned by the hon. member who spoke a moment ago (Mr. Mutch); but I expect that there will be one on my car when I go out in a few minutes, because, if I am not mistaken, I parked in a space reserved for cabinet ministers. I did so because although I drove around the buildings three times, trying to find a place to park, I was unable to find one. Then when I went back to inquire from the mounted

policeman where I could hang the car, perhaps somewhere from a tree, he was not even around. I was therefore compelled to park my car wherever I could find an available space.

Mr. Cruickshank: Why not take it over to the Senate side?

Mr. Johnston: May I point out to you, Mr. Speaker, that one of the difficulties we encounter with respect to parking might be overcome if a little bit more caution were practised by some of the hon. members when they park their cars. On several occasions when I have come to park my car I have found that other members have left their cars parked with the front end over one line and the back end over the other, thereby taking up two spaces instead of one.

Mr. Cruickshank: They should learn to drive.

Mr. Johnston: I may also say that when I was trying to find a parking space a little while ago, there were two other members who were in exactly the same position. It is absurd that when we come to the hill to park our cars, in order to be here to attend to the business of the house—because I am always here and am never late—there is no space available. I want to register my protest along with that of the hon. member for Winnipeg South.

CRIME

INQUIRY AS TO SETTING UP OF COMMITTEE OF INVESTIGATION

Hon. Stuart S. Garson (Minister of Justice): Yesterday the hon. member for Kamloops (Mr. Fulton) asked me a rather long question, and in reference to it I said that he had given me no notice of it; whereupon he stated, as reported at page 3265 of *Hansard:*

> I wish merely to point out, with reference to the statement of the minister, that I phoned his office yesterday and advised him of the subject matter of the inquiry which I was to make.

I am sure that my hon. friend will be the first to admit that he did not telephone me at all on Monday. I wish simply to make that point.

Mr. Fulton: On the question raised by the Minister of Justice, I want to agree immediately that I did not contact the minister personally, but I did advise his office. My intention was to ask today, on a question of privilege, that *Hansard* be corrected so that the statement would read "to advise him" instead of "and advised him"—

Some hon. Members: Oh, oh.

[Mr. Johnston.]

Mr. Fulton: —which is what I actually said yesterday when the matter was being discussed.

[*Later*]:

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday the hon. member for Kamloops asked me certain questions, of which I said I would take notice. I said I would get in touch with him in order to get the exact text. This I have done.

This morning the hon. member supplied me with information in which he pointed out that he had asked the following question:

> The issue of the Montreal *Standard* on Monday contains the second instalment of an article "The case of Montreal missing gamblers." In this article it is alleged that Mrs. Balazo, the wife of one of the missing men, appealed to the Minister of Justice and the R.C.M.P. for assistance in tracing her husband and was promised an investigation would be made. That was in February. I would like to ask two questions:
>
> (1) If the R.C.M.P. made an investigation into the case, and if so, with what result?
>
> (2) In view of the allegations of the importation of American gunmen and of the existence of organized crime in Montreal and elsewhere, including counterfeiting and gambling, has the government given consideration to conducting an inquiry into the organized criminal activities in Canada along the lines of the inquiry which has produced such startling results in the U.S.A.?

It will be remembered that I answered the second of these two questions yesterday.

The answer to the first is that the Royal Canadian Mounted Police were requested by the Montreal city police to publish particulars of the missing persons, Alex and Frank Balazo, in the R.C.M.P. *Gazette*, a publication which is distributed to all police forces in Canada. Stop notices were also placed in the R.C.M.P. fingerprint files in the event that fingerprint impressions of either of these men were later received.

Mrs. Alex Balazo wrote to the Minister of Justice on January 30, 1951, and asked if any assistance could be given in locating her husband. The letter was passed to the commissioner of the mounted police and was acknowledged by that official. At that time the item on these missing men had already been published in the R.C.M.P. *Gazette*, but a special notice was then sent to the large R.C.M.P. divisions instructing that investigators in the major cities be alerted in respect to this case.

I believe I should say also that the administration of justice, including the enforcement of the Criminal Code of Canada, by section 92(14) of the British North America Act is exclusively assigned to the provincial authorities, which create provincial and municipal police forces for these purposes.

The Royal Canadian Mounted Police provide certain national services which are available to all provincial and municipal forces. These include the police *Gazette*, the fingerprint bureau, and the firearms registration section. These services are used regularly by other provincial and municipal forces, and it will be noted that they were so used in the present case. Additionally, the R.C.M.P. are always ready to assist when requested by municipal and provincial forces; but if not requested they do not interfere in matters beyond their jurisdiction. Frequently the R.C.M.P. are asked by private citizens to investigate cases which are the primary responsibility of another law enforcement body, and in such instances they simply refer the inquiry to the proper police authority. In the present case, the R.C.M.P. took no action in or about Montreal, but merely used their machinery to circularize other police forces and their own personnel.

Mr. Fulton: May I ask the minister whether the R.C.M.P. do not have a special responsibility with respect to counterfeiting, which perhaps would transcend the other jurisdictional boundaries he has described?

Mr. Garson: That is right. There are one or two exceptional cases of that kind, where the federal government is involved. There is counterfeiting, and then the same would apply where some major robbery took place in a federal department building, or something of that kind.

HOUSE OF COMMONS

RULES RESPECTING STRANGERS IN THE GALLERY AND SUBJECTS OF QUESTIONS OF PRIVILEGE

On the order for motions:

Mr. M. J. Coldwell (Rosetown-Biggar): I rise to draw your attention, Mr. Speaker, to a matter which I believe requires some consideration on your part. I might add that I have hesitated to direct attention at the time to what I believed to be violations of the procedure and the rules of the house because of the risk of being misunderstood by the member or members involved.

Under standing order 13 hon. members may draw attention to strangers in the gallery for the purpose of requesting their exclusion; but I believe it is a violation of the rules to draw attention to the presence in the gallery of students or persons other than a special or distinguished representative of a friendly country. In the same connection, the practice has grown up recently of hon. members rising on matters of privilege which are clearly not permitted by the rules. I refer specifically to recording the distinctions conferred on persons, places or constituencies by the winning of sporting and other events or awards.

Some hon. members may be misunderstood when, observing the rules of the house, they refrain from recording the winning of sporting or other events by their constituents, or fail to refer to the presence in the gallery of groups or persons in whom they are interested.

I hope, Mr. Speaker, that both Your Honour and hon. members of the house will realize that in raising this question I am doing so in order that you may give some consideration to the problem and perhaps give some guidance thereon to hon. members so that all may be governed accordingly.

Some hon. Members: Hear, hear.

Mr. Speaker: I am grateful to the hon. member for Rosetown-Biggar (Mr. Coldwell) for bringing this matter to my attention. I have noticed this breach, which has become almost a practice in the house. I will give consideration to the remarks which the hon. member has made and which, I understand, meet with the approval of the members of the house, and will make a statement with regard to the matter in the near future.

INCREASE OF PRICES IN CAFETERIA—TEA AND COFFEE

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, on a matter of privilege, I should like to ask a question. Within the last three days—yesterday or the day before, I believe—there was an increase in prices in the cafeteria. I am not complaining of the increase in prices in the restaurant. I was wondering if the committee which has to do with the matter could not see their way clear to making no increase in the price of coffee or tea. If this committee would sit down and consider the matter, they might decide to leave coffee and tea at the former price. To my mind, it is a matter that affects only the workers here—the page boys and many others—who have to do without certain things; and this increase means a good deal to them.

I speak of this because during the depression, through my clubs in Toronto, we distributed thousands of cups of tea and coffee, and perhaps the odd biscuit. I know what it means to people when they have to deprive themselves of a cup of coffee because it is priced at ten cents instead of five. We should be able to avoid that by raising the prices on some other things. Possibly this committee can sit down and correct their

budget. If they cannot correct it themselves they might call in the Minister of Finance for some advice.

STANDING ORDERS

Second report of standing committee on standing orders.—Mr. MacLean (Cape Breton North and Victoria).

MEAT PACKING INDUSTRY

DECLARATION OF INDUSTRY AS WORKS FOR THE GENERAL ADVANTAGE OF CANADA

Mr. Alistair Stewart (Winnipeg North) moved for leave to introduce Bill No. 333, to declare the meat packing industry works for the general advantage of Canada.

Some hon. Members: Explain.

Mr. Stewart (Winnipeg North): The purpose of this bill is to make that part of the meat packing industry which carries on operations in two or more provinces subject to paragraph (g) of section 53 of the Industrial Relations and Disputes Investigation Act. In matters of collective bargaining the industry will then be able to negotiate on a national basis and the government of Canada will have the authority to deal with disputes in an industry whose smooth functioning is essential to the national economy.

Motion agreed to and bill read the first time.

DIVORCE JURISDICTION ACT

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 334, to provide for the jurisdiction of the Exchequer Court of Canada in matters of divorce.

Some hon. Members: Explain.

Mr. Knowles: The purpose of this bill is to free parliament from the necessity of processing individual divorce cases, a practice we all dislike, and at the same time to put an end to any agitation for the establishing of divorce courts in provinces where they are not wanted.

This bill does not establish divorce courts in Quebec or Newfoundland. It does not make available to persons residing in those provinces any facility not now available to them. It merely transfers the hearing of Quebec and Newfoundland divorce petitions from parliament to the Exchequer Court of Canada.

This is the same bill I have introduced on two previous occasions, except that it has one additional clause which provides categorically that the exchequer court shall exercise its right to hear divorce cases only at the city of Ottawa. I have added this clause to make that point crystal clear.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 323, for the relief of Jane Stirling Stephens.—Mr. Winkler.

Bill No. 324, for the relief of Mavis Elizabeth Thomas Wrathall.—Mr. Winkler.

Bill No. 325, for the relief of Ida Courland Rubin Flesch.—Mr. Winkler.

Bill No. 326, for the relief of Yvonne Winifred Kathleen Walker Andrews.—Mr. Winkler.

Bill No. 327, for the relief of Elizabeth Cochrane Aitchison Lalonde.—Mr. Winkler.

Bill No. 328, for the relief of Violet Taylor Carey.—Mr. Winkler.

Bill No. 329, for the relief of Julia Saykaly Hajaly.—Mr. Winkler.

Bill No. 330, for the relief of Doris Auclair Gingras.—Mr. Winkler.

Bill No. 331, for the relief of Georges Paquin.—Mr. Winkler.

Bill No. 332, for the relief of Marion Agnes Kelsch Cleghorn.—Mr. Winkler.

QUESTIONS

CANADIAN ARMED FORCES—RECRUITING OFFICES

Mr. Thatcher:

1. During the past fiscal year, how many recruiting offices were there in Canada for (a) the air force; (b) the navy; (c) the army?

2. What was the cost of maintaining these offices for each service?

3. As at March 31, 1951, what active service personnel was engaged in the operation of recruiting stations in each service?

4. Has the Department of National Defence considered the amalgamation of recruiting offices in each city?

5. If no amalgamation is to be proceeded with, what are the reasons?

Mr. Blanchette:

1 and 2. (a) 19. Cost of maintenance for fiscal year 1950-51, borne by the Department of Public Works, was $64,720. (b) 1. Cost of maintenance for fiscal year 1950-51, borne by the Department of Public Works, was $360. (c) Nil.

3. Navy: On part time basis, two officers and 25 men; on full time basis with mobile unit, four officers and two men; army: On part time basis, 60 officers and 162 men; air force: 61 officers and 62 men.

4. Yes.

5. The only place where there is duplication of separate recruiting establishments is

at Victoria, B.C., where the R.C.N. and R.C.A.F. both have offices. The cost of maintaining the R.C.N. office at Victoria was $360 in 1950-51, as noted above. It was considered that the advantage of having there a separate office more than outweighed this additional cost. It should be noted that in addition to the 20 separate offices referred to in the answer to questions 1 and 2 above, recruiting was also carried on by the R.C.N. in the 21 naval reserve divisions, in the Canadian army in active and reserve units, command, area and other headquarters, etc., and in the R.C.A.F. at command headquarters and regular and auxiliary establishments. All the accommodation is fully used. In any event it would not be considered desirable to endeavour to recruit personnel for the army or air force at naval reserve divisions or vice versa, for the following reasons among others:

(a) under the present arrangements the three services for the most part employ personnel for recruiting who are primarily engaged in other duties and utilize accommodation which exists for other purposes. During period of decreased numbers of applications recruiting staff carry on other duties.

(b) amalgamation of recruiting offices would require the setting up in each city of additional office space and personnel from each of the three services would have to be provided on a full time basis.

(c) in order to stimulate competition, it is considered more advantageous to maintain a clear-cut distinction between the services with the appropriate service atmosphere for recruiting services rather than impersonal recruiting offices staffed on a tri-service basis.

(d) experience in both the United Kingdom and the United States when these countries were on an entirely voluntary basis supports the present arrangements for separate facilities.

RESEARCH ENTERPRISES

Mr. Noseworthy:

1. Did the government dispose of Research Enterprises after the war? If so, how was it disposed of, and to whom?

2. If sold, what price was realized on the sale of (a) land and buildings; (b) machinery and other equipment?

3. What was the original cost to the government of (a) land and buildings; (b) machinery and other equipment?

4. What is the estimated cost of (a) land and buildings; (b) machinery and other equipment required in the present expansion program for Research Enterprises?

Mr. McIlraith:

1. Yes. A part of the plant consisting of lands and buildings was sold by War Assets Corporation to the following industrial purchasers: Corning Glass Works, Toronto, Ontario; Rogers Majestic Limited, Toronto, Ontario; Reo Motor Company of Canada, Toronto, Ontario; Parkhurst Realty Company Ltd., Toronto, Ontario; J. R. Thompson, Toronto, Ontario.

Part of the land comprising the extension of Vanderhoof avenue was granted to the town of Leaside as a public thoroughfare.

The balance of the original property known as Research Enterprises Limited was taken over by the instrument and radar division of Canadian Arsenals Limited, a crown corporation.

2. (a) Sales for industrial use of lands and buildings were as follows:

Corning Glass Works	$150,000.00
Rogers Majestic Limited	628,214.55
Reo Motor Company of Canada	130,740.00
Parkhurst Realty Company Ltd.	175,000.00
J. R. Thompson	24,400.00
	$1,108,354.55

(b) Part of the machinery and equipment was retained by Canadian Arsenals Limited. It is impossible to compute the selling price of the balance, as it was found necessary to move such machinery and equipment to War Assets warehouses, from which points disposal was made. Identity of such equipment as to its source was lost; consequently no sales figure is obtainable.

3. The original cost to the government of the entire plant was as follows: (a) lands and buildings, $3,660,174.49; (b) machinery and equipment, $5,400,053.70.

4. The crown company known as Research Enterprises Limited was wound up in October, 1946, and its charter surrendered. There is, therefore, no present expansion program for Research Enterprises as such, since the nucleus that was retained is now part of Canadian Arsenals Limited. (See answer to No. 1.)

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CONTRACTS WITH LEVY AUTO PARTS COMPANY LIMITED

Mr. Lennard:

1. Has the government placed orders with Levy Auto Parts Company Limited, 1400 Weston road, Toronto, Ontario, from January 1, 1951, to May 1, 1951?

2. If so, what were these orders for, and what was the value?

PENSIONS—VETERANS—TUBERCULOSIS

Mr. Higgins:

1. How many war pensioners are in receipt of pensions for disability incurred as a result of having contracted tuberculosis?

2. What is the total amount of such payment?
3. How many war veterans are in sanatoria suffering from tuberculosis contracted while in the armed forces?
4. What is the estimated annual cost of caring for such war veterans?

PENSIONS—VETERANS—CORONARY THROMBOSIS AND SCLEROSIS

Mr. Black (Cumberland):

1. As at January 1, 1950, how many veterans were being paid pensions of 50 per cent or more, due to coronary thrombosis and sclerosis, incurred during service?
2. During 1950, how many of the above had their classification altered from incurred during service to aggravated during service, and as a result suffered a decrease in pension?

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAYABLE AT DEATH, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Veterans Insurance Act to extend the scope of the act and the period during which a contract of insurance may be entered into; to increase the amount payable at time of death and, in certain cases, to permit the estate of the insured to receive the full amount payable under the policy contract; to provide for the insertion in the policy contract of a war clause in certain cases; and generally to improve the administration of the act.

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

Motion agreed to.

POSTAL SERVICE

COMPENSATION TO LETTER CARRIERS FOR OVERTIME WORK

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Postmaster General. Will the Postmaster General say when an announcement may be made as to the form of compensation to be given to postal carriers for overtime work in the transition period of instituting the new delivery service?

Hon. Edouard Rinfret (Postmaster General): I will take the question as notice and give an answer to the hon. member as soon as possible.

DEFENCE PRODUCTION

REQUEST FOR UTILIZATION OF NATURAL RESOURCES OF ALBERTA

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to direct a question to the Minister of Defence Production. What plans, if any, has the minister for speeding up defence production through utilization, within the province of Alberta, of the natural gas, oil, coal and other very important materials that are available in quantities in that province?

Right Hon. C. D. Howe (Minister of Defence Production): The department for which I am responsible is doing everything possible to speed up the development of the natural resources of Alberta for the defence effort. The largest drilling program for gas and oil that has ever been known in that province is under way. To aid that program the federal government is undertaking to provide steel pipe, which is in very short supply, for stockpiling at Calgary and Edmonton in the government stockpile, and it will be issued when required to keep pace with the development. There are three or four refinery projects in Alberta, running into some $20 million, and again the government is undertaking to supply the steel and other scarce materials required to keep these programs under way.

There is a chemical development, using natural gas and salt found in the province, for the production of caustic and similar products. The government is supporting that program with materials. There is, as my hon. friend may or may not know, a $65 million petro-chemical project being started there—

Some hon. Members: Wheat.

Mr. Howe: No, petro. Petro means petroleum; chemical means chemical made from petroleum, and the government intends to support that program through the supply of essential materials and steel. When we speak of the petro-chemical industry, I might remind my hon. friend that this government pioneered the chemical industry in Alberta when it built the Alberta nitrogen plant, which is still the cheapest producer of ammonia of any plant that I know of in the world.

I have touched only the fringe of development in Alberta, and the government assistance thereto; but I will say that we are giving industry in Alberta exactly the same support that we are giving industry in every other province. The only difference is that there seems to be a little more initiative in Alberta than in some other provinces.

REQUEST FOR CHEMICAL INDUSTRY BASED ON NOVA SCOTIA SALT DEPOSITS

On the orders of the day:

Mr. P. C. Black (Cumberland): Mr. Speaker, I should like to ask the Minister of Defence Production if any steps have been

taken to develop a chemical industry based on the tremendous natural resource of salt, or sodium chloride, in Nova Scotia? There are beds extending for thousands of feet in that area.

Right Hon. C. D. Howe (Minister of Defence Production): Consideration is being given to the problem. However the project has not advanced to the point where any announcement can be made at the present time. Serious consideration is being given to it.

CRIMINAL CODE

SUGGESTED AMENDMENT TO DEAL WITH DEPORTATION OF FRED ROSE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Justice, arising out of this week's issue of *The Ensign*. Does the minister intend to bring in an amendment to the Criminal Code at this session that will lead to the deportation of Fred Rose when he comes out of the penitentiary, because of his conviction for sedition?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the subject matter to which the hon. member has referred is one which would be connected with the annual Criminal Code amendment bill which is now being considered by the government. Any decision in the matter will be announced when the bill is brought into the house.

CANADA GRAIN ACT

INQUIRY AS TO AMENDMENT AT THE PRESENT SESSION

On the orders of the day:

Mr. P. E. Wright (Melfort): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Will there be any amendment at this session to the Canada Grain Act?

Right Hon. C. D. Howe (Minister of Trade and Commerce): There will be no amendment at this session.

CANADIAN NATIONAL RAILWAYS

STATUS OF EMPLOYEES WHO ENLIST IN AIR FORCE OR NAVY

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, yesterday the hon. member for Selkirk (Mr. Bryce) asked whether it was so that the Canadian National Railways would not guarantee jobs or seniority to those enlisting either in the air force or the navy.

I have consulted the management of the Canadian National Railways, and the answer I receive is that if an employee of that organization joins a special force for a special purpose and for a specific length of time in a period of emergency, and is planning to return to his employment in the railway, he is protected as to his job, his pension and his seniority. If however he joins the permanent army, the air force or the navy he is considered to have separated himself from his employment and to have embarked upon a new career, and actually to have abandoned his position with the railway. In that case he is not entitled to the same privileges as in the first case.

STRAIT OF CANSO BRIDGE

REQUEST FOR FURTHER STATEMENT AS TO CONSTRUCTION

On the orders of the day:

Mr. P. C. Black (Cumberland): Mr. Speaker, has the Minister of Transport any further report to make on the causeway or bridge over the strait of Canso?

Hon. Lionel Chevrier (Minister of Transport): I have no further report to make. I have already indicated that I expected to get a report from the reconvened board of engineers on the subject matter, and I said that as soon as I had it I would indicate it to the house, either during the consideration of my estimates or at some other opportune moment.

INDIA

FOOD SITUATION—INQUIRY AS TO ACTION BY CANADA

On the orders of the day:

Mr. Gordon Graydon (Peel): Mr. Speaker, I should like to ask a question of the Prime Minister, arising from the answer he made to a question asked last week about the policy of Canada with respect to emergency famine relief in India. Will the government soon be in a position to announce a policy in that regard?

Right Hon. L. S. St. Laurent (Prime Minister): I will not overlook the promise I made to the house to announce any decision the government arrives at just as soon as it has arrived at that decision.

SUPPLY

The house resumed, from Tuesday, May 22, consideration of the motion of Mr. Fournier (Hull) for committee of supply.

GOVERNMENT FINANCIAL POLICY—
PROVISION OF DEBT-FREE MONEY

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, last night at 10.45 I rose to voice a grievance, namely, that the government of Canada has mismanaged the financial affairs of Canada and, more specifically, that the Department of Finance is failing to keep enough money circulating in appropriate hands to ensure the health of the body economic of Canada. To show that Canada's Department of Finance could better manage the financial affairs of Canada, I proposed to discuss two great monetary experiences of the last 140 years. The story of the first of these, the Guernsey island markethouse experiment, I summarized. May we turn now to consider the much more extensive experiment of the greenbacks of Lincoln's time in America?

The greenback was a unit of United States government created and issued currency, a debt-free dollar bill. Its use began in 1862 with the issue of $150 million of greenbacks to be spent into circulation debt-free. By 1863, $450 million of greenbacks had been issued and so spent. In June, 1864, there were outstanding $431 million of greenbacks. This money had all been spent into circulation for government purposes. A greenback was therefore a debt-free dollar when originally issued. The greenback was not supported or backed by specie. The greenback was legal tender for all debts except the payment of customs duties and interest on the public debt. For verification of these particulars see Sir Norman Angell's "The Story of Money" at page 293.

There were circumstances that would seem to make dangerous the use of the greenback by the United States at that time. When the new administration of Lincoln took office there were a number of serious financial disabilities, with which I shall deal briefly later on. The nation was engaged in a dangerous civil war, the outcome of which was by no means predictable. This fact would naturally result in public apprehension and pressure for increasing prices, inflation in our modern usage of the word.

Production in the United States was disrupted seriously because of at least two obvious factors. First, there was the relatively enormous number of men taken out of production to don uniforms and to engage in war industry, not to mention the horsepower taken out of production. Second, there was the considerable disorganization of normal commercial relations between the northern and the southern groups of states. Manifestly every degree of deterioration in the supply position of the northern states made goods and services scarcer and resulted in rising prices, now called inflation, and constituting the only real inflation.

A whole nation accustomed to specie as the guarantor of the soundness of its money found itself suddenly absolutely upon a paper basis, with even its banks refusing, and being unable, to redeem either their own paper, or government paper, with any kind of specie.

The greenback was incessantly under attack from the money powers, as were the assignats, mentioned in my quotation from Robert McNair Wilson's "Monarchy or Money Power," to which I referred the other day, as reported on page 2525 of *Hansard*. To show the insidious part played by the United States bankers in opposing the greenbacks I should like to quote from the proceedings of our Canadian banking and commerce committee of 1934, at page 664. I quote from a statement by G. G. McGeer, the famous monetary authority, who said:

> The national bankers' circular was issued by James Buell, the representative of the bankers' association in the United States, and a copy was sent to each banker in the States and it read as follows: "Dear Sir:
>
> It is advisable to do all in your power to sustain such daily and weekly newspapers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money, and that you also withhold patronage or favours from all who will not oppose the government issue of money. Let the government issue the coin, and the banks issue the paper money of the country; for then we can better protect each other. To repeal the law creating national banks, or to restore to circulation the government issue of money, will be to provide the people with money and will, therefore, seriously affect your individual profit as bankers and lenders. See your member of congress at once, and engage him to support our interest that we may control legislation."
>
> Mr. Irvine: What is that number?
>
> The Witness: The national bankers' circular. This is part of the Congressional Record of a later date. It is published in several books; one, "The Management of Credit," by T. Cushing Daniel, is a well-known document.

A statement such as that may help hon. members to understand why they have heard only disparaging remarks about the greenbacks.

Then there was no form of price control in use by the United States federal government. The greenback was not subjected to intelligent control as debt-free money now could be, either as to the amount created, or as to the manner of spending it into circulation. There was besides no rationing or over-all control or direction of material supply.

What were some of the phenomena associated with the use of greenbacks? Opponents of debt-free money, state-created money, affirm that the greenbacks are unsound; that they caused enormous price

increases from an index of 100 in 1860 to 217 in 1865; that they hurt the wage earners whose wages during the same period rose only from 100 to 143; that those on fixed incomes, such as schoolteachers, were severely hurt; that soldiers were severely hurt; that the civil war cost the people of the northern states $389 million extra because they used the greenbacks.

But any kind of money, $450 million of it, spent by the government into circulation in the northern states in so short a period would have produced exactly the same rises in price. All we have to do is remember our own experiences in the recent war and in the first war. Specie borrowed directly from the United States banks would have done it. Currency borrowed from the United States banks or credit borrowed from the United States banks would have done it. Solid gold in the form of five dollar gold pieces stamped in the United States mint and spent by the government would have caused exactly the same price rise and created the same other effects, other things being equal. The rise of prices, therefore, could not with justice be blamed upon the greenbacks.

Fundamentally the price rise accompanying greenbacks was a result of having too few goods to buy with the greenbacks and all the other different kinds of money already in circulation. May I repeat that the price rise had and could have little or nothing to do with the kind of money the government used to spend, whether it was debt-free paper, debt or borrowed bank paper, paper backed by specie or gold in any percentage, coins of either silver or gold, either minted by the government and spent, or minted and borrowed from the banks and spent. A relative shortage of goods was the only monetary cause of the price increase. Of course, where there was no price control or rationing, price rises could have been the result of profiteering.

But there were several other contributing factors besides the spending into circulation of $450 million, no matter what kind of money those millions might be. Many weaknesses existed in the general financial situation prevailing at the beginning of the administration of Lincoln.

When the new administration of Lincoln took office, I quote: "it found the national finances in a very bad way". "The treasury was practically empty," "customs receipts had fallen off considerably," "the public credit was shaken," "the administration did not feel itself able to impose severe taxation on the people," and "three out of every four dollars the government spent was borrowed money." See "The Story of Money", pages 292 and 293.

Soon after war broke out the government borrowed $150 million from the banks, demanding it all in specie, thereby weakening their specie position enough to force the banks off specie ultimately, and on to a strictly paper basis. Even at that the government had so little specie in its subtreasury that the government had to go upon an inconvertible paper basis.

Against this disquieting background, the government, sorely in need of funds, began issuing greenbacks. See Sir Norman Angell's "The Story of Money", pages 292 and 293. To recapitulate the adverse factors affecting the greenbacks: A dangerous civil war was unpredictable as to its outcome, thus engendering lack of confidence. Production was very seriously disrupted in the whole nation. The nation was accustomed to specie and so naturally was anxious about being only on paper. The greenback was constantly under attack by bankers and financiers. On the other hand, as I have already indicated, there was no form of price control. The greenback was not "subjected to intelligent control" as to amount created, or as to manner spent into circulation. There was no rationing of either retail goods or of raw materials for manufacturing. Finally, from any standpoint either of orthodox or of non-orthodox monetary thinking, the greenback was at a real disadvantage on the United States money market because of the fact that the government would not accept it in payment of customs duties and interest on the public debt.

Any just and accurate appraisal of the greenback experience must be made bearing all of these considerations strictly in mind; but when men talk of the greenback I notice they never bear any of these considerations in mind. They becloud their thinking.

What is the importance to us and our generation of state-created debt-free money? With it men can make financially possible what in a community is physically possible. This is a fact of epoch-making significance if men can only come to realize and appreciate it. If members of this house could come to appreciate that fact, it would mean the possibility of an epoch-making event in Canada, greatly to the benefit of this nation.

Let us now review the facts about Guernsey island. In Guernsey island the government in 1815 created and spent three thousand one pound notes with no gold or other backing except the going-concern-goods-and-services-producing-and-consuming-activities of the island. These notes the government spent into circulation to build a markethouse from its resources, material and human, with the understanding that

those notes would be redeemed with revenues derived from renting the markethouse. Records indicate no inconvenient rise in prices. The state notes were therefore unquestionably sound money. The Guernsey islanders, therefore, built the markethouse at no financial cost whatever to themselves.

Did they get something for nothing? No. They merely set to work resources, human and material, that were not in actual use, and would have remained unused, except for the creation and spending of the state pounds. Before the government created and spent the three thousand state-note pounds, many of its workers were idle or partly idle. The stone in the quarry was idle. The tools were idle. Considerable food, clothing and shelter were unbought in the markets, and were therefore more or less idle or unused. Resources like soil and fisheries, ready to produce more food, etc., were partly or wholly idle. In other words it was physically possible for the islanders to build that markethouse. The physical potentialities of producing the necessary goods and services to build the markethouse were available to the islanders.

But they could not get the money essential to set those potentialities into action, to make their existing goods and services begin to be built into the markethouse, and then to turn such of their resources as fertility of soil, hay, milk cows, fish in the sea, fishing equipment, stone in the quarry, into replenishing goods and services, and to cause those additional replenishing goods and services, thus brought into being, to be built into more and more of the markethouse, and so on, until the markethouse would be completed.

The state pound notes, when created and wisely spent, provided the money essential to turn Guernsey island's physical possibilities of building the markethouse into the physical realities that constituted the completed markethouse. Therefore the Guernsey islanders did not get their markethouse for nothing. They built into the markethouse the requisite amount of stone from their quarry, their food, clothing and shelter up to that time being left unused, their human energy and skill up to that time unused. To effect the building process, to motivate it, they employed their state-created one pound notes. In other words, they made what was physically possible, as regards a markethouse, financially possible as regards that markethouse, by the use of the debt-free pound notes that the government created and issued.

Their markethouse cost them a substantial amount of depreciation of the stone in their quarry, of the fertility of their soil, and of certain of their other resources, together with whatever wear and tear took place in the bodies and the lives of the people who toiled in building the markethouse, and the people who laboured to supply the builders with the needs of life to give them energy. But the Guernsey islanders paid no financial cost through taxes, either immediate or deferred, or through higher cost of living. Let this be learned and pondered with the greatest of seriousness by all people concerned.

Putting it another way, we might say the Guernsey islanders built the markethouse by using their collective capacity to produce goods and services out of their resources, human and material. The technique by which they enabled themselves to use their resources was, let me repeat, the state-created Guernsey island debt-free one pound note.

What made one of the three thousand Guernsey island one pound notes acceptable to the people? What gave them confidence in it? First, it was a government note. Second, it was probably legal tender. Third, it was to be withdrawn from circulation within ten years. Fourth, the amount to be issued was (a) predetermined, (b) agreed to by the legislature and (c) not so great in amount as to cause any serious concern.

What made the Guernsey island note sound? First, the fact that there must have been enough food, clothing and other goods and services available in the markets and storehouses of Guernsey island to absorb the three thousand notes as they were spent into active circulation in paying wages and in buying goods. Second, there must have been, either idle or only partly in use, enough resources to produce new goods at least as fast as the available supplies were moved into consumption. Thus there would be no undesirable rise in prices.

Other notes were issued evidently with great care. Some of such issues were: £4,000 in June, 1820, to pay off part of the public debt. Further issues followed. Then there were £580 in June, 1821, to pay off part of the public debt; an issue in March, 1826, to improve Elizabeth college and parochial schools. It was then stipulated that the total in circulation should not exceed £20,000.

I should like to quote now a statement made by Sir Norman Angell upon the use of the Guernsey island note at that time. This quotation is to be found at page 267 of his work, "The Story of Money". He says:

> In summoning the states on this occasion the bailiff, Daniel de Lisle Brock, expresses the opinion that paper money is of great use to the states. There is no inconvenience because the notes are issued with great care.

There is the testimony of Daniel de Lisle Brock, a man who had seen this wonderful experiment in operation for years and years, over eleven of them, and who says what he says in the presence of the Guernsey island people right near to him.

Then there was an issue of £2,000 on the 28th of June, 1826, £8,500 for the college, and £11,000 in connection with the rue de la Fontaine scheme. These issues, as I have already indicated, resulted in 48,183 notes in circulation in Guernsey island in 1829, all with no apparent rise in price.

What kept all these issues sound? Evidently the island's production of goods and services through the fourteen years had increased in response to the greater amount of money in active or working circulation in the people's hands. The number of potential exchanges to be effected had increased.

The use of the notes had begun to make what was physically possible in Guernsey island financially possible. Improvements of every kind could have gone on being made in Guernsey island as long as the people's resources would support them. Guernsey islanders had found the key to make money their servant, not their master.

Let us now review the case of the greenbacks. During 1862 and 1863 Lincoln's government issued and spent into circulation $450 million of bills. No care was exercised, it seems, to restrict the quantity issued. The quantity of greenbacks issued was determined by the government's needs, not as it would have been, if subjected to intelligent control, by the nation's available goods and services or its capacity to produce more goods and services fast enough to maintain or increase the supply. This alone indicates by far the greatest of the reasons why prices rose. The greenbacks were spent into circulation with no care as to the best possible channels through which to spend money amongst a people in order to put more purchasing power where it would best promote exchanges and most effectively stimulate most valuable production. In fact, no care was exercised to subject the greenbacks to intelligent control.

Yet, notwithstanding all handicaps, the performance of the greenback was admirable. It won the civil war. It saved $450 million of debt to the United States government and all interest up to our own time. It has been computed that if the interest on $450 million from 1863 to 1951 was figured at simple interest of three per cent, the interest alone would be well over $1 billion. Even at that the greenbacks caused no more increase in prices than any other kind of money would have caused.

Every greenback was a debt-free dollar. It was not borrowed from anyone; it was not redeemable by the government, and it bore no interest. Yet it was legal tender. It was a claim on every bit of production or property of the state. It had the whole United States nation behind it.

It was physically possible for the northern states to win the civil war. Without the greenbacks, however, it would have been financially impossible for the north to win. The greenback made what was physically possible in respect of winning the war, financially possible.

The greenback, so far as it went, made Lincoln the master of his country's money rather than the slave of his country's money. If Lincoln had been permitted to live, he would have used his greenback device to win the peace that followed the war. He would have made the white American free, just as he had made the coloured man free. He was not permitted to live. It is an interesting question as to who engineered his death!

Canada could employ a system resembling the greenbacks. Canada could put such money into circulation in the form of discounts on price, subsidies on price, or as cost of living bonuses—intelligent control of spending it.

Canada could lend such money to producers at considerably reduced rates, or could enable our banks to lend at greatly reduced rates, thereby substantially increasing Canada's available productive potential. Canada could render money available for developing our resources, as, for example, iron production. Furthermore Canada could thus avoid too much foreign investment. It must be a cause for real anxiety on the part of the people of Canada to know that even the Canadian Pacific railway, one of our most valued assets, is now largely in the hands of the United States. According to a pamphlet I have at my disposal 48·29 per cent of the stock of that railroad is now owned in the United States, while the United Kingdom and other British countries own 31·5 per cent of the stock. Why should the government have allowed that to take place? Surely if we had been using intelligently debt-free money, we could have avoided that, and maintained some sort of control over this great asset, the C.P.R!

Such measures as I have indicated, something similar to the greenbacks, would revitalize democracy in Canada. It would revitalize the British commonwealth. We

commonwealth peoples could have something resembling sterling, which was so successfully used by the British, to enable members of the commonwealth to exchange their goods freely to the benefit of the commonwealth and to the benefit of all mankind.

Debt-free money is the only means of scientific distribution. Hon. members will recall that men have solved the problem of production, but we must now solve the problem of distribution. Debt-free money is the key to the solution of the distribution problem. International plans such as the Colombo plan and others depend upon money. If you cannot or dare not obtain by taxing and borrowing enough money to finance Colombo plans, you cannot achieve your goal. With debt-free money and adequate production, men would be able to do all they desired to do with the Colombo plan.

Debt-free money, Mr. Speaker, used in conjunction with adequate production, constitutes the only possible means of preserving freedom, the only possible way of successfully combating communism.

NATIONAL ADVISORY COUNCIL ON MANPOWER

Mr. George H. Hees (Broadview): Mr. Speaker, the grievance which I rise to voice is the use which, it appears to me, is being made of the advisory council on manpower. I hold in my hand two news releases, issued by the Department of Labour, reporting on the deliberations of the advisory council on manpower held last Friday and Saturday, May 18 and 19. After studying these releases, I believe it is only possible to come to one conclusion, and that is that the government is advising the advisory council, instead of the advisory council advising the government.

Now, these reports comprise eighteen typewritten pages, and are filled almost entirely with statements and recommendations made by the Minister of Trade and Commerce (Mr. Howe), the Minister of National Defence (Mr. Claxton), the Minister of Labour (Mr. Gregg), the deputy minister of labour and the economic adviser to the Department of Labour. In all of those eighteen pages there is only one statement made by a person other than a member of the government. It is contained in one short paragraph, and is a statement by Mr. Rhys Sale, president of the Ford Motor Company. There is no mention of anything having been said by any other member of the council who was not a member of the government.

I believe, Mr. Speaker, that we should re-examine the purpose for which this council was set up with such a fanfare three months ago. I should like to refer back to the speech made by the Minister of Labour on February 5 of this year, and recorded on page 71 of *Hansard*, in which he describes the composition and purpose of this manpower council. In outlining the composition of the council he said it would consist of—

—four representatives of labour; four representatives of employers; two representatives of agriculture; two representatives of the women of Canada; two representatives of the veterans of Canada;

Then, he goes on to mention the representatives of the various departments of government who would be members of the council. I do not think there was any doubt in the minds of the members of parliament, or the people of Canada at that time, that this was a well constituted council. It was made up of the kind of people who could give a great deal of assistance in advising the government on this most important problem.

Then, in his speech the minister goes on to describe the duties of the council and he said:

The duty of the council will be to consider various aspects of manpower questions; to advise on plans under review, and to suggest plans which should be developed so as to make for the most effective utilization in the national interest of the present and potential man and woman working force of Canada.

Then later he says:

This council is intended to advise the minister, or the government, or both, on any question affecting manpower.

I believe we would all agree, Mr. Speaker, that this manpower council was, and still is, ideally composed and qualified to do a much needed job, which is to advise the government on national registration and other manpower problems. It has been supplied with the statistics and other information which it would need to carry out its task. I believe that we had every reason to feel confidence in the job it would be able to do. However, judging by the news releases which were issued by the Department of Labour, it seems to me that the advisory council has not been permitted to do the job for which it was established, well equipped to do that job though it may be.

Having read the accounts of the meetings, it is only possible, I believe, to come to the conclusion that these meetings were monopolized by government spokesmen, who told the advisory council how the government wants to be advised, instead of the advisory council, with all its special knowledge, advising the government. It seems to me, Mr. Speaker, regrettable indeed that once again a committee set up by this government has simply been used as a front for government policy. It seems to me very regrettable indeed that this committee, comprised of

excellent people, well selected and well qualified to do an extremely important job, should be misused in this way. I strongly urge the government that in the future they use this advisory council for the purpose for which it was set up, namely to advise the government.

EXCISE TAX—GRUEN WATCH COMPANY V. ATTORNEY GENERAL OF CANADA—RETROACTIVE EFFECT OF 1949 AMENDMENT

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the grievance which I should like to raise this afternoon is one which, I regret to say, involves the good faith of the government in relation to assurances given on behalf of the government to the house and accepted by the house. The assurances in question were given to the house on November 30, 1949. The matter has to do particularly with a retroactive piece of legislation of the kind which parliament normally abhors passing and which it did not understand on that occasion that it was passing to have retroactive effect.

May I sketch briefly, sir, the background of this incident and the unhappy results which have flowed from it. On March 22, 1949, the Minister of Finance (Mr. Abbott) introduced his budget in the house. This was the famous pre-election budget. Among other resolutions introduced by the Minister of Finance was one to amend the Excise Tax Act in these words:

2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

You will recall, Mr. Speaker, that prior to that time there had been a 25 per cent retail purchase tax applied to a wide variety of articles; and the purpose of this resolution, as stated by the Minister of Finance, was to eliminate that retail purchase tax and to substitute in its place a 10 per cent excise tax levied upon the manufacturer or importer. This would have involved amendments to sections 80 and 85 of the Excise Tax Act. But before it had an opportunity of dealing with that resolution, parliament was dissolved and a general election was held. In the meantime, however, even while these resolutions were being left suspended in the air—something that I hope will never again be allowed to happen during an election campaign—the government proceeded to apply these various changes contemplated by the resolution, although they had no legal authority whatsoever for doing so. There the matter remained, so far as parliament was concerned, until November 30, 1949, by which time litigation had been embarked upon by a number of litigants, arising out of the interpretation of this resolution introduced on March 22 and its doubtful meaning.

Just to fill out the history of the matter, I might add that on April 19 the government, acting under the resolution but without any authority from parliament, issued regulations purporting to define those to whom the new tax was to apply, listing instructions of a detailed nature with respect to the imposition and the collection of the tax.

May I now say a word, and I shall be brief about it, concerning the nature of the litigation which had been embarked upon in May of 1949. I shall not go into this matter in any great detail; there are technical questions involved. The essential point that I am making in giving this background information has to do with the way in which the rights of the litigants then before the courts of the land were treated by the government in this house and in subsequent actions.

As plaintiffs in the litigation there were certain importers of watches, watch movements and watch cases into Canada, these being in all cases finished articles. The practice was that the Canadian importer would purchase from the manufacturer abroad and would sell to the retail trade in Canada. These importers, of course, had not been previously personally affected by the 25 per cent tax because it had been levied at the retail level. When the resolution was introduced by the Minister of Finance in the terms in which I have quoted it, as you will recall, Mr. Speaker, it applied to a manufacturer or importer of goods as described in the resolution in the following terms:

—on all articles now subject to the retail purchase tax.

The litigation related to watches adapted in Canada to household or personal use. Briefly, the question in litigation was this. First of all, were these persons who imported the watches, watch movements and watch cases into Canada—so far as the putting of the watch movements into watch cases was concerned—manufacturers or producers within the terms of the resolution? If they were, did the new retail tax apply at the import level, payable at the time of import or at the time of sale by the importer to the retail trade?

There were important differences in the consequences that flowed from those two alternative interpretations; and one of the important consequences was that if the tax applied at the import level, these importers

could not import apart from an import licence in the ordinary form of manufacturers' and importers' licence issued under the Excise Tax Act.

The interpretation put by the department on this resolution which, as I have said, was enforced for some months without any authority from parliament, was not an immediate interpretation. The resolution was not interpreted as applying to these importers for some weeks, but after the regulation dated April 19 was issued an attempt was made to apply the regulation to these particular firms, and they issued a writ in the Supreme Court of Ontario on May 7, 1949, seeking a declaration. I do not think that I need to dwell at length on the terms of the declaration they asked for, but briefly they asked for a declaration that they were not manufacturers or importers within the terms of the resolution, that the excise tax was not applicable at the time of import, and that they were entitled to import without the manufacturers' or sales licence.

The statement of claim in the action was delivered on May 23, two years ago today. The action was set down for trial on September 20, and was waiting trial, when the incident to which I refer in the House of Commons occurred on November 30, 1949. I do not dwell further on the issues in the litigation except to point out how entirely different were the two positions, the one being taken by the government, the other being taken by the litigants; the fact that these litigants seriously took their case to court, and that the action was well advanced and was simply awaiting trial when the question was raised in this house.

In the budget speech of the Minister of Finance at the second session of 1949, the Minister of Finance introduced new resolutions, and the resolution with respect to the Excise Tax Act amendment was similar in form to that introduced in the previous March. However, when the bill founded upon the resolution was introduced in this house questions were raised in committee of the whole following second reading. In the bill, which was Bill No. 175, which was before the house in the second session of 1949, amendments were proposed to sections 5 and 7 to amend sections 80 and 85 respectively of the act for the purpose of making the act clearly apply to such persons engaged in business in the way in which these particular firms were. There is no doubt that on the interpretation of the bill, it sought to amend the act for the purpose of making this tax applicable to these particular firms or persons engaged in similar business. Therefore the question that arose in the house naturally was: when will these new amendments, amendments before parliament for the first time, come into force and effect? In the house on that occasion I raised the question, sir. It is to be found at pages 2503 and 2505 of *Hansard* of November 30, 1949.

May I remind you, sir, that the essential provisions designed to make the tax applicable to persons engaged in the manner I have described were sections 5 and 7 of Bill No. 175. When section 5 was reached I am recorded in *Hansard* as having said this:

> Sections 5 and 7 are related for the purposes of the matter I should like to raise, which has to do with the imposition of an excise tax on the assembly of watches, clocks and certain kinds of jewelry. If I am correctly informed, this has become the subject of litigation as well as having been agitated by correspondence with and representations to the government. I understand that this litigation is pending and I am concerned as to whether this legislation will not cut right across the issues involved in the pending litigation which directly concerns the government.

Then the report proceeds, the parliamentary assistant to the Minister of Finance being in charge of the bill at this committee stage:

> Mr. Sinclair: The hon. member has put his finger on an amendment which I propose to move a little later. It is quite true that a case involving sections 5 and 7 is now before the courts, but I would direct his attention to the fact that section 14 provides for the coming into force of sections 5 and 7. When that section is reached I propose to have a minister move an amendment which would change the present date of March 23, 1949, to November 10, the date when first reading was given to this bill. There would then be no retroactive effect which would have a bearing on the cases before the courts.

I am recorded as saying:

> Mr. Fleming: May I express my complete gratification at that announcement.

Now, sir, I happen to know that I was not the only member in the house making representations on this subject. I know that at least one or two hon. members on the government side of the house were making representations to the government at the same time for the same purpose, in the interest of fair play, with some regard for the rights of persons then under litigation in the courts of law. There is one member, then a private member, who is a member of the government today, who I happen to know was making the same kind of representations, and who shared with me on that day the same gratification that I am recorded as having expressed here to the government for giving the assurance that amendments were being introduced which would have the effect of preventing any application of this new bill to the litigation then before the courts.

Then at page 2505 the amendment that the parliamentary assistant to the Minister of

Finance had referred to on page 2503 was introduced, and the report reads:

On section 14—*Coming into force.*

Mr. Sinclair: This is the section on which the minister will move the amendment about which I spoke in answering the hon. member for Eglinton. The amendment is as follows:

That subclause (2) of clause 14 of Bill 175 be amended by striking out the words "second day of May," and substituting therefor the words "tenth day of November."

That is the date when this change first became public knowledge by reason of the first reading of the bill.

Mr. Howe: I so move.

Amendment agreed to.

Section as amended agreed to.

Then we read on page 2506:

Bill reported, read the third time and passed.

The bill was passed, sir, on the strength of the statement made on behalf of the government by the parliamentary assistant to the Minister of Finance when he said:

The hon. member—

Referring to what I had said—

The hon. member has put his finger on an amendment which I propose to move a little later. It is quite true that a case involving sections 5 and 7 is now before the courts, but I would direct his attention to the fact that section 14 provides for the coming into force of sections 5 and 7. When that section is reached I propose to have a minister move an amendment which would change the present date of March 23, 1949, to November 10, the date when first reading was given to this bill. There would then be no retroactive effect which would have a bearing on the cases before the courts.

What do we find, sir? We find that the government has, in the litigation which was then proceeding in the courts, set up that the bill then passed by this house and the other place later, on that representation and statement, did apply to the then pending litigation, and thereby defeated claims made in that litigation by those plaintiffs. The litigation that I mention is the litigation that the parliamentary assistant was referring to on that occasion. There is no room for any misunderstanding. But we find that in this litigation this bill, having been passed by parliament on that occasion, November 30, and having received royal assent and come into effect on December 10, 1949, is, if you please, set up by the crown in the pending litigation for the purpose of defeating the claims of the litigants.

Had it not been for the effect of the bill passed by parliament in November, it is quite clear from the course the litigation has taken, both before Chief Justice McRuer at the trial and before the Ontario Court of Appeal, that those litigants would have been completely successful. They would have been awarded the declaration which they sought in their plea.

This is the language of Chief Justice McRuer in the case. The case is the Gruen Watch Company versus the Attorney General of Canada, and it is reported in 1950 Ontario Reports at page 429. It is a very lengthy judgment of the chief justice of the high court. I quote from his judgment at page 450:

Had I been trying the action prior to the 10th December, 1949,—

May I interject, sir, that this reference is to the date on which this new bill came into effect. It received royal assent and came into effect on December 10.

Mr. McCann: Was this at the appeal?

Mr. Fleming: No; this is the judgment of Chief Justice McRuer at the trial. In a moment I shall have occasion to refer to the recent judgment of the court of appeal. I continue:

Had I been trying the action prior to the 10th December, 1949, I would have made a declaratory order that the plaintiffs were not liable to pay excise tax in respect of the goods in question either on importation or on delivery to purchasers and that they were entitled to have such goods pass through customs upon payment of the lawful taxes then in force.

I also think that in such case the jurisdiction of the court should have been exercised to declare the regulations of the 19th April, 1949, ultra vires.

Then he refers to certain English decisions, and proceeds:

This peculiar right of recourse to the courts is a valuable safeguard for the subject against any arbitrary attempt to exercise administrative power not authorized by statute, and judges ought not to be reluctant to exercise the discretion vested in them where a declaration of the court will afford some protection to the subject against the invasion of his rights by unlawful administrative action.

Chief Justice McRuer went on to make it clear that, apart from this bill passed by the house on November 30, he would have given effect to the plea of the plaintiffs for the declarations which they sought. He would also have held that the resolution of March 22 introduced by the Minister of Finance (Mr. Abbott) would have no application to the business carried on by these firms and, secondly, that the regulations issued by the Department of National Revenue in pursuance of that budget resolution which had no force or effect whatsoever, in law, were thus invalid and ultra vires.

But the defendant in the proceedings, the Attorney General of Canada, set up as a defence, if you please, the legislation which was passed in November, and in the very teeth of the undertaking given to the house to which I have referred, the undertaking given on behalf of the government that the bill then before the house would not apply to the pending litigation.

The crown, as defendant, set up this legislation, this bill passed in November, as a defence in these proceedings. The chief justice of the high court, in the face of that, felt constrained to interpret that bill—contrary, I may say, to the understanding in the house—as applying to the pending litigation, and proceeded to hold that in the face of this November amendment he could not give effect to the plea of the plaintiffs in the action. That is the basis upon which his judgment proceeds, that the November amendment has application to the litigation before him.

Appeal was taken by the plaintiffs to the court of appeal of Ontario, and judgment was delivered on April 16, 1951. I might say briefly that the court of appeal in its judgment goes even further than did Chief Justice McRuer, in holding that the plaintiffs, apart from the November amendment, would have been entitled to everything they asked for. They would have been fully entitled to all the declarations they sought in their pleadings.

But the court of appeal felt its hands were tied by this November legislation which, contrary to the understanding in the house, and contrary to the assurance given to the house on behalf of the government, was then pleaded to defeat the rights of the plaintiffs in that litigation.

Now, everyone in the house who was present on that occasion accepted without question the assurance given by the parliamentary assistant on behalf of his minister, the Minister of Finance. If anyone in the house had had any question in his mind, after that assurance, that the bill could have any possible application to pending litigation, then certainly, had he raised the question, he would have been challenging the very plain statement and assurance given by the parliamentary assistant.

And yet—and here is where the bad faith enters into it, bad faith practised upon parliament, bad faith against subjects of the king in litigation pending in His Majesty's courts at that very time—notwithstanding those assurances given to the House of Commons; notwithstanding the interpretation put upon those amendments in the house when they were passed; notwithstanding the interpretation and understanding possessed by every member in the house, the crown, as defendant in the litigation, sets up this amendment as being applicable to that litigation then pending, as having the effect of defeating the rights these plaintiffs had prior to the enactment of the amendment of November 30, 1949.

[Mr. Fleming.]

Sir, there was a time when the good faith of the crown was regarded as unimpeachable: it was accepted by all. It was the highest standard of good faith known in the land. But in these proceedings the good faith of the crown has been dragged into disrepute by His Majesty's advisers and representatives. By a deliberate government decision faith is broken with parliament. The statements made by the parliamentary assistant on behalf of the minister are soon ignored and, in effect, completely repudiated.

Counsel appearing in this case, on instructions of the Attorney General of Canada, simply acted—and could not do anything else—on the instructions given to him by the government, instructions which had the effect of reducing the assurance given in the house to the status of a scrap of paper.

Mr. McCann: Why did you not insist that it be stated specifically in the act?

Mr. Fleming: Mr. Speaker, when the government makes statements like these, I think hon. members are entitled to assume that the government speaks truthfully and that it means what it says. And if the minister—

Mr. McCann: The court gave judgment because of the fact that it was not stated specifically.

Mr. Fleming: And whose responsibility was that? The responsibility rests upon the government. Because what they have done was to repudiate the statement made on their behalf in the house as to the effect of legislation which parliament was then in process of enacting. It was a specific statement made on the government's behalf by a parliamentary assistant.

Is the minister going to say that when a parliamentary assistant speaking on behalf of his minister makes a statement to this effect, those statements are not to have truth attached to them, and are not to be believed?

Let me quote to the minister again these words uttered on behalf of the government, as they are found at page 2503 of *Hansard* for 1949, second session:

> When that section is reached—

That is, section 14, which dealt with the date of coming into force of the amendment.

> —I propose to have a minister move an amendment which would change the present date of March 23, 1949, to November 10, the date when first reading was given to this bill. There would then be no retroactive effect which would have a bearing on the cases before the courts.

I may tell the Minister of National Revenue that if the law of this country permitted reference to debates in the House of Commons, in connection with litigation, that

would have been introduced. An attempt was made to introduce it, but counsel for the crown took the stand that it was irrelevant and could not be used in connection with the interpretation of the bill.

If the minister was in his place in the house at that time I wonder why, in view of the calm attitude he takes today, in a situation where good faith is involved, I wonder why he did not rise in his place and correct the statement of the parliamentary assistant given on behalf of the government, if the minister knew that this amendment was intended to have or could have any bearing upon litigation which was then before the courts, and which was discussed on the floor of the house that night. I would like the minister to say whether he knew that the amendment was not going to have the effect stated concerning it by the parliamentary assistant to the Minister of Finance. Because—and let us take it both ways—if he knew that the amendment the parliamentary assistant was about to introduce was not going to have the effect stated concerning it by the parliamentary assistant, then what is to be said in the house as to the conduct of a minister who, knowing that that is not the effect, permits the House of Commons to be misled by statements which he knew were not in accordance with the facts?

Mr. McCann: On a question of privilege, the hon. member should withdraw the statement that I allowed the house to be misled. I want him to understand that my position as Minister of National Revenue is not that of directing policy or making the laws with reference to the customs or Excise Tax Act. My position as minister of the department is one of administration. I suggest to the hon. member that it was his place to insist that that be stated specifically in the act. I am not a lawyer, nor am I competent to discuss this matter on its merits from the point of view of the law, but I do know enough to understand that both the trial judge and the court of appeal decided that unless it was stated specifically in the law, it did not apply.

Mr. Fleming: I did not say that the minister knew. I am inviting the minister to say whether he knew that the amendment introduced by the parliamentary assistant fell short of having the effect that the parliamentary assistant said it would. I asked the minister if he knew that. If so, I think we will have to say something in this house about his having sat back and permitted that statement to be made on behalf of the government by the parliamentary assistant. If the minister did not know, then I would like to know why subsequently his department takes the responsibility for instructing counsel representing the crown in this litigation to repudiate completely a statement made to the house and on the strength of which the house accepted the amendment.

The minister talks about the effect of the amendment. When we came to section 14 on November 30 the parliamentary assistant rose in his place to introduce an amendment that sections 5 and 7 would not be deemed to come into force until November 10, 1949. I think we were prepared, and I think we were justified in being prepared to accept the statement made by those who spoke for the government as to the effect of the amendment. There was a plain and unequivocal statement by the spokesman for the government that the effect of this amendment would be to postpone the application of sections 5 and 7 of the bill and that therefore the amendment would have no application whatever to the litigation then pending in the courts of law.

What has happened is crystal clear. The government has reduced to shreds and tatters the good faith of the crown. The government must take the responsibility for having in the most callous and barefaced manner broken good faith with this house. If we are to be told now by the Minister of National Revenue that from now on we had better be on our guard about statements emanating from spokesmen for the government as to either the effect of—

Mr. McCann: My hon. friend cannot put words into my mouth that I did not use. He can banter away with lawyers if he wants to, but I have common sense enough to know when he is trying to put something into my mouth that I never said or never thought.

Mr. Fleming: I say to the minister that his words are on *Hansard*, the interjection he made a moment ago, and the plain interpretation of those words or the sense that one could draw from them amount to this: Anybody in this house had better be on his guard in the future as to accepting statements emanating from government spokesmen as to the effect of amendments they are introducing in the house or as to the use they are going to make of such amendments with respect to existing litigation on the rights of His Majesty's subjects.

The minister said, "Why didn't you see to it that the amendment went as far as the spokesman for the government said it would go?" My answer is that I did what other hon. members did. I thought we could accept a statement made in intended good faith on behalf of the government for the purpose of inducing this house to take a particular

course and to pass legislation in the form in which it had been introduced in sections 5 and 7 of this bill.

The minister says that he is concerned only with the interpretation of the act. Have we in this government a series of watertight compartments? Can the representative of one minister state to the house that this legislation will not have any retroactive effect upon the pending legislation that is being discussed on the floor of the house, and then can another minister come along and say, "I am not concerned with what is said in the house. It is being applied in the courts of law and there is an amendment there which does not represent what the house understood it did. I have a weapon in my hands to beat the litigants in a case which is now pending".

That is precisely what happened. The Minister of National Revenue in effect pleads before the house today that he is not responsible for a statement made to the house by the parliamentary assistant to the Minister of Finance, that his task is one of administration and apparently in that task of administration he can proceed roughshod ahead without the slightest regard for statements made to this house as to the interpretation that will be given to these amendments.

Where has the good faith of the crown gone in all this? This government has reduced the good faith of the crown to shreds and tatters. It has been proved by this utterly disgraceful incident—

Mr. McCann: This is a fine forum for you to earn your fee in.

Mr. Fleming: I want either a clear statement from the minister or a withdrawal. If he says that I am earning a fee in raising this question, I want him to say so because he will have to withdraw that statement for it is an utterly untruthful statement. It is a base insinuation and I give that to the minister in his teeth. If the minister has not enough moral perception left to see that there is an issue of good faith being raised here then we have come to a very sorry pass indeed.

Mr. Deputy Speaker: The hon. member has exhausted his time.

Mr. Drew: I suggest that there is something that should be withdrawn. There is no question about the imputation made by the minister. The minister should either make it perfectly clear that he carelessly made an imputation, or he should withdraw it.

Mr. McCann: I have nothing to withdraw.

Mr. Fleming: When the minister stands up and says that this is a fine forum for me to be earning my fee in there is no other interpretation to be put upon that than that I am receiving a fee for raising this question in this house. There is not a word or syllable of truth in it. I ask you to call upon the minister to withdraw that base insinuation.

Mr. Fournier (Hull): May I just intervene for a moment. When we hear language used such as disgraceful and untruthful and words like that, I think we must assume that it is used in a moment of nervousness. Perhaps both sides have exceeded the limits and might be advised to use more parliamentary language in carrying on this discussion.

Mr. Deputy Speaker: I understand that the minister had no intention of imputing motives.

Mr. McCann: Will the hon. gentleman deny that he has acted in his legal capacity for some of these people concerned?

Mr. Fleming: There is more of the same contemptible insinuation. I have never acted for any of these litigants in any respect at any time. I am here in my capacity and on my responsibility as a member of this House of Commons to put before the house a grievance, something that should certainly be aired here and which affects the good faith of the crown. The minister does not reduce or palliate the insinuation he made a moment ago by getting up and asking that question. I ask you, Mr. Speaker, in fairness to members of this House of Commons, and under the rules of the house, to call upon the minister to withdraw any statement and insinuation of that kind, an insinuation that he has repeated now by this question.

Mr. McCann: Mr. Speaker, I accept the word of the hon. gentleman. If I have said anything which hurts his feelings or is unparliamentary I will withdraw it.

Mr. James Sinclair (Coast-Capilano): Mr. Speaker, I should like to say a word or two on this matter because my name and the statement I made two years ago have been mentioned. The first point raised by the hon. member was the fact that the resolution was brought in in March, parliament did not actually adopt the resolution and the bill until November, and royal assent was not given until December. Of course that is the practice in this parliament. So far as excise tax changes are concerned, and for that matter so far as all tax changes are concerned, the night that the minister makes the budget address the tax changes are regarded as then being in effect. If parliament should later disapprove of the tax changes, then the people who paid the tax in the interval would

get a refund. If parliament confirms the tax changes then of course collection proceeds in an orderly fashion.

The British have a little different system. They pass a special bill to cover the gap between the introduction of the budget and the adoption of the bill. I well remember the incident, although not the details to which the hon. member referred, because between the introduction of the resolution in the spring and the actual passage of the resolution and the bill in the fall the hon. member for Eglinton (Mr. Fleming) and one or two other hon. members, in whose ridings there are watch-making industries, raised this question. There was one particular case of litigation before the courts concerning a ruling of the taxation department as to whether or not the case and works if imported separately constituted the importation of a watch.

Because of the interest shown by members, the minister himself looked into the matter. I piloted the excise tax bill through that year as I have done in other years, and it was on the minister's instructions that I moved the amendment to which the hon. member has referred. Certainly I was acting for the minister and speaking for him. I must confess that I have not followed the court cases. I would not be expected to for two reasons. First of all I am not a lawyer, and second, the administration of this act once it is passed by parliament falls under the Department of National Revenue. One thing concerning which I am a little surprised, however, is that I cannot recall any correspondence between the hon. member and the minister in that time, and I do see that part of the minister's mail affecting the part of the department with which I have something to do. That is why I am not prepared to answer today.

Mr. Fleming: May I tell the hon. member there was no correspondence between the minister and myself. I know that representations were made by Liberal members to the same effect. I made my representations in the house, and I have referred to the quotations from *Hansard*.

Mr. Sinclair: The point I am making is that this happened two years ago, and it comes as somewhat of a surprise to have a matter raised which is now two years old. The assurance I gave at that time for the minister apparently is the key to the case. I do not know why the hon. member did not come to me in the interval and say: Sinclair, were you speaking for the government when you gave that assurance? Or to the minister and say: Was your assistant speaking for the government? My point is that I am not prepared to answer now because this is the first intimation I have had about the matter. However, I will say that when the excise tax bill is before the house next week the minister, or if he should not be available I myself, will make a statement at that time on the issue the hon. member has raised.

Mr. Fleming: May I tell the hon. member on that point that I am aware there has been voluminous correspondence exchanged between counsel for these litigants—and incidentally he is a well known Liberal—

Mr. McCann: That does not matter.

Mr. Fleming: —and the minister and officials of his department. There is voluminous correspondence in which these same complaints have been made about a breach of faith.

Mr. Sinclair: I am not concerned about correspondence between counsel and the department. I am a parliamentary assistant. The words which were referred to by the hon. member, and upon which apparently the hon. member makes his case, are words that I as a parliamentary assistant used in the House of Commons. Therefore I would have thought that if he really wanted to know whether this statement was made on the authority of the government he would have come to me some time ago or to the minister instead of raising the matter suddenly in the House of Commons. If he wants to do that it is within his rights to do so, but because of the way he has done it I cannot answer him today. However, I will give the assurance that next week when the excise tax bill for this year is before the house, the minister or myself, if the minister is not available, will answer the points he has raised today.

Mr. Fleming: On a question of privilege, may I point out to the hon. member that the court of appeal gave judgment in this case on April 19. The point could not be raised in the house while the matter was sub judice. It is just a month ago that judgment was finally given in this case.

POST OFFICE—SERVICE TO MONTGOMERY PLACE, SASKATOON

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I too have a grievance that I want to air very briefly this afternoon on behalf of my constituents. Among the veterans housing projects is one which is in my constituency but is adjacent to and often considered to be within the city of Saskatoon, although it is just outside the city limits. These veterans were established there, built their homes under the Veterans Land Act, and settled there with their families. Of

course they required certain facilities including postal service. The matter was taken up with the Post Office Department, and as a result after two years of negotiation they were accorded the privilege of having their mail taken from the city of Saskatoon post office for distribution in the area known as Montgomery Place. I think I cannot do better than to put the correspondence on the record. May I say at once that if anyone raises a question about reading correspondence in the house, it is available to the house, and I shall be prepared to table it or do whatever is suggested regarding it. The first recent letter which has a bearing on the matter was written from Saskatoon and is dated October 23, 1948. It is from the office of the postmaster at Saskatoon and is addressed to Mr. G. Edwards, president, Montgomery Place ratepayers association, Saskatoon, Saskatchewan. It reads as follows:

Several months ago a request for postal services for the residents of Montgomery Place was received and forwarded to the Post Office Department for consideration. Although the total number of residents in the community is small—

I believe the number has grown since.

—the Post Office Department, following its policy of providing the best possible service to the people of Canada wherever feasible, has now arranged for a daily service to your community. On this inaugural day, on behalf of the Post Office Department I wish to extend to you and the residents of Montgomery Place our congratulations on the commencement of this new service. We trust that this service will prove adequate to your needs for postal facilities, and wish the community continued growth and prosperity in the coming years.

Yours very truly,

H. F. Hardy, postmaster

In other words, the representations of the veterans living at Montgomery Place were reviewed by the Post Office Department, obviously at Ottawa. After that review facilities were accorded and they were congratulated in the autumn of 1948 on the inauguration of this service. Everything went fairly well until a week or so ago. Then quite suddenly Mr. Tregaskis, who is now president of the Montgomery Place ratepayers association, received a registered letter reading as follows:

Dear Sir:

I have received a letter from the director of communications in which I am advised that our department is not prepared to continue payment for the mail service which has been in existence between Saskatoon city office and Montgomery Place. It appears that this arrangement, which has been in effect for two and a half years, is not in accordance with the general policy of the department.

The service was authorized in the first place through a misunderstanding or a lack of understanding in the department as to the whole situation, and it has been decided to discontinue this service.

[Mr. Coldwell.]

If I may comment there, when a service of this sort is requested and representations are made over a period of time, in this instance two years, surely the officials of the department should have no misunderstanding, certainly no lack of understanding of what the situation happens to be. I continue reading the letter:

Accordingly, Mr. A. C. Suffredine, the contractor for service between Saskatoon and Montgomery Place, is being notified today—

That is May 16.

—of the termination of the temporary arrangement under which he has been operating, to take effect at the end of the present month.

I have been asked to add that if the residents of Montgomery Place wish to have the service continued and are willing to make suitable arrangements at their own expense, there will be no objection by our department. In any such plans which might be made by your association it would necessarily be understood that the responsibility of the Post Office Department would end with delivery of mail to the representative of your association at the city office.

Will you please advise members of your association at the earliest possible date.

Yours very truly,

L. S. Cumming,

District Inspector

In other words, two weeks' notice is given of the discontinuance of this service. If these people desire it continued they must pay for it themselves. Several post office matters of this description have been raised in this house in the past several weeks. I have always understood the post office was a service organization giving service to the citizens of Canada. Apparently just lately something has happened to the Post Office Department, and services that have been given are being withdrawn—I think I use the word advisedly in the light of this letter—arbitrarily.

Of course a protest has been made through the president of the ratepayers association. I might as well put that on the record too. It is dated May 21, 1951, and reads:

The Director of Postal Service,
Ottawa, Ontario.

Dear Sir:

It was with great surprise that we received the attached copy of a letter from Mr. Cumming, the District Postal Inspector.

We would like to point out that it was with great difficulty that we obtained this service after two years of correspondence and interviews.

I know that to be the case, so there should not have been any misunderstanding or lack of understanding in the first place as to what this service involved. As I have said, I think the negotiations did cover a period of approximately two years.

When the service was instigated, we were of the impression that everyone concerned was very pleased to extend the service.

That would be indicated, of course, by the letter from the Saskatoon postmaster to the president of the ratepayers association of that day.

> It would seem to us, that if there had been an error in supplying the service it should have been caught before two and a half years had gone by.
>
> We hereby strongly protest the discontinuance of this service and ask that the matter be given further review with the circumstances of all concerned be taken into consideration, and a full explanation as to the reason that this service cannot be supplied.
>
> The Montgomery Place Ratepayers Assoc.,
> I. G. Tregaskis, President.

I may add that a copy of this correspondence was sent to me, and I see from the note on this letter a copy was also sent to the member for Lake Centre (Mr. Diefenbaker). I believe this matter should be reviewed by the Postmaster General (Mr. Rinfret). I believe it will be reviewed favourably by the Postmaster General, because I think this is a case where a service was granted after two years of negotiation, where it has been in effect for two years and a half and is absolutely necessary to the people of the district. As the hon. member for Lake Centre will know, and the hon. member for Saskatoon (Mr. Knight) will know, this is in fact a suburb of the city of Saskatoon, although so far as parliamentary representation is concerned it is included in the constituency of Rosetown-Biggar which I have the honour to represent. I hope the Postmaster General will see that this situation is carefully and sympathetically reviewed. I believe that when he thus reviews it he will see the justice of the protest that is being made, and of the representations I am making in which perhaps other members will join me. That, Mr. Speaker, is the matter which I rose to deal with primarily, but there is one other grievance that I wish to bring before the house while I am on my feet. It will take only a very few minutes.

This concerns the matter raised by the member for Huron North (Mr. Cardiff) yesterday, cement. I listened to what the Minister of Trade and Commerce (Mr. Howe) said, that he had no responsibility in that regard, but I believe the government should assume some responsibility. I am saying that because again today I had a telephone call from a small contractor just before I came to the house this morning who, in common with other small builders and contractors who have spoken to me or those associated with me, is unable to get supplies of cement.

Mr. Fraser: Unless they pay through the nose.

Mr. Coldwell: I was just going to say that this contractor, who lives in southern Ontario, telephoned me this morning and said he had been unable to get a bag of Canadian cement to fulfil his contracts. He has had to buy imported cement from the United States.

Mr. Fraser: Or Belgian or German cement.

Mr. Coldwell: I do not know whether it is German or Belgian. I do not know whether he has been buying imported cement from those countries. The price of the Canadian cement was $1.15 per hundred pounds, and for the United States cement after the duty is paid on it, $1.75 per hundred pounds, about 60 cents difference in the price. If this man agreed to get ready-mixed concrete from the big cement mixers, he could get it delivered but he wishes, naturally, to mix his own concrete. He believes there is an unfair distribution of this product. In fact, it has been suggested to me that the big concrete mixing concerns are obtaining practically all the Canadian cement available because of their relationship or the relationship of some of their directors with the manufacturing companies. Of that I cannot say anything because I do not know. But I do know that this is a matter which requires the attention of the Minister of Trade and Commerce and the members of the government, so that there may be a fair distribution of this important building commodity at a time when many people with small financial resources are trying to build homes and so on in our country, and to improve their property generally. Since I am on my feet I thought I might bring that to the attention of the Minister of Trade and Commerce in the hope that consideration will be given to this matter. I notice the minister said yesterday that he had not received any complaints. It is a strange thing that some of the rest of us have received complaints coming all the way from, as I said just now, a small city to the south of us right to Halifax, Nova Scotia. I am surprised that the minister has not received complaints; but at least I am bringing to his attention the specific complaint I have today because I believe that the discrimination is fairly widespread across the country at the present time.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to spend a moment or two in supporting the theme of the hon. member for Rosetown-Biggar (Mr. Coldwell) in regard to the mail service at Montgomery Place. I have here in my hand some correspondence on the matter which goes back over the last year or two; but I shall not take the time of the house to read it, as my leader has already used some of his. Montgomery Place is a veterans small holdings settlement just outside the west boundary of the city of

Saskatoon. Prior to the last electoral redistribution, this settlement was within the boundaries of my constituency. But for some reason the redistribution committee saw fit to give it to my leader, the hon. member for Rosetown-Biggar.

In passing I should like to say that I think where a city constituency has any rural lands at all close to it, some little space around the city's boundary should be part of the city itself because there are many people who live close to the city and whose interests are in the city. May I say that the people in Montgomery Place are in that position. They send their children to school in Saskatoon, they do their shopping there, and so on. They are really Saskatoon people, and that is the reason for my interest in them today.

Montgomery Place is a settlement of progressive young veterans. They have a sort of little civic organization of their own there which promotes their community interests. They have fought for their rights. They have had trouble with transportation; they have that now. As my hon. friend has shown, they have a problem with respect to getting mail service. It was only a limited mail service but it was a useful one, and they engaged in a long struggle for it. I spoke in this house at the time in their support. The mail was taken out from the post office and distributed locally. As I say, these people carry out all their business—except perhaps the one business of voting—in the city of Saskatoon. Up to the present time they have been served by the Saskatoon post office. As I say, they might be termed Saskatoon people. I would join in the plea made by my hon. friend that this service which they have, and which they now enjoy, should be left with them.

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, I do not want to intervene in this discussion. I have not before me the information that would be necessary to answer the charges that have been made against the Post Office Department.

Mr. Coldwell: Mr. Speaker, I hope the minister will not think that I was making charges. I was making representations.

Mr. Rinfret: I came into the chamber just at the end of the hon. member's speech. I do not know what was said before that. But I was not referring particularly to the speech of the leader of the C.C.F. (Mr. Coldwell); I was referring to some of the other speeches that had been made in the house.

It seems to me that all these complaints that have been made against the Post Office Department could properly be discussed when the estimates of the department are called before the house, at which time the department officials will be here, and we shall be able to give all the necessary answers. I may say that there are answers to every one of those complaints. As to the question raised by the leader of the C.C.F., may I say that I will certainly look into it. I tried to obtain some information over the telephone a moment ago, but the officials had gone home.

Mr. Coldwell: May I say that the reason I raised this matter this afternoon—I received the complaint this morning—was that the service is to be withdrawn on May 31. It was a matter of urgency.

Mr. Rinfret: I will look into the matter.

INCREASE IN EXPRESS RATES

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, there is a matter that I should like briefly to bring before the house at this time, arising out of a development which occurred yesterday when it was announced that the express rates on shipments of fish from the maritimes to other parts of Canada—and I presume that this would apply to express rates on shipments generally—have been increased by amounts averaging up to 53 per cent of the rates prevailing only a short time ago.

This is a matter of particular importance to the fishing industry of the maritime provinces in general, and particularly in my own constituency where we catch and process a substantial quantity of fresh fish. I am not going to take the time of the house to emphasize the importance of this industry to the maritime provinces in general and to our own province in particular. I think the figures would substantiate the fact that approximately 35,000 people are engaged in this industry in the maritime provinces, not including the new maritime province of Newfoundland; and that last year the value of the fresh fish that was exported—that is, fresh and frozen—was over $33 million. Of that shipment, according to the figures of the Canadian National Railways, over 10 million pounds was sent to Canadian points by express.

That is a substantial quantity of fish moving in that way, although it is true that a larger proportion is hauled either by truck or by freight; and of course that is not affected by the increase. But there are particular advantages in express shipments of certain types of fish; and for those types, it is almost essential. This increase is going to weigh heavily upon the producers.

Unfortunately, despite the importance of the fish industry, as we all know the consumption per capita is not as great as we

should like to see it. The per capita increase in the consumption of meat, for instance, between 1939 and the present time was relatively great. I have the figures here, and I will put them on the record briefly. The consumption of meat then was 118 pounds per capita. That consumption has gone up now to 138 pounds per capita. On the other hand in the same period consumption of fish per capita has gone up only from 11·9 pounds to 12·3 pounds, a minor increase, despite the fact that the increased cost of production has been far less than the increased cost of the production of meat. This fact shows that there is a certain sales resistance to the marketing of this product, which has an adverse effect upon it.

There is no doubt in my mind that the increase in these express rates will adversely affect the sale of this product in the Canadian market. Although our consumption per capita is low as a nation, we find that the farther one gets away from the seaboard, the lower that per capita consumption falls. For instance, in Halifax I believe we have a consumption of 35 pounds per capita. When you get to Montreal, that consumption falls to 17 pounds; when you get to Toronto it falls to 15 pounds; and, as I have said, the average for all Canada is less than 12 pounds per capita. An increase of 53 per cent in rates—all the rates are not that high; the increases run from about 20 per cent to over 53 per cent—is going to result in one of two things. Either the consumer will have to pay more or the producer will get less. I do not think there can be any alternative to that whatsoever. If, as I have suggested, in view of the sales resistance, the consumer will probably not pay more, the producer will therefore be compelled to take less if he is going to remain in business. In other words one might say that this will be another indirect tax passed on to the producer and which he will have to bear. I am not at the moment criticizing the express companies for having increased those rates. They have, of course, to earn a profit on the business which they are doing. Possibly they can justify, or have justified, that increase, although I know that many suggestions could be made whereby they could reduce their tolls; but that is a matter which I think deserves the attention of the government.

This government and preceding governments have done a great deal for the development of the fisheries. This government today is spending thousands and perhaps hundreds of thousands on biological research, in development of processing, and in assistance in many ways. All that money is well spent. We appreciate it, but unless you can put your product on the market, sir, unless you can maintain your markets, then those other expenditures are wasted. The money might just as well go down the drain.

The government, having the interests of the industry at heart, I suggest must do something about this new situation which confronts it at the present time. I have a statement which the Minister of Fisheries made some two years ago. The then minister of fisheries said this on May 5, 1949, in so far as the government's responsibility for the fishing industry is concerned:

> This government over the next five years should take further positive steps toward the greater realization of the great fishery potential of the dominion. To help develop these resources and to expand the markets at home and abroad, the federal government should co-operate with the fishing industry in a program of development on the following lines.

I am quoting only one of them.

> (a) for the industry as a whole the federal government should aid both in production and in the greater development of distribution, particularly in the domestic market.

Now, sir, this is a problem of distribution in the domestic market, and a problem which affects the future of this industry in so far as fresh and frozen fish are concerned. It is of tremendous importance to eastern Canada. The industry can grow and develop into a very vital economic factor—it is that anyway. It can develop into a still greater factor. Modern processing equipment and quality products, which are now being produced, augur well for the industry, provided that transportation facilities at a reasonable cost can be made available to the industry. I direct the attention of the government to that.

One other matter, Mr. Speaker, while I am on my feet, with respect to the fishing industry; this is a matter which I am sure has been directed to the minister's attention already. Within the last day or two resolutions have been sent to me concerning the effect of the operation of trawlers in the bay of Fundy and in St. Mary bay. The valley boards of trade, representing all the boards of trade in my constituency and I believe in the constituency of the hon. member for Digby-Yarmouth, joined in a resolution, the original of which was sent to the Minister of Fisheries (Mr. Mayhew) or is in transit to him, and a copy of which was sent to me.

The situation there is a most serious one. In the old days, as you know, fishermen along that coast were fishing with hand trawls. They were what are called line fishermen. During the last two years there has been quite a development of the trawler. Everyone realizes that, so far as the deep sea fishermen are concerned, trawling is

absolutely essential. That is the only way in which you can get large quantities of fish, process them and bring them to market and maintain adequate supplies. But here we are dealing with inshore fishermen, fishermen who go out in little rowboats or motorboats two or three miles off their coast, fishing in inland waters. The operation of the trawler is an entirely different thing

You have two types of trawlers operating, sir. You have the large trawler, the deep sea trawler, coming into the bay of Fundy. There are American trawlers for example operating within three miles of our coastline; but sometimes their navigational aids apparently are in error, and they are found strangely enough close to the coastline, especially on foggy nights. They have been found within a hundred yards of the coast where they have been known to catch lobster pots. That was an error on their part, perhaps. Whereas our Canadian trawlers, operating with Canadian crews, financed by Canadian money, government assistance, are not licensed by this government except conditionally on their remaining twelve miles off our coastline, it is certainly an anomalous thing, Mr. Speaker, when United States trawlers, operating with United States crews and United States money, are allowed to fish within three miles of our coastline. The menace of the trawlers is such that we prohibit our own trawlers from operating within twelve miles. I presume that is a matter for negotiation with the United States government. It is a matter certainly on which some action should be taken.

Then there is the smaller trawler, the otter trawler, which operates under a different licence, and is allowed to fish anywhere near the shoreline. I see by the resolution which came to me this morning from the boards of trade that in the little waters of St. Mary bay, an inland arm of the bay of Fundy, 23 flounder trawlers were operating there the other day and five haddock trawlers, 28 trawlers in all in a little narrow arm of water, catching on the average around 8,000 pounds of fish a day, catching everything, big and small, with spawn and everything else, and each day throwing out hundreds of thousands of fish into the waters, which pollute the water, destroying the fishing beds and destroy the gear of the inshore fishermen.

The big haddock on the coastline of the bay of Fundy that come up there in the spring and summer to spawn and which go back in the fall have been caught for years by our hand fishermen, who thereby have been able to earn a reasonably good living. Now, all these fishermen are finding it extremely difficult to catch fish. The trawlers are capturing these fish by the thousand, and the hand-line fishermen who fish out of these little villages from Scotts bay right down to Victoria beach, in the constituency of the hon. member for Digby-Annapolis, are facing ruination unless some action is taken in the very near future.

I bring this matter to the attention of the minister and urge that, with respect to the operation of the large trawler, negotiations be entered into with the United States government to prohibit unconditionally their entry into the bay of Fundy. So far as the otter trawler is concerned, the small trawler, they should be relicensed, and licensed conditionally on their operating at least three miles off our coastline.

INTERNATIONAL WHEAT AGREEMENT AND CANADA GRAIN ACT

Mr. J. G. Diefenbaker (Lake Centre): I shall take but a few minutes to bring a matter to the attention of the government. It arises out of the question asked today by, I think, the hon. member for Melfort (Mr. Wright) as to whether or not at the present session any amendments were to be made to the Canada Grain Act. The reply of the Minister of Trade and Commerce (Mr. Howe) indicated that such a possibility did not exist.

I rise for the purpose of bringing the attention of the government to two matters that are more or less connected with the question that was asked by the hon. member. On May 16 the question was asked the Minister of Trade and Commerce by the hon. member for Assiniboia (Mr. Argue), followed by a question by myself, which questions appear on *Hansard* at page 3077. The hon. member for Assiniboia said:

> I should like to direct a question to the Minister of Trade and Commerce. In view of rising costs of production and an increasing world price level, has the government made any attempt to have reviewed the present ceiling price under the international wheat agreement?

To which the Minister of Trade and Commerce replied:

> The international wheat agreement is an agreement among some forty governments. It is now in its second year of operation, and the only action Canada could take to vary its terms would be to denounce it. Canada has no intention of denouncing it, nor has it any desire to do so.

Then the hon. member for Assiniboia added this question:

> Could the minister not say whether any effort has been made to call in the countries and to talk it over?

No answer being given, I asked this question:

> Without there being any repudiation of the international wheat agreement, could not the government

give consideration to communicating with the signatories to the agreement with a view to a revision in prices, having regard to increased costs?

Then the Minister of Trade and Commerce replied:

There are three producing countries involved in the agreement, and at least thirty-seven consuming countries. My hon. friend is optimistic if he thinks that the wishes of the three would prevail against the wishes of the thirty-seven. I presume that the signatories to the agreement would have equal standing in the agreement.

Having regard to the general attitude today in the western provinces, that under the international wheat agreement great losses will be suffered by the Canadian farmers unless there is a revision, that there has been a greatly increased cost of production to farmers, that the agreement is one which endeavours by anticipatory vision on the part of the government to determine conditions in the future, and that having regard to present world conditions, and the probability of those conditions continuing and bringing about a loss to Canadian farmers amounting possibly to hundreds of millions of dollars, something should be done now to secure a reconsideration of the basic prices laid down under the international agreement.

I realize that everything we might want cannot be secured upon request. But at least one would expect the government of the day to sound out the possibility of something being done under that international wheat agreement which does, in fact, contain a provision for periodical revision of price levels.

Yet the attitude of the Minister of Trade and Commerce (Mr. Howe) is simply one of brushing the question aside. There are only three countries which are producers, he says, and thirty-seven that are consumers; and he brushes aside as being impossible the success of any application on the part of the Canadian government for a rewriting of price levels. The international wheat agreement provides for a rewriting of the terms, and for periodical revision. Under that agreement, which will run until August 1, 1953, wheat this year brings $1.80 at Fort William to the Canadian farmer. It provides for the disposal of 500 million bushels of wheat, as follows: Canada is to supply 230 million, the United States is to supply 185 million, and Australia, 85 million.

I make the request of the government that it do something by way of endeavouring to secure a revision in price, in order to secure an increase in the minimum price, as at present set down in the agreement. Unless that is done this international wheat agreement will result in losses being suffered by the Canadian farmers beyond anything we can comprehend at the moment. It is a serious question and deserves more serious consideration on the part of the government than for the Minister of Trade and Commerce simply to brush it aside by saying, in effect, "We have not done anything, because I do not believe that doing anything would secure any results."

I think the time has come for the Canadian government to point out the situation—for, after all, it controls the wheat board, which in recent years has been its puppet for the purpose of carrying out government policy. I believe something can be done, with the international situation as it is today. Nations that are signatory to the international wheat agreement will realize that in the interests of our common defence, if for no other purpose, the producers in the producing countries should be assured a fair and reasonable price, or one more in keeping with present conditions than the international agreement provides.

Secondly I suggest that amendments are necessary to the Canada Grain Act. I say this because of certain facts which have come to light in connection with overages that elevator companies have been able to secure during the last few years. In the report of the wheat board, part IV, addressed to the Minister of Trade and Commerce and signed by the board, there is this paragraph that is of interest to every farmer in the prairie provinces. It states in part:

Deliveries to the board on the 1945-49 pool account totalled 1,435,955,510 bushels, of which 1,427,587,096 bushels were purchased from producers and 8,368,413 bushels were purchased from other than producers. The latter purchases represented principally country and terminal elevator overages purchased from agents of the board and for which no producers' certificates were issued by the board.

This means, if these figures are correct—and I believe they are—that the amount of the overages for which payment was not received by the farmers who produced the wheat in that period was 5,621,938 bushels.

Mr. McIlraith: Would the hon. member permit a question? I notice that in placing the figures on record he uses the words "wheat" and "grain" interchangeably. I presume the hon. member is referring to grain.

Mr. Diefenbaker: I am referring to purchases made.

Mr. McIlraith: Of grain.

Mr. Diefenbaker: By the wheat board.

Mr. McIlraith: Of grain, not wheat.

Mr. Diefenbaker: The overages totalled 5,621,938 bushels. That is a great many bushels of grain by way of overages for which

the farmers have received no payment. I feel there should be an investigation into this matter, with a view to determining the situation in connection with this whole question of overages, and also thereby providing an investigation into the necessity for the making of amendments to the law, so that this situation, if found to be unfair and unjust, will be changed. For, after all, our concern should be for the producer to receive the largest possible return for that which he produced.

Therefore, to sum up what I have endeavoured to place before the house, I would say, in two sentences, first that the time has come for the government of this country to rid itself of the nonchalant attitude exhibited by the Minister of Trade and Commerce regarding the international wheat agreement, and to have representations made to the other countries signatory to the agreement to the end that, having regard to the increased cost of production in this country, there will, in fact, be a revision of the basic or minimum prices provided by the international agreement. That should be done now. This is 1951, and the agreement has still two more years to run. Certainly it will be a matter of great enjoyment to those countries that will be paying less than they should be paying if they know in advance that the Minister of Trade and Commerce simply takes the attitude that nothing can be done even though no representations have been made.

Then, secondly, in connection with the Canada Grain Act, I say consideration should be given to the necessary revisions of the act, if upon investigation it is found that the present system does not properly protect the farmer and assure him proper payment for his product.

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

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration, $1,505,769.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

255. Departmental administration, $869,901.

Item stands.

[Mr. Diefenbaker.]

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Administration services—

217. Departmental administration, $398,452.

Item stands.

Progress reported.

CUSTOMS ACT

AMENDMENTS TO CLARIFY ACT AND TO FACILITATE ADMINISTRATION AND ENFORCEMENT

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 198, to amend the Customs Act.

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

On section 1—*Government vessels to report.*

Mr. Macdonnell (Greenwood): This section provides that all the provisions of the act relating to certain things "are binding upon His Majesty in right of Canada or a province." This seems to be a rather unusual piece of legislation which is binding, not only upon His Majesty in the right of Canada but also upon His Majesty in the right of a province. The explanatory note reads:

> The proposed subsection is new and is designed to make it clear that federal and provincial governments and their officers must comply with such parts of the act as are designed to give that control of import and export which is essential to the proper administration of the act.

This section purports to go beyond the ordinary tenor of a dominion act and provides that it shall be binding upon His Majesty in right of Canada or a province. While the minister is explaining that, will he explain also just what is the gap in the legislation that this is supposed to cover?

Mr. McCann: There is nothing new in the principle of it affecting provincial as well as federal authorities. As an example, it might be applicable in seizures by provincial authority of liquor coming into the country. They would have to be turned over to a customs official for appraisal.

Mr. Macdonnell (Greenwood): Do I understand that this legislation undertakes to deal directly and not through the agency of provincial officials? Is that its effect?

Mr. McCann: This is to enact that a provincial official is not free from the application of the law any more than any person else. It applies to provincial officials as well as to federal officials.

Mr. Macdonnell (Greenwood): We understand that all citizens are bound by any law passed here. The minister has said that this was not unusual, but can he give us an instance that it has been done before? I repeat, we understand that this law will apply to everyone, but it seems to me that the minister is going beyond that.

Mr. McCann: This new subsection merely clarifies the law by placing beyond doubt the legal obligation on all persons, including officers of the federal or provincial governments, to report to customs when entering or leaving the country. The noncompliance with this requirement of government-owned vessels, through misunderstanding of the law, has made it advisable to propose this amendment.

There may be unusual circumstances where for reasons of emergency or convenience certain exceptions might have to be made and, as will be seen later, section 9 of the bill enables the governor in council to exempt from the regulations certain cases or classes of cases. An example would be the reporting by Canadian naval ships in time of war.

The second part of the subsection is similarly intended to make it clear that officers of the crown in the right of Canada or of a province must, like all other persons, meet the requirements of customs in regard to importation of goods, including flotsam, jetsam or wreckage.

Mr. Macdonnell (Greenwood): The minister has said that this is not unusual. Will he give another instance where legislation goes beyond dominion officials and is binding upon provincial officials?

Mr. McCann: Subsection 3 of section 2 of the Customs Act reads:

> The rates and duties of customs imposed by this act or the Customs Tariff or any other law relating to the customs, as well as the rates and duties of customs heretofore imposed by any customs act or Customs Tariff or any law relating to the customs enacted and in force at any time since the first day of July, one thousand eight hundred and sixty-seven, shall be binding, and are declared and shall be deemed to have been always binding upon and payable by His Majesty, in respect of any goods which may be hereafter or have been heretofore imported by or for His Majesty, whether in the right of His Majesty's government of Canada or His Majesty's government of any province of Canada—

Section agreed to.

On section 2—*Detention.*

Mr. Macdonnell (Greenwood): I should like to know something more about the acts which are referred to. The explanatory note reads:

> The proposed subsection is new. A number of acts not administered by the Department of National Revenue nevertheless contain clauses prohibiting under certain conditions import and, in some cases, export of goods of various classes. A customs officer while often directed by the act concerned to give effect to these prohibitions is under the section as it stands directed to release the goods immediately on payment of duty. The amendment will provide statutory authority for existing practice.

I should like reference made at any rate to some of the acts concerned, and I should also like an explanation of the statement that the amendment will provide statutory authority for existing practice. What has been the existing practice and what authority was there for it?

Mr. McCann: As is indicated by the explanatory note, there are acts which permit importation or exportation of certain goods conditional upon their meeting specific standards or requirements laid down by other acts such as the Food and Drugs Act, the Fisheries Act, the Animal Contagious Diseases Act, the Seeds Act, the Fruit, Vegetables and Honey Act, and others. In such cases the government department responsible for the act enforced by our officers is the logical final authority as to whether or not the goods in question comply with the specific conditions or terms of entry. To refer such cases to the competent authority requires the temporary detention of the goods, and all the new section does is to provide the statutory authority for that detention.

Mr. Macdonnell (Greenwood): What authority has ther been in the past?

Mr. McCann: It is doubtful whether there was any authority. This would save the importer a great deal of trouble and perhaps expense if after his goods were declared they had to be seized and the duty assessed by another branch of the government which could act under its act, for instance, the Food and Drugs Act.

Mr. Macdonnell (Greenwood): I think I can see the reason for it, but what I am interested in is this. I should like to know a little more about it. The minister said a minute ago that it is doubtful whether there has been any authority. How long has that been in existence, and what kind of things have been done without authority? Have people's goods been detained without any authority of any kind, and how does the point arise now?

Mr. McCann: The point arises because of the fact that the act says at the present time that on the importer paying his duty the goods must be released immediately. We contend that it would be advisable to detain the goods until such time as we have received information from the other departments concerned as to whether that type of goods should be admitted to the country.

Mr. Macdonnell (Greenwood): Then do I understand correctly that the act has said that when the charges are paid the goods should be released?

Mr. McCann: That is right.

Mr. Macdonnell (Greenwood): But notwithstanding that you have been detaining goods in certain cases because you thought, for the purposes of the other acts, it was the wiser course to follow. Is that correct?

Mr. McCann: We try to co-ordinate one department with the other, and in some of the acts governing the importation of goods it says that they shall be held for examination.

Mr. Macdonnell (Greenwood): We have grown accustomed to orders in council, but is this a case where you did not even bother to have an order in council? Were these just minister's orders?

Mr. McCann: It is stipulated in these other acts. For instance, the Animal Contagious Diseases Act specifically states that animals imported into this country must have a clearance from the authorities of the Department of Agriculture, which administers the act, before we are allowed to release them, even if the duty has been paid.

Mr. Macdonnell (Greenwood): But you evidently feel that does not cover you because you are now passing this new legislation. I am just interested in knowing—and I think it is worth knowing as we pass—to what extent power is just taken in your stride, so to speak. We have often made complaints about orders in council but this seems to be a case where, as I said a moment ago, there was no authority of any kind, not even an order in council.

Mr. McCann: There is a conflict of authority that we want to get away from. Our act as it stands says that goods shall be released immediately upon the payment of duty. Some of these other acts say that they shall be detained until there is a clearance from the particular department. In order to remove that conflict or repugnance, if you want to call it that, we are attempting to remove that difficulty by amending this section.

Mr. Macdonnell (Greenwood): I do not imagine it is worth pursuing the matter very much further. I am interested to know why the minister speaks about a conflict of authority. I would not regard this as conflict of authority. I would regard it as absence of authority, but I suppose we ought to be thankful that the minister is at last getting the power to do legally what he has been doing illegally.

Section agreed to.

On section 3—*Goods otherwise exempt, dutiable in certain cases.*

Mr. Wright: I should like to ask the minister a question with respect to this clause. It has to do with the collection of duty on goods brought into Canada for use by the armed forces or the government and their resale later. The effect of it is that, where a resale of goods is made to parties who are not entitled to import without paying duties, the duties shall be paid in full. Let us take a piece of equipment which is imported into this country and is used for two or three years. Is the duty payable on the depreciated value of the goods or on the cost value? I ask this question because I have been given to understand that a considerable amount of equipment was imported into Canada in this manner during the last war, and that when it came to pay the duty it was cheaper to ditch the equipment or throw it in a gully than to pay the duty, although there was still a lot of use in the equipment. Do the customs duties have to be paid on the original value or on the depreciated value of the equipment?

Mr. McCann: The hon. member is entirely correct in his observation. When goods are brought in free or at a lower rate of duty, and then pass to other hands, the goods are dutiable in the hands of the new owner at the depreciated value at the time of the transfer.

Section agreed to.

On section 4—*Overpaid duties not returnable after six months.*

The Chairman: Shall the section carry?

Mr. Macdonnell (Greenwood): No.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up the estimates of the Department of National Defence. If we finish them, we will take up agriculture.

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

HOUSE OF COMMONS

Thursday, May 24, 1951

The house met at three o'clock.

QUESTIONS

PRIME MINISTER'S RESIDENCE

Mr. Hodgson:

1. What are the total expenditures for (a) the purchase of a residence for the prime minister of Canada on Sussex street, Ottawa; (b) remodelling such residence to date; (c) who is the architect in charge of the work, and what is the basis of his remuneration?
2. Is the remodelling completed and, if not, what is the estimated expenditure necessary to complete such work?

Mr. Fournier (Hull):

1. (a) The Edwards property at 24 Sussex street, which was expropriated for $140,000; (b) $299,200; (c) (i) Messrs. Allward and Gouinlock, architects, Toronto; (c) (ii) A percentage of the cost of the work as done by them.

2. Remodelling completed.

INDIANS—TUBERCULOSIS

Mr. Winkler:

1. Is the trend toward a reduction in the Indian tuberculosis mortality rate continuing?
2. How many Indians were hospitalized during 1950 for (a) tuberculosis; (b) other conditions?

Mr. Martin:

1. Yes. The death rate per 100,000 for all Canada in 1948 was 488·5 and in 1949 it was 399·6, a reduction of 18·2 per cent.

2. (a) 2,558; (b) 18,497.

OLD AGE PENSIONS

DOMINION-PROVINCIAL CONFERENCE—INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to direct to the Minister of National Health and Welfare a question of which I have not given him notice, but which relates to a conference which has just been concluded. Is he in a position to inform us whether as a result of that conference we may expect to proceed during the present session with the legislation dealing with old age pensions?

Hon. Paul Martin (Minister of National Health and Welfare): As my hon. friend has stated, Mr. Speaker, we have just concluded a meeting with the ten provincial governments in respect of that phase of the proposal which has to do with the age group between sixty-five and sixty-nine. With regard to the government's program in connection with the legislation, as I announced at the conference yesterday, the government hopes to be able to implement its program during the course of the present year.

Mr. Drew: May I ask a supplementary question? I would point out first that the minister did not answer my question whether it was expected that the legislation would be dealt with during the present session. I would also ask the minister why the legislation affecting this age group from sixty-five to sixty-nine could not be dealt with at the same time.

Mr. Martin: Unless I have failed to understand my hon. friend's question, Mr. Speaker, I do not think I can add anything to what I have already said. I am sure that is all I could say under the circumstances at the present time.

GRAIN COMMISSIONERS

QUESTION AS TO REFERENCE OF 1950 REPORT TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Minister of Trade and Commerce, of which I sent him notice; but in his absence perhaps his parliamentary assistant could take it as notice.

1. According to the Canada Grain Act, the board of grain commissioners must make a report to the minister not later than January in each year. When can we expect to have the 1950 report of the board?

2. Will the minister give consideration to having the 1950 report placed before the agriculture committee of the house for consideration, particularly for the hearing of evidence of producers organizations and other interested parties with regard to (a) grades, and (b) overages?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): With respect to the first question, the annual report of the board of grain commissioners is in the hands of the printer. I

am unable to say when it will be back from the printer, but I expect that it will be back very shortly.

With respect to the second question, I will draw the minister's attention to it, and it will be answered in due course.

HISTORIC SITES

REFERENCE TO CONDITION OF OLD FORT YORK, TORONTO

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): One of the most reliable newspapers in Canada today carries an article to the effect that old Fort York in Toronto is in a deplorable condition. In view of the fact that the property was deeded to the city of Toronto on condition that Fort York be kept in first-class repair, and that not being done, apparently, according to the report, the Department of Public Works may have to take the property over—

Mr. Speaker: Order. Orders of the day.

PARLIAMENT BUILDINGS

VISIT OF PRESIDENT OF FRANCE—SUGGESTED PLACING OF FLAGS IN MEMORIAL CHAMBER

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to address a question to the Minister of Public Works in connection with the matter of the flags that were in the anteroom of the memorial chamber during the visit of the President of France, to which reference was made the other day. Has he anything further to report?

Hon. Alphonse Fournier (Minister of Public Works): Yes. I hope to have a definite answer in the near future when I consult Mr. Speaker about it. That should be done in this case, since his jurisdiction comprises the parliament buildings. As soon as we come to a definite undertanding, or the moment I have Mr. Speaker's reaction to the request, I shall let my hon. friend know.

Mr. Graydon: Is there a fair chance of an understanding about it?

Mr. Fournier (Hull): I hope so.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

[Mr. McIlraith.]

Hon. Brooke Claxton (Minister of National Defence): When the committee was last sitting on this item, on Friday, May 11, we were considering the item appearing at page 269 of the book of estimates, civil salaries and wages, $3,489,842. Some hon. members asked for a break-down of this item so as to present the information in the same form as for other departments of the government. At that time I indicated that the information was not readily available in that form. These details were not put in our estimates, at the direction of the treasury board itself, for the reason, I understand, that the growth in the department was so great that any information given would be out of date and not very useful for the purposes of giving consideration to these estimates.

As to the usefulness or otherwise of the information, I think hon. members can judge for themselves when they receive the information which I now give them. As I pointed out at the time, when I was asked for this it took some time to secure the information. I was not aware, at the time I said that, just how much work would be required. The work was started the next day, Saturday, May 12, and the employees worked over both week ends, but only this afternoon did I receive the information, and it is now here on the same basis as for other government departments. It covers a total of 28,154 civilian employees of the department. In a month or two it will be 30,000. Before the end of the year it will probably be 35,000.

To obtain this information it was necessary to run through the cards of all civilian employees in the department and then sort them out by classifications and wage groupings. Altogether a total of fourteen personnel were involved in the task for two weeks and over Saturdays and Sundays.

The information was asked for, and here it is. It was not possible before today to have it mimeographed or printed. I do not think it would be desirable or useful to have it done. If hon. members so desire, it might be printed as an appendix to *Hansard*, or in the *Votes and Proceedings*, but I would be the last person in the house to suggest that that be done, or to object if anyone wants it done.

This is not a static department. Since September the development in defence operation, measured in terms of money, has been,

I believe, greater than at any period of corresponding length during the second world war. Perhaps this may be brought home by recalling that during the fiscal year 1939-40 the defence expenditures were $125,679,888, whereas during the following year, 1940-41, they were $647,922,940. But the appropriations voted by parliament for the current fiscal year, 1950-51, which was still in effect when the special session was held last August, amounted to $425 million. Now, as I have informed hon. members, there is available out of the money voted last year, and in the consolidated revenue fund for this year or sought by these estimates for the year 1951-52, a total of $1,879 million.

The change is made plain by considering the number of service and civilian personnel in each of the last four years. Perhaps I might put this short table on *Hansard*. I will give it to hon. members, though I think it ought to go on in tabular form. It is as follows:

	Civilian Personnel					
	Services	Civil Servants	Prevailing Rate	Total Civilian	Total Service and Civilian	Percentage increase over previous year
1947-48	35,419	8,651	11,670	20,321	55,740	....
1948-49	41,676	8,917	11,905	20,822	62,498	12
1949-50	47,185	9,885	13,352	23,237	70,422	13
1950-51	68,427	13,544	14,610	28,154	96,581	37

At the present time the figure for service and civilian personnel in the three armed services, and the department, totals approximately 103,000, and I expect that by the end of the fiscal year it will total considerably over 125,000. Hon. members can see that the figures disclosed for other government departments which are relatively static, showing the number of civil servants in each classification, the salary range and the total for each, is very useful information indeed; but in the case of this department at this time it is of no more use than it would have been during any year of the second world war, when, so far as I know, such information was neither sought nor given. However we have obtained this information here. Here it is; and I shall have photostat copies for each of the parties concerned, as soon as they can be prepared. Meantime if anyone wishes to see these figures, I shall place them on the table so that they will be available.

I should like to indicate in a word or two the policy with regard to the employment of civilian personnel in the Department of National Defence. We find it very difficult indeed to estimate, with close accuracy, the number of civilians we shall be able to engage this year, or the number that will be needed. I suppose that will depend upon circumstances entirely outside the control of the department. This year we shall be working on the re-establishment of seven major air stations, and the creation of a large gunnery range on the northern boundary of Alberta and Saskatchewan, and in addition will be increasing the size, accommodation and operations of a large number of units. How much we can do will depend, in part, upon what equipment we can obtain from the United States, upon events in Korea, and upon the rate of construction made possible by the supply of materials, labour and engineering plans. Upon these results will depend the number of civilian personnel we can usefully employ during the current fiscal year.

Our policy is to employ civilians in every position in which civilians could be properly employed in the event of war. That is, it is our policy to use just as small a number of service personnel as is possible on what may be called civilian occupations. I believe that, compared with other countries, we have succeeded in working that out to good advantage. Our proportion of service to civilian personnel is not far from what it is in the United Kingdom or the United States.

Mr. Diefenbaker: What is it in the United Kingdom and the United States?

Mr. Claxton: It is about the same as in our country.

Mr. Diefenbaker: Have you the figures?

Mr. Claxton: No, I have not, but I have read them. The reason for this condition is twofold, the first being that civilians cost less than service personnel. The average cost of an other rank in the navy, army, or air force, including pay and allowances, pension, food, clothing, medical and dental services, transportation and other expenditures corresponding to those of a civilian wage or salary, is $3,200 a year. The corresponding expenditure in the case of a civilian doing similar work would average about $2,300 a year.

The second reason, however, is more important, and that is that we want just as large a proportion as possible of our service personnel to be engaged in training and operational duties, and we want to have as large a proportion as possible of service personnel—men, and now women—who are trained and physically fit and of an age suitable to perform duties appropriate to their rank and job throughout the first year of a general war.

This policy has enabled the Canadian forces, navy, army and air force, to be operational to at least as great as if not a greater extent than is found in most other countries, and yet at the same time to maintain the essential services, including communications, training and reserve units and so on, necessary in a country of this size, and to provide the basis for a maximum potential in the event of a general war.

The other day the hon. member for Nanaimo asked me the number of veterans who had had the advantage of veterans educational grants and university training, and who had been taken on in the armed forces. I found we had taken on some 2,600 veteran officers during the period since they might have had the advantage of a university training. We sent the names of those personnel to the Department of Veterans Affairs to see if they could verify from their records how many of these had been the product of the veterans educational grants provisions. We were told that could not be ascertained without going through the files of every one of these veteran officers, and also without having the names in full and, in the case of other ranks, the numbers, of the personnel employed. This would have been a heavy task for the Department of Veterans Affairs, and I did not think the hon. member would want that department to go to so much trouble.

Mr. Pearkes: If it is all that trouble, I shall drop the question.

Mr. Claxton: However, I was able to find that under our own plan of extending educational assistance to veterans who had already joined the active armed forces, or who had expressed the desire to join, there were some 800. This I suggest is a very good yield indeed from that source.

Mr. Pearkes: Would those be persons in the services who still received—

Mr. Claxton: No. This applies to a group who had ceased to be in the services, who had gone to universities and whose university grants had run out. We either enlisted them or secured their undertaking to join the armed forces, with commissions. We subsidized them throughout their final year or, in some few cases, the last two years, and secured some 800 officers as a consequence. It was an extension of the veterans benefits in the case of men who had indicated their intention to join the regular forces.

Mr. Pearkes: The figures given by the minister are slightly confusing, not only because of the vast statistical data given, but because he seemed to wander away from the question originally asked. The question was asked with regard to departmental administration, civil salaries and wages, and the minister gave a total number of civilian employees of 1,220. I presume that those are mainly people located at headquarters. It will be noted that the figures reported on page 2963 of *Hansard* of May 11 deal with headquarters only, whereas the minister apparently covered the whole field.

Mr. Claxton: The leader of the opposition asked the question with regard to each item, so I gave the answer in one place. Under the head of administration there are 149 permanent and 1,081 temporary, a total of 1,230. The total salaries amount to $3,393,842. In addition, under prevailing rates we have one permanent and 39 temporary, a total of 40, with an additional cost of $96,000. The total for salaries under administration is $3,489,842, which is the figure on page 269. Attached to this are the corresponding details under the heads of navy, army, air force and defence research.

Mr. Pearkes: I am presuming we are dealing now with the numbers given on page 2963?

Mr. Claxton: That is right.

Mr. Pearkes: The other was simply additional information which can be referred to as we go on?

Mr. Claxton: That is right.

Mr. Pearkes: I presume we shall follow the same system which was agreed to at the last sitting and take each one of these items detail by detail and then pass the whole item at the end. I should like to refer briefly to the figures given on page 2963, which show 33 civilian personnel in the minister's office, 44 in the deputy minister's office, and 727 in the inspection service. I presume that the employees in the minister's and deputy ministers' offices are responsible for the preparation in final form of the estimates which have been submitted by the minister. Would those same personnel be responsible for advising the minister as to expenditures being made under the different items, and would they also point out to him that all the money had been expended under one

item but had not been expended under another so that, if necessary, changes could be made from one item to another?

Mr. Claxton: That would be ordinarily the function of the deputy minister and those advising him, particularly the associate deputy having to do with finance. They would work closely with the officials of the Department of Finance, the treasury board, the comptroller of the treasury and the services themselves.

Mr. Pearkes: When the minister's attention has been called to the fact that one item has been fully expended and there are still demands under it, has he authority to take money from one item and transfer it to another? If so, where is the line drawn? For instance, the details on page 269 of the estimates show items covering civil salaries and wages and professional and special services. Can changes be made from one of those items to another?

Mr. Claxton: Not at all. We sometimes find that we are able to get more equipment than we expected, or that recruiting is better than we expected; that we are getting more men and that the need for pay and allowances is increased. The deputy minister, with the support of the service concerned, will submit the case for my attention. It is then sent to the treasury board, where it is looked into by their officials. If it is approved by the treasury board, we can proceed.

Mr. Pearkes: There is no authority for making changes?

Mr. Claxton: None.

Mr. Pearkes: So that these various amounts which we pass hold good unless the treasury board grants authority to make a change?

Mr. Claxton: That is right.

Mr. Pearkes: This brings out the value of asking questions and finding out details of expenditures in connection with each of these items, so that we may know exactly where the money is being spent and have the assurance that it cannot be switched unless referred to the treasury board.

Mr. Fair: On May 10, as reported on page 2919 of *Hansard*, I asked the minister what provision had been or was being made for housing accommodation for the wives and families of men attending the Wainwright camp. On that occasion and at other times previously I pointed out that there was considerable agitation to have something done about housing. I pointed out also that the town of Wainwright had provided school and hospital accommodation as well as water and sewer facilities, but they wanted something done about housing. There just was not enough housing in a general way to take care of these people. I notice that an appeal was made recently by the board of trade to the people of the town, and only nine offers of accommodation for the wives and families of servicemen were received. The situation there should have immediate attention.

I noted a little while ago that something like $2 million is to be spent at Rockcliffe to provide housing accommodation. If Wainwright is to be a permanent camp, something should be done. I should like to know what has been done up to the present time and what is contemplated for the near future.

Mr. Claxton: I suggest that this question might properly come under the head of army on page 271, but since the hon. member asked it in the general discussion and I omitted to answer, perhaps I might do so now. It was not our intention to have Wainwright an all year round training camp. For one thing, and I say this with all respect to the hon. member, it is one of the coldest places in Canada. During Exercise Sweetbriar the temperature went to 58 below and the troops were living out in tents. It has a considerable snowfall as well.

It is an exceedingly good training area during the summer, and it was our intention to use it as a summer training camp for the active and reserve forces. To that end it was intended to make only a limited number of permanent improvements. It was intended also to have a limited amount of Arctic and sub-Arctic winter training done during the winter months for which we would not want married quarters. However, our intention with regard to this camp has changed. It will be necessary to provide accommodation there for a larger number of men. In the first place, we plan to make it a camp which will be suitable for occupation by 5,000 officers and men, about a brigade group, and perhaps later to develop it further. It is the largest single training area we have in Canada with a very suitable terrain for training in summer, but unsuitable for general training in winter. It has 125,000 acres, or about 600 square miles. At the present time, therefore, our program does not include any provision for married quarters there, but in view of the development in our plans which has come about in the last few weeks or months we are reconsidering the situation as to married quarters, not only at Wainwright but also at other camps of a similar type that are being or will be established at places like Gimli, Portage la Prairie, Macdonald, Claresholm, and of course the big area at Lac la Biche, as well as at Penhold. All that is being re-examined in the light of further developments.

Mr. Fair: Have any representations been made during the past two or three weeks with reference to housing accommodation? The minister pointed out the temperature may go down to 58 below zero in the winter, but we also have weather there in the summer that is not suitable for wives and families to live out in the open. We should not treat the wives and families of our officers and men in that fashion.

Mr. Claxton: It is intended to be a highly operational camp where we give personnel more advanced training, although not exclusively for that purpose. Generally speaking in those circumstances it is desirable to put men there for limited periods of time and not to move their families there. That is entering into our considerations. In the same way it is quite unsuitable to have married accommodation for students at corps schools or at air stations, but it is desirable that we have it for the administrative and training staff.

As to representations, I have received two or three letters from the board of trade, the mayor, I believe, and possibly others over the last year or two. I have also received representations from Senator Stambaugh and several others to the same effect, advocating that we proceed in this way.

Mr. Hees: Mr. Chairman, at the conclusion of the meeting of this committee on May 11 I asked the minister a question which is recorded on page 2973 of *Hansard*. It reads as follows:

> Mr. Hees: What is the name and the salary of the temporary director of public relations which the minister mentioned?
>
> Mr. Claxton: The name is William Dumsday. He is not a temporary director, he is the director of public relations. His salary is $6,000, but he is still a temporary civil servant. He was a wing commander during the war and did the same kind of work with the air force.

On looking at the public accounts for 1950 I find that Mr. W. H. Dumsday, of the Department of National Defence, is listed as receiving a salary of $6,600. The first question I want to ask the minister is whether Mr. Dumsday received the increase which most civil servants received this year.

Mr. Claxton: Yes, he received it.

Mr. Hees: How much did that increase amount to?

Mr. Claxton: I have not the figure for his increase. It would not be ten per cent at that level. His present salary is $6,780.

Mr. Hees: I should like to ask the minister what the explanation is for giving a completely inaccurate answer to a very straightforward and simple question. Can he answer that?

Mr. Claxton: Certainly. I asked the official in front of me; the official, speaking from memory, gave me the answer, and I gave it to the committee. I have filed the correct answer.

Mr. Hees: The correct answer was filed only because I brought up the question just now. I think this brings out the importance of our going into every single item of the estimates one by one, and perhaps if necessary checking every answer with other records such as the public accounts. Does the minister feel that the kind of answer he gave me, which was more than ten per cent wrong, is the kind of answer members of the committee should receive to questions they put to him? Would he mind answering that?

Mr. Claxton: I am not infallible, particularly when I ask an official, he gives me the answer and I give it, incidentally, at about eleven o'clock or 11.01. I might have said that I would wait and give the answer later. In future I shall have to do that, although it will take a longer time, and I do not think the public profit therefrom will be very great.

Mr. Fulton: This seems to me to bring to the fore a question I wanted to ask the minister with respect to the procedure in dealing with these estimates. I do not wish to revive a debate which has taken place a number of times as to the extent to which a committee of the house can go into defence policy, or even the extent to which this committee should go into defence policy. However, I want to refer to the question whether the defence estimates, the financial details, and the financial results of the defence estimates should not be studied by a committee other than this committee of the house, to effect the saving of time to which the minister himself has just referred. He has indicated he doubts whether the public benefit will be promoted by the kind of detailed checking and inquiry which the hon. member for Broadview has indicated he feels should be made.

Mr. Claxton: I can answer that right off by suggesting—

Mr. Fulton: I have not finished the question yet, so I do not know how the minister can answer it.

Mr. Claxton: I thought you had.

Mr. Fulton: No, I am sorry. It may well be argued—

Mr. Claxton: Then, Mr. Chairman, I rise to a point of order. This matter has already been decided by this committee at this session. It has also already been decided by the house to refer these estimates to the committee of supply, and I suggest that the hon. member's remarks are out of order.

Mr. Drew: Surely that is not the kind of suggestion that is going to help to advance the discussion of these estimates. There is no time during the session when it is not open to the ministry to recommend to the house that appropriate steps be taken for the reference of items to another committee. There is no reason within the rules or practice that would prevent the minister at this point from moving that the committee rise and report progress, if it can be called that, and then indicating that he had asked the committee to rise in order to move that the items be referred to such a committee as deals with similar items in the case of the Department of External Affairs. I simply rise to point out that the answer the minister has just given is inconsistent both with the rules and with the practice.

Mr. Claxton: Mr. Chairman, may I speak to the point of order? The leader of the opposition surely has not overlooked the fact that the house has referred these estimates to the committee of supply. We got into supply by order of the house, and, having done so, it is not proper for us to do anything but pass an item, or reduce an item, or rise and report progress.

In the second place, on May 11, as reported at page 2942 of *Hansard*, a motion was made that the committee rise and report progress pending reference of defence expenditures to a select committee. On that motion there was a vote, and the committee itself voted it down. That being so, that matter cannot be further discussed by this committee. So I submit that on both grounds any reference to any method of dealing with defence estimates except the method parliament has decided upon and the committee has confirmed is entirely out of order, completely useless, and a waste of the time of the committee.

Mr. Drew: I find it difficult to believe that the minister is putting forward this argument at all seriously. After all, these items have come before the committee on previous occasions, and the motion has been made that the committee rise and report progress. The minister is now suggesting that once a motion of that kind has been made it cannot be repeated. The motion to rise and report progress can be and is made over and over again. I am pointing out that if the minister became convinced that it would be the wiser and more sensible course, as we believe it would, to have these estimates referred to a committee, it would only be necessary for him to move that we rise and report progress, and then, with the Speaker in the chair, move that these items be referred to such a committee as deals with similar items in the case of similar departments. That was the point I made, and that has not been answered in any way by what the minister has said.

Mr. Fulton: On the point of order may I indicate that the motion on May 11, at page 2942 of *Hansard*, to which the minister has referred, suggested that the estimates be referred for detailed study by a select committee. The point I wished to bring to the minister's attention was that the motion to refer these estimates to a standing committee, namely the standing committee on banking and commerce, has in no way been decided by the motion to which reference has been made. I say this particularly in view of the fact that in the other place the estimates of all departments are referred to a committee. There is no objection to the estimates going before the committee on finance of the Senate, one of the standing committees of that body which is now examining deputy ministers in connection with their estimates. No objection is raised by any department to the procedure being followed there. It seems to me the only committee of this house that would be qualified to deal with the estimates in that way so far as this house is concerned is the standing committee on banking and commerce.

My purpose in rising was to ask the minister, in view of the fact that in the other place estimates are referred to the standing committee on finance, whether he would object to having these estimates referred to our standing committee on banking and commerce, particularly since the minister himself raised the point that the type of questioning which we feel should be pursued in connection with these estimates, and which I think the public feel should be pursued to get all the details of expenditures—and the last details, if necessary—would not be conducive to the public benefit. If that is the feeling—and there may be an argument in favour of it in committee of the whole—why not refer the estimates to the banking and commerce committee, in exactly the same way as the estimates are referred to and examined by the committee on finance in the other place?

The Chairman: Does any other hon. member wish to speak on civil salaries and wages? I understood we had agreed to proceed with this item by item.

Mr. Fulton: I asked the minister a question. The hon. member for Nanaimo pointed out that the deputy minister, whose salary is paid under this vote, is responsible for the estimates. The hon. member for Broadview raised a question in connection with the salary of another official who is paid out of the civil salaries vote. The minister said he did not think this type of questioning was proper or useful in this committee, in that it might involve delay which would hold up the public business. Therefore I made the suggestion that we should have the estimates referred to the committee on banking and commerce so that we would not hold up public business, and I would like an answer from the minister on that point.

Mr. Claxton: We have already decided to have the estimates dealt with in this committee of supply. I do not know why hon. members want to defeat the will of the house.

Mr. Fulton: I am asking the minister what his objection is to the suggestion—

Some hon. Members: Sit down.

Mr. Fulton: —that these estimates be referred to the banking and commerce committee, a question which we have not decided. We did have a motion that they be referred to a special or select committee, which motion I agree was not adopted. I am now pointing out the procedure followed in the other place. I am referring to an objection by the minister to the type of question being asked and the delay involved. The minister himself has furnished the best argument as to why this whole matter should be re-examined. If he will look at it I submit he will find that we have not made any binding decision in this matter, so if he will I should like him to answer the question I have raised.

Mr. Claxton: I would like to get on with the discussion of these estimates which hon. gentlemen have been talking about for a long time. I would like to get on with that discussion in accordance with the rules of this house.

Mr. Fulton: The minister has just objected that too many delays would arise from the procedure that is being followed. In reference to the question asked by the hon. member for Broadview the minister said he did not think the delay in obtaining answers to questions of that type would be conducive to the public good. He says he is anxious to proceed with the discussion of these estimates, but he has also told us he does not want this type of discussion. It seems the minister has made up his mind to get his estimates through in the way which will permit him to give the least information, because if the estimates were referred to a committee he would have to give more information than apparently he is willing to give.

Mr. Fournier (Hull): The last time these estimates were before the committee the hon. member for Nanaimo became impatient, I think, and asked whether we were through with the general discussion and if we could determine the procedure we would follow. Right at the adjournment it was agreed that at the next sitting we would take the details of these estimates on page 269. Today the hon. member for Nanaimo rose and said he believed it was understood that we should proceed with the details on page 269. No one raised any objection; if I recall correctly the Minister of National Defence replied in the affirmative. Now I would like to know if the hon. member for Kamloops agrees with the hon. member for Nanaimo. We have to follow some directive; we have to come to some decision, and that decision has been arrived at twice since we began to discuss these estimates. The hon. member for Kamloops wants to talk before the banking and commerce committee. That committee is sitting regularly; he can go there and present any argument he wishes. Now, however, we are in committee of supply, following the procedure suggested by the hon. member for Nanaimo, and perhaps he would have enough influence to pacify the hon. member for Kamloops on this matter and let us deal with the estimates in the ordinary course.

Mr. Pearkes: On a question of privilege, the Minister of Public Works has suggested that I showed impatience. I want to assure him through you, Mr. Chairman, that my patience is inexhaustible, and that I do not think I have shown impatience at any time in this house. In accordance with the rules I asked at the commencement of the discussion this afternoon whether we were going to proceed detail by detail, in the hope that we might make progress. But there are a lot of questions, as I pointed out, which have to be asked under this item of civil salaries. I have several more questions I want to ask under this item, because, as has been pointed out, this is our only chance of examining these estimates and advising the people of Canada on the expenditure of this money which the minister has already said will be allocated in definite ways which cannot be changed except by reference to the treasury board. I do not think the opposition would

be carrying out its duties properly unless it went through these estimates item by item. I am inclined to think that the word "progress" is not parliamentary any longer; and because no progress is being made, it has been suggested that another system be followed. If there is any other system than the one I have suggested, I am only too pleased to follow it.

Mr. Fournier (Hull): Never were we ever so close, Mr. Chairman. We agree. The difference does not arise between the hon. member for Nanaimo and myself. The difference is between what the hon. member for Kamloops wants us to do and what the hon. member for Nanaimo wishes to have done. It was decided—and I do not think the hon. member would contradict me—that we take the details, found at page 269, of the national defence estimates. Now the young hon. member for Kamloops is not satisfied. That is why I suggested a conference between those two members of the same party who disagree on this question, in order that they may come to some understanding so that we may make progress.

The hon. member says no progress is being made. If every time we bring forward a detailed item it is suggested that we go before some committee of the house and we spend twenty minutes or half an hour discussing that point, I cannot see that we shall ever make any progress. If the hon. member will just look at the details, he can see what is given, and then with all his cross-examination he can get those he wants. If he does that—and I think the hon. member for Nanaimo does it well—I think he will be more appreciated even in his own party.

Mr. Drew: Mr. Chairman, the Minister of Public Works, whose genial approach to the problems of the house usually advances matters more than has just been done in these last remarks of his, has obviously missed the point that was being made by the hon. member for Kamloops. .There is no difference between the point of view which has been expressed by the hon. member for Kamloops and that of the hon. member for Nanaimo.

Some hon. Members: Oh, oh!

Mr. Drew: What happened arose out of the fact that the hon. member for Broadview pointed out that, to a question as to the salary of one individual civil servant certainly covered by the very item under discussion, namely, "civil salaries and wages", he had received the answer that the salary was $6,000. He then referred to the public accounts for the year ended March 31, 1950, which show that up to that time the civil servant in question had received $6,600. I might point out that since that time there have been substantial increases, and that unless there was discrimination against this particular individual, he is probably receiving substantially more than that now. When asked for an explanation as to the discrepancy between those figures, the minister gave an utterly unsatisfactory answer which implied that this was not the kind of thing which was going to produce useful results. If there is to be a complete disregard of the necessity for explanation of a discrepancy in regard to a figure—it is true that in this instance it is only $6,000—

Mr. Croll: $600.

Mr. Drew: The basic figure under consideration is $6,000; because the hon. member for Broadview then said "ten per cent". If there is a ten per cent margin of error all the way through here, it becomes quite a serious matter when we get into single items of $30 million or more, as we shall be doing in a moment; or perhaps that is optimistic, and I should say that we shall be considering it some time.

An hon. Member: Within a few days.

Mr. Drew: We shall get there much more quickly, however, if an attempt is not made to create the impression that we are getting all the information when we do not get the information that is asked for when particular items are discussed in this way.

There is no difference between the view expressed by the hon. member for Nanaimo and that expressed by the hon. member for Kamloops. The hon. member for Nanaimo has made it perfectly clear that he too believes that a committee should deal with these estimates and get the kind of information that we should have, without our taking up the time of the committee in trying to ascertain why inaccurate answers have been given by the Minister of National Defence.

The Chairman: Order. I think it would be a good thing for me to read what was said by the deputy chairman, and what was agreed upon, on May 11, as reported at page 2943 of *Hansard*. The deputy chairman then said:

> We had a discussion on civil defence, and the consent of the house had been given earlier to this type of procedure, which has been interrupted by the motion which has just been defeated. Is it the wish of the committee to follow from now on the procedure which was agreed upon earlier?
>
> Some hon. Members: Agreed.
>
> The Deputy Chairman: Perhaps I should point out to the committee that the way I propose to call these items will be in the order in which they appear on page 269 of the estimates, under the various headings, the first one being departmental administration, including inspection services and

civil defence; the second one being imperial war graves commission; the third being navy; the fourth, army; the fifth, air; and the sixth, defence research and development. This is item 245 as detailed under these various headings. Is that satisfactory to the hon. members?

Mr. Drew: Agreed.

Some hon. Members: Agreed.

The Deputy Chairman: Therefore, I will now call the first section of these detailed sums of item 245, appearing under the heading "Departmental administration, including inspection services and civil defence." These details appear on page 269.

The first sub-item is actually what we are considering—"Civil salaries and wages".

Mr. Fulton: Mr. Chairman, I simply wish to point out that in the course of examining item 245, civil salaries and wages, the Minister of National Defence himself suggested that the method being followed in the production of answers would impose a delay which he felt would be detrimental to the interests of the country and the progress of the house. It was because he said that this does not appear to be the best way to deal with it, when we were making an effort to deal with it in that way which had been suggested, that I said: All right, if you say that, and if you make that point, then how about referring it to the banking and commerce committee?

That is how this matter arose. We were trying to follow the only method open to us, and in the course of the discussion the Minister of National Defence said that we were wasting too much time. In effect, that is what he said. That is why I have suggested that the estimates be referred to the committee I have mentioned.

It is nonsense for the Minister of Public Works to say that the hon. member for Nanaimo and I are in disagreement. We were following the method suggested and were considering the details one by one. In the course of the examination, the Minister of National Defence suggested that this method will not work, that it is too wasteful of time. I then said: Very well; let us refer it to another place. The Minister of Public Works will find that it is his colleague, the Minister of National Defence, whose attitude has given rise to this discussion today and who suggested that we should depart from the agreed procedure.

I still feel that we might have from the Minister of National Defence an answer on the merits. In view of the detail which is being asked for here, and the care with which the replies have to be checked—and I feel that he is on quite proper ground in saying that—if he feels that that procedure will necessitate such delay as to hold up unduly the work of the house, then I should like to hear from him on the merits of the question why it would not be proper and expeditious to refer the estimates to a standing committee of the house.

Mr. Fournier (Hull): Mr. Chairman, we cannot be moving at every sitting on these estimates to report progress and then have a motion made to refer them to a special committee or to a standing committee. I think I would follow the advice of one of the wise men in the house on these questions, namely, the hon. member for Nanaimo. He is ready to put many questions, if some of his young colleagues would give him a chance to do so.

Mr. Fulton: This is just nonsense, Mr. Chairman. We put a question—

Mr. Fournier (Hull): Can the hon. member not find another word?

The Chairman: Order.

Mr. Fournier (Hull): I should like the hon. member to withdraw that word. I never use it at any time. He seems to have the habit of thinking that he has the monopoly on sense and that everyone else lacks it.

Mr. Fulton: The minister's suggestion that we were not following the procedure suggested by the hon. member for Nanaimo is so far from the fact as to have the appearance of nonsense; we were following that procedure.

Mr. Fournier (Hull): That is the only word the hon. member knows.

Mr. Fulton: We were following that procedure, and the Minister of National Defence himself suggested that to follow that procedure would be to waste the time of the committee. If the Minister of Public Works will reconcile the attitude of the Minister of National Defence with his own attitude, as he has just put it forward, we might make progress.

Mr. Fournier (Hull): Is the hon. member trying to interpret what I said?

Mr. Fulton: If we follow along the suggestions made by the Minister of Public Works, his colleague says that we are wasting time. I suggest that the two ministers get together and work out the best procedure. When they do that we might make some progress.

The Chairman: Order. Speeches in committee must be strictly relevant to the item under consideration. Are there any other questions on civil salaries and wages?

Mr. Harkness: Yes. Having done a little checking up in *Hansard* for the last two or three days during which this discussion has

proceeded, and also in public accounts, I find that the matter brought up by the hon. member for Broadview is just one of several in which there are either discrepancies or apparent discrepancies between the information contained in public accounts and that given by the minister in committee of supply. I should like to ask him about two or three of these.

At page 2969 of *Hansard* the hon. member for Nanaimo asked this question:

> Is there any other officer under this heading who is drawing a salary of $10,000? For instance, is there a controller of the inspection services? If so, what is his salary?
>
> Mr. Claxton: His salary is $8,500.

I refer to page N-49 of the public accounts for 1950 and I see that W. G. Mills, controller general of inspection services, receives $12,000 instead of $8,500. What is the explanation of that?

Mr. Claxton: I shall be very glad to give it. Mr. W. G. Mills was at that time the controller general of inspection services at a salary of $12,000. At the present time P. S. Conroy is director of inspection services at a salary of $8,500.

Mr. Harkness: This Mr. Conroy whose name appears further down on the list on page N-49 at $6,300 is the same man, I presume?

Mr. Claxton: That is right.

Mr. Harkness: He has been promoted to this job at this lesser salary?

Mr. Claxton: Yes.

Mr. Harkness: Why the difference in salary between $12,000 that the job formerly carried and $8,500 now being paid?

Mr. Claxton: In order to save money.

Mr. Harkness: Is there a scale of $8,500 to $12,000? Is that what the minister means, or is this—

Mr. Claxton: No; this is a special appointment. The salary is fixed by the treasury board on the recommendation of the civil service commission.

Mr. Harkness: A little further down on the same page, the hon. member for Nanaimo asked about the assistant deputy ministers, and the minister says there is one assistant who get $8,000. I see one assistant listed in the public accounts at $6,900. Does that mean his salary has been increased $1,100 in the year?

Mr. Claxton: There is only one assistant deputy minister. He receives a salary of $8,000 per annum.

Mr. Harkness: He is listed in public accounts for 1950 at page N-49, Mr. Sharpe, $6,900. My question was: Has this salary been increased by $1,100 in the last year?

Mr. Claxton: That is right.

Mr. Harkness: Was that saving money also, as the minister intimated in the last instance?

Mr. Claxton: Making an adjustment in accordance with recommendation of the royal commission on salaries for the senior civil servants, and which I think has been long overdue in a great many cases.

Mr. Harkness: Then a little later on the hon. member for Nanaimo said:

> Having dealt with that, how many special advisers has the minister?

The minister replied:

> None. I beg your pardon, yes. Engineer Rear Admiral Stephens—

And so forth. It seems to me that either in the public accounts committee or somewhere else I received information that there were special advisers or special assistants to the minister. Probably one of them is General Worthington. He is listed here as a special adviser, but last week I think the minister said he was no longer acting in that capacity, since he has gone over to civil defence.

Mr. Claxton: That probably would be one of the cases. In the department he was called co-ordinator of civil defence, but since February 23 he has been transferred to the Department of National Health and Welfare.

Mr. Harkness: Is there any other special assistant now?

Mr. Claxton: No, there is no special assistant; there is an executive assistant to the minister.

Mr. Harkness: Who is he, and what is his salary?

Mr. Claxton: Paul Pare, $5,600.

Mr. Harkness: Then I notice a man listed here as B. B. S. Campbell, salary $8,300. Then the following words appear: "including terminable allowance, $1,400". This note appears in public accounts at page N-49. Is he still on the staff? Does the phrase "terminable allowance" mean that he has been discharged? What is his job?

Mr. Claxton: He is still on the staff. He has to do with real estate, acquisition and disposal.

Mr. Harkness: Is there an official position called co-ordinator of construction?

Mr. Claxton: Works and construction. He has to deal with real estate, works construction, for the whole department.

Mr. Harkness: I thought all construction and so forth was handled by the Canadian Commercial Corporation.

Mr. Claxton: Yes, but somebody has to send submissions and contact the men of the Canadian Commercial Corporation; also the department decides what it should do and then asks the Canadian Commercial Corporation or Defence Construction Limited to do the job for us on our instructions. But we have quite a considerable staff, both in the department and in the services, engaged in deciding where we shall go, what we shall do, looking after inspections to a certain extent, and also of course supervising the design of buildings.

Mr. Harkness: The minister means that this Mr. Campbell is to some extent an architect, or carries on work of that kind?

Mr. Claxton: No. As far as I recall he was a former official of the Canadian Bank of Commerce engaged in construction, and since the war has been engaged in this operation for the department. He is, I think, considered, and very rightly so, highly skilled in matters of real estate, construction, planning and the like. He looked after this for the Canadian Bank of Commerce, I understand, and has had a great deal to do with this work in the department. That is a very large part in the department's operation.

Mr. Harkness: What is his salary at the present time without this terminable allowance?

Mr. Claxton: It is $8,000.

Mr. Harkness: What is this terminable allowance? Why is he to be paid that?

Mr. Claxton: The reason for that is that his work is considered to be a very great responsibility, and a job that really justified a higher rate than this. The decision was that it should not be a rate above that of an assistant deputy minister, for which the current salary is $8,000. However, in view of the magnitude of the operations, the amount involved, and the great skill shown in handling them by Mr. Campbell it was established that he should require an additional allowance of $800 terminable on his ceasing to fill that appointment.

Mr. Harkness: Does the minister mean by that that he will continue to get this extra $1,400 every year above the salary of $8,000?

Mr. Claxton: No; this $8,000 includes the terminable allowance. It was $6,600 salary plus $1,400 terminable allowance. They have now been consolidated into a salary of $8,000, which is the same salary as that of an assistant deputy minister.

Mr. Fleming: I understand the minister, in the course of the statement he made earlier, indicated that in the inspection service under this item there are 727 persons employed. I should like information on the item. First of all, are they all civilian personnel, and will the minister indicate the particular type of inspection service they render?

May I say in connection with that subject that this, I suggest, will call upon the minister for some indication of the way in which this inspection service is carried out vis-à vis the inspection service rendered previously by Canadian Commercial Corporation and now, under the new set-up of the Department of Defence Production, by Defence Construction Limited. Are any of those persons engaged in the inspection service in connection with the acquisition of property? Does their inspection extend that widely, and what is their relationship to the inspection service carried on by those charged with the negotiation of contracts, and the acquisition of properties or supplies under those contracts?

Mr. Claxton: The employees of the inspection service listed here are all civilians. They inspect all equipment of every kind purchased for the department, or the armed services, which requires inspection—except in a few and rather limited number of cases where an outside inspection firm is hired. They have to do with the inspection of ships, aircraft, armament, ammunition, food, clothing, barrack-room stores and everything else used by the armed forces.

With regard to their relationship to Canadian Commercial Corporation, while they work closely with that organization—or with Defence Construction Limited—they do not duplicate any of the work being done. The inspection of construction by architects or engineers is done by architects or engineers engaged by Canadian Commercial Corporation or Defence Construction Limited, but acceptable to this department, reporting directly to it, and working very closely with it.

In the case of operational buildings inspection is done by members of the armed forces themselves. In addition to the civilian personnel to which I have referred, a considerable number of service personnel are engaged in inspection. Our effort is to integrate the two, so that they will be kept in line with each other. We hope to increase that so that we will have service personnel, who represent the user, working closely with civilian personnel in the inspection service. I should

like to add, as I said two weeks ago, that the inspection of equipment is carried out at every stage, so that at a plant such as that of the A. V. Roe Company there will be a large number of inspectors inspecting every part of each plane as it is made.

Mr. Fleming: I take it then that it is clear that none of the 727 persons referred to is engaged in any respect in connection with the inspection of properties or defence projects. They are all on other forms of equipment or supplies; is that correct?

Mr. Claxton: They would be involved in the inspection of materials entering into construction which was undertaken by a department of the services themselves. We would ordinarily employ architects or outside engineers, through Canadian Commercial Corporation and Defence Construction Limited, to inspect finished properties.

Mr. Fleming: There is a point in that connection that is not entirely clear. The minister has indicated that these 727 persons are all civilians. We are aware of the fact, of course, that some of the military personnel in the department do carry out the inspection of construction, and give their approval before a construction project is finally assumed by the department. In other cases professional persons or firms outside the department are engaged for the purpose of supervising and checking construction projects. But I understood from the minister's earlier statement that the kind of inspection that was carried out by the department was carried out exclusively by military personnel. I had taken from his earlier answer that none of the 727 persons has anything to do with the inspection of properties—that is to say, construction projects and properties. The minister's last answer leaves me in doubt as to whether that is the situation.

A considerable number of these 727 apparently are engaged in the inspection of equipment and materials coming in. Then he went on to speak about materials entering into construction projects.

Mr. Claxton: I went on to speak about materials entering into construction projects undertaken by the armed services, or the department itself. There are a limited number of construction projects, and that number is becoming fewer and fewer, in which we do a job of adding to a building here or there, without letting it out as a contract. In those cases the materials and construction would be inspected either by service personnel or by a member of our inspection service. We would not go out and, in addition, hire an architect or a contractor through Canadian Commercial Corporation to make that inspection.

Mr. Fleming: Then, one other point, which is suggested by a reference made in another place. Has there been any change within the last year or two in the method of carrying out this inspection service, either with reference to construction projects on the one hand or the inspection of supplies and materials on the other?

Mr. Claxton: I would have to make an inquiry to ascertain that. There must be changes every day in the technique and operation of inspection, particularly as the type of equipment is changing. For example we are now making a three-inch 50-calibre naval gun, requiring a large number of inspections. But that work is supplemented at Sorel Industries Limited by inspection made by United States naval personnel. How much they co-operate and how they interchange their information, I do not know but I can find out. There must be many developments of that kind.

Mr. Fleming: That is not the point; it is a question of some change within the last year or so in inspection procedure, or the method followed in the department in reference to inspection. The point is as to whether that has any bearing upon the respective functions of the Department of National Defence on the one hand and Canadian Commercial Corporation or the Department of Defence Production on the other.

Mr. Claxton: I am afraid the hon. member has not made his inquiry sufficiently clear to enable me to understand what he is getting at, or what information he wants to have.

Mr. Fleming: Information in regard to the inspection procedure now obtaining either in the minister's department, on the one hand, or, on the other hand, the Department of Defence Production, Defence Construction Limited, or its predecessor, Canadian Commercial Corporation.

Mr. Claxton: I should think that there would be steady development in the practice. I do not know personally of any major change in procedure and none has come to my attention or to the attention of the officers before me. I shall make inquiries, however.

Then with regard to the question asked by the hon. member for Broadview, I recognize that I was in error and I am sorry to have made the error. The reason for making it was that Mr. Dumsday was appointed to his position at a salary range of $6,000 to $6,600. The official before me, speaking from memory, told me that he was at the minimum of the salary range, or $6,000. Instead

he was appointed at the maximum of his range, or $6,600. When the general increase for civil servants was passed his classification was increased to $6,180-$6,780, and Mr. Dumsday's salary was increased to that maximum. His increase in consequence of the general increase was only $180.

Mr. Macdonnell (Greenwood): I should like to ask a question following that of the hon. member for Eglinton in connection with inspection and the sharing of duties of inspection. I am rather troubled by the number of agencies engaged in this work. I am rather reminded of the old rhyme:

> Larger fleas have smaller fleas
> Upon their backs to bite 'em;
> And these again have other fleas
> And so *ad infinitum.*

I do not minimize the importance of inspection because I realize it is a most serious matter. First we have national defence with its inspectors—I notice that the minister has said that he is hoping to increase the number of service personnel working on inspection along with the civilian personnel—then we have Canadian Commercial Corporation, although I understand that their status is to be reduced somewhat. Then we have defence production and defence construction, and then Central Mortgage and Housing Corporation acting as special advisers. It is almost inevitable when you have so many agencies employed at the one task that duplication occurs.

We had some rather frank and clear statements from the officials in the public accounts committee as to what the practice used to be. We are not allowed to come up to date in the public accounts committee. Would the minister indicate, first, whether he is satisfied that these duties are well apportioned and, second, if there has been any overlapping?

Take the case where the defence department orders aeroplanes. I understand that first they would determine what they want. Then they pass that information on to some other agency, I suppose defence production. Then they would have to follow it through to see that they get what they want as to both specification and quality. The Minister of Defence Production told us the other day that that department plays a part in this matter, and I should like to quote his statement, as reported on page 3099 of *Hansard* of May 16:

> The engineering staff of defence production is small, but engineering services available to Defence Construction Limited are retained for the purpose of inspecting construction.

My understanding is that that refers exactly to what the minister said, to various types of construction and not to munitions of war. I come back to my question and ask the minister to indicate the division of duties among these agencies. I cannot say that it is too clear, but I should like to know whether the minister is satisfied with what they are doing. Let us take the question of aeroplanes. Will he indicate the division of the functions of the Department of National Defence, defence production and its ancillary companies?

Mr. Claxton: I should like to ask the hon. member who has just expressed these vague fears if he knows of any reason for having them. If he knows of any failure of the services engaged in inspection to do their job properly I should like to hear about it. I have not heard about it and therefore I can assure him that I know of no reason for expressing dissatisfaction with the present situation. I hear of all cases that involve trouble, and I have heard of no case.

The hon. member asks me if I am satisfied. I am never satisfied with anything because I believe that everything can be improved. But we like to have constructive proposals upon which we can base improvement. This situation has been explained twice already, and I think again in the public accounts committee, but I shall try to do it again. There is no confusion.

The inspection services, acting for the Department of National Defence and the three armed services, navy, army and air force, either themselves or by means of outside inspectors in a small number of cases who are engaged because they have special experience and facilities and equipment which we have not—for example, in road building—inspect everything that we buy that requires inspection. That is, almost everything.

With regard to construction, that is done by architects or engineers engaged by Canadian Commercial Corporation or Defence Construction Limited, but with our recommendation of the persons involved. But at almost every stage on important undertakings there are service personnel involved also.

Let us trace an order for aircraft from the beginning to the end. In the case of the F-86E we negotiated with the United States government for the acquisition of the right to make the aircraft in Canada. Air force experts were sent down to the North American Aviation Company plant at Los Angeles where they studied the production of the aircraft. They were joined by representatives of Canadair Limited who also studied the production of the aircraft. They

then brought back to Canada not only plans and blueprints but jigs and dies and perhaps the special inspection instruments required.

Then construction was started at Canadair Limited. Throughout the whole operation representatives of the armed forces would be present in three or four capacities, one being that of inspection. There would also be civilian inspectors who would inspect every part as it is made. Then finally the armed forces, with such civilian assistance of the inspection services as they may require, would inspect and flight-test the performance of the finished product. This works the same as it does in other countries. It applies the principle of inspection by the consumer for the consumer, and we think it is a good arrangement. If anyone suggests any improvement we will be very glad indeed to consider it.

Mr. Drew: Since the minister has raised the question of examination of aircraft as an example of the inspection service mentioned, would he take this opportunity to deal with a question that was asked earlier as reported at pages 3027 and 3028 of *Hansard*? It has to do with a press report of May 15 that approximately 1,000 planes are to be borrowed from the United States. Since this would tie in with the question of inspection, I would think it would be appropriate to explain how this is being handled, what inspection methods are being devised, and what the actual number of aircraft is that is being brought in in this way.

Mr. Claxton: I think it would be a good thing to deal with civil salaries and wages at this time.

Mr. Drew: It is interesting how quickly the minister decides that we should only deal with salaries and wages after he has just used as an illustration the inspection of aircraft. Since he has dealt with inspection of aircraft, I suggest it would be appropriate that he explain whether the same inspection groups will deal with the inspection of the aircraft that are being brought in, and which for obvious reasons would require perhaps an even more exacting type of inspection.

Mr. Claxton: The question of the leader of the opposition extended far beyond the realm of inspection. In the first instance he asked about the whole deal, but I do not mind when I answer these things, and I will try to do my best. But I do think it is a good thing to proceed in an orderly way. With respect to this matter, these aircraft do not number 1,000 but 100. They are borrowed from the United States. They are the T-6, which is the Harvard with modifications. They are being delivered at Trenton by the United States air force, and are in good working condition. Any inspection that is done on them is done by service personnel, and is largely in the nature of test by flight. These aircraft are aircraft with which we are very familiar.

At the end of the year we will return to the United States 100 equivalent aircraft, and whatever inspection arrangements are provided with regard to one lot of aircraft will apply equally to the other. We will get from the United States aircraft in good working condition. We will return to them aircraft in good working condition. The operation has just started. I have not had brought to my attention details of inspection in addition to anything I have said. If it is desired I can get it.

Mr. Hees: What are the qualifications for these civilian inspectors? I am particularly interested in four categories of manufacture: guns, small arms, aircraft and motor vehicles. I should like to know what kind of qualifications a man has to have before he can be an inspector employed by the Department of National Defence to inspect in plants manufacturing these various articles of war, and also what kind of salaries are paid to those performing these various services?

Mr. Claxton: The appointments are all made by the civil service commission in accordance with classifications that have been established by them. They were worked out during the war in connection with the joint inspection board, and have been changed from time to time since. Of course they are also in accordance with the views of our department. The salary ranges vary. They are scattered all the way through. For example, for an engineer grade 1 the range is $2,700 to $3,240; engineer grade 2, $2,976 to $3,888; engineer grade 3, $3,888 to $4,524; engineer grade 4, $4,272 to $4,896. Then there is inspector grade 1, $4,584 to $5,208; inspector of stores grade 1, $2,064 to $2,496; grade 2, $2,568 to $2,904; grade 3, $2,976 to $3,444; grade 4, $3,444 to $3,888.

Then there is technical officer, grade 2, $2,904 to $3,576; technical officer grade 3, $3,576 to $4,212; technical officer grade 4, $3,888 to $4,524; technical officer grade 5, $4,272 to $4,896. Then there is technician, grade 1, $2,772 to $3,028; grade 2, $2,904 to $3,240; grade 3, $3,240 to $3,576; grade 4, $3,576 to $3,888.

Mr. Hees: What kind of inspection staff would we have at the gun plant at Sorel inspecting the manufacture, for example, of the 3-inch naval guns that have been mentioned? What kind of personnel would be there making sure we get the right kind of guns?

Mr. Claxton: We have largely armament inspectors who have qualified in work of that kind during the war and in Canadian Arsenals Limited since, and are of the type of official mentioned here. Some of them inspect each item in the equipment as it is made. I would estimate that there are between fifty and one hundred inspectors at Sorel Industries at the present time.

Mr. Hees: All civilian?

Mr. Claxton: In addition to members of the navy as well.

Mr. Shaw: Earlier the minister indicated the department's intention to utilize civilian personnel as far as possible, thus freeing service personnel for the duties for which they were enlisted. Would the minister indicate how far that policy will go? In the actual operation of an air station such as Penhold, to what extent would you utilize civilian personnel?

Mr. Claxton: There we would utilize civilian personnel in works services, that is, maintenance work, painting, ground keeping, road keeping and the like. As civilian guards we would use either the corps of commissionaires or other guards. In the kitchen services they would be used as assistant cooks, waiters, dish washers, and in work of that kind.

Mr. Shaw: I should like to point out to the minister that I agree wholeheartedly with this policy. What about the age restriction? I recall that during the last war many of our older people found employment at Bowden under civilian administration and to a limited extent at Penhold. They were persons who could not fit into industry but were quite capable of doing the types of work mentioned by the minister. Is an age restriction to be imposed, or have you gone that far in your plan?

Mr. Claxton: It is entirely governed by the civil service rules. Some of these employees may be temporary civil servants and others will be prevailing rate employees. Both classes will be governed by the civil service rules.

Mr. Shaw: Would the minister know whether or not that was the case during the last war?

Mr. Claxton: I am informed that at Penhold at that time the operations were carried on by a private company.

Mr. Shaw: I think that was Bowden, was it not?

Mr. Claxton: Bowden. It acted as a contractor for the department, and engaged personnel itself. We have that kind of arrangement at the present time for catering for summer camps. We pay the caterer so much a day, give him the food, and he supplies the staff which he hires.

Mr. Shaw: Does the department contemplate having any of these fields operate on a similar basis, namely, administered by a civilian organization? I think it was the Edmonton flying club that administered Bowden. Is there any intention of following the same policy again?

Mr. Claxton: Not at the major air training stations.

Mrs. Fairclough: May I ask to what extent women are employed as cooks and so on, and whether the department has under consideration the possibility of using more women in different capacities in order to release men for active service.

Mr. Claxton: Yes, indeed.

Mrs. Fairclough: Then with respect to the service schools in which the children of service personnel are educated at various points across the country, do those teachers come under this item of civil salaries and wages, and are those teachers service men and women or are they civilians?

Mr. Claxton: The teachers in the schools operated by the department for the children of service personnel are civilians. They do not come under this heading; they come under the heading of civilian employees in each of the services, navy, army and air force. Incidentally, they are usually engaged in co-operation with the provincial school authorities and have to be qualified according to the regulations of the province in which they are employed.

Mrs. Fairclough: I had intended to ask whether there was a connection with the provincial authorities.

Mr. Claxton: Yes, there is; and the schools are inspected by the provincial authorities. We meet local provincial standards, and indeed in most of the provinces we work, by arrangement with the provincial authorities, in exactly the same way a municipal school organization would. For example, the school at Barriefield will have a school board created and operated exactly the same as a school board would operate in an adjacent civilian municipality, with the same number of members on the board, the same titles, the same functions and the same responsibilities.

Mrs. Fairclough: Do the members of these school boards receive any compensation for the services they render?

Mr. Claxton: None at all.

Mrs. Fairclough: Then there is no charge against this department for inspection service or anything of that nature with regard to the schools?

Mr. Claxton: That is right.

Mr. White (Middlesex East): Does Central Mortgage and Housing Corporation have anything to do with the construction of homes on R.C.A.F. stations?

Mr. Claxton: Central Mortgage and Housing built a very large proportion of the homes for us until two or three months ago, when that operation was taken over by Defence Construction Limited. C.M.H.C. are still carrying on with a very considerable number of homes that are unfinished.

Mr. White (Middlesex East): Following that up, no doubt Central Mortgage and Housing have their inspectors looking over these houses from time to time. Does the air force also maintain an inspection staff for this purpose?

Mr. Claxton: Not specifically, but the air officers in charge of works co-operate closely, and if they are not satisfied with the type of construction they report that fact and it is brought to the attention of Central Mortgage and Housing.

Mr. Low: I wonder if the minister is in a position to say what plans the department has, if any, for the use or expansion of the Grande Prairie airport. Is it proposed to make any extensive use of it in the defence of the great northwest?

Mr. Claxton: Like all other airports in existence Grande Prairie of course is under consideration in the event of any future development, but there is nothing in mind at the present time.

Mr. Low: Of course the minister understands the importance of that airport in connection with the threat to the northwest. I was also wondering whether any negotiations have been carried on with a view to having the United States share with the dominion and provincial governments the cost of building a communications link, which no doubt would be a road, between Fort St. John, let us say, which is the end of the Alaska highway, and the industrial centres of the middle western United States. That would entail quite a construction program over the area between Edmonton and Fort St. John, of course. I understand the provincial government is going ahead with a survey between Edmonton and Valleyview, if I remember correctly, which is very close to Grande Prairie. I wonder if any thought has been given to asking the United States to share in the cost of that road.

Mr. Claxton: We have had representations from the chamber of commerce of Edmonton and other bodies that we should undertake this job as a defence project. We have considered it, and have decided that it is not so very different from fifty other proposals that have been made that the federal government should assist in the development of transportation facilities which it is true would be an advantage in the event of war but which we feel would be of far greater civilian advantage. These matters are always under consideration, but so far we have not decided to do anything in the case mentioned by the hon. member. With regard to the United States participation in it, under our arrangements with the United States we have assumed responsibility for maintenance for the northwest highways in Canada. That seems quite a proper contribution by Canada to joint defence. While we do not exclude the possibility of United States assistance in the development of transportation facilities in peacetime, there would have to be a very positive and immediate advantage to the United States to justify us in contemplating any such request. Our present opinion is that if things of that kind are to be done at all they should be done by Canada.

Mr. Low: There is, of course, this particular reason why the United States should be brought in to share the cost of that link between Edmonton and Fort St. John. Today, as for many years past, great truck trains carrying tons of materials pass over the Alberta highway from Montana, through the Crowsnest pass and up into that country. These materials are necessary both for defence purposes and for the maintenance of United States posts. I would think it proper that they should be asked to share in the cost of maintaining and/or rebuilding those highways, because they are cutting them to pieces and the provincial government has to pay the cost of rebuilding them. During the last war when it was thought Alaska was in danger the United States found it greatly to its advantage to have some form of highway up into that country. They did build from Fort St. John away north into the Yukon and Alaska, but there was no link between Fort St. John and the industrial centres of southern Alberta and the United States. It seems to me this is the time to be negotiating for the completion of that highway so that if and when trouble arises it will be there and the United States will have contributed at least its share to the cost of construction, because certainly they will be using it.

Mr. Hees: I was very interested in the minister's reply to the hon. member for

Hamilton West regarding the replacement of male personnel by women, in the civilian branch of the department. Could the minister give us an outline of the plan in effect at the present time to replace men with women? I think it is most important because of the need for men both for the armed services and for industry.

Mr. Claxton: I am afraid this is not the sort of thing that can be done in any set way. The general attitude of the department and of those engaging people for us, such as the civil service commission, is that wherever possible women are employed, where they can do the job as well as or better than men.

Mr. Hees: Another matter I think is of importance is the replacement of serving staffs, cooks and so on, by civilians. I know that at Petawawa camp, where I have gone for several summers, the catering has been by civilians, and it has been done to the great satisfaction of all military personnel. I wonder to what extent that has become general or is going to become general? It seems to me that the practice of using army personnel for cooks or waiters is waste, and that is a good plan. I wonder if it is going to be general.

Mr. Claxton: For the army, my recollection is that we made contracts with twelve contractors, and that those contracts are still in force. They supply the services—we supply the food—at charges which vary with the locality, the facilities and the number of meals served. The cost is approximately forty cents to sixty-five cents per day. The satisfaction depends on both the skill of the caterer and the direction he has been able to give to his own staff, and also the co-operation and services of the messing officer or dietitian of the armed forces on the spot. Where they have worked well together, it has gone very well. It is our intention to continue to do this in the places where we have exceptional peak loads, such as Petawawa, Valcartier and so on where summer training is done. In establishments where we have to have messing done on a fairly full level all the year round, our practice is to have service cooks and their immediate assistants who belong to one of the services; the subordinate job is done by civilians. We do this in order to build up as large a reservoir as we possibly can of trained and good cooks. During the last three years we have had considerable success in attracting more men into cooking branches and also through training courses. I think the standard has improved.

Mr. White (Middlesex East): The hon. member for Peace River introduced a matter that I think is of some importance to western Ontario as well as to the province of Alberta, namely, using the problem of joint defence between the United States and Canada as the thin edge of the wedge. During the past war trucks in bond were passing through from Detroit to the Niagara frontier with tremendous loads, and they did considerable damage to No. 3 highway. Now this procedure is being reopened, and while we want to do all we can as Canadians in order to facilitate the war effort, just what part of the burden is Canada going to bear with respect to damage to the highways? Then there is another angle. In the city of St. Thomas alone, some 270 men have been laid off by one of the railways there. This is something that affects the welfare of the city, and it is something that should be considered before these permits are issued.

Mr. Pearkes: There is one point that arose out of the minister's remarks about the inspection service. He referred to the inspection of ships and vessels. Do the inspectors of the steamship inspection service of the Department of Transport carry out inspections of His Majesty's vessels?

Mr. Claxton: The hull is inspected by Lloyd's for us; and the machinery and equipment is inspected by our own inspection services, not by the Department of Transport.

Mr. Pearkes: The Department of Transport maintains a steamship inspection service which makes periodical examination of the engines of all steamships. Are those inspections carried out in His Majesty's ships?

Mr. Claxton: No.

Mr. Pearkes: Then what form of inspection do we have which would replace or be the counterpart of the inspection service carried out on ordinary commercial vessels by the Department of Transport?

Mr. Claxton: I understand that the object of the Department of Transport is primarily to safeguard the lives of passengers and, of course, to ensure the safety of the ship as regards seaworthiness and the like. Our ships are inspected by Lloyd's and the equipment is inspected by the inspection services, including service personnel.

Mr. Pearkes: I am quite aware that the Department of Transport carry out those inspections with the idea of ascertaining the seaworthiness of ships which are now afloat and of inspecting, as the minister says, as to provisions for the safety of the passengers and so on. I am asking what similar service is carried out in His Majesty's ships, because I do not think the Department of Transport inspection service is limited only to passenger ships. Freighters are also inspected.

Mr. Claxton: That is right.

Mr. Pearkes: Ferries are inspected. I was wondering what sort of staff was maintained in order to carry out the inspection service for His Majesty's ships which are now afloat, in order to see that they are seaworthy and in order to safeguard the lives of our sailors and the ships' company on those vessels. With 725 men to carry out all the numerous services which have been outlined today, it seems to me that that number is quite inadequate to perform all these duties. I am wondering how that particular form of inspection is carried out.

Mr. Claxton: If a ship is in commission, it is inspected by the Royal Canadian Navy itself. If the navy desires to have any outside opinion, it would engage, through the agencies I have mentioned, a firm of marine engineers or others to do a special job of inspection for it.

Mr. Pearkes: As to educational services, the minister mentioned the system for teaching the children of servicemen. I want to ask about the position of the civilian professors and assistant professors at such colleges as Royal Roads and the Royal Military College. Are they included in these civil service salaries as well?

Mr. Claxton: The civilian teaching staff and scientific staff at Royal Roads and R.M.C. are engaged through the civil service commission; and they are paid, as civil servants, the salaries for their classification.

Mr. Pearkes: They are not paid out of the administration vote, then?

Mr. Claxton: They are paid; for R.M.C., out of civil service salaries for the army and for Royal Roads, out of civil service salaries for the navy.

Mr. Pearkes: They are not included in the estimates we are now considering for civil servants under the head of administration.

Mr. Claxton: That is right.

Mr. Pearkes: They are not shown under the civil service salaries for the army and the navy?

Mr. Claxton: They are shown under the civil salaries for the army and navy.

Mr. Pearkes: They will come up later?

Mr. Claxton: Yes.

Mr. Pearkes: It is not shown in this?

Mr. Claxton: That is right.

Mr. Drew: I want to return to a question that I raised at the time that these estimates were before us approximately two weeks ago. At that time I asked for the number of civilian employees under different departmental groupings. In referring to what I said at that time the Minister of National Defence gave certain figures as to total civilian employees; but he did not comply with the request that was made at that time, namely that we should have information similar to that which is given to us in the public accounts and similar to that which is furnished to the House of Commons in Great Britain under the estimates provided to the members there. I ask that we have full information respecting the category of the various civilian employees and the salary range of those categories. I pointed out that the most convenient way that this could be presented was to present it in the same way that it is presented to the members of the House of Commons in Great Britain. I suggested that an appropriate number should be mimeographed so that they could be furnished to the members of the house. May I first ask the minister whether such forms are available. If so, may we have them at this time?

Mr. Claxton: They are certainly not available, Mr. Chairman. I have already given the committee the information in one form, which is the form followed by the civil departments in Canada. To give them in addition in the form followed by the armed forces in Britain would require that our figures, books and cards be kept in a different way. If that is the desire we can keep them in a different way. It would cost a good deal and we can arrange to do it, but it is not possible to do it out of the records we have today, without looking at every file, and I have indicated that there are 29,000 employees.

The hon. member asked for them to be grouped in categories, salary range and also at the places, with the establishments I think in which they were working. Without a count of the number of such places or establishments, I am informed that there are between 700 and 800. Certainly that seems reasonable, because there are over 400 reserve army units alone, and most of them have civilian employees, or many of them have, on one basis or another; so that it would not be possible, even in a couple of months, to give this information in the form in which the leader of the opposition has asked for it.

It would be possible to do it if parliament, or the treasury board, decided that that was the right way to do it, in another year. I am sure it would mean a substantial addition to the number of civil employees we have, and what the benefit would be I cannot say. But I simply cannot give it within a couple of months.

Mr. Drew: I for one am simply not prepared to accept the statement that the minister cannot give it. The minister is able to pick out details in regard to individuals whose names are mentioned, or whose particular services are mentioned; and I am satisfied that the accounting organization in his department is much too efficient for it to be possible that their records are in such hopeless state that they could not give the kind of information that is being requested.

Let us see what is furnished in this respect to the members of the House of Commons in Great Britain. May I point out that after they have this information they then are able to bring it before a committee which deals with the estimates, a subcommittee on defence estimates, so that they get still more information on this. Let me indicate the kind of information, and then I shall ask any hon. member of this house simply to ask himself whether he does not think the records of the Department of National Defence would give this information fairly readily.

Let us take first of all the department of the chief of the imperial general staff, which would correspond to the chief of the general staff here, with whatever variations may apply to different descriptive names or changes of that kind. I am dealing now only with the civil staff, because we are dealing with civil salaries and wages at headquarters.

Under the details of the civil staff in the department of the imperial general staff they give such information as this. There is one scientific adviser to the army council. They give his salary as £2,500. There is one deputy scientific adviser, and they give his salary. There are two senior principal scientific advisers, and they give the salary range. There are three principal scientific advisers, and again they give the salary range, in that instance from £1,000 to £1,375. There are five senior scientific officers. Again the salary range is given. There are two scientific officers, and again the salary range is given. There are five higher executive officers. Again the salary range is given. There are 38 executive officers, and in brackets 15 temporary. The salary range is given for both men and women, and the total carried out in each case. There are three map curators, three temporary, and the salary range is given. There is one records officer, one photographer, one assistant technical officer, one retired officer, 203 clerical staff, 42 other technical staff. Then, other technical staff, overtime, national insurance scheme staff, federated superannuation system for universities and the payments required there. I would point out that down to clerical staff the salary range is given. From clerical staff on we come into that group that was mentioned by the minister who are employed on a different basis, and in these instances the total is given.

That is simply dealing with the department of chief of the imperial general staff. I am convinced that in a very short time, in fact, by nine o'clock tonight, the efficient accounting system of the Department of National Defence could give us precisely corresponding information from the records of the department. I know they could do it because the minister is able to obtain information of this kind as questions are asked in regard to other matters. Similarly, he could obtain the information on a corresponding basis with the chief of the naval staff as to civil salaries and wages, and he could also obtain equally quickly the information in regard to the chief of the air staff.

One of the reasons that it is necessary to come back to this repeated reference to the kind of committee that they have at Westminster, Mr. Chairman, which we want here, is that if we had such a committee we could ask the chief accountant to come before us and find out what the books contain. I am convinced that if we had that chief accountant before us we could demonstrate in a few minutes that all these figures would be available not in months, but in some cases in a matter of hours, and in other cases at the very most in a few days.

Two weeks have elapsed since we last met, and if any serious effort had been made to give the basic information that is made available to every member of parliament in Great Britain, where they have much larger forces than we have here, we now would have that information before us, and would be discussing it with some knowledge of what the facts actually are.

To suggest that it is useless is to suggest that every other department which gives out the same information is filling the records with useless information and wasting time and money; and to suggest that it is useless is also to suggest that this waste of money takes place in Great Britain where they have had very much longer experience in handling accounts of that kind than we have.

Most certainly we cannot compel the minister to do anything that this house will not ask him to do by a majority vote; but I do ask him one specific question. Does he suggest that it would not be possible to have for us by tomorrow at the latest, without any substantial difficulty, figures corresponding to those which I have read, under similar headings, of the chief of the imperial general staff?

Mr. Claxton: I have already expressed that view, but I will do it again. I have asked officers of the department responsible for the preparation of such material how long it would take to get the information just asked for by the leader of the opposition—I had asked them before in fact—and I am told it would be three or four weeks.

Mr. Drew: I do not want to interrupt the minister, but does he mean in relation to what I have just mentioned to him, in connection with the chief of the imperial general staff?

Mr. Claxton: We can ask General Foulkes, or go to his office tomorrow and list his employees. There would be no difficulty about that. But there would be difficulty about getting information which would be useful, and which would answer the hon. member's question, with regard to employees at every location across Canada. That is what he asked for the other day, and that is what he asked for, in the beginning, today.

As I say, there are between 700 and 800 places; and when one got the information it would not mean anything to anyone. All the information is kept on punched cards, which operate in conjunction with a mechanism supplied by International Business Machines. They are efficient machines. We can run cards through those machines, and print the lists of employees, as we did here, and put them in order, by classification. But we cannot do that, for locations, without having experienced personnel go through and interpret the code in the cards for each locality. I am told that would take three or four weeks. If the leader of the opposition does not believe me—and apparently he does not—then I would point out to him that the associate deputy minister will be before the public accounts committee tomorrow, and he can give that answer. He was there today, and he could have given it at any time.

Mr. Fulton: He would not be allowed to ask it.

Mr. Claxton: Ask it for 1949-50, and do a quick modification for yourselves.

Mr. Drew: Mr. Chairman, may I point out—

The Deputy Chairman: The leader of the opposition will realize that he cannot interrupt the hon. member who has the floor, unless he has the consent of that hon. member. However, he may be speaking to a question of privilege.

Mr. Drew: I would point out that the deputy minister cannot answer in regard to these estimates, in the light of a ruling made in the public accounts committee.

Mr. Claxton: The leader of the opposition surely heard the answer I gave the hon. member for Kamloops in this matter, that it could be asked quite properly for 1949-50, and then he could make a calculation for himself.

Mr. Drew: There is no need to, because it is in the public accounts, in this form, for that year.

Mr. Claxton: It is not in this form; it is in alphabetical order. If the hon. member wishes us to operate the machines and to put a list of all the employees of the department in alphabetical order, we can work the machine and that can be done. That does not require any interpretation at all. But when he wants us to give the information by localities for each of the three services of defence, research and civilian administration, located at 700 or 800 places across the country, and in addition to have the number in each category as well as the salary range, it would be a long job. We could keep our accounts that way, but we do not think it is desirable, and neither does treasury board. We could do it, though.

Then, in relation to what the leader of the opposition said about my saying that this is useless: I repeat that it is useless. Obviously it is useless to endeavour to check here or anywhere else in respect to the increase in the number of employees when we say we are going to increase by 5,000 this year. The figures are changing so rapidly—

Mr. Pearkes: Five thousand?

Mr. Claxton: Yes.

Mr. Pearkes: Under this item?

Mr. Claxton: No, in relation to the total civil employees, and not necessarily this year, but rather over the next two years. On that account the figures we are now discussing will be out of date within a matter of weeks or months. That is why we think, and treasury board thinks, it is not useful to give the results in the form in which I have already given them. To give the information as to locations it would mean either a hand operation, after we had run through the cards, or keeping our books in a different way.

Mr. Drew: May I point out that the question I asked the Minister of National Defence was whether or not he could by tomorrow give the information in regard to the civilian employees of the branch of the chief of general staff, on a basis similar to that furnished in regard to the office of the chief of the imperial general staff, in the manner indicated in the paragraph I have already read. That was the question I asked; and I asked it because we are dealing here not

with civil salaries and wage rates across the country but rather with civil salaries and wages, in this particular instance, at national defence headquarters. I mentioned the chief of air staff and the chief of naval staff, but the particular question was whether it would be possible to obtain the information in regard to the office of the chief of general staff here, similar to that I have just read in relation to the office of the chief of the imperial general staff.

Mr. Ferguson: I do not wish to interrupt but—

An hon. Member: Just a minute.

Mr. Claxton: My information is that we cannot give it in respect of one branch, without making a considerable search, because we do not keep separately records of the personnel for the office of the chief of general staff. We could go there and find out, of course. But what we do is to keep the general staff branch of the army separate—we can arrange to do that, and get it for one branch. However if the same question is put for localities outside Ottawa, for command headquarters, area headquarters, naval reserve divisions,—Esquimalt, Halifax and others—and everything else then, as I say, we will require three or four months to get it together.

Mr. Drew: May I ask a simple question. We are dealing with the first sub-item under the heading of departmental administration, which includes inspection services and civil defence, and which relates alone to national defence headquarters. Is that not correct?

Mr. Claxton: This figure does not have anything to do with the chief of general staff.

Mr. Drew: What is that?

Mr. Claxton: This figure.

Mr. Drew: Are not the civilian employees of the chief of general staff included in this?

Mr. Claxton: No, they are in the army.

Mr. Drew: There would be no staff figure included in this?

Mr. Claxton: No, not at all.

Mr. Drew: Then that makes it simpler, because if they are not included in this I will repeat my question when we come to the army item. I thought they would be kept under the item for civilian employees. We understand, then, that these civilian employees at national defence headquarters are in addition to the civilian employees employed by the branch of the chief of general staff, the chief of air staff, the chief of naval staff, and any other senior staff establishments in Ottawa?

Mr. Claxton: Of course.

Mr. Drew: Then that does open up a new figure as to the total of civilian employees. But does the minister say that in regard to the civil employees in his own department, excluding these military offices, he is not able to furnish the information as to the number of employees in different categories, and the salary range?

Mr. Claxton: We have already done it in one way.

Mr. Drew: No.

Mr. Claxton: That was the way which corresponded to the method adopted by the civilian departments. We have done it for administration, and I thought I had explained it before. It began with the administrative assistant, and so on, and totalled 1270 civilian employees for a total wage of $3,489,842. That would be easy for us to do. We can list the individuals here or answer inquiries about individuals. That would be available by tomorrow night. But if we have to do that for each and every branch, the department, navy, army and air force, in every part of Canada, by localities, occupation and salary range, it would take three months. I hope the position is just as clear as I can make it.

Mr. Drew: Mr. Chairman, I am going to ask two things. First I would point out that I am simply asking questions with regard to headquarters, the civilian employees covered by the item we are now discussing. At the moment my questions relate to that alone and as to whether the minister can furnish us with a list of the various categories of employees at defence headquarters and the salary range of those employees. That is the question I have asked, not with regard to the various areas outside.

Mr. Claxton: I think the hon. member will see from *Hansard* of last week, of this week and of today that he did refer to occupations across Canada. Right at the outset he referred to the general staff, from which I took it that his inquiries included navy, army and air force as well as the civilian side. If he wants the information he has asked for with regard to civilians at national defence headquarters, described by classification and if possible by branches, we can give that by tomorrow night. That is a much more limited thing than I understood he was asking for, although I may have been mistaken. If he

wants the same thing for the navy, army and air force and in each locality, then we have to tell him it will take three or four months—weeks.

Mr. Drew: Which is it, months or weeks?

Mr. Claxton: I said weeks before.

Mr. Drew: May I ask the minister if this list which I have in my hand and from which he was reading refers to civil employees in national defence headquarters, not including the army, navy, air or other military establishments?

Mr. Claxton: This list covers those who fall not within the services, navy, army, air force or defence research, but do include public relations, inspection services and one or two other activities that come under the minister or the deputy minister of national defence, providing services right across the country.

Mr. Drew: I gather that this list which I have in my hand was obtained without any substantial difficulty?

Mr. Claxton: The leader of the opposition has only the part applicable to administration which we are considering now. The whole operation took fourteen employees two weeks to prepare.

Mr. Drew: What I have in my hand?

Mr. Claxton: I have assured the leader of the opposition that what he has in his hand, plus what is here, which relates to army, navy and air force, and gives the same information with respect to these branches as the hon. member has with regard to the item we are now discussing, is what has been prepared.

Mr. Drew: May I ask that these sheets be printed in *Hansard*. The reason I ask that is that they contain the very information I have been asking for. This is precisely the information which I have been asking for in so far as the classified positions under national defence headquarters are concerned. It is just the kind of information I have been reading from the army estimates in regard to officers of the chiefs of the general staff. Let me read one or two items. Administrative assistants, salary $2,772-$3,570; one permanent, six temporary, total seven; total payments, $23,184. Administrative assistants, auditing and examining: five permanent; nine temporary; total 14; total payment, $37,800. And so on right down through the list giving precisely the kind of information I have been asking for.

That being so it will be most helpful if this and the other lists which have been referred to, and which I understand cover the chiefs of the general staff, the chief of the naval staff, chief of the air staff, and research establishments, are printed in *Hansard* so that we can have them available. Otherwise the members of this house will not have this information available for the purposes of this discussion.

Mr. Claxton: I understood the leader of the opposition was in his place when I tabled these lists this afternoon at about three-thirty o'clock. I am happy if he is satisfied with the information that is given, but in so far as their being printed in *Hansard* is concerned I think hon. members should consider whether that proposal should be acceded to. I said I would make photostatic copies available to the leaders of the various parties, which is being done and can be done overnight. To print these lists in *Hansard* would be quite an operation.

Mr. Drew: I am sure that many lists much more extensive than these are printed regularly. With the excellent printing service we have I am sure that we could have these in quite satisfactory form by tomorrow morning. I was here this afternoon when the minister announced that he was tabling certain papers but it is only now—I have only one of them in front of me—that I find that this is the very information to which I have been referring. This is simply part of the information which is furnished in printed form to the members of the House of Commons in Great Britain. If it can be placed satisfactorily in printed form before the members of the House of Commons over there, and dealing with a much larger force, I think we should have it here. If it were printed as an appendix to *Hansard* in the ordinary way it would be available to hon. members.

Mr. Claxton: I do not want any misunderstanding on the part of the leader of the opposition. He has referred to these lists as satisfying himself and has made the request that the lists be made available to hon. members. The lists have been available, as I say, since about three-thirty. If that were so I would be very happy. I do not want him to change his mind, but I do not want the record to show that I have acquiesced in the statement he has just made.

Mr. Drew: You mean that you acquiesced that they are satisfactory?

Mr. Claxton: The lists are what I described them to be when I tabled them. They contain the civil employees of the Department of National Defence in the three armed services according to classification, wage group, the number of both permanent and temporary employees, and then the total wage for each

group. The total of the prevailing rates employees is also given. They are classified in four parts: 1. Administration; 2. Navy; 3. Army; 4. Defence research. That is what the lists are, and they are available, as I so indicated, and we will have photostatic copies made which can be used by the parties.

Mr. Drew: Mr. Chairman, the minister talks about this being available to the members. I certainly do not want any statement left on *Hansard* which would convey the impression that members of this house have had the slightest opportunity to examine these figures, or that they would have any practical opportunity to examine them between now and tomorrow. When I say that these are satisfactory, I am now talking about the form in which the figures I have seen are presented, and these are the ones that relate to the classified positions of civil employees of the administration branch of the Department of National Defence. Although I have not seen the sheets themselves, I am now told that similar sheets have been prepared for the civil employees of the army, navy and air services.

This shows exactly how easy it would have been to have given these figures and to have had them before us in either printed or mimeographed form, as was suggested when we last met. I said at that time that the minister would be able to prepare these and have them in mimeographed form for the members of the house. What he has now produced indicates that I was correct and that it was possible for him to do it because on the occasion that we next take up the estimates, which is today, we find that these are available. This table gives the various classifications, salary ranges, number in the salary ranges, and the totals. They are under the heading first of all of administration, classified positions, then army classified, navy classified and air classified. These lists could be printed without any difficulty. We frequently have much more voluminous information printed in the ordinary way in the next day's *Hansard*. The proper way to place these tables before members for their information and for discussion is to have them printed in *Hansard* in the usual way. I move that the records which have been placed in my hands by the minister, and which have been tabled, should be printed in *Hansard*.

The Deputy Chairman: The leader of the opposition will understand that these documents are either tabled or printed as an appendix to *Hansard* by leave of the committee. It is not done by motion. There is one point I wish to clear up at this time. We are now discussing the sub-item, as it was called a moment ago, of civil salaries and wages under the heading "defence services". The question asked the other day by the leader of the opposition, and which is now answered by the Minister of National Defence, was one which related to the sub-item, civil salaries and wages, under all the headings where such a sub-item appears. If we are going to be in order I will have to obtain the opinion of the committee to see whether or not only the list relating to civil salaries and wages under the heading "defence services" will be printed at this time as an appendix to *Hansard*, and then when we come to the sub-item civil salaries and wages under navy I will have to ascertain whether it is the desire of the committee to have that list printed. It is only a matter of order which can easily be settled, but the committee will understand that I am bound by the agreement that was made and which we have to carry out. Has the Minister of National Defence leave to have these documents pertaining to all sub-items relating to civil salaries and wages printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Ferrie: Not the name of the person.

Mr. Drew: There are no names.

The Deputy Chairman: Has the Minister of National Defence leave of the committee to have the list pertaining to civil salaries and wages under the heading "defence services" printed as an appendix?

Some hon. Members: Agreed.

(For table of civil salaries and wages, defence services, see appendix, pages 3390-91.)

Mr. Drew: I would point out that the heading on the top sheet is "administration", but it obviously relates to the same heading as in the item because it reaches a total of $3,489,842. Then it is agreed that this table be printed as an appendix to *Hansard*. I will not pursue the matter further except to point out that, whether it was appropriate or whether it was not, I understood the others had been tabled, and if they are tabled I submit it is proper at any time to have them printed for the convenience of members. Since they have been tabled and since they are available I would suggest that this would be the proper time to have them all printed.

Mr. Ferguson: I am sure the Minister of National Defence does not want to give any person the idea in listening to this debate that this is the old shell game, in other words,

that you cannot get your eye on the pea, that you have got to guess. It is the old sleight of hand question, and you can never locate the pea. A great deal of time has been expended in the house in trying to get some information which a certain member believes is essential for the reason that he wants to get the information on behalf of the taxpayers of Canada. In sitting and listening to the debate, it has been most difficult to extract the information which some hon. members believe he is entitled to, and which I am sure he is entitled to. After a great deal of argument it finally comes to light that the information was sitting on the desk of the minister across the house, and it was not divulged to the person seeking it.

The minister's department probably has 30,000 employees. The situation is probably not due to his fault but because of the general scheme and plan of keeping records in his department. I am sure that every department probably has the same jumbled up mess. Take a corporation like the Canadian Pacific Railway with 60,000 employees on pension and salary. I believe that if an executive in the head office of the C.P.R. in Montreal asked a question regarding a man's salary that information could be located in five minutes.

Mr. Claxton: I can get the answer in five minutes about any one of them.

Mr. Ferguson: It certainly was taking a terrific length of time to locate the information as to the salaries of about fifty. You must be thinking of one individual member of the staff whose salary you know, or you know that some person can locate the information about the salary in five minutes. The minister spoke about increasing the staff but it is almost impossible to keep your finger on the pea or to secure the information. We are going to have an increase of 5,000. I hope that the war situation does not get much worse, so that the department will have to administer an army of 700,000. We would not know whether we were paying Chinese communists or Russians. We would not know who was on our payroll if we ever had an army of 700,000. We have a comparatively small army. The chiefs of staff, their staffs, and other civil servants apparently find it most difficult to be able to give the Minister of National Defence information that is available at any time in any well run corporation. It certainly is not available in the minister's department. I am not saying that is his fault, but I do suggest that apparently a change is necessary. Efficiency should be sought in the department, so that in future he will not be placed in the embarrassing position of having to tell the members of this house that he cannot give information which I believe should be available almost instantaneously. He should have a proper list of employees, with their salaries, their ages and where they are located.

I bring to the attention of the committee the example of the Canadian Pacific Railway, which has 60,000 employees. I remember that while travelling on that railway some years ago the engine ran into some difficulty. When I reached Montreal I visited the office of the administrator of rolling stock and remarked that this engine, giving the number, had run into this difficulty which delayed the arrival of the train by some hours. The man in charge of rolling stock at that time pressed a button and called for the history of that engine; and there it was in full detail. He showed me the fuel consumption of the engine since it had been placed in service, the number of miles it had travelled, the number of times it had been repaired and so on. He assured me that applied to every single piece of rolling stock on that railway; he had all that information right under his thumb. I believe the Canadian Pacific has as many pieces of rolling stock as we have in the army, and on the railway they travel more frequently and more rapidly than is the case with our armed forces; yet the man in charge of that department could tell any visitor the cost of any piece of equipment, the cost of its operation and so on, by pressing a button and calling for a number.

Surely some similar method, or something almost as good, should be introduced to keep track of the employees of this government, whether they be members of the armed forces of whether they be on the civilian staffs of those forces. This discussion today has been most enlightening in that it has brought out the lack of system and lack of efficiency in this particular department. As I say, I am not blaming the minister. Very often a man is placed in a department and has to carry on for years under the set-up that was there long before he got there; but we certainly suggest to the present minister that if the present system is as cumbersome as it appears to be, it should be changed. Either those in charge should be changed, or they should be instructed that the system must be improved so the representatives of the people may obtain the information which will place them in a position to judge how the affairs of the country are being run. That is particularly so with the members of the opposition, who are here for no other purpose than to be the critics of the government, the watchdogs of the treasury, on behalf of the people of Canada.

Mr. Claxton: I cannot let statements be repeated time and again which are contrary to what I said this afternoon at the beginning of this discussion. Four or five times now I have repeated what I said then, and I hope this will be the last time. At three-thirty or shortly after that I tabled all the information about civilian employees of this department, navy, army, air force and defence research. I described what the sheets contained. I said it corresponded to the arrangement regarding civilian employees in the other government departments. I then said this could not be mimeographed or reproduced or printed earlier because it had been made available to me only today, and that was because it required fourteen days to get it in this form. Every bit of information that is asked for can be obtained, but it is a question of time to arrange it in the order which suits the convenience not only of the opposition but of this committee as a whole, because we are all members of it. I have been asked for that information by members of the opposition in one form. Because we did not keep it in that form, since it was not considered desirable by the treasury board, it took fourteen people fourteen days to get it in that form. That is the only reason it was not available earlier. Remarks about the efficiency of the department can be judged by the efficiency of the armed forces for which this department acts as housekeeping and administrative agent.

With regard to the time required to do any single job, it depends upon how closely that job conforms to the practice we follow and what it requires in the way of a large scale operation. If I am asked the salary, occupation and location of any individual employee I can get that information by telephoning the department, or if I am in the department I can get it within a minute and a half. But if I am asked to arrange the information concerning a large group of employees in some way other than that in which we keep it, that takes some time; and I think hon. members should consider whether the time involved both in the department and in this committee is worth the results in the circumstances. That is the responsibility of hon. members and apparently they are quite willing to face it, when we see what is going on.

The Deputy Chairman: Before I call it six o'clock may I refer to what has been said about the tabling of these documents. Such documents are usually tabled when motions are called under routine business. Since the minister, the leader of the opposition and all hon. members are under the impression that these documents were tabled at the proper time, perhaps by leave, and if the procedure is otherwise regular, we could now agree that these documents have been tabled regularly under motions, so the records will show—

Mr. Claxton: They were tabled at the beginning.

Mr. McCann: As I understand it these documents were produced as the result of inquiries that were made, and when the minister brought them in he distinctly said he tabled all the documents.

Mr. Drew: Since you have raised the point, Mr. Chairman, and since I do not want the *Hansard* record to convey an inaccurate impression outside this house, I point out that the documents were not tabled. The minister announced that he proposed to table them, and as you have pointed out he did so after the calling of motions. No one raised any objection, but since the minister has emphasized that these were tabled that conveys the impression that they were available, and I would point out that they were not tabled at that time but that only within the last ten minutes did they find their way to the table. The first time I saw them, and the first time anyone had an opportunity to note what they contained, other than the general statement by the minister, was when at my request the minister delivered them to me for my examination. They were then conveyed to the table. I would certainly hope they might be accepted for tabling in the ordinary way, but I do point out for the record that it was only about ten minutes to six when they actually found their way to the table.

Mr. McCann: I must entirely disagree with that statement. I sat in my place here, and immediately after the documents were referred to the minister said he tabled them, and that was at about a quarter to four. That included all the documents.

Mr. Claxton: And ever since then they have been available to every hon. member.

Mr. McCann: The leader of the opposition may have been engaged with something else, but I am positive of what the minister said with reference to the documents he had in his hand. They were put on the table here; and the fact that the page boy did not place them on the table of the house was not the fault of the minister.

Mr. Drew: On a question of privilege may I make it quite clear that because the minister said he was tabling the documents, that does not constitute tabling. I repeat that the documents were not tabled until ten minutes to six. The minister announced

that he was tabling them, and I am quite satisfied that it was his intention to do so. But I must confess that the statement just made by the Minister of National Revenue suggests the extent to which the government is disregarding the ordinary procedure, when he suggests that the mere statement of a minister that he is tabling something actually constitutes tabling. Documents are tabled when they reach the table, and that was ten minutes ago.

Mr. Fleming: Mr. Chairman, may I just say this—

The Deputy Chairman: Order. I think I have heard enough on the point of order.

Mr. Fleming: You have heard others. Is an hon. member not to be heard?

The Deputy Chairman: When the documents were produced, hon. members will understand that I was not in the chair. It is the usual practice that, when documents are produced, the page boys pick up the documents and bring them to the table. Now that I am in the chair and this incident has occurred, I just want to make sure that the record will read correctly tomorrow—I refer to the *Journals;* that is what I am interested in—that these documents be considered as having been tabled regularly just as if leave had been asked to revert to motions when Mr. Speaker was in the chair. Is that agreed?

Mr. Fraser: Oh, no.

Some hon. Members: Six o'clock.

Mr. Drew: Since this discussion has arisen, the record must be kept correct; and I suggest that it be recorded that it was agreed that the documents which were tabled at ten minutes to six should be accepted as tabled in the usual way.

Mr. Fleming: I simply wish to say this, in enlargement of what has been said by the Minister of National Revenue. What the Minister of National Defence said at the conclusion of his opening remarks today—and I followed him closely—was "I table these documents". Then the page boy or the usher started to get the documents but the documents were not given to him by the minister or those with him. They were retained on the minister's desk and the usher was sent back without them.

Mr. Drew: You mean they were retained at his desk.

Mr. Fleming: They were simply put on the desk beside the minister. They were not put on the table. When the usher came to get them in order to take them to the table, he was told to go back without them. He was waved back.

The Deputy Chairman: It may be difficult to clear up the point; it is a bit confused. The intention was there, and I am not going to be the arbitrator now.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: Order. House again in committee of supply on defence estimates, item No. 245, sub-item "civil salaries and wages." Before we go into the study of this sub-item may I say that before six o'clock we discussed the manner in which the documents pertaining to salaries were to be tabled. During the dinner recess I looked up the point and discovered that documents are tabled on the order for motions under routine business of the house. If they are to be tabled now I shall have to leave the chair, report progress and ask leave to sit again later this day, and take Mr. Speaker's chair. The minister will ask leave to revert to motions and table the documents, and then come back to committee of supply. It will take only a minute, and that will regularize the whole procedure. I think it is advisable that this should be done.

Is it the pleasure of the committee that I do now report progress and ask leave to sit again later this day?

Some hon. Members: Agreed.

Item stands.

Progress reported.

NATIONAL DEFENCE

TABLING OF DOCUMENTS PERTAINING TO CIVIL SALARIES AND WAGES

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, by leave of the house, I move that we now revert to motions in order to table certain documents pertaining to civil salaries and wages of the defence estimates.

The Acting Speaker (Mr. Beaudoin): Has the hon. gentleman leave to table these documents?

Some hon. Members: Agreed.

Mr. Claxton: I table the documents.

(See appendix, pages 3390-91.)

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and

development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,000,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

The Deputy Chairman: The house again in committee of supply on item 245 of the defence estimates. The hon. member for Nanaimo.

Mr. Pearkes: I presume that the documents which were tabled will now be printed in *Hansard* in accordance with the wishes of the leader of the opposition.

The Deputy Chairman: I must point out to the hon. member for Nanaimo that there is a distinction to be made between leave of the committee to have certain documents printed as an appendix to *Hansard* and documents being tabled. Documents cannot be tabled in committee. It must be done with Mr. Speaker in the chair. When it is asked that certain documents be printed as an appendix to *Hansard,* that may be done by leave in committee or in the house with Mr. Speaker in the chair.

What happened at six o'clock was that by unanimous consent the committee ordered to be printed as an appendix to *Hansard* the details pertaining to civil salaries and wages under this sub-item which is under discussion. The other details are now tabled. Hon. members can go downstairs and get the information they want. At a later stage, when we come to another heading under which appears a similar sub-item, civil salaries and wages, if it is then the wish that the documents be printed as an appendix to *Hansard* we shall have to ask unanimous consent, and, if we obtain it, the documents will be printed.

Mr. Pearkes: I just wanted to make certain that the table dealing with civil salaries and wages under administration will be printed, as was requested by the leader of the opposition.

The Deputy Chairman: It will be done, as it was ordered to be done this afternoon, by leave of the committee. Has the discussion terminated on civil salaries and wages?

Mr. Macdonnell (Greenwood): No. I take it that it is proper under this item to introduce a general question with regard to the organization of the department in respect of civilian employees. I was startled—I think it was a year ago—to find the large number of civilian employees. I think at that time one was startled because of the relationship which they bore to the active army at that time. Since then of course the situation has changed very greatly. We have waked up more to the altered world situation, and our army has increased, and also our civilian employees have increased very largely. They constitute a tremendously large organization, and it was with regard to that that I wanted to ask the minister one or two questions, for I consider he has a tremendous job to organize in respect of both.

My understanding is, and the minister will correct me if I am wrong, that there are some 30,000 civilian employees—these are rough figures—and that that represents an increase of some 5,000 within the last year. If I am approximately correct I will go on from there. My point is this. I wanted to ask the minister how that organization, which I call a very large one—perhaps the word "tremendous" would not be an exaggeration—is set up? What means has the minister taken to satisfy himself that this tremendously large body of men and women is organized to the best possible advantage, and in particular whether he is following the example that I think has been followed in at least one other department; whether he has availed himself of any outside assistance—what we may call expert assistance—in the matter of organizing? Perhaps the minister would answer that question before I go any farther.

Mr. Claxton: It is set up in accordance with the practice which has obtained in the Department of National Defence over the years. There has not been much change. We have to do a job, and we do it.

With reference to the numbers, they vary from time to time, in relation to the job we have to do. We have to secure the approval for the establishment of every position, the recommendation of the civil service commission, and that has to be approved by the treasury board. Teams of the civil service commission, the treasury board and representatives of the department and services have gone about to ascertain how many people we need to do each job in each place.

We have proportionately reduced the number of civil service employees in the department year after year since I came into the job, until last year. And now, with the expansion of the armed forces from the 1st of July, 1950, to the present date by almost 28,000, speaking from memory, that has naturally resulted in an increase in the number of civilians, because we feel civilians should do the jobs civilians can do. We anticipate a further substantial increase in the number of civilians, just as we anticipate

a further substantial increase in the number of service personnel. We think that is the best way to do it. Each job or group of jobs has to be approved by the civil service commission and treasury board, and filled through the ordinary government channels or, in the case of prevailing rate employees, through employment obtained usually through employment offices of the Department of Labour. I do not know what else the hon. member wants, in answer to the question.

Mr. Laing: He does not know.

Mr. Macdonnell (Greenwood): I am sorry that apparently I have succeeded in making the minister feel that my question was a hostile one. It was not intended in that way. I assume we are here trying to look at these things as citizens regarding ourselves as more or less reasonable. This seems to me a matter of great importance which we might discuss on its merits.

Judging from his tone, apparently the minister resents my questions; but I hope that perhaps he will change his mind as we go along. He began by saying that, "We have a job and we do it," and that "We have always had an organization in the defence department," and, "We have developed as we have gone along." He has also said—and I applaud it—that they have the civil service commission and the treasury board teams to look after what they are doing, with a view to effecting economies, and trying to see that the number in the department is not greater than is necessary. That is all commendable.

Mr. Laing: Sure.

Mr. Macdonnell (Greenwood): Yes; we are in agreement; thank you for your help. We all agree that is commendable; and I gather also that the minister, in spite of this very large task facing him, has not felt the need of availing himself of what I think ordinarily would be regarded as expert outside assistance. I would point out to the minister that I understand the film board which, I suppose, has perhaps only two or three per cent of the number of civilian employees in the defence department, did avail itself of a most reputable and respected organization which specializes in studies of efficiency.

I would be very interested to know why we would use it in a case where it would appear that efficiency ought to be much more easily scrutinized and ensured, as in the case of the film board, and would not care to use it here.

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

Mr. Macdonnell (Greenwood): Yes.

Mr. Cruickshank: Would the hon. member suggest that an efficiency expert be called in to say whether, for instance, army camps and airports, where cadets are in training, require hundreds of extra civilian help during the summertime? Would the hon. member suggest an expert to say how many cooks are required?

Mr. Macdonnell (Greenwood): Let me make it clear that I am not suggesting that there are any experts I know of who should be called in to assist the Department of National Defence in dealing with troops. I am talking wholly about the civilian staff.

Mr. Cruickshank: I am speaking about the civilians.

Mr. Macdonnell (Greenwood): I will try to answer the question, but perhaps I should make my speech first.

Mr. Cruickshank: I asked a question.

Mr. Macdonnell (Greenwood): I would have thought it might be reasonable if an expert organization was brought in, yes, to find out how many civilians were needed to run a camp here or there. I was going to say, when the hon. member for Fraser Valley interrupted, that, having had some little experience in the army, although it was some time ago, and having great respect for the people in the army, nevertheless I suggest that it is no part of the ordinary training and no part of the attitude of the ordinary commanding officer in peacetime to try to do with as few men as possible. As a matter of fact, while it is not as true now as it used to be, the difficulty used to be to find enough for the men to do.

So I do not expect for one moment that the commanding officer would be greatly experienced in the matter of reducing civilian personnel, and perhaps it would be unfair to expect that he would be. I just wish to try to point this up by asking the Minister of National Defence again why he feels so definite, as I gather he does, that no outside assistance should be sought. When there are 30,000 people working there can be an enormous amount of wasted action and wasted money, if the organization is not set up to the best advantage.

I am going to ask the minister who are the people primarily responsible for the organization, and I am going to say that notwithstanding the team of the civil service commission and treasury board, who no doubt have a great many other duties to perform, I do not consider them, by their background, training or functions, necessarily the best people to go into an organization, to observe it and to find out whether it has functioned to the best advantage.

Mr. Claxton: Have you any facts or figures to back up your suggestion? Is there anything wrong?

Mr. Macdonnell (Greenwood): Mr. Chairman, I find that rather tiresome. This afternoon when I asked the minister a question as to whether there might be some duplication in the matter of inspection, he seemed to think I was suggesting that the inspection was not even well done, and that I was suggesting there was something wrong. All I was doing was to check on the organization. And I am not suggesting now there is anything wrong, except possibly we may have two men doing the work one can do.

Mr. Claxton: And you have not the slightest sign of evidence of that.

Mr. Macdonnell (Greenwood): I did not hear the minister.

Mr. Claxton: I beg your pardon; I should not interrupt.

Mr. Macdonnell (Greenwood): What did you say?

Mr. Claxton: I said that surely you have not the slightest sign of evidence of that in any respect whatsoever.

Mr. Macdonnell (Greenwood): I find it a little difficult to understand the minister's point of view. I am saying something with which most people will agree, and that is that when you have 30,000 men and women at work it is important, to be sure, that they are efficiently organized.

Mr. Claxton: Sure.

Mr. Macdonnell (Greenwood): The minister has really told us—and I wish to be accurate in what I say—the minister has, in effect, told us, or has said that he is going to tell us that they are well organized. I am not quite prepared to take that. I know the minister was competent in his own profession, and I am sure he has many other competencies I may not know about. But I do not think the minister will ask us to believe either that he is an expert on organization or that, with all the other things he has to attend to, he is able to give a great deal of time to the question of organization. I would imagine that a comparatively small amount of the minister's time could be spent on that subject. If I might hazard a guess I might think, judging from the many important things he has to do, and the many important journeys he has to take, that it is likely that the minister could not spend one-tenth of his time on this subject. But that is beside the point. All I am attempting to state is that other departments, perhaps with not one-tenth or perhaps not one per cent of the employees his department has, have thought it worth while. Therefore I suggest it is not entirely a silly suggestion. The minister has given us the assurance—"We have a job, and we do it"—and perhaps they are doing it; but our business is to find out whether it is being done economically. I hope that we shall have a great deal more evidence before we are through. There should be some looking into of this huge organization to see whether it is actually functioning with one hundred per cent efficiency.

Let us remember this important fact. In any business organization you have one very definite acid test which is going on all the time. They are either making or losing money. Everybody spending money is called upon to account for it. If everybody spends too much, the company goes broke. We have no test of that kind unless it is the bottom of the taxpayer's pockets. Really I find it rather trying at times to accept the minister's attitude when I make suggestions in good faith that possibly he might be assisted in what I admit is a most onerous task if he had some outside assistance. All he says is, "All right, go away and be a good boy." I do not find that to be a satisfactory answer.

Mr. Claxton: I appreciate the spirit in which the hon. member has made his suggestion. As I have said before in this house, my hon. friend and I have been friends for thirty years. I am not going to refer to that again. I am just as much inclined to bore this committee with my responses to questions of the opposition as they are inclined to bore the committee with their questions. I am quite prepared to spend as much time or more in answering questions as they spend in putting them. As we know, the questions are not put for any other purpose than to force the government to adopt a course which so far the government has not seen fit to adopt.

Mr. Macdonnell (Greenwood): Mr. Chairman, on a question of privilege I ask to have that withdrawn.

Mr. Claxton: I will withdraw it. It was not even suggested by the hon. member that we have too many civil servants in the Department of National Defence.

Mr. Macdonnell (Greenwood): Would you rather that we made insulting suggestions to you, or asked civil questions?

Mr. Claxton: I would rather have something I can deal with than just inquiries and suggestions of apprehensive fears. I should like to deal as best I can with some of the several points raised. According to the

opposition, we seem to have more civil servants in the armed services in proportion than we should.

Mr. Macdonnell (Greenwood): I did not say that.

Mr. Claxton: I am glad to hear that withdrawal, or suggestion, or correction.

Mr. Fleming: Find out what he did say.

Mr. Claxton: I should like to deal with some of the general remarks that have been made and suggest to hon. members that the method we have in Canada for working out the number of civil servants, for working out their salary levels, for promoting the efficiency of government is as good as or better than any method anywhere in the democratic world, judging by results.

These suggestions and inquiries are made without any basis. They throw out fears and apprehensions, but what are the facts? It is high time we looked at the facts about the efficiency of the government or the efficiency of the Department of National Defence with which I am primarily concerned, and for which I am exclusively responsible in this house. I am proud to be responsible because I think one of the best ways to judge the efficiency of the Department of National Defence is to consider the way in which our troops perform, whether they be of the navy, army, air force or defence research. So far as I know there has not been any question based on those grounds put by anyone in this house in the last three years.

An hon. Member: No.

Mr. Claxton: You say "No." The question is whether or not the defence estimates are suitable for the magnitude of the job we are doing and the build-up we are going in for, and whether or not we are spending the money in the right way. My submission is that the place to deal with whether or not we are spending the money right is in the public accounts committee.

Mr. Macdonnell (Greenwood): Eighteen months old.

Mr. Claxton: We have all seen the familiar failure of the public accounts committee to provide a quorum on about four out of ten or fifteen meetings this session.

Mr. Pearkes: Who has the majority in that committee?

Mr. Harkness: The Liberals constitute three-quarters of the committee.

Mr. Claxton: I can give a record of the attendance of the Conservatives. They get just as bored as do the Liberals.

Mr. Pearkes: They still stay on.

Mr. Claxton: Dealing with the question as to the number of civil servants in the department, according to the figures which have been provided by various government departments concerned, the proportion of civil servants in Canada to the civil labour force, and the proportion in other countries with which we are concerned are as follows:

	Per cent
United Kingdom	1·333
Australia	1·478
Canada	1·126
France	2·286
United States	1·395

I recognize the difficulty of making comparisons, but I suggest to the hon. member that that indicates an effort to promote efficiency on the part of the treasury board and the civil service commission which has succeeded, measured in those terms. About all I can say to the hon. member, whose sincerity I entirely respect, is that the same apparatus which has been applied to the other agencies of government has been applied to defence. We have the same application of civil service rules and treasury board regulations.

In addition we have conducted during the past three years a series of studies of our own establishment, both service and civilian, in an endeavour to promote the utmost economy. These studies were carried on by teams of the civil service commission, the treasury board, service personnel and officers of the department. My answer to the hon. gentleman is that we have been doing a good deal to promote what he wants. The results have been rather good between 1946 and 1948 or 1949 in the number of civil service personnel as related to the service personnel. The hon. member said that I could not possibly give much of my time to this matter. I can assure him—and I am sure he will accept my assurance—that I give a great deal of time to this as to every other branch of the department's work. With regard to having an outside agency, a team of efficiency engineers, do a job on us, we have considered that. We looked at the Griffenhagen report—I think that is the name—of about 1919 or 1920, and I must say that was not very encouraging.

Mr. Macdonnell (Greenwood): Did you look at the film board report? Was it better?

Mr. Claxton: I have not been responsible for the film board for three or four years, so I have not seen it.

Mr. Macdonnell (Greenwood): I thought you might have been interested in what they did.

Mr. Claxton: We have continuously under examination the strength of the service and civilian population of our department. I must say we have had nothing but the utmost co-operation from all three services. The hon. member referred to the natural tendency of service personnel to increase their empire. Perhaps I have ascribed to him more than he said, but I have not noticed that. Service personnel have co-operated in doing everything possible to make the most economical use of the civilian and service personnel they have. But the test of the pudding is in the eating. I think I have said in the course of this debate, and several times before, that judging by every possible form of comparison, whether it be in the case of the navy the proportion of men at sea, in the case of the air force the number of man hours flying per month per aircraft or per total manpower in the air force, or in the case of the army the number of people who are truly proportionately operational, we can stand comparison with any country despite the fact that we have to service our own country.

I had not intended to say this. I thought we were discussing civilian personnel, and I think every now and then we ought to get back to the program we have agreed to. I say the proof of the pudding should be in the eating. I ask hon. members to think about achievements of our armed forces with regard to Exercise Sweetbriar, the rescues of Canon Turner and that carried out by the *Haida*, the raising, training and employment of the 25th infantry brigade, including the Princess Patricia's, in Korea, the raising now of the 27th infantry brigade, the production of two of the greatest aircraft in the world, the development of anti-submarine vessels which I think are in advance of those of other countries, and then see whether what some hon. members are saying about the efficiency of the operation is really justified.

Here we are faced with the job of raising troops for service abroad, if necessary on two continents, the brigade group in battle in Korea today, the other group in Europe as part of the integrated force, the promise of eleven squadrons in Europe, the building up of 100 ships for the navy, new or refitted and rearmed, and the provision of all the training equipment and everything else necessary to see our way through the first year of a general war. Therefore I suggest that in the consideration of these items we should not lose sight of the major objective. As to the items themselves, as I have indicated I am ready and prepared to give every possible bit of information that can be given. I hope I have indicated that to be my attitude before, and I will continue to do so throughout the discussion no matter how long it lasts.

[Mr. Macdonnell (Greenwood).]

Mr. Harkness: It seems to me that the minister has, if I may put it in these words, permitted himself an orgy of broad general statements in connection with Canada's defence efforts instead of answering the specific questions put by the hon. member for Greenwood. The statement that the minister has just made has resolved chiefly around two phrases or sentences, "let us look at the facts", and "the proof of the pudding is in the eating". I am all in favour of looking at the facts, and I certainly accept the fact that the proof of the pudding is in the eating. It has been on a basis of that sort that a great deal of my criticism of the Department of National Defence has been made over the past two or three years, on the very fact that in spite of the fact that we were spending several hundreds of millions of dollars a year, amounting in total up to last year of upwards of $1,500 million since the end of the war, we did not have much pudding.

In spite of these efforts that the minister has been talking about, in spite of the hundreds of millions that were spent, when the war broke out in Korea less than a year ago we were in the position of having only one battalion of infantry fully trained and equipped. In other words, there was only one battalion of infantry, so far as the army was concerned, that was ready to fight. We had no other unit up to strength and completely equipped. So far as the air force was concerned, we did not have a single, completely equipped, up to strength, modern squadron ready to fight. So far as I can see them, there are the facts, and there is the proof of the pudding.

An hon. Member: The pudding is not cooked.

Mr. Harkness: According to the minister, we have apparently had all these efforts, but when the time came that we needed forces for the defence of this country we did not have them. I will admit that in the last few months the department has been doing much better. They have raised the 25th brigade and they are in the process of raising the 27th brigade. They have, as the minister indicated, put in orders for two new types of jet aircraft. They are building some new submarine chasers for the navy. In other words, things have been going ahead better in the last year. But if the minister is going to apply to the criticisms that we make the statement about looking at the facts, and

that the proof of the pudding is in the eating, I think he is going to have very sour pudding to eat.

Mr. Thomas: This afternoon the minister indicated that they were trying to get as many civilian personnel as possible to work in the training camps. He also said that such civilian personnel came under the civil service commission. It is my understanding that any man over forty-five years of age would be barred under civil service commission regulations. There has been a great deal of talk about the shortage of labour in this country. Men over forty-five are and have been automatically barred because they are not fit to carry out the onerous duties involved in civilian production. However, there are a great number of these men over forty-five who could be extremely useful and could carry out the duties required of them in these training centres just as well as younger men. I would ask the minister to consider giving a preference to older men who cannot take their places in industry, that they may have jobs in these training camps as guards, dishwashers, waiters, cooks or whatever it may be, to take the places of men more able to play their part in industry during these trying times.

Mr. Claxton: The course suggested by the hon. member is the one we are following.

Mr. Cruickshank: I understood it was the civilian help the hon. member for Greenwood was speaking about, not particularly civil servants. There happens to be in my riding not only the largest but the finest army camp in Canada; as a matter of fact it is the finest engineering camp in the British empire. The hon. member for Nanaimo visited us there in an official capacity when the camp was being built. Since he left his official capacity we have added to that camp, under the general direction of the very efficient member representing that riding. At the present time we are trying to get as many civilians as possible. One of the things the army has to put up with —and I say this with all due deference to Queen's university—is the training of a great many young men in the summertime. We have them even from McGill university in your home town, Mr. Chairman. We are training those young men to be the officers of the future, because you know you can do almost anything with almost any material when it is trained in the Fraser valley. We also have in my riding the finest airport in Canada.

Mr. Stick: Oh, go on.

Mr. Cruickshank: I invite you to come and visit us.

Mr. Stick: Come down to Gander.

Mr. Cruickshank: Gander is not a military airport; Gander is where the hit and miss try to land between oceans. As I was saying, at that army camp we have these cadets. I speak as an old soldier with a certain amount of experience, though not very much. The first experience I had in the army was going around with a stick that had a nail in the end, picking up pieces of paper. The hon. member for Nanaimo knows more about these things than I do, because he also started as a private and rose to great heights where he could order men to do these things. My second experience was peeling onions. We did not have automatic peelers then; and if any hon. members here like to peel onions or potatoes by the sackful, I do not. Then we had another fatigue, which I understand, because of modern science and facilities, is not quite as onerous as it was in those days, when we had little cotton tarpaulins around these places which now have running water. It is a lot more efficient and easier to handle now.

I did not like those jobs, and I do not think the soldiers at the engineering camp in my riding like them either. These are the finest men, under the finest officers, in our whole army. They are volunteers who have offered to serve here or anywhere, and they do not want to peel potatoes and wash dishes for these fine young cadets taking summer training. For that reason only last week in Chilliwack we were advertising for civilians of the age group mentioned by the hon. member for Wetaskiwin to take over this work from the troops who are carrying out this training in a very efficient manner. There are many things for which I might condemn this department, but this is not one of them. For instance, I would sooner devote my time to saying the Department of National Defence was underpaying the private soldier even today, than take up time suggesting there are too many men peeling potatoes. As far as I am concerned I would rather see three civilians peeling potatoes for four good soldiers than one good soldier peeling potatoes for a man and a half. I think it is a wise program for the national defence department to use all the civilians they can in that class of work. We are doing exactly the same thing at the Abbotsford airport; we are calling for civilians to do this kind of work. I think the hon. member for Greenwood will realize that civilian help soon multiplies—

Some hon. Members: Oh, oh.

Mr. Cruickshank: I do not mean that in the way some hon. members have taken it.

I am serious about this; instead of condemning the minister and his department in this connection I think they should be congratulated. I would rather see the hon. member for Greenwood join with me in asking that the private soldier who signed up to go anywhere is paid a little bonus as compared with the man who has the very onerous task of driving a general's car here in Ottawa. We cannot talk pensions under this item, I understand, so let us do what we can to help the front line soldier, and let the civilians go on peeling potatoes for the man who after all is responsible for the fact that we are able to sit here and talk about anything we please.

Mr. Adamson: I should like to ask the minister a question arising out of an experience I had with civilian personnel during the last war. At one time I was a staff officer and had a certain number of civilian personnel working for me. When I found out what they were getting paid I considered it inadequate; I asked how they could get more money, and they said by being upgraded. Being very new at the job and not knowing much about the civil service I asked who did that. They said I did, if I wanted to; so I put in a chit and had the whole staff advanced one grade. The D.O.C. signed the chit, the paymaster paid them, and I had a very contented staff for a considerable period. About three months later, however, the civil service commission paid me a visit and wanted to know what right I had to upgrade my civilian staff. I said well, they were efficient, I thought they were inadequately paid, and so forth, and I put up a case strong enough so that each member of the staff was given an advance in grade.

I consider that my actions were perfectly justified. I had a loyal staff; they were doing confidential work and doing it very well. I want to ask the minister what mechanism there is now for rewarding members of the civilian staff who show exceptional efficiency. Is there any way of giving them accelerated promotions? We are endeavouring to get as many civilians as possible on the headquarters staff, and I believe they are doing extremely important work, some of it perhaps secret and confidential. There must be some way of giving them some incentive to work perhaps longer hours than are prescribed for the civil service; to work on holidays and at night, to work a little harder and perhaps under a little more pressure than those in other departments. Certainly there are those who, whether they like it or not, have to handle secret and confidential information, and I should like to know what provision there is for accelerated promotion, which is what the army calls it, or upgrading for exceptional ability, efficiency and devotion to duty.

Mr. Claxton: The hon. member asked a couple of questions. One was: What do they get for working overtime? The ordinary civil service rule, as I understand it, is that they get equivalent time off, in addition to their regular hours; and that is done, of course, in this department as far as possible. But I must say that many of the people working about there, that I am familiar with, would be off for some months if they took the overtime to which they are entitled. Most of them work a great deal more time than they take off through their credits. With regard to promotion, that is done through the ordinary civil service arrangements. As to accelerated promotion, if anyone does a superlatively good job, you can be sure he is pushed along, either in our department or in any other department. I am very glad indeed to have somebody who has done a good job in our department see a better opportunity in another department. I then give him the appropriate recommendation, unless I want to promote him to equivalent status in our department.

Mr. Adamson: Does the promotion rest with the civil service commission?

Mr. Claxton: With the civil service commission.

Mr. Adamson: Not with the director, the senior officer or the chief of the branch in which they are working?

Mr. Claxton: No. We have civilian control.

Mr. Adamson: Civilian control completely?

Mr. Claxton: Not completely, no; because the recommendation of a person by service personnel, like that of anyone else concerned, will help a great deal.

Mr. Pearkes: I think the hon. member for Fraser Valley unwittingly put his finger on the very point which is causing some of us concern. He said that civilian employees multiply in number; and that is rather the fear that some of us have. He went on to suggest that there might be three civilians peeling onions for four soldiers. There you are; he is suggesting the idea of the extravagant employment of civilians. I suppose he made the last remark in jest, but there is among some of us over here the fear that there is a danger of these civilian employees multiplying in number out of all proportion to the work they are doing.

The Minister of National Defence asked the hon. member for Greenwood: Have you

any particular cases in which you can point to extravagance? Mr. Chairman, members of parliament do not have the opportunity of going around and inspecting the various camps. We cannot go and see whether there is extravagance here and there. We have other duties to attend to. One of the duties that we as an opposition have is to try to find out whether there is any extravagance; and if there is the least fear or suspicion of it, it is our duty to offer suggestions as to how that might be checked.

The hon. member for Greenwood offered the suggestion that there should be some sort of committee of civilians. I do not think that is a new policy at all. In the past there have been committees—not necessarily composed of civilians—who have gone around, visiting camps and have seen whether the establishments are being padded, to use the army term. During this last war there were three inspectors general in Canada travelling around this country inspecting the units and reporting upon their administration; going into the camps and reporting not to the chief of the general staff but direct to the minister on questions of extravagance, where money could be saved, where there was inefficiency in organization and in administration. The office of inspector general existed, not always, but on and off between the two wars when there was a much smaller military establishment than there is now. I am going to offer the suggestion that now is the time to appoint a qualified officer of experience who will act as inspector general and who will be continually touring around the various camps and units, reporting to nobody else but the minister, keeping the minister informed if there is any extravagance, any padding of establishments, and where it may be possible to have one civilian peeling onions for four soldiers instead of three doing that sort of thing.

I am making that suggestion in all seriousness because I know that system worked effectively during the last war and that money was saved. It is all very well to say that the proof of the pudding is in the eating. That is quite true; but if it is going to cost us too much, we are going to go bankrupt, and we shall not have any pudding to eat, and we shall not have cake or anything else; but somebody else will be stepping in here and will be taking advantage of our ruined economy. We cannot be too careful about insisting upon this government's taking every possible step to ensure that there is no waste in any department.

Mr. Cruickshank: As my name has been mentioned, Mr. Chairman, may I say another word on this matter. I will admit that I might have been exaggerating when I spoke of three men peeling one sack of onions. But I must disagree with my friend the hon. member for Nanaimo, although I hesitate to do so because naturally he has had far greater military experience than I. First we heard from the hon. member for Greenwood that we should have an efficiency expert come in here to tell us how to run the army. We have had a great many efficiency experts in the province from which I come. For instance, we have had about fourteen efficiency experts —most of them from the east unfortunately; some from the city of Montreal and some from the city of Toronto—to tell us how to cut educational costs. That great authority from the blossom riding of Kamloops will correct me if I am wrong, but that is one of the great troubles. We have had too many efficiency experts out there, as he knows, with too few results. I am going to disagree with the hon. member for Nanaimo, although he has had vast experience. But I think one of the troubles during the last war was that we had too many generals floating around; and instead of getting efficiency we got the direct opposite.

I know something about the camp in my riding; unlike my hon. friend, I visit the camp within my riding. If a member refrains from golfing or fishing, he finds time to visit the military institutions within his own riding, as I do. We have at that camp most efficient officers who check on this very thing. We do not need any generals coming in there, with red all over them, four batmen and two cars. We have efficient officers out there who will do that checking as to whether there is extravagance or not. I admit that I exaggerated with regard to three men peeling a sack of onions; but I am just as much interested in economy as is any other member of the committee. But in my opinion, you can over-expert a thing. I think that the biggest trouble down at what I believe is called Cartier square is that there are still too many experts playing around, too many generals. If we were to eliminate about half the generals and put a couple of sergeant-majors in there, they would get us some efficiency. I must disagree with the hon. member. I do not want any more generals in there. There are enough now.

Mr. Stick: Like John Knox's army, one general for every three soldiers.

Mr. Cruickshank: One general for every two soldiers, I think my hon. friend said. I know that in the 29th battalion one soldier was equal to twenty from anywhere else.

But in all seriousness, may I say that I think you can overdo matters with respect to these experts. The most successfully run business in the province of British Columbia is the British Columbia Electric Company Limited. I say that without fear of contradiction. It is one of the most successfully run anywhere in Canada. Well, we had a change of management, and for a short time, owing to what they started to do out there, they brought in a Rhodes scholar as personnel director. These are facts. They brought in this efficiency expert, and what happened? The hon. member for Vancouver-Quadra knows this is correct, and so does every other member from British Columbia. You could not get a job on the section unless you had a university degree. That was one of these experts' ideas.

I am not so keen on these experts, whether they are generals or privates. A little common sense can do these things. If the minister will get behind the officers he has in the Chilliwack army camp they will guarantee there will be no waste, no inefficiency, and we do not need any more generals fooling around there trying to tell us how to do it.

Mr. Hees: Our remarks in this regard are directed through you, sir, to the minister. Might it be possible for the minister to find it convenient to return now so that we can talk to him?

Mr. Cruickshank: That comes from the visitor from Toronto?

Mr. Hees: I should like to refer to some of the remarks that the minister made following the remarks made by the hon. member for Greenwood. The minister seemed rather hurt that we had suggested that an efficiency survey of his 30,000 civilian employees might show some positive results. He implied that unless we could point our finger at some place where inefficiency was occurring, there was no justification for asking for a survey.

There has been no allegation by any member of the opposition, to my knowledge, that we have too many civil servants, simply because we have absolutely no way of knowing whether we have or not. We have not been taken into the confidence of the government. As the hon. member for Nanaimo said, we have not the time or the opportunity to go around to these camps and examine just what is going on there. All that we can do is to ask questions, and ask questions we certainly intend to continue doing.

Regarding this idea of an efficiency survey, I have known a number of companies, of less than one thousandth the size of the force that we are dealing with here, that have had efficiency surveys. They have been able to cut down anywhere up to 25 per cent of the personnel they had on their staff before the survey took place, and with fewer staff they have been able to operate far more efficiently than they ever did before. This staff of 30,000 is no more than a business organization. What we are suggesting is that ordinary business practices, which have been employed by firms that must show a profit, might be employed and found useful there. It is a sincere suggestion by the members of the opposition to the minister. It is very regrettable that he should take this as a personal criticism of him and of his department, and find it necessary to cite the fighting qualities of our troops. There is nobody in this house who criticizes the fighting forces or even thinks for a moment that we have not got the finest army, navy and air force in the world. We know we have. The fighting men that we have are terrific. We all know that. We are simply suggesting ways in which we might help the minister make savings in a very large labour force. This is a suggestion which is utilized many times in the life of any successful business organization.

Most business organizations, as anybody who is a businessman knows, are continually examining ways and means by which they can cut down personnel and increase their efficiency. Having been in the services, I know that there never was, and I am sure there never will be, a commanding officer in any service who ever willingly cut down on personnel, civilian or military. You just do not do it. The commanding officer does not have to pay the personnel. He does not have to show a profit. He simply wants a good operation to show his superior officers, and the more men he has on his staff the easier it is for him to do so. There is not the slightest incentive for any commanding officer to cut down on personnel, and he just does not do it. If you expect commanding officers to be efficiency experts, you are barking up the wrong tree, because they are just not going to do it.

Mr. Ferrie: That is not so.

Mr. Hees: If you were in the service, and if you know of any commanding officer who ever willingly cut down on personnel, I should like you to cite the case right now.

Mr. Ferrie: Here is one man here who has just said that.

Mr. Hees: Absolute nonsense.

Mr. Ferrie: That is all you fellows have, just the one remark.

Mr. Hees: The idea of an efficiency survey is not a new one. Since the last war, this government has had an efficiency survey carried out in certain departments, by the firm of Walter Gordon and Company of Toronto. This government saw fit to employ Mr. Gordon and his associates to do the kind of job we are suggesting should be done on a very large scale, and therefore the suggestion is not a new one.

The minister also suggested that perhaps this was extremely boring to hon. members; that the opposition were in some way at fault for taking up the time of the house by going into these matters. Well, obviously, the minister would rather have it done in the committee of the whole than in an armed services committee. If that is the way the minister wishes to have it done, that is the way the opposition are going to proceed. We have suggested the other way. He wants it done this way. We feel it is our job to scrutinize these tremendous expenditures, to ask all the questions that we feel need to be asked, and we fully intend to continue to do so.

An hon. Member: Ask questions.

Mr. Hees: Nobody in the opposition that I know of has suggested that they would not want civilian personnel to replace military personnel, or naval, or air force personnel. That is common sense. We would like it to be done to the greatest extent possible; but we would like to feel that the tremendous amount of the taxpayers' money that is paid out to these people to do this job is paid out in such a way that the people who receive it will operate as efficiently as possible, and cost the taxpayers of this country as little as possible. That is all we are asking. It is a simple business proposition, accepted by all successful business firms. It is a sensible and sincere suggestion. I would like to hear the minister say why he is so much against a survey, as suggested by the hon. member for Greenwood, being carried out, in order to see if we cannot cut down on this very large civilian labour force, and perhaps save the taxpayers some money.

An hon. Member: We do not want duplication.

Mr. Claxton: I should like to give the hon. member all the assurance he would like to have, but I could only do that if I felt honestly they were good things to do. Unlike a good many corporations, we have a continuous check-up on the efficiency of government operations, first, through the department; second, through the civil service commission; third, through the treasury board; and fourth, through parliament itself. The figures I gave before indicated that, in regard to the efficiency of government administration, judged by the proportion of civil servants to the over-all labour force, we were not too bad; in fact, we were the best in any country that is comparable at all.

Our experience in regard to efficiency experts is varied. If you get very good ones they give you very good advice on a pretty high level, but you have got to apply it right across the board, and so we have to go in the end to our own department, to the civil service commission and to the treasury board working together to apply anything that has produced any consequence by one of those efficiency experts. I am all for it, you bet. I have had them. They usually produce an increase in the over-all strength required to do a job, but—

Mr. Hees: The right one.

Mr. Claxton: Well, who is to pick the right one? We have had this kind of operation done in respect of certain things in our department and we are still working on them.

Mr. Hees: What is the opinion of the government of the job that Gordon and Company of Toronto did some years ago?

Mr. Claxton: I think Walter Gordon is a fine fellow.

Mr. Hees: And did he do a good job?

Mr. Claxton: I think he did a great job. I think he also did a good job when he advised me in respect of certain changes which should be made in my own department. And I will consult Walter Gordon any time he and I find it convenient to get together—you bet! There is no quarrel about that.

But when it comes to doing an over-all cutting job, then the only cutting knife there is is that of treasury board. And that has to be rough and tough; and that is done by my colleague the Minister of Finance. And what he has done in order to reduce the total number of civil servants outside the Department of National Defence has been quite amazing, in this time of national growth. I think I have impressed upon our department—because we are spending about three and a half times as much as all the other departments combined—that they have to be responsible to the utmost cent. And that is what I hope we will do.

Mrs. Fairclough: I would suggest to the minister that the best, as judged by any standard, whether it be that of another nation or another department within our own government service, does not necessarily mean that the job we are producing is the best that can be produced. I would ask the minister whether he would give serious consideration

to an examination of all these services, with a view to replacing men where possible with women, so as to release those men for active service.

In discussing this matter before the dinner hour it was suggested that there were many places in the services where women could serve admirably so as to release men for active duty. I also say on behalf of the women that they will carry a great load—possibly greater than that now being carried.

Mr. Claxton: Wherever possible that will be done.

Mr. Shaw: It occurred to me, after having listened to the past several hours of discussion, that if the Kremlin had recording equipment in this building they would have considered by this time that any contemplated war they might start would be half won already.

The minister has been accused of giving broad and general answers to questions. But in all my experience here I have never listened to such a battery of broad and general statements and questions as I have heard during the past several hours. The whole thing is boring, as someone has asserted. I think it is boring particularly because there has been a complete absence of ability on the part of someone to sink his teeth into something concrete. It appears to me as though it might be the product of frustration.

I listened with great interest to the hon. member for Greenwood, and I would sum up what I heard him say, or what I thought I heard him say. He said, in effect, that something should be done, that something may be wrong—although he was not just sure what may be wrong. But something may be wrong, he thought, and therefore something should be done; and since he could not determine what was wrong—"Would you appoint an efficiency expert to tell me what is wrong, so that I can criticize?"

It is all right to talk about efficiency; we all desire to have it; but efficiency has taught us one thing, if nothing else, and that is that as a rule, and especially as applied to the armed services, where efficiency experts have been employed it has resulted in the immediate issue of a grand collection of new forms which are used for a short period of time, and then promptly forgotten—and, as the hon. member for Peace River suggests to me, as a rule they are put out, at the rate of twenty-five copies each.

I feel there are several extremely important issues relative to national defence that could be occupying our time profitably now; and that we should not have to listen to the mere assertion that something may be wrong. I will criticize when I can find something wrong, something which I believe should be criticized. But I think we are not justified in repeating the simple assertion that something may be wrong—"We don't know what is wrong, but if you will tell us what is wrong, and let us determine how it is wrong, we will have something to criticize".

I am not questioning the right of anyone to adopt that course of action; but in my estimation when we have certain much more important issues before us including, I may say to my friends of the Progressive Conservative party, the whole manpower question, we should devote our time to a discussion of those questions, which are far more important than these simple issues to which we have been devoting the past several hours today and on previous occasions.

I suggest that in these grave times we would be well advised to get down to business and deal with certain of those factors which, to me, are of much greater importance at this extremely serious time. I doubt if anyone will deny that these are serious times.

Mr. Hees: I should like to ask a question of the hon. member who has just spoken, and who has so generously given us the benefit of his great experience—and he seems to have had vast experience—

Some hon. Members: Oh, oh.

Mr. Hees: —in the matter of efficiency experts dealing with military establishments. I should like to ask him the number of these, and if he would give us the benefit of his experience in that regard. He seems to have had a great deal of experience. He has said that in every case this or that has happened. Then, could we not be honoured or favoured by a further discourse in which he would set out specific instances where efficiency experts have caused less efficiency than before they started?

Mr. Shaw: May I advise my hon. friend—because perhaps he does not know—that I did serve for quite a number of years on the war expenditures committee. May I also advise him of a complete absence of any specific charge or declarations on his part, or any evidence whatsoever to indicate that during the course of his military experience the use of so-called efficiency experts did bring about the results which he seems to indicate would be inevitable, should the government at this time undertake to appoint such persons.

I have indicated to my hon. friend that practically throughout the period of the war

I did serve on the war expenditures committee. Certainly I am not without experience so far as war expenditures are concerned.

Mr. Hees: I would ask the hon. member to name some particular experiences where efficiency experts tried to do a job, and failed to do it.

Mr. Cruickshank: Mr. Chairman—

The Deputy Chairman: Order. I wonder if we are not getting away from the subject matter of the discussion.

Mr. Fournier (Hull): Very far away.

The Deputy Chairman: It is the subject of civil salaries and wages. I know that certain questions have been asked respecting the efficiency of civilian employees, but I do not think we should undertake a discussion respecting the firms or experts engaged in the examination of personnel as to efficiency, and the like.

Mr. Cruickshank: May I ask the hon. member a question?

The Deputy Chairman: I have just ruled that the matter is closed.

Mr. Adamson: I should like to ask the minister one question with regard to security. We are dealing with civilian employees of the Department of National Defence, and acting in their different capacities nearly all of them at one time or another will have access to material that is restricted, if not secret and top secret in character. What is the machinery for screening prospective employees who have to take the oath of secrecy under the Official Secrets Act? What percentage have taken this oath? What percentage of those who have been screened have taken the oath? I am not saying this in any spirit of criticism, but in view of what is going on in the world I do not think we can be too careful and we would like to know what is being done.

Mr. Claxton: All of those who have access to top secret, secret or restricted information are screened before they have such access. All civil servants take the oath.

Mr. Adamson: Is that the official secrets oath?

Mr. Claxton: It is the oath of allegiance and, in some cases, of secrecy.

Mr. Adamson: Does every civil servant, no matter what department or branch he is in, take the oath of secrecy?

Mr. Claxton: It takes some time to get around to all of them, but that is done.

Mr. Pearkes: The last item in these details concerns 80 personnel employed by the co-ordinator of civil defence, and I believe that it is under this item that the salaries of these employees would be paid and possibly also the salary of the co-ordinator of civil defence. I do not know of any other item under which we could ask questions relating to civil defence. On May 11 the Minister of National Health and Welfare made a statement with reference to civil defence, after which the leader of the opposition stated, and I quote from page 2941 of *Hansard*:

> If that disposes of the review of civil defence at this stage, recognizing the item will of course come up again at a later point when it is called—
> Mr. Martin: I hope not tonight.

He was referring to May 11. At that time we deferred to his wish, but I know that some hon. members would like to discuss a number of general matters dealing with civil defence and it would seem that this is the appropriate and perhaps the only time when we could discuss those matters. Would either the Minister of National Defence or the Minister of National Health and Welfare be prepared now to answer questions on civil defence?

Mr. Claxton: I think the hon. member for Nanaimo is quite right. My understanding was that it was agreed by the committee that we would deal with civil defence when that came up after the completion of the items on page 269 under defence services, departmental administration, including inspection services and civil defence. At that time I asked the committee if they wanted to proceed with civil defence as the minister responsible for that branch was present, and they indicated that they wanted to do that, and did. That was done. There was quite a discussion at that time. If there is a desire to revive that at some future date when he is here, I will bring it to his attention.

An hon. Member: He is here now.

Mr. Claxton: All right, if he is prepared, it does not matter. But we have already passed from that subject.

Mr. Pearkes: No, we have not.

Mr. Claxton: Yes. I am quite wrong. We have no way of controlling this committee, no way at all except by agreement. We have had agreement three times and each time it has not been observed. However, we will work along.

Mr. Martin: May I say one thing in deference to my colleague, the Minister of National Defence. As far as I am concerned, my duties not being anything as onerous as his, and knowing how his time is preoccupied,

knowing something of his ensuing engagements, it might meet in part what he had in mind if we could dispose of the matters with which he is directly concerned on the understanding that questions could be put later on with regard to civil defence. I would be most happy to meet his wishes if that is what he had in mind.

Mr. Claxton: Let us get rid of it now.

Mr. Martin: If it is the wish of the committee to go on, I am ready to do so.

Mr. Pearkes: I think the Minister of National Defence said, "Let us get rid of it now".

Mr. Claxton: Yes, but with all respect I think we have agreed—I think Mr. Chairman will agree with me—three times, informally it is true—it cannot be binding on any member—that we will proceed in a certain way. I suggest that that is the only way a democratic country can proceed, by agreement and decision and, once a matter has been decided upon, to move on from that. It is a difficult situation because at any stage any member can upset the agreement. It has been upset. Let us go back.

The Deputy Chairman: If I remember correctly, when the Minister of National Defence made his statement on the first item of general administration and was suggesting procedure he indicated that the items relating to civil defence would be dealt with by the Minister of National Health and Welfare, and on this item we have had a wide general discussion pertaining to civil defence.

I understood that the agreement was that we were to carry on with whatever items belonged to the Minister of National Defence and were to have a detailed study of the civil defence items with which the Minister of National Health and Welfare would be concerned. That was the understanding.

Mr. Pearkes: I believe the salaries paid to the 80 employees in the office of the civilian defence co-ordinator, referred to on page 2963 of *Hansard*, will be paid under this item. According to the statement on that page of *Hansard* the total is $271,702.

The Deputy Chairman: Has it not been announced by the Minister of National Defence that payments to be made in connection with civil defence would come under his vote, but that later they would be transferred?

Mr. Claxton: Let us deal with them now.

The Deputy Chairman: It is true, as the minister announced in his opening statement, that while these salaries come under the national defence vote, later on they would be transferred to the Minister of National Health and Welfare. It was suggested that the Minister of National Health and Welfare would give any information that was requested when we came to discuss the items pertaining to national defence. Suppose we pass this item covering civil salaries and wages, which would provide for the payment of salaries having to do with civil defence, and then later on the Minister of National Health and Welfare will come before the committee and the eighty people in whom the hon. member for Nanaimo is interested can be dealt with at that time.

Mr. Fleming: Will the money have been voted for the eighty persons in the meantime?

The Deputy Chairman: Necessarily it would be if we adopt this vote, but the committee would reserve its right to discuss the item when the Minister of National Health and Welfare comes before it to discuss the four or five items pertaining to civil defence.

Mr. Fleming: With respect, it would seem a little strange to vote the money, simply reserving the right to elicit information later regarding these eighty persons. Would not the proper thing to do be to defer the item until that remaining matter has likewise been disposed of?

The Deputy Chairman: I agree with the hon. member that it would not be done unless the committee is unanimously agreeable to it. I do not want to have a long discussion over procedure. If hon. members do not agree to that course then the Minister of National Health and Welfare has offered to reply now.

Mr. Claxton: In reply to the questions of hon. members, I think I ought to give them the details of the estimates on civil defence as we arranged them back in December or January. That is what I understand has been asked for. They are as follows: Civil salaries and wages, $271,702; travel and removal expenses, $88,500; freight, express and cartage, $5,000. Hon. members will observe we are following the ordinary form of arrangement for all estimates.

Mrs. Fairclough: In order to enable members to follow the minister, may I ask him to tell us where this appears in the estimates?

Mr. Claxton: It is on page 269. It provides for a vote of $13,419,162 of which part is for civil defence, and I am taking out for the hon. member the items related to civil defence.

Mr. Green: Taking them out.

Mrs. Fairclough: From each item?

Mr. Claxton: Yes. We have followed the items established by the comptroller of the treasury and the treasury board. I think the last one I mentioned was freight, express and cartage, $5,000; telephones, telegraph and other communication services, $2,500; printing of departmental reports and other publications, $51,500; office stationery supplies, equipment and furnishings, $18,500; materials and supplies, $4,303,500.

Mr. Harkness: What was that figure?

Mr. Claxton: $4,303,500. Acquisition and construction of buildings and works, including acquisition of land, $350,000. All other expenditures other than special categories, $5,000, a total of $5,096,202.

Mr. Pearkes: What was the total?

Mr. Claxton: I should indicate that our estimate is that of that amount it will not be possible or likely that we will expend during 1951-52 $900,000, so the amount in the estimates is $4,196,202.

Mr. Pearkes: $4,196,202.

Mr. Blair: These figures are rather confusing. Did I understand the minister to say that only $900,000 of the total amount is going to be spent in 1951-52?

Mr. Claxton: $900,000 would not likely be spent.

Mr. Blair: $900,000 will not be spent?

Mr. Claxton: That is the estimate.

Mr. Blair: So you are going to spend approximately $4 million?

Mr. Claxton: That is right.

Mr. Blair: May I ask the minister how many civilians are employed in this organization and what salaries they are receiving?

Mr. Claxton: Eighty.

Mr. Blair: What are the eighty people getting? What are their salaries? What does the co-ordinator receive?

Mr. Claxton: $10,000, less of course what he gets as an army pensioner. As a major general having thirty-five years plus service I should think that he was working full time, and working very well, for about $3,500 a year.

Mr. Blair: What are the salaries of the other eighty?

Mr. Claxton: The projected figure throughout the year is eighty but at the present time there are only twenty-seven.

Mr. Blair: What do you propose to pay each of them per year?

Mr. Martin: They will be paid in accordance with the regular salaries for persons engaged in that kind of work.

Mr. Blair: What is the regular salary for people engaged in that kind of work?

Mr. Martin: Will my hon. friend tell me what post he has in mind particularly?

Mr. Blair: What are the positions? We do not know what the set-up is.

Mr. Martin: There are filing clerks. There is a solicitor, for instance, in my own department who is now doing legal work in connection with civil defence. The work of directing the medical committee is now being carried on by a regular official of the Department of National Health and Welfare who has made a specialty in this particular field. We are also contemplating securing the services of one or two individuals who, we hope, will find it possible and convenient to contribute their services to the government without pay in this particular work. I have in mind one who is an export in the field of telecommunications.

Mr. Cruickshank: On a point of order, may I ask which estimates we are discussing? If it is civilian defence, or rather the lack of civilian defence, I want to ask the Minister of National Health and Welfare some questions.

The Deputy Chairman: We are now discussing the sub-item, civil salaries and wages.

Mr. Cruickshank: Then I cannot ask the Minister of National Health and Welfare any questions.

An hon. Member: Sure you can.

The Deputy Chairman: We are discussing the civilians employed in the office of General Worthington who is in charge of civil defence.

Mr. Fleming: By leave of the committee there was ordered to be placed on *Hansard* this afternoon certain information with regard to personnel and salaries on the civil administration staff of this department. Are the positions and salaries of the persons to be attached to the civil defence organization set forth in that list? We have not seen it yet. Of course it was ordered to be printed but we have not seen it.

Mr. Claxton: It has been available since 3.30.

Mr. Fleming: Those of us who were in the house when this business came up this afternoon still have not seen the figures. We shall see them in *Hansard* tomorrow, but we have not got them tonight.

Mr. Martin: May I deal with my hon. friend's question. With respect to those officials who were in the civil defence division under the Department of National Defence, those persons will be in that list, but there are now engaged officials of the Department of National Health and Welfare, such as the one in charge of the medical committee to whom I referred, who is normally a functionary of the Department of National Health and Welfare but who is now doing civil defence work almost exclusively. His name would not appear on that list. He will continue as an official of the Department of National Health and Welfare. He is the chairman of one of our divisions.

Mr. Cruickshank: Apparently I am in order in asking the minister a question.

The Deputy Chairman: I think the hon. member for Eglinton wants to put a supplementary question.

Mr. Fleming: There are several questions that arise out of the minister's statement. In the first place, he will appreciate that we have not seen that list. We shall see it tomorrow. Do the personnel to be attached to the civil defence administration appear in segregated form on that list, or are they mingled with all other civilian personnel on the administration staff?

Mr. Martin: I am advised that they are not segregated.

Mr. Fleming: Then do I understand also from the minister's last statement that in the case of personnel of the Department of National Health and Welfare who are engaged in the work of civil defence, they will continue to be on the staff of his department and will draw their salaries as officials of that department, and not through the Department of National Defence?

Mr. Martin: As my hon. friend will appreciate, that must be fairly clear. The transfer of responsibilities took place after the estimates had been decided upon. If the present situation continues next year obviously those now engaged in civil defence who are attached to the Department of National Defence will have their attachment transferred to the Department of National Health and Welfare and perforce those in national health and welfare will continue to appear, as indeed they are, as members of the staff of that department.

Mr. Fleming: Then in taking the figure of eighty as the strength to which the staff is to be built up, will that include officials or personnel still attached to the Department of National Health and Welfare, or will it be in addition to them?

Mr. Martin: Some twenty-seven persons are now on strength at the head office and at the training school, and approximately sixty additional positions may be set up. That would include officials of the Department of National Health and Welfare as such. I am not saying all those positions are going to be filled. As I go through the work I feel that some of those posts need not be filled, in view of the fact that some of our own officials can deal with these matters. However, I cannot be too precise in that particular.

Mr. Fleming: Even accepting the minister's closing reservation, would he indicate to us how this personnel of eighty, not including those on the staff of his own department, was arrived at? Can the minister give us an outline of the general functions which those eighty people were expected to perform when that number was arrived at? There must have been some planning done before that figure was reached. What is the break-down? Can the minister give us the different categories within the group, and some indication of the functions to be discharged by at least the senior officials of that group of eighty?

Mr. Martin: Well, for instance, in my judgment it is not necessary to create a special post or posts in the legal division, because the personnel in the legal division of the national health and welfare department have the time and ability to deal with legal matters. It is not necessary to create special posts for certain medical assignments, because my department has certain people who are trained and whose time will permit them to give their services to this group. In our Indian health service it will be possible to utilize a number of our personnel to do work which, if this had been left as it was, it might not have been possible to get done. The instructors in the training school now in progress at Connaught Ranges are not entirely special appointments; two of our own officials who have had training at the civil defence training school in the United Kingdom are being attached for that purpose.

Mr. Cruickshank: I raise a point of order, Mr. Chairman, and I would like a ruling. I was ruled out of order when I asked some questions of the Minister of Resources and Development, and now I think the minister is entirely out of order. If we are going to talk about civil defence let us all know, so the rest of us can talk about it too. I thought we were on the national defence estimates. If we are going to open up the matter of civil defence I want to say a lot about the lack of civil defence in my province.

The Deputy Chairman: The hon. member for Fraser Valley will appreciate that when a minister replies he requires perhaps more latitude in order to give a full explanation than hon. members would be allowed in putting their questions. What we are discussing now is the Department of National Defence, the item covering civil salaries and wages. Among these civilian personnel for whom money is voted under this item are some eighty civilians employed in the office of civil defence. We are discussing civil defence under this item because some employees belonging to the civil defence branch receive their salaries under this item.

Mr. Cruickshank: I quite appreciate that; so apparently I am in order if I go on with a discussion of civil defence.

Mr. Fleming: On a point of order—

Mr. Cruickshank: I am speaking to a point of order. I sat down for Toronto the last time; I am not sitting down this time.

The Deputy Chairman: Both hon. members will please take their seats. I think we must continue with the discussion of this item covering civil salaries and wages. If the hon. member for Fraser Valley wishes to ask questions coming within the scope of this item, he will be perfectly in order. Now, the hon. member for Eglinton.

Mr. Fleming: I was just going to ask the minister to complete his answer to me. He got as far as the instructors. So far in effect he has said that they do not need any more personnel on the legal side, or on the medical side, or in health services, or as instructors. I am wondering what the eighty are going to do. So far we have not been told, though we have been told the people they do not need. Can the minister answer the question, please?

Mr. Martin: I most certainly can answer it, and I think I have answered it. I have said there are now twenty-seven posts. There was a plan for sixty additional posts. As I see it at the moment—and I can only speak of the moment because we are having discussions with the provinces, who have some obligations in connection with this matter—it will not be necessary to fill all these sixty posts. But that matter depends upon contingencies which I cannot possibly foresee at this moment. For instance, there was the thought of some nursing aides. I find that we have in our own department personnel of that kind who can be utilized.

Mr. Fleming: I am sure the committee will commend any minister who is seeking to use his present staff for suitable purposes instead of building up a big staff which is not necessary. Are we to take the minister's last statement to indicate his present view that none of the additional sixty are likely to be required?

Mr. Martin: I cannot say more than I have said for the time being.

Mr. Fleming: The minister made a statement which he may not have realized was somewhat ambiguous. He indicated his present view was that the other sixty would not be required.

Mr. Martin: No, I did not say that. I said that at the moment it would not be necessary to fill the sixty posts but that I could not foresee all possible contingencies. We are now having negotiations with the provinces in respect to this matter and it may be that they will not be prepared to assume certain roles the government believes the provinces should be prepared to assume. Those are circumstances that have to be borne in mind. I cannot say more and be as unambiguous as I know my esteemed and hon. friend wants me to be.

Mr. Fleming: Will my highly esteemed friend the minister be kind enough, then, to say what the twenty-seven persons who I understand are engaged in civil defence exclusively are doing? What is the set-up?

Mr. Martin: Well, there is General Worthington, the civil defence co-ordinator. There is his assistant; there is Colonel Croteau, who is in charge of the school. Under him are other officials.

Mr. Fleming: How many?

Mr. Martin: At the school I think there are five. Those are permanent. They are helping in one way and another. There is the stenographic staff. There are clerks. There are one or two officers.

Mr. Fleming: How many stenographers and how many clerks?

Mr. Martin: Offhand, I do not know how many there are; but I could give you that information.

Mr. Fleming: I was not able to hear what the minister said.

Mr. Martin: I do not know offhand how many clerks or stenographers there are. But I can tell the hon. member that the general thinks that there are not enough.

Mr. Fleming: What does the minister think?

Mr. Martin: I think a happy compromise is likely the right decision.

Mr. Fleming: I am serious, Mr. Chairman, in asking for this information as to the functional break-down of the present staff. If the minister has not this information available tonight, perhaps he would be agreeable to providing the committee with it later. He may not be able to push a button and get information in five minutes, as one minister said this afternoon that he could. Perhaps the Minister of National Health and Welfare does not push buttons with such immediate results. But would he be kind enough to obtain that information for us during the course of the consideration of this item?

Mr. Martin: I will do that.

Mr. Fleming: I think the committee is interested in this, first of all, because of the paramount importance, under present conditions, of civil defence. I think the committee will want the fullest information about the plans that are being laid for preparation for civil defence in this country.

The Deputy Chairman: Order. The hon. member will realize that he cannot go beyond asking questions pertaining to the employees that come under this vote.

Mr. Martin: May I say to the hon. member that I shall be glad to do as he has requested.

Mr. Fleming: I think I am entitled to make some comment upon the number of employees in relation to the responsibility parliament has to expect of them. The minister has indicated that he thinks that twenty-seven apparently are going to be needed,—

Mr. Martin: No, I did not say that.

Mr. Fleming:—as he foresaw the job at the present time.

Mr. Martin: No, I did not say that.

Mr. Fleming: Then I do not know what the minister said, because he intimated that, as he sees the situation now, the twenty-seven, as I understood him, would be sufficient to do the job; and he says he does not think it will be necessary to fill the sixty posts.

Mr. Martin: We might save a great deal of time if my hon. friend will allow me to repeat what I said. What I said was that we now have twenty-seven posts. Plans have been made for sixty others. I do not believe we will perhaps need the full sixty but I cannot make a definite commitment at the present time, for the reasons that I gave.

Mr. Fleming: The minister has now changed his statement.

Some hon. Members: Oh, oh.

[Mr. Martin.]

Mr. Fleming: Earlier, when I was trying to clear up this ambiguity, in his statement the minister said he did not think it would be necessary to fill the sixty posts. Now he says he does not think it will be necessary to fill the full sixty posts. That is a different matter entirely.

Mr. Gardiner: That is what he said from the beginning.

Mr. Fleming: Maybe he is going to fill fifty-nine.

Mr. Cruickshank: Maybe we will get our proceedings in order, too.

Mr. Fleming: Surely this is a serious matter in all the municipalities of this country which could easily be targets either for attack from abroad or by a fifth column here in Canada.

The Deputy Chairman: Order. I will again ask the hon. member, in his remarks, not to go beyond questions or comments pertaining to the employees who come under this vote. If his remarks are to be relevant to the item under discussion, that is what he will have to do.

Mr. Fleming: With great respect, Mr. Chairman—

The Deputy Chairman: My ruling has been given, and it is not debatable. I know that the hon. member will want to enlarge upon that. But I have asked him for the second time to observe the rules, and I will expect him to do so.

Mr. Fleming: With great respect, Mr. Chairman, may I say that I cannot imagine anything more relevant to the matter of this situation which the minister is describing to the committee tonight.

Mr. Fournier (Hull): The hon. member has no imagination.

The Deputy Chairman: Order. We had a general discussion on civil defence. Now we are past the stage of general discussion. We are discussing a specific item. The hon. member for Eglinton may disagree with the chairman when the latter does not think that certain remarks are relevant. But it so happens that someone must take the responsibility of deciding whether or not a discussion is relevant. Although he disagrees with me, I say that his remarks are not relevant. I have made a ruling, and that ruling is not debatable. The hon. member may appeal that ruling, but that is all he can do. He must observe the rules.

Mr. Pearkes: For the first time tonight, Mr. Chairman, we have been told the total figure which is going to be spent on civil defence—

Mr. Martin: If the hon. member will permit me to do so, I should like to say here that I gave that figure the other night, when I spoke, in outlining the general policy of the government in this matter. I gave it in answer to a question asked by the hon. member for Kamloops, who nods his head in approval.

Mr. Pearkes: It was given tonight and broken down into detail. I feel that the people of the country are going to be stunned when they hear that we are spending only $4 million on civil defence out of a defence budget of almost $2 billion, and that they are going to ask very definitely this question: What is the co-ordinator of civil defence doing? I feel that I can endorse every word that the Minister of National Defence said a few minutes ago—

Mr. Cruickshank: I again rise to a point of order, Mr. Chairman, and I want a ruling. My municipality is just as much interested in civil defence as is any other municipality. If these other hon. members are going to be allowed to discuss civil defence in general, under national defence estimates, then I want to know whether I am going to be accorded the same privilege. Either we are in order or we are not in order; and I maintain that this general discussion is out of order.

Mr. Low: Mr. Chairman—

The Deputy Chairman: Does the hon. member wish to speak to the point of order?

Mr. Low: No, I do not wish to speak to the point of order. I want to get on with the business.

The Deputy Chairman: A point of order has been raised.

Mr. Harkness: I wish to speak to the point of order, something which I seldom do. What I should like to know is this. If we are not going to be able to discuss these other items on civil defence now, when are we going to be able to do so? The minister gave a break-down under the heading of salaries, travelling expenses, freight, telephones, et cetera. On the basis of your ruling that is being discussed, I would take it that when we come, for example, to the item of travelling and the removal expenses, which is the third item down on page 269, we will discuss this $88,000 of travelling expenses which the minister gave in his break-down.

If we are going to carry on in that way, I would submit that it is going to result in a disjointed discussion in connection with civil defence, and it is going to be extremely difficult to know just where we are at at any given time. There will be this constant difficulty over whether this question can be asked or that question can be asked. I would humbly suggest that it would be much better for us to take up at one time all the questions we are going to ask with regard to civil defence and get them out of the way. I think that procedure would expedite matters considerably. Whether we do it now or whether we do it at a later time, I do not care. But I would suggest that it could all be done at the same time instead of being scattered all through the estimates of the Department of National Defence.

The Deputy Chairman: I think the hon. member for Calgary East has made a pertinent suggestion.

Mr. Martin: I was just going to suggest that I might act on that very suggestion.

Mr. Pearkes: On the point of order, Mr. Chairman—

Mr. Martin: I am going to give the information that the hon. member for Calgary East has asked for, covering not only the third item, with the consent of the committee, if it is felt that that is the best way of dealing with the matter. As for myself, I think perhaps it is.

Mr. Pearkes: On the point of order—

Mr. Martin: The hon. member for Calgary East asked me to do that. If the hon. member for Nanaimo disagrees with him, I will have to ask the leader of the opposition to make a decision as to which of the two hon. members I shall recognize.

Mr. Pearkes: This is perfectly ridiculous, Mr. Chairman. We are discussing a point of order. I do not mind whether this whole subject of civil defence is discussed or not. But under this particular item, the salary of the co-ordinator of civil defence is paid. I am asking, or I started to ask, questions with regard to the duties and functions of that officer. This is the right place to do that.

The Deputy Chairman: That is right.

Mr. Pearkes: If you want to go on to further questions, well and good. Here would be perhaps a good opportunity to branch out. But surely I am in order to discuss the duties of that official.

The Deputy Chairman: The hon. member for Nanaimo is perfectly right.

Mr. Martin: My hon. friend is asking me the duties of the civil defence co-ordinator.

Mr. Pearkes: I was very much interrupted when I started to ask them.

Mr. Martin: I must say that my young friend, the hon. member for Calgary East,

participated in the intervention. Now that we have peace for a few moments I will be glad to deal directly with my hon. friend's question.

Mr. Harkness: Thanks for the "young" anyway.

Mr. Martin: As he knows, the civil defence co-ordinator is a distinguished soldier and a man who has, with regard to a very difficult task, admittedly done a very good job as civil defence co-ordinator in this country, as will be reflected in the opinion which I know every minister in each of our provinces responsible for civilian defence would vouchsafe to give.

The job of the civil defence co-ordinator in principle is the same as that of his predecessors, of whom Dr. Manion, a former leader of the opposition, was a very distinguished one. The job consists, under ministerial authority, responsible to the government as a whole, in establishing liaison with those groups, such as the provincial governments, who are responsible for their creatures the municipalities, and in establishing relationships with them in trying to bring about a policy of co-ordination in respect of civil defence.

Hon. gentlemen will remember what I said in my opening statement, that the federal government, in the pursuit of this problem, does not feel that it is possible to provide at the centre, on an operational level, a full effective measure of civil defence. We have certain functions, the function of getting out training manuals, of publications, all of which come under the civil defence co-ordinator, the use of films, the purchase of equipment of various kinds, which we are prepared to give to the civil defence directors and workers who operate under the provinces or under the municipalities—generally we have the role of co-ordination.

But one should not judge the adequacy of civil defence in this country only by the recital of policy, or the recital of achievement of the federal government; for we cannot do this job alone, as I said quite frankly the other day. If one is going to provide for a measure of adequate civil defence it has to be done through a policy of decentralization, through the provinces and through the municipalities, which must carry on the primary responsibility of an operational endeavour.

I am happy to be able to say that as a result of the work of the civil defence co-ordinator, who has worked tirelessly during the last year and a half, every city in Canada but one, of 50,000 and over, has a civil defence director. These directors are paid by the municipality, and the civil defence co-ordinator of this country has been largely responsible for stimulating action by way of appointments in so many of these municipalities.

One of his first jobs of course was to establish contact with the United Kingdom civil defence authorities. It was the civil defence co-ordinator who made all the detailed preliminary arrangements for the agreement that we were able to arrive at with the United States in respect of a policy of common civil defence, so that we could say that for purposes of civil defence there would be no border.

It is the function of the civil defence co-ordinator to continue contacts with these various bodies. To give an example, the other day in Sault Ste. Marie—this is a point of some interest in this connection—the minister in charge, the Hon. Mr. Welsh, telephoned me and asked me if the services of the civil defence co-ordinator could be used to deal with a problem that had arisen in connection with a civil defence matter in Sault Ste. Marie. The civil defence co-ordinator was dispatched there. This morning I had a letter from Colonel Welsh commenting upon the value of these services and other matters.

A month ago the civil defence co-ordinator went to the province of British Columbia, to deal with the government of that province.

Mr. Cruickshank: He had a task there.

Mr. Martin: He met with the officials of the city of Vancouver as well in connection with his task.

The civil defence co-ordinator was responsible for the three schools that we had during the course of the winter, as a result of which we have trained over 200 people, who in turn have gone back to their municipalities to take on local civil defence direction jobs, or perform some function or other in that particular.

It was the civil defence co-ordinator who organized the present school that is under way at Connaught Ranges. I have just given a general survey which I know my hon. friend will appreciate. I may say that General Worthington has a very full job, and I want to say what I said at the beginning; he is doing that job admirably.

Mr. Pearkes: I doubt whether there are many people in this country who are more familiar with the integrity, industry and the great ability of General Worthington than I am. I am going on record to say that never has a public servant in this land been asked to make bricks with less straw than General Worthington is being asked to do

today. I say that out of a total of almost $2 billion to be spent on defence we are spending now the small sum of about $4 million for the whole of civil defence. I repeat what I said a few moments ago; I believe this country will be stunned when it realizes what a paltry effort is being made in this direction.

The minister has told us some of the functions. You have instructors; you have a school at Connaught. Films are to be purchased. Then there is some suggestion of linking in with the medical officers in the department looking after Indians to help out. The big function which has to be faced today as far as civil defence is concerned is that of establishing a warning system, and there is no warning system whatever in this country at the present time. I believe no results have been achieved in so far as co-ordinating a plan for a warning system with United States—

Mr. Martin: Just a minute; I do not want to interrupt my hon. friend, but he is now dealing with policy, and he is making a general statement. I am prepared to take up and answer point by point what my hon. friend is saying and to sh w point by point how inaccurate he is. If my hon. friend is to be allowed to make this general statement I want to tell him that I will expect immediately after he has spoken to be permitted to make a similar statement by way of reply.

Some hon. Members: Yes, that is right.

Mr. Martin: Your predecessor, Mr. Chairman, ruled the hon. member for Eglinton out of order because he was engaging in a general discussion.

Mr. Cruickshank: He ruled me out, too.

Mr. Martin: He ruled my little—

Mr. Cruickshank: Not little.

Mr. Martin: He ruled out the hon. member for Fraser Valley. I would think it would be very unfair to accord to the hon. member for Nanaimo the privilege that was denied to the hon. member for Eglinton and the hon. member for Fraser Valley. I would simply call your attention, sir, to the fact that on this item, unless I am allowed to carry on, as the hon. member for Calgary East has suggested, the hon. member who has just spoken is wholly out of order. If he is going to be in order he must confine himself to the item under discussion, namely, staff.

Mr. Pearkes: I was confining myself to the item under discussion. I asked, what were the functions of his official who is paid under this item, and certain functions were enumerated. I call attention to the fact that the function of providing a warning system was not mentioned. I now ask the minister, what has been done to provide a warning system?

Mr. Martin: I am very well prepared to deal with that, but the chairman ruled that that kind of question was out of order in this discussion. There will be an opportunity later on.

Some hon. Members: When?

Mr. Adamson: On a point of order, sir, I think you reversed your ruling after the hon. member for Calgary East—

Mr. Cruickshank: He did not.

Mr. Adamson: —suggested that it would be more advantageous for this committee to deal with this matter fully at this time. I think I am correct in that.

The Deputy Chairman: If I may comment on the remarks just made by the hon. member for York West, I would point out that I did not reverse my ruling after listening to the hon. member for Calgary East. I rose to say that he made a pertinent suggestion. His suggestion was either that we deal with the civil defence votes now, or that we do that later. I did say that the discussion must be relevant however to whatever item is before the committee, from now on. Hon. members will recall that we had a general discussion which was opened by a statement from the Minister of National Defence. At the conclusion of the general discussion it was the suggestion of the hon. member for Nanaimo that, since civilian defence was to be dealt with by the Minister of National Health and Welfare, it might be appropriate at that time to have a general discussion of civilian defence.

That general discussion took place, having been opened by the Minister of National Health and Welfare. The hon. member for Lanark took part in it; and I believe it was the suggestion of the hon. member for Nanaimo that we begin the study of the details appearing at page 269 in the estimates. We have been doing that.

As it appeared that the debate relating to civil salaries and wages was exhausted, it was then pointed out that since there were eighty people employed in the civilian defence branch, the Minister of National Health and Welfare could be available to reply to questions asked on that score. When the hon. member for Nanaimo asks as to the functions of General Worthington, or anyone on his staff, he is perfectly in order; but when anyone proceeds to enlarge upon the functions of that particular branch, and to discuss policy and to refer to the astonishment that might be expressed by municipalities across Canada in respect of the small amount made

available for that purpose, I suggest he is not at that point speaking to the item under discussion. I am sure the hon. member for Nanaimo realizes that.

Mr. Pearkes: I am sorry if I veered from the straight and narrow path. I assure you it was unintentional. Would it be in order to ask if, as one of his duties, the co-ordinator of civilian defence is responsible for the provision or the establishment of a warning system?

Mr. Martin: Yes.

Mr. Pearkes: If so, what has been done? What results have accrued?

Mr. Martin: If I am in order in answering I would be prepared to answer; but I am not going to answer if I am going to be out of order.

Mr. Macdonnell (Greenwood): Go ahead; you don't know about that.

Mr. Martin: My hon. friend says to go ahead; but we have to have order. I think the hon. member for Calgary East made a sensible suggestion and I urge that we act upon it. The hon. member for Nanaimo disagreed, and we are in this difficulty as a result. I am prepared to act on the suggestion of the hon. member for Calgary East.

Mr. Drew: May I make this comment as to the difficulty which would be raised if we try to make too fine a distinction as to what may or may not be asked in connection with wages and salaries. This is a very important subject which, for reasons which I do not think anyone is criticizing, does not appear as a segregated item in the estimates of the Department of National Defence. It is wrapped up in a number of other items all contained within the bracket of departmental administration. It is perfectly true that the amount that would be set aside for the physical material, including such things as warning systems and things of that kind, would not come in under the first line, it would be included somewhere down below—although we do not know where.

It seems to me that where we have a wrapped-up package like this, we shall get along faster and further if we carry forward with the idea the minister seemed ready to accept, namely that this be opened up for discussion and that we do not try to put it into airtight compartments. One might ask under wages and salaries what form of organization was built up to handle equipment, and then when the question was asked as to whether that type of equipment was available the ruling might be that such a question would be out of order. You would be left with the fire squad, but with the hose pipe somewhere else.

[The Deputy Chairman.]

It seems to me a reasonable approach to the suggestion is that, in view of the fact that, for reasons which we need not debate at the moment, this item is rolled up in a number of other items, it would be best to be prepared to deal with it, to let the minister discuss this subject and to have questions asked. I believe time would be saved if that were done.

Mr. Fournier (Hull): There is a lot of good in the suggestion of the leader of the opposition. But would it not be proper to apply the same principle to this item for departmental administration, in the Department of National Defence? If we take them in bulk, and have a discussion on each item at random, without just limiting ourselves to civil salaries and wages, could we not apply that good principle to the whole department, and thus take up the item of $13,419,162—because this afternoon, although we were on the first item of civil salaries and wages, most of the time was spent in a discussion of other details which go to make up this total sum of $13,419,162. I see no way of making any progress, unless we permit questions on each of these items, so that when we have exhausted these subjects we would carry that amount.

The leader of the opposition is correct in what he says, but he should go a step further and apply it to the whole item, as it concerns national defence.

Mr. Drew: As the minister has directed his remarks to what I have just said, I should like to point out the very great difference. The Department of National Defence is one that, in one form or another, has existed in Canada both before and since confederation. There has been a long-established organization, which the members who have been interested are able to understand. However, in the present instance we have a new organization which is just taking form; in fact the very uncertainty and vagueness of the organization, in the minds of many members —and that is not said as a critical statement —is related to the fact that there are no separate items dealing with civil defence.

As the minister has indicated, by next year this will have taken form and there will be civil defence items. The point I make is that because this is a new branch of activity in the department, and because it does not appear under any separate item, the minister might now deal with it. May I suggest this does not apply to the general problem of defence, where we have been dealing with precisely the same organization, on a greater or smaller scale, for a great many years.

Mr. Martin: I am in your hands, Mr. Chairman. The leader of the opposition and I are

in disagreement with the hon. member for Nanaimo. If you agree with the leader of the opposition and me, then I am prepared to proceed, as has been suggested—of course, if the committee consents.

The Deputy Chairman: May I ask the Minister of National Health and Welfare and the Minister of National Defence if all the moneys to be expended for civil defence are to be voted under item 245. If they are, then I think it might be agreeable to the committee that we accept the suggestion of the Minister of Public Works that the whole of item 245 be put before the committee.

Mr. Fournier (Hull): I would not insist upon that.

Mr. Claxton: I do not think the Minister of Public Works wanted that.

Mr. Drew: No.

Mr. Claxton: He did suggest that this amount of $13,419,162 might be put forward, because we have been covering the ground with regard to civil defence and other matters, and it is up to the committee. They have not observed any agreement they have made so far, and no doubt will not in the future. I think the suggestions made by the Minister of Public Works and the Minister of National Health and Welfare, I think supported by the leader of the opposition and others, with regard to how this should be discussed might be dealt with in that way.

The Deputy Chairman: I did not express myself correctly. I should not have said that the whole of item 245 should be put before the committee. What I meant was that the amount of $13,419,162 under the heading of "Defence services. Departmental administration, including inspection services and civil defence" should be dealt with. That is what I meant.

Mr. Drew: With deference I suggest that that will create confusion worse confounded. What has been suggested now as an attempt to bring together discussion on civil defence was that we discuss that one subject and dispose of it. But if we are going to deal with all the items that make up this $13,419,000 when we are discussing the whole range of civil defence through navy, army and so on in so far as headquarters is concerned, there would be no time that we would be away from civil defence. We would be creating further confusion. I do repeat the suggestion that we proceed with civil defence and then when the questions asked by hon. members who have questions to ask have been disposed of, civil defence would be disposed of.

May I say most emphatically that there has been no repudiation of any agreement. The one thing that has been causing difficulty is the fact that we do not deal with these things in a way that makes it possible to discuss this one subject. If there is agreement that we discuss civil defence now, we shall be able to dispose of it. We did not have a general discussion of civil defence, as has been stated. The minister made a statement and replied to certain questions asked. It was then asked if we would go ahead with it and the minister of national health said it should not be proceeded with that night, but it would be dealt with when the first item was before us.

We have this item before us, as well as the different items in this first grouping. For that reason I think the only way we can do this in an orderly fashion is to say that we are going to deal with civil defence at this point. Then when civil defence has been disposed of there will be agreement to that effect and we can go on with a general discussion of national defence.

Mr. Claxton: The leader of the opposition is in so friendly a mood that I do not want to differ with him. As reported on page 2928 of *Hansard*, I asked if the committee wanted to discuss civil defence, and the hon. member for Nanaimo said they did. The committee then went on to discuss civil defence for a good many pages of *Hansard*.

Mr. Fulton: Will the minister turn to page 2941 of *Hansard* where it was stated we would take it up later?

Mr. Claxton: We took it up for almost the rest of the evening.

Mr. Fulton: Look at page 2940 where it was agreed that we would take it up later on.

Mr. Claxton: That is all right. Do we take it up now as a general subject or under particular headings? I do not mind. I have been trying to work with the committee so as to make sure that hon. members have an opportunity to get every possible bit of information in the best possible order. We have had a general discussion on civil defence before; we have had another one tonight when we are supposed to be discussing civil salaries and wages, and we can go on and discuss civil defence and other items under each of the sub-titles on page 269. There are only four other important categories, so it is not a very important point. I agree with you, Mr. Chairman, and others who have taken part in this discussion that it would be a good thing if we got on with the operation.

Mr. Drew: Mr. Chairman, may I remind you what did take place. As distinguished

from a discussion of the items, there was an extensive general review of the affairs of the Department of National Defence on one of the items. It was pointed out that civil defence was included in that item but was under another minister. It was suggested that it would be desirable to have a general review of civil defence at that time, and that was done. A statement was then made by the hon. member for Lanark and then there was some discussion as to when we would proceed again. It was at that time that the Minister of National Health and Welfare mentioned the figure of $4,196,202, but it was not indicated just where we could find those items. I am not suggesting that anything was being held back.

Mr. Martin: I said plus other figures.

Mr. Drew: Then the minister gave other figures, and then I made a short remark. I point out that this was some time after the general discussion to which the Minister of National Defence referred. I stated as reported on page 2941 of *Hansard*:

> If that disposes of the review of civil defence at this stage, recognizing the item will of course come up again at a later point when it is called—
> Mr. Martin: I hope not tonight.
> Mr. Drew: That, of course, is a matter of procedure. I wish to return to a discussion of the manner in which we are to deal with the estimates that are before us.

It was quite clear at that time that it was the intention to return to it. A number of members have indicated that they wish to speak on this matter. I suggest that we can deal with it most effectively under this item concerning wages and salary. Then when the discussion of civil defence has been closed and there is agreement that it is closed—I am sure nobody is going to raise any question that it has been fully disposed of—

The Deputy Chairman: Is it the wish of the committee that we deal now with the subject of civil defence?

Some hon. Members: Agreed.

Mr. Fleming: Generally?

The Deputy Chairman: The committee will have to agree to that. As far as I am concerned, what we are going to discuss is the money which is being voted for civil defence. If it is decided to open up again the general discussion of civil defence, I want to be clear on that. I do not know that I place the same interpretation as do some hon. members upon what is reported on page 2928 of *Hansard*, and the following pages. I note there that the Minister of National Health and Welfare was asked to make a statement on civil defence. Then followed a general discussion pertaining to civil defence. The hon. member for Lanark took part in that discussion, as did the hon. member for York South, the hon. member for Cape Breton South, the hon. member for Halifax and the hon. member for Kamloops. Then the committee discussed the procedure as to how they were going to study the particular items which appear on page 269.

The hon. member for Eglinton asks if we are going to discuss it generally. I would want to have some direction from the committee on that point. Do we re-open the general discussion on civil defence or do we study all the items pertaining to civil defence in a specific way?

Mr. Harkness: I would think that civil defence is one subject and that all hon. members should be free to ask any questions which they think are pertinent, whether it is called a general discussion or whatever you want to call it.

Mr. Martin: Ask questions.

The Deputy Chairman: The committee has heard the statement made by the hon. member for Calgary East. If that is what members generally understand, is it agreeable that we proceed in that way?

Some hon. Members: Agreed.

Mr. Coldwell: On a point of order, is it not rather difficult to discuss civil defence without having the estimates of the Department of National Health and Welfare before us? I can see that you can have a very narrow discussion.

Mr. Harkness: It is not in welfare; it is all in defence.

Mr. Coldwell: There is no item in health and welfare?

Mr. Martin: It is in national defence. The transfer took place—

Mr. Coldwell: If that is the only one, the only thing to do is to allow a discussion.

Mr. Martin: To bring the matter to a head, I think the suggestion made by the hon. member for Calgary East is satisfactory. If hon. members will put their questions, I will endeavour to deal with them as completely and as concisely as I can.

The Deputy Chairman: Is it agreeable to hon. members to proceed in this way?

Mr. Fleming: I simply wish to offer this suggestion. We will be permitted to ask our questions but in all fairness we should not be deprived of the opportunity of making comments. The minister may make answers, but certainly hon. members should not be denied the opportunity of making comments

on the minister's answers in relation to this whole question of civil defence. That is not a question of opening up a general discussion. The general discussion came at page 2941 of *Hansard* where the minister suggested that it should not continue that night.

Mr. Martin: Let us try to get on and see what happens.

Mr. Fleming: I am all for getting on with this, and frankly I thought I was on the right track some time ago, but I do not want another repetition of that experience. If there is a reasonable answer given to members—

Mr. Martin: I will be very reasonable, so let us get on.

Mr. Fleming: —and hon. members are permitted to make such comments as they feel it is their duty to make on whatever information is given to the house and on whatever discussion may arise, I do not think there will be time wasted. I do not think there will be a lot of time taken. I think we will get to the nub of the matter.

Mr. Martin: Let's go. Let us have the first question.

The Deputy Chairman: I think the hon. member will agree that the chairman is always reasonable.

Mrs. Fairclough: If we are going to discuss this matter in its entirety, as I presume we are now, I should like to say a few words with regard to the total. I tried to copy down the items as the minister read them. I seem to have missed a small item of $1,202, but the total amount is $5,096,202. According to the statement of the Minister of National Health and Welfare the other night the amount was $4,196,000. I have a discrepancy of $900,000. However, I want to deal with a point to which the Minister of National Health and Welfare referred a little while ago. Certain individuals within his department have been placed in civilian defence work. When that was done did their salaries continue under the Department of National Health and Welfare or are they included in the total of $5,096,000?

Mr. Martin: No. I can save time by saying no. I have already answered that. The officials in the Department of National Health and Welfare continue in that department. Their salaries are not transferred to this item.

Mrs. Fairclough: That is exactly what I thought the minister meant but I wanted corroboration because if these men and women, if there are such, are actively engaged now in the civilian defence program, and their salaries are being charged to national health and welfare, then the amount of $5,096,000 does not constitute the total cost—

Mr. Martin: Correct.

Mrs. Fairclough:—allocated to civilian defence for this year.

Mr. Martin: Correct.

Mrs. Fairclough: How many of these individuals within the Department of National Health and Welfare are now engaged in civilian defence? That would be in addition to the number of eighty?

Mr. Martin: Twenty-seven.

Mrs. Fairclough: The minister has already explained that. There are twenty-seven.

Mr. Martin: No, I said there are twenty-seven who have been transferred. Sixty were planned. I could not give the exact number in the Department of National Health and Welfare. There are quite a number of individuals with other functions who are carrying on civil defence work. The two deputy ministers have to spend quite a bit of their time on civil defence, particularly the deputy minister of welfare. Dr. Charron on the health side is doing some direct work in this field, and so are others. It would take quite a while to give the full list but I will say that their functions carry on into civil defence as well as into health and welfare.

Mrs. Fairclough: I can understand that certain officials, particularly in the higher executive brackets, would necessarily give a portion of their time to that work and still be occupied with their duties in national health and welfare. Are there any members of the staff of national health and welfare still continuing in the department 100 per cent of whose time is now given to civilian defence?

Mr. Martin: I would not say 100 per cent but a great deal of their time.

Mr. Pouliot: Do they wear a uniform?

Mr. Martin: No.

Mrs. Fairclough: I can understand that there must be some confusion this year—

Mr. Martin: There is no confusion.

Mrs. Fairclough: —as the department has probably not been set up and the estimates cannot be split accordingly, but it would seem to me that where a major portion of a person's time is devoted to this new activity he or she should be transferred from the department so that we would have a proper picture.

Mr. Coldwell: This illustrates what I referred to just now. There is no estimate as such for civil defence in the Department of National Health and Welfare but moneys are being spent by that department in connection with the civil defence program.

Mr. Martin: Yes.

Mr. Coldwell: Would it be possible for the minister to bring before the house a mimeographed statement of the moneys being expended on civil defence by the two departments so that we may have an estimate before us? As it is, there is just confusion at the present time.

Mr. Martin: I agree with what my hon. friend is saying. At a quarter to ten that is the very thing I wanted to do acting upon the suggestion of the hon. member for Calgary East, and I now propose to follow that course. As my hon. friend will note, the transfer of responsibilities from the Minister of National Defence to the Department of National Health and Welfare took place at a time after the estimates of the Department of National Defence had been formulated.

Mr. Coldwell: I know that.

Mr. Martin: That explains why we are operating in this quasi-dual position at the moment.

Mr. Fleming: Jumbled position.

Mr. Martin: The civil defence estimates, broken down by the usual primaries, are shown as my hon. friend the Minister of National Defence has indicated, and as I suggested the other night. Anticipated expenditures for the present year total $4,196,202. Because of the necessity of placing orders now for equipment or materials and supplies which will not actually be delivered or paid for until 1952 or 1953, authority is also being asked for permission to enter into commitments against funds for 1952-53 totalling $900,000, and against funds for 1953-44 totalling $1,822,500. That does not include all that is being spent on federal account for civil defence. As the hon. member for Hamilton West has properly indicated, certain officials in the Department of National Health and Welfare are engaged in a great many activities which under strict accounting would be charged to this particular division. Nor does it include the very significant sums of money that are being spent by the provinces. Nor does it include the significant sums that are being spent by the municipalities. The hon. member for Nanaimo in making his criticism, quite properly from his point of view, said that he thought that the figure which had been given for civil defence in Canada was an unsatisfactory one. I can only say that if he will compare that figure with the figures now proposed in the United States for civil defence, and with the figures proposed and budgeted for in the United Kingdom for civil defence at the present time, he will find that we are by no means lagging behind in financial commitments for this purpose.

Mr. Pearkes: Could the minister give us those figures?

Mr. Martin: I will give the whole picture now that the question has been asked. I do not believe it is fair to the people of Canada to suggest that the determination of an adequate civil defence program represents the mere expenditure of dollars and cents. The only proper way in the long run to really provide for adequate civil defence in Canada is by recognition of the principle of mutual aid at the closest operational level, the municipality. That sort of thing is incalculable. If anyone thinks we are going to have an adequate civil defence program just by the expenditure of money, I would take strong issue with that point of view. All over this country organizations are developing composed of men and women many of whom are devoting a great deal of their leisure time to this work without any thought of reward or compensation. If it were possible to total all work of that kind the figure would certainly be much more impressive than it seems at first glance. I also want to say that if I came before this house with a figure on federal account that as much larger than the figure I have indicated, I know what hon. gentlemen opposite would say. They would criticize us for the unnecessary expenditure of money in a field where private voluntary effort can do so much.

These figures have been gone over with the provinces, with whom we had a meeting on February 23 under the chairmanship of my colleague the Minister of National Defence. At that meeting there was a very wide measure of agreement. Only last Friday I conferred with the minister responsible for civil defence in our largest and most thickly populated province, and I can say he and I are fully agreed on the common plans we are each pursuing. He knows the expenditures we are making; and while I would not go so far as to say he agreed with everything, I know he and I see eye to eye on this important matter. Tomorrow I am having a conference with the minister of welfare of Saskatchewan, who is in charge of civil defence for that province. While he thinks we should assume certain responsibilities in connection with their training schools, when we outline the division of responsibilities as

between the province and the dominion I am sure I would not do him an injustice if I said I am sure he would generally concur in the position we have taken.

The project we have in mind may be grouped under five general headings: purchase of equipment, purchase of material and supplies, construction of technical training schools, production of training aid pamphlets, and so on. Under the purchase of equipment $2,441,500 is being asked to cover expenditures this year, with an additional $650,000 commitment authority against 1952-53 funds and $1,072,500 against 1953-54 funds. That is subject to change depending upon the assessment we get from the only authoritative source, the chiefs of staff. The program can be accelerated, depending upon that advice. I am certain that as long as I am in charge of this difficult assignment I am not going to go ahead and build up an organization which in the event of disuse would rust and do more harm than good. I believe it is the feeling of those in charge of this work that we should be in a position to act in the light of the assessment we get as to probabilities, as to the state of international tension, and so on. We may make a big miscalculation; there can be no doubt of that possibility, but certain risks have to be taken in this matter. Those risks have to be borne not only by the armed forces but by everyone in Canada, for that is the nature of total war, and no minister of the crown or anyone else can alter that unfortunate fact.

The largest expenditure under this item is for fire-fighting equipment. We propose to spend $977,500 for such equipment this year. Actually we are now concluding an arrangement with the province of Ontario in respect of which we have signified our willingness and intention to provide something in the neighbourhood of $300,000, depending upon the presentation of details, to assist them in a program of standardization of hose couplings. That is a very important item in civil defence work, for the disaster that comes through fire is one of the most important considerations to be borne in mind. An amount of $300,000 in addition may be committed against next year's funds and $697,500 against the 1953-54 funds under the program of standardization of hose couplings; but that, too, depends on the ability of the fire chiefs and those in the provinces in charge of fire work generally to bring about a common standard in the use of hose couplings. We estimate that under this item $900,000 will be spent this year on this phase of the program. From conversations I have had with Sir John Hodsoll, the director of civil defence in Britain, and with Governor Caldwell, his opposite number in the United States, that is an expenditure which in the light of their experience they regard as fundamental, and one of the initial expenditures that should be undertaken.

Another large item under this heading is radiation detection instruments, for which $962,000 will be spent this year with an additional $50,000 being ordered but paid for next year. The sum of $550,000 is required, we estimate, for medical equipment, $100,000 to be actually spent this year and orders placed for an additional $450,000 worth of equipment, approximately half of which will be delivered and paid for next year and the remaining half possibly in the ensuing year. That, too, is subject to acceleration, depending upon the appraisal we get from the responsible military authorities.

Other items being purchased and paid for this year under this heading are: sirens, $252,000; special rescue equipment, $35,000; certain vehicles, $45,000; training equipment, $10,000; communications equipment, $20,000.

That last item has an important relationship to the question put by the hon. member for Nanaimo as to the warning system, and I may as well deal with his question now. In connection with the warning system the plan is that we will be responsible for the warning to the municipality, but from then on the municipality will have to act in the light of that warning. I would not want to say the warning system is complete. It is by no means complete, but we are developing that system just as quickly as it is possible to do so.

Since April 1 orders have actually been placed for the following equipment: 70 radiation detection instruments, $11,515; 1,300 stirrup pumps at a cost of from $1.50 to $3.50 each, totalling $3,300; 10,000 steel helmets at 80 cents each, $8,000; stretchers, $1,400; 500 suits of protective clothing, $1,750.

Mr. Adamson: Did the radiation equipment total $11,000?

Mr. Martin: I gave the total as $962,000 to be spent this year.

Mr. Coldwell: For what municipality are the stretchers being bought for which $1,400 is being paid?

Mr. Martin: My hon. friend is not going to suggest by that good-humoured question that this is an attempt to provide stretchers for the whole country. He knows that is not the case.

Mr. Coldwell: What is it for, then?

Mr. Martin: It is for the training centres. If my hon. friend would come out with me tomorrow to the school at Connaught Ranges

he would see why we must have some stretchers available. Some of these stretchers will also be used at the school in Saskatchewan, at the school that is going to be established in British Columbia, and at the schools that are to be established in two other provinces. As to the equipment in the municipality, that will be provided by the municipality in accordance with arrangements made by the provinces following action to be taken by the Canadian Red Cross Society, and with the assistance that will be provided by the St. John Ambulance Corps, which are taking a great share of the load in the business of first aid training.

Mr. Fleming: Will the minister give the figures on steel helmets again?

Mr. Martin: Yes; $8,000.

Mr. Fleming: At how much?

Mr. Martin: Ten thousand steel helmets at 80 cents each. We are getting them at a bargain price. Now I will deal with the purchase of other material and supplies. $800,000 is requested to cover this year's expenditures on materials and supplies with an additional $250,000 commitment against next year's funds and a further three-quarters of a million-dollar commitment against 1953-54 funds.

The largest item under this heading is for clothing civil defence volunteers; approximately $400,000 is required this year and an additional $500,000 to be committed against 1953-54 funds.

To meet the cost of necessary stockpiling of medical supplies, to be carried out in conjunction with the armed services program, will require an expenditure this year of $250,000, with an additional $250,000 worth to be ordered this year and paid for out of future funds when deliveries can actually be made.

I hope I am not going into too much detail.

Mr. Fleming: Not enough.

Mr. Martin: But rather than be criticized for not giving enough, I propose to give the detail *in extenso*.

The sum of $75,000 will also be spent this year on the purchase of respirators with an additional $250,000 worth being ordered and paid for next year when deliveries can actually be made.

Other items under this heading, to be purchased and paid for this year, are:

Protective clothing, $10,000.
Gasoline, oil and lubricants, $4,000.
Catering for training school, $62,500.

On the production of training aids and pamphlets there will be spent this year $51,500 in accordance with the plans that we have had as a result of our discussions with the provinces who regard that—and I think properly so for the most part—as our responsibility. In addition to the pamphlets that we are preparing, we will also have the use of pamphlets which have been prepared in the United Kingdom and in the United States and which have been re-adapted for use in this country.

We expect that $25,000 will be spent this year on the purchase of certain civil defence films. Two of them have actually been purchased and are being used for educational purposes. These films are not intended to provoke undue fear and panic but rather to indicate the kind of precautionary measures that can be taken by the civilian population in the event of the kind of disaster which none of us wishes to see happen.

Those figures will give an idea of the expenditures we propose to make this year. I can well understand the argument that might be made that this is not enough. All I can say is that in the light of the organization as it exists, in the light of the arrangements we have made with the provinces, and with the assumption by the municipalities all over this country of the responsibility that they are now assuming, we feel that this represents the wisest expenditure at this time. I can only say that a situation could arise whereby there would be an acceleration of that program, but that would depend on other non-existing circumstances.

I do not want to repeat the general outlines of our policy as given in my earlier statement. It seems to me that those principles will commend themselves to most reasonable people in this country. They represent a recognition of the federal character of this country, and of the impossibility of the central authority doing this job fully. The job is one for the provinces. It is one that must be carried on primarily in each municipality. The basis of the civil defence organization will be the voluntary effort that will be put into this matter, by the Canadian people. I can only say that, in the light of the situation as we see it, we will do everything that we can to give, in co-operation with the other two levels of government, a civil defence program as adequate as it is possible to give. From my contacts with authorities in the United States and with Sir John Hodsoll, the civil defence director in the United Kingdom, I have reason to believe that we are proceeding on sound lines.

Mr. Pouliot: I was most interested in listening to the minister's explanation and to the detailed information he has given with regard to the expenditures we are making

for civil defence. In particular he mentioned approximately $900,000 for the purchase of fire-extinguishing apparatus.

Mr. Martin: Hose couplings.

Mr. Pouliot: Yes, hose couplings. Suppose that there is a former soldier or officer who is put in charge of civil defence in any locality, and he wants to organize the protection of his municipality in case of an enemy attack. He may rely on the goodwill of the people of his community. Then I understand that the first thing he will have to do will be to get in touch with the provincial minister who is supposed to be the contact man for the organization of civil defence. Is that right?

Mr. Martin: That is correct.

Mr. Pouliot: With regard to the amount, whatever it is, that is spent by Ottawa for civil defence—$900,000 approximately for hose couplings, and all that—I understand that it will be given by Ottawa to the provinces; will it be given by Ottawa to the various bigger municipalities such as Toronto, Montreal, Vancouver or Winnipeg, or will it be given to the provincial authorities? It is nearly eleven o'clock, Mr. Chairman—

Mr. Fleming: It is past eleven.

Mr. Pouliot: I hope that the minister will be kind enough to give the information when the committee meets again.

Mr. Martin: I will do that with great pleasure.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take the estimates of the Department of National Defence and the Department of Agriculture.

Mr. Drew: In what order?

Mr. Fournier (Hull): We shall start with national defence.

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

APPENDIX

CIVIL SALARIES AND WAGES—DEFENCE SERVICES

ADMINISTRATION

CLASSIFIED POSITIONS

—	—	Permanent	Temporary	Total	—
	$				$
Administrative Assistant	(2772-3576)	1	6	7	23,184
Administrative Assistant (Audit Examiner)		5	9	14	37,800
Administrative Officer Grade 1	(3444-4212)	5	3	8	31,680
Administrative Officer Grade 2	(3768-4524)	2	1	3	12,816
Administrative Officer Grade 3	(4020-4836)	4	1	5	22,920
Administrative Officer Grade 4	(4584-5208)	3	—	3	15,624
Administrative Officer Grade 5	(4896-5520)	1	—	1	5,520
Administrative Officer Grade 6	(5208-6120)	2	1	3	17,820
Administrative Officer Grade 7	(5880-6780)	—	2	2	13,560
Administrative Officer Grade 8	(6480-7080)	1	—	1	7,080
Assistant Deputy Minister		1	—	1	8,000
Associate Deputy Minister		2	—	2	20,000
Assistant Photographer	(2088-2436)	—	1	1	2,436
Assistant Technician Grade 1	(1560-2088)	—	14	14	26,376
Assistant Technician Grade 2	(2088-2436)	—	18	18	41,256
Assistant Technician Grade 3	(2436-2772)	—	11	11	28,908
Assistant Chief Inspector	(5580-6180)	1	4	5	21,400
Chemist Grade 1	(2700-3240)	—	9	9	27,324
Chemist Grade 2	(2976-3888)	—	6	6	22,176
Chemist Grade 3	(3888-4524)	—	2	2	8,544
Chemist Grade 4	(4272-4896)	—	3	3	13,968
Chemist Grade 5	(4584-5208)	1	—	1	5,208
Chief Clerk	(4212-4336)	2	—	2	9,432
Clerk Grade 1	(1188-1668)	—	80	80	120,000
Clerk Grade 2A	(1560-2088)	1	70	71	133,764
Clerk Grade 2B	(2028-2292)	5	71	76	169,632
Clerk Grade 3	(2292-2568)	22	48	70	245,280
Clerk Grade 4	(2568-2904)	29	15	44	168,432
Cleaner and Helper	(1812-2160)	—	1	1	2,160
Clerk of Works Grade 1	(2400-2700)	—	1	1	2,700
Co-ordinator of Works and Accommodation		1	—	1	8,000
Confidential Messenger	(2028-2292)	1	1	2	4,464
Controller General		1	—	1	12,000
Departmental Accountant Grade 2	(3240-3576)	3	1	4	14,016
Departmental Accountant Grade 8	(4896-5520)	1	—	1	5,520
Departmental Accountant Grade 10	(5268-5880)	—	1	1	5,760
Director of Public Relations	(6180-6780)	—	1	1	6,780
Deputy Minister		1	—	1	15,000
Departmental Solicitor Grade 1	(2976-3888)	1	—	1	3,888
Draftsman Grade 1	(2028-2832)	—	8	8	21,600
Draftsman Grade 2	(2700-3240)	—	2	2	6,216
Engineer Grade 1	(2700-3240)	—	7	7	21,252
Engineer Grade 2	(2976-3888)	—	11	11	40,656
Engineer Grade 3	(3888-4524)	—	6	6	25,632
Engineer Grade 4	(4272-4896)	—	2	2	9,312
Executive Assistant to Minister of National Defence		—	1	1	5,600
Examiner Grade 1		—	1	1	2,580
Examiner Grade 4		—	11	11	31,200
Examiner Grade 5		—	1	1	3,940
Financial Adviser Department of National Defence		1	—	1	6,480
Head Clerk	(3444-4080)	9	2	11	43,680
Information Officer Grade 3	(3576-4212)	1	—	1	4,212
Information Officer Grade 4	(3888-4524)	—	1	1	4,524
Inspecting Officer Grade 1	(3576-4212)	—	14	14	55,440
Inspecting Officer Grade 2	(3888-4524)	—	6	6	25,632
Inspector Grade 1	(4584-5208)	—	7	7	34,692
Inspector of Stores Grade 1	(2064-2496)	—	71	71	177,300
Inspector of Stores Grade 2	(2568-2904)	—	161	161	450,740
Inspector of Stores Grade 3	(2976-3444)	—	57	57	202,320
Inspector of Stores Grade 4	(3444-3888)	2	13	15	55,440
Inspecting Officer Grade 3	(4212-4836)	—	3	3	13,752
Junior Administrative Assistant	(2436-2904)	—	1	1	2,904

APPENDIX—*Conc.*

CIVIL SALARIES AND WAGES—DEFENCE SERVICES—*Conc.*

ADMINISTRATION

CLASSIFIED POSITIONS

—	—	Permanent	Temporary	Total	—
	$				$
Messenger	(1668–2028)	2	13	15	33,480
Office Appliance Operator Grade 1	(1188–1668)	—	15	15	22,500
Office Appliance Operator Grade 2A	(1560–2088)	—	7	7	13,188
Office Appliance Operator Grade 2B	(2028–2292)	1	1	2	4,524
Office Appliance Operator Grade 3	(2292–2568)	—	2	2	4,892
Office Boy	(864–1056)	—	8	8	6,970
Packer and Helper	(1812–2160)	3	13	16	32,448
Principal Clerk	(2904–3444)	14	12	26	86,112
Private Secretary to the Minister	.....	—	1	1	4,500
Special Adviser to the Minister of National Defence	.....	—	2	2	20,000
Staff Training Officer Grade 2	(3444–4212)	—	1	1	4,212
Stenographer Grade 1	(1296–1668)	—	9	9	13,500
Stenographer Grade 2A	(1668–2088)	—	26	26	48,984
Stenographer Grade 2B	(2028–2292)	1	22	23	51,336
Stenographer Grade 3	(2292–2568)	7	14	21	52,416
Storeman Grade 1	(2088–2436)	1	4	5	11,460
Storeman Grade 2	(2436–2772)	—	2	2	5,400
Stores Assistant Grade 2	(1560–2088)	1	4	5	9,960
Supervising Clerk	(3444–3768)	—	1	1	3,768
Student Assistant	(1320–1680)	—	12	12	20,160
Technical Officer Grade 2	(2904–3576)	—	12	12	39,744
Technical Officer Grade 3	(3576–4212)	—	1	1	4,080
Technical Officer Grade 4	(3888–3524)	—	3	3	13,212
Technical Officer Grade 5	(4272–4896)	—	1	1	4,656
Technician Grade 1	(2772–3108)	1	10	11	33,396
Technician Grade 2	(2904–3240)	1	13	14	44,352
Technician Grade 3	(3240–3576)	—	6	6	21,024
Technician Grade 4	(3576–3888)	—	1	1	3,828
Typewriter Inspector and Repairman	(2160–2580)	—	2	2	5,040
Typist Grade 1	(1188–1668)	—	40	40	60,000
Typist Grade 2A	(1560–2088)	—	36	36	67,824
Typist Grade 2B	(2028–2292)	6	18	24	53,568
Typist Grade 3	(2292–2568)	1	—	1	2,568
X Ray Operator Grade 1	(2088–2436)	—	1	1	2,436
X Ray Operator Grade 2	(2436–2772)	—	1	1	2,772
Total	.....	149	1081	1230	3,393,842

ADMINISTRATION

PREVAILING RATES

—	Permanent	Temporary	Total
Carpenter	—	1	1
Charwoman	—	3	3
Chauffeur	—	3	3
Electrician	—	3	3
Fitter Machinist	1	—	1
Labourer	—	25	25
Motor Truck Driver	—	1	1
Production and Packaging Manager	—	2	2
Toolmaker	—	1	1
Total	1	39	40

Total Cost	$ 96,000
Total Administration	$ 3,489,842

HOUSE OF COMMONS

Friday, May 25, 1951

The house met at three o'clock.

PUBLIC BUILDINGS

PRINTING BUREAU—REFERENCE TO INFORMATION GIVEN IN SESSIONAL PAPERS

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, on Friday, May 18, 1951, the leader of the opposition (Mr. Drew) asked me to explain the difference between certain amounts that were given in answer to questions put by two hon. members concerning the site for the printing bureau in Hull. The answer is a lengthy one, but I think I should put it on *Hansard*.

The Federal District Commission Act, 1927, chapter 55 of the statutes of 1927, was amended by chapter 51 of the statutes of 1946 to provide for the establishment of the national capital district, which is defined in the amending act as the national capital district established pursuant to this act.

The responsibility for selecting the location of sites, *inter alia*, for public buildings within the confines of the national capital district is vested in the federal district commission by virtue of section 6A of the said act as amended in 1946.

The national capital planning committee was established by the federal district commission, under authority of order in council P.C. 1266 of April 18, 1946, for the purpose of drawing up a master plan for the development, improvement and beautification of the national capital district.

By letter dated December 5, 1946, directed to the Minister of Public Works, the chairman of the federal district commission advised that upon the advice of the national capital planning committee the federal district commission had recommended the expropriation of a property in the city of Hull by the dominion government, the commission having approved the site for the erection thereon of the printing bureau and other departmental buildings incidental to the future building development, the said site being described by the commission as follows:

That area bounded on the north by Brewery creek, on the east by Maisonneuve street, on the south by Boulevard Sacre Coeur to St. Henri street to Marsden property line to St. Redempteur street to Elgin street to Brewery creek, saving and excepting the property already owned and occupied by the Reverend Oblate Fathers.

The expropriation of the above described area, as approved by the federal district commission, was further authorized by the governor in council under P.C. 842, dated March 6, 1947.

The first question referred to by the leader of the opposition in sessional paper 107-D, dated May 17, 1951, as asked by the hon. member for Calgary East (Mr. Harkness), was as follows:

How much was paid for the site on which the building is being erected?

The answer is as follows:

Estimated cost, $496,817.56.

The figure contained in this answer is an estimate covering the cost of the acquisition of land acquired for the purpose of the erection of the printing bureau proper, and is exclusive of the land contiguous thereto that was acquired for the purpose of future building development in accordance with the approval of the federal district commission. Of this estimated cost, the sum of $455,080 has to date been paid. The balance of $41,737.56 is the estimated cost of the settlement covering the remaining lands in the printing bureau site proper as aforesaid.

The second question referred to by the leader of the opposition in sessional paper 107-B dated March 27, 1950, as asked by the hon. member for Victoria, Ont. (Mr. Hodgson), was as follows:

What was the cost of the site of the proposed printing bureau in Hull, Quebec?

The answer was:

Cost of the site to date, $824,979.72.

The figure contained in this answer represents the cost at that date of the lands acquired in accordance with the recommendation and approval of the federal district commission for the purpose of erecting thereon a printing bureau and development of the contiguous area for government buildings in the future. The figure is, of course, not exhaustive of the cost of the acquisition of the entire area, but will be supplemented in accordance with the adjudication by the exchequer court, or settlement reached, as the case may be.

Inquiries of the Ministry

HEALTH AND WELFARE

EXPENDITURES FOR PROFESSIONAL SERVICES—REFERENCE TO INFORMATION GIVEN IN SESSIONAL PAPER

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to refer to a return tabled the day before yesterday in answer to a question of mine which was passed as an order for return. The information is given to me in sessional paper 75-A.

The point I wish to raise is that the answer given in the return is not an answer to the questions asked. To illustrate the point, let me say that the question was divided into two parts, the first of which was as follows:

What was the total paid by the Department of National Health and Welfare for professional and special services in the fiscal year 1950-51?

Then the second part of the question read:

What person, persons, firms or companies received payments of $25,000 or more under this heading in the said year, what was the actual amount of each payment, and for what service was the payment made in each case?

The answer to question No. 1 gives the sum of $5,012,422.15, and this figure is followed by two paragraphs which give general information as to the type of services for which this amount was paid. However, there is no answer to the second part of the question. No names are given, and there are no specifications as to individual amounts paid to persons, doctors or hospitals. I would ask, therefore, that the question be restored to the order paper so that a more complete answer may be given.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I shall be glad to see that it is completed. I believe the information would be of assistance to some persons in my hon. friend's constituency, and I shall see that the information is supplied.

STANDING ORDERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Matthew MacLean (Cape Breton North and Victoria) moved that the second report of the standing committee on standing orders, presented to the house on Wednesday, May 23, be concurred in.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 336, to incorporate the Baptist Union of Western Canada.—Mr. Diefenbaker.

Bill No. 337, to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan.—Mr. Knight.

[Mr. Fournier (Hull).]

Bill No. 338, to amend the Quebec Savings Banks Act.—Mr. Abbott.

Bill No. 339, for the relief of Marie Laure Jacqueline Patenaude Racine.—Mr. Winkler.

Bill No. 340, for the relief of Muriel Edna Glass Fryer.—Mr. Winkler.

Bill No. 341, for the relief of Emma Laronde Bell, sometimes known as Emma DeLaronde Bell.—Mr. Winkler.

Bill No. 342, for the relief of Birute Elena Vaitkunaite Akstinas.—Mr. Winkler.

Bill No. 343, for the relief of George Keith Henderson.—Mr. Winkler.

MANPOWER

NATIONAL ADVISORY COUNCIL—QUESTION AS TO NATIONAL REGISTRATION

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Minister of Labour. On May 21, as reported at page 3219 of *Hansard*, I asked a question of the Minister of Labour or, in his absence, the parliamentary assistant, in these terms:

In the absence of the Minister of Labour I should like to direct a question to his parliamentary assistant. Has the minister been informed that today's *Citizen* contains an article stating that the national advisory council on manpower does not think it necessary to conduct a national registration at this time? In view of the fact that this is an important question, would the parliamentary assistant care to make a statement?

The hon. member for Verdun-La Salle (Mr. Cote), parliamentary assistant, replied:

I am aware that the Minister of Labour has followed very closely the work of the advisory council on manpower. I would not go any further at this time. I shall be pleased to bring the question to his attention.

Is the Minister of Labour prepared to make a statement now?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I was out of the house for the first few days of this week, including the day the question was asked. The council met last Friday and Saturday, as was pointed out by the parliamentary assistant. I did keep in touch generally with its proceedings. Upon my return yesterday I received its report. I am now studying the report, and it is my purpose this week to submit the relevant parts to my colleagues.

Mr. Johnston: Will the minister make a statement with regard to it?

Mr. Gregg: The subject was initiated during the discussion of my estimates a week ago, and I shall be pleased to discuss it further when my estimates are again before the committee.

MIGRATORY BIRDS CONVENTION ACT

INQUIRY AS TO AMENDMENT WITH RESPECT TO NEWFOUNDLAND

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Resources and Development. What progress has been made in the discussions with the United States government as to a proposed amendment to the Migratory Birds Convention Act in respect to the province of Newfoundland?

Hon. Robert H. Winters (Minister of Resources and Development): The Secretary of State for External Affairs (Mr. Pearson), as he informed the house some time ago, did arrange for officials of the Department of Resources and Development to speak with their opposite numbers in the United States government. Since it was the hon. member for Burin-Burgeo (Mr. Carter) who brought this to my attention in the first place, both by correspondence and through discussion, I think he would wish me to say that I have, in reply to the letter he wrote me, given him a full report of developments to date.

I believe I should add that the Secretary of State (Mr. Bradley), who represents a constituency to which this problem is of great concern, has been interested in the matter. I have told him about the arrangements arrived at with the United States authorities.

I received notice of the question just as I came to the house, so that I have not had an opportunity to review the correspondence. Briefly, however, the arrangement is that pending a further study of the problem, which may take a year or two, to obtain statistics and information of various kinds as to rate of growth, decline in population and the like, the section of the act concerned will not be applied; and the officials in Newfoundland responsible for the administration of the act have been so informed.

Mr. Higgins: We do not care so much who gets the credit, so long as we are allowed to have these birds in Newfoundland.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050,000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

Mr. Pouliot: The minister said he would make a statement with regard to the distribution of hose couplings.

Hon. Paul Martin (Minister of National Health and Welfare): Last night I outlined the provisions that had been made in the estimates to provide assistance to the provinces as a result of our agreement in February last with the provinces in respect to the standardization of hose couplings. The hon. member asked me particularly as to the procedure to be followed. The procedure would be for the civil defence authority, in this case the minister of social welfare in Quebec, to advise as to the priority claim of a community in relation to the over-all plan. As a result of that information there would be negotiations between the federal and provincial governments to provide assistance along the lines I have indicated.

Mr. Fleming: Last night the minister agreed to furnish to the committee a functional break-down of the present staff, and I presume that he will also be in position to furnish a break-down of the functions of the staff as previously proposed.

Mr. Martin: First of all there is the civil defence co-ordinator, who is assisted by an administrative officer, grade 1; an administrative officer, grade 3; two administrative officers, grade 6; an administrative officer, grade 7; three technical officers; eight technicians; one messenger; three clerks; five stenographers; six typists.

There are 32 positions available, but as I said last night, there are only 27 filled. In addition there are a cook, storeman, cleaners and helpers at the school here in Ottawa. As I said last night, plans exist for 60 others but there has not yet been final determination as to these; it would depend on circumstances.

Mr. Fleming: Surely some thought must have been given to the functional distribution of the enlarged personnel that was apparently involved in the first plans of the government in connection with this matter. When this question was first raised last night the Minister of National Defence said that the staff was to be 80. Now the Minister of National Health and Welfare has indicated that 27 positions have been filled, and he cannot say what will be done about the others. When thought was first given to this matter and something was done that led to

a tentative decision to have a staff of 80, surely some planning was done or thought given to the functional distribution of the 80. Cannot the minister give us any information in that regard?

Mr. Martin: I gave it last night. As I have said, there are 32 positions available on the staff of the civil defence group as such. When civil defence was under my colleague, the Minister of National Defence, he did not have the personnel in his department that we have in the Department of National Health and Welfare. He had to give consideration to filling positions with persons such as we have in large measure in the Department of National Health and Welfare. I have not indicated the extent to which the 60 remaining posts will be filled in accordance with the plans which were conceived before the transfer took place. That will be decided upon in the light of circumstances as we see them. I can give no more complete answer than that.

Mr. Fleming: I think it is most regrettable that the minister cannot give us more information. Surely he can tell us what work will be assigned to individuals if these other positions are to be filled, or how many personnel from his own department are going to fulfil the functions in whole or in part of civil defence administration. Surely there is information of that kind available.

Mr. Martin: I have already given it in principle, but I shall give it again. The original intention was that preliminary training of civil defence officials would be done in Ottawa. There have been three courses at the school since January. Since that time some thought has been given to the problem, and it would seem—this is not the final decision—best to decentralize the training apart from the technical instructions which we will continue to give. The school in the province of Quebec started today, and two other provinces are opening schools. The result is that it will not be necessary for us to have as many instructors as we had originally contemplated, nor will it likely be necessary to have as many employees at the school, in the way of cooks and the like, to work along with the inevitable stenographic staff, and so on. If we carry out the present policy of decentralization we shall not need as many personnel in that particular. It is circumstances of this kind that have to be looked at.

Mr. Pouliot: Mr. Chairman, I should like to proceed with the question I was asking yesterday. In the first place, I want to say to the minister that he rendered a great service to the Canadian people when he awakened them in the stirring speech he made not so long ago. Now that the Canadian people have been awakened to the danger of war, they want to know what to do with regard to civil defence.

Last night the minister indicated that the procedure for any community to follow would be to get in touch with the provincial representative who had been appointed to look after civil defence within the province. My interpretation of his remarks has been approved by the minister. During the last war the civil protection in the House of Commons consisted of placing sandbags on each of the floors near the elevators. Later, in order to improve the situation, wooden boxes were provided, painted red, in which the sandbags were placed. That was supposed to provide fire protection for this fireproof building in time of war. I remember I brought one of those sandbags to Mitch Hepburn and he could not believe that that was the kind of protection we had in the House of Commons. Finally before the end of the war the boxes and the sandbags in them were taken away.

Civil defence is a much more serious thing than some people believe it to be. I take it seriously myself, and I give credit to the minister for his effort. I agree that he has one of the most difficult jobs of anyone in the government at the present time. We have heard for years about the danger of war at this spot in Europe, that spot in Asia or the other spot in Africa. All over the world there are danger spots. The newspapers for a long time have been printing stories to the effect that we may have war at any moment. We must be ready for it. I am extremely glad that the minister is in charge of civil defence in this country.

The minister spoke about hose couplings. I do not see the use of hose couplings without hose. This morning I telephoned to the bureau of statistics to ask them if they had any information about the length of fire hose available in each municipality. The answer was: We have no information. I was not at all surprised at that answer. Now that the minister has spoken about hose couplings, I will ask him if he has any information about the length of fire hose available in each municipality of Canada.

Mr. Martin: I am afraid that, offhand, I could not answer that question; but I should be glad to try to get for my hon. friend as quickly as possible the information he has requested.

Mr. Pouliot: I thank the minister, and I agree with him. But may I tell him that if

the chief co-ordinator were worth his salt, the first thing he would have done with his stenographers, his skeleton staff and the others, would have been to write mimeographed letters to the various city clerks or city treasurers asking them what they already had in the way of protection against fire; because in the event of war, the greatest hazard is destruction by fire.

Mr. Blair: You will get that information in the next census.

Mr. Pouliot: At any rate, my hon. friend agrees with that. So long as he agrees with it, I am satisfied.

What is important for the chief co-ordinator and his staff to do is to come down to earth and to use a little bit of common sense and a little bit of perspicacity in their dealing with this problem, which is a difficult one because of the size of the country. It is impossible to copy what is being done in England for civilian protection, in view of the fact that the area of Canada is ten or twenty times greater than that of England. Our problems are entirely different. The United States have a much larger population than we have, and our problem is different from that in the United States. What the co-ordinator should do, under the able direction of the minister, would be to use his own judgment in considering local conditions in Canada as they should be considered in order to face the problem as it must be faced.

Suppose that I am in charge of civilian protection in my community. Any member may be in that position, or anyone else may be. Suppose I get in touch with the provincial representative who has authority within the province. There is not enough fire hose available. I write to him. He gets in touch with Ottawa and he does not get the hose; he gets couplings. What can we do with couplings without hose? If the department has bought such a large quantity of couplings, I wonder from whom it has bought them. Who is the manufacturer or the inventor of that device? How is it that the department is buying so many couplings and no hose at all?

Then there are to be considered the necessary water connections by means of which to fill the fire hose with water in order to fight a fire. What are those facilities in each municipality? I wonder if the minister has some information about that matter, through the chief co-ordinator.

Mr. Martin: I think my hon. friend will agree, since he asks me the question directly, that it is important to recognize, as he himself has said, that our situation in Canada is not the same as that in the United Kingdom. The United Kingdom is a unitary state. Here we operate not only through the municipalities but also under the federal character of our country through the provinces. Fire protection is primarily a matter for the provinces and for the municipalities. The question that my hon. friend has asked, quite properly, in his zeal and his interest in this matter, is one which I am sure he will agree should also be addressed to another authority.

We have had to recognize the federal character of our country in trying to build up an organization, as he himself in his remarks so far has suggested we should. We have had a meeting with the provinces. We have pointed out to them, as they have pointed out to us, that one of the great hazards—particularly in respect of potential atomic attack, let us say, or bombing—would be the resultant fires and that more damage and destruction can come from fires than from anything else. We have said: How can we assist in providing for the greatest amount of mutual aid? That is what will be required if a disaster should come; and we all pray that it will not.

The situation is that the hose coupling is an extremely important factor, because there is no standardization throughout the country. The aim of the provinces—as a result of the decision which they themselves have come to through their fire marshals, their municipal bodies and so on—is that the federal government should give them some assistance in the installation of hose couplings in order to make it possible for community A to use the hose of community B, something which is not now possible in many cases because of a lack of standardization of the hose couplings. As to any community that may be short of hose itself, that is a matter on which no province has yet advised us that it requires financial assistance. I will note what my hon. friend has to say in that regard, and see what the situation is. But I am sure that with this brief explanation with regard to the standardization of hose couplings he will appreciate how important this matter is. It is not only important in one province; it is important as between one community and another on the border; in my own community, in Windsor, for instance, and in Detroit, and in the two Sault Ste. Maries. In those cases, by the use of adapters, it is possible to meet the problem that arises out of the lack of standardization.

I thank my hon. friend for what he has said about the other phase of the question, and I hope I have given him a satisfactory answer.

Mr. Pouliot: I thank the minister for the good will he shows. When I ask questions about this matter it is because it is of vital importance. My constituents are interested in it, as are the constituents of every other member. It is not so much a question of money as of co-ordination with respect to the part Ottawa is to play under the authority of the minister himself. With regard to hose couplings, if the diameter of the hose is not standard how would it be possible to use couplings except of different sizes? And by the way, who manufactures those couplings; who is the inventor?

Mr. Martin: There are many kinds of couplings. That is one of the problems in trying to get standardization.

Mr. Pouliot: I thank the minister again. Will these couplings be distributed by Ottawa to the provinces or to the municipalities?

Mr. Martin: No, Mr. Chairman. We are not providing the full cost of standardization of hose couplings. We have undertaken to provide one-third of the cost, with the provinces and municipalities to supply the balance, either the provinces alone or the two together. They will make their own purchases; they will decide as to the need. Those are questions we must leave to them, and which we propose to leave to them. This will be an assistance grant which will not completely cover the cost, the expenditure this year being in the neighbourhood of $900,000.

Mr. Pouliot: I thank the minister again, and I appreciate what he has said. In my humble view all possible information with respect to civil defence should be publicized to the limit. It cannot do harm to anyone, and it will help us all to know how the authorities, whether municipal, provincial or federal, will look after the protection of the Canadian people. If we spend $900,000 on hose couplings to be distributed by Ottawa to the provinces or the municipalities, or if we have a certain number of steel helmets, it will be impossible to distribute them in an emergency because that emergency may arise so quickly. Everything happens in such a little time, especially when jet planes are used. If a jet plane should attack any part of Canada, would it be possible to send hose couplings and helmets from Ottawa to the part of the country that was bombed? I do not think it would. I tell the minister again that it is not so much a question of money as one of good, plain common sense and co-ordination.

Mr. Martin: Hear, hear.

[Mr. Martin.]

Mr. Pouliot: I am very glad the minister says hear, hear; and I mean co-ordination between all those interested in the protection of the country, which means everybody.

Now I am coming to another matter, in which I hope I shall have the support of the minister in charge of civil defence, the Minister of National Defence, the Minister of Defence Production and the Minister of Transport, because this matter concerns several departments. It is a fact that in any future war the best protection will be mobile units, and there are no units more mobile than the R.C.A.F. Therefore it is of vital importance to have airports at as many places as possible in this country. Many were built during the last war. We need many more good, large airports. In my humble view they would serve as a better protection for the country than any helmets or hose couplings or other devices of that kind.

In my county, for instance, we are 120 miles from Quebec city, where there is an airport; we are 80 miles from Mont Joli, where there is an airport; we are 100 miles from Caribou, Maine, where there is an airport. If I want to come to Ottawa by air I have to drive to Quebec city, a distance of 120 miles, or to Mont Joli, a distance of 80 miles, or to Caribou, a distance of 100 miles. There is no protection. For the protection of this country I hope the minister will discuss the matter with the Minister of National Defence, the Minister of Transport, the Minister of Defence Production and the members of the cabinet. For a time there was some discussion about the establishment of an airport at Cacouna in my constituency.

Mr. Martin: It is a fine constituency, too—a lovely country.

Mr. Pouliot: I know, and it deserves protection, as does the whole country from Newfoundland to British Columbia, and especially Fraser valley, the garden of Eden of the west. The Minister of Defence Production told me one day in the railways and shipping committee that he wanted just a word from me with regard to the building of that airport, for which surveys had been made by the Department of Transport. That was in time of peace, and naturally there was an agitation about it. Now that we are in a period of emergency I hope the government will consider the matter anew and will not hesitate to build an airport at Cacouna according to the surveys and plans already made by the Department of Transport. No one will dare create any agitation about it, because it will be for the defence of this

country. If an airport is built in every constituency of Canada it will be the best way to protect Canadian people.

I am not going to insist further because the ministers who are here now realize the importance of the matter. The Prime Minister, who lives in my constituency during the summer, knows how important it is. I hope that will be done at the earliest possible opportunity, and I will defend the action of the government just as I would defend a similar action in any constituency in Canada. I will ask the minister of civil defence as well as the Minister of National Defence to tell the committee what they think about my suggestion.

Mr. Diefenbaker: As I listened to the hon. member for Temiscouata I wondered what the coupling would finally be coupled to; I knew there would be something for Temiscouata before he concluded.

The minister mentioned the fact that our country is different from a unitary state in that we have the federal system; that is perfectly true. But the United States also has the federal system. I intend to ask some questions relating to plans in the United States and to the extent to which the experience of the United States is being applied in Canada. The hon. member for Temiscouata said it is mainly a question of co-operation—

Mr. Pouliot: Co-ordination.

Mr. Diefenbaker: —co-ordination, and not the expenditure of money. I do not quite follow him in that. There are certain responsibilities of the federal authority. There may be a good reason why this very important subject of civilian defence was transferred from the Department of National Defence to the Minister of National Health and Welfare, but the reasons, other than the capacity of the Minister of National Health and Welfare, are not immediately apparent.

As I see the situation, this is one subject which particularly comes under the Department of National Defence. It is part and parcel of our plans and of the expenditure of this country for national defence. True enough, the final responsibility for providing personnel is a matter for the provinces and the municipalities. But in the national field the decisions as to shelters, medical stockpiles, the dispersion of industry, emergency housing and public works to facilitate civilian defence preparedness on a scale adequate to meet the expected needs, must fall upon the federal authority. I have discussed this matter with a number of mayors and councillors of municipalities, and I do not misinterpret their view when I suggest to the minister that, while they are prepared to supply voluntary personnel to meet the responsibility of fire fighting and the like within their respective municipalities, they are not receiving today the direction from the national authority that they have a right to expect.

The minister has only recently taken over the responsibility in this direction. He made a most persuasive and inspiring speech on the subject of civil defence. But more than that is required. The publication of the pamphlet to which he has made reference will go part of the way, but I feel that an intensive educational campaign must be launched by the federal authority. People do not want to believe there is going to be atomic bombing of Canada. The thought disturbs our equanimity. We like to look at the situation as though we were protected and insulated by many thousands of miles of sea and a northern ice cap. It is going to require an educational campaign to make the people realize the danger in which we find ourselves.

I looked up some of my clippings of a few years ago, and I have one here which I picked at random. It is dated April, 1948, and says "Big radar fence against aircraft". It went on to say that it was going to cost a great deal of money, several billions of dollars, and that it had been started in 1948. This is 1951, and the least said about that big radar fence the better. Those were some of the plans. Today the people have been lulled into a false sense of security. One of the lessons that came to me as one of the representatives of this parliament at the parliamentary conferences in Wellington and Canberra was a sense of deep foreboding as to the possibilities that faced our country, the other countries of the commonwealth, and the United States. Our people need to be aroused in this connection. Voluntary work has its place, but you can only get voluntary workers when, in the national field, there is the type of message given by the minister and other members of the government that will arouse the people to a realization that there are going to be no second chances this time.

The first point I bring to the attention of the minister is the need for direction and an educational campaign. Second, as to the matters to which I have referred, such as shelters, medical stockpiles, the dispersing of industry and the like, the responsibility rests upon the federal authority. It is all very well to say we have a distribution of authority among the federal, provincial and municipal governments. That is true, but the provision for civil defence in the national field must, as I say, rest upon the national authority. The only way in which that can be done is by grants in aid. I would not go before any

members of this government and ask for expenditures unless I believed the plans were either self-liquidating or necessary. An expenditure of $4·5 million this year is totally inadequate to meet the responsibilities with which we are faced. You cannot place that responsibility upon the municipalities. Today the municipalities are bearing rates of taxation that do not permit any further increase. National civil defence, administered on the provincial and municipal levels, means assistance in coping with the danger in which we find ourselves today as a nation.

One of the best articles I have read on this subject—I am not going to quote from it *in extenso*—is "The Defence of the Free World." It is a record of the proceedings of the academy of political science at a meeting held in November last. There is an article on the subject of civilian defence by the director of the New York state civil defence commission. He points out that we must realize one fact that was not generally admitted at this parliamentary conference. Most of the members were of the opinion that Russia had the atomic bomb. One of the representatives at that conference, who held a high position in the British cabinet during the days of war, claimed that Russia did not have the atomic bomb. But the general consensus was that it had, and that it would be used without warning. That is the view taken by this authority who spoke at the meeting to which I have referred. He accepts the principle outlined by the minister, that the administration cannot be one of a central agency by itself. There must be the central agency for direction, but the basic responsibility for the carrying out of the national policy must rest with the municipalities, under the direction of and in co-operation with the provinces.

In the United States, detailed mutual assistance agreements have been entered into between states and between cities. The states of New York and New Jersey have entered into a joint agreement for their defence, much as the northeastern cities bordering on the Pacific have entered into a joint pact binding on each of them. The general plans of the various states are co-ordinated in a national plan. But in this country, if we are to have something that is in keeping with the dangers that face us, the municipalities must receive a greater measure of assistance than is contemplated by the estimates now before this committee. The municipalities—and again I refer to the speech that was made before the political science association—have the responsibility of organizing volunteer welfare services to receive, feed, clothe, shelter and provide essential social services for evacuees in an orderly and efficient manner.

These local responsibilities can be discharged by the municipal authorities; for they have the agencies for them. They have the health department, the police force and the engineering organization in the respective cities. But in the larger field, in the field wherein national responsibility is pre-eminently of importance, I feel there has been too little assistance given nationally.

Before this session terminates I hope that the minister will be in a position to bring before the house a co-ordinated plan, which will provide for a larger measure of financing on the part of the national authority, and that financial assistance will be given through grants in aid provincially to the end that municipalities will not have added in their respective jurisdictions a financial burden which they cannot properly assume.

The other day I was speaking to a farmer in my own province of Saskatchewan. He pointed out the dangers inherent in communist infiltration in this country, and he brought to my attention something that I had never thought of before. He mentioned the provinces of Saskatchewan, Alberta and Manitoba—and the same applies agriculturally throughout the dominion—and the extent to which mechanization has taken place in the last fifteen years. Suppose war broke out tomorrow and the gasoline stocks in Saskatoon, Regina, Calgary and Edmonton were attacked. Where would there be production on the prairies with the mechanization we have today? That is one of the responsibilities involved in civil defence. It is a responsibility that is capable of being discharged by the municipalities through their police forces and through the setting up of voluntary police organizations. But before they do that they must receive from the federal government a national plan which may be co-ordinated and which will result, in place of the present haphazard plans, as they naturally are at this time, in a plan directed federally but administered through the provinces and the municipalities so far as detail is concerned, but dependent for its implementation on the national leadership.

Our people need to be aroused to the state of affairs existing at the present time. There is no more important problem before the Canadian people today than that of preserving our civilians; for they themselves will indeed be in any front line. Should war come between Russia and the United States of America we would find ourselves in a desperate position. While the plans of 1948

were made and announced in eloquent terms, in 1951 we are little further ahead.

I want to say one thing more, Mr. Chairman. In the statements I have made there is no criticism of General Worthington or of his capacity and ability, or of the committees operating with him or of the various municipal defence authorities that have been set up. All that they have today is a general picture. They need a sense of direction from the national authority, and they need much greater financial support than is being given today.

Civil defence is as large a part of our national defence as is the obtaining of manpower and the production of the necessary sinews and munitions of war. It is for that reason that I suggest the Minister of National Defence give to the Minister of National Health and Welfare greater assistance than these estimates indicate is to be given.

Mr. Low: I have been keenly interested in what has been said about civil defence. We have talked about fire-fighting equipment and standardizing hose couplings. We have heard discussions about warning systems, decontamination, radiation detection, medical equipment and all that sort of thing, and it has all been interesting, timely—

An hon. Member: But academic.

Mr. Low: It is academic; that is true. I listened with great interest to what the hon. member for Lake Centre said, and I must declare here, Mr. Chairman, that with practically everything he did say I found myself in agreement. I do not intend to repeat what has already been said in the debate. However, there is one thing that I should like especially to emphasize. After saying that not enough money has been voted or set aside this year for civil defence, I am quite certain—

Mr. Martin: May I interrupt for a moment? Constant reference is made to that. It would be very helpful to me if I could have some suggestions. I should like my hon. friend to know how much is being spent in the United Kingdom and how much is being spent in the United States. He would be very surprised to realize the extent to which in Britain they are spending. This year they are appropriating $20 million. In the United States the Senate is appropriating $86 million, and the House of Representatives $84 million. I ask my hon. friend to compare these figures, and particularly to compare the situation in Britain with what it is here.

This is not essentially a problem involving dollars and cents. The reason I rise at this time—I am sure my hon. friend will not mind—

Mr. Low: Not at all.

Mr. Martin: The reason I rise at this time is that, as the minister responsible for civil defence, I am quite properly expected to try to give some leadership in the matter, and that I am endeavouring to do; but it would be unfair to insist on leadership on the one hand, and to say something on a matter with which I did not deal, unless I was given some proper direction.

I want my hon. friend to know that we have discussed this matter with the provinces. We have discussed this matter with the corresponding officials in Britain and in the United States. The plans that we are following are based upon consultations that we have had with the provinces, the United States and the United Kingdom. If in the light of our obligations, which primarily I believe must be to the armed forces in time of total war; if after providing for all these things, I believe in my heart—as I see the whole picture, as my advisers see it and as the government sees it—that more should be appropriated, I will not hesitate to make the necessary recommendations; but I do not propose to make a recommendation for the expenditure of any more money than is necessary.

I believe that the real emphasis is where I sought to place it, where Sir John Hodsoll, the greatest authority on civil defence in the world, because of his own experience, places it, namely, on the mutual aid principle, on every man and woman in this country or in the free world who has to face, unfortunately, the challenges of modern total war.

Mr. Low: I thank the minister, and I appreciate this statement. But I still find myself thinking that perhaps some country in the world—and it might as well be the Canadian government as any other—will take the lead, and will not wait to find out what the United States has done or what Great Britain has done.

What do we care about comparisons? Let us look at the situation as if we were facing the real problem tomorrow. Let these other countries fiddle along, if that is what they want to do. I do not believe in that procedure, at all. I do agree with the minister however that there is no sense in appropriating and spending more money than is absolutely necessary for civil defence. But let us be sure that we spend as much as we should spend at this time, so that our people will be prepared.

Mr. Martin: I agree.

Mr. Low: That is all I am concerned about. There is one practical aspect of the matter with which I should like to deal briefly—because I believe most other factors have been discussed fully. This practical aspect concerns the leadership that can be exercised by the government and by members of the House of Commons generally.

I was interested the other day in a statement emanating from Dr. William T. Salter of Yale university, who said:

> The best protection against atom bomb attacks would be for everyone to pack blood plasma and bandages into a suitcase and go to live in the country.

Well, that is all very well for those who have a bag, in the first place, and who in the second place can afford blood plasma and bandages, and a place to live in the country.

Mr. Martin: That would be the worst thing to do, in any event.

Mr. Low: I did not find myself in too much agreement with that part of the statement. He did make a further statement however which, to my mind, is of importance, when he said:

> We should follow a program of decentralization and of converting all our households into small granaries and medical units.

With that I thoroughly agree—and there are good reasons why. If we are wise we will counsel every Canadian family to make small granaries and medical units of their household. That is a practical thing that the people could do for themselves, if they were given just a little leadership and were offered a few suggestions. Some people, acting upon advice received from wise leaders, during the course of the last year or two, and at great pains, have accumulated a year's supply of certain foodstuffs which, today, they are constantly using and replacing. As I said, this was done painfully and at great sacrifice. They are using and replacing this supply today with newer material. An examination of what they have laid in will show that the permanent core of this store is a bushel or two of wheat in some sort of airtight metal container. That constitutes the small granary.

Mr. Hatfield: And a flour mill.

Mr. Low: And perhaps a small flour mill, like one I now have. It is a well known fact that, with wheat and water—just those two things—human beings can survive almost indefinitely.

Mr. Hatfield: And a flour mill.

Mr. Low: Yes, or even a small coffee grinder. With a little wheat and water a human being can exist in fair health for an indefinite length of time. It seems to me the domestic store should contain not only the wheat in an airtight metal container, but water in stone or glass containers which would always be kept filled with fresh and clean water.

We all know one of the greatest dangers to any city in a time of air attack or bombing would be the contamination of the water supply. Under these circumstances it seems to me that one of the most practical things the minister and his staff could do would be to make the people of Canada in their homes, from one end of the country to the other, conscious of the necessity of doing something for themselves. And one of the best things they could do would be to set up in their own homes small granaries and medical units.

Mr. Hatfield: There has been considerable talk about hose couplings. Does the minister mean hose couplings or hydrant couplings? Surely he does not mean hose couplings?

Mr. Martin: Yes, we mean hose couplings.

Mr. Hatfield: But you do not need hose couplings unless you have hose. In Canada we do not have uniform hydrants in our different cities. What we need is couplings to fit the hydrants. I suggest we do not need hose couplings unless we have hose, but I am pointing out that we require different couplings for different types of hydrants. In one town or city we will find hydrants with threads differing from those in other towns and cities. Then, throughout the country, we find old hydrants with couplings of different sizes. What we need is hydrant couplings, not hose couplings at all.

Mr. Martin: I will have my hon. friend's observations brought to the attention of all the provincial governments, who have asked for hose couplings.

Mr. Johnston: It would seem that in the last while the minister has been getting into some difficulty and has been subjected to a good deal of criticism.

Mr. Martin: I thrive on it.

Mr. Johnston: In this instance criticism is good, because there is no subject of greater importance than that of civil defence. Nothing could cause greater havoc in this country, nothing could bring about greater disruption in every sense than a poorly-organized civil defence.

In my view however the measure of success or failure in this respect must be the progress being made, and progress that we can see. While I listened to the debate I was wondering what actual and visual preparation is being made in, let us say, the city of Calgary. In the event of attack where would the people

of that city go and what would they do to seek assistance? It is not enough to say that we are preparing this or that, and that sooner or later we will have it done. The people should be aware of it now.

Mr. Martin: If that is a direct question I would answer from a report from the government of Alberta.

Mr. Johnston: I should like to hear it.

Mr. Martin: The government of Alberta advises us that a number of cities such as Edmonton, Calgary, Lethbridge and Medicine Hat are in an advanced stage in training—and then there is other information which, obviously, is quite secret. However, I would be prepared to show it to the hon. member privately. We are advised by the government of Alberta that civil defence directors have been appointed in these cities, and that the planning there has reached an advanced stage.

Mr. Johnston: I am glad some cities in the country are making progress. Again, Alberta is taking the lead—with the assistance of the minister, of course. They are advising him, and perhaps helping people in the more backward cities of Canada to use that knowledge.

I have listened carefully to the discussion, but I have not heard reference made to the progress in connection with communications and transportation. We can talk all we like about preparations for civil defence, but without proper co-ordination between air, rail and highway transportation systems, we would be at a loss. No greater confusion could come about in the case of air attack than that which would be caused by lack of proper co-ordination between our transportation systems.

This was brought out clearly not so long ago when the railroad employees were out on strike. We saw then what might have happened without highway transportation. We would have been in a very bad position. In order to add to the effectiveness of the statement I have made I should like to quote from an article which appeared in "Bus and Truck Transport" magazine and which refers to statements that had been made by General Worthington, the civil defence co-ordinator. I think this article is so applicable that I should take the time of the committee to read it. This article appears on page 35 of the May issue and is entitled, "Ottawa forms defence transportation committee." A paragraph entitled, "Tremendous Problem" reads as follows:

> Civil defence faces a "tremendous problem of transportation," General Worthington told the committee at its first meeting. The success or failure of civil defence in Canada could hinge on communications and transportation, he said.
>
> A major function of transport would be the supply of aid to a devastated area from nearby communities. As well, it might be necessary to organize evacuation and to move great numbers of people over great distances. The wide separation of Canadian cities presented a problem not encountered in Europe, nor, to so great an extent, in the United States.
>
> Where an area was chosen as a reception centre it was estimated that the number of people who could be taken in from other cities was 50 per cent of the area's normal population. That alone would be an immense problem and, for such emergencies, there must be an over-all co-ordinated plan.
>
> "In the case of railways we must know where their rolling stock is and how best we can use it," General Worthington said. "In addition we have to face the fact that we may lose some parts of the railway system through enemy action and, in those cases, road transport must be ready to step in.
>
> Air transport will be needed to bring in the most vital commodities to an attacked area—most likely medical supplies and medical personnel. This would be done by the heavier aircraft; lighter aircraft would be employed in air reconnaissance for fire fighting and, perhaps, highway traffic control."
>
> Turning to the role of road transport, General Worthington said two main needs were to arrange adequate fuel supplies and traffic control. "Police control inside the cities will probably not be too bad," he told the defence committee. "There will be civil defence traffic routes, and only authorized vehicles will be allowed to use them. But we will have to anticipate traffic jams on the open roads, away from target areas, because we feel that as soon as an attack begins, many people will jump into their private cars and the highways may become blocked. One job of this committee is to figure out how highway traffic can be controlled and kept moving."

Apparently a government-sponsored civil defence transportation committee was set up early last month in this city. It has held its initial meeting but I understand that it will not meet again until the latter part of July.

Mr. Martin: One of the working committees is actually meeting this afternoon.

Mr. Johnston: So far as I know the minister has not mentioned this very important subject of transport communications.

Mr. Martin: Yes, I did. I said also that one of the working committees is meeting this afternoon.

Mr. Johnston: I mean the minister has not dealt with it in this debate.

Mr. Martin: I dealt with it in my main statement.

Mr. Johnston: I do not think this committee has attached the importance it should to this matter.

Mr. Martin: It is of great importance.

Mr. Johnston: Certainly its importance is not recognized. As General Worthington has said, all our defence preparations depend entirely and immediately upon the proper co-ordination of the transportation and communication systems.

I am glad the minister referred to the preparations being made in Alberta. In discussing this matter with cabinet ministers there I know that they are cognizant of the necessity of doing something and they have been working on this. Concrete results have been achieved. But I think we should know what preparations have been made in the other provinces.

For example, take the matter of air raid shelters. What preparations are being made in Canada in that regard? What preparations are being made in Ottawa to provide air raid shelters? I do not know of one. If we were attacked by atomic or other bombs, where would we go? It is all right to say that we are working on it, but an air attack can come suddenly. We know from experience that the enemy does not wait upon our convenience to attack. If an attack should come unexpectedly, where would we go in this city to seek assistance? There is not one place that I know of, and I do not think any other hon. member knows of one place. Those are the things that people should know if they are to avail themselves of the facilities which are supposedly there.

Every assistance should be given to the committee which the government has set up to co-ordinate the communications and transportation systems. It should also be made clear just exactly what progress has been made and what are the future plans.

Mr. Martin: I know that the hon. member for Temiscouata has a rather important engagement so I should like to answer a question he asked which I should have answered more promptly. The hon. gentleman will appreciate that the matter to which he referred is one over which I do not have direct jurisdiction, nor has my colleague, the Minister of National Defence. I am sure that the Minister of National Defence and I will be most anxious to see that the effective representations made by the hon. member for Temiscouata are brought to the attention of our colleagues, the Minister of Defence Production and the Minister of Transport. We shall take great pleasure in passing on the information at the earliest possible moment.

Mr. MacDougall: Mr. Chairman, at this time I do not wish to pick a fight with anyone who holds views with respect to civil defence which may be diametrically opposed to those which I hold, but I do feel that the discussions so far—

An hon. Member: Louder.

Mr. MacDougall: I was called to order the other day and berated for speaking too loudly. I have modulated my voice this afternoon so that I shall not offend the sensitive auricles of various hon. members of the committee. In that regard I might say that it is not often that in a matter of this kind I disagree with my good friend the hon. member for Lake Centre. But it seems to me that in the matter of civil defence we are now speaking in terms of dollars and cents. Personally, I do not believe that is the proper tactic for us to adopt at this time. I think it will be more or less universally agreed by everyone here that there is resting on the individual member of the House of Commons a responsibility which is as great as, if not greater than, that which rests on the government.

Certainly our plan of civil defence at the present time is not complete, and it is not perfect. I do not think that anyone in his right senses would expect it to be. But I would imagine that, in the near future, with the vote which it is now stated is going to be given to civil defence preparations, certain things will be brought about with respect to information for every hon. member. Rightly or wrongly, it is my considered opinion that the preparation and the successful carrying on of civil defence, as far as we are concerned, can best be accomplished in the 262 federal ridings of the Dominion of Canada by the members who sit in the House of Commons, provided they will go back to their constituencies and tell them what is needed after we have more information than we have at the present time and when the plan has gone forward to a more complete state of fruition than it has reached now. We should individually and collectively make it our bounden duty to see to it that we stress the importance of what is needful with respect to an adequate civil defence.

I do not think that the most essential factor in civil defence is the granting of a lot of federal money; but I believe that one of the essential factors is that the people have some information about the potential destruction in the event of an aerial attack. Let us put it this way. We know perfectly well that the destruction from the Hiroshima bomb was colossal. We know now—it is no secret—that had the victims of the Hiroshima bomb had adequate medical attention within forty hours or forty-eight hours, the casualties resulting from radiation would have been cut by at least 40 per cent. We also know that when you have atomic explosions—this is also no secret, and I am not quoting from any book—if there is a warning that is understood by all the people, atomic casualties will be cut by another 40 per cent. In my opinion, therefore, it is logical to conclude that one

of the first things that should be done by the members of parliament and the government is the giving of consideration to a universal system of warning that will be the same in Newfoundland as it is on Vancouver island, in the province of British Columbia, and all the intervening terrain.

How can we best bring about a decrease of casualties? I think it is generally known that in all the industrial areas of all the provinces of the Dominion of Canada we have the nucleus of a volunteer service that cannot be matched in any other country in the world. I refer now to that great body of men and women who are fully trained and qualified in first aid. In my opinion they can and ought to be considered a volunteer nucleus from which can develop in each locality across the Dominion of Canada a tremendously important factor in the reduction of casualties. That force is completely and entirely voluntary. It will not cost the government of Canada a dollar to put that force into operation. I am convinced that every man and woman in that group would be delighted to tutor, maybe once or twice a week, various groups in his or her particular community who would be able to carry on any first aid work in a most adequate manner.

With respect to atomic explosions, we also know that in hospital areas and congested metropolitan areas the likelihood of casualties among physicians will, in all probability, go to fifty per cent. If that is true—and I believe it is—then every one of us must do something with regard to the education of his constituency in that matter. Let us consider my own riding in the city of Vancouver. It has the largest hospital in the province of British Columbia; I refer to the Vancouver general hospital. We have there a tremendous area of hospitalization. Suppose an atomic bomb should hit close to or upon the Vancouver general hospital. The loss in professional services—those both of nurses and of physicians and surgeons—would immediately be at least fifty per cent.

A great deal can be said for decentralization of hospitalization; but the fact remains that we must deal with the situation as it now is. The hospital is there, the facilities are there, and the personnel are there; and they are going to remain there unless something in the nature of a flood or a holocaust of some sort or other occurs without Uncle Joe pulling the string. We must face the facts with respect to this whole situation. Candidly, I believe that we are about to get a great deal more information from our civic defence authorities. At the present time there is no one in any part of Canada or the United States who can say that we have the complete blueprint for security in the event of an atomic explosion. But as individual members of the House of Commons we at least have a duty to perform when we go back to our constituencies, namely to give to the people what, in our opinion, might be the potential of an atomic explosion anywhere in our district. That is something for each of us to do. Certainly the government can help by giving the necessary information; but whether it is an atomic explosion, a flood or any other holocaust a great deal of the aid given in the first instance will be voluntary, coming from your next door neighbour.

This afternoon there was some mention of couplings, and one hon. member said he did not mean hose couplings but hydrant couplings. I am not going to enter that argument—

Mr. Martin: There is no argument on that subject. Do not confuse the people.

Mr. MacDougall: We know perfectly well what happened at Rimouski not so very long ago. We also know what has happened in various parts of Canada during the last few years when great fires have occurred. The hydrant facilities in adjoining municipalities have not been co-ordinated. Certainly to standardize the threads on all hydrants across Canada would cost the taxpayers of this country hundreds of millions of dollars, and I do not think that expenditure would be justified. I do believe some consideration should be given, however, if it has not been given already, to the use of adapters that could be utilized on hydrants of adjoining municipalities where the threads are different. In many instances I believe that would reduce the number of casualties and would be a much cheaper way of giving adequate protection in the event of a large fire.

Furthermore, while I may be old fashioned in my ideas with respect to the response of the Canadian people in the event of attack, I think there is something in the spirit of the early pioneers on the prairies that could be adopted right across Canada in both rural and urban areas. On my way down to the opening of this session I stopped off in Saskatchewan to visit my brother. He has a huge barn, though I do not know whether it is as large as that of the hon. member for Springfield. As has been stated this afternoon, the farms across Canada have been largely mechanized, and many large barns are not used to anything like full capacity. I am as sure as that I am now speaking to you that in the event of any holocaust in Saskatchewan

—and I use that just as an illustration, for I am sure the same thing would apply from coast to coast—the neighbourliness that has been born of hardship and experience would be a tremendous factor in providing aid and assistance to those in need. We also know that in a good bank barn you are perhaps as well protected as you could be anywhere. In my view the voluntary aspect of civil defence is far more important than the expenditure of a large sum of money for the purchase of equipment which may not be used this year or within the next five years.

So I leave this thought with you, Mr. Chairman, for what it may be worth. I do not believe the government should be too severely condemned because some people, perhaps without adequate information, feel that the appropriation for civil defence is not large enough. To me the voluntary part of the program is much more worthy of consideration than the pouring of millions of dollars into equipment that may or may not be used. We know perfectly well that Uncle Joe is not going to telegraph and tell us if and when an atomic attack is going to occur. So I conclude on a note very similar to that on which I opened. If we are to adequately meet the needs of civil defence it must be particularly by way of voluntary effort. I do say the government should give the lead, and I am thoroughly convinced that the minister will do so, and will give every member of this house the necessary information so that we may go back and impress upon our constituents the importance of civil defence and the part to be played by voluntary effort. If we do that I am quite sure the response of the Canadian people will be adequate to meet the need. I am also sure that if the minister finds it necessary to increase this appropriation you and I as taxpayers will have no objection at all. We should always remember, however, that in these matters the neighbourly feeling counts for much more than a terrific expenditure of money.

Mr. Martin: I do not want to repeat what I have said already in my initial statement, but in the light of the discussion that has taken place I believe there are some things that will have to be said in the public interest. I do not desire to shut off any hon. member, but I thought I should say now that I do intend to try to more or less close the matter and bring it to a head. If any hon. members wish to speak before I do so, they have a perfect right; I am just giving an indication of my intention. I believe many of the things that have been said have perhaps arisen because hon. members have not had an opportunity to really see what has been going on not only in Ottawa but in every province and almost every major municipality. If anyone wishes to anticipate me, I am prepared to wait, but I should like to more or less summarize what I have to say in order to bring the discussion to a conclusion more readily than perhaps would otherwise be the case.

Mr. Blair: It is not my intention to speak on this subject at length. Last September I covered the different types of warfare as far as Canada is concerned. I dealt with gas and chemical warfare, explosive bombs, atomic bombs, and those things which might represent a danger to our country. I must say I was pleased last evening when the minister came out with a complete account of his expenditures. If we had been given that statement by the Minister of National Defence in the early part of the debate we might have been a good deal further along in the consideration of the estimates. For that part, I congratulate the minister. I was disturbed, though, last night by one part of his speech to which I should like to refer. He said, as reported at page 3387 of *Hansard* of May 24:

> I am certain that as long as I am in charge of this difficult assignment I am not going to go ahead and build up an organization which in the event of disuse would rust and do more harm than good.

Further on he said:

> We may make a big miscalculation; there can be no doubt of that possibility, but certain risks have to be taken in this matter. Those risks have to be borne not only by the armed forces but by everyone in Canada, for that is the nature of total war. No minister of the crown or anyone else can alter that unfortunate fact.

I said I was disturbed when I heard him use those words. I have read the statement several times this afternoon, and there seems to be a tone in the minister's speech which is suggestive of something like gambling. We are going to take a chance. In so far as the defence of this country and of our people is concerned, I do not believe we should ever take a chance. So far as money is concerned, let us compare the amounts allotted for this purpose. We are going to spend something like $5 billion on the armed forces for our defence, while we are going to spend something like $5 million for the defence of the people of this country. It is rather difficult to understand this, because the conditions of warfare have changed a great deal in the last twenty-five years. If we have to come to grips with an enemy—there is one enemy in our minds—the thing that would determine our success would be the large manufacturing and industrial capacity of Canada and the United States. If the war followed the pattern of the last war, in which we bombed the Ruhr valley which contains the manufacturing centres for war materials for

Germany, it would naturally follow that our enemy would bomb our industrial areas and the industrial areas of the great country to the south. That is something to be considered, because the bombing of those areas has become part of warfare as it exists at the present time.

We are striving, and other nations are striving, to put industries which manufacture war materials, such as guns, aeroplanes and that type of thing, out of business. For that reason, I believe it would be a possibility that this country and the country to the south of us would be bombed. For that reason I feel that, even as the hon. member who just spoke, while a great deal of the work done in such an emergency would be voluntary, yet there is an onus on the government to build up a very elaborate plan for the defence of this country. The same thing happened in England during the last war. During the bombing of the industrial areas the civilian population suffered, and suffered severely. Practically one-third of the houses were destroyed at that time, along with the casualties which existed at that time. The same condition could exist in Canada. I do not like that note in the minister's address in which he intimated that we are more or less going to take a chance. We are not going to build up an organization that is going to rust. Mr. Chairman, I do not believe the time will ever come when we should take a chance on this country or the people who live in it.

Mr. Martin: I do not want to interrupt, but I think this is rather important. I believe the hon. member would agree that I did not say we should take a chance. I said that there is a great risk involved, which is quite a different thing.

Mr. Blair: There is a risk involved in not doing something, and that is the point I am advancing. We cannot afford to take that risk. If we can spend $5 billion on the army, navy and air force for our defence, which will probably be used outside this country because we hope the war will be as far from Canada as we can have it, $5 million seems a very inadequate allotment for the protection of the people living in this country.

I wonder if the estimates of the Minister of National Health and Welfare have been cut down in favour of the estimates of national defence. We must draw the line some place. So far as disuse is concerned, sir, we may do a great deal of this work by voluntary effort, and by the use of voluntary agencies existent in Canada at the present time. After all, a great deal of this work must fall on the government, and there will be expense. This afternoon we were talking about hose couplings. There is no reason why the same type of hose couplings could not be in common use across Canada. We have had disasters in Canada before. In the last year we had to deal with one in the Fraser valley; we had a flood in Winnipeg, and we had the terrible fires in Quebec. Those things are happening and causing a great deal of suffering. This agency would not be allowed to rust in disuse because of the things I have cited that have happened in the last year or two. They may happen again in the future.

So far as the training of people in the care of casualties is concerned, that is not something that is going to rust. If the lessons in the care of casualties and first aid are well learned, people are not going to forget them. They can be of use at any time. The stockpiling of medical supplies and food are things that can be used at any time. The hon. member who has just spoken mentioned the possibility of hospitals being bombed. That shows us that arrangements should be made outside those areas to take care of casualties, because the hospital is just as apt to be destroyed as any other place. In his reply, I would ask the minister—after all he is at the head of this organization and it is a difficult assignment, but I am going to ask him these questions—to indicate what arrangements have been made in the matter of an air raid warning across Canada.

Let us suppose that by means of radar we are warned of the approach of enemy planes. Is there one warning that will be spread all across Canada? So far as sirens are concerned, I wonder how many municipalities in Canada have sirens that could warn the people? Some days ago we heard some noise from a new siren on the Hunter building. Then, this morning, I read in the newspaper that we are going to do some excavating and dig down about two floors below the parliament buildings to have some protection. Possibly there are some members who would like to crawl into such a hole during these debates. But this matter is not going ahead, and if this emergency should occur at the present time we are still taking chances. Will the minister tell us what has been done by way of keeping the water and food supply in Canada free from contamination. Are the large reservoirs of the cities protected? I doubt if any municipality in Canada is mounting a guard or taking any steps to maintain a proper water supply for the people.

As of now, how many of our people have been trained in chemical and germ warfare? Has this matter been brought before the people by means of booklets or pamphlets,

telling them that something like this could happen? The average person feels that this is something one reads about. In looking at this whole picture, they feel that it cannot happen here. We are only talking about this. I wonder what surveys have been made in Canada for bomb shelters. I wonder how far the training has advanced in all the cities and towns of Canada where there are possible targets. How far has the training of people in the care of casualties advanced? I ask the minister what has been done about stockpiling food and medical supplies, and whether these supplies have been placed in areas outside the large cities where they could be reached in the event of the city being bombed. Lastly I ask the minister this question: How far have we gone into the possibility of fire either from bombs or from fifth columnists? Certainly the fire brigades of every town or organized municipality in the country should be receiving training along that line. As part of their training the municipalities might like to have their own air wardens or their own fire wardens, apart from their fire system, because, as you will realize, in a city even the size of Ottawa, the present fire brigade would find it difficult to control the whole community.

In the last war in England they set up fire wardens who took charge of certain areas, and they had fire watchers. It was a good organization. These people stayed on; they worked for weeks, months and years. But I again come back to the minister's statement of last night which, while he has corrected the statement that I made, did smack somehow of a feeling that, well, we will take a chance. We are going to have to take a chance; there is no way out of it. We will just have to do the best we can.

It may be that out of the asking for more money in this debate today for civil defence nothing will happen, but I would like to believe that the minister, or any member of the government, if nothing happens in the next three years, will not say: There now, we knew there was no occasion to spend this money. We, your wise government, did not spend this money and inflict taxes on you because we felt nothing was going to happen.

I ask the minister now: Does he honestly feel that nothing can happen? If it could happen, why cannot we be prepared and fully prepared? The amount of $5 million that we are spending is only a drop in the bucket in comparison with the $5 billion we are spending for defence. Therefore I think the minister finds himself in the position where he feels that he would like to do a great deal more than is being done.

I do realize it is difficult to establish an organization across Canada which would be adequate for the protection of this country. No doubt the size of the country and the population make the matter of civil defence a difficult question to deal with. But even with that, we have certain cities in certain parts of the country which would be vulnerable targets in the event of an attack such as has been visualized by some hon. members since the debate started.

Therefore in closing I feel that even if these things that we are doing for our protection—and I include the lot from air raid shelters to the training of civilians—even if these are never used, we should still go ahead and protect the people of this country, and, so far as the training is concerned, ensure protection against fire. That brings up the matter of hose couplings which has occupied a great deal of the time of the house. They could all be used at any time. Having suffered from disasters, three or four in the past year or two, we could still with advantage use the set-up for civilian defence in the time of an emergency, even if there were no enemy attacks.

Again I cannot help comparing the small amount set up for civil defence of this country with the total expenditure on defence, and drawing the minister's attention to the fact that in war as it exists at the present time, and looking back at the first war, civilians suffer, and they sometimes have been in more danger than the people in the army. It is part of present-day warfare; it is part of the strategy of the enemy air force.

This matter brought on, both last night and today, a debate in which I am glad to say a number of members were interested. But I say to the minister that the advice of the members and their feelings in this matter are expressed in an attempt to safeguard the people of this country and to help them in the event of a tragedy of this type coming to pass.

Mr. Stewart (Yorkton): Mr. Chairman, my remarks in connection with this debate will be very brief. I am inclined to agree with the speech made by the hon. member for Red Deer yesterday who said that in his opinion, in dealing with these defence estimates, the house had wasted practically four days. In that connection I have noticed that our friends in the C.C.F. party have not spoken in this debate, and I am presuming that they are more or less in accord with

government policy. There has been very little criticism from the Social Credit group; but we find the grand old Conservative party going to bat in connection with this debate, and we also find them not in agreement. The aged member for Nanaimo apparently has disagreed—

Some hon. Member: Oh, oh.

Mr. Stewart (Yorkton): He has been in the house a long time, and he disagrees with the more youthful member from the other seat in British Columbia. They have disagreed on procedure. We find today—

Mr. Pearkes: On a question of privilege, there has been no disagreement between myself and any other member, and I am not so very old, after all is said and done.

Mr. Stewart (Yorkton): Well, the record of the house speaks for itself.

Mr. Graydon: He looks younger than you do.

Some hon. Members: Order.

Mr. Fulton: On a question of privilege, I merely want to confirm the hon. member for Nanaimo in both particulars.

Mr. Stewart (Yorkton): Well, *Hansard* will speak for itself. If these two gentlemen were in agreement then a great misuse has been made of the English language.

Mr. Pearkes: By you.

Mr. Stewart (Yorkton): Thus we find today again that while the hon. member for Calgary East said yesterday that in all fairness to the government in the last year or so considerable progress had been made in the matter of defence, yet we find the hon. member for Lake Centre today saying that little had been accomplished since the year 1948.

An hon. Member: One is a soldier.

Mr. Stewart (Yorkton): One is a soldier, that is correct.

Mr. Harkness: On a question of privilege, the hon. member for Yorkton should consult *Hansard* again and keep his records straight. I was speaking yesterday on certain things that had been done in the army, navy and air force. The hon. member for Lake Centre was speaking of civil defence entirely. They are two different things.

Mr. Graydon: You are all balled up.

Mr. Stewart (Yorkton): That is all right. Apparently my hon. friends in the official opposition are getting balled up and are getting excited now, and even the young soldier who has just joined the house is getting impatient. I say that my friends of the official opposition ought to get more co-ordination. I have stressed that all along. They have disagreed on procedure; they have disagreed on whether the government is doing a good job or not.

Mr. Drew: No; there is complete agreement on that.

Mr. Stewart (Yorkton): Let me make this prophecy. I have exhorted them in this house previously to try to get together and get a little co-ordination in their affairs, or they may not even be the official opposition.

Mr. Harkness: We are co-ordinated; your thoughts are not.

Mr. Stewart (Yorkton): I think I am correct in saying that the official opposition has successfully wasted at least three days in talking on procedure in this house. I quite agree with the hon. member from the Social Credit ranks who said that Stalin himself would have enjoyed the performance put on by the official opposition in this house in the last few days. The inference today again, as it was last night, was that the government was not spending enough on civilian defence. We have before us billions being spent on defence generally, and very little if any criticism has been offered by the official opposition in connection with that expenditure. Thus far they have argued chiefly about procedure.

Are we to take it for granted that they are satisfied with the main estimates for this department? They imply that, because of the vote for home defence, the government is taking a chance, that it is not going far enough, and that it is not spending enough. Well, I would point out that in connection with home defence the total amount is not being spent by the federal government. One must always take into consideration the amount being spent by municipal and provincial governments.

Anyone who has followed the procedure in connection with bombing and air attacks knows that the best defence for Canada is on our northern boundaries. He must also know that that defence is being looked after by the Department of National Defence. One of our greatest expenditures is for that purpose. He should also know that a country, even one as intelligent as Russia, is not going to bomb small communities throughout the Dominion of Canada. If they did get through our defence of radar and our aircraft in the north country, they would not do that. That is only common sense. Certain targets will be picked out in the most strategic centres in Canada and the United States, if Russia happens to be our enemy. For instance it is idle for the leader of the Social Credit

group to suggest that our people should flee to the barns, and establish their homes there. I do not think any intelligent nation would bother bombing ninety per cent of the farms in Canada, even if they could get across our boundary. They are not going to fly from Russia in their large bombers, and waste atom bombs on cities such as the city of Yorkton, or such places. They will pick out certain strategic points of military value. I doubt even if they would bother with the city of Ottawa.

The chief defences should be in those places of military value, and should not be wasted. I was down to California again last winter. Down there they have a population of about eight million people congested in a small area. Those are the places where—

Mr. Fulton: Mr. Chairman—

Mr. Stewart (Yorkton): You make your speech, buttercup, later on. You are up all the time; now give somebody else a chance.

Any nation of intelligence—and the Russians have some intelligence—will pick out those centres of heavy population and strategic military value. They are not going to waste bombs on small communities throughout Canada. There is no reason, of course, why those communities should not have fire-fighting equipment; but it is idle for anyone to urge that the government and the department should spend money in every community of Canada to build dugouts, concrete shelters and everything else for the protection of those people.

If Russian planes did get through they would pick out strategic points in Canada—and I believe the government of this country has intelligence enough to have picked out those points, and to have arranged for their protection, to see that those points are amply protected.

But the idea of spending millions upon millions of dollars in the defence of towns and villages that have no more chance of being attacked than the man in the moon is just a waste of money. Further, those members who advocate such a thing are unnecessarily exciting the people. In two wars we lost 100,000 in killed, and if another war comes it will be a total war in which civilians as well as others will be attacked, and will be in the same position as the reserve troops. While we do not want a war, it might have the healthy effect throughout the dominion of uniting the people a little more closely together than they have been in the past, through equal suffering.

No one in Canada should get the idea that he or she will be free of trouble if another war breaks out. But, as for the spending of more money on shelters, and all that sort of thing, I say the government would be well advised to pick out the strategic points first and to make sure that they are protected. The government is well advised to spend money on our northern defences, and all that sort of thing, to keep the enemy out of the air.

I do not think the small points in Canada need worry much about having large bombs dropped on them, nor do they need to follow the suggestion of the leader of the Social Credit party, and flee to their barns. I do not think that will be necessary.

As I said at the outset, I did not intend to take up much time.

Mr. Hees: Oh no.

Mr. Stewart (Yorkton): My young friend, the young soldier of the last war, is very good at interrupting. If he has a question to ask, then let him get up on his hind legs and ask it.

The official opposition have complimented the government upon the selection of General Worthington. We have a good man at the head of civil defence, a man who has been across the Dominion of Canada. I am sure that in my province of Saskatchewan he will receive splendid co-operation in every city.

Mr. Martin: That is right.

Mr. Stewart (Yorkton): They are not stampeded, at all. I think members generally from the west, in all parties, are not receiving protests from their cities—at least they have not said so in the house. Even Rome was not built in a day. The fact that there are not complaints from the larger urban municipalities in the western provinces shows that the people are reasonably well satisfied with what is being done, and are reasonably satisfied with the contribution they are making. They are not complaining about what the federal government is or is not doing in the matter of civil defence.

As I said earlier, the best civilian defence is military defence through our air force and our navy, and the troops we are training. That is the best defence we could have. If it comes to a total war, we will all be in it, in any event—and I would repeat that that might do more to mould Canada than anything we have seen in the efforts of the official opposition in the House of Commons.

Mr. Higgins: Mr. Speaker, I hesitate to open my mouth this afternoon; but following the speech of the hon. member for Yorkton I am wondering whether we should not ask the director of civil defence to have a squad here, to take care of us.

This matter of civil defence is serious. The minister has been stressing that point constantly, and I think hon. members agree as to its seriousness. My understanding is that this debate started last night only. It has not yet gone on a full day. Why hon. members suggest there has been delay and waste of time in this important matter I, for one, do not understand.

There may be some reason for the hon. member's indulging in personalities, and in describing people as being youthful or aged —but what that has to do with an important subject of this kind, I cannot see. I think if the hon. member were to look into his speech he would realize, upon reflection, that this whole matter of civil defence is one requiring the most careful consideration of people throughout the country. As the hon. member for Vancouver-Burrard said this afternoon, it is as important to each member as it is to the government. Surely that is consistent, is it not?

I would not think it proper to indulge in the kind of personalities and the type of discussion we have been having. The official opposition may be hamstrung in numbers, but it is trying to do its job as best it can. If it believes this is the way in which we should proceed, then surely it ought not to be criticized as it has been criticized this afternoon. This is an important subject—and I leave it at that.

I have risen to ask the minister one or two questions. He has had discussions with the provinces, and plans have been worked out. I am speaking only for the province of Newfoundland. A director of civil defence was appointed for Newfoundland, but he resigned some three months ago and no one has been appointed in his place. I do not know what has happened and I do not believe anyone else does.

I do not think we need to enter into the realms of imagination to consider Newfoundland as being strategically important. There are United States bases and airports located there, and it is important in operating a convoy system. But we do not know what is happening. The answer may be that which was given by the hon. member for Lake Centre, that it is a question of finance. Perhaps the province has not the money to take care of these matters. I submit that the minister should make a full explanation this afternoon and tell us what has been done in Newfoundland.

There has been nothing in the newspapers in the past month to indicate what has been done. The minister may be able to explain. I feel like the hon. member for Lake Centre, and with all due respect to some of the previous speakers, this is something in connection with which the government should give full direction and I think also that the great bulk of the money should come from the government.

Mr. Noseworthy: Mr. Chairman, I hope that the hon. member for Yorkton and other Liberals who may hear members of the opposition making suggestions to the minister or criticizing what the minister has been doing will not take us to task and introduce into this discussion petty party politics. Personally I think that this matter is of too great concern to the people of Canada for a minister or any government supporter to place any criticism offered on a party political basis.

I am not in agreement with the hon. member for Yorkton when he says that the people of Canada are reasonably satisfied with what has been done in the matter of civil defence because no complaints have been registered with the minister. He indicates that if they were not satisfied complaints would be pouring in to the minister. I think the people of Canada just are not civil defence conscious at the present time. They are not turning their minds to civil defence.

As one hon. member has stated already, we hate to think of ourselves being in the midst of war. We hate to think of war coming to this country. It is difficult for the people of Canada to realize such a possibility and as a result very little thought is given by the ordinary citizen to the matter of civil defence.

I agree with the minister that civil defence is primarily a co-operative and volunteer effort on the part of the body of Canadian citizens. I realize that the essence of the job is education. It is not just a matter of spending money; it is not merely a matter of buying equipment or providing it for the provinces and municipalities; it is a matter of teaching the Canadian people what to do under certain circumstances and what precautions to take. It represents one of the biggest jobs that any government has to do.

I feel that that job cannot be done without a nucleus of full-time personnel, not only in each province but in each county or township or area of the provinces. If an effective job is to be carried out by volunteer workers there must be a core of full-time, well-trained people to give direction and leadership to those who are ready to volunteer their services and to assist in getting these ideas across to the people as a whole.

I presume the minister has given some thought to the contrast between the amount provided in the estimates for civil defence and what is provided for the other branches

of national defence. I understand the estimates provide $5 million for civil defence, but we find that $8,621,000 has been allocated in the national defence estimates for professional and special services. That is much more than is allocated for civil defence purposes. The minister's department and the provincial departments will require a considerable number of personnel well-trained, full-time—at least for a while—if anything is to be achieved in the realm of civil defence.

Has the minister any information of what preparations have been made by the various provinces for civil defence? Has he any information regarding the number of permanent or full-time employees engaged by the provincial governments in civil defence work? Has he any knowledge of how many people have been trained to date in the special courses and who could give leadership in this field?

Mr. Martin: About 450.

Mr. Noseworthy: With that information we would have some idea of the over-all picture of just what the provinces, the municipalities and the federal government are doing.

Mr. Fulton: When the minister replies I should like him to deal, in so far as he can without breaching any security provisions, with what progress has been made in providing for early warning by the armed forces to the civil defence authorities in the event of enemy attack. When the minister made his statement on May 11 he described the priority in that regard and stated that it was the duty of the military to provide the means of receiving warning through radar and other devices which have been referred to, that they would also have the duty of warning the civil defence authorities, whose duty it would be to alert the various localities which were expected to be the targets of that particular raid. It seems to me that that is one of the most important things in this whole matter. I refer to the details for receiving early warning. I should be glad if the minister could tell us about that.

Mr. Martin: Mr. Chairman, I think the time has now come for me to deal with a number of the questions that have been raised. May I say this—and I say this in full appreciation of the value of the discussion, which I think has been useful—if any hon. member thinks that I have taken to heart personally anything that has been said, I am sure that hon. member does not know me. I really think this has been a most useful debate because this is an extremely important matter and it is by no means an easy one to deal with.

[Mr. Noseworthy.]

I know that the hon. member for Lanark would not want to misinterpret what I said when I used the words "take a calculated risk". But I feel that one in government and holding this particular post at this time must be courageously frank and not give the impression that it would be possible to provide a complete civil defence for this country. That cannot be done in any country. All we can hope to do—in the light of the appraisal of the situation as given to us by military authorities—in co-operation with other jurisdictions of government, is to build up the best and most effective civil defence organization that is possible, and to do that without in any way prejudicing the primary effort that must now occupy every free country in the free world, recognizing that if war should come it can be won only by giving first support to the armed forces of the nation. That effort necessitates that we do not provide for a needless diversion of energy or of resources. I know that everyone in this committee will agree with that statement. That is the sort of thing I had in mind when I was speaking.

If the hon. member for York South who has just spoken will permit me to say so, I think he made a good speech. I say that not because he agreed with what I said—although I suppose I am somewhat encouraged to so appraise his effort because he has spoken as he did—but because I believe that what he said is surely what we all really believe, namely, that this business of civil defence is essentially one of mutual aid.

If there is one field in which I admit without any hesitation that I am not fully satisfied by any means, it is the field of education. I believe that the municipalities, the provinces and ourselves will have to accelerate the techniques we have for bringing home to the people the important facts involved in civil defence. I say that frankly without depreciating what has already been done and without underestimating the value of plans which we have in that very connection. There are in our own services in Ottawa, and also in those of at least nine provincial governments, individuals who are devoting their full time to the job of trying to find the most effective way of bringing home to the individual citizen—the boy and the girl in the school, the teacher, the worker in the factory, all of us—those methods that can most effectively be employed in the event of the kind of disaster which could happen but which none of us wants to happen.

I must say that the speech delivered by the hon. member for Vancouver-Burrard had this suggestion with which I know we will

all agree, namely, that each of us has a responsibility. We are members of parliament and we can do a great deal to bring home to the people a proper appreciation of this problem, without creating panic or fear, by letting them know that it is only good common sense to develop certain techniques in this matter of civil defence.

I believe that the statement I made the other night possibly has been forgotten in the present discussion. If hon. members will do me the honour of referring to it, they will see there a statement of principles which I believe will find ready acceptance by most people in this country and by most hon. members of the House of Commons. There was a frank recognition of the fact that at the centre you cannot do this job completely, that the primary responsibility must rest at the local level and therefore the primary influence must be voluntary effort based on the principle of mutual aid.

The hon. member for Peace River made an excellent suggestion, namely that each home was the place where civil defence should begin. I think he used the words "domestic granary". That was the basis of Britain's civil defence scheme during the last war. Sir John Hodsoll told me in Washington the other day when we were discussing this matter—Sir John Hodsoll being the director of civil defence in the United Kingdom—that the people of the United Kingdom were able to deal with air raids more successfully than were the people of Hamburg for that very reason. While some of them took to the tubes, the vast majority of the people of the United Kingdom showed defiance and used their own homes as the centre. That is an experience that I think we might well bear in mind in considering the matter of shelter, whether it be communal or private, or whatever may be the scheme devised. It is not without significance that at the present time His Majesty's government in the United Kingdom—and I use the United Kingdom as an example not because we must emulate some other country but because of their experience and because of their proximity to attack—are not at the present time engaging in any expenditure on shelters.

I believe that if we will look at our own situation in the light of the character of our country, we shall find that we have three levels of government: the federal, the provincial and the municipal. The ten provincial governments and ourselves have agreed as to what should be done. While hon. members here may criticize—and may properly do so from their point of view—what we have done, I can only say that what we are doing is the result of agreement of those in the ten provincial governments who have jurisdictional influence over the local government in each of those ten provinces. I have given a statement of what we have done, and have told of the various committees that we have set up and that are working, such as the transportation committee, the medical committee, the welfare committee, the telecommunications committee and so on, and the responsibility for the training of instructors to carry on the work of civil defence in the community. I have told the house all about that.

I hold in my hand a report given to me by each of the ten provincial governments of our country. Each province has designated one of its ministers as the minister of civil defence. Each minister has built up an organization on the provincial level corresponding in many particulars to the organization that we have at the national level, and in turn has stimulated action in the various municipalities. As I said last evening there is not more than one city of 50,000 or over which does not have its own civil defence director. That is the first thing for a community to do. That director, paid by the municipality in every case, is the centre around which is built the local organization.

At one time in our discussions with the Red Cross and St. John Ambulance they wanted to work, particularly the Red Cross, as a national disaster organization. We took the position, with which the provinces agreed, that the Red Cross and other national organizations should act in co-ordination with the plans of the locality. As a result the Red Cross in my own city of Windsor, for example, does not operate as part of a national body but is integrated into the local scheme. That is a very important matter, for if an attack should occur it is not what may be done in any central capital that is going to count; it is what can be done in the particular municipality where the job has to be carried out. The effectiveness of that kind of mutual aid will depend upon the kind of direction the local civil defence director has been able to give in enlisting the support of the people of that community.

Those are basic considerations that so far in this debate have been overlooked. In Montreal, one of the important cities of our country, Brigadier Gauvreau, a distinguished soldier of the last war, has been appointed civil defence director, and he has done an excellent job in the short time he has been at work. I mention the city of Montreal simply to indicate that many hon. members have failed to appreciate the tremendous amount of work that is being done; and that work was begun in the first instance as a

result of the stimulation by the present civil defence co-ordinator in Canada, General Worthington. In Montreal, wardens and other civil defence personnel, working on a voluntary basis, have been and are being enlisted. The other day they had a meeting at which several thousand were in attendance; and that work is going on, along with the contribution being made by welfare organizations, medical bodies and others. The doctors themselves are now holding special clinics and preparing for the problems that may have to be met.

Then in the city of Sault Ste. Marie the other day on both sides of the border exercises were held in anticipation of a possible air raid. Thousands of individuals, including nurses, doctors, welfare workers, St. John Ambulance personnel and Red Cross members took part in those exercises. A similar exercise on a more modest scale took place not long ago in Detroit and in Windsor, where I am happy to say one of the best civil defence organizations is being developed under a director who had extensive training in the United Kingdom during the last war.

I mention these cities not because I prefer them to others but simply to indicate the work that is going on. I do not say it is perfect. I know there is a great deal yet to do. I will not be satisfied until this job is done and the danger is past; but on the other hand I do not want anyone to underestimate the work already carried out at the provincial and municipal levels. I have before me a report from British Columbia, for instance. I do not want to go into all the details, but there they have an organization composed of representatives of health and welfare organizations, the army, voluntary organizations, industry and all the other groups in a community upon which one would have to rely in a situation such as this. The hon. member for Lake Centre spoke of the agreements that have been made between state and state in the United States. Well, long before the United States thought of that this country had achieved and completed such agreements. Here, for instance, is a report on the nature of the agreement between Alberta and British Columbia, which also shows the extent of the preparations that have been made in British Columbia, the courses being given, the training being carried on, the schools being set up and the instructors being provided. The report deals with the activities of the civil defence director in circulating civil defence bulletins all through British Columbia in an endeavour to keep up interest in civil defence work, and so on.

I could go on. I have here the report of the province of Alberta, of which I have given some indication already in reply to the hon. member for Bow River. I note here, for instance, that in connection with publicity and education Mr. Gerhart inaugurated a series of broadcasts early in January, which is still continuing and which is carried over most of the Alberta stations. They are doing everything they can to bring home to the people some of the elementary facts of this program. I want to give fair warning now that we have plans at the national level for a heavy educational program. That is likely to cost a great deal of money, and I would hope that no hon. member who today is criticizing our lack of educational effort will rise in his place next year, when I bring in a report of the expenditure through our information service in the Department of National Health and Welfare, and protest the amount we have spent in carrying on work to supplement that being done by the provinces.

Mr. Fulton: As long as you keep it separate.

Mr. Martin: My hon. friend says as long as I do something. I know I will not be able to do anything that will completely satisfy my esteemed and hon. friend. Here is the province of Saskatchewan, which has a civil defence training school. Someone may ask why Saskatchewan should worry about the possibility of air attack, since it would not be regarded as a primary target. That may be so, but it is a very important reception centre. From our experience in the flood disaster in Manitoba we know how essential it proved to be to have machinery in Saskatchewan for the reception of thousands of hospital patients, numbers of old people and others who found refuge there. The experience of those days is being used in building up a very effective civil defence organization there, as in other places.

As to the province of Ontario, as I said last evening, only last Friday I had a long discussion with the minister in charge of civil defence matters, Mr. Welsh. Every community in Ontario of major size has a civil defence director—with the exception of the city of Ottawa—and Mr. Welsh wrote me yesterday saying he had written the authorities in Ottawa asking them to emulate in that particular the example of every other community of any consequence in this province. With that single exception, every community of any significance in Ontario has its own organization. The plan in Ontario is to have the organization on a county unit basis, to have the major community in the

county serve as the centre. That direction was given by Mr. Welsh about two weeks ago, and as a result a considerable acceleration in organization has taken place already. The other day in London I was talking to Colonel Eric Harris, the civil defence director for that city. He outlined for General Worthington and myself the whole plan not only for the organization of the county but for the organization of that whole district, covering some eight or nine counties. So that while one can only give here a general picture of what is being done in each of the provinces, one can see that in the province of Ontario, too, a very considerable amount of organization is under way. The Ontario government has not yet appointed its civil defence co-ordinator, but Mr. Welsh has been extremely active in formulating plans for his province.

In the province of Quebec a school began operations today. There, too, the municipalities have appointed their civil defence directors, and direction is being given to them by myself and my department in conjunction with the co-operative arrangement that we have with the provinces. Similarly in the province of New Brunswick. Incidentally, we have trained eleven civil defence officials for the province of New Brunswick, and they have now returned to their province to take positions of leadership in the direction of the civil defence program. The same is true of Nova Scotia. In Nova Scotia one of the significant things is the prominent part being taken by women in giving leadership in the building up of all local civil defence organizations.

I have just mentioned these provinces, and for the sake of a complete reference I would not want to leave out the province of Prince Edward Island, where a total of four civil defence officials have received training at federal expense. They are now giving leadership in various civil defence activities in that province. The province of Newfoundland has its civil defence provincial committee under the chairmanship of Mr. Curtis. Five civil defence officials who were trained in our school are assisting him in the planning of the work for the whole province. So, when one comes to make an assessment of what is being done in this field in Canada, one must see not only what is being done in Ottawa under federal direction but also what is being done under municipal and provincial direction.

The result is we are building an organization for civil defence which I feel, in the light of all the circumstances, represents if not the most complete, at any rate a commendable effort. The time to look for completion of achievement is after the danger has passed. Before I take my seat, I should note that the hon. member for Lanark referred to stockpiling. I have already dealt with that. I have told him of our plans to stockpile medical supplies at strategic centres, for which arrangements have been made in conjunction with the Department of National Defence. As I said the other night, I agree with him about the importance of encouraging the greatest amount of first aid training. We have made special arrangements with the St. John Ambulance Corps for that purpose; that is something we must do whether we accelerate our program or not. I agree fully with him that that is a useful kind of training, and will always be of great benefit to this country.

We hope to be able, through schools, service clubs and church organizations, primarily under the direction of the St. John Ambulance, to carry on an increasing amount of first aid training all over this country. It is something that will serve us in good stead in the days of peace, in the days of twilight between peace and war, or in the days of war itself. I can assure the hon. member for Lanark there will be no relaxation of that effort. I have already explained what we are doing about defence against A B C warfare. The school we have at Connaught Ranges, which some of us are going to visit between six o'clock and adjournment tonight, is the school which is dealing with that as well as with other matters. I want to say, therefore, to the hon. member for Lanark that he can be assured that no effort in the important field of medical and welfare endeavour is going to be overlooked. If what has been done to date does not fully satisfy him, that may be because a full appreciation of what has been done has not been given. But I can assure him that the fullest contact exists with our nursing association, with the Canadian Medical Association, and all those bodies upon whom we have to depend—the men who will stimulate action, not at Ottawa nor in Toronto nor in any one of our capitals, but on the part of the health workers in the village or town concerned where the civil defence organization is being built up.

Now, we are proceeding with this as wisely and as energetically as we know how. We are not looking for commendation as to whether our achievement is worthy of praise. I am saying that no effort is being lost to develop an effective organization. If it is effective, we are not looking for praise. That will be due to the collaboration we are receiving from every one of the ten provincial governments of Canada who are in full

concurrence with the principles I have outlined and with the point of view which I have taken.

Mr. Fulton: Will the minister deal in detail with the question of the warning system? Is it intended to station civil defence personnel at fighter command headquarters so that they can receive the warning at the same time?

Mr. Martin: Last night I dealt with this question in part. I stated that the warning system was by no means complete. It is the job of the Royal Canadian Air Force, through radar and through the air observer corps, to get information respecting unidentified aircraft to the air defence communication centres. At that point a civil defence liaison officer will be stationed on a twenty-four hour basis. It will be his duty to see that when the signal comes in the warning is sent down the civil defence communication line to the various target points. Once the message is transmitted to the target area, it is the job of the local civil defence authority to set up its own communication system.

Sirens are being provided. The responsibility for their installation will rest upon the municipality. I may say that we are not only using these air raid detection agencies. For instance, as the leader of the opposition will know, the province of Ontario has an excellent detection service operating under the department of forestry. That is an extensive organization, and that, along with similar units, will be used in trying to bring the warning to the municipalities. Only this afternoon General Worthington is conferring with two telecommunication officials, one representing a big communication company in this country, who is going to give this service to the government without compensation and to assist in that particular matter.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

JACQUELINE YVONNE SUZANNE STUCKER GRANT

The house in committee on Bill No. 142, for the relief of Jacqueline Yvonne Suzanne Stucker Grant—Mr. Winkler—Mr. Beaudoin in the chair.

[Mr. Martin.]

On section 1—*Marriage dissolved.*

Mr. Coldwell: I should like to ask the sponsor a question. Is he sure that the evidence in regard to this bill has been circulated?

Mr. Winkler: The information I have, Mr. Chairman, is that all the evidence of all the bills before the house in committee at the present time was circulated through the mails to everybody except those who requested that they be omitted.

Mr. Coldwell: I have not been able to find a copy of this bill. I was wondering whether the sponsor of the bill could give a little information about it. How many children are affected by this bill?

Mr. Winkler: Perhaps somebody else would find this evidence. I have not been able to locate the first four in my stack of bills. I know I had it the last time, but I have not been able to find it at this time.

Mr. Coldwell: There is the trouble. Even the sponsor cannot locate the first four of these bills. I cannot locate Bill No. 142, but my hon. friend behind me says that he has a copy of the bill and that there are no children affected by it. Therefore probably he knows what the contents of the bill are; I do not, and neither does the sponsor of the bill.

Mr. Knight: Mr. Chairman, this bill deals with the case of a woman who is suing her husband for divorce. Apparently she has been successful so far as the Senate is concerned. The bill has now come to us for endorsation. I have been amused by the assertion in certain newspapers that we are conducting a filibuster on such bills as this. It is a question as to what is the definition of a filibuster. I intend to have no filibuster on this bill unless spending ten minutes on a bill which breaks up a home can be considered a filibuster. A filibuster may be a lot of time spent upon one bill, but I do not think that spending ten minutes on one bill can be considered as a filibuster. I intend to spend some ten minutes upon it.

An hon. Member: Order.

Mr. Knight: Has the hon. gentleman a point of order? I can sit down and let him expound it.

Mr. Sinnott: Kill a little more time.

Mr. Winkler: Which clause are we on?

The Deputy Chairman: Clause 1.

Mr. Knight: I was saying that in regard to this particular bill there could be no filibuster upon it in ten minutes. We have spent some five hours on thirty divorce bills.

The Deputy Chairman: Order. The hon. member has already said that he was not participating in a filibuster. He must speak to clause 1 of the bill.

Mr. Knight: Very well.

Mr. Dickey: Say it again; it will take up the same time.

Mr. Knight: The point about this bill is that it has certain things in common with other bills, Mr. Chairman. I presume I can say that. The investigator in this particular bill claims that he does not know the co-respondent. I notice that in a great many bills the co-respondent who is used as the basis, or, shall I say, as the subject, of the evidence, is not known. Now, this investigator, who is an investigator by profession, and whose business is to investigate, does not know the name of this lady upon whom the evidence is based. To me that is a remarkable thing.

I am going to suggest to you, sir, that some of these people who are employed giving evidence or, let us not say giving evidence, but becoming exhibit No. 1 in certain of these divorce cases, are simply like the investigators, professional people in the business who are paid so to do. I cannot make that assertion with any proof on this particular bill, but I am convinced of it in regard to many bills similar to this one. In other words, not only are there investigators professionally, but these women who submit themselves to this sort of thing in order that they may give evidence are, in many instances, professionals. I believe that is the reason that in these particular divorce cases the name of the particular operator—and I am using that word advisedly—does not come before the public. If the name of the operator in these bills were brought before the public, then her usefulness as an operator in that connection would be at an end, and she might have to find some other means of making a livelihood. I make that protest in connection with this bill and in other like bills.

My next point in connection with this bill, and in others like it, is that in obtaining evidence these investigators use means which to my way of thinking are not ethical. The other night we had someone breaking down a door. That is illegal. Then we had illegal entry into a room. We had an instance where an investigator lied. He said he had come to obtain an overcoat which he had left there the day before. May I hasten to say, in case the chairman is looking at me too severely, that in the case of this particular bill there is some such similar matter.

These investigators apparently think that it is all right to depart from the truth in any case whatever so long as they may obtain evidence. That, to my mind, is getting evidence under false pretences.

I have little more to say about this particular bill; I hope to have more to say on others. I had hoped that my hon. friend would move that these bills might stand over and allow the other private members to go on, and I would be agreeable to that, but he was blocked in his efforts the other night.

The Deputy Chairman: Order. That is certainly not on clause 1.

Mr. Knight: Then I shall discuss these bills and other bills like it, unless some other members wish to discuss them in my stead, until we get to the end of this group of bills. I shall proceed with the discussion. I think there is nothing more to be said about this one. There are no children involved in this case, as there are, unfortunately, in many of these cases. I have never read any of this evidence before, in my five years here; but it is interesting to note that this bill is unique in one respect, in that the lady in question was careful enough to be married twice. I do not think there is any doubt as to the adequacy of the first ceremony but, although the couple were first married in the state of New York by a clergyman in that state, upon returning to Canada the lady took her husband before a judge and had the marriage solemnized a second time. Despite this fact we have the unfortunate circumstance that, although these people have been married and lived together since 1939, they have come to the end of the road, and are before parliament seeking a divorce.

Section agreed to.

Section 2 agreed to.

Bill reported.

ETHELBERT DENISTON JOSEPH BARTHOLOMEW

The house in committee on Bill No. 143, for the relief of Ethelbert Deniston Joseph Bartholomew—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: This is another bill the evidence of which is not in the possession of either the sponsor or myself. I understand the chairman has not a copy either.

The Deputy Chairman: No, I do not have a copy of the evidence.

Mr. MacInnis: A copy of the evidence should be with the bill. Do I understand the chairman has not a copy of the evidence with the bill?

The Deputy Chairman: No; the general procedure is to refer the bill to the committee of the whole. Then, according to the procedure which has been followed traditionally, the evidence is distributed to members in their offices. They may use the printed copies when they discuss these bills.

Mr. Coldwell: We find ourselves in a strange position. The sponsor has not a copy of the evidence, the chairman does not have a copy and neither have I.

Mr. Low: Nor I.

Mr. Coldwell: I doubt very much if any hon. members have copies of the evidence. Yet we are called upon to pass a bill dissolving a marriage, when none of us has any evidence upon which to decide whether that dissolution of marriage is justified or not. This indicates the manner in which we are dealing with these divorce bills, and it illustrates forcibly the position in which we find ourselves. I thought the evidence accompanied the bills, and that when a bill was finally passed the evidence was returned to the Senate committee,—because it is not circulated to the press, and it is not supposed to get out of the hands of members of parliament who receive copies of it.

We now have before us a bill, with neither the sponsor nor I, nor apparently anyone else in the committee, including the chairman, having a copy of the evidence. How can we come to a decision on this bill when we do not have the evidence upon which we are supposed to base that decision? I do not know what we can do about it.

Mr. Ward: I have just sent for a whole bundle of them for my hon. friend.

Mr. Coldwell: I am very glad the hon. member for Dauphin has done that. I have some here, mind you—but I am glad he has sent for a bundle of them. I suggest this case should stand over until the chairman has a copy of the evidence, or until the sponsor can produce a copy of it, so that we may know what we are dealing with.

Therefore I move:

That the committee rise, report progress and ask leave to sit again.

I do this so that the chairman may be able to get a copy of the bill.

The Deputy Chairman: Before putting the question perhaps I should outline just what is before the committee. I would point out that the bill is before the committee. The evidence is taken in the Senate committee. That evidence is referred to the house with the bill. At that stage Mr. Speaker sends the bill with the evidence to our own committee on miscellaneous private bills. When it comes back to the committee of the whole hon. members are free to use the copies of evidence they find in their mail boxes. But, so far as the chairman is concerned, I would point out that we are not dealing with the evidence; we are dealing with sections one and two, the preamble and title of the bill.

I do not need to have the evidence, and therefore I suggest the hon. member need not express astonishment by stating that even the chairman does not have a copy of it. If we were sitting as a miscellaneous private bills committee I would say that I should have the evidence—but not here.

Mr. Coldwell: I think, Mr. Chairman, that you are quite right. I would request permission therefore to withdraw my motion.

The Deputy Chairman: Has the hon. member leave to withdraw his motion?

Some hon. Members: Agreed.

Motion withdrawn.

Mr. Knight: Unlike the hon. member for Rosetown-Biggar, while I have not the bill I have the evidence.

Mr. Graydon: You fellows ought to get together.

The Deputy Chairman: I might add that if it is the wish of hon. members to have the bills and the evidence placed underneath their desks, as it is done in connection with other bills, such a suggestion could be studied and perhaps complied with. However, that request has not been made thus far. The system followed traditionally has been to have the evidence distributed in the mail boxes of hon. members.

Mr. Knight: I would suggest, with respect, that if no one has a copy of the evidence and if no one reads it, then surely the distribution of it must be a waste of public money. I understand that the distribution of this evidence costs the people of this country about $20,000. If this is an indication of the way it is used I suggest this publication and distribution is a waste of time and money.

I have the bill before me now. I notice that on the evidence there is no mark to identify the one to one correspondence as between the evidence and the bill. If we are going to do this regularly, then I suggest it

would be better to have them marked properly so that, for the convenience of hon. members, we could identify each bill with the evidence.

Mr. Weir: Are not the names the same on both?

Mr. Knight: Yes, but there is no number.

The Deputy Chairman: I think the hon. member will find that the name appearing in the evidence appears also in the bill.

Mr. Knight: I have nothing in particular to say about the subject matter of this bill, although I shall have a word or two to say about the next one. In this instance, however, I notice that two children are affected. I have stopped asking the sponsor any questions because he, for whom I have the greatest respect and sympathy, tells me that he accepts no responsibility in the matter.

However, I should like to know what is to be done with the two children aged fourteen and twelve? At the moment they are in custody of the father's sister in Trinidad. I suppose they are there because there is no one to look after them in Canada. It is an immigration policy in reverse. As far as I am concerned, I think that is all I want to say and section 1 can pass.

Section agreed to.

On section 2—*Right to marry again.*

Mr. Shaw: Reference has been made to the fact that the evidence in these cases must not be made available to the press and the public. I understand that that assertion was made.

The Deputy Chairman: It was not made tonight.

Mr. Shaw: Reference was made to that by the hon. member for Rosetown-Biggar and I understood Your Honour to nod agreement.

The Deputy Chairman: I am sorry but I did not hear the hon. member for Rosetown-Biggar make a statement of that kind, although he may have. I might inform the hon. member for Red Deer that the practice followed by the Senate committee is not to invite the press to be present when evidence is given before the committee.

Mr. Coldwell: My understanding is that it is not circulated to the press; that the evidence is sent here and returned to the Senate. These bills are circulated to hon. members, but apparently none of them are on our files tonight. I thank the hon. member for Dauphin for sending these to me but even now they are the wrong file.

Section agreed to.

Bill reported.

Private Bills—Divorce

IVY ELIZABETH WHITEHEAD SIMPSON

The house in committee on Bill No. 144, for the relief of Ivy Elizabeth Whitehead Simpson—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knight: In this case it is noted that Senator Aseltine, chairman of the standing committee on divorce, draws certain things to our attention. The first is that the committee recommended that the parliamentary fees payable under rule 140 be remitted save for the payment of $125. Can the sponsor tell us the terms of rule 140 under which the fees in this particular case were reduced to $125?

Mr. Winkler: I would suggest that the hon. member address his question to the Clerk of the Senate.

Mr. Knight: Again I discover that the sponsor of hundreds of these bills has no information with regard to the procedure followed. I think it is necessary to put that on the record, much as I respect the hon. member. Apparently the fee was reduced to $125, and I should like to ask the sponsor what is the regular fee?

Mr. Winkler: All that information was put on the record Tuesday night. I might say further that since that time I have discovered that there were two cases in which the fees were reduced to $50.

Mr. Knight: What were the reasons why the fee in this particular case was reduced to $125?

Mr. Winkler: The only persons who could answer that would be those who sat on the case.

Mr. Knight: I suggest that the body which has information about these things should be dealing with them. In this particular case there are two grown sons involved. The marriage occurred in 1925. I am going to suggest that this fee was reduced because this unfortunate woman is earning her livelihood as a bookkeeper and apparently has no other source of income except what she earns or receives from her sons.

There are two points I should like to make. I have made them already, but I shall make them again. The first is that this is another case in which the female co-respondent is unknown to everyone. But I do not believe she is unknown to everyone. I believe she will be appearing in other cases and the same evidence will be presented to break up another home.

An hon. Member: How do you know?

Mr. Knight: I do not know. Nobody knows, but I am suggesting that that is what it is. In other words, the investigator who found out everything else did not find out this name. There would appear to be people who are making their living out of this sort of thing.

An hon. Member: What sort of thing?

Mr. Knight: I have tried to find out.

Mr. Fulford: Why, do you want to work too?

Mr. Knight: I will just leave my hon. friend alone. I should like to draw to your attention the fact that in this particular case the investigator lied in order to get the necessary evidence, but apparently that was not considered unusual by the court in the other place. In other words, the court which is presently looking after bills of this kind is prepared to take the sworn evidence of a man who lies when he is not under oath. As far as I am concerned I am equally ready to accept the word of a man, whether he is under oath or not, if I accept it at all.

This man was asked how he got into a particular room in order to make his investigation, and he said that he had said he was the watchman and that there was a smell of smoke in the hallway. In the case we considered last week the investigator said he had come back to get his overcoat which he had left in the room. In this case he smelled smoke. Apparently he felt that where there was smoke, there might be fire. I would not believe that man either on oath or not on oath.

Those are some of the things that we as a court, and we are a legally constituted court, should consider in dealing with these cases. I do not think ten minutes is too long to take in considering this bill.

Section agreed to.

Section 2 agreed to.

Bill reported.

The Deputy Chairman: If there is no objection to any other particular bill shall I call them collectively?

Mr. Coldwell: No, one at a time.

Mr. Knight: I must insist that we take them one at a time.

CAROL ELIZABETH CHUTE LEVESQUE

The house in committee on Bill No. 153, for the relief of Carol Elizabeth Chute Levesque—Mr. Winkler—Mr. Beaudoin in the chair.

[Mr. Knight.]

On section 1—*Marriage dissolved.*

Mr. Knight: This is another case where fees have been remitted. Serving in my capacity as a member of the committee which studied—I beg your pardon, I do not mean studied—which handled these bills in bulk, I have a comment or two to make about how they are handled. There is in this one again the remission of fees, to the sum of $125. I note the coincidence in the figures; they are $125 in each case. While the sponsor informs me that I can get the information elsewhere, either he has not the information himself or does not care to give it to me at this time. But both fees are $125. There must be some reason for that.

Mr. MacLean (Cape Breton North and Victoria): May I ask the hon. member a question? Is he a member of this miscellaneous private bills committee, and has he asked any questions about these bills when they were before the committee?

An hon. Member: Certainly not; not one.

Mr. Knight: We are talking about clause 1 of this bill.

Mr. Ferrie: On a point of order, Mr. Chairman—

Mr. Knight: Does my hon. friend wish to enter this discussion?

Mr. Ferrie: I wish to explain that every time this is done—and I have been in the divorce committee in the Senate—it is purely and simply an act of mercy. The people cannot afford to pay the full fee, and the Senate has the right to cut the fee.

Mr. Knight: What is the point of order?

An hon. Member: None.

Mr. Knight: Is there a ruling on the point of order, Mr. Chairman?

Mr. Ferrie: Oh, sit down.

The Deputy Chairman: The hon. member must realize that the chairman cannot decide a point of order unless he has heard one. I have not heard any, and there is no reason for me to decide anything. This point is not a point of order. Therefore there is no ruling to be made.

Mr. Knight: I am delighted at the intervention of my hon. friend. I should like him to know about these matters.

Mr. Ferrie: Why does the hon. member not go to the divorce committee and learn something?

Mr. Knight: There are twin children in this case and they are in the custody of the

mother. I would suggest that the remission of the fee to the amount of $125 was probably useful and justified in her particular case. It is a sad thing to think that these children who were only born in 1950, already find themselves the heirs to a broken home and completely unsupported by their father.

In connection with this bill, I think we should have some way by which these children could be cared for. We should have some court which has some jurisdiction over the children. How is this woman going to get support for these children? Is she going to start action in another court? Must she go to law again and pay the fees of lawyers, to get a decision whether or not she has legal custody of her children? All that we know now is that, if we pass this bill tonight and if it reaches the stage of third reading, the marriage has been dissolved. Let me point out once more—and I think this will be the final time tonight because I think the other hon. gentlemen who are sponsoring bills should have an opportunity to sponsor them—that in this particular case the woman who formed the subject of the evidence was apparently unknown to anybody in the court which was held in the other place.

Mr. Weir: I wish to rise on a question of privilege at this time, in particular with respect to the hon. gentleman who is chairman of the miscellaneous private bills committee and whose name happens to appear as the sponsor of most of these bills. The insinuation has been made here time and time again that he either has not the information asked for or is unwilling to give it. To me that implication is wholly unfair to the hon. gentleman who is sponsoring these bills. The rules do not require him to take responsibility for these bills. All he is required to do is to be assured that they are in order and in the proper state to be presented to this house. When they are referred to the committee on miscellaneous private bills—and the hon. member for Saskatoon is a member of that committee—all the evidence from those who are interested can be given and reviewed.

Mr. McIlraith: They can call evidence in the committee.

Mr. Weir: Yes, they can call evidence in the committee. All I want to say is this, and it is not in defence of divorces coming before this chamber. That is not the question at all, so far as the remarks I am about to make are concerned. It does not interfere with it in one way or the other. But this is the method that has been followed. Those who are interested in having divorce bills handled must have someone sponsor them in the house.

I take a measure of responsibility for the name of the chairman of the private bills committee being put down as sponsor of these bills. He can decline and refuse to sponsor them. My name happens to be attached to a few of these bills, and I put it there as a matter of convenience to the officers and staff of the house, as well as to those who may be interested in dealing with these divorce bills before the committee. It is largely a matter of convenience.

The other course to follow is to let whoever is dealing with the bills run all around the House of Commons and pick out some members, here and there and all over, who will sponsor these bills. From what has been going on, I think that is likely what will happen in the future. I am not so sure that I will sponsor any more divorce bills or sign my name to them in order to assure the committee that they are in order. It just so happens that it is convenient for the staff and for those who are dealing with these matters to know where they can go and get the proper direction with regard to having these bills handled. That is the reason that the name of the hon. member for Lisgar happens to be put down as the sponsor of most of these bills.

I say to you, Mr. Chairman, and to this committee, that it is wholly unfair to have the insinuation made that he has not the information with respect to these things or that he is unwilling to give it. It is not necessary for him to have it when it is available to the committee, when every one of these bills is before it.

Mr. Coldwell: Mr. Chairman, may I say immediately that I do not think anyone wishes to reflect on the hon. member for Lisgar.

Mr. Weir: The record speaks for itself.

Mr. Coldwell: We understand precisely the position that he is in. But in asking these questions we are bringing before parliament and the public the fact that these bills are dealt with in a manner which is—or should be, if it is not—unsatisfactory to the House of Commons and to this parliament. That is the point. May I say to my friend the hon. member for Lisgar that I realize it is utterly impossible for him to be able to give information to this committee when—

Mr. McIlraith: It is no part of his duty to do so.

Mr. Coldwell: —on this order paper today there are perhaps two hundred of these bills ahead of this committee at the present time. Consequently what is being done is to try to illustrate how ridiculous this procedure is, so that we may banish these cases from this chamber and send them to a court of law where they properly belong.

Mr. McIlraith: There appears to be an illustration being sought to be made to the public of this country about how wrong the procedure is. Like other hon. members, I do not like the idea of having to deal with these bills in the House of Commons; but it is quite wrong for a member of the miscellaneous private bills committee to come into the House of Commons and ask another member for information about a bill that was before that committee, when the member could have had witnesses brought before the miscellaneous private bills committee and could have obtained all the information there.

Mr. Argue: On a point of order, Mr. Chairman, I am wondering if the hon. gentleman is in order in discussing the question of divorce procedure when he should be discussing the clause of a specific bill.

Mr. McIlraith: If I may continue my remarks, Mr. Chairman, on the point of order which was raised affecting the privilege of an hon. member, I am merely basing my remarks on some previously made. The point that was being illustrated was that the chairman of the miscellaneous private bills committee did not have all the information about the details of these divorces readily available in order to answer another hon. member who himself was a member of the miscellaneous private bills committee.

Mr. Coldwell: I am not a member of that committee.

Mr. McIlraith: The hon. member for Saskatoon is a member, and all the information he has asked for tonight and other nights ought properly to have been obtained by him in the miscellaneous private bills committee. If he was not satisfied with the information obtained by the committee of the other house he should have had the witnesses summoned before the miscellaneous private bills committee where they could have been examined in the ordinary way. I think it only fair to hon. members that this point of law should be made clear.

The Deputy Chairman: I believe the discussion on the question of privilege has been sufficiently extensive. The hon. member for Portage-Neepawa indicated that in his opinion it might be unfair for hon. members to say that the sponsor of these bills does not have the information requested by members of this committee, when he is chairman of the committee on miscellaneous private bills where his duties consist of examining the bills to see whether they are in accordance with the rules. The hon. member for Rosetown-Biggar has explained that whatever is said here is no reflection upon the hon. member for Lisgar. Similar declarations have been made during previous studies of these bills; the hon. member for Rosetown-Biggar and the hon. member for Winnipeg North Centre have stated that whatever was being said about these bills was no reflection on the hon. member for Lisgar, so I think these statements should satisfy the hon. member for Portage-Neepawa on that score.

As to the suggestion of the hon. member for Ottawa West that an hon. gentleman who was a member of a standing committee should not ask questions in this committee of the whole when he could have obtained the information in the standing committee, I think that is a matter an hon. member must analyse and assess for himself. This is the committee of the whole. If an hon. member wants to ask questions here he has the right to do so, whether or not he could have obtained the information anywhere else. If he feels that he should ask his questions here he is perfectly in order in doing so. I believe that should dispose of the point, and we should resume our discussion of section 1 of this bill.

Mr. MacInnis: I believe there is another question in connection with the point of privilege that should be explained. When a member of this house becomes the sponsor of any bill other than a divorce bill, hon. members have a perfect right to expect him to know something about the bill. If that is true of other bills it should be true of divorce bills. I have not asked the hon. member for Lisgar any questions; I am not going to ask him any questions, but if anything were needed to show the ridiculous way in which we handle this situation it is that one man should sponsor two or three hundred of these divorce bills, on which any member of this house, under the rules of procedure, is entitled to ask questions.

Mr. Winkler: On a question of privilege, Mr. Chairman, I must say that I feel no discomfort in this matter, except physically. My understanding is that these are bills which have been passed by the Senate committee, and therefore I am prepared to sponsor them in this house as a matter of form. I am not expected, I take it, to read all the evidence; I merely have to satisfy myself that they have been passed in the other place, and that is good enough for me.

Section agreed to.

Section 2 agreed to.

Bill reported.

BELLA RASHKIN DEUTSCH

The house in committee on Bill No. 161, for the relief of Bella Rashkin Deutsch—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Coldwell: I am not going to delay the committee very long, but if hon. gentlemen have the evidence in these cases before them they will see that precisely the same investigators produced the evidence for Bill No. 161 and Bill No. 162, as they have on a very large proportion of these bills; and they will notice that in almost every instance the evidence is somewhat similar. It is true that in these two bills the evidence of the investigators is slightly different, but they manage to get into an apartment or into an hotel. In one case they put a cigarette box against the door and left it there until early morning when they went back to see if it was still there. Posing as firemen or something of the sort they got into the room. Here the witness was asked:

Q. What is your name? A. Harry Maxham.
Q. What is your age? A. 36.
Q. Where do you live? A. Montreal, Quebec.
Q. What is your occupation? A. Private investigator.

Then he either picks up or calls in his assistant, Mr. Golden in every case, and we have the same sort of evidence:

I put a cigarette box against the door and I decided to see what would happen.

I drew attention to these two investigators a week or so ago when almost identical evidence was given as to the manner in which they forced their way into hotel rooms and so on. It seems to me that if some of these cases were thoroughly investigated a few people who make their living in this way might be in a court of law for perjury. I do not think there is any question but that this is the way in which some investigators make their living. I am not going to delay these two bills further; I just wanted to point out once more the sort of evidence given by these professional investigators. As my hon. friend says the name of the co-respondent is never given, and sometimes I wonder if the things that are described ever occurred. I have been told that in at least one instance nothing of the sort did happen. I cannot prove that because my informant would not allow me to give the source of my information, but I was told so on very good authority. The whole procedure is so sloppy here that I think applications for divorce should go to a court of law, where perjury might be discovered occasionally and the people committing it might be properly punished.

Section agreed to.

Section 2 agreed to.

Bill reported.

PHILIP ROSEN

The house in committee on Bill No. 171, for the relief of Philip Rosen—Mr. Winkler—Mr. Beaudoin in the chair.

On section 1—*Marriage dissolved.*

Mr. Knight: I did not rise to reply to the hon. member for Ottawa West, but I would like to say that I am a member of the miscellaneous private bills committee.

The Deputy Chairman: Is the hon. member speaking to a question of privilege? If not, he must speak to section one. That matter has been settled.

Mr. Knight: This bill is for the relief of Philip Rosen. I want to point out that this bill was brought up before the miscellaneous bills committee, and was thoroughly studied with counsel on each side. We made up our minds in regard to it. This is one bill, sir, in which I would say there was some investigation made, and therefore it was not passed blindfold.

Mr. Winkler: On a question of privilege, Mr. Chairman, I should like to say that this came before the private bills committee because it was appealed. None of the others were appealed.

Section agreed to.

Section 2 agreed to.

Preamble agreed to.

Bill reported.

DONALD GEORGE STORY

The house in committee on Bill No. 187, for the relief of Donald George Story—Mr. Winkler—Mr. Beaudoin in the chair.

Sections 1 and 2 agreed to.

Preamble agreed to.

The Deputy Chairman: Shall I report the bill?

Mr. Fournier (Hull): On division.

Bill reported.

CONSIDERED IN COMMITTEE

Bill No. 145, for the relief of Evelyn Elizabeth Hulbig Wilks.—Mr. Winkler.

Private Bills

Bill No. 146, for the relief of Margaret Cameron Williams.—Mr. Winkler.

Bill No. 149, for the relief of Rose Pap Bernstein.—Mr. Winkler.

Bill No. 150, for the relief of Albert William Stone.—Mr. Winkler.

Bill No. 151, for the relief of Yvette Barnaby Shang.—Mr. Winkler.

Bill No. 152, for the relief of Minnie Engle Fitleberg.—Mr. Winkler.

Bill No. 154, for the relief of Lillian Cohen Turner.—Mr. Winkler.

Bill No. 155, for the relief of Georgina Catherine Christie Savage.—Mr. Winkler.

Bill No. 156, for the relief of Irene Bourgeau Morin.—Mr. Winkler.

Bill No. 157, for the relief of Anne Cohen Bialer.—Mr. Winkler.

Bill No. 158, for the relief of Josephine Gibson Clark Mayou.—Mr. Winkler.

Bill No. 159, for the relief of Henry John Lawrence.—Mr. Winkler.

Bill No. 160, for the relief of Grace Shirley Kraminsky Levy.—Mr. Winkler.

Bill No. 162, for the relief of Gladys Eliza Cartwright Jones.—Mr. Winkler.

Bill No. 163, for the relief of Grace Helen Potts Worall.—Mr. Winkler.

Bill No. 164, for the relief of Hortense Marie Therese Loiese Neveu.—Mr. Winkler.

Bill No. 165, for the relief of Eileen Florence Alma Hinton Johnson.—Mr. Winkler.

Bill No. 166, for the relief of Ritchie Leslie McEwen.—Mr. Winkler.

Bill No. 167, for the relief of Catherine Marie Littlefield Stirling.—Mr. Winkler.

Bill No. 168, for the relief of Marie Rose Vachon Orr.—Mr. Winkler.

Bill No. 170, for the relief of Viola Rupert Moran.—Mr. Winkler.

Bill No. 178, for the relief of Leah Berniker Berger.—Mr. Winkler.

Bill No. 179, for the relief of Betty Suffrin Sher.—Mr. Winkler.

Bill No. 180, for the relief of Muriel Violet Marcella Barkas Sauve.—Mr. Winkler.

Bill No. 181, for the relief of Lois Christine Flemming Foster.—Mr. Winkler.

Bill No. 182, for the relief of Joseph Napoleon Romeo Moisan.—Mr. Winkler.

Bill No. 183, for the relief of Catherine Veronica Joynt Bragdon.—Mr. Winkler.

Bill No. 184, for the relief of Sarah Alice Thompson Getzler.—Mr. Winkler.

Bill No. 185, for the relief of Grace Anderson Hallam.—Mr. Winkler.

Bill No. 186, for the relief of Edna May Walker Green.—Mr. Winkler.

Mr. H. W. Winkler (Lisgar) moved the third reading of Bills Nos. 142, 143, 144, 145, 146, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 170, 171, 178, 179, 180, 181, 182, 183, 184, 185, 186 and 187.

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

Mr. Cruickshank: On division.

Motion agreed to, bills read the third time and passed on division.

BORDER PIPELINE CORPORATION

The house resumed, from Tuesday, April 24, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation, and the amendment thereto of Mr. Herridge.

Mr. O. L. Jones (Yale): Mr. Speaker, I rise to support the amendment that has been moved on this bill. The amendment seeks to have this pipe line follow an all-Canadian route. I am not opposed to the company. I am not opposed to the personnel of the company. I do not know the officers concerned. I am concerned, however, about this pipe line bill not including a section to the effect that the pipe line will be built through Canadian territory. So far as I can see, and I am satisfied now after investigating the point, there is no physical reason why the pipe line could not be built through Canadian territory much cheaper than through United States territory. There is ample evidence to prove that point. Today I believe the issue is merely financial interests versus Canadian interests. By "Canadian interests" I mean the general welfare of the Canadian people which is involved in getting this pipe line to serve our country first.

Unfortunately this bill will be passed in spite of all the arguments that we can put up against it, because the government majority will put it through. This bill, like all the bills concerned with taking gas to the coast, has met with the same objections from the provincial government of British Columbia, city councils, boards of trade, chambers of commerce, and all the bodies within that province who are opposed to the passing of this bill without the particular clause I mentioned. I believe the government should now assume its right to direct the flow of our natural resources along lines that will give Canadians as a whole the greatest benefit.

Sending our gas and oil to the United States, as we are proposing to do under this bill, does not indicate a sound policy on the part of the government, if the government is

going to try to build Canada first. We can easily understand why the United States wants our gas and oil. They have exploited their own to the full, and the resources in California are now petering out, as is well known to everyone. According to a statement made by the American gas association, the natural gas industry in the United States is finding that new discoveries are not keeping pace with production. The ratio of reserves to production in the United States, according to the American gas association, has dropped from 32·49 in 1949 to 26·17 in 1950. They are taking steps to conserve the remaining supply. In the meantime, their policy obviously is to import all they can from Canada, and thereby deplete our resources as well as their own. Unfortunately, Canada has not a sound national policy for the conservation of our gas and oil. At least, I do not feel that we have. We may well find our own supplies exhausted in a very few years' time.

I believe that the conservation of resources is a moral obligation upon all members of parliament, and on the government. We must assume that obligation not only for the protection of our generation but in the interests of generations of Canadians who will occupy this land when we are gone. I am not opposed to any surplus gas being sold to the United States. I think they are entitled to it, but only when it is surplus and after it has supplied Canadian needs.

I move the adjournment of the debate.

Motion agreed to and debate adjourned.

Mr. Speaker: Order. It being nine o'clock, the hour reserved for private and public bills has been exhausted, and the house will resume the business which was interrupted at six o'clock.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence forces—

245. To provide for the defence forces of the navy, army and air services and defence research and development, and to authorize total commitments for this purpose of $3,831,270,000 including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $1,924,170,835 and commitments against future years of $1,907,099,165 against which commitments it is estimated that actual expenditures in 1951-52 will not exceed $1,595,050.000 of which $183,050,000 will be provided from section 3 of the Defence Appropriation Act, 1950, as supplemented by item 246, $1,412,000,000.

The Deputy Chairman: We are considering item 245, the sub-item civil salaries and wages, civil defence.

Mr. Harkness: I had a few specific questions that I wished to ask the Minister of National Health and Welfare. Mention was made on numerous occasions today and last night about hose couplings. The minister told us that something in the neighbourhood of $977,500 is going to be spent on fire-fighting equipment, chiefly these hose couplings. The thing we have not found out, and which I should like to know, is whether any decision has been made on a standardized coupling.

Mr. Martin: Mr. Chairman, the decision, of course, does not rest with us. There are a number of different plans, and of course the objective is to bring them all into a common system. The fire chiefs have had a meeting, both on the national and on the provincial level, discussing this very matter. They have not finalized their decisions.

The business of standardizing hose couplings of course is not only a civil defence matter, but of permanent all-time value, as my hon. friend will appreciate. However, the government has thought it desirable that we should endeavour not to wait until there is full national accord. It was for that reason that we did make a tentative arrangement, subject to plans being submitted and approved by the province of Ontario, in the discussion that I referred to that was held with Colonel Welsh last week; and he has taken steps to bring about such uniformity and standardization in the province of Ontario. It is hoped that as a result of that action uniformity may be stimulated elsewhere.

Mr. Harkness: If I understood the minister correctly, they are proceeding on a provincial basis, in the first place as far as Ontario is concerned, in the hope that the standardized coupling adapted for use throughout Ontario will then be adopted throughout the rest of Canada. Do I understand by that that the only province in which any money has been advanced to aid in the standardization of these couplings is Ontario, and that it will be the only one in which they have agreed on some standard?

Mr. Martin: No. The arrangement that we have made with the province is that we would pay one-third toward the cost of these hose couplings. The offer applies of course to all provinces.

Mr. Harkness: The point I am getting at is that apparently no agreement has yet been made that this standardized coupling be used. So far, the only thing that is being done in

a practical way is this grant to Ontario to standardize its couplings. That is correct, is it?

Mr. Martin: Yes.

Mr. Harkness: What steps is the minister taking in his position as being in charge of civil defence for the dominion to get the other provinces to agree to take this same standard coupling? In the event that they do not take it, what is to be the result? It would seem to me that this is a matter of such importance that the dominion government should ensure by some means or other that general agreement is reached on the part of all the provinces before any of the money is put out. I do not know, but it would seem to me that would be the wise course.

Mr. Martin: My hon. friend may be certain that everything that we can do to get uniformity will be done, but we cannot force municipalities or provinces to do anything contrary to their will. The most effective means, of course, is the one of persuasion, and that is what we are engaged in. The practice I have followed in the case of Ontario is being followed with every other province. As a matter of fact, I had some discussion today with another government in connection with the same matter.

Mr. Gillis: I want to ask the minister a question. From what he said a moment ago I assumed that the intention of the department is complete national standardization. Is that correct?

Mr. Martin: Standardization of hose couplings.

Mr. Gillis: Any attempt to do that is impracticable, is it not? For example, there are many different types and sizes of hydrants, and the hose coupling that you may perfect for the province of Ontario may not fit the hydrant in any of the other provinces. Is it not the logical thing to do to make a a survey of a province, determine the type of hydrant used in that province and perfect the coupling that can be used and standardized as between municipalities in that province?

Mr. Martin: That is what is being attempted.

Mr. Gillis: I do not think that complete uniformity or standardization in this country on a national basis is possible. I do not see where there is any possibility of using the equipment, or the fire-fighting machinery, from the province of Ontario in the province of British Columbia or in the province of Nova Scotia. I think the thing to do—and perhaps the minister's officials are doing it—is to get a complete provincial survey of the type of hydrant and the size of hydrant and manufacture for that province the type of equipment that is adapted to the hydrants in that province, because you need standardization as between one municipality and the other.

I do not see anything happening in any province where it might be necessary to move in fire-fighting equipment from another province. Complete standardization was possible in Britain because they had a unified set-up to start with. Because of the distances that exist in this country the local unit is the place to start the survey on a provincial scale.

Over a year ago I listened to the fire marshal of Nova Scotia address a banquet, and at that time I was led to believe that there was almost complete uniformity and stardardization in that province. Rather than taking it on a national scale and deciding that Ontario is going to be the focal point, perfecting equipment that might suit in this province and then saying that you must get uniformity in the sixty or seventy different types of hydrants throughout the country, a start should be made in one province. After all, the hydrant is the key in the thing.

I wanted to say that because I got the impression from the minister that they were going to take Ontario as an example, and from the ivory tower in Ottawa say to the provinces that they have to re-equip to suit the type of coupling that we are going to have in this province. I just thought I would leave these thoughts with the minister.

Mr. Martin: We do not disagree on that.

Mr. Harkness: I do not know too much about this matter of hose couplings, but my understanding is that you can get an adapter which you can use on any hydrant.

Mr. Hatfield: You cannot do that.

Mr. Harkness: The hose can be put on by means of that adapter. Whether that is correct, I am not sure, but that is my understanding.

One of the difficulties in this thing of not having the same equipment throughout the whole of the dominion is that every province except Newfoundland and Prince Edward Island abuts onto some other province and you are very likely to have help going from one to the other.

Another matter that I wish to ask about is the item that was mentioned, namely, radiation detection instruments, for which $962,000 is to be spent this year, with an additional

$50,000 being ordered to be paid for next year. Can the minister tell us what these radiation detection instruments are, and whether it is intended by means of this vote, or subsequent votes of this kind, to equip all of the municipalities with these instruments?

Mr. Martin: To answer the latter part of my hon. friend's question, we will naturally provide the equipment in those areas where we believe, in the light of the assessment that is made, there is a prior necessity, and we will proceed on that basis. Obviously, it would be impossible, when you have not got unlimited quantities, to try and supply them to all communities. However, we are saying that in these places where we believe the need in terms of priority is greatest we will supply them.

Mr. Harkness: The minister did not say what sort of detection equipment this was. It was also part of my question. In view of what the minister has said I should like to ask another question. Is the dominion government paying the entire cost of this detection equipment, or is it on a one-third basis, the same as the hose couplings?

Mr. Martin: The present agreement is that we shall supply these.

Mr. Harkness: What kind of equipment is it?

Mr. Martin: What does my hon. friend mean by the question? There are many kinds of equipment.

Mr. Harkness: Are these geiger counters.

Mr. Martin: These are first of all to try to ascertain the existence of radioactivity. Also there are supplementary auxiliary units of use in the medical field, which, where there is radioactivity, are applied to the human body, and yield positive, negative, minor or major results.

Mr. Harkness: The next item comprises a series of things, and refers to sirens, to the extent of $252,000. Is the dominion government supplying sirens to all municipalities, or is this on a one-third basis?

Mr. Martin: As I said in my statement in chief, the sirens are being provided in communities of 20,000 and over in Canada, or to communities of lesser population within a target area.

Mr. Harkness: And the dominion is paying the full cost, I presume?

Mr. Martin: Yes, that is right.

Mr. Harkness: Then there is mention of training equipment, and mention of pamphlets. In addition to pamphlets, what does "training equipment" include? The minister mentioned stretchers which is a separate item. What are the kinds of training equipment, apart from stretchers and other things, which are specifically required?

Mr. Martin: Rescue sets. Then, of course, pamphlets have a primary purpose of serving in an educational program. However, there will be pamphlets not intended merely for public education, but to help in connection with specific things such as a greater measure of first-aid training, and to encourage some phases of home nursing. The other type of pamphlet will be designed to bring home to the general public the kinds of protections which, in the light of experience in heavily bombed-out areas such as those in the United Kingdom, and in areas such as Nagasaki and Hiroshima, are thought to be the protective measures which should be taken.

Some of that information is now out in various ways. Some comes through in the form of films, some in the form of radio talks and dramatizations. It is done most effectively through films. As I said last night, we have arranged for the use of films produced in the United States, and we hope also to be able to get two films from Great Britain. It may be necessary to make some readaptations for our own local use.

Then the stretchers about which I spoke last night are the stretchers we are providing for the school in Ottawa, the school in Saskatchewan, in Montreal, and so on.

Mr. Harkness: Possibly the minister did not understand my question. I asked what this training equipment is, apart from the pamphlets, the stretchers and the films which are mentioned specifically.

Mr. Martin: Well, I referred to rescue equipment, or rescue sets. We are having a rescue set built at our training school at Connaught Ranges which a number of us visited this evening.

Mr. Harkness: The next item refers to communications equipment, to a value of $20,000. Who will be supplied with that equipment, and to what extent is it being supplied by the dominion government? This is one of the most important things, so far as civic defence is concerned.

Mr. Martin: We are using the communications division of the Department of Transport particularly, and also working closely with the Department of National Defence. This afternoon we spent several hours examining two alternative plans for the use of the communications equipment submitted by a number of the large communications

companies in the country. The terms of that use have not been established, but the discussions carried on today will continue next week. That is still by no means perfected, but it is certainly in the stage of receiving attention.

Mr. Harkness: The minister has not yet said what the $20,000 is for. That was my specific question.

Mr. Martin: I shall have to send for the details, and give them later.

Mr. Harkness: The minister has not got it. Then, I should like to bring up one other point. I understand one of the chief means of communication in each locality which will be depended upon in the matter of civil defence is through so-called hams. These are the people who own and who have as their hobby radio sending and receiving stations. In Calgary there are twenty-two or twenty-three hams who have their receiving sets installed in automobiles, or have them in a state where they can be installed.

If all other forms of communication fail, which might very easily happen in Calgary and the surrounding neighbourhood, we have this form of communication. However, they are seriously handicapped in the matter of training because they have not yet been allotted wavelengths. They have been waiting for wavelengths for some considerable time, and until those wavelengths are allotted they cannot carry on training in the way they would wish. This is a matter of considerable annoyance to them, apart altogether from the fact that it makes it difficult for them to train.

They have been asked specifically to take part in the civil defence scheme, but they have not been given the wavelengths which are required. Does the minister know anything about this matter? If he does not, I would ask him to look into it specifically and immediately, and to have it ironed out so that these people who are located not only in Calgary but throughout the country can go ahead and carry on their training in a reasonable manner.

Mr. Martin: While, personally, I cannot give very much help in the matter, I can say that the telecommunications committee has this as well as other matters under study.

Mr. Harkness: Does the minister know why these wavelengths have been held up? From knowledge gained in the army and from other sources I know that even in peacetime in Canada there are a large number of these shortwave lengths. There should be no difficulty at all in allotting wavelengths to these hams. There must be red tape somewhere or other that is holding it up.

Mr. Martin: The hon. member may be sure that I will do everything I can to remove red tape.

Mr. Fulton: Referring to the early warning system, the minister said before six o'clock that national defence military personnel would receive the first warning of the approach of enemy aircraft, that they would send that information to civil defence centres which, in turn, would be responsible for sending it from the centres to the various municipalities and other civil defence sub-centres so that the whole civil defence scheme might be alerted.

Is it anticipated that there will be a special civil defence communications network to receive from the Department of National Defence military personnel the first warning which the minister said would go to the civil centres? Is that to be a special network, or does it rely upon existing civilian or private communications systems, and then from there on down to what might be called the sub-centres or the civil headquarters in the various municipalities? How does word get down? Is it by private communications systems or is there a special communications system being set up?

Mr. Martin: From the time the warning is given to the defence communication centre, where there will be civil defence personnel in 24-hour attendance, consideration is now being given to separate schemes that will provide for a special communications system.

Mr. Fulton: I am not sure whether I understood the first statement made by the minister, but I gather that the first warning would be received at a purely military centre. I asked the minister earlier whether there would be civil defence officers in attendance at, for instance, the various fighter commands or at the military centres. I understood him to say that that would not be the case but that through such installations as the fighter commands the warning would go to the civil defence centre and from there down through the civil defence network.

Mr. Martin: The warning would go to the defence communications centre at which there would be in attendance a representative of the civil defence unit on a 24-hour basis. We are now giving consideration to two separate schemes for a special communications set-up.

Mr. Fulton: When the minister refers to the defence centre do I understand he is referring to a military centre?

Mr. Martin: A centre under the direction of the armed forces, air force or otherwise.

Mr. Fulton: There will be civil defence personnel at the military centres?

Mr. Martin: That is correct.

Mr. Fulton: The minister says that further consideration is being given to two alternative schemes, one relying on the existing civilian set-up.

Mr. Martin: My hon. friend will understand why I do not want to give too many details, but I shall be glad to discuss this with him or any other hon. member.

Mr. Fulton: Is this one of the things to be studied by the committee on communications to which reference was made?

Mr. Martin: That, and the general civilian defence committee in Ottawa.

Mrs. Fairclough: Has consideration been given to using the facilities of the independent radio stations? I understand that some of our Canadian stations have been called into consultation with their United States neighbours, and up until a week or so ago I had not heard of their being called in by our own government.

Mr. Martin: That must be my fault. We have had excellent co-operation from the Canadian Broadcasting Corporation and the private stations, representatives of whom are serving on a panel to deal with that very thing.

Mr. Hees: In answering the question asked by the hon. member for Lanark I do not think the minister gave the plans for making sure that water sources do not become contaminated.

Mr. Martin: That is right; I did not, and I should have. That is an extremely important thing. The industrial engineering division of the Department of National Health and Welfare is I suppose one of the best agencies in the country for this purpose because of its experience in water purification. This is a problem of the greatest concern. I do not think it is necessary to explain why I am so reluctant to say anything that might be regarded as indiscreet, but my hon. friend can understand that the continuation of water supply and the purification of water for our cities is an extremely important matter and is one that is receiving our attention.

Mr. Hees: The minister outlined steps that had been taken at Montreal where the people had participated in a drill, and he outlined other practical steps they had taken.

Mr. Martin: It was not a drill in Montreal. I simply referred to Montreal as being one community which had a great scheme under the civil defence co-ordinator for getting together a voluntary civil defence organization in that city. I referred to a large meeting which had been attended by several thousand people and cited it as an example of the activities that were being carried on in many municipalities, altogether apart from anything we do here. In appraising what is being done in the civil defence field in Canada assessment should not be confined only to what is being done here at the centre.

Mr. Hees: Are similar steps being taken in Toronto? I am particularly interested in my own city because I think it will be one certain target of enemy air attack. I am afraid I do not know much about what plans are being carried out in Toronto and I would appreciate if the minister would let me know what is being done.

Mr. Martin: Air Vice Marshal Lawrence has been appointed as civil defence co-ordinator and assumed his duties within the last ten weeks. He has before him the guide on organization which was prepared by our civil defence co-ordinator's staff, based pretty well upon the United Kingdom and United States experience and which is being used in most Canadian communities. I understand that Air Vice Marshal Lawrence and those associated with him in Toronto are proceeding along these lines.

Mr. Fulton: Just so that I may understand the system which the minister has outlined in very general terms, is this the way the early warning system will work out? Will a centre such as the north-west air command, where presumably warning would be received because they have the type of planes that would be used, have a civil defence officer in attendance who would sit in and watch the chart, be alerted and then have the responsibility of sending a warning down to the civilian defence centres? Is that the system?

Mr. Martin: That is it. I have not gone into details about regionalization and things of that sort, but I shall be glad to discuss these with any hon. member. I do not think I should go beyond that.

Mr. Fulton: That is the sort of general approach that I wanted to establish.

Mr. Martin: That is it.

Mr. Pouliot: Let us offer practical suggestions. I live in a large house at Riviere du Loup, quite close to the river. If the minister would fix up the cellar of this house there would be shelter accommodation for 100 people. If an excavation was made 50 feet under the house at least 1,000 people could be accommodated. As the benefit that

I would receive would be no more than would be received by anyone else it would not be necessary to amend the Senate and House of Commons Act.

Mr. Harkness: You could put all your poll captains in there.

Mr. Pouliot: I wonder if they would take up much room.

Mr. Fulton: Does the hon. member anticipate being attacked personally?

Mr. Pouliot: If my hon. friend was a generalissimo of the enemy I know I would be the first one to receive a bomb. I make this offer to the minister and I am sure he will consider it seriously because it is a practical suggestion of how 100 people can be taken care of, in one instance, and 1,000 in the other.

Mr. Martin: Outside my own mother's roof, I do not know of any other roof I would want to spend time under than that of my hon. friend.

Mr. Pouliot: The minister would be safe there.

Mr. Green: Earlier in the week a press dispatch indicated that there was some thought of using the Pacific Coast Militia Rangers for civil defence duties. I do not know whether the Minister of National Health and Welfare would know anything about that or whether it comes entirely under the jurisdiction of the Minister of National Defence. But this dispatch stated that there would be a reorganization of that group which contained about 16,000 men during the last war, and also that they would be doing civil defence work. Can either of the ministers tell me whether or not that dispatch is correct, and just what plans have been made; also whether any steps have been taken to reconstitute the civilian observer corps?

Mr. Martin: Perhaps that is a question which should be addressed to the Minister of National Defence. Would the hon. member mind waiting until we have completed the civil defence discussion? While it has a civil defence aspect, it really goes much beyond that. Perhaps he would care to wait and deal with it later, so that we could deal with the civil defence matter first.

Mr. Green: The dispatch says that the duties they are to undertake are civil defence duties. Presumably, therefore, they would come under the Minister of National Health and Welfare.

Mr. Martin: As I said, they have a civil defence aspect. But undoubtedly, as I said this afternoon, there is the other aspect. For instance, we have made arrangements to use the detection service of the Ontario department of forestry. They have a vast army—perhaps I should not say it is a vast army—but very efficient operation groups of forest fire observers, as the leader of the opposition knows much better than I do, one that serves in outlying posts and in all forest areas. We will be using them. But I thought that my hon. friend was taking the matter from another angle; and I thought from that other angle, in so far as it applied to the Department of National Defence, he might care to wait until we dealt with the purely national defence items.

Mr. Green: If this group are to be used, there would have to be a reorganization. It is not like using a body that is already functioning.

Mr. Martin: I am aware of that.

Mr. Green: Can the Minister of National Defence say whether they are taking steps to reorganize them, or under which department would that reorganization come?

Mr. Claxton: The Pacific Coast Rangers which did an extremely useful job during the war were reorganized in 1947 as the Canadian Rangers. Now they have companies operating from end to end of Canada. Their role is primarily to supplement that of the active and reserve forces of Canada, but they have civil defence roles as well. So far, there are twenty-one companies organized and they form a component of the Canadian army reserve. They are being organized just as rapidly as we can organize them in every part where there is no ordinary reserve army unit. Their jobs are to provide guides to organized troops within their own area; coast watching; assistance to the Royal Canadian Mounted Police and provincial police in the discovery, reporting and apprehension of enemy agents or saboteurs; the reporting of other suspicious activities; immediate local defence against sabotage by small enemy detachments or saboteurs and to assist and augment civilian protective arrangements against saboteurs, within the area in which the organization is authorized to operate; reporting, locating and rescue work, including first aid treatment in connection with aircraft in distress.

These Canadian Rangers are organized on much the same basis as the Pacific Coast Rangers. I remember that I took part at the inauguration of this plan in 1947. General Worthington, who is the co-ordinator of civil defence, is the honorary colonel commandant of the corps of Canadian Rangers, and that organization is proceeding.

Mr. Green: I am glad to hear that. They certainly did splendid work during the last war. Apparently they come under the Department of National Defence. How many have been enlisted?

Mr. Claxton: The present establishment is set at 5,000. I have not that information as to the exact number enlisted. As I say, they are organized in twenty-one companies; and from a map I have seen in the northwestern command, they cover fairly well the whole area of the Northwest Territories, the Arctic, the coast of British Columbia, and are now extending over the Hudson bay area and the north Atlantic coast.

Mr. Green: What about the Canadian air observer corps? Is that a separate corps?

Mr. Claxton: It is under organization now under the Royal Canadian Air Force. There is not anything yet in addition to the organization plan. I do not want to minimize it because we want to get everyone in it that we can; but, on the other hand, its utility with regard to aircraft that may be flying at 20,000 feet or more is limited. Nevertheless, its utility in connection with landings is very important.

Mr. Pearkes: I am sure the minister will pardon me, but I think he made a slip of the tongue when he said that these Canadian Rangers were being organized in every part of Canada. Surely they are being organized only in those northern areas where there are no militia units.

Mr. Claxton: That is right.

Mr. Pearkes: The minister's first statement was "in every part of Canada", which would give the impression that they were being organized in the settled parts of Canada.

Mr. Claxton: The hon. member is quite right. I think the record will indicate that I said it was being organized where there are no organized reserve army units. The hon. member is quite right.

Mr. Higgins: Mr. Chairman, I was not particularly happy with the answer the minister gave me this afternoon to my question on civil defence in Newfoundland, and I should like to refer to it again if he would not mind. From what I could gather, either the information was such that the pipe line between himself and the civil defence authorities has a poor coupling or else the pressure is such that the information does not get through to him. It certainly does not get past him because it is not made public to the province. As I believe the minister knows, the situation is this. Some time in the early part of the year, an extremely public-spirited gentleman was appointed director of civil defence. He is fully aware of that.

Mr. Martin: Mr. Curtis, was it not?

Mr. Higgins: No; Mr. F. M. O'Leary. He came to Ottawa and attended meetings up here. Following that, he went home and shortly afterwards resigned. In his explanation he said that apparently the authorities at home were not taking the matter of civil defence seriously and were not prepared to co-operate with him. Since that time, as far as the public is concerned, nothing has happened. Today the minister said that under Mr. Curtis, the attorney general, there is a committee of five working. They may be working, but so far as the public or the province is concerned no plans have been outlined and nothing has been done. I should like the minister to tell me if he knows something that we have not been able to find out yet.

Mr. Martin: I cannot add anything to what I said this afternoon. The civil defence minister, Hon. L. R. Curtis, I am sure is a gentleman of great perspicacity and one who is greatly concerned about this matter, as I am sure my hon. friend is. I have no doubt but that he will pursue this with the same diligence with which it is being pursued in all provinces.

Mr. Higgins: He must be hiding his light under a bushel.

Mr. Martin: Ministers sometimes do that.

Mr. Pearkes: I think this debate which has now lasted for several hours has brought home to the committee the seriousness with which hon. members on all sides view this very important subject of civil defence. The minister himself stressed its importance. He has emphasized various aspects, including the need for co-operation at the various levels of government in the plans that are now beginning to be worked out; the need for the support of everyone throughout the land in order to make these plans effective, and so on. The minister has pointed out that it is not the amount of money allocated to this branch of defence that is the prime factor; yet as he went on he discussed the need of equipment, the need to develop communications services, and the need for greater personnel. So I think it will be obvious to everyone that before this plan can go into effect much larger sums of money will be required in order to make it really effective. I think we can assure the minister from this side of the house that we realize the importance of this work, and that if co-operation is required it will be forthcoming to the fullest possible extent.

Mr. Martin: Thank you.

Mr. Pearkes: We shall do everything we can. I come back for a moment to a point I made earlier and upon which the minister touched. It is contained in this excellent pamphlet the minister has issued, in which it says that the effectiveness of the civil defence system will depend in the first instance upon an adequate warning system. We realize that. The minister has told us how in the course of the last twenty-four hours steps have been taken to obtain the co-operation of the communications companies of this country. Obviously they are working toward these ends. Perhaps the minister should not be as emphatic as he was last night in pointing out what he thought were certain inaccuracies in what I had said, particularly when I mentioned that an adequate warning system did not exist at the moment.

I have just one other comment to make. In this pamphlet considerable stress is laid upon providing shock-resisting features, fire prevention requirements, basements suitable for shelters and so on in any construction work being carried out. We know a great deal of construction is being carried on by the dominion government, some of it by the Department of National Defence. That department is erecting married quarters and barracks for single men in strategic centres which might be considered likely targets by the enemy. I hope these suggestions in regard to providing basements which can be converted into shelters will be noted by the Minister of National Defence, and that where these barracks blocks are being constructed consideration will be given to these matters. That has not been the case in the past; there are no basement shelters now. As construction goes on I hope those things will be provided. As I said before, I think we have underlined the importance of civil defence, and I do not intend to pursue the subject further.

Mr. Harkness: One question was brought to my mind by the remarks of the hon. member for Nanaimo. In outlining these specific expenditures for civil defence the minister mentioned the sum of $350,000 for the acquisition and construction of buildings and works including the acquisition of land. Is that intended for administration buildings, or is it to make a start on some type of shelter, or is it for experimentation in regard to shelters, or what is it for?

Mr. Martin: That was intended for a structure to house the technical training school now in operation at Connaught Ranges. While I am on my feet I might give the hon. member some information I could not give a short time ago. The $20,000 for communications equipment will be used largely for a certain type of walkie-talkie set that has been found useful in this work. I only want to say to the hon. member for Nanaimo that in the spirit of understanding he has shown I thank him for his offer of co-operation which in any event, apart from his declaration, I was sure would be forthcoming.

The Chairman: Is it agreed that the debate on civil defence is now concluded?

Some hon. Members: Agreed.

The Chairman: Shall the sub-item carry?

Sub-item agreed to.

Professional and special services, $200,000.

Mr. Pearkes: Could we have an explanation of this?

Mr. Fulton: I observe that the same amount is allocated to this sub-item this year as last year. Would the minister give us a breakdown of the purposes for which this money is spent and the persons by whom it is received?

Mr. Claxton: This has to do with inspection service. It provides for inspection by commercial firms, to which I referred last night; the U.S. navy, the U.K. government and Canadian Arsenals Limited; also for payment to the Canadian Commercial Corporation on a pro rata basis for the Canadian corps of commissionaires required for security purposes at No. 2 building, Ottawa. The details are armaments branch, guns and carriages, motor transport, ammunition, $75,000; technical services branches, chemicals, $10,000; ships branch, material, $92,000; clothing stores branch, textiles and barracks stores, $22,400; Canadian corps of commissionaires, to which I have already referred, $600. The figure is the same as for last year, and is all related to professional services in relation to inspection.

Mr. Fulton: I understand these are commercial firms which are employed in addition to the inspectors paid under the preceding item about which we had a good deal of discussion?

Mr. Claxton: That is right, except that we also pay the U.S. navy, the U.K. government and Canadian Arsenals Limited as well as the corps of commissionaires that small amount of $600.

Mr. Fulton: Would the minister tell the committee what kind of service the Canadian Commercial Corporation renders this department for which it has to pay under the administration item?

Mr. Claxton: We share a building with C.C.C. and pay half the cost of guarding the building by the corps of commissionaires.

Mr. Fulton: Well, I may have misunderstood the minister. I understood he said the department pays $600 to the corps of commissionaires. That was one item. Then, there were three large items on which I thought he said that either the $92,000 or the $22,400 went to the Canadian Commercial Corporation.

Mr. Claxton: No, I am sorry. The only payment under this is to the Canadian corps of commissionaires $600 for half the cost of guarding the building which we share with the Canadian Commercial Corporation.

Mr. Fulton: I am sorry that I did not keep up with the minister. Will the minister tell me again what the $22,400 item is?

Mr. Claxton: Clothing and stores branch, textiles and bag stores, $22,400. It is paid to outside inspectors to inspect these items.

Mr. Fulton: That is, the Canadian Commercial Corporation were making sure for the department that the clothing ordered is up to standard?

Mr. Claxton: That is right.

Mr. Fulton: Are there any oculists employed or paid under this item?

Mr. Claxton: No; the only oculists that we have would be under the payments for the navy, army and air force, votes for medical services.

Mr. Higgins: I have a matter I want to discuss under this item, sir. I do not know of any other way in which I can do so except under this particular item. To me, it is an important matter. At the annual meeting of the Canadian Tuberculosis Association held in Toronto between May 7 and 11, there was a very interesting discussion concerning the use of BCG and the tuberculin testing of recruits for the services. Arising out of that discussion, which I may say was participated in by doctors from all across the country, a resolution was passed. Really, it was the adoption of the resolution of the management committee, which had been passed and sent to the Minister of National Defence in September of last year. I should like to have this resolution inscribed, Mr. Chairman, so that you can follow the matter. The resolution reads as follows:

> Whereas the tuberculosis control program throughout Canada has led to a marked increase in the numbers of negative reactors and whereas it is acknowledged that through contact with infectious tuberculosis the chances of negative tuberculin reactors developing tuberculosis is materially greater than otherwise; and whereas a negative X-ray plate can provide no indication of the tuberculin status of the individual, therefore, the Canadian Tuberculosis Association recommends that the tuberculin status be determined by the use of the tuberculin test at the time of enlistment examination, and if possible, extended to all service personnel at present enlisted. In further support of this resolution, consideration is given to the increased risk of tuberculosis infection in countries other than Canada and the United States, and the consequent influence on pensionable cases resulting from such circumstance.
>
> The association regrets that the Department of National Defence has not seen fit, up to the present, to adopt this procedure. The C.T.A. urges that prompt action be taken in this matter, considering the present world situation.

The Canadian Tuberculosis Association also endorsed a further resolution of the management committee dated September 25, 1950, which reads as follows:

> That, whereas the number of negative tuberculin reactors in the recruiting ages is rapidly increasing, and whereas this situation means an increased susceptibility to tuberculosis, and whereas such people if sent in the course of duty to countries where infectious tuberculosis is much more prevalent than at home, and whereas BCG vaccination of negative tuberculin does provide an appreciable degree of protection against the development of tuberculosis, therefore the Canadian Tuberculosis Association recommends that negative tuberculin reactors be vaccinated with BCG vaccine to reduce the hazard of tuberculosis as experienced in the course of duty.

Now, Mr. Chairman, both of those resolutions were adopted by the management committee of the Canadian Tuberculosis Association on September 25, 1950. They were both communicated to the Minister of National Defence at that time; and, as I understand, the reasons were given for those resolutions being passed. The minister was urged to follow the course suggested by the resolutions. Up to the present at least no action has been taken in the matter. I understand, though I do not know of my own knowledge, that the medical men of the services are in full accord with this program. Certainly, all the doctors that were present at that annual meeting, as I say, doctors from all across the dominion, thoroughly approved of it. The suggestion is that sending recruits, say to Korea, without proper testing is sending them into very great danger indeed of contracting tuberculosis if they have not been inoculated with BCG.

I am told that the cost is very, very little indeed. The cost of testing, and the cost of inoculating with BCG would be less than ten cents per recruit. The time required is, I believe, not more than forty-eight hours. I understand that negative reactors to the tuberculin tests, when they have received an inoculation from BCG, have more or less about 90 per cent protection against contracting tuberculosis. Now, Mr. Chairman, when we take into account, not only the humanitarian principle involved but the possibility of boys and young men

being inducted into the forces without proper protection against this germ, that of itself is a very strong appeal indeed. Then, when we look at the financial part of it, and when we look at the huge amount that must be paid out for pensions for those who have contracted tuberculosis while in the armed services, the cost of sanatorium treatment for them, then indeed it becomes a very serious problem. I understand that in the last war when the men from provinces which have a very low incidence of tuberculosis, such as Saskatchewan, were exposed to tuberculosis in the course of their duties, they picked it up much quicker than those from provinces which had a higher incidence of the disease.

For that reason, Mr. Chairman, it strikes me as being of the utmost importance that these recommendations of the Canadian Tuberculosis Association should be adopted. I see no reason at all, no excuse on the ground of delay, in getting the men into the forces or on the ground of the costs. In fact, I cannot see any grounds at all for not following that course. I am told that the minister's idea is that this should be a more or less voluntary decision on the part of a recruit, whether or not he will submit to it. Many hon. members are fully aware of what the ordinary recruit would do if such a proposition were put to him. I suggest quite definitely to the minister that this program should be adopted, and there should not be any question of its being voluntary. It should be a compulsory inoculation at the time the recruit is inducted. I should like to hear a comment from the minister.

Mr. Claxton: I can appreciate the representations put forward by the hon. member for St. John's East. I think it was in 1944 or 1945, when I had the honour of being Minister of National Health and Welfare, that we introduced the BCG through Dr. Frappier, particularly in connection with the prevention or arrest of tuberculosis among Indians. The area in which the tests were first conducted by us on a large scale in Canada was in Qu'Appelle in the province of Saskatchewan. That was in 1945, I think. Then I also became familiar with this in Paris in 1946, at the Pasteur institute and in other places had representations made to me about it. Canada has made good progress in this direction.

In the province of Quebec, my own province, this testing or inoculation is carried out particularly with young infants, and it seems to have been very successful.

With regard to personnel in the armed forces, we have X-rays and very careful medical examinations. The incidence of tuberculosis among members of the armed forces is small. There are some risks and uncertainties involved, but we are in close consultation with the Canadian Tuberculosis Association, the Department of National Health and Welfare, particularly, and the great expert of Canada, Dr. Wherrett. We shall be very glad to take into consideration the representations of my hon. friend.

Mr. Fulton: As I recall, the minister said that in connection with the vote of $200,000 the amount of $75,000 was for inspection in the manufacture of guns, commercial inspection. It is quite a large item. I did not keep up with the minister in my notes but, as I recall, it was for that purpose. Can the minister give us the relationship between what is paid for this type of inspection of armament production and the quite large number of inspectors within the department, of whom we just heard 727 are paid under the vote that we have just passed? If we are paying these people—and I think it is quite important that we should have at any rate inspection of production of our armaments—why then, if we have these presumably well qualified people who are in the various plants producing for us, should we in addition have to pay for professional and special services? Why should we have to pay other people to do the same work?

Mr. Claxton: I think the answer to the hon. member is that this payment, which is relatively small, in view of the amount spent in inspection, and also the amount spent for equipment, is due to two causes. Either we have peak loads where we have a shipment of arms to another country on a special order, or else we are producing arms on the orders of another country such as the United States or the United Kingdom and we pay their inspector to inspect for us as well as for themselves; and of course we either give the goods away or else collect the amount in the total payment we receive.

Mr. Fulton: Do I understand that this would be in the nature of a contingency as though perhaps the 727 people who it is anticipated will be paid during the coming year out of the vote we have just passed may not be enough to do the various jobs that we may be called upon to do, or it may be necessary to employ outside people? Is that the nature of this particular portion of this $200,000? Is it in the nature of a contingency fund?

Mr. Claxton: Part of this amount would be paid for the inspection by the United States individual inspectors of equipment that we buy in the United States, which is

delivered to us. The other element is payment to Canadian inspecting firms to take care of peak loads and is contingent, based on our experience during the past year.

Mr. Fulton: If it is a contingent item to an extent, at any rate, what was the expenditure last year?—because I observe that the estimates for the two years are the same.

Mr. Claxton: We have the expenditures estimated for the year 1950-51—the books are not closed yet—in primaries, but we have not got that broken down because the bills have not all been added up. I can get that for the hon. member.

Mr. Fulton: Will the minister say a word or two in enlargement of the general situation that there are peak loads where I understand it is necessary to employ outside personnel? Is it considered that it is not efficient or possible to anticipate just how many inspectional personnel you need in the department, permanent staff, to be paid out of the item "civil salaries and wages"? Would it be considered less efficient to employ enough persons to provide for this contingency, and estimate accordingly in the first sub-item, rather than providing this fairly large sum of $200,000 for unforeseen contingencies? If we are to have this contingency, to what extent are we unable to anticipate it?

Mr. Claxton: We have a good deal of difficulty in anticipating them, because this year we will be spending several hundred million dollars on equipment; and how much we get from the manufacturers at any time depends on some events outside our own control.

Now, if we maintain an inspection staff sufficient to deal with the peak, then it will be uneconomical because they will be unemployed at certain times. Also, we cannot anticipate when the peaks will occur, because they may depend on the flow of United States components in Canadian equipment. Therefore, in some instances it is more economical to employ outside inspectors to supplement our own inside inspectors rather than to keep a large staff going and not have them fully employed the year round.

Mr. Fulton: I think that is a reasonable explanation. Would the minister then be able to tell me where he would turn for this type of inspection services? Can he give us, for instance, the names of some of the firms he employed? Can he give us the names of those he employed to inspect delivery of guns? May I put a concrete question? Surely the minister would not employ the inspector from the firm which is making the guns? Where does he find these people? How is he able to pick them out so as to employ them and to turn them on to somebody else's produce?

Mr. Claxton: There are a considerable number of firms with professional standing who do this kind of work. I could not, quite frankly, give the hon. member details as to our employment of any of these firms in the year ahead. But there are such firms as Warnock, in the field of mechanical engineering, and Rankin; and J. T. Donald and Company in the field of chemicals.

Mr. Fulton: And for clothing?

Mr. Claxton: I do not think we would use one for clothing. We have our own inspectors for clothing.

Mr. Fulton: I thought the minister told us that one of the components of the $200,000 was for the inspection of clothing.

Mr. Claxton: I gave the figure of $22,400 for clothing and stores branch, technical and barracks stores. I would be surprised to hear that our inspectors do not inspect all the clothing. It may be possible that we might employ an outside firm to help us over a peak load. We have had several peak loads. However, I will look into that.

Sub-item agreed to.

Defence services—
Travelling and removal expenses, $379,000.

Mr. Herridge: Mr. Chairman, I should like to make a few remarks. I am going to ask the minister whether this item provides for officers to take ladies to cocktail parties when off duty. Before he answers I wish to bring to his attention certain facts. The hon. member for Fraser Valley in the public accounts committee, as well as some other hon. members, directed the attention of the committee to the fact that army cars were being used improperly, at times, and brought certain incidents to the attention of the deputy minister, who was a witness at the time.

The deputy minister replied that a series of checks was made, on occasions, or generally, and that the system was, that if a private soldier who was driving a general who used an army vehicle improperly cares to report that general, he may do so. Well, I can see a private reporting a general! That would be the end of the private.

I wish to bring to the attention of the minister the Vancouver *Sun* of May 19, which contains a whole page which apparently is intended as a build-up for the army's gala ball. The heading is, "Army Polishes up for Gala Ball". It shows a type of advertising

and pictures that would make Cromwell turn over in his grave. We see in the top picture a luscious beauty in evening dress reclining, somewhat after the fashion of Cleopatra. She is reclining in a most languid manner while being shown the operation of a machine gun. I cannot believe that that would add much to the Canadian recruiting drive.

Mr. Pearkes: Oh, I think so.

Mr. Herridge: One would think we were trying to defend a Hail-Hail-The-Gang's-All-Here sort of civilization. I wish to bring to the attention of the minister particularly another picture about six inches by eight inches in size. This is the picture of a jeep in which there are two officers and two attractive looking women. Under the picture it says:

> The army has never been the same since the first jeep was built. The busy little vehicle plays a dozen important roles in its military career, but here's a brand new one. This gay foursome has commandeered one for party transportation as they attend a pre-military ball affair.

I made inquiries as to what the "pre-military ball affair" was, and I am informed it was a pre-military ball cocktail party.

Mr. Pearkes: What is that?

Mr. Herridge: A cocktail party prior to a military ball.

Mr. Pearkes: Oh.

Mr. Herridge: But my point is this, that we see in this picture an army vehicle paid for out of public money, and operated with gasoline paid for at public expense, which would possibly be meeting workers coming out of plants, workers with lunch buckets in their hands. Does that build up morale—when they are being asked to pay 20 per cent surtax only to have officers and their wives or friends ride around in government jeeps and government property, as the picture indicates? And it is not only this picture, but if hon. members would look at the Vancouver *Province* of May 19, the same date, they would see another picture of a jeep showing two army officers and two other ladies being invited in to have a ride. Apparently in that case however the ladies thought it would be rough riding, and they did not go.

This indicates however that these army vehicles are being used for other than army purposes in off-duty periods. There is much more of that going on in this country than, I am sure, the minister realizes. What would be the attitude of a working woman walking down the street and seeing these people, who live at a very high standard compared with that of the average worker—people dressed in furs and frills riding down the street in an army jeep at public expense?

Then, in addition to that, a gentleman came to me out of the gallery of this chamber this afternoon and told me he was from Montreal. He said, "I have been interested in this discussion"—and he was referring to questions asked by hon. members of the Progressive Conservative party, sitting to my right. He said to me, "My near neighbour is a provost marshal in Montreal, and you can tell the minister for me that that gentleman, regardless of what the deputy minister says, has his children driven to a private school every morning in an army car, by an army chauffeur, and brought home every night in that army car by the army chauffeur, and taken on week-end trips at the country's expense."

I would like the minister to explain why these vehicles are used on those occasions, and if that is permitted under army regulations, and under his administration.

Mr. Mott: I think I know what the hon. member is referring to. I saw that in the paper, but I do not think he is making it clear. Was that not when the new brigadier was taking over command in British Columbia at Vancouver?

Mr. Herridge: No, this was for the pre-gala ball party.

Mr. Mott: If the hon. member would look at it he would see that the ladies are in evening dress, and that the jeep was just photographed for the purposes of the newspaper. It is only a little bit of advertising of the officers ball on that occasion, and I suggest the hon. member should not have brought it up in the way that he has, or should not have made the suggestion that it is being driven around Vancouver for that purpose.

Mr. Herridge: The newspaper says so.

Mr. Mott: I know it says so—but you know what newspapers are.

Mr. Fulton: It is in the Vancouver *Sun*.

Mr. Claxton: I am obliged to the hon. member for Kootenay West who has brought this matter to my attention. First, with regard to the officer in the provost corps at Montreal, if what the hon. member says is so, then I must say it is strictly against regulations and will be dealt with accordingly. I shall look into it.

Mr. Herridge: Thank you.

Mr. Claxton: Then, with regard to the occasion to which he has referred, and to

this picture of officers, and others, attending an army ball—well, I do not know; I am not terribly familiar with those things.

Some hon. Members: Oh, oh.

Mr. Claxton: But I should think that anyone who was would recognize at once that these pictures were taken with some view to having them appear in a social column or some other column of a newspaper for publicity purposes.

I am not too sure they are bad publicity; that is a question of opinion. Perhaps I might think they are bad or good publicity while others might not. I saw this, and looked into it, and I am assured, with regard to this picture of the two officers and their wives in the jeep, that the picture was taken in the armoury at the request of the photographer of the Vancouver *Sun* and that, for the purpose, the jeep was backed up against the wall of the armoury, and not one ounce of gasoline was used.

Mr. Wright: I have been totalling up the travelling and removal expenses and freight, express and cartage for the army, navy and air force and I find it comes to about $32 million. How does the department divide this business between the two main railroads?

Mr. Claxton: I could look up the traffic for 1950-51, but as I remember it is almost 50-50. Where one railroad provides a better service, we use that railroad. Where there are alternative services available an attempt at equalization is made. As I remember, and I do not necessarily indicate the exact figures, it was about $1,500,000 for one and $1,400,000 for the other.

Sub-item agreed to.

Telephones, telegrams and other communication services, $26,500.

Mr. Pearkes: I understand that the army has a special telephone service of its own, and under army a large sum of money is provided for that purpose, well over $1 million. Under headquarters we have this item of $26,500 which apparently is paid for services other than those provided by the army. Is that paid to civilian companies? Does the army service the administration branch of the department?

Mr. Claxton: This amount of $26,500 is paid to outside telephone and telegraph agencies. The total cost of the tri-service communications system is far greater than that. I would say that 95 per cent of all communications by telegraph or radioteletype between the three services are carried across Canada by tri-service communications set-up.

This service went into effect at the beginning of last year. The navy, army and air force cover all the main centres of Canada on a 24 hour basis. There is no duplication. The navy operates the terminals at Esquimalt and Halifax, the army operate in Montreal, the air force in Winnipeg and so on. The service duplicates to a considerable degree the existing commercial services across Canada. There are between 1,500 and 2,000 personnel involved. In addition to carrying almost all the traffic for the armed forces a good deal of traffic is carried for other government departments. As indicated before, during emergencies this service is used to carry commercial traffic as well.

The service is almost fully occupied today and is capable of carrying a heavier load in the event of war. We consider it essential to maintain it in peacetime and keep it built up so it will be available in the event of war. It has the most modern equipment. There is some radioteletype and some line-teletype, and the whole system is connected with similar systems in the United States, Great Britain, Australia and throughout the world. It carries all ordinary traffic that can be sent by wire.

In addition to the operations of the magnitude I have indicated it is necessary for many telephone calls to be sent out, and this vote of $26,500 is necessary. For instance, there may be a conference of senior officers or a collecting of last-minute recruiting returns. Telephone calls may even be necessary in order to answer parliamentary inquiries. There is an increase of only $1,700 over last year.

Mr. Pearkes: This is most interesting because I believe this is the first official announcement, certainly the first in parliament, of the establishment of this tri-service communications system. Has it been used in time of national emergency, such as the emergency which caused the special session of parliament last year?

Mr. Claxton: I am not so sure that it was used in connection with the emergency that necessitated the special session, but it was used in a major way in connection with the Fraser valley floods. The ordinary commercial communications broke down and the services took over and carried all communications into the Fraser valley and also into Vancouver to a considerable degree as well as to many other areas. I remember authorizing the dispatch of 23 operators by air from Montreal in order to help to carry the load. For several days most personal and commercial traffic was carried by this service.

The same thing occurred during the Winnipeg flood, but to a minor degree. During a snowslide in British Columbia the same thing occurred. I remember visiting one of

these stations in Winnipeg and I was told that it had carried commercial traffic, including 20,000 words for the Canadian Press, during the previous 24 hours. There was a breakdown in the maritime services and our service carried everything for 24 hours for both the Canadian Pacific and the Canadian National telegraph systems. It has been of great value in meeting civilian emergencies.

It meets all service needs. We carry thousands of messages each month for other government departments. All communications with the Northwest Territories and the Arctic are carried by this service.

Mr. Pearkes: When the service is used by other government departments do they pay for that? Would the Canadian Press pay for what service they obtained, and would the Canadian Pacific pay for what messages of theirs were carried?

Mr. Claxton: Other government departments do not pay, but commercial users would unless the message was carried on compassionate grounds.

Mr. Pearkes: I appreciate fully the value of this tri-service system in the event of war or national emergency and I realize the importance of having it maintained with trained personnel, but I wonder if the minister can give any indication as to how the cost of maintaining such a service would compare with the cost of using similar civilian transcontinental services?

Mr. Claxton: I am afraid I would not be able to obtain an equivalent figure for the civilian services. But it is not competitive in a real sense because we engage in training personnel, operating in isolated centres, operating non-commercial routes. I am afraid, therefore, that I could not give any comparison. It has just been suggested to me that the cost would be higher because of security requirements. Over this system we can carry all kinds of security restricted messages which could not be carried over commercial systems but which require processing through the ordinary ciphering and deciphering equipment and so on.

Mr. Pearkes: Is there any duplication at all in connection with the government telephone services which are also provided in remote parts of this country under the Department of Transport?

Mr. Claxton: Following the inquiry that was made, I think in the public accounts committee, we have looked into the matter and we can find no duplication at all.

Sub-item agreed to.

Printing of departmental reports and other publications, $122,500.

[Mr. Claxton.]

Mr. Harkness: I notice that this particular item is a little bit more than twice what it was last year. I was wondering if the minister could tell us what the reason for this increase is and what publications and departmental reports this item covers other than this report of the Department of National Defence which we all received. I ask that question particularly because I notice that the same item appears in the navy, the army and the air force, and quite large sums are involved in each of those branches. I was wondering exactly what was covered by this particular item so far as headquarters is concerned, the administrative department.

Mr. Claxton: In answer to the hon. member, I can say that almost all the increase is accounted for by the fact that this year we are providing quite a considerable item for civil defence in the estimates of this department. The amount provided for 1950-51 was $60,000. The amount now asked for is $122,500. The increase is $62,500. Of the increase, $51,500 is applicable to civil defence, so that only $11,000 is applicable to the Department of National Defence, and that is owing to the increase in activities and the expansion of the size of the department.

Mr. Harkness: What other publications are put out, so far as headquarters are concerned, besides this report on national defence? This year the only other thing I have seen is "Canada's Defence Program" which is practically a reprint of the minister's speech on February 5 in this house, with a little addition to it. What other publications are put out besides those two?

Mr. Claxton: In the department we issue a good many appeals for support; that is, requests for support for the work of the armed forces. For instance, there was a letter I recently addressed to over 3,500 or more employers asking them to support the work of the armed forces of Canada. I believe that comes out of this item. During the year there are a good many similar letters or appeals that require to be issued in that way. There are no other major items. This is made up of a multitude of small items.

Mr. Fulton: As the hon. member for Calgary East has pointed out, this same item is duplicated in other parts of the departmental estimates. To be specific, it is duplicated seven times, and the total of those other seven items is in the neighbourhood of $2 million. That makes me wonder whether this could not be done in another way. For instance, at page 270 the navy has an item of $344,000; the army has an item of $495,000; and air has an item of $1,049,000; under

aerial photographic survey there is an item of $1,650; and under defence research and development there is an item of $100,550, to name some of the larger ones.

I should like to ask whether any of these sums and any of the sum before us of $122,500 is in connection with the recruiting program. Whether it is or whether it is not, I should like to know why all the various departmental reports—because the wording of the item is "printing of departmental reports and other publications"—are not centralized under the departmental administration. It occurs to me, at first sight at any rate, that for the army to have a separate publications branch and for the navy, the air force, defence research and development, and aerial photographic survey each to have a separate one, is something that indicates a little bit of inefficiency. It appears to me that if each of these was to be centralized, a more efficient, a more closely interrelated, and probably a less expensive job could be done. I come back to the point that these other seven items in the department total $2 million.

Mr. Claxton: I can understand the hon. member's difficulty. But the printing is not done by the navy, the army and the air force. All printing contracts are placed by the service concerned, through the deputy minister's office, with the king's printer or under his authority with some outside printer. There is no competition and no inefficiency of administration. The printing of course amounts to a large sum, as the hon. member knows, having been an officer himself.

Mr. Fulton: Does it include all departments?

Mr. Claxton: It includes a lot of work instruction books, drill books, pamphlets, training manuals and the like. Each service is responsible for the production of the material for those, but the order for their printing is placed, through the deputy minister, with the king's printer or, through him, with an outside printer. That is subject to few exceptions, in respect of which we do some printing within the department itself, largely relating to security material. When you consider that this relates to the three services, and the defence research board, which has a good deal of printing of restricted material to do, you can understand why it appears under seven headings.

Mr. Fulton: I understand the minister to say that the only control or co-ordination is through the deputy minister. These various branches or services put their requirements up and they go through the deputy minister who, I presume, must approve them. I am just wondering whether it would not be better to have a central office. Since you have an item under departmental administration, I am wondering whether it would not be better to have that office, as it were, co-ordinating all the printing requirements. Does it include, for instance, such things as the part II orders of the various services?

Mr. Claxton: No; part II orders are mimeographed. Naval service orders, army orders and air force orders are printed through the king's printer but all the subordinate orders are done in mimeographed form.

Mr. Fulton: But these various items would cover the cost of that, would they not?

Mr. Claxton: Yes.

Mr. Fulton: The words "other publications" are quite wide. Does this include anything in connection with recruiting?

Mr. Claxton: I take it my hon. friend is now referring to item 9 in the summary of standard objects. That does not include recruiting, which is the next item, No. 10, which deals with films, displays, broadcasting, advertising, and so on.

Mr. Fulton: I do not want to anticipate that item, but there is no item 10 under departmental administration.

Mr. Claxton: That is right.

Mr. Fulton: I do not want to anticipate another branch or item that will come later, but I do suggest that national defence headquarters should control the recruiting program and its set-up, whereas we find it broken down under army, navy and air force. How does that work?

Mr. Claxton: We are anticipating, but I am very glad to do it. To deal with recruiting for the three services we have set up under the direction of the personnel members committee an interservice recruiting committee. As hon. members may recall, the personnel members committee consists of the heads of personnel of the three services. In the case of the navy it is the chief naval personnel, the CNP as he is called. In the case of the army it is the adjutant general, and in the case of the air force the air member for personnel. This committee deals with all personnel matters affecting the three services, including recruiting. Subordinate to them is the joint service recruiting committee and the joint service advertising committee consisting of officers appointed to represent the navy, army and air members of PMC. They make recommendations to PMC in regard to recruiting

matters. We have at least two general sessions a year, which I usually attend as do the members of the PMC, the joint services recruiting committee and the advertising agencies concerned. We draw up programs for recruiting advertising. Those programs are modified and changed from week to week and month to month, because this is a very sensitive operation; but there is complete tri-service co-operation.

Once the recruiting plan has been agreed to as between the three services and approved by myself, we work it out in financial terms. There is a financial adjustment, which is almost always downward, and the actual procedure of accounting is handled through the deputy minister. So there is complete unified control of the whole operation from start to finish.

Mr. Fulton: I will not pursue that at the moment beyond saying it seems a little odd that the expense should be allotted to the services, which must be rather arbitrary, instead of the over-all recruiting program being accounted for under departmental administration. However, that detail can be discussed later.

I should like to follow up the same point, if I may, in connection with item No. 9 in the general summary of standard objects, which is the printing of departmental reports and other publications. How do you decide which service will have so much money to spend; or why is it not simply decided that so much money will be allowed for the printing of departmental reports and publications and put that money under departmental administration. From there on you could control the expenditure by each branch of the service so the total amount would not be overspent.

Mr. Claxton: We are dealing only with administration at present, and as the hon. member can see the increase is very small.

Mr. Fulton: It is $62,500.

Mr. Claxton: Of that $51,500 is applicable to civil defence, which we did not have at all in the previous year. To answer the other question as to the build-up of budgets, of course we get into a pretty big field there. Each service builds up the budget for that service. It plans its work for the year ahead, in fact for three years ahead. It discusses those plans with the other services in the chiefs of staff committee and at other levels. The deputy minister or his representative sits in at all those discussions, and common factors for the build-up of all the budget elements are agreed to so that it is worked out that a man in the army will cost as much as a man in the air force doing the same job, and so on. All those things are pretty well worked out now, and we have very good methods of computing costs.

With regard to manpower, they relate this to the expected build-up through the year month by month, and increase or decrease the grants for pay and allowances accordingly. The same thing is done with regard to food, and so on, averaged out for the year. Then they look ahead and see what construction is needed, and this is considered so as not to be out of line with the other services. Equipment is the biggest and most difficult element. We have endless sessions from about August to November within the department working on our own estimates as between the three service heads and the deputy minister, and finally with myself, but always in consultation with representatives of the treasury. Ultimately we bring forward to the cabinet defence committee a plan for the next year, and that is discussed at a good many meetings. They settle on a plan; then we go back and cost that plan, and having costed it put it forward to the defence committee again, and bring it on to the cabinet. Then it enters into the estimates.

That is the process followed in every country, as far as I know. It is very convenient to have it done under the heads of the navy, army and air force, each keeping their own figures, making their own estimates and looking after their own appropriations; and that is all done subject to tri-service co-operation and departmental control through the deputy minister. I know of no other country where it is so unified as in our case, where we have a single vote, a single deputy minister, a single minister and a single department.

Mr. Fulton: The only other question I think I will ask on this has to do with a comparison between the vote this year and last year. This shows here that the vote for 1950-51 was $60,000, but when I look at the estimates for last year under departmental administration, the only place where I can find figures for the corresponding item is under the sundries item, where it states that sundries including printing and stationery, et cetera, amounted to $186,637. Is that $60,000 the amount which was extracted from the $186,000 which was for printing?

Mr. Claxton: Yes, that is right.

Mr. Fulton: Is that an estimate or an actual expenditure?

Mr. Claxton: It is an estimate.

Mr. Fulton: Have you got the figure for the expenditure as yet?

Mr. Claxton: Not yet.

Mr. Harkness: Mr. Chairman, in connection with this $122,000, $51,500 is for civil defence or something along that line, which leaves $71,000. So far as I can make out that $71,000 was the expenditure for printing this report of the Department of National Defence, the odd white paper such as this one which was issued a short time ago, and the printing of a few thousand form letters which the minister sends out from time to time. It seems to me that is a great deal of money for these printing activities. Can the minister tell us what the actual cost of printing this report of the Department of National Defence was?

Mr. Claxton: That is done by the king's printer, and it would not cost very much. But the inspection services, for example, which have to provide technical specifications with regard to a great number of items would be provided for out of this item.

Mr. Harkness: This is for the printing of reports and other publications. From everything the minister said before, I have certainly understood it was to cover the cost of printing this report, these white papers and some form letters that he sends out from time to time. Surely, this does not cover inspection services of any sort.

Mr. Claxton: This is the ninth of the headings laid down by the treasury board for the uniform presentation of estimates to parliament. This is the first year this has been done, and we have conformed to the system laid down. This is item 9, and we have put under it items that the treasury told us should be put under that item.

Mr. Harkness: What are they, then, besides the actual printing of these reports?

Mr. Claxton: That is the printing for the department, not paid for by the navy, army or air force; the report, the circular letters; printing by the inspection services, and by the director of public relations for the department.

Mr. Green: Any speeches?

Mr. Claxton: None at all.

Mr. Harkness: Mr. Chairman, I am still rather in the dark as to what these other items of printing are in addition to the reports and letters the minister has mentioned, as well as the odd white paper. What printing would be put out, so far as the administration branch is concerned, by those people he has mentioned?

Mr. Claxton: I shall be glad to get that information for you.

The Chairman: Shall the sub-item carry?

Mr. Harkness: Subject to this information being given.

Mr. Claxton: I shall open with a statement containing this information the next time the committee meets.

Sub-item agreed to.

Office stationery, supplies and equipment, $111,000.

Mr. Johnston: Mr. Chairman, in connection with films, displays, advertising and other informational publicity—

Some hon. Members: No, it is office stationery.

Mr. Johnston: I am talking about the films, displays and advertising—

Mr. Fulton: On what page is that?

Mr. Johnston: I am on page 271.

Mr. Fulton: We are on page 269.

Sub-item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we shall revert to legislation and take up Bill No. 198, an act to amend the Customs Act. It is in committee, and we have completed about half of it. Then, we shall take up Bill No. 293, an act respecting units of length and mass; then Bill No. 191, an act to amend the Prisons and Reformatories Act; Bill No. 192, an act to amend the Petition of Right Act; Bill No. 338, an act to amend the Quebec Savings Banks Act; the resolution in the name of the Minister of Veterans Affairs (Mr. Lapointe) to amend the Veterans Insurance Act; the bill respecting the Canada post office. If we were fortunate enough to be able to complete that business, I would move to go into supply and call three departments.

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

HOUSE OF COMMONS

Monday, May 28, 1951

The house met at three o'clock.

HOUSE OF COMMONS

INCREASE IN PRICES IN CAFETERIA—TEA AND COFFEE TO REMAIN AT FORMER PRICE

Mr. J. H. Rooney (St. Paul's): Mr. Speaker, I rise on a question of privilege. May I congratulate you, sir, and the members of the parliamentary committee upon the prompt action that has been taken in rescinding the increase in the price of tea and coffee and allowing it to remain at five cents. The numerous letters and phone calls I have received prompt me to take this action. I speak, too, on behalf of those hundreds who would like to shake your hand and to say, "Sir, we thank you."

QUESTIONS

F-86 SABRE AND CF-100 CANUCK AIRCRAFT

Mr. Thatcher:

1. What is the total sum of money the government has paid to date in developing the F-86 Sabre and the CF-100 Canuck aircraft?

2. How many of each model have been produced in Canada as at April 1, 1951?

Mr. Campney:

1. To March 31, 1951

F-86 Sabre

Licence fee and royalties ..	$ 507,500.00
Engineering and development	456,890.00
	$ 964,390.00

CF-100 Canuck

Air frame	$ 6,834,946.12
Orenda jet engine	21,467,686.17
	$28,302,632.29

2. It is not in the public interest to disclose the delivery schedules.

AIRPORTS—T.C.A.—LEASING OF PARKING SPACE

Mr. Pearkes:

1. Is parking space at T.C.A. airports leased to private operators who are permitted to charge a parking fee?

2. If so, what fee or charge?

3. Are uniform fees charged at all airports?

4. Are airport employees granted free parking space?

Mr. Benidickson:

1, 2 and 3. There are no Trans-Canada Air Lines airports. All airports at which Trans-Canada Air Lines make regular scheduled landings are operated by the Department of Transport, the Department of National Defence or municipalities.

It is presumed that the reference is to airports at which Trans-Canada Air Lines make regular scheduled stops.

Toronto, Ontario, (Malton) airport, is the only airport operated by this department at which there is, at present, an arrangement with a private operator for the operation of a car parking area.

Public tenders were called and eight applications received, that of Downtown Garages being the highest was accepted and a formal lease is being prepared. The terms are a basic rental of $4,800 per annum, payable $400 per month, plus 35 per cent of the gross revenue per month.

No stipulation is made as to what fees are to be charged by the operator. The charge at Toronto, at present, is 25 cents for eight hours.

4. Airport employees are granted free parking space.

WOOD ISLAND, P.E.I.—CARIBOU, N.S. FERRY SERVICE

Mr. McLure:

1. Was an application made to the government by the Northumberland Ferries Limited for assistance to provide new equipment to meet the demands for greater ferry service between Wood Island, Prince Edward Island, and Caribou, Nova Scotia?

2. If so, on what date?

3. What action, if any, has been taken on this request?

4. Has any decision been arrived at and if so, of what nature?

5. Who has the authority in Canada for decisions on such applications?

Mr. Benidickson:

1. Yes. An application was made to the Canadian maritime commission by the Northumberland Ferries Limited for an additional subsidy to purchase a new vessel for service between Wood Island and Caribou.

2. April 5, 1951.

3. Application has been investigated and considered and the applicant has been informed that it is not considered advisable to undertake the construction of a new ferry vessel at this time.

4. Answered by No. 3.

5. Under the Canadian Maritime Commission Act, the commission is charged with the responsibility of recommending the payment of subsidies.

UNITED NATIONS—CANADIAN REPRESENTATION—MEMBERS OF OPPOSITION

Mr. Cruickshank:

1. When opposition members of parliament are selected as delegates to the United Nations, who selects them?
2. What duties and responsibilities have they as delegates at the United Nations?
3. Do they serve on committees? If so, have they voice and vote?
4. Have opposition members of parliament the right to initiate discussions and formulate policy?
5. Are they obliged to make any kind of report to the government when they return from a United Nations meeting?
6. What remuneration do they receive by way of (a) per diem allowance; (b) living allowance; (c) transportation allowance?

Mr. Lesage:

1. The government. At the time of the San Francisco conference it was decided that the Canadian delegation should be selected on an all-party basis. Accordingly, opposition members of parliament were appointed by the government, with the approval of the party leaders concerned, to serve in the capacity of delegates to the conference. In August, 1947, prior to the second session of the general assembly of the United Nations, the practice of designating opposition members as "delegates" was discontinued on the ground that it was unfair to place members of opposition parties in a position where they would appear to be acting as spokesmen for the government. From that time opposition members appointed to Canadian delegations have been designated as "parliamentary advisers" and have thus been absolved of any appearance of responsibility for the formulation or expression of Canadian policy. In accordance with this arrangement opposition members of parliament, selected by agreement with the party leaders concerned, have served as parliamentary advisers to the Canadian delegations to the second and fifth sessions of the general assembly in 1947 and 1950 respectively.

2. Their function is to observe the proceedings of the general assembly, to attend meetings of the Canadian delegation, and to convey to the chairman of the delegation such views as they may care to express on matters before the assembly.

3. They do not serve on committees and thus have no voice or vote.

4. They have the right to initiate and participate in informal discussions within the Canadian delegation, but the responsibility for the formulation of policy rests with the government.

5. No.

6. (a) Nil; (b) normal actual and reasonable hotel expenses, including meals; (c) first-class transportation to and from site of conference.

[Mr. Benidickson.]

QUESTION PASSED AS ORDER FOR RETURN

PENSIONS—VETERANS—APPEALS FOR REVISION

Mr. McGregor:

1. Since 1945, how many appeals have been made to the Canadian pension commission for revision of pensions?
2. Of these, how many have been granted?
3. How many pensions were raised?
4. How many pensions were lowered?
5. Were any pensions raised without appeal? If so, how many?
6. Were any pensions lowered without appeal? If so, how many?

CANADIAN FORCES

COMPENSATION IN RESPECT OF DEATH OR DISABILITY—WITHDRAWAL OF GOVERNMENT NOTICE OF MOTION

On the order:

Government notices of motion—The Minister of National Defence—the following proposed resolution: "That it is expedient to introduce a measure to provide for the payment of compensation in respect of death or disability to certain persons performing any function in relation to the Canadian forces, the defence research board or any forces co-operating with either, and to make amendments to the statute laws of Canada in connection with the Canadian forces, particularly those consequential on the enactment of the National Defence Act."

Hon. Alphonse Fournier (for the Minister of National Defence): Mr. Speaker, we wish to have this government notice of motion dropped, because the subject matter thereof is contained in the next government motion which appears on page 8 of today's routine proceedings.

Notice of motion withdrawn.

CANADIAN FORCES ACT

COMPENSATION TO CERTAIN PUBLIC SERVICE EMPLOYEES, ETC.

Hon. Alphonse Fournier (for the Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the National Defence Act to provide for the payment of compensation in respect of the death or disability of persons employed in or with the public service of Canada while performing functions in relation to the Canadian forces, the defence

research board or forces co-operating therewith, to amend the Defence Services Pension Act to permit the payment of a pension to an officer or man who has served in the Canadian forces for twenty years or more and to provide that the act shall continue to apply to a man who, having been promoted from the ranks, is granted a short service commission, to amend the Visiting Forces (United States of America) Act to provide for the attendance of civilian witnesses at American courts martial held in Canada and to amend other statutes to make their terminology consistent with that of the National Defence Act.

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

Motion agreed to.

RETURNED SOLDIERS INSURANCE ACT

PROVISIONS WITH RESPECT TO BENEFICIARY RESTRICTIONS, APPORTIONMENT OF INSURANCE, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Returned Soldiers Insurance Act for the following purposes:

To strike out from the act certain parts that no longer apply due to the fact that the time of taking out new contracts of insurance has expired;

To increase the amount of insurance moneys payable under the policy at the time of death of the insured;

To reduce to some extent administration difficulties now found in the act and to bring the act more in line with the Veterans Insurance Act in the matter of beneficiary restrictions and particularly in the manner of changing of beneficiaries and altering mode of apportionment of insurance;

To remove certain restrictions respecting the payment of insurance benefits to the estate of the insured; and

To waive premiums on life contracts when the insured reaches his eighty-fifth birthday.

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

Motion agreed to.

CANADA LANDS SURVEYS ACT

REVISION AND CONSOLIDATION OF DOMINION LANDS SURVEYS ACT—REMUNERATION OF BOARD OF EXAMINERS, ETC.

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to repeal the Dominion Lands Surveys Act and to enact in substitution thereof the Canada Lands Surveys Act, a revision and consolidation of the former. Provision is made in the revised act for increased remuneration for the members of the board of examiners and the secretary of the board and for special examiners.

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

Motion agreed to.

VETERANS AFFAIRS

QUESTION AS TO CLOSING OF HOSPITAL AT SASKATOON

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to address a question either to the Minister of National Defence or to the Minister of Veterans Affairs, to both of whom I have sent notice of the question. In view of the many representations that have been sent to the government by organizations in northern Saskatchewan and by individual members of parliament, are the Minister of National Defence and the Minister of Veterans Affairs prepared to consider means of retaining the D.V.A. hospital at Saskatoon?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, I want to thank the hon. member for having sent me notice of his question. The decision which I announced on May 17, that the veterans hospital at Saskatoon would be closed owing to urgent requirements for the air force training plan, had been agreed to by a medical co-ordinating committee of the Department of National Defence and the Department of Veterans Affairs. Since then a committee of medical officers of the services and the Department of Veterans Affairs has visited Saskatoon in the course of a study of hospital accommodation throughout the west and has made certain recommendations which are still under consideration by my colleague, the Minister of National Defence, and by myself.

Representations have been received from veterans bodies and other groups, and I should like to give the assurance that the requirements of hospitalization for veterans will be given full weight in the consideration of this matter and in any decision arrived at.

NORTH ATLANTIC TREATY

INQUIRY AS TO PLANS FOR SHIPPING POOL

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Announcements in the press of Saturday indicate that Canada and the other nations of the North Atlantic treaty organization have completed plans for a shipping pool in

the event of war. Could the Minister of Transport give us some statement with regard to these plans?

Hon. Lionel Chevrier (Minister of Transport): While the hon. member was kind enough to send me notice of his question, I have not yet had an opportunity of examining the press release to which he has referred. Since the matter is one of some importance concerning security, I think I had better look at the press report and then decide whether or not I should make a statement. If the hon. member will allow the matter to stand on that basis, perhaps I can do that within the next two or three days.

CUSTOMS ACT

AMENDMENTS TO CLARIFY ACT AND TO FACILITATE ADMINISTRATION AND ENFORCEMENT

The house resumed, from Wednesday, May 23, consideration in committee of Bill No. 198, to amend the Customs Act—Mr. McCann—Mr. Dion in the chair.

On section 4—*Overpaid duties not returnable after six months.*

Hon. J. J. McCann (Minister of National Revenue): I propose to have one of my colleagues move an amendment which will provide for a new section 125 of the act.

Mr. Fournier (Hull): I move that section 4 of the bill be amended by deleting section 125 as set out therein and substituting therefor the following:

125. (1) Where it is established by a decision of the deputy minister, an order or finding of the tariff board or a judgment of a court of competent jurisdiction that money, taken to account as duty, was paid under an erroneous construction of the law, no refund shall be made unless a written application therefor is made within six months of the date of payment, and in every other case of overpayment of duty or payment of duty in error, no refund shall be made unless an application therefor is made within two years of the date of payment.

(2) A written request for the review of a tariff classification, an appeal to the tariff board or the institution of legal proceedings for the recovery of an overpayment of duty or a payment of duty in error shall be deemed to be a written application for the purposes of subsection one.

(3) Nothing in subsection one or two shall affect or prejudice any refund pursuant to an application pending at the coming into force of this section.

Mr. McCann: We are moving the amendment in connection with subsection 1, because often there are claims made against the crown for a remission of taxes going back as far as three years. We believe that that right should not be extended when there is a change by reason of a finding of the tariff board, a decision of the minister, or a judgment of a court of competent jurisdiction. We believe that permission should be given to go back over entries for a period of six months, and if money is coming to people who have paid customs duty by reason of a change, then a remission or refund should be made there.

In other cases where there have been overpayment of duty as the result of an arithmetical error or something of that kind, the applicant shall have the privilege or right to go back for a period of two years in claiming that refund. We can readily understand that, by reason of judgments of the tariff board, there have been cases in which very considerable sums of money have been paid at a rate of duty which was higher because of the classification that the department made than the duty under the classsification made by the tariff board, and that there was money coming to certain people who had been importers. But then there arises the question who gets the benefit of the remission. The importer has likely charged up the original duty in his costs and added his profit to that. The goods have been sold to customers throughout the country, and when he gets a remission, especially if it goes back beyond a period of six months, he is getting a fortuitous gain to which we submit he is not entitled.

As an illustration I should like to mention something that happened fairly recently; it is an example of what occurs under the law as it now stands, and it will help to explain the point I have in mind. An importer took issue with a departmental ruling, and he went to considerable effort and some expense to appeal that decision to the tariff board. The departmental ruling was reversed by the board and the importer then became entitled to a refund. The company filing the claim covered three years' importations, involving a refund of slightly more than $100,000. Immediately following the announcement of the board's decision, twelve other importers, who were in no way parties to the appeal and who had not contested the department's ruling, filed claims also covering three years and varying from less than $100 to as much as $59,000. The total involved was $160,000. One importer claimed a refund of $59,290, a second $34,631.44, and two others $10,955 and $10,825 respectively. It is more than likely that these refunds remained in the hands of the claimants and were not passed on to the actual purchasers who had assumed the tax in their purchase price. Such a wide distribution would in any case be difficult for the importer to effect unless his records had been set up for such an eventuality. Furthermore there would be no obligation on him to do so, as the purchaser would have no legal right to claim any refund or any portion of

the refund made to the importer, unless of course some such clause existed in the terms of sale, which would be most unusual.

As this is a typical example, it will be seen therefore that what actually happens is that a number of importers suddenly and sometimes most unexpectedly find themselves, owing to the separate action of another, with a right to reclaim taxes paid over a period of three years and to obtain a refund, which would be in effect a fortuitous additional profit. We do not collect duties short paid by reason of an error, unless we notify the importer within a month of the time that the error was made. We feel that we should not have to go back beyond six months for remissions to importers in the case of a change in the law, or beyond two years in the event of any error on our part.

Mr. Macdonnell (Greenwood): Undoubtedly the amendment has eased the very stiff provision of section 4 of the amending bill as it stood, which I think was oppressive. In the first place, two years are now allowed in cases where payments are made by mistake. That of course was obviously necessary, because unless a man is following up his accounts month by month he might not discover the error in time. If by chance he is making his check at the end of the year he might find that the six months period had already elapsed. Subsection 2 of the amendment is also an aid, because it makes clear that a request for tariff classification and so on shall be deemed to be a written application for the purposes of subsection 1. I admit frankly that is an alleviation of the harshness of the original section; nevertheless I submit very earnestly to the minister that the reasons he has given for making this most substantial change from the three years in the original section are inadequate, and I suggest that it is creating an unnecessary hardship. The minister may say that six months is long enough. You might say that six months is long enough for an individual; nevertheless ordinary debts remain collectible within a period of six years. In our ordinary relations the usual limitation is six years. The government cut it down to three years, and now they propose in certain cases to cut it down to six months.

I suggest that the minister has given very inadequate reasons. In the first place I repudiate the idea that this section is being passed in order to prevent sharp practice, or something almost worse than sharp practice, on the part of certain businessmen. That seemed to be the argument. I think one thing we can trust our government to do is to be hard enough on individual citizens. There was a case brought up the other day by the hon. member for Eglinton where it seemed to me the government department had been unnecessarily hard. Be that as it may, I still submit that to cut in two, namely to three years, the time which ordinary people are allowed in their transactions with each other is going quite far enough. I submit that the cases which the minister has given, if I understood them correctly, do not suggest any loss on the part of the government. Indeed the minister referred rather slightingly to a man exercising a right which had been in existence for more than six months. If it is a right, what is wrong about exercising a right? Nevertheless it almost seemed as if the minister were asking us to take the view that of course no reasonable man would think that anyone should exercise a right after the six months period had elapsed.

I understand that the present period was itself a reduction from a longer period. I do not know how long ago that was. But I am told that the original period used to be even longer than three years, that it was six or seven years. If I am wrong the minister will correct me. At any rate, that is as it may be; I am basing my argument on the three years. I am suggesting to the minister that nothing he has said shows that the public interest is suffering; therefore there is no need for this change, and I still hope that the minister may be prepared to withdraw the section.

Mr. Coldwell: Mr. Chairman, when I read the amendment first proposed I thought it was pretty harsh. The amendment introduced this afternoon certainly makes it much better than what was contained in the bill as originally introduced. Still I am inclined to agree with the hon. member for Greenwood to this extent, that the reduction from three years to six months in the one case is very substantial, and it seems to me that "erroneous construction of the law" would mean that it was really an error on the part of the department itself. I believe a period longer than six months should be allowed within which the importer should be permitted to make an application. I am wondering if the minister would increase that period to one year, leaving the two years in the other case. I believe that would be much more satisfactory; for it seems to me six months is pretty harsh. I imagine that in some businesses a mistake of this kind might not be discovered until, perhaps, there was some inquiry into the affairs of the company by accountants.

Mr. McCann: All the judgments and changes are published.

Mr. Coldwell: It refers to a decision of the deputy minister, an order or finding of

the tariff board, or the judgment of a court. So far as a judgment of the court is concerned, I suppose that might be considered conclusive, and even a judgment of the tariff board; but the decision of the deputy minister, in the first instance, means a decision of the officials administering the act, and it seems to me that is a little too much like a judge and jury coming to a decision without giving the other party an adequate chance to make an appeal. So far as a judgment of a court or of the tariff board is concerned, of course that would be carefully gone into and both sides heard. I am referring to the decision of the deputy minister, and in that particular instance it seems to me the period should be longer.

Mr. McCann: I hardly think the hon. member for Greenwood is being fair when he says I referred rather slightingly to some of the cases that have come under this section; however, we will let that pass. There cannot be any injustice done to anyone, because in the great majority of cases the limitation will result in no hardship on the importer, and where any hardship does occur the governor in council may provide just relief by a refund under section 33 of the Consolidated Revenue and Audit Act.

As to the decision by the deputy minister, any such decision would be made known to importers throughout the country. The judgment of a court is published; the tariff board is equivalent to a court and all its judgments are published. So it is not a question of taking advantage of anyone or inflicting a hardship on anyone, but I believe the revenues of the crown should be protected to the extent that no one should make a fortuitous gain by going back two or three years. In the case I cited, the customer got no relief, but somebody made a good deal of money.

I do not know that I can accept the suggestion of the hon. member for Greenwood that the period be extended to one year. This matter has been given careful consideration by the cabinet, and the amendment that was decided upon is the amendment now proposed.

Mr. Macdonnell (Greenwood): One point has occurred to me that I should like to raise; it is a matter of draftsmanship. Subsection 2 says:

> A written request for the review of a tariff classification, an appeal to the tariff board or the institution of legal proceedings . . . shall be deemed to be a written application . . .

That seems to make it perfectly clear that at the worst the importer is bound to know what is going on, because he will have made an appeal himself. I am troubled about subsection 1, however, where it says, "Where it is established by a decision of the deputy minister". Is it not possible that in that case there might be a decision to which the importer might not be a party in the sense that he was notified of it? And is it not conceivable that in such a case he would not get effective actual notice of it, and that the six months might slip away before he learned of it?

Mr. McCann: Usually these matters are not confined to one person. On representations being made by an importer that he is going to make an appeal, our office usually notifies all other importers in a similar line of business.

Mr. Macdonnell (Greenwood): That would be an appeal to whom?

Mr. McCann: An appeal to the minister, or it may be brought before the tariff board. In this instance if he is making an appeal for remission of customs duties it is probably on the basis that the law has been changed by the tariff board to the extent that the goods he imported were wrongly classified and should be under another item on which the customs tariff is lower, so that having paid the higher rate he would be entitled to a refund. We say if he makes application for refund within a period of six months he comes within the law and is entitled to a remission.

Mr. Drew: I realize that, as the minister has said, this is a decision of the cabinet, and for that reason he proposes to stand by the amendment now before us. I would point out, however, that the reduction in time in this instance is very substantial. It is not a reduction from three years to two years or to one year; it is a reduction from three years to six months, or only one-sixth the time that was previously given. It does seem to me that if over the years three years was regarded as a satisfactory time, conclusive reasons should be given before an amendment is adopted which might very easily deprive some company or individual of a substantial sum of money because, acting in perfectly good faith, they did not know they were entitled to it and failed to give notice. The minister has said the cabinet has decided, but after all I assume the cabinet decides on all these bills that are brought before us.

I urge the minister to reconsider his decision, or in any event to give us a positive and clear example by specific reference which would indicate the reason for such a substantial reduction. It may well be that those on this side of the house discussing this matter cannot give specific cases in which

they think hardship would arise. In the very nature of things that information is not available to them. Before an existing legal right is taken away in this manner we should have much more information than is before us at the present time.

Mr. Fulton: I should like to supplement one thing that was said with respect to subsection 1. The fact is that many cases are test cases, and frequently people who are contemplating appeals will not themselves initiate those proceedings if they know someone else has taken that action, because they are waiting to see what happens. It is a proper and recognized form of procedure to await the outcome of some other case. Now, the likelihood is that proceedings before the tariff board or negotiations with the deputy minister—particularly the proceedings before the tariff board or an appeal to a court—will occupy all the six months before a decision is rendered. This would have the effect of precluding those who were awaiting the outcome of the test case from making any application, because the six months would have run out. The six months runs from the time of payment, not from the time of the decision being rendered. I would strongly urge, therefore, there is good ground for suggesting that the period be not reduced so substantially, that it be not reduced from three years to six months but that the minimum time should be one year.

I should like to take up another point dealing with subsection 3 of the amendment, which reads as follows:

> Nothing in subsection one or two shall affect or prejudice any refund pursuant to an application pending at the coming into force of this section.

I can appreciate the purpose of this section, and I agree with it. I wonder, however, whether it is completely clear, since you have now changed the definition of the application, making it necessary for the application to be in writing. Then, in subsection 2 you say what shall be deemed to be a written application. Is it sufficiently clear what is meant by subsection 3, that is whether any form of application will be sufficient to bring it within subsection 3, or whether it must now be an application in the form referred to in subsection 2?

Mr. McCann: Subsection 3 means that any applications that have been made to date, whether written or verbal, are not ruled out.

Mr. Fulton: What about the point with respect to the suggestion that the waiting period be six months from the date of the decision, or else a year from the date of the payment?

Mr. McCann: Those cases would be given consideration, and in the event of undue hardship an application can still be made for a remission. Under the Consolidated Revenue and Audit Act, that remission could be made. I may say that in practice it is not the minister or the deputy minister who makes the remissions. They make a recommendation, and the recommendation goes to the treasury board; then the remissions are made by order in council. I submit, therefore, that the interests of all taxpayers and citizens who are importers are amply protected by the present provision.

Mr. Fulton: But treasury board could not give effect to a recommendation from the minister if the statute contained the six months' limitation. Surely the treasury board could not take compassion upon someone and give him a refund if more than six months had elapsed before he made his application. I am not clear on that, but my first impression would be that even treasury board could not override a statute.

Mr. McCann: If it were a case of undue hardship—I am not saying they could override the statute—a remission could still be made.

Mr. Hatfield: I want to give an example of a situation in which this section would work a hardship. In 1948 a company of mine imported a production machine from the United States. The duty on it was a substantial amount, and there was about $400 sales tax assessed against that machine. In talking about the price of the machine a year afterwards, I recalled an amendment going through this house to the effect that a production machine was free from sales tax. I took up the matter with the authorities, and we secured a refund. If the tariff board make a mistake, does it ever make a refund without an application? If this provision had been in effect at that time, we would never have secured the refund.

Mr. McCann: The tariff board has nothing to do with refunds. It may direct one, or, by virtue of its decision, may put an importer in the position where he is entitled to a refund.

Mr. Fulton: I do not wish to cross-examine the minister too closely on a question of law, because I know it is not proper to do that in the committee. As a result of an answer the minister just gave, I am a bit concerned about this matter. As I said a moment ago, I am interested in a test case, and others are perhaps awaiting the outcome of the test case before making an application in the normal way. As I see it, the amendment in its

present form—since most of these cases would take six months to be decided—would preclude those who were awaiting the outcome of that case from making an application for a refund. The minister has said that in case of hardship, on the recommendation of the minister or deputy minister, the treasury board may pass an order in council providing that a refund shall be made. At first sight, that would appear to take care of the type of case to which I have referred. On the other hand I should be quite surprised if, in the face of what will now be a specific provision in the act, the treasury board could in fact have such an order in council passed unless there is a general provision in the Consolidated Revenue and Audit Act. I should like to ask the minister whether there is a section in that act which says that, notwithstanding the provisions of any other act, in cases of hardship the treasury board may pass such an order in council.

Mr. McCann: There is a general provision of that kind. So far as the matter of notification is concerned, all the party has to do is write a letter to the department and indicate that he proposes to appeal pending the decission of the tariff board.

Mr. Macdonnell (Greenwood): The more I think about this six months' period, the more it seems to me the possibilities for great unfairness are substantial. We all admit there has to be some limit. We cannot have things outstanding for ever, but this provision would cut the time down to one-sixth. Let us consider what may happen. A man pays his rate, and he is not very well satisfied. The amount involved may not be very large, and after all there are always expenses in connection with making applications. As a matter of fact, he does not make an application. Other applications along the same line have been made, and his six months expires on a certain day. The day after the six months have expired, a ruling is made which makes it quite clear that if it had been made two days earlier he would have been entitled to a refund.

If I followed the minister, he had the feeling that that was wrong—I want to be fair in what I am saying. The minister seemed to think it was unjust to the public that other people should come in, if I interpreted him correctly.

Mr. McCann: I was just describing an incident.

Mr. Macdonnell (Greenwood): Very well, but I shall put my own interpretation on it, and the minister can alter it. It seems to me that to cut this down to six months is very harsh and oppressive. Six months sounds like a long time, but we all know that in business it can be a short time. Various things may happen and it may be difficult to reach a decision, particularly perhaps if the amounts involved are small, or perhaps if they are large. I suggest that the very greatest kind of hardship can arise if I have described the situation correctly. Here is a man who is in doubt. He lets the six months period elapse, and the very next day it turns out that he did have a right which is now established by the action of somebody else. I take it that the minister will say: Why should he profit by the action of somebody else? I think he should profit by being entitled to have his rights, according to what the law is now determined to be.

I now come back to the question of what is reasonable. I do not suggest that it should be ten years or twenty years. We all know that there must come a time when things are finished. But I suggest that three years was not an excessive time, and I suggest that one-sixth of three years is a very short and unfair time.

May I just say this also. I tried to listen carefully to what the minister said, and I did not observe any suggestion of any kind that there was any loss or hardship being suffered by the government. It did not seem to me that the minister made any case for this proposal. The more I think about it, the more it seems to me to be harsh, oppressive and unnecessary.

Mr. McCann: Mr. Chairman, just let us compare the two procedures. If we find that there has been an error in the matter of paying customs duty, we go back not more than a month and attempt to collect where there was an error; it may be an error in computation, or it may be an error in classification. We go back a month. We allow the importer to go back six times that amount. We allow him to go back six months; and if he makes a written application within that time, his case for remission will be considered. If you are going into multiplication tables, one is six times the other; and the six months that we propose now, in comparison with the former length of time of three years, is just the same thing, namely six times.

Mr. Macdonnell (Greenwood): The minister will not wring any tears out of me by that sad story. In the first place, I am not commenting on the decision to make it a month, whether it should be that long or shorter. I am not commenting at all on that matter. All I am saying is that the minister and the department have a purse which is

limited only by the pockets of the people of Canada, whereas to the subject, to the man who is at the other end of the line, this may be a matter of vast importance. The department has thousands and thousands of cases, and they average out. The government, I presume and hope, have made a wise decision in adopting the month's limit, but that does not seem to me to have any bearing on this matter at all. It is a question of what is fair between the crown and the subject, to use those old-fashioned words. I again suggest that cutting this period down to six months is harsh, unnecessary and—I had a third word.

Mr. McCann: I know of no instance in which it has ever been passed on to the consumer. It is a gratuitous gain for the importer. He has added it on to his costs. Probably he has disposed of the goods in that length of time; when he makes an appeal he gets the money by reason of the change and in no instance that I know of has that money ever been passed on to the ultimate user of the imported article.

Mr. Macdonnell (Greenwood): I have two comments to make on that, with great respect. First of all, that is none of the minister's business. He is not the keeper of the consciences of the importers; I hope their consciences are good. Nevertheless that has nothing to do with the legislation, and the fact that the minister introduces it convinces me more strongly than ever that this has been decided on an unsound basis. It is irrelevant.

The second thing is this. The minister says: I know of no cases. To me that is not very effective evidence at all. I am sorry he said it, because it implies that there are no cases. He does not know, and he cannot know. But I repeat that as a reason for cutting down this three years it is utterly irrelevant and, what is worse than that, it is improper.

Mr. Gibson: I am just wondering about this amendment. I will be specific with the minister. As he knows, we are having a little bit of difficulty out in British Columbia on this interpretation of tariff item 411a as applicable to logging trucks. I am wondering if this six months period will be sufficient, by the time the matter has been taken to the tariff board and a decision has been arrived at. For instance, if you collect higher duties on tires and on some logging trucks for a period longer than six months before we actually get a decision from the tariff board—I understand the case will be up on June 12—I am wondering if six months will take it back; I do not believe it will. I think there will be some proper claim that will go back a great deal longer than six months.

Mr. McCann: The matter to which my hon. friend refers is now before the tariff board and will be heard. It was not initiated by the importers; it was initiated by the department.

Mr. Gibson: Yes, of course, by the department. We were going along very well out there on the interpretation that the department originally put on it. Then, I suppose unquestionably because of abuses by some section of the industry—I can appreciate the position of the minister and the department—we suddenly find that the interpretation has been changed and they now charge duty under a different item. I am wondering if a six months period is sufficient for us if the tariff board, for instance, rules that the present decision of the Department of National Revenue is wrong. If the tariff board rules in that way, will this six months give us a chance to collect moneys that have been paid?

Mr. McCann: I think subsection 3 covers that. It says:

(3) Nothing in subsection one or two shall affect or prejudice any refund pursuant to an application pending at the coming into force of this section.

If the importers in that instance would notify the department that, pending the decision of the tariff board, they proposed to give notice or to make application for remission should there be a change, that will be sufficient to protect them.

Mr. Gibson: Yes; but he would have to do that on his own initiative.

Mr. McCann: Yes.

Mr. Gibson: I am quite certain that there are some small loggers out in British Columbia who may have bought trucks under this provision and who, if a new schedule is determined by your department, will say: Well, I guess we got hooked for it. They do not read the papers closely. I am concerned about this question whether, if they have paid the higher duties, the six months period will be sufficient.

Mr. Hatfield: The minister is quite right when he says that all importers are informed about tariff hearings. Suppose the tariff board brings out a case where another importer has paid too much duty and the goods in question had been imported a year before; what happens in that case?

Mr. Macdonnell (Greenwood): That is what I am complaining about.

Mr. McCann: He would not get the refund.

Mr. Hatfield: The man who made the appeal would get it. Why should not the fellow also get it who had made importations previously?

Mr. Macdonnell (Greenwood): Because the six months have gone.

Mr. Hatfield: The six months have gone, yes. But that is not fair.

The Chairman: Shall the amendment carry?

Mr. Macdonnell (Greenwood): No.

Mr. Hatfield: Another thing the minister said was that if they collect less duty than they are required to collect according to the regulations, they do not go back any further than one month. I know of a case in which they went back two years.

The Chairman: Shall the amendment carry?

Mr. Macdonnell (Greenwood): No.

Mr. McCann: Mr. Chairman, let me explain that. The hon. member says we go back two years. That has been in the case of fraud.

Mr. Hatfield: No, it was not a case of fraud.

Mr. Macdonnell (Greenwood): I want to point out to the minister that he still has not answered my two questions. He has not given me any satisfaction with regard to my question whether the public is suffering any real loss or hardship. The other thing I want to point out is that he has not answered my suggestion which I will put in this way. In a way we are here under a misapprehension. This is not an act to amend the Customs Act. It is an act for the punishment of the Canadian importer. That is practically what the minister said. He suggests that he does not know of cases in which the importer has turned back the money. Indeed, he was generous enough to say that in certain cases it might be difficult for him to do so. Nevertheless the minister gives as a reason for this proposal the strangest reason I have ever heard given in connection with the Customs Act, namely, that some people were making improper profits. He is going to condone them so long as they are made within six months, but he feels that those over six months have some special delinquency attached to them. I still maintain that this is being put forward on an unsound basis, and that the basis of six months is unfair.

Mr. Gibson: There must be some difference between capital and consumer goods. I can understand that a tank car of vegetable oil would be considered as consumer goods. But anyone who paid $20,000 or $30,000 for a logging truck would have a long memory in the matter, and would know that he paid 10 per cent, 12½ per cent or 17 per cent as the case may be.

Mr. McCann: In capital goods, where there would be a hardship they would be taken care of by way of application for remission under the Consolidated Revenue and Audit Act.

Mr. Diefenbaker: I have heard the minister's explanation, but I should like to know the actual reason for reducing the period of three years down to six months. Is it to benefit the department at the expense of the individual, or what is the real or primary purpose? What harm was done when the period was three years, when there was an erroneous construction of the law and payment was made as a consequence of that erroneous construction? What possible harm could there be in continuing the period of three years?

Mr. McCann: My answer is that there is a loss of revenue to all the people of Canada in favour of a return of revenue to a few who have been in that position. In order to promote good business methods, I do not think it is proper that we should have to go back over a period of three years. I do not know of any private concern or insurance company that would go back that far.

Mr. Macdonnell (Greenwood): It is six years.

The Chairman: Shall the amendment carry?

Mr. Macdonnell (Greenwood): No. I want to take up a word the minister has just used. The reason he gives now is somewhat different. He says now that there is a loss to the people of Canada and a gain to some Canadian citizens. But apparently there is no suggestion in his mind that this money which presumably will be recovered is money to which they have a right. Apparently we are asked to pass a measure so that the people of Canada as a whole may be able to oppress those who otherwise would have a right. As I said a moment ago, we do not suggest it should be ten or twenty or fifty years, but we do suggest that three years is a short time. When we owe debts to each other they are not outlawed for six years, yet we are asked to outlaw this in six months. I say that three years was a more reasonable figure—you were much more reasonable in 1927 than now.

Mr. Drew: It seems to me that the nub of the argument made by the minister in favour

of the amendment is that someone, or some people as a result of their business practice, might benefit by the fact that they would recover money which they would not pass on to someone else. There does not seem to be any other reason—because surely the government cannot complain if it is called upon to pay back what has been improperly charged.

Nothing can be payable, under the existing requirement which limits the time within which it will be paid to three years, unless there is in fact something owing as the result of a charge having been improperly made. An amendment to the Customs Act should not simply be something to relieve the government from its own mistakes, and this is what this amounts to, as it is put before us today.

While I am not suggesting that we continue this argument to the extent that the argument was continued in regard to relief of another kind to which reference was made in the house recently, I urge that we should not accept too lightly the contention that, merely because something may be done which would give to certain people a benefit they had not expected, we should deny anyone his legal rights within a sensible or reasonable time.

The minister has said that no ordinary or private business would be called upon to make a payment of this kind. The statute of limitations makes the individual liable for a period of six years. The three years now in this act is half of the period applying to a private individual; and I submit nothing has been put before the committee to show why it should be reduced to one-sixth of that time simply because of a speculative possibility that someone may gain some benefit that he would not pass on to someone else.

There is another point which comes before us at the moment, one which should not be forgotten. No doubt the minister heard what was said in the house a few days ago in another matter, upon which occasion a very clear statement was made that an amendment to an act would not have the effect of denying any legal right to anyone. It was explained to us in some detail that some legal rights had been in fact denied. The answer by the government was to the effect that it was quite possible for the opposition to have known that the effect of the bill then under consideration would be to deny such rights, in spite of the assurance that was given. I understand clearly the argument that is put forward now, but in view of the fact that reference was made in some detail only a few days ago to another case in which an amendment became operative in a way which was not fully disclosed at the time, we should be assured on this occasion that there is no case within the knowledge of the government at the moment in which legal rights would be denied because of this suggested change.

Mr. Hatfield: The minister's argument so far has referred to goods imported for resale. What about capital goods?

Mr. McCann: I answered that.

Mr. Hatfield: Does it affect capital goods?

Mr. McCann: I answered that in reply to the hon. member for Comox-Alberni. Where a hardship or injustice might result in connection with capital goods, an application would be accepted.

Mr. Hatfield: But the measure does not say so.

Mr. Diefenbaker: Suppose at this date a case comes within the provisions of section 125 as now constituted. A person has a right within a period of three years to make application for refund. In effect, does not this amendment deny the existing right?

Mr. McCann: No.

Mr. Diefenbaker: I should like to see anything indicating that it does not. For, unless there is something to the contrary, it applies to all cases after this date. It applies to all who are in the position of having a right to apply for refund. In order to remove all doubt in this connection, and to show that the government is not intending to penalize some who at the present time have rights, it should be clearly stated that in no way is it to be applicable to cases now in existence.

As a matter of fact I doubt whether anyone could raise a dissent. Let us suppose there is a person who today is in the position of being within the three-year period. Then the amendment comes into effect in the suggested form. Is it substantive law or is it procedural?

Mr. McCann: If application has already been made it would come within the law as it stood.

Mr. Diefenbaker: But if application had not been made, what happens then? They are still within the period of two and one-half years. Under the law as it is constituted today they are in position where they can make application, but this amendment will have the effect of depriving them of rights which they have had for the past two and a half years.

Mr. McCann: It would terminate their rights.

Mr. Diefenbaker: That being so, this would appear to be a most dangerous piece of legislation because it in effect takes away rights that individuals have at this date which are constituted rights and which entitle them to a refund. If there is to be a change in the period from three years to six months it should not cover those who today are within the three-year period under the law as it is now constituted. Otherwise it would be a confiscation of the rights of individuals affected thereby. That is going a long way. As I see it, such a section should not be passed by parliament. If there are reasons other than those already given for so abruptly changing the period from three years to six months, they should be stated.

I suggest to the minister that there be an additional subsection in section 125, or in some similar section, to the effect that these changes do not apply to any rights at present accrued, whether or not notice thereof has been given. As a matter of fact this section could easily be got around by a person giving notice, whether he believes he is entitled to pay the duty or not. By making application for a refund, that would be the end of it. The result would be a lot more work because you would have applications from everybody. At the time they paid the duty, whether they believed they were liable or not, they would simply notify you on the chance that some day they might have an opportunity of getting a refund. They would simply give you notice at the time they made the payment. Would the minister not agree to that amendment? As he says, this amendment is necessary administratively, but I suggest that it should not interfere in any way with the rights of persons as of this date under the original section 125.

Mr. Macdonnell (Greenwood): Whether we are right or wrong, I think the minister will admit that we are in earnest about this matter. The minister has introduced an amendment to remedy what I think we all realize was most oppressive. Will he not let this section stand? Serious suggestions have been made and I would hope the minister would be prepared to let the section stand so that he can take another look at it. I think he realizes that the arguments we have raised are not trivial and I suggest that it might be allowed to stand.

Mr. Hatfield: The minister has admitted that it is a hardship on the importer of capital goods. Would he be willing to change the amendment so that applications with respect to capital goods could still be made in the three-year period?

[Mr. McCann.]

Mr. McCann: I do not think that I have admitted it is a hardship. In the case of hardship, consideration would be given. Capital goods could be imported and offered for resale in a short time.

Mr. Hatfield: Why not change the amendment? Will the amendment have an effect on drawbacks?

Mr. McCann: No.

Mr. Hatfield: What is the period allowed for drawbacks?

Mr. McCann: I am informed it is two years.

Mr. Hatfield: It would have an effect on drawbacks.

The Chairman: Shall the amendment carry?

Mr. Macdonnell (Greenwood): I am still waiting for an answer from the minister.

Mr. McCann: We propose to allow the amendment to stand as indicated.

The Chairman: Shall the amendment carry?

Mr. McLure: It seems to me that this amendment is brought in just to benefit the department. How much money does the department expect will be saved by changing the period from three years to six months? There is going to be a loss to the importer. How much loss is there going to be and how much does the department expect to make out of this drastic amendment?

Mr. McCann: There is no way of estimating the amount.

Mr. Drew: We are being asked to pass this bill to reduce a long-standing legal right, in fact to wipe out a long-standing legal right simply on the general statement that it will be of benefit to the department from an administrative point of view and will prevent certain fortuitous profits. We are now told by the minister that he cannot indicate the measure of saving that will come to the government as a result of this. It seems to me that this is a most improper way of doing it. Having regard to the fact that the minister has already given consideration to this matter and that the amendment does appear to be objected to, I suggest that the section should be allowed to stand, if necessary until later in the day, so that the law officers in consultation with the departmental officials may have a chance to consider the suggestions that have been made.

Mr. McCann: No one could estimate the revenue that would be involved in a thing like this. No one can estimate the appeals that will be made to the tariff board and what

judgments will be given. It is an absolute impossibility for anybody to know the amount of money that would be involved. I may say that this amendment has been given most serious consideration over a long period of time and has been discussed with competent people in the department and in the government. We feel that to protect the revenue of the crown a period of six months is sufficient in which to give notification that an appeal for remission will be made.

Mr. McLure: Has it been discussed with any of the large importers of this country? Were they taken into the discussions?

Mr. McCann: Yes. We have had no objections from importers.

Mr. McLure: I asked the minister whether they had been taken into consideration. Did you bring them into your discussions in order to get information from them? They certainly would not object if they did not know this was coming up.

Mr. Macdonnell (Greenwood): The minister says that they have had no objection from importers, but will he say that there have been no objections on behalf of importers? My understanding is that definite representations have been made to the minister.

Mr. McCann: I think my hon. friend is correct in that. What I meant was that there have been no objections by individuals. We have had some correspondence with the association.

Mr. Gibson: Why could not the tariff schedule list what items are capital items and what items are consumer items? It could be made relatively simple. Frankly I am appalled at the far-reaching decisions it is possible for the deputy minister to make. I must say that they are always made with great courtesy and in a kindly way by the people in the department. I am appalled as a matter of fact at the extent of the powers they possess and the amount of money that is involved. They make these decisions. You can appeal if you wish but the decision is made, and it becomes a question of being forced to law if you want to change it. Therefore on the whole people usually accept it.

Mr. Diefenbaker: Possibly the minister may be able to help the committee by giving the number of decisions made by the deputy minister since the first of January, 1950, with respect to payments of duty having been made under an erroneous construction of law. How many orders of the tariff board and how many judgments of courts have there been? Those figures would be available. Since the first of January, 1950, how many cases have fallen in the categories covered by the amendment? I should like, first, decisions of the deputy minister; second, orders of the tariff board; and third, judgments of courts of competent jurisdiction.

Mr. McCann: I cannot give that answer offhand. As to the number of cases there have been, in the ordinary course of events there are cases by reason of decisions of the minister, of the tariff board, or judgments of courts. We do not keep a record of the number. I have no record of the number.

Mr. Diefenbaker: After all, this department must have such records. The minister has not, but his officials are before him. Let me put it this way. Have they got this information? How much has been paid by way of refunds under the old section 125 since the first of January, 1950?

Mr. McCann: We have that record, but I have not got it with me.

Mr. Diefenbaker: Both the numbers and the amount would furnish the committee with information, because this has all the appearances of something being hidden.

Mr. McCann: Refund claims for the fiscal year 1950-51 involving overpayment of customs duties amounted to $7,500,000.

Mr. Diefenbaker: How many cases did that cover?

Mr. McCann: I do not know.

Mr. Diefenbaker: Have the officials not got that?

Mr. McCann: I will try to have the answer for that when the estimates of the department are being considered.

Mr. Diefenbaker: No. I do not mind the matter standing until the information is given. In order to arrive at the total the officials must have the number of cases.

The Chairman: Shall clause 4 as amended carry?

Some hon. Members: No.

Mr. Macdonnell (Greenwood): I submit to the minister that the question asked by the hon. member for Lake Centre is entirely relevant to what we are considering now. I think his question goes to the very root of the matter because it gives us an idea of the amounts involved, and I think $7,500,000 is worth talking about.

Mr. Fournier (Hull): Question.

Mr. Hatfield: I have a case right now where I have paid 25 per cent duty on a piece of machinery. I contend the duty is 25 per cent if it is made in Canada. I paid 25 per cent duty on that piece of machinery.

If it is not manufactured in Canada the duty is only 10 per cent. There are hundreds of items in the tariff where if the goods are not manufactured in Canada they carry a 10 per cent duty and if they are manufactured in Canada the duty is 25 per cent. How long is it going to take to prove to the customs department that it is not manufactured in Canada? I do not know how long it is going to take me. I may have to appeal to the tariff board.

Mr. Fournier (Hull): Question.

The Chairman: Shall clause 4 as amended carry?

Mr. Diefenbaker: No. Have these officials not got information as to the number of cases in these various categories?

Mr. Fournier (Hull): He told you he did not have the information.

Mr. McCann: No.

Mr. Diefenbaker: If they have not got it, it is a pretty funny thing because the minister says they have been discussing this matter for a long time and—

Mr. McCann: That is right.

Mr. Diefenbaker: —that this is the product of much thought and consideration. If it is, then certainly the information is available.

Mr. McCann: We were discussing the principle involved.

Mr. Diefenbaker: I should like to know why this change is being made destroying constituted rights.

The Chairman: Shall clause 4 as amended carry?

Mr. Macdonnell (Greenwood): No.

The Chairman: Those in favour of clause 4 as amended carrying?

Mr. Macdonnell (Greenwood): No, Mr. Chairman, clause 4 is not going to carry yet because I think we must have some reason why we cannot have this relevant information. They could not have decided this matter in a vacuum, and when they had these substantial figures—

An hon. Member: I am not so sure about that.

Mr. Macdonnell (Greenwood): You may be right. At any rate they cannot ask us to decide it in a vacuum. The hon. member for Lake Centre has asked for information which is relevant. We have got a figure of $7,500,000. It is very relevant to know whether fifty or five thousand people were involved. I hope it is relevant not merely to people who sit on this side of the house. I think we should have that figure and if we cannot have the information the clause should stand until we get it.

Mr. Fournier (Hull): Question.

The Chairman: Shall clause 4 as amended carry?

Mr. Drew: No. Two other questions were asked. I must confess that I find it difficult to imagine that, with the long consideration that was given to this matter, no one thought of asking the officials how many cases would be affected. Even if that is so, there are still two other questions. Questions have been asked as to the number of decisions by the tariff board and by courts of competent jurisdiction. May I ask the minister if he knows the number of cases where decisions of that kind were made by the tariff board or by courts of competent jurisdiction?

Mr. McCann: No, I cannot answer that question. I do not know the number.

Mr. Drew: I think an attempt has been made to keep this argument on a very moderate basis, but it seems that we are not to be given even a summary of the minimum of information that the government must have required before it reached a decision of this kind. Subject only to terms of cabinet secrecy and otherwise, I submit that the house before passing a law of this kind is entitled to a summary of the basic facts which led the government to reach a decision of this kind. I can only say that if the government reached such a decision with as little information as has been disclosed to the house, then every member of the house should be alarmed at the way the government reaches its decisions.

Mr. Fournier (Hull): Question.

Mr. Fulton: The Minister of Public Works is asking for questions. I have a question.

Mr. Fournier (Hull): They are not always serious.

Mr. Fulton: I should like to know from the minister why he does not think it would be just and fair and quite workable to follow up the suggestion of the hon. member for Lake Centre with regard to the provision that this amendment will not take away established rights. If the minister does not accept our argument that six months is too short, and he has not accepted it, would he not accept the proposition that people who at the present time have the right to make application up to three years from the date of payment should not have that right taken away from them, that the time might be limited to six months in the future, but that

there should be a very simple addition to the effect that the amendment will not abridge the right established now to the three years time in the case of those who have already paid? It seems to me that a simple way to put that into words would be that this amendment shall not affect the rights of anyone with respect to claims for refunds of duty already paid before this amendment comes into force. That would limit it clearly to payments made before the amendment comes into force.

Mr. Drew: Since the minister is not answering that question, will he give this house the unqualified assurance that the proposed amendment is not designed to avoid the results of any decision of which this house has not yet been informed?

Mr. McCann: I do not quite understand that question. Would the hon. member repeat it?

Mr. Drew: Will the minister give the members of this committee his unqualified assurance that the purpose of this amendment is not to deny legal rights resulting from any decision of which this house has not yet been informed?

Mr. McCann: Yes, I can give that assurance, that it was not done designedly for that purpose.

Mr. Fulton: Might it accidentally have that result?

Some hon. Members: Carried.

Mr. Fulton: I thought the minister was consulting with his officials to get the material necessary to answer the last question. I took it that he intended to answer it, and I would appreciate it if he would answer the suggestion I made just before the leader of the opposition spoke.

Mr. McCann: I cannot give the hon. member for Kamloops any assurance to that effect. We do not know what people are considering by way of appeals, and we are not prepared to go back beyond six months from the date of application.

Mr. Fulton: I do not think the minister understood; I am sorry if I did not make myself clear. The government now takes the position that all applications for refund must be made within six months of the date of payment. While we on this side do not agree, let us accept for the sake of argument that this is going to be the law from now on, and that any claim for refund must be made within six months. Up to the moment this amendment becomes law there is the right to make application for refund within three years from the date of payment. My suggestion is simply that today a man who paid duty six months ago has another two and a half years within which he may file his application. Instead of taking that right away from somebody in whose favour it exists at the moment, why not by a very simple addition to the amendment provide that this amendment shall not abridge rights now in existence with respect to claims for the refund of duty already paid?

Mr. McCann: We do not accept that position.

Mr. Fulton: I was only asking the minister, so we could see the force of the position, whether he would be kind enough to tell us why the government cannot accept that suggestion, which seems so logical and reasonable.

Mr. McCann: It would have the effect of postponing the application of this amendment for a period of three years.

Mr. Diefenbaker: What the minister has said simply amounts to this, that in order to facilitate the administration of this legislation parliament is asked to pass a law that has the effect of confiscating the rights of individuals, and that is a serious thing.

Mr. McCann: We are not confiscating anybody's rights.

Mr. Diefenbaker: That is what one calls administrative lawlessness, interference with and destruction of the presently existing rights of the individual. I cannot understand why the minister, who is usually so reasonable about everything, cannot realize how dangerous legislation such as this may be. I have my rights under the law. Those rights are fixed under section 125. Parliament is now asked to say that my rights shall be terminated because some administrative officials do not like the law as it now stands. No reasons are given, no statistics, no information as to the number of cases. We are simply asked to say that rights now in existence are to be wiped out. We do not know whether any people have these rights. We have no information as to the number of decisions of the deputy minister, of courts of law or of the tariff board which might affect the rights of individuals. I suggest that parliament should not be asked to give blanket power to destroy vested and inherent rights now in existence without far more reason than has been given. I would have liked the minister to give the number of cases that might conceivably be affected by this most drastic provision. It is simple; it looks innocuous; in fact it means that parliament is asked to abrogate, abridge and actually destroy existing rights.

I for one am not satisfied to accept that. I ask the minister whether he will not consent to a simple amendment which will provide that this change in the law will not affect constituted rights under the law as of this date.

The Chairman: Shall section 4 as amended carry?

Mr. Low: No, Mr. Chairman. I should like to know what the Minister of Justice thinks about this clause. He has been listening to this argument, as I have, and he must have a definite opinion on it. Could we have his views?

Mr. Garson: I am afraid my views would not be worth a great deal. This is a matter of tariff law policy and no legal problem is involved, as I think all lawyers in the committee will agree.

Mr. Diefenbaker: It is just rights or no rights.

Mr. MacInnis: I hesitate to take any part in this discussion, but I think the suggestion of the hon. member for Kamloops is most reasonable. I say that because the hon. member for Melfort and I were putting our legal heads together a little while ago and we came to a somewhat similar conclusion. I think what we want to do here is protect the person who had a transaction before this amendment came into effect. I think that would be the idea, going beyond the application itself to a transaction in respect of which an application might be made later. It seems to me the amendment might be made to read something like this: "Nothing in subsection one or two shall affect or prejudice any refund pursuant to a transaction which took place before this act came into effect." It seems to me that would not be detrimental to the interests of the country and would protect the just claims of persons who might be affected in this way.

Mr. McCann: I would be prepared to accept an amendment which might meet the objections that have been raised to this section, to the effect that it shall come into effect six months after the passing of the bill. That would be equivalent to giving the importers six months' notice of this change. Perhaps that would be a compromise that would be fairer to the public than what we have at present.

Mr. Diefenbaker: That does not go too far, but it does give those whose rights would be adversely affected notice that they have a period of six months within which to protect their rights. To me that covers the situation. It gives notice, and it does not summarily confiscate rights that exist. I believe that is a reasonable suggestion.

Mr. McCann: My colleague, the Minister of Justice, will move that amendment.

Mr. Garson: Mr. Chairman, I would move:

That clause 4 of this bill be amended by adding thereto as subclause (2) the following:

"(2) This section shall come into force six months after this act comes into force."

The Chairman: Shall this amendment carry?

Amendment agreed to.

Section as amended agreed to.

On section 5—*Penalty for practising without a licence.*

Mr. Macdonnell (Greenwood): Mr. Chairman, section 5 creates an offence if any person attempts to transact business as a custom-house broker. I do not find anywhere a definition of a custom-house broker. Supposing I went down and tried to get an article from the customs department, would I be holding myself out as a custom-house broker?

Mr. McCann: Any private individual has a right to go to the custom house, claim his own goods and pay the duty on it. What are known as custom-house brokers are agents who act for importers, and who are licensed by a board set up by the department.

Mr. Macdonnell (Greenwood): Is there a definition of a custom-house broker, so that it is clear when it is being infringed and when it is not? Supposing I go down, not to get my own goods, but to get goods for the member for Peace River.

Mr. Low: And I agree to pay you fifty cents.

Mr. Macdonnell (Greenwood): We will say twenty-five cents or, since he is a generous man, he may make it fifty cents. All I am asking is, is there a clear definition of what is and what is not a custom-house broker? Let me change my illustration. Suppose I go and do that without a fee, just as a friend, and I get the goods out of customs. Am I contravening this section?

Mr. McCann: No. If you are acting for a number of firms in that capacity, and are doing it without a licence, you are breaking the law. If you do it for yourself or for your family, it is all right. But if you made a practice of doing that, and were accepting a fee, then you would be contravening the section.

Mr. Macdonnell (Greenwood): I think that answers the question.

Section agreed to.

On section 6—*Power to conduct inquiry.*

Mr. Diefenbaker: I should like to ask the minister a few questions concerning section 6. In the explanatory notes mention is made that there is a similar provision in the Excise Act. I realize that there is. Some years ago there was a case under the Excise Act in the province of Saskatchewan where the accused was brought before an inspector of the mounted police, who had been appointed as the investigating official under the Excise Act. The accused refused to answer certain questions that were put to him without being accorded the protection of the courts within the meaning of the Canada Evidence Act. Under this section will a person who is forced to testify against himself under an order made under this section, if it is passed by the house, be allowed his constitutional right of objecting on the ground that his answers may incriminate him and therefore ask for the protection of the court?

Mr. McCann: He may ask for the protection of the court and get it.

Mr. Diefenbaker: That is the opinion of the law officers in regard to this section?

Mr. McCann: That is right.

Mr. Diefenbaker: I mention this, because in the case in Saskatchewan to which I referred, Rex *v.* Hicks, I was counsel for the appellant. In that case a judge of the Court of King's Bench, Mr. Justice Taylor, held that the individual had his constitutional right of refusing to incriminate himself, although not of refusing to answer provided protection was granted. My recollection is that in Nova Scotia within the last two or three years there was a judgment of the late Chief Justice Chisholm to the effect that the individual did not have his constitutional rights under a similar section, and he was not entitled to protection but had to testify. It is for that reason I ask the minister whether or not the law officers of the crown, realizing that there is a judgment of a Saskatchewan superior court to the effect that the constitutional rights are preserved under the Excise Act and there is a judgment of the appeal court of Nova Scotia to the effect that the Hicks case in Saskatchewan was wrongly decided, have concluded that the constitutional rights are preserved under the section in question.

If there is one thing we want to guard against in this country it is bringing into effect the trial of the individual by an administrative court, wherein the individual is actually under the control of the state. It is a dangerous precedent, and it is one that in the neighbouring country in recent years has brought the law into contempt. What I mean is this. The state shall not be placed in the position where it may deny the individual his rights, however great the interest of the state may be for denying the citizen his constitutional freedom. It is for that reason I ask the minister this question. If we in this country want to preserve our British system, we must prevent administrative officials from securing powers to interrogate an individual, and place that individual in a position where he must become a witness against himself.

Mr. McCann: I understand the hon. member's point, and in a discussion with the law officers I am given the information that the rights of the witness are protected.

Mr. Fulton: Before this section carries, I believe some doubt arises under subsection 3, paragraph (c), subparagraph (ii). Will the Minister of National Revenue or the Minister of Justice tell us whether or not the question of what is a proper question was also considered? It is obvious that under the Inquiries Act a commissioner is limited to the same powers as a civil court, and therefore could not compel a witness to answer against his will but would have to allow him the benefit of section 5 of the Canada Evidence Act. At line 20 of the bill it says that every person who refuses to answer any proper question is guilty of an offence. This would seem to give the person conducting the inquiry, in addition to the powers under the Inquiries Act, the power to determine of his own accord what is a proper question. I wonder if that is not going further than the situation just described by the minister? Was that matter also considered by the law officers, and have they specifically considered whether that is not an enlargement of the powers of cross-examining a witness and compelling him to answer?

Mr. Garson: To reply to my friend the hon. member for Kamloops, if he examines the Inquiries Act I think he will find that this provision is really an alleviation of the section which would otherwise be relevant, in that this provides for the prosecution of the guilty person—that is, the person guilty of withholding information—before a court rather than having the person in charge of the inquiry itself impose the fine upon him. In that sense I would think it would be more satisfactory to my hon. friend than the Inquiries Act itself.

Mr. Diefenbaker: I do not think the matter is quite as simple as that. The Minister of Justice will, of course, remember the case in the court of appeal of Nova Scotia, under the Excise Act, just about three or four years ago. In that case, Sir Joseph Chisholm, giving the decision of the court, held that

the Hicks case in the province of Saskatchewan was not good law. In the Hicks case the accused refused, on the advice of counsel, to answer any questions until protection was granted under section 5 of the Canada Evidence Act. When the accused Hicks refused to testify, prosecution was taken against him under the identical section that appears in the Excise Act.

Mr. Garson: Identical with what? My hon. friend suggests "an identical section". Identical with what?

Mr. Diefenbaker: That is, refusing to answer any questions put to him by the person conducting the inquiry or investigation.

Mr. Garson: Oh, yes.

Mr. Diefenbaker: The accused was prosecuted before a police magistrate who dismissed the information. The crown carried it to appeal before a Court of King's Bench judge and that judge, Mr. Justice Taylor, dismissed the appeal and held that the individual had his constitutional rights to refuse to testify unless protection was granted to him. In that case I was counsel for the accused. Then I noticed that the appeal court of Nova Scotia, some two years later, gave a judgment in which it was stated by Sir Joseph Chisholm that no accused had the right to refuse to testify even though protection was not granted. As the minister will admit, the great danger with provisions such as the one in question is that the individual's rights are pared down and the hope of securing justice under our system will be denied. Administrative officials naturally like anything in the nature of change in the laws of evidence which will make more expeditious the proving of a case. This is one of those sections; it reminds me of the suggestion with regard to wire tapping, to which there has been considerable reference in the press during recent weeks. Naturally the crown officials would welcome the opportunity to tap telephone wires and telegraph wires. But I hope that, as long as the Minister of Justice is in the position he now occupies, this type of invasion of the constitutional rights of the individual will not be allowed.

I would not have withdrawn my objection to this section, as I did a few moments ago, by acquiescence, had it not been for the fact that the minister, following consultation with the law officers of the crown, gave it as his opinion that no person will be denied, under this section, the right to rely upon his constitutional right, non-incrimination. It is too bad that one of these cases was not carried to the Supreme Court of Canada because, as the position of affairs now is, the Court of King's Bench has decided one way in the province of Saskatchewan and the Court of Appeal of Nova Scotia has decided the direct opposite in a similar case. I welcome the reply given by the minister that this section will not be another in this gradual invasion of the rights of the individual; because if there is one thing we need to do for the preservation of our democracy it is in this country to ensure that the rights of the individual shall not be abrogated or suspended at the caprice of the crown.

Mr. Fulton: I am not clear, Mr. Chairman, just why it is necessary to repeal the original section and to re-enact this one. I do not claim to be familiar with the Inquiries Act. I certainly have not the intimate knowledge of these matters possessed by the hon. member for Lake Centre. But at first sight it would appear that the Inquiries Act confers upon the commissioner power to enforce the attendance of witnesses, to allow payment of expenses and so on. In the first place, why is it the desire to say that any person designated by the minister may conduct any inquiry and shall have the powers and authority of a commissioner appointed under part I of the Inquiries Act, which would seem to give him ample powers, and then go on, in an apparent attempt to revise the powers that he has, to provide that every person who refuses to answer any proper question put to him shall be liable to punishment on summary conviction?

That is the first question. Why is it necessary to do that? My concern about this matter arises out of this supposition. The person before whom the inquiry is being conducted seems to me to be given, by that provision in line twenty, the power to decide what is a proper question, over and above the power he would have under the Inquiries Act; simply by refusing the protection of the Canada Evidence Act and yet holding that this is a proper question, he exposes the witness to prosecution and punishment on summary conviction. I doubt if the witness would have any recourse. If the commissioner said: "This is a proper question and it is not one where you are entitled to the protection of the Canada Evidence Act," then the witness must answer or his refusal to answer, it seems to me, is automatically bound to be followed by fine under the summary convictions act. So I wonder why it was necessary to put that provision in, when the Inquiries Act would seem to give the necessary powers already?

Mr. Garson: I wonder if my hon. friend would not agree that, other things being equal, it is better not to legislate by reference. If we have a provision such as this which appears in the bill before us, for the bringing of a person before the proper officials to be interrogated, and it is desired to provide certain penalties for his not answering questions, it is surely desirable to have the whole law relating to that point stated in the Customs Act itself, so that the people concerned and the solicitors who are dealing with the matter can, by reference to the Customs Act itself, discover what the rights of the client are and how they are to be disposed of. On that ground alone, a great deal can be said for this provision.

If my hon. friend will, as I see he has started to do, take the provision which is in the bill before us and compare it with section 10 of the Inquiries Act, I think he will see that the provisions are fairly similar. I have not compared it carefully but I would have thought, reading it casually, that it is almost identical language, and the penalties are the same.

Mr. Fulton: They are very similar.

Mr. Garson: I do not think it could be maintained that there has been any greater penalty imposed upon anyone guilty of not answering these questions. I believe the hon. member would agree with me that it is always desirable to have all provisions relating to customs matters, for instance, contained in the Customs Act itself. It should not be left to people who are dealing with it, people who sometimes may not be lawyers, to read the act only to discover that when they want to deal with the law they have to run it down in some other act which they may not have at hand. Then there is the additional point that this section almost matches a similar section in the Excise Act.

Mr. Fulton: I thank the minister for his answer. We can take it that the opinion of the law officers is that there is no enlargement of the powers already given in the Inquiries Act.

Mr. Garson: That is right.

Mr. Drew: But if that is so I must confess I find it difficult to understand why we should be asked to pass this amendment at all. The minister has suggested—and I do not think he has gone beyond suggesting—that it is more convenient to have these powers contained in the Customs Act itself, rather than to make it necessary for a layman, or someone else who is not in a position carefully to examine the effect of the law, to determine what his rights may be.

I would point out however that the section as it will stand will still refer to the Inquiries Act, because these are the words used:

—and any person so authorized has all the powers and authority of a commissioner appointed under part I of the Inquiries Act.

Mr. Garson: That is right.

Mr. Drew: It is obvious that anyone who wishes to ascertain the powers of a person appointed in this manner must of necessity go to the Inquiries Act to find out what those powers are. If it is necessary to go to that act to find out the powers of the person appointed, why is it more difficult for him to ascertain from the Inquiries Act exactly what the obligations are, as well?

The minister says the provisions are similar. I suggest it is unwise to depart from the exact wording that has been interpreted by judgments of the courts, unless there is some very special reason for departing from that exact wording and introducing the new words into a section of another act. If there is going to be any part of the Inquiries Act which must be interpreted either by a layman or by a lawyer to ascertain the rights of an individual, then I suggest we might as well leave it the way it is, and have both the obligations as well as the rights of the individual determined by reference to the Inquiries Act.

Mr. Garson: Mr. Chairman, I must confess there is a good deal of point in what the hon. member says. However, I think no great problem is posed here, because it is much simpler to say in the present bill that the persons conducting an inquiry under it shall have the powers of a commissioner under the Inquiries Act. This avoids repeating quite a long list of sections in the present bill. But when it gets down to specifying for those who might be disposed to disregard these provisions what the penalty should be, then I think there is nothing contrary to good practice when we indicate in the Customs Act just what those penalties are. They cannot be stated in clearer or fairer terms. He who runs may read:

Every person who (a) fails, without valid excuse, to attend an inquiry or investigation as required under this section,

(b) fails to produce any document, book or paper in his possession or under his control, as required under this section, or

(c) at any inquiry or investigation under this section

(i) refuses to be sworn or to affirm, or to declare, as the case may be, or

(ii) refuses to answer any proper question put to him by the person conducting the inquiry or investigation,

is guilty of an offence and is liable, on summary conviction, to a fine not exceeding four hundred dollars and not less than twenty dollars.

That is, a gentleman who is conducting an inquiry cannot proceed to penalize summarily. The person affected must be taken before a proper judicial official who has jurisdiction on summary conviction. Then the person affected can see, by reference to the legislation, he is exposed to a penalty not exceeding the amount specified.

Admitting the force of the argument by the leader of the opposition, I do not see how very great exception can be taken to the provision because it is spelled out here in a manner which I suggest is desirable. These penalties should be in the Customs Act, rather than in some other act to which a person reading the Customs Act would have to refer.

Mr. Macdonnell (Greenwood): A moment ago the minister said that it was better not to legislate by reference.

Mr. Garson: Yes.

Mr. Macdonnell (Greenwood): I thought I understood that. Yet, are we not forced in this instance to construe the word "proper"? I suggest that in a sense we are forced to deal with it in relation to something else. We have to drag in some other reference in order to know what is proper and what is not. In other words we would not get the full meaning of the word "proper" by looking in the dictionary. Do we get it by looking back to the Inquiries Act, or do we look elsewhere in the Customs Act?

Mr. Garson: No; I mean that if this bill were drawn—as it is not—to say that the customs officer conducting the investigation shall have all the powers of a commissioner under the Inquiries Act, including the imposition of penalties and everything else, then someone who, not being a lawyer or legally trained, was reading the act, might not become aware of the penalties being visited upon him under the terms of the Inquiries Act. I suggest it is preferable, if there are to be penalties for non-observance, to have such penalties set out in the act under which a person is being asked questions by customs officers.

In this way a person who had the Customs Act in front of him would know his position exactly, and he is not left to deduce that because customs officers have certain powers under the Inquiries Act he will be exposed to certain penalties under that act for not answering their questions. I think the hon. member for Greenwood would agree that, generally speaking, our laws should be in the form in which they can be best understood not only by lawyers but by laymen.

Mr. Fulton: I think the minister said that there would be some abridgement of the powers given a commissioner under the Inquiries Act because now it would be necessary to lay informations and to proceed by way of summary conviction to enforce a penalty, whereas under the Inquiries Act the commissioner himself could set the penalty. I believe the minister would wish to change the record because, if my reading is correct, the procedure is the same in both instances.

Mr. Garson: Yes, the hon. member is correct. When at his request I entered the discussion I was not too familiar with the details of this legislation, and spoke from memory of the Inquiries Act. However, I have checked since, and the hon. member is quite right.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—*Contravention of act in other respects.*

Mr. Diefenbaker: What is the meaning of "attempts to violate"? Possibly with the assistance of the Minister of Justice the minister could give an example of that. I would have thought that the word "attempt" would have been sufficient.

Mr. McCann: Rather than try to explain it, perhaps I could give an example. A trucker comes along with a load of refrigerators which he is attempting to smuggle into Canada. An arrangement has been made whereby another trucker comes to the crossing point ready to transfer the refrigerators on to his truck and convey them into Canada. That would constitute an attempt to violate. I might say to the hon. gentleman that there have been instances such as the one I have indicated.

Mr. Diefenbaker: Loopholes like that have to be plugged.

Section agreed to.

Section 10 agreed to.

On section 11—*Or by railway, highway or air transport.*

Mr. Drew: In view of the rather far-reaching nature of this section I wonder if the minister could explain in some detail the reasons for this amendment? I would prefer to hear his explanation before I make some comments I wish to make on this section.

Mr. McCann: This amendment makes it possible to provide sufferance warehouses for the convenience of highway or air transport. The lack of such warehouses has been an obstacle to highway and air transport, as well as creating administrative inconvenience at Canadian customs ports. The amendment

spells out the obligations which up to the present have been stipulated only in the bonds taken from the operators of sufferance warehouses where such persons were authorized to operate such warehouses under regulations and provisions of the act.

The actual practice is to have goods arrive by truck at the frontier point where they are cleared and then trucked to the interior destination. This amendment would permit clearance either at the frontier point or at the interior point and thus relieve the present congestion at the frontier. The present system is to have goods come to border points like Windsor, Fort Erie, Niagara Falls or hundreds of other points, where they have to be unloaded, an appraisal made, the customs duty paid, either by the person in charge of the transport or more likely by a customs broker, and then reloaded on Canadian-owned trucks for delivery to the point of destination.

Under this amendment the motor or air transport companies would themselves institute sufferance warehouses at interior points where the customs officials would supply the facilities for the appraisal of the goods and the collection of the customs. Let it be understood that the warehouses would not be built by the government. They would be licensed and bonded by the government. I submit that this is simply an evolution of transportation which has been taking place over the past few years.

It is true objections have been raised, on behalf of the railroads in particular, that this would mean a loss of business to other carriers. I submit that there would not be any loss. The practice is not to transfer from the truck coming to the border to a railroad for shipment to the point of destination, but to transfer to another truck. Take goods coming to a point like Hamilton, say from Philadelphia. These goods would cross the border at Fort Erie or Niagara Falls and under the present practice would have to be unloaded, appraised, reloaded and then they would go on after the customs duty had been paid. If this amendment goes into effect the officers at the point of entry would place a seal on the truckload of goods which would then go to the warehouse at Hamilton operated by a trucking company or a combination of trucking companies. Our appraisal officers would appraise the goods at the warehouse and collect the duty. As I said, there have been some objections, such as those from the Ship-by-Rail Association of Canada, but I think they can be well answered.

I hope hon. members will not confuse these two phases of trucking in bond as there is only one referred to in this amendment. The other phase was the trucking in bond that took place during the war where a truck would enter Canada, say at Niagara Falls or Fort Erie, cross the southern part of Ontario and leave Canada at Windsor and on to Detroit or whatever point in the United States it was destined for. That was an international arrangement between Canada and the United States that terminated at the end of the war. This second arrangement has to do with the setting up of sufferance warehouses under which the customs department will supply the needed facilities to carry on the business.

I shall attempt to answer any further questions that are asked, but I think what I have said will serve as an introduction.

Mr. Drew: It is clear from the explanation given by the minister that the primary intention of the amendment is to provide for the delivery by trucks of goods to sufferance warehouses. It is true that the amendment includes air transport as well, but there are obvious reasons why it could not apply in the same way to air transport. A truck could come right through to a sufferance warehouse whereas an aircraft must land at an airport. It is very unlikely that sufferance warehouses of a size to deal adequately with the kind of distribution contemplated would be constructed at many airports, certainly at this time.

For that reason I think it would be well to direct our minds particularly to the effect of this amendment upon transport by highway. As the minister has pointed out, there is a very clear distinction between the subject matter of the amendment now before us and the practice carried on during the war whereby bonded trucks were allowed to pass through Canada from a port of entry to a port of exit. This practice led to certain discussion at that time.

Mr. Lesage: In transit.

Mr. Drew: As explained by the minister the effect of this amendment would make it possible for goods to be imported into Canada to be loaded on a truck at their point of origin, pass the border and then be unloaded at one of the sufferance warehouses, constructed and operated either by an individual trucker or by a group of truckers. The minister made one very significant statement. He said that under the present regulations it is necessary for the truck to unload at the border and then be reloaded. I noticed that he said that the goods would be reloaded on Canadian trucks—

Mr. McCann: Or American.

Mr. Drew: —and brought to their destination.

Mr. McCann: Or the original truck that brought them there. They can be reloaded on it.

Mr. Drew: I noticed the minister said they would be reloaded on Canadian trucks. I am quite prepared to accept the explanation that they might also be loaded on the original trucks.

Mr. McCann: That is right.

Mr. Drew: The fact is, the course indicated by the minister in his remarks with regard to reloading on Canadian trucks would be the more likely one to follow, because very much larger trucks are being used in the regular transportation of goods of this kind in the United States than in Canada. Some of these trucks run to 50 or 55 tons, and even more. At the present time such trucks could not and should not use some of our highways. In fact many of these trucks would create a very real danger to the bridges on a number of our highways. For that reason the present provision is one that has results which are rather parallel to the results that followed from the action taken in regard to the bonding of goods on trucks in transit from one border point to another, which came up for discussion during the war and immediately afterwards.

At that time objection was taken, as the minister will recall, to the passage of trucks in that way not only by the railway companies but also by certain provincial jurisdictions. The minister will recall that it was pointed out at that time that these very large trucks were damaging our roads to an extent that made it a very real problem to maintain roads for ordinary truck and motor operation. To some extent the same danger would be repeated by any provision which encouraged the entry into Canada of these very large trucks. I would certainly agree with the minister and anyone else who suggests that we should adjust ourselves to changing events and the improvement of transportation methods. The first requirement, however, in dealing with changes in transportation methods is to make sure that our facilities for handling those transportation methods are adequate to the task. I believe that right across Canada we are rapidly improving our general situation with respect to highways.

The fact remains, however, that no matter what general improvement has taken place we have not yet the same network of carefully levelled highways suitable for the very large trucks that are being used in the United States today. Therefore I suggest that is a reason, apart from some of the other reasons I shall mention, why it would not be wise to make this amendment at this time. The amendment would encourage the movement of such trucks into internal ports in Canada, in many cases over highways which would be seriously damaged by the weight of such trucks moving often in great trains.

Then I come to another aspect of the problem. There is a great difference between bonding a freight car and bonding a truck. A freight or baggage car travels over clearly defined routes. The car having been bonded moves on a railway right of way which is under fairly constant supervision, and which is subject to a measure of observation and checking that would not apply to a truck once it had passed the border. May I say at once that I am not in any way reflecting on the good faith of any of those well established trucking organizations which may believe that this would be a convenience. Nevertheless it must be remembered that our customs officials, expert and courteous though they are, have no crystal glass in which they can gaze to determine whether the people operating a particular truck are going to conform exactly with the regulations or follow a particular course.

It is possible for trucks to depart from a direct route in a way that is not possible when goods are being moved by railway transportation. Moreover it is possible for trucks to be opened in a way that would be most unlikely in the case of railway transportation.

Mr. McCann: There is the same type of seal on them as on railway cars.

Mr. Drew: The Minister of National Revenue is too practical and has too good an understanding of the construction of trucks to be unaware of the possibilities of seals not being effective on trucks where they would be very effective on railway cars. Very little imagination suggests that there are many ways in which it would be possible to avoid the effect of sealing unless one were going to seal a truck with such a bond of wires that it would almost look like a bird cage. In saying that, I repeat that I am not impugning the good faith of any of those who may be applying for concessions of this kind. I suggest, however, that it must be obvious to every hon. member that a truck passing a border point, and having received a seal, would be able to do many things that would not be possible in the case of a railway freight car.

I think it must be obvious to everyone that a very extensive problem of policing and supervision is involved, which would mean the requirement of a very much larger number of men than are now employed for tasks

of this kind, in order to be reasonably sure that there was no infringement of regulations of this nature.

Then there is another problem, of course, not related to the question of the good faith of any of the truckers who may be carrying out this task. There is an invitation to interference with the operation of trucks, which does not exist in the case of a railway car or any other method of transportation. I think there are a number of reasons why the members of this house should be very cautious about passing an amendment which would invite a type of bonded transport which will create increased difficulties for the customs service, which will increase the possibility of evasion, and which will provide some encouragement to the present descendants of the highwaymen of old. These are very real considerations which should not be lightly brushed aside.

I suggest also it should be remembered that this change is not going to affect a great many communities. It will affect those large communities close to the border, where there will be a possibility of breaking load and perhaps effecting delivery a little more rapidly than can be done by rail. In view of the fact that the number of places that could benefit would be comparatively limited I think great caution should be exercised in adopting an amendment of this kind, when in this particular case there might also be great uncertainty as to whether it could become effective in any event. I would remind the minister that whether or not there was agreement on the course followed, at least one province did take action in regard to the movement of bonded goods by truck transport. That decision was taken because of the damage being inflicted upon the highways of that province without any compensating advantages which would indicate that it was not wiser to have those same loads carried by rail. This amendment may invite similar action. It might also raise very real questions as to whether it is desirable to encourage the entry into Canada of these very large trucks at a time when there is a real shortage of the steel and cement needed for the improvement of our highways. Right across Canada today the construction of cement-surfaced highways is being held up because of the shortage of steel and cement. Steel, nails and cement are required not only for the construction of new highways but also for the repair and maintenance of existing highways. No matter what arguments may be put forward as to the desirability of an amendment of this kind at some future date, in addition to the other reasons I have given the need to conserve our highways as much as possible in view of the shortage of these supplies is such that I suggest this is not the appropriate time to bring in an amendment which will invite heavier traffic of this nature on our highways.

Mr. Murray (Cariboo): May I ask the minister if this amendment would facilitate the changing of loads of merchandise brought up the Alaska highway by United States trucks as far as Dawson Creek, for example, to Canadian trucks? Very often these loads in bond to the territory of Alaska are for defence purposes, and I wonder if this amendment would facilitate such a transfer.

Mr. McCann: This amendment would make provision for that case, because probably there would be a sufferance warehouse at that point, and the goods could be transferred to Canadian trucks there. I understand the principal difficulty in that case is that they prefer lighter trucks from Dawson Creek on; but this would make provision for that.

Mr. Lesage: I do not wish to reply to the leader of the opposition, but I wonder if he contends that this amendment would supersede the traffic laws of the province of Ontario or any other province. I do not believe it would supersede any traffic laws or regulations of any province. This is for the benefit of those provinces which agree that United States trucks may come there, and which provide the sufferance warehouses where the goods may be delivered. As the leader of the opposition rightly said, this does not provide for trucking in transit. In that connection the laws of the United States go much further than ours. According to their laws Canadian trucks may go through the United States in transit in bond. That is the case with trucks from all provinces, even though some Canadian provinces have not granted reciprocal rights. An example of this traffic is the transportation by Canadian trucking companies of automobiles manufactured in Ontario to markets in western Canada. They go through United States territory, and have permission to do so. We are not going as far as that here, in spite of the fact that article 5 of the general agreement on trade and tariffs, which we have signed, provides that there shall be freedom of transit through the territory of each contracting party via the routes most convenient for international transit. Because of that obligation we are now discussing the matter with the province of Ontario, but there is nothing in this bill covering trucking in transit. It only has to do with warehouses. I believe that if we do not go some distance in granting reciprocal rights to the United States trucking industry there is some danger that we may lose the right we

now enjoy to have our trucks go in transit in bond through the United States, a right we need in connection with western Canada. I do not think we are going very far here; and moreover this legislation cannot supersede or take the place or reverse the effect of the traffic regulations or laws of any province.

Mr. Drew: First of all, there is no suggestion that this supersedes any existing provincial law. The only case where the provinces so far have been called upon to deal with this problem is in connection with the movement of goods in bond in transit through Canada from a port of entry to a port of exit.

Mr. McCann: We had it on the Alaska highway, too, during the war.

Mr. Drew: And it applied also to the Alaska highway. As has been pointed out, and as I pointed out in my opening remarks, this is not on all fours with that except to the extent that this does deal with the possibility of the entry into this country of the same type of trucks which were causing a very serious problem in the other case. It is all very well to say that we have signed some international agreement which calls for extending transport facilities through the adjoining territories of the countries signing this agreement. Common sense, however, will obviously impose the requirement that all international agreements of that kind shall be subject to appropriate restraints, having relation to the surface of the highways and the strength of the bridges over which the trucks must pass.

At this time, so far as I am aware, there is no provincial law of any province which would deal with the situation. Certain provinces were called upon to consider the effects of another provision which related to transporting goods in bond from one port to another at the boundary. I repeat my point, and the minister himself has indicated that one of the main effects of an amendment of this kind would be to avoid the necessity of breaking a load at the border and reloading it in smaller trucks. I am suggesting that is a very desirable result. I am suggesting also that it will be a very desirable result if these are Canadian trucks. Still further am I suggesting that at this time, when there is a shortage of cement and all other repair materials, we would be well advised to see that our rails are used as much as possible during this period of national emergency. For these reasons I intend to oppose section 11, and the effect of the amendment.

[Mr. Lesage.]

Mr. Johnston: I wish to say a few words on this subject. First of all, I wish to congratulate the government on putting this section in the bill. I think it is something that has been needed for quite a while. I want to speak generally about the matter just now, and then I shall go into greater detail at another time. I was not at all impressed by the remarks made a moment ago by the leader of the opposition, when he spoke about the trucking industry destroying our roads.

Mr. Drew: Mr. Chairman, I did not speak about the trucking industry destroying the roads. I spoke about the fact that in the United States today we see great trucks running up to fifty and fifty-five tons being used. It was those trucks to which I referred, which damaged our roads in the past and would damage them today until we have an opportunity of creating road surfaces and bridges adequate to handle them.

Mr. Johnston: I am not going to bicker over terms used. The inference left was that heavily loaded trucks would destroy the roads. In the sense that they were overloaded, I would agree. We had an experience with that in the province of Alberta, particularly during the war and the building of the Alaska highway. Some very large trucks came up from the United States carrying exceedingly heavy loads, big steel girders and steel pipes that were going into the northern territories. They did not destroy our roads to the extent one would gather from a reading of the leader of the opposition's words. Every province, Mr. Chairman, as has been pointed out, has laws regulating the weight of the traffic passing over its highways.

This difficulty has been overcome in a number of ways. We have been steadily improving the construction of our highways. Improvement has been made in the construction of the trucks. It is now possible to carry a twenty or thirty-ton load over a road and not do so much harm as it used to do. Some provinces are requiring that the load be spread over a greater number of axles so that the weight will be more uniformly spread over a greater road surface. This helps to maintain our roads. I am in favour of maintaining our roads, but I am not in favour of delaying this type of legislation any longer. I believe it has been delayed long enough.

I was quite impressed by the minister's remarks when he said he thought we should adjust ourselves to the changing times, particularly as that applied to transportation. It seems to me that this country has been very backward in adopting the more modern

forms of transportation. Perhaps we have not got enough of—I was going to use the term used in the United States—express highways. When one travels over those roads, particularly between Detroit and Chicago, one can see the tremendous advantages transportation has in the U.S. over Canada. There is a tremendous amount of traffic hauled over those roads. It is true, of course, that in that particular instance the road is built to carry those loads. But we must adapt ourselves to these changing times. In Canada we are not doing that very rapidly. It is true that we have started on the proposal to build the trans-Canada highway, but that is going to take at least seven years—I venture to say even longer. Surely, we are not going to wait for that length of time to adjust ourselves to these new types of transportation.

I was not very impressed with the remarks made by the leader of the opposition concerning the difficulties of bonding a truck. A moment ago it was pointed out by the member for Montmagny-L'Islet that our trucks now go through the United States in bond. For the many years I have enjoyed being a member at Ottawa, Mr. Chairman, with the exception of 1942-1946, I have driven every year through the United States on my way home. I have seen the advantages of Canadian trucks going through the United States in bond. Why we should not give the United States that same privilege, I do not know. It would have been very embarrassing for us if the United States had not extended that privilege, because we have no transcontinental road running east and west in Canada. We would have been up against a very difficult proposition if we had not enjoyed that privilege. I believe we should reciprocate, and give the United States the same advantage if they desire it.

The bonding of trucks is not difficult. Those trucks all go through a port of entry, and they can be sealed there just as efficiently as a box car. No one is going to say that a box car has never been broken into. It may happen in the odd case with a truck. Most of the business firms who are employing large trucks in their service are reputable companies. The suggestion that they are highway robbers is outrageous.

Mr. Drew: Mr. Chairman, nothing more remote from what I said could be imagined than the statement just made by the hon. member.

Mr. Johnston: I never said that the hon. member said that. I am just saying that to suggest that any of these reputable trucking firms could be accused of highway robbery, such as we used to have in the old days—

Mr. Drew: Mr. Chairman, it should be possible for an hon. member to conduct the argument without getting so far from the truth as has the hon. member at the moment and without creating an inference that has no relation to what I have put forward in my contention.

Mr. Johnston: I am sorry if the hon. member thinks that I was referring to him.

Mr. Drew: Oh, well—

Mr. Johnston: Of course, if he inferred that they may be highway robbers, then he can take that as he likes.

I want to ask a question or two with regard to the sufferance warehouses. It is understood that these warehouses will be constructed where there are now custom-houses?

Mr. McCann: Yes. They will be constructed at frontier points and in cities where there are already custom-houses.

Mr. Johnston: Border points?

Mr. McCann: I said frontier points or border points, and in cities where there are already custom-houses. But they will not be constructed by the government. They will be constructed by the transport people. All this bill does is to say that in the event of the transport people's building warehouses, we will be prepared to make regulations and service the warehouses. Let me read the provision:

> The governor in council may make regulations for the appointment of sufferance warehouses in which goods arriving by railway, highway or air transport may be stored before entry, when such goods have been duly reported.

Then section 2 makes an amendment which says that the keeper of the warehouse is to be liable for the duty. We hold him liable. If he puts the goods in the warehouse there, we hold him liable. Then we have set out the application and a provision with reference to the storing of goods. All of this talk with reference to the highways, although it is relevant in a manner to the whole question, is not relevant to this particular amendment. That is a matter for the provinces to deal with. If the province of Ontario says, "You cannot put a fifty-ton truck on our highway; the maximum is twenty tons or twenty-five tons", then all well and good. The trucking people will have to take that problem up with the various provinces. The provinces will, I presume, have a right to put on any licence fee that they want to. But we believe that this is a part of the evolution of transportation that should be taken care of, and we believe that we should take time by the forelock and tell these people: If you are going to build these warehouses, pay for them and operate them, we will provide the

facilities for the examination of your goods there, under certain conditions. You are to be responsible for them. You are to see that the duty is paid. You are to apply for a licence and you will get that licence; and it is just a matter of giving them the facilities at these points where the warehouses are built. The other problems are entirely ones as to which they, the transport people, will have to deal with the several provinces.

Mr. Johnston: I think the trucking industry will appreciate that. What I had in mind when I asked that question was that the trucking industry would be allowed to build their warehouses wherever they saw fit, provided there was enough traffic to warrant it, and then the government would provide a customs official at that point; but that the trucking industry themselves—

Mr. McCann: But there will be what are commonly known as common warehouses. We would not provide facilities for every trucker that is going to have a warehouse; but when a combination of them go together, we would.

Mr. Johnston: I understand that. For instance, there would be one in Calgary and one in Edmonton; and there would probably be one in Lethbridge. I am speaking of my own province because I know that one better than any other. There would probably be one in Camrose where there is a custom house already. I think that would cover any objection that the transport concerns may have in regard to this. In fact, I think I can assure the minister that they are quite pleased that he is taking the progressive step that he is taking in seeing to it that these sufferance warehouses are being built.

Once again may I say that I do not think there is any danger of over-abuse of the privilege because there is sufficient inspection now in progress to look after any safeguarding that is necessary.

Mr. Drew: On a matter of privilege, in the event that my words may have been in any way open to the surprising interpretation placed upon them by the hon. member who has just spoken, I wish to make it clear—

Mr. Johnston: I cannot hear what the hon. member is saying.

Mr. Drew: I say that in the event that it is at all possible that my words may in any way have been open to the surprising interpretation put on them by the hon. member who has just spoken, I wish to make it quite clear that when I was referring to the possibility of practices developing in regard to interference with the trucks, I was not suggesting interference by the trucking companies but rather interference with the trucks themselves by others.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Fulford: I cannot help viewing with alarm section 11 of Bill No. 198, because I feel a certain amount of international business will be taken away from the railways. Certainly this is not the time to take business from our Canadian railways.

I agree with the minister when he says that one cannot set back the wheels of progress, and we realize that we are in a period of transition, so far as transportation is concerned. But at this particular time I wonder if it is wise to make these concessions to the American truckers. I wonder if we are not depriving Canadian railways of business which is legitimately theirs.

I notice further in the minister's remarks that he said that goods coming in by truck are, after examination at the border, loaded into Canadian trucks.

Mr. McCann: They are continued on in the American trucks.

Mr. Fulford: It continues on in the American trucks?

Mr. McCann: Yes.

Mr. Fulford: Then one of my worries has been dissipated by the minister's remarks.

Mr. McCann: Mr. Chairman, perhaps the hon. member would permit me to interject the statement that a great number of Canadian truckers truck goods into the United States. They have the right to do so. Then they come back, loaded with American goods for Canadian importers.

I have before me a list of trucking companies actively engaged in the transportation of package freight as between the United States and Canada. They are: Consolidated Truck Lines, Toronto; Colville Cartage Company, Toronto; Direct-Winters Transport, Toronto; International Cartage Company, Windsor; Maislin Bros. Transport, Montreal; Bingaman Motor Express Company Incorporated, Montreal; Montreal and New York Express Limited, Montreal; Lavigne's Red Wing Express, Montreal; Dench of Canada Limited, Calgary; Canadian Freightways Limited, Calgary; Smith Transport, Montreal; Seattle-Vancouver, B.C. Motor Co. Limited, Vancouver and British Columbia-Seattle Transport, Vancouver.

I do not believe that is a full list of the big trucking companies carrying package freight from Canada to the United States, and coming back with return loads. Those people, of course, would continue with their Canadian trucks to the point of destination. And in the event that it works the other way, American trucks which come into Canada would go to their point of destination, probably pick up a load in Canada and take it back to the United States.

Mr. Fulford: While I am pleased to have that information, I think it proves my point that these international trucking concerns are interfering with the express and freight carried by the railways. Has a survey been made, or has there been any estimate as to the loss of revenue to Canadian railways as a result of allowing these trucks to come through the border in bond, to points in Canada?

Mr. McCann: I do not know that a survey has been made with reference to that. However I can say, on the assertion of prominent trucking companies, that as a result of what happened last summer during the railway strike, at which time the truckers carried on the business of moving package freight and other freight in this country, they did retain about 35 per cent of that new business. I point that out to show that they are not an unimportant factor in the transportation business of our country.

Mr. Gibson: Have the C.P.R. and the C.N.R. made representations opposing this change?

Mr. McCann: No, they have not.

Mr. Simmons: I heartily congratulate the hon. member for Bow River upon the remarks he made this afternoon concerning section 11 of Bill 198. The movement of goods by bonded truckers along the Alaska highway means much to us in the north, where transportation facilities are limited, indeed. I believe every consideration should be given to the transportation of goods by truck in remote areas, and I congratulate the Minister of National Revenue upon having introduced this amendment to the Customs Act.

I do not agree with the remarks of the leader of the opposition respecting difficulties in sealing trucks carrying bonded goods, especially along the Alaska highway. I have noted for some time the manner in which these trucks have been sealed, and I know that the trucks operating along the Alaska highway can be sealed as securely as any railway box car. These trucks are sealed with Canadian customs Tyden seals which are numbered, and each one of which must be accounted for. Therefore I cannot see any reason why any freight in bond should be pilfered or stolen. I hope every encouragement will be given to these truckers in the north country, and especially in the remote areas of the Yukon Territory, northern British Columbia and other parts of Canada. It means a great deal to those of us who live up there to have this service.

Mr. Johnston: The minister referred to the different trucking companies employed in this kind of business, and referred particularly to Dench of Canada Limited. Is not Dench, in Calgary, owned by the Canadian Pacific Railway? If that is true, then the C.P.R. is trucking goods into the United States in the manner which has been described.

Mr. McCann: I must admit I do not know anything about the ownership of Dench of Canada Limited.

Mr. Macdonnell (Greenwood): I have one or two questions. The minister said, as I understood him, that there had been no representations from the railways.

Mr. McCann: I corrected that. I said there had been representations from the Ship-by-Rail Association.

Mr. Macdonnell (Greenwood): What discussion was there with the interested parties? The minister referred to the trucking association. Was there any discussion with any other interested parties?

Mr. McCann: Personally, I have had discussions only with the secretary of the Ship-by-Rail Association. There have been other representations. Here is a communication from the Canadian Retail Federation which says:

Dear Dr. McCann:

I have been instructed to tell you that the Canadian Retail Federation view with much satisfaction the contents of the House of Commons Bill 198, section 11, by which provision is made for goods to be brought into the country under bond and by highway transport.

The federation is of the opinion that this will be helpful to the retail trade, and we wish to express our appreciation for the action that has been taken to make this possible.

Yours truly,

E. F. K. Nelson
General Manager,
Canadian Retail Federation

Then there is one from the recording secretary of the Brotherhood of Railway Carmen of Ontario, expressing opposition to Bill No. 198. Then there is one from the hon. member for Nipissing. There is also one from the Ship-by-Rail Association, to which I have

referred already. Then there is one from the Canadian Industrial Traffic League under date of May 14, reading:

> The Canadian Industrial Traffic League, national organization of industrial traffic managers, has noted with satisfaction the intention of the government, as set out in Bill 198 currently before the house, to recognize by legislative action the principle of permitting the entry into Canada in-bond of shipments by highway transport.
>
> The league has been on record in the past as favouring this principle which will make it possible for importers to clear highway transported goods at Canadian interior points.
>
> On behalf of this organization which represents many of the companies interested in this principle, I take pleasure in bringing the above views to your attention.
>
> Yours very truly,
> The Canadian Industrial Traffic League,
> H. A. Mann,
> General Secretary

There is another one from the Canadian Importers and Trading Association, under date of May 14, addressed to myself and reading:

> Dear Dr. McCann:
>
> Members of this association were delighted to see that you propose to amend the Customs Act so as to allow goods to enter the country in highway trucks in bond.
>
> We feel that this change in the act, when translated into practice, will be of very great benefit to the import trade of Canada and wish to express this association's hearty approval of the proposed change.
>
> Yours sincerely,
> Canadian Importers and Traders Association, Inc.
> H. C. MacKendrick,
> General Manager

I do not think it is necessary to place all this correspondence on the record. I am just taking the letters as they are on the file. They all appear to be letters in appreciation of the action that has been taken. They are from influential bodies. Here is one from the Canadian Automotive Transportation Association, Toronto, under date May 11, and reading:

> I wish to express the sincere appreciation of the Canadian trucking industry for the action which you have taken, on behalf of the government, in introducing Bill 198 amending the Customs Act to permit "in bond" trucking.
>
> With regard to the Customs Act, it has long been the view of this association that, in the language of the bill it was "necessary to extend the power to cover goods specifically arriving by highway."
>
> The amendment to the act places all forms of transportation on an equal footing with regard to "in bond" transportation and establishes for the shipping public the same privileges in the movement of international traffic by the several media.
>
> If it develops that this bill is to come before a house committee at which witnesses will appear, it is the desire of this association to have a representative present to register the trucking industry's strong support of the bill.

The other letters on the file are my replies to the different people who have written.

Mr. Macdonnell (Greenwood): If the minister would put them all on *Hansard* we could see them.

Mr. Casselman: Put the answers on the record.

Mr. McCann: I am reading them as they come; I am not picking them out.

Mr. Drew: You have missed a few.

Mr. Casselman: You are reading every fourth letter.

Mr. McCann: There they are. It is just what happens in the case of almost everything that comes before the house. Just as we have opposition so do we have letters from people who commend our action. It is a case of majority rule.

Mr. Macdonnell (Greenwood): I take it from what the minister has said that this privilege will be granted to all trucking companies. The minister read quite a long list and I take it it will be general.

Mr. McCann: Yes. There would be certain regulations that would apply to all companies, and one would be the matter of bond. This was raised by the leader of the opposition, although he did not express it in just this way. We would not bond a truck that was put together with hay wire. It would have to be sufficiently substantial that it could not be broken into.

Mr. Macdonnell (Greenwood): I understand that this matter has been before the minister's department and I suppose other departments for some years, that is the matter of bonding trucks.

Mr. McCann: Representations, yes.

Mr. Macdonnell (Greenwood): Has this been a gradual development or has something happened this year, perhaps in the way of special representations to the department, to change the view which I understand has prevailed in the past?

Mr. McCann: No, nothing especial happened during the year that I know of except increased transportation by truck. These people claim that they should be treated on the same basis as the other transportation companies.

Mr. Drew: I gather from what the minister has just said that he feels that truck traffic of this kind is being impeded by the existing restrictions upon the movement between Canada and the United States.

Mr. McCann: I am of the opinion that they think they are not getting as much of the traffic as they would if they were allowed to truck in bond to interior warehouses.

Mr. Drew: Without going into too precise detail, could the minister inform us what the regulations would be before a truck of this type would be permitted to ship in bond?

Mr. McCann: We have not gone exhaustively into the matter of regulations, but a trucking company would have to put up sufficient bond, based I presume upon its volume of business. When it received a licence it would have to put up a bond that it would be responsible for the customs duties on the goods held in the sufferance warehouse.

Mr. Drew: The minister has given us a long list of trucking companies already moving between Canada and the United States and I recognize quite a number of them as being highly reputable trucking firms. I gather that there would be no limitation on goods being carried in bond so long as the trucking companies could meet the requirements of the department?

Mr. McCann: That is correct.

Mr. Drew: That being so does that not impose upon the department the requirement of providing fairly extensive supervision, such as is now the case with regard to the railroads?

Mr. McCann: As the hon. gentleman knows, the railroads are bonded. I do not think it would impose a lot more work on the department in the way of supervision. If the quantity of goods coming in is worth X dollars, they would have to be examined at one place or the other, thus distributing the load to a certain extent. If you needed examiners in a sufferance warehouse in Toronto you probably would need fewer at Niagara Falls and Fort Erie. But this is a business that is increasing enormously. A few months ago I visited our points of entry from the United States at Lacolle, Black Pool, Windsor and other places. The amount of business coming over the bridge from Detroit and through the tunnel is enormous, and it is the same at Lacolle, Black Pool and these other places. There are great big yards where scores of trucks wait their turn, and probably have to wait a day or two. I suggest that if these trucks could have a bonded seal put on them, and they had to go to Toronto, Guelph or any of those interior points, you could clear them in much less time, let them proceed, have their loads unloaded there and put in a bonded warehouse, let the appraisers do their work, collect your customs, and you would be speeding up the business for the department and giving better service to the public.

Mr. Drew: In indicating the nature of this movement, the minister referred particularly to places fairly near the border.

Mr. McCann: That is only an illustration.

Mr. Drew: I was not raising it by way of criticism because as a matter of fact I agree with him. That is the place where this facility would really be of the greatest advantage. I noticed that he placed in order Guelph and Toronto, and I was not going to question the appropriateness of the sequence of the names of the two cities.

Mr. Martin: You had better place Windsor first.

Mr. Drew: Just as an example, I would be interested to know what northern cities in Quebec and Ontario we can take that would have facilities of warehouses of this kind.

Mr. McCann: Probably in Quebec there would be Arvida, Shawinigan Falls, Chicoutimi, and Quebec city itself. In Ontario there would be North Bay, Timmins, Sudbury, places of prominence where shipments and importations to those particular places would warrant it.

Mr. Drew: The minister has mentioned a large list of trucking services, and I will agree that in every case he has mentioned they are highly reputable firms with a long established background of service in their own particular type of transportation. Nevertheless he indicates this would be available to an extended list of trucking services, and all those would have the opportunity to operate this bonded service through to the points north that he has mentioned. That is correct, is it not?

Mr. McCann: Yes.

Mr. Drew: The minister indicates that is so. May I raise the question as to whether he does or does not think that this would call for a greater measure of supervision than is called for now in the case of railways operating over certain limited lines to these same northern points which he has just mentioned.

Mr. McCann: It might well be that would be the case, but we would be prepared to give that service to the public.

Mr. Gibson: May I ask whether there is any limit on how far south we can go? The minister said a short time ago that it was a reciprocal arrangement with sufferance warehouses on the other side. Would there be any limit at all?

Mr. McCann: I do not know of any limit. I know that a lot of these trucking companies

that go into the United States have made arrangements with the different states into which they go. I do not think one general permission allows them to go into any state in the union. The states have different state laws, but the big trucking companies probably do a substantial business to the state of New York or to Pennsylvania, and they would arrange for permission to travel over the highways of those states.

Mr. Drew: Can the minister inform us whether it is not a fact that there are a number of states that have restrictive laws which would not permit delivery of this kind?

Mr. McCann: That is true. They have got to make their own arrangements.

Mr. Drew: Will the minister tell us what states permit delivery of this kind and what states do not?

Mr. McCann: I cannot name all the forty-eight states, although I used to be able to. I know that a lot of Canadian trucks go as far south as Florida, and many of them go into Pennsylvania and the western states along the coast. They go into the states of Washington, California, and so on. I would point out to the hon. gentleman that I do not know of anybody coming to reside in Canada and moving household furniture from the United States, or moving it from Canada to the United States, who would not sooner do it by truck than by rail.

Mr. Drew: But they are not affected by this.

Mr. McCann: It is a part of the business.

Mr. Drew: They are not affected by this amendment.

Mr. McCann: Not at all. It is a part of their business, and I am stating that to show the demand there is for truck service.

Mr. Drew: That is quite true, and that is exactly why I am asking some of these questions. I know and have reason to know the nature of the activities of some of the trucking services he has mentioned. Some of these trucking services do travel as far south as Florida and they come back with loads the other way.

Mr. McCann: That is true.

Mr. Drew: But this amendment would not affect them at all. These are the kind of trucking services that would carry a load of one kind to Florida and carry a load of fruit back. There are a number of trucking services on the other side of the line that would carry their loads here, clear customs in the ordinary way at the border and carry a load back. This is something entirely different. This is a case of bulk movement in something that approaches the volume of railway services. I think one thing that members should keep in mind is that we are getting into something quite different from ordinary trucking services. I heard some reference made today to the fact that certain hon. members had seen the advantage of these facilities as they travelled to western Canada by United States roads. That is so.

We know that a great number of cars and other things available for sale are moved in that way, but there are also a great many things that are moved from the United States into Canada in that way and through Canada. This applies to the handling of goods in bulk under bond, and that is not something that the ordinary trucking service is handling. If it were not that I have such a complete belief in the responsibility of ministers I might be led into the belief that there might be a bill of goods sold to the minister with regard to some of these details. I hope that is not the case. I do not want to suggest anything of that kind, but I should like to feel that the minister is absolutely convinced that there is a need for the particular facilities that are being given in this case as distinguished from the movement of goods back and forth by truck which is open to everyone now without an amendment of this kind.

I do not want to inject a controversial note into this matter, but the minister knows, as I know, that this is something that has been urged for some time, and that strong objections have been raised as well as arguments in its favour. I should like to know why it is that, at the very time when we have reason to be most careful about the maintenance of our highways and the weight of the loads that will come here, we should make an amendment which in its effect might conceivably facilitate the trucking of loads and their delivery but at the same time would certainly result in heavier loads being moved over these highways.

Mr. McCann: Mr. Chairman, we have got into a general discussion of the trucking business. To answer the hon. member's question, I am absolutely convinced that the time has arrived to set up sufferance warehouses in Canada for the benefit of the general public, to meet the needs of the department and to put the trucking business on an equal basis with other common carriers.

Mr. Drew: Mr. Chairman—

Mr. McCann: May I add that nothing has occurred at this particular time to bring it about. The amendment has been in contemplation for some time. We wanted to bring it

in a year ago. Owing to the condition of the order paper it was postponed for a year.

Mr. Drew: I can understand the minister's explanation, in view of the pressure of work at that time; but I would point out that if there are no special circumstances which call for this amendment at this time from the point of view of extending this service, there are reasons against it. I do not want to labour this point except to suggest that if this change will produce a larger volume of goods moving in bulk, this is not the time to take such a step. Over and over again in this house we have heard of the difficulty in obtaining cement and the other supplies essential for the maintenance and extension of road services in this country. I do not believe for one moment that our friends in the United States will in any way question our good judgment if, when highways are going to be placed under heavy use and supplies are not as freely available as they were previously, we decide we should not do something which would have the effect of increasing the wear and tear on those highways.

Mr. Catherwood: I believe the minister said this afternoon that sufferance warehouses would not be set up in any locality where there was no customs office. I believe we all agree that the object of subsections 4 and 6 of section 11 is good. Now if a transport company wanted to establish a sufferance warehouse at a point where there is no customs office at the present time, would the minister give consideration to the establishment of such a warehouse if business warranted it?

Mr. McCann: The gist of my hon. friend's question is "if business warrants it." If business warrants changes, either in the opening of customs offices or the establishment of sufferance warehouses or anything else, certainly we will use our best efforts to bring facilities up to date.

Mr. Hatfield: Take the case of a truck going to Florida with a load of potatoes and coming back with a load of fruit. Would it have to go through a bonded warehouse to get cleared? Could it not clear at the point of entry?

Mr. McCann: Certainly; it could either clear at the port of entry or go through to a bonded warehouse.

Mr. Drew: The question and answer just given indicate exactly why I hope no hon. members will be under any illusions as to the effect of this amendment. In the ordinary case a truck with a uniform load will not be affected in any way by this amendment; it will be cleared at the border in the usual way. It is these huge bulk loads that need to be broken up which call for this change at this time. In view of the nature of the discussion, in view of the fact that the minister has said no special circumstances have arisen which call for this amendment, I move that this bill be referred back to the committee on railways and shipping so we may hear the evidence which would support an amendment of this nature at this time.

Mr. McCann: The hon. gentleman appears to think this could be done all in a few weeks. I do not anticipate that this is going to have practical application immediately. We are passing the legislation which will give us authority to handle sufferance warehouses when they are established. Before they can be established in any province these trucking companies will have to take up the matter with the provincial government and ascertain what regulations that government has in reference to the use of its highways, and many other matters that will no doubt come up. So it is not a question of whether they can get steel and other materials to build super-highways. That may happen, but it will be sometime in the future.

Mr. Drew: I move, Mr. Chairman, that the committee rise and report progress, and that the bill be referred to the standing committee on railways and shipping.

Mr. McCann: On a point of order, Mr. Chairman, I submit that at this stage the bill cannot be referred to a committee.

The Chairman: That is right. However, I will accept the motion that the committee rise and report progress; that is in order.

Motion negatived: Yeas, 19; nays, 57.

The Chairman: Shall the section carry?

Some hon. Members: On division.

Section agreed to on division.

Title agreed to.

Bill reported.

LENGTH AND MASS UNITS ACT

DEFINITION OF CANADIAN STANDARD YARD AND POUND

Hon. Alphonse Fournier (for the Minister of Trade and Commerce) moved the second reading of Bill No. 293, respecting units of length and mass.

Mr. Fulton: Is the parliamentary assistant going to give any explanation?

Mr. McIlraith: I can make a statement concerning the bill either now or in committee, as hon. members may wish. I am completely in the hands of hon. members.

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

On section 1—*Short title.*

Mr. Fulton: I believe the minister should make an explanation, if he will, of this bill.

Mr. McIlraith: Mr. Chairman, the primary standards of weights and measures are now defined in the Weights and Measures Act. The unit of length is fixed with reference to a specific bar, and that of the Canadian pound by reference to a specific weight of metal. In defining the primary standards to be used, it is obviously desirable that there be uniformity of standards all over the world. On the other hand, it must be realized that any given bar of metal or a given weight will vary slightly from time to time. It is quite true that the change is very slight in any one year. It is so slight it is almost impossible to measure it. But over a period of decades the amount of change may be of practical significance.

The present Canadian fundamental standards of length and mass were received from the British government in 1873, when our first Weights and Measures Act was passed. They were accurate copies of the imperial standards which, at that time, were representative of the finest technique in precise measurement. In the intervening eighty years there has been a great deal of advance in the science of metrology, including the establishment of special laboratories in all the principal countries of the world for making precise measurements, such as our own division in our national research council laboratory.

This development has led to the recognition of the fact that the old standards of yard and pound are changing very slightly. On the other hand, the international metre and kilogram standards established at the international bureau of weights and measures at Paris have been found to be remarkably constant. For these reasons it was suggested, at the royal society empire scientific conference in 1946, that the standard yard be referred to the international metre and the pound to the international kilogram by fixed ratios. If all nations agree to the same ratios between yard and metre, and between pound and kilogram, then there will be only one standard length and one standard weight. Therefore, even if there should be very slight changes in these fundamental standards in the course of centuries, no difficulty will arise in international commerce and international science.

Actually in the United Kingdom there is an order in council of 1898 that defines the ratio of the pound and the kilogram, and there is a similar act in the United States giving the same ratio. This bill proposes to establish this same ratio for Canada. This ratio is the same as the present Canadian standard pound, so that there would be no change except that any future change of the actual standard pound would be of no consequence. The ratio used in the bill for the yard and the metre is between that actually applying to the standard yard of the United Kingdom and the United States, and is that recommended by the royal society empire scientific conference. It has the endorsation of many standardizing bodies and scientific societies, both in the countries of the commonwealth and in the United States.

By this bill units of measurement will be based on standards, the stability of which has been proved as nearly perfect as can be attained. The second part of the bill establishes that the operation of maintaining the standard yard and the standard pound at the proposed values is the responsibility of the national research council, and that they will supply reference standards calibrated in terms of the fundamental standards to other government departments. That is a logical step to take. It will be recalled that in the national research council legislation one of the powers of the council has to do specifically with maintaining units of weight and measurement.

Mr. Browne (St. John's West): As a matter of information, is the parliamentary assistant in a position to say whether those standards are kept in Canada, that is the ones he referred to, the bar and the weight? Second, what instruments are used for the kilogram and for the metre? Are they similar to those referred to in the first place?

Mr. McIlraith: The present Canadian primary standards are maintained at the national research council. The international metre is maintained at the international bureau of weights and measures at Paris. The method of measurement of that particular bar, which is the most constant one of all the bars of measurement in the United Kingdom, the United States, France or Canada, is by wave length of light.

Mr. Browne (St. John's West): What about the pound, then, and the kilogram?

Mr. McIlraith: With respect to the kilogram, I am afraid it is too technical to

explain. I could very easily get the explanation for the hon. member, if he wants it. It is checked periodically by the international conference of scientists, that is the kilogram, and it is the more technically perfect unit.

Mr. Fulton: I have two questions. Did I understand the parliamentary assistant to say that the ratios adopted by the United Kingdom and the United States are slightly different? The other question is, are there any important countries with whom we have any volume of trade and commerce who have not adopted similar standards, so that some difficulty would be created in trading with them?

Mr. McIlraith: If I may deal with the last point first, Mr. Chairman, any difference between the present primary standard of length and the one now proposed is so small as to be beyond any industrial significance at all. It would be something less than one part in one million. With respect to the present Canadian pound and the one defined in the bill, it is rather interesting, but at the moment it is identical. That pound is also identical with the British pound, so that at the moment the three are identical.

With respect to the yard, there is a slight difference between the U.S. yard and the United Kingdom yard. In this definition we are adopting a definition of the empire scientific conference, which is in between the United States and United Kingdom standard and is slightly different from the old Canadian primary standard, something less than one part in one million.

Mr. Fulton: I take it then the difference between the three is so small it is not of any significance at the moment.

Mr. McIlraith: It is of no industrial significance whatever. It is a matter of getting a scientifically accurate definition.

Mr. Macdonnell (Greenwood): There seems to be one thing which is vital. Can the parliamentary assistant certify to us of his own knowledge that the pound is forty-five million, three hundred and fifty-nine thousand, two hundred and forty-three one-hundred-millionths of the international kilogram? It seems to me we do not get anywhere unless the parliamentary assistant can certify to that.

Mr. McIlraith: It is a rather interesting sidelight on the activities of a parliamentary assistant that sometimes in the course of his duties he has some interesting conversations with some of our scientific men. The physicists tell me that is so, and I am afraid I have to take their word for it. I must say that some of the conversations are most interesting on that subject, but for the life of me I could not represent that I knew very much about it.

Mr. Gibson: Can the parliamentary assistant certify what the imperial quart is?

Section agreed to.

Section 2 agreed to.

On section 3—*National research council to maintain standard.*

Mr. Browne (St. John's West): There is a statement here that the national research council shall maintain standards of length and mass calibrated in terms of the units defined in this act. Does that mean that the national research council will maintain standards which have been compared with the international standards at Paris?

Mr. McIlraith: Yes, that puts the duty squarely on them. For instance, when the other legislation comes before the house having to do with weights and measures, it will be seen that it is their duty to maintain the Canadian standard yard and to maintain what are called the departmental standards in terms of the Canadian standard.

Mr. Browne (St. John's West): Will they use the old standards?

Mr. McIlraith: Oh, yes; the old standards will still be retained.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

PRISONS AND REFORMATORIES ACT

STATUTORY REMISSION OF SENTENCES, NORTHWEST AND YUKON TERRITORIES, AND CUSTODIAL CARE, ALBERTA

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 191, to amend the Prisons and Reformatories Act.

Mr. Knight: Is the minister going to make a statement at this time?

Mr. Garson: I will make a short statement, Mr. Speaker. The parliament of Canada, under its authority over the subject of criminal law, has passed in the Criminal Code a statute which defines the various crimes and offences in this country and prescribes the penalties which must be imposed upon those who have been convicted of such crimes and offences. It also provides for the manner in which such sentences shall be served.

For the purpose of considering the present bill, the governing provision here is section

1056 of the Criminal Code which provides that everyone who is sentenced to a term of imprisonment of less than two years shall, if no other place is expressly mentioned, be sentenced to imprisonment in the common jail of the district, county or place in which the sentence is pronounced, or if there is no jail there, then in the common jail which is nearest to that locality. It is in line with that provision in the Criminal Code that the Prisons and Reformatories Act is passed. It actually is an extension of this idea which is set out in section 1056 of the Criminal Code. The Prisons and Reformatories Act provides, in part I of it, for provincial prisons and reformatories generally. Then in parts II to IX the act is made applicable to different types of reform institutions in the various provinces, part II dealing with Ontario, part III with Quebec, part IV with Nova Scotia and so on.

Clause 1 of the bill before the house has to do with a provision in part I of the Prisons and Reformatories Act—that is the part which has a general application to all the provinces—for a statutory partial remission of sentence for good conduct. To grant such a remission as this is the normal procedure in most jails in the provinces of Canada. It is considered—and that is the reason why we put this clause 1 into this bill—that the same privilege should be applied to prisoners in the Northwest and Yukon Territories. The granting of this remission for good conduct is provided for in sections 18 to 21 of the Prisons and Reformatories Act. These sections do not have effect until they are proclaimed, and up until the present time they have not been proclaimed in the Yukon or Northwest Territories.

The present section 18 provides that if there is in any province a prison of such a character as to render practicable the administration of remission of sentence for good conduct, and if the lieutenant governor in council has made rules for keeping a correct record of such conduct, the governor general in council may, by proclamation, declare these sections in force within such province from and after the day named in such proclamation.

While the word "province" in these sections, by virtue of the Interpretation Act, includes both the Northwest Territories and the Yukon Territory, there is an absence of rules made by the lieutenant governor of the province in those two territories, because there is not any lieutenant governor. The purpose of clause 1 is to make it clear that, in those two territories where there is no lieutenant governor of a province, the necessary rules can be provided by action of the governor general in council.

[Mr. Garson.]

Then as to clause 2 of the bill, from time to time over the years various amendments and additions have been made to the act in order to provide for special types of institutions in the various provinces. For example, in the province of Ontario there is the Ontario reformatory and the Andrew Mercer reformatory for female prisoners; and as of recent date, there is a new type of prison in British Columbia known as the New Haven. The occasion of this clause 2 being before the chamber is that on November 18, 1950, the deputy attorney general of Alberta wrote to the Department of Justice a letter from which I should like to quote. He said:

> In this province—

That is, Alberta.

> —we are establishing a new penal institution at Bowden and it is proposed that first offenders and persons who have committed minor offences might be screened out of our jails and sent to this institution which will be operated somewhat along the lines of the prison farms in the province of Ontario.
>
> In order to enable the province to transfer prisoners to this new institution, I think it is necessary to make provision for the same in the Prisons and Reformatories Act and I have drafted a new part to the act to be made applicable to the province of Alberta.

It is, of course, pursuant to this request that clause 2 is introduced in the present amending bill.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, from what the minister has said, I understand that this bill, under the new section 18, gives to the governor in council discretion to declare a prison in a province to be of such a character that sections 19, 20 and 21 of the Prisons and Reformatories Act, 1927, might well be applied to it; and further, gives to the governor in council the power to declare those sections in force with regard to that particular prison.

In those provinces which qualify, there is an opportunity for a prisoner to earn certain remission of the sentence to which he has been condemned. Apparently, among the qualifications of these prisons, there must be in that prison provision for the keeping of a correct daily record of every prisoner in such prison. The terms of the clause are as follows:

> (b) rules for keeping a correct record of the daily conduct of every prisoner in such prison, noting his behaviour, industry, diligence and faithfulness and the strictness with which he observes the prison regulations . . .

I have put that on the record for the purpose of saying that, in my opinion, that is a great achievement if it will be applied in many of these institutions, because it implies a study of the individual. It is a final admission that it is only upon the basis of the study of the individual that we can put

into effect a reform rather than a punitive approach. In other words, a reform program will have to be handled on the basis of the individual, whereas a mere punitive program could be handled on the treatment of the mass.

As I sat here this evening, thinking about this subject, I sent for a copy of *Hansard* for November 15, 1945. My mind harks back to the very fine speech made by the late member for Kindersley. I thought it was a memorable speech. While I did not have time to read all of it this evening, I did jot down one or two of the points made by the late Mr. Jaenicke on that occasion. I have noted that he praised the Archambault report and said in connection with it:

> Our penitentiary system is more a system of punishment than a system of paying attention to the reformation of the convict.

And later:

> Our present system makes real habitual criminals out of those who could be reformed and made useful members of society.

He stated further that there had been no attempt at segregation. Incidentally, Mr. Jaenicke had made a practical study of the matter by visiting Kingston penitentiary, and I believe certain others. In that connection he said:

> I find that no real progress has been made with respect to education since the commission made its report.

Then he followed by a criticism of the standard of education and the standard of training of teachers in that institution. At page 2169 he said:

> The most important item of reform which we need in Canada is the establishment of proper institutions for the treatment of young offenders between the ages of sixteen and twenty-one years.

He went a step farther and said he would include those up to twenty-three, as is done in England. It is on that that I would base the few general observations I should like to make about our penitentiaries, their inmates and the manner in which I believe our present system could be improved.

Before going further I would say—and I may elaborate on this later—that our prison system has been improved over the last few years. Nowhere is the old adage of prevention being better than cure more true than in the field of penology. Treatment and re-education are replacing the old and wasteful punitive approach. When I say "wasteful" I am not thinking altogether in terms of money, but wasteful also in terms of human resources. In passing however I would direct the attention of hon. members to page 26 of the estimates where they will see that our penal system is costing us, in round figures, $9,072,000.

Mr. Garson: Mr. Speaker, I have no desire to raise a point of order when the hon. member is speaking, but I would point out that the bill with which we are concerned is directed to provincial reformatories and prisons. It has nothing whatever to do with any of our federal penitentiaries.

One of the drawbacks of bringing in a discussion about federal penitentiaries in a debate dealing with provincial prisons is that if any remarks are made *in extenso* concerning federal penitentiaries I shall feel bound to make some reply. In this way the time of the house would be diverted to the discussion of a subject which is not before the house. I wonder if the hon. member might not see fit to make his worth-while observations, all of which we shall be delighted to hear, upon some other occasion—perhaps when the estimates of the Department of Justice are before the committee of the whole.

Mr. Knight: I would point out to the minister that the rules affecting federal penitentiaries are applicable to most of the provincial prisons. Certainly the system of education, and the treatment of young offenders, with which I propose to deal, is applicable to both. I thought when we were discussing the principle of this bill I might record my views in this connection. If on the other hand the minister has any decided objection, and would like me to postpone my remarks until we are considering the penitentiaries estimates, I could do so.

Mr. Garson: From having heard my hon. friend in the past I know that anything he will contribute will be a first-class effort, that it will be a thoughtful and helpful contribution toward the administration of our penitentiaries. But it really does put me in a very awkward position, because the bill we have before us is concerned with two simple points, namely as to whether a new part X is to be applicable to the province of Alberta and, secondly, whether this provision in the Prisons and Reformatories Act dealing with remission earned by a prisoner by good conduct shall be made applicable to the Northwest Territories and the Yukon Territory, in each case in reference to a provincial institution. In order that hon. members may have before them the whole picture I should like to be in a position to reply to any observation the hon. member may make in regard to our federal penitentiary system. That subject is not really before us at the moment.

If it will not embarrass the hon. member unduly I think perhaps it would be better if he were to discuss the matter when the justice estimates are before us.

Mr. Knight: I am always more embarrassed in making a speech than in not making one, and I would suffer no embarrassment from having to stop at the moment. I must admit that some of the points I shall make apply directly to the penitentiaries. At the same time I believe some of them apply to the type of prisons we are discussing here—because I had intended to discuss the matter from the standpoint of the psychological treatment of prisoners, particularly the younger ones. However, I see the minister's point. Probably it is well taken, and I shall reserve my remarks until a later stage.

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

On section 1—*Conditions on which sections 19, 20 and 21 may be declared in force.*

Mr. Gillis: This bill does nothing more than to give the governor in council the right to bring certain western provinces within the scope of the national act. That act lacks something which is now going to be passed on to the provinces. It is a matter I have discussed on two or three occasions in the house. In many parts of the country prisoners are often sentenced to long or short terms in the penitentiary, and then found to be suffering from contagious diseases because of which they cannot be taken into the penitentiary. The department is now expanding that by bringing the provinces under the general national rule.

Mr. Garson: I do not want to interrupt my hon. friend, but before he gets deeper into this argument perhaps I should indicate a correction. Apparently I did not make as clear as I tried to the distinction between the provincial prison system and the federal penitentiary system. What we are discussing here is the provincial prison system. It may seem rather anomalous that the foundation for that should be a federal statute but, as I indicated, in exercising our jurisdiction over crime we have to provide for sentences imposed in respect of violations of the Criminal Code. Where the sentence is less than two years, under our arrangement the convicted person would go to a provincial prison. To that end it is necessary for us to pass a federal statute by which we lay the foundation for provincial prison custody of those prisoners guilty of offences under the Criminal Code. I think the point my hon. friend is raising has to do with the federal penitentiary system and not with this particular matter.

Mr. Gillis: As the minister indicated, it is rather tangled up. I have no intention of arguing the thing; I merely want to ask the minister if any progress is being made in establishing a central institution to take care of those who are not acceptable in the regular penitentiaries?

Mr. Macdonnell (Greenwood): I am a little tangled up also. Is the minister really saying that the subject matter of this bill refers only to provincial institutions?

Mr. Garson: That is right.

Mr. Macdonnell (Greenwood): And therefore it is not competent for us to comment on those provincial institutions in this debate?

Mr. Garson: No, not at all. It is quite proper to comment upon the provincial institutions, but not upon the federal penitentiary system. If we did that we would get into a lengthy debate that would have nothing to do with the matter before the house.

Mr. Macdonnell (Greenwood): The present section 18 reads:

> If, in any province, there is at any time, a prison of such a character as to render practicable the application of the three sections next following to such province, and if the lieutenant governor makes rules for keeping a correct record of the daily conduct of every prisoner in such prison, noting his behaviour, industry, diligence and faithfulness,—

Is that in effect saying there are many provincial institutions where it is not possible to keep a correct record of the conduct of prisoners? Is that the implication?

Mr. Garson: There is no implication, it is a specific provision to the effect that where there is in a province a prison of such a character as to render practicable the application of the next three sections, which provide by statute for earned remission for good conduct—

Mr. Macdonnell (Greenwood): Will the minister describe what is meant by "such a character as to render practicable"?

Mr. Garson: I think I am speaking correctly when I say that it is a character shared by all provincial prisons in all of the ten provinces of Canada. That is, it should be a properly constituted prison, properly staffed. We satisfy ourselves that they can administer a provision of this sort and then we say to them, "If you have this proper character of prison and if the lieutenant governor in council of your province will make rules for the keeping of correct records of the daily conduct of every prisoner so that you can demonstrate to us that this is not a haphazard business, but that when a man is given a statutory remission he is given it because he has earned it by his conduct according to your records; when you have

done that we will pass an order of the governor in council making the sections 19, 20, and 21 of the Prisons and Reformatories Act applicable to that provincial prison". The present amendment is brought before the house because there is no lieutenant governor in council in the Yukon and the Northwest Territories and therefore there is no lieutenant governor to make such rules and thus enable us to apply the statute. It is in order to enable us to provide machinery to comply with the statute and to make these same rules available in the Yukon and the Northwest Territories that this present bill is before the house.

Mr. Macdonnell (Greenwood): Then I take it that once we are satisfied that the institution is capable in the manner indicated of so conducting its affairs as to make these three sections applicable, we as a federal parliament not only have no duty but have no right to go further and comment on that provincial institution?

Mr. Garson: That is quite right.

Mr. Knight: Did I understand the minister to say that the prisons in all ten provinces are of such a character as to come under this clause?

Mr. Garson: I am speaking just from memory; I have not checked it within the last while, but I believe they would all be of that character. If anything turns on that I shall be glad to check and give the information to my hon. friend on the orders of the day tomorrow.

Mr. Knight: Is it true that every prison in every province works under rules for the keeping of correct records of the daily conduct of every prisoner?

Mr. Garson: Yes.

Mr. Diefenbaker: Is the minister sure of that?

Mr. Garson: My hon. friend should not come to any wrong conclusion. The good conduct which is referred to here is the good conduct provided in the following three sections, 19, 20 and 21. Perhaps I had better read those sections. They are as follows:

> 19. Any judge sentencing any prisoner to imprisonment in any prison named in the proclamation in the last preceding section mentioned, may sentence such prisoner for a term not more than one-sixth longer than the maximum term at present prescribed by law for the offence; and any such sentence may be carried out in such prison, although it is for any term not exceeding two years and four months.
>
> 20. Every prisoner sentenced to such prison shall be entitled to earn a remission of a portion of the time for which he is sentenced, not exceeding five days for every month during which he is exemplary in behaviour, industry and faithfulness, and does not violate any of the prison rules; and if prevented from labour by sickness, not intentionally produced by himself, he shall be entitled to earn, by good conduct, a remission not exceeding two and one-half days for every such month.
>
> 21. Every such prisoner who commits any breach of the laws or of the prison regulations shall, besides any other penalty to which he is liable, be liable to forfeit the whole or any part of any remission which he has so earned.

Therefore I think the good conduct which is referred to in the sections here is perhaps a rather narrower type of good conduct than that which the hon. member for Saskatoon had in contemplation regarding the general over-all welfare of the prisoner, but it is the usual statutory earned good conduct remission which is available to prisoners in provincial jails in Canada.

Section agreed to.

Section 2 agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. Knight: Next sitting of the house.

Mr. Fournier (Hull): Now, by leave of the house.

Some hon. Members: Now.

Bill read the third time and passed.

PETITION OF RIGHT ACT

ABOLITION OF GOVERNOR GENERAL'S FIAT

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 192, to amend the Petition of Right Act.

He said: Mr. Speaker, I think it may be fairly claimed that this bill represents an important step in our legal history. As is well known, all legal proceedings by the subject against the crown in the right of Canada must be taken in the exchequer court pursuant to the Exchequer Court Act and the Petition of Right Act. The latter of these two acts requires that before the petition of right filed by the subject with the Secretary of State can be proceeded with, a governor general's fiat must first be obtained. The purpose of this bill is to abolish the necessity for securing this fiat. Thus what we propose is the abrogation of an age-old precept of our constitutional and public law. In this year 1951 we are writing the final chapter in the history of an important legal doctrine which can be traced back to the time of Edward I.

The purpose of this legislation is to place the crown in right of Canada in petition of right proceedings in the exchequer court in substantially the same position as an ordinary

litigant. This will be accomplished by removing the necessity of obtaining a fiat before a petition of right can be proceeded with. If this bill be passed, as I am sure it will be, it will be possible for a citizen under the Petition of Right Act to institute proceedings against the crown in the exchequer court without the crown's consent given by fiat, just as individuals now conduct litigation against one another in that court.

In order to make the new right of the citizen more effective, the bill also provides in other respects for simplification of procedure in the exchequer court. The result of the bill will be to provide a citizen with a simple, direct, and as far as possible economical method of proceeding as of right against the crown. Since the bill marks a new phase in our legal and constitutional development, it seems appropriate for me to describe briefly its historical background. Its historical setting can be traced, as I have already indicated, to the time of Edward I in the thirteenth century, although its origin undoubtedly extends to even more ancient times. Both the legal theory and the rule of procedure adopted in consequence of that theory are now being discarded by this bill.

In their historical origin our courts were the king's courts. They were created by the king to hear and determine suits brought between subject and subject in accordance with rules of the common law. Since the courts had been created by the king and, in a very real sense, represented the monarchy in the exercise of its judicial function, it was not possible for a subject to sue the king in his own courts. However, even in those early medieval times subjects occasionally had legal claims against the crown and, since they could not sue the king in his own courts, subjects could only hope to get redress by petitioning the king for justice. Thus from very early times these petitions addressed to the king for the redress of wrongs committed by his officers have been known, as they are known in Canada now, as petitions of right, a petition to the king that right should be done.

When the king received these petitions of right it became his practice not to decide for himself, because he had set up courts for the purpose of considering matters of that sort, whether any such petition should be granted. But the king, in relation to these petitions of right, issued an order or fiat addressed to his own courts directing in effect: Let justice be done. In this way issues between the crown and subjects were brought before the courts and there determined in accordance with the law. That is the sole basis in 1951 on which petitions of right against His Majesty in the right of Canada are decided in this country.

It is this old doctrine of constitutional and public law which the government is now asking parliament to abrogate. From this point on, with the passage of this measure, the crown in proceedings in the exchequer court will be in substantially the same position as a subject. It will no longer be necessary for a subject with a claim against the crown to ask for a fiat from the crown before his case can be heard. While the taking of this step marks the formal end of an ancient legal rule, this legal change in a way is a recognition of what is already in substance an accomplished fact. It hardly needs to be said that the crown and the executive arm of government are today in no sense comparable to what they were in the thirteenth century under Edward I. The progress of our constitutional history from the day when the theory of the divine right of kings prevailed, as marked by the growth of parliament and the development of responsible government, brought us to the position today where power is vested in parliament and the people. This same development has made the crown and the executive truly responsible to parliament and the people. From time to time statutes were enacted in Great Britain to assimilate the procedure by petition of right to the ordinary procedure in the courts. That was a development in our courts parallel to the development which was taking place in parliament and in our constitution.

Soon after confederation this parliament enacted legislation designed to facilitate the trial of matters between the crown and the subject.

The first Petition of Right Act was enacted in 1876 and established the basic principle that the procedure in cases between the crown and the subject should be assimilated to that of ordinary litigation; that is to say that apart from this necessity of getting a fiat, once the fiat was obtained and the case before the courts, from that point on the proceedings were pretty much as in ordinary litigation.

In 1887 parliament created the exchequer court as the appropriate forum for the hearing of matters within the legislative jurisdiction of parliament including matters between His Majesty in the right of Canada on the one hand and any subject on the other. Since that time, as is well known, both these statutes have been amended from time to time, always with the purpose of enlarging the substantive right of the subject and of facilitating and simplifying the prosecution of his claims against the crown.

All through the piece, however, it has been necessary for the subject to secure his fiat before commencing his action. He has never been able to commence his action as a matter of right; and he still requires the permission of the crown to institute proceedings in the exchequer court. In earlier years the dominion did occasionally refuse to grant a fiat, but in later years such instances have become increasingly rare. For many years past it has been the invariable practice to grant a fiat; hence the subject really has not been obstructed from asserting his right by any technical advantage arising out of this ancient legal precedent. Indeed, it was found that the procedure of first requiring a fiat—and I mentioned this when the same subject matter was under debate on a previous occasion—was not without its practical advantages. While the request for the fiat was being considered it was often possible for a clearer view to be taken of the respective rights of the crown and the subject. As a result settlements were made in some cases, and unsubstantial claims were often dropped, which might not have been the case if steps had been taken automatically as will be possible from this point on. While we are now abolishing the fiat, in practice, as I have contended before and still maintain, as long as these fiats were granted almost automatically the necessity of obtaining them did not appear to work a practical hardship, and the delay occasioned by the necessity of obtaining a fiat quite often served a useful purpose.

However, in recent years the expanding role of government has given more prominence to the position of the crown as a litigant in court proceedings. As the role of government has grown its activities have impinged much more frequently upon the citizens at large, and as a result there has been some increase in the volume of litigation between the crown and the subject. The government has given careful study and consideration for some considerable time to the position as it now stands. As I have indicated, there have been several changes in the Petition of Right Act and the Exchequer Court Act, each having the effect of enlarging the right of the subject and making it easier for him to pursue it. As hon. members will recall, last session parliament adopted a special measure in respect of certain operations of a business or quasi-business nature carried on by virtually all the crown corporations of this government. That was the Statute Law Amendment Act, 1950. This statute placed a large number of crown corporations and agencies in the position of being amenable to the jurisdiction of Canadian courts in much the same way as ordinary corporations. These statutory corporations, created for the exercise of limited functions, are agents of the crown, it is true; but their activities are now governed to a large extent by the rules and laws applicable to ordinary persons and companies in the country. The legislation enacted last year, one admits at once, was directed to a more specialized problem than that raised in the present bill; but it does indicate the concern this government feels for the position of the individual citizen in this modern world, when he is confronted with the operation of government agencies in many places and in connection with his own business.

In these changes I have referred to and in the one now recommended we have had to keep in mind two important balancing factors. On the one hand there is the obvious consideration that the citizen, as a litigant, should have an economical and effective method of pursuing his claims against the crown. I suggest, however, that this must be balanced by an equally important consideration, namely that in the interests of the general body of the citizens as taxpayers this litigation against the crown should be carried on as economically and efficiently as possible. These two balancing considerations should be taken into account not only in the substantive rights of subjects in proceedings against the crown but also in respect of the procedure to be adopted in providing remedies for those substantive rights; and it is in line with this development that the government now feels it is proper to recommend to parliament that the ancient rule of requiring a fiat before the crown itself can be sued ought to be completely abolished.

The step which is being taken in this bill follows logically from the development of our whole legal history and in particular from the successive measures that have been enacted by this parliament since confederation. For some considerable period of time our citizens have been able to proceed against the crown as a matter of course because fiats were in no case refused. The enactment of this legislation will enable them to do so as a matter of right. This bill, therefore, represents a real milestone in the development of our law and our constitution. It represents a clear recognition of the realities of our modern life; and its enactment will not only make it easier for a citizen to pursue his claim against the crown but will give all people absolute assurance that in the conduct of its operations the government is not sheltering behind a refusal to grant a necessary fiat.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I congratulate the minister and the government on the change of heart that has taken place with respect to the subject of this bill. It is not long ago that the Minister of Justice (Mr. Garson) pointed out in this house that there was really no need for the removal of this bar to the right of the subject to equality in the courts. My memory recalls when the Prime Minister (Mr. St. Laurent) stated that as far as he was concerned he would not agree to the introduction in this house of any measure that would remove the necessity of the subject petitioning for the issue of a fiat whose formula reads "let justice be done". I congratulate the government on having gone as far as it has, though my optimism does not equal that of the minister when he claims that the subject in the king's courts is now on terms of equality with the king.

Before dealing in general with this bill I would say to the Minister of Justice (Mr. Garson) that I have some doubts as to whether his manner of introducing this bill will give legality to the bill when it becomes law. As the minister has stated, since the days of Edward I the king has been in the position of superiority in so far as his relations with his subjects are concerned. One of the few prerogative rights remaining to His Majesty the King is his right not to be sued in the king's courts excepting with his leave and fiat. I feel the minister should give consideration to acquainting the house with the fact that His Excellency the Governor General has consented to this bill being introduced, for without that consent I doubt whether this bill can lawfully be passed by parliament.

Mr. Speaker, in the introduction of money resolutions there is a formula that is always used. A member of the king's cabinet invariably announces that the governor general has been made aware of the contents of this resolution, and recommends it to the consideration of the house. In the bill providing for the removal of the need of a petition of right, unless the governor general has been apprised of this bill and has consented to it, His Majesty and his representative are without consent, being divested of a prerogative that cannot be removed without that consent. By way of illustration I should like to indicate for the information of the Minister of Justice the manner in which similar legislation was introduced in the United Kingdom. On March 4, 1947, the crown proceedings bill was introduced by Viscount Jowitt, the lord chancellor, who used these words:

> In moving the second reading of the bill, I have it in command to acquaint the house that His Majesty the King, having been informed of the contents of the Crown Proceedings bill, is prepared to place the interests of the crown at the disposal of parliament in connection with the bill.

I waited, and I waited patiently, for the minister to make a similar statement, for I doubt whether the prerogative of His Majesty the King, of not being sued except by his consent, can be taken away by the House of Commons and the other place without the consent of the governor general as the representative of the king.

When the same bill came before the House of Commons, even though in the House of Lords the formula had been used by the lord chancellor, the attorney general, Sir Hartley Shawcross, in moving the second reading himself realized the need of the king consenting to the removal of one of his prerogatives which goes back to medieval days. He used these words:

> I have it in command from the king to acquaint the house that His Majesty, having been informed of the contents of the Crown Proceedings bill, is prepared to place the interests of the crown at the disposal of parliament in connection with the bill.

In my opinion the Minister of Justice will have to give consideration to a similar formula being used in this house, and also to the need of acquainting the governor general with the fact that the House of Commons is desirous of removing one of the prerogative powers of His Majesty the King. After all, the right not to be sued is one of the great remaining prerogatives of the king, and it goes back to the days of Edward I. The king's courts were and have continued to be available to the subjects of the king in litigation as between the subjects of the king, but denied to the subjects of the king against him because "the king can do no wrong." There should be no failure to carry out every fundamental constitutional requirement, for by this legislation parliament will take from the king a power and prerogative that antedates our own constitutional development and carries us back in the British tradition to the year 1347.

I agree with the minister when he says that this is an important constitutional change but with the qualification that it does not go as far as it should. It allows the subject in Canada, without the necessity of a fiat, to take proceedings for such matters as have hitherto required a fiat. It does not extend the right of the individual to take proceedings. His rights are covered by the Exchequer Court Act, section 18, wherein the exchequer court is given exclusive original jurisdiction in the cases set forth. Under this legislation the subject will not have the same rights against the crown that he has against the subject. He will not have the right to take

actions in tort, in other words, civil wrongs that give rise to causes of action, except as to those torts comprised within the present provisions of the Exchequer Court Act.

In the United Kingdom when they came to wipe away this archaic survival of the doctrine of the supremacy of the king and his position above the law, the legislation granted to the subject the right to take proceedings in tort, such as for slander, for libel, malicious prosecution and for actions arising out of excessive jurisdiction on the part of courts martial convened in the name of the king. The individual, under United Kingdom act of 1947, has equal rights of action against the servants of the king for all wrongs as he would have if committed by another subject.

It is interesting to read the debate in the House of Lords. Under the act passed by the parliament of the United Kingdom the right to take proceedings in tort was granted to every subject with a few exceptions. The Postmaster General (Mr. Rinfret) is in his seat and will be interested to know that the post office was specifically excepted from action for any wrongdoing in the transmission of messages. It became necessary too to except the army, navy and air force from certain types of action. For instance, as stated by Lord Jowitt, an exception was incorporated in the bill, that no action could be taken for negligence by a non-commissioned officer or soldier against a superior officer; otherwise one could conceive of an action being taken against Lord Raglan by a soldier for injuries received in the Battle of Balaklava. In the course of his remarks the lord chancellor said:

> To give a simple illustration, let me take the charge of the Light Brigade. Could a trooper who took part in that charge, whose leg was shattered by a cannon-ball, have brought an action against Lord Raglan (I think it was), to recover damages on the ground that Lord Raglan had blundered?

He concluded action might be taken if not specifically denied.

After he had finished his speech Lord Raglan, a descendant of the general who gave the order at Balaklava, rose and said this:

> The noble and learned viscount having referred to my great-grandfather by name, I would just like to say that his responsibility for the charge of the Light Brigade is not regarded by historians as by any means so certain as the noble and learned viscount suggested.

There was living history and tradition. The right of the subject to take action against the crown will be assured without the necessity of the issue of a fiat only so far as the restricted jurisdiction of the exchequer court now provides when this bill is passed but his right to sue in tort will not be widened. It will still be restricted to proceedings against the crown as provided for under the Exchequer Court Act. Having regard to the extension of government into business, referred to by the Minister of Justice (Mr. Garson), and the many ramifications that arise by reason of the variety of relationships between emanations of the crown and the individual, I suggest that the time has come to extend to the individual in this country equality in the matter of rights of action in every respect as provided for under the act in force in the United Kingdom. Otherwise all parliament will have done is to remove what the Minister of Justice states is a mere formality, claiming as he does that seldom if at all has the crown in recent years, in the right of the Attorney General of Canada, refused any subject his right to take proceedings in the courts of law. Our constitution is constantly being changed to meet changing conditions; and this bill makes for a constitutional change to meet changing conditions.

The chief justice of Canada, the distinguished father of the Postmaster General (Mr. Rinfret), in a case in the supreme court provided a definition of the constitution in words that I am going to use at this moment:

> The constitution of Canada does not belong either to parliament, or to the legislatures; it belongs to the country and it is there that the citizens of the country will find the protection of the rights to which they are entitled.

This constitutional change will add to the rights of Canadians.

Were one on this occasion to be inclined to self-adulation, one might point out that member after member on this side of the house has been asking for several years for the removal of this clog upon the right of the individual to take proceedings. Among them were the hon. member for Kamloops (Mr. Fulton), the hon. member for Eglinton (Mr. Fleming), and the hon. member for Calgary West (Mr. Smith); and personally, I raised the matter over ten years ago. It was suggested too that when legislation was introduced to remove this archaic survival of ancient days in our constitution, the rights of the individual should be extended beyond those that now exist, and that the subject should be placed in equality with regard to the king as he is in actions that can be taken against fellow citizens. In modern days the principle of requiring a fiat has become indefensible. The king was and is the fountain of justice, yet when an action is to be taken, justice could be refused by the custodian of the king's conscience. That

requirement has now been removed and that is a step forward. For that step I congratulate the Minister of Justice. But at the same time I suggest that having gone so far along the road in extending to the subject equality with the king, one thing more remains to be done, namely to extend the rights of the individual so that there will, in fact, be in the king's court equality of the individual with the king and his representatives.

My hon. and learned friend also avers that procedure has been simplified and that one of the aims of this legislation is to assure economy to the subject seeking the king's justice and also at the same time to assure economy in so far as the taxpayer is concerned. With those two objectives I agree; but I submit that in order to secure economy and in order to extend the ambit of the field of justice to individuals in our country, wherever they may live, another step should be taken, namely to abolish the exclusive jurisdiction now possessed by the exchequer court and the giving to the subject of the alternative right to proceed against the crown in the ordinary courts of the land.

Furthermore in simplifying procedure, rules should be made—and I think they would have to be passed by parliament—to enable discovery of documents as against the crown. The individual in an action against the crown has the right to ask for the discovery of documents; but His Majesty's ministers have the right to say that it is not in the public interest to produce the documents asked for. I feel that the right of the minister to exercise that authority in the public interest should be circumscribed to a certain extent. Certainly the safety of the state and the public interest are of foremost consideration. But the minister, representing one of the crown corporations of our country, in actions against the crown corporation, should not be allowed to raise as an answer to the request for the production of documents that it is not in the public interest to produce those documents, without having those documents produced to the judge trying the case so that he himself may conclude whether there is foundation for the claim or reservation made by the minister.

I can think of two or three cases against the wheat board, and other emanations of the crown, wherein the stand has been taken that it is not in the public interest to produce documents. That excuse might be used as a means whereby documents are not to be produced, because of the fact that the interests of the government might sometimes be regarded by ministers as the interest of the state. I feel some measure in that regard should be brought into being in order to simplify the procedure.

There have been two cases in connection with the discovery of documents as against the crown, neither of which I have looked up for the present debate, but I recollect the events and circumstances connected with them. In one case from Australia there was an appeal in connection with the refusal on the part of the minister to produce documents of a crown corporation, on the ground that it was not in the public interest. The privy council held that when a minister avowed it was not in the public interest, that was the end. On the other hand during the days of the war, the First Lord of the Admiralty refused to produce certain documents on the ground that it was not in the public interest to produce them. The House of Lords held that the documents had to be produced to the trial judge who, after perusal, would conclude whether or not there was a sound basis for the refusal on the part of the king's minister to produce a document.

I am not going into anything controversial on this occasion, but it is conceivable that a refusal to produce documents by a crown corporation could result in a denial of justice within the king's courts. The decision that the public interest would deny the production of a document should rest with the judiciary.

The minister very properly stated that business and government, or government in business, is expanding at a very great rate —and that is true. The rights of the subject are being diminished as the powers of the executive are being increased. We find year after year that the executive has been entrenching upon the rights of the individual and, in statutes and also by orders in council, has been denying the right of the individual to question in the courts of law any act performed by a minister of the crown under a statute or order in council, or by anyone acting through or under him.

Sir, if our democracy is to mean freedom of the individual, then no citizen should be denied the right of appeal to the courts when, in the opinion of that citizen, an injustice has been done. In introducing this measure the minister has granted a right to the individual which, as he has said, was almost ephemeral in so far as its material existence was concerned. He would perpetuate his name as a great minister of justice were he to insist that no statute or order in council, wherein the right of an individual to appeal to the courts is denied, would longer be countenanced by him or the government.

I think of several orders in council which provide that no individual citizen in this country could lodge any proceedings against the crown for wrongdoings. The opposition took a strong stand in that behalf when the Foreign Exchange Control Act came before the house and a section was inserted in the act which provided that where there was wrongdoing on the part of the officials of the crown under that act a citizen could take proceedings, but would be restricted to nominal damages, and no costs.

I suggest to the minister that, having regard to his desire as expressed tonight to assure to the individual equality before the law, he should take the bureaucrats off the pedestals they sit upon, immune from responsibility to the courts, and place them in a position where citizens whose rights have been interfered with illegally shall have recourse to the courts when injustice has been done to them. That would be a step along the road toward raising the status of the citizen. To use the minister's expression, that would be a milestone in the achievement of the rights of the individual.

While parliament sits, orders in council are still being issued placing ministers of the crown in a position of absolute power. The king's courts are being denied to those whose rights are interfered with. I have in my hand an order in council dated May 16, 1951, dealing with priority regulations, the purpose of which is a good one. It grants to the minister the power requiring any person who produces or deals in or has in his possession any essential supplies to deal with them as directed and to furnish information as directed.

Those powers may be necessary, although I cannot justify the right of a minister to place a minister or a bureaucrat above the law. The order in council contains the following term:

> Where any person fails to fulfil any contract or obligation whether made or assumed before or after the effective date of these regulations, and such failure is due to compliance on the part of such person with any order made under the authority of these regulations after such contract or obligation was made or assumed, proof of that fact shall be a good defence to any action or proceeding against such person in respect of such failure.

While parliament is sitting a minister of the crown by order in council is granted the power to decide that where a breach of contract takes place, where the rule of law has been abrogated the fact that a breach of contract resulted from his orders shall be a defence in the courts of law. In my opinion power such as that above the courts should not be entrusted to a mere human being, no matter how high his position in the ministry of the country may be.

Under this bill the rights to sue the crown without leave in the courts of the land will be granted to the individual, and the fiction that the king can do no wrong, which goes back, as the minister has said, to the days when the king was absolute, when justice was an emanation of the crown, will be terminated. Parliament should go further and remove the unjustifiable abrogation of the right of the individual which places a minister of the crown or anyone acting on behalf of the minister above the king's courts.

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

On section 1—*Filing of petition.*

Mr. Diefenbaker: What consideration was given by the minister or by the law officers of the crown to acquainting the governor general with the fact that the House of Commons intended to abrogate an ancient prerogative, one of the few still possessed by the king? And, second, was the governor general made acquainted with the contents of this bill and did he indicate he was prepared to place the interests of the crown at the disposal of parliament?

Mr. Garson: My hon. friend has raised what perhaps may be an important point. I have not given consideration to it. I assume that if there is anything to the point raised by my hon. friend, it has been fully considered by the law officers of the crown and that the assent to which my hon. friend refers may have been considered to be appropriately given when, as my hon. friend knows, the representative of the king assents to the bill before it finally becomes law.

However, as my hon. friend has raised this point I shall certainly make it my business to confer specifically with the law officers of the crown concerning it. If it is necessary that assent should be obtained in a preliminary way, as he has indicated on the basis of the precedent which he brought to the attention of the house, then that assent will be obtained and announced on the third reading. In that way we will clear the matter.

Mr. Diefenbaker: My hon. friend says he takes it for granted that, when the crown gives assent to the bill and it becomes law, that will be assent on the part of the crown. I point out to him that in connection with money bills the final offering of the governor general's signature does not legalize the expenditure or the taxation unless the governor general has been made acquainted with

the purposes for which the resolution was introduced in parliament and has given his approval.

As I pointed out in my earlier remarks, in the House of Lords and the House of Commons the attorney general, Sir Hartley Shawcross, and the lord chancellor, Viscount Jowitt, both made it clear before they moved second reading that His Majesty had consented to having removed from his power a prerogative power, namely, the right not to be sued in the king's courts of law except with his consent.

I feel that further consideration should be given to this matter. I doubt whether the use of the formula on third reading suggested by the Minister of Justice would be sufficient, for it would be impossible to ratify what had been done earlier by consent acquired after parliament had in fact passed the bill through the House of Commons and the other place. The minister might get some help from the fact that a similar question in connection with the queen's prerogative took place during the reign of Elizabeth.

We may say that all of these things are traditional; we may say that the introduction by a minister of the crown of a money bill is traditional; but we must never lose sight of the fact that parliament is composed of the crown, the Senate and the House of Commons. I have brought up this matter so there will be no possibility of the question being raised in the future that parliament acted hastily without securing the consent of the king's representative to remove from his person one of his ancient and remaining prerogative powers.

Mr. Coldwell: Is not the formula followed in the house by a minister when introducing a resolution fiction rather than fact?

Mr. Diefenbaker: It would be illegal if it were not pronounced.

Mr. Coldwell: Is it not fiction rather than fact? Is it not the fact that under our parliamentary system and our system of budgeting, of necessity the government or the cabinet alone must approve of the recommendation to the House of Commons of expenditure of money in order to keep the budget intact? Consequently that fiction is used. I well remember the late prime minister explaining on one occasion how this fiction worked. I am not going to give the explanation he gave because it was perfectly clear to me thereafter that it was not a fact but rather was a fiction. The right to sue the crown has been established in various parts of the British dominions without consulting His Majesty or his representative, and without any disrespect to either His Majesty or His Majesty's representative. I know that in Saskatchewan, for example, where they set up certain crown companies, the right to sue was included in the statutes.

Mr. Diefenbaker: We have that in many of ours.

Mr. Coldwell: And in many of ours. That is true. Consequently it seems to me that, while the point is an interesting one and one that perhaps is worth bringing before the house and placing before the government for consideration, it should not carry any weight against the passage of this bill.

Mr. Diefenbaker: Why would the lord chancellor and the attorney general see His Majesty?

Mr. Coldwell: Why would the lord chancellor and the attorney general see His Majesty regarding this? I think that in Great Britain, close as they are to His Majesty the King, they rather like to preserve these niceties to a greater extent than we are apt to do in the overseas countries where we have not the king but the king's representative. After all, under our constitutional practice the king can do no wrong because of course he does what parliament decides shall be done. It is no longer possible for the king or indeed the king's representative, except in theory, to veto something that the lords and commons have done together, or that the House of Commons and the Senate have done. We have had two or three examples of this in our history.

I remember reading the story of the passage of the legislation doing away with the purchase of commissions in the British army, I think it was. When Gladstone took the bill to Her Majesty Queen Victoria the queen, who disliked the bill very much, said when she got down to it in the pile: "I am not going to sign that bill." As I remember the story, it runs something like this. Mr. Gladstone said very respectfully: "But Your Majesty must sign that bill." The queen said very indignantly: "How dare you say 'must' to me? I am the Queen of England." Mr. Gladstone said: "Yes, Your Majesty, and I represent the people of England." The queen signed the bill.

Then there was the passage of the British parliament act in 1911, I believe, as to which there was some objection on the part of the crown, but the crown gave way when the prime minister indicated very clearly that it was the will of the elected representatives of the people, and there was also withdrawal of opposition on the part of many of the lords

on perhaps another consideration. I think the time has come when we all realize that in reality His Majesty is the symbol of authority rather than the ruler. While we respect that symbol, we none the less regard ourselves as supreme in our own right as representing the people in democratic legislatures. I must confess that, while I think the point is a very interesting one, I do not think it has any bearing on why we should or should not pass this particular measure.

Mr. Garson: The point now before the committee has to do with whether or not it will be sufficient to signify this approval on third reading. Addressing myself to that one point, I would refer the committee to Sir T. Erskine May's Parliamentary Practice, fourteenth edition, page 784, where it says:

> In the case of bills which have been mentioned in the speech from the throne, no communication is required in respect of the king's interests until the third reading. But the fact that a bill affecting the interests of the crown—

I understand that is my hon. friend's argument.

> —has been mentioned in the speech from the throne does not exempt it from the need of such a communication.

That is, at third reading. In case my hon. friends do not recall it, in the speech from the throne toward the end the following statement appears:

> You will be asked to consider measures respecting federal grants to municipalities in lieu of taxation of crown property, the abolition of the requirement of the fiat in the case of petitions of right, and the bequests of Laurier House and Kingsmere.

Therefore I think there is no question but what, since this matter has been referred to in the speech from the throne, the indicating of the king's approval, if that be necessary in the present instance—and I wish to confer with the law officers as to whether that be the case—will be available at quite an appropriate time if it is brought down on that occasion.

Mr. Macdonnell (Greenwood): I should like to ask a question of the hon. member for Rosetown-Biggar. I was a little surprised at the rather casual manner in which he wiped out the formalities as doctrinaire, and I think he also used the word "fiction". I should like to ask him this question. In the instance he gave of Gladstone and Queen Victoria he does not refer to Gladstone as saying: It does not matter whether you sign or not. Gladstone said, "You must sign." In other words, it was a very essential part of the effectiveness of the law. When we pass measures in this house, as I understand, we resort to the Senate and the governor general or his representative is there and he approves of the legislation. Then and not till then does it become effective.

If that is so, why does the hon. member for Rosetown-Biggar treat, as I understood him to do, as a sort of trivial formality, something we could dispense with if we liked, the preceding consent of the governor general before the bill in proper cases is introduced into this house? As I understood the hon. member for Rosetown-Biggar, he thought that was something we did just because it was a pretty thing to do, but that it was not essential. Where does essentiality begin and end? I find it very puzzling to know just how many of these things, if any, you have to regard merely as pleasant relics of antiquity, and how many you have to regard as essential. I was very interested in what the hon. member for Lake Centre said tonight on the point of this measure being produced here without apparently being referred to His Excellency. I note that the Minister of Justice proposes to take that point seriously and to deal with it. I am glad of that.

As a matter of fact, the very first day I ever sat in this house I think I remember the hon. member for Rosetown-Biggar commenting with great approval on the ancient ceremonies that we follow. I have heard other members say that when they first came here they thought they were rather trivial and unnecessary, but that they had entirely changed their minds. I suppose that is partly because we feel our roots are in the past and that ancient observances have a great importance in that way. I come back again to my question. I should like to know the distinction which the hon. member for Rosetown-Biggar makes.

Mr. Coldwell: A question has been asked me as to what I consider to be essential and non-essential. I would say this is not as essential as might be the actual consultation with the king's representative on a money bill. If hon. members here who are members of the privy council will tell us how essential that is regarded and how often the governor general is apprised of the contents of a bill according to the formula they recite, then perhaps I might be able to answer the question as to what is and what is not essential. I quite agree with the hon. member for Greenwood that if this bill is passed, as I presume it will be, it will be then presented to the governor general for his signature, and I have no doubt he will sign the bill in spite of the fact that he was not

apprised of its contents before it was introduced into this house, since it does not involve the expenditure of money. So I would leave it to hon. members who are members of the privy council to tell the hon. member for Greenwood how frequently the interesting formula recited to the house before the introduction of a money bill is actually a statement of fact rather than an interesting fiction.

Mr. Diefenbaker: Is it possible that it is a statement of fact and no consultation takes place? I do not think so.

Mr. Fulton: It is with some hesitation that I express an opinion here. I was extremely interested in the quotation read by the Minister of Justice to the effect, as I think he said, that the situation would be cured by making the pronouncement on third reading. I wonder if I might suggest that the quotation does not quite take care of the situation in which we find ourselves here. Surely the situation is that while all the members of the cabinet are members of the House of Commons, they are the king's ministers. As I understand, all legislation is laid before the house in the name of His Majesty: "His Majesty by and with the consent of the house enacts as follows". Ministers who lay legislation before us do so in their capacity as king's ministers. If this bill seeks, as it does, to take away from His Majesty one of his remaining prerogatives, and on the authority of May His Majesty's consent must be obtained before that can be done, how then can his ministers ask this house to give its consent to this legislation unless they are in a position to say "We have it in command to inform the house that His Majesty consents"? They have asked us to give approval in principle on second reading. That approval we have given, though the point was raised by the hon. member for Lake Centre. We are now asked to pass the bill through the committee stage and give it third reading. The house does not know because the minister has not told us—and from what has transpired I think I would be safe in saying the minister cannot tell us—that His Majesty's representative the governor general is satisfied that this prerogative should be removed.

So if the point has substance, as I think it has, I doubt whether merely making the statement on third reading will validate the proceedings. I take the liberty of expressing doubt whether it is proper for the House of Commons to proceed with this legislation which removes one of His Majesty's prerogatives until we have been told whether or not His Majesty's representative consents. I do not take the position the hon. member for Rosetown-Biggar takes with respect to these formalities or relics or whatever you may call them. They may be legal fictions to a certain extent, but it is quite often the case that having due regard to a legal fiction is vital if the result is to have any validity. The fact is that the ministers are here as His Majesty's ministers. If you wish to call it a fiction that they are responsible to the king's representative I would not be prepared to enter into any extensive argument on that point. Admittedly they are members of this house and are responsible to it, but it is a fact, whether you call it a fiction or not, that under our system all authority stems from the crown. So it seems to me that obtaining the consent of the crown to the removal of this prerogative is not a formality or the mere observance of a fiction, but is something which if ignored might invalidate the whole of the proceedings the government is trying to put through.

Mr. Garson: If I am not mistaken the hon. member for Kamloops accompanied other members and myself to the other place when the king's speech was read at the beginning of the present session. In that speech His Majesty's representative indicated that this legislation to do away with the fiat would be placed before hon. members. That is a circumstance I think my hon. friend completely left out of account in the argument he just made.

Mr. Fulton: No.

Mr. Garson: That signification of the king's view in the matter is not without significance; and the quotation from Sir Erskine May which I read a few minutes ago applies precisely to that state of affairs, where in the speech from the throne there is an indication of legislation. While that reference does not obviate the necessity for a signification of his assent, it does make it proper that the assent should be given on third reading of the bill; and that is the only question involved here. If hon. members are interested I could read a citation from Bourinot to the same effect.

Mr. Diefenbaker: I am not going to labour the point, but in regard to the matter raised by the hon. member for Rosetown-Biggar as to the prerogative powers of the king I refer to page 2 of May:

> The crown of these realms is hereditary, being subject, however, to special limitations by parliament; and the king or queen has ever enjoyed, by

prescription, custom and law the chief place in parliament and the sole executive power. The right of succession—

I stress the next words particularly.

—and the prerogatives of the crown itself are, however, subject to limitations and change by legislative process with the consent and authority of the sovereign.

The references under that section are to the changes that have taken place in the king's title in recent years. I think the minister will find that in all those cases the representative of the king in the House of Lords and the attorney general, holding the position the Minister of Justice holds in our country, have recognized the prerogatives of the king not as fictions but as actual, existing evidences of the executive power of the king. I raised the point so that no question could be raised in the courts some day as to whether or not parliament had acted properly. Certainly the lord high chancellor of England, Lord Jowitt, one of the greatest authorities of our day on constitutional law, and Sir Hartley Shawcross, the attorney general of Britain and one of the greatest lawyers of this generation, did not for amusement only, before introducing the bill in question, point out that the king had specifically agreed to a release of his prerogative rights. If there was no purpose in that, neither of these outstanding representatives in the administration of British justice would have found it necessary to use words that had no purpose but were merely superfluous.

Mr. Garson: Mr. Chairman, I think possibly I might shed a little light on the analogy drawn by the hon. member for Lake Centre between the Governor General's recommendation of a money bill, and the assent which he is presently discussing. I am quoting from Bourinot, page 413, where it says:

A misapprehension has sometimes arisen as to the time when the "consent" of the crown should be given to a bill. The procedure with respect to signifying the consent is different from that in giving the recommendation of the crown. The recommendation precedes every grant of money; the consent may be given at any stage before final passage, and is always necessary in matters involving the rights of the crown, its patronage, its property, or its prerogatives.

Mr. Fulton: I should like to ask a question on the content of the bill. The member for Lake Centre referred to a situation in England where, when they opened very wide the right of the subject to take proceedings against the crown, they made specific reservations of one or two matters of public administration. There was a specific reservation in the case of the post office, and another one in the case of the armed forces. It occurs to me, particularly in view of the amendment to the Exchequer Court Act which was passed in 1938, and which had the effect of removing the limitation on the right of the subject to bring actions against the crown for negligence of a public servant. Formerly the limitation was that the negligence must have been in connection with a public work, but now it is the negligence of a servant in the course of his duties.

Although I do wish to see the right of action extended so far as is feasible and practicable, I believe it would be undesirable to go too far. Will the minister say what consideration was given to this question, now that the necessity for a fiat is taken away, and whether it does not open up the possibility of actions of a sort against the military forces of the country which it would not be desirable to establish.

Mr. Garson: The hon. member realizes, of course, that the actions to which he refers are those contemplated by the Exchequer Court Act. Section 19 (c) which reads:

Every claim against the crown arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment . . .

I rather think that those cases about which the hon. member is apprehensive are not cases in which it would be possible to establish negligence. I think that is the test. For example, there have been cases, in respect of military acts, in which it has been impossible to prove negligence, so the plaintiff has not succeeded. On the other hand, there are provisions under manoeuvre regulations, aviation crash regulations, and gunfire regulation, where consideration is given on an organized basis of compensatory payments *ex gratia*, even although in a particular case negligence cannot be proven, that is that the damage in question is not caused by the negligence of any person. For example, if you have a loss arising out of concussion from gunfire, in certain circumstances compensation can be made on an *ex gratia* basis without any negligence being involved.

I believe the hon. member's apprehension as to any unlimited liability of the crown leaves out of account the fact that in these cases the plaintiff has to prove negligence. That is not always an easy matter to prove, even where it may exist. While I am on that subject, I believe that, in fairness to our own legislation, I should point out that the hon. member for Lake Centre rather tended to leave the impression that the scope of our

act was quite narrow. I believe I should point out what it does cover.

Mr. Diefenbaker: Narrower than the British act.

Mr. Garson: Yes, it is narrower than the British act. Yet I believe it would be wise to put on the record what it does cover. Even in relation to the British act it is quite wide. First of all, it says:

> The Exchequer Court shall have exclusive original jurisdiction in all cases in which the land, goods or money of the subject are in the possession of the crown, or in which the claim arises out of a contract entered into by or on behalf of the crown.

Those are two cases.

> Every claim against the crown for property taken for any public purpose.

That makes three.

> Every claim against the crown for damage to property injuriously affected by the construction of any public work.

That makes four.

> Every claim against the crown arising out of any death or injury to the person or to property resulting from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment.

That makes five.

> Every claim against the crown arising under any law of Canada or any regulation made by the governor in council.

That makes six.

> Every claim against the crown arising out of any death or injury or loss to the person or to property caused by the negligence of any officer or servant of the crown while acting within the scope of his duties or employment upon, in or about the construction, maintenance or operation of the Intercolonial railway or the Prince Edward Island railway.

That makes seven. There is a similar provision for the Canadian National Railways and all its subsidiaries, as a crown corporation.

> The amount to be paid whenever the crown and any person have agreed in writing that the crown or such person shall pay an amount of money to be determined by the exchequer court . . .

That is on a reference to the court. That makes eight.

The exchequer court has jurisdiction in cases of conflicting application for any patent of invention, or for the registration of any copyright, trade-mark or industrial design. That makes nine.

> . . in all cases in which it is sought to impeach or annul any patent of invention, or to have any entry in any register or copyrights, trade-marks or industrial designs made, expunged, varied or rectified.

That makes ten.

> . . . in all cases in which a remedy is sought respecting the infringement of any patent of invention, copyright . . .

And so on. That is eleven. Then No. 12 is where an application to the patent office for a patent has been refused, the subject has an appeal to the exchequer court, from the decision of the commissioner of patents. That is twelve.

Again, in fairness to our legislation, it should be pointed out that the hon. member for Lake Centre has already referred to the fact that under the British legislation they provide that the crown shall be subject to all these liabilities in tort as if it were a private person of full age and capacity. But these liabilities are in respect of torts committed by the servants or agents of the crown and not by the crown per se.

Mr. Diefenbaker: The crown could not commit a tort.

Mr. Garson: I will grant that the torts that are committed by the crown, in the nature of things, are usually only committed by its servants or agents. But I also say it leaves quite a wrong impression to indicate or to imply that when we in Canada have taken care of the tort of negligence we have not taken care of by far the greater number of torts that the crown through its servants or agents can commit. I do suggest that with respect to such other torts as trespass, assault, false arrest, false imprisonment, malicious prosecution, libel and slander, deceit, trover and conversion, and slander of title, it is not likely the average servant of the crown, in the course of his duties, would ever commit these torts. Therefore it does not leave an entirely correct impression to say that the British act is of much wider scope than our own; because in taking care of the tort of negligence, which accounts for the vast majority of the claims that are made against the crown, we are taking care of the great bulk of the foundations of legal liability against the crown.

Mr. Fulton: I appreciate the argument of the Minister of Justice (Mr. Garson) with respect to the difficulty of proving negligence in those cases to which I referred arising particularly within the armed forces. I agree that that would be exceedingly difficult on occasion. But I should imagine that there are other cases where it would not be impossible by any means to establish negligence.

They might be cases of a type where, in the general interest of the forces themselves, it should not be contemplated that a member of the forces can bring an action against the crown for the legal negligence of another member of the forces. For instance, I have in mind the type of thing arising out of

accidents in preparation for actual war, in time of actual war or time of apprehended war when safety precautions are to an extent relaxed, and when what are in military eyes practically inevitable accidents occur, but in terms of legal liability it may well be possible to establish that there was negligence on somebody's part.

It is an exceedingly difficult matter and one involving public policy but I suggest, with respect, that the minister's answer that there are cases where it is almost impossible to establish negligence, nevertheless does not dispose of the whole field. I suggest to him seriously that it might be desirable, in order to deal with those particular cases, to consider whether some particular amendment—I think probably to the Exchequer Court Act—should not be introduced. I am reinforced in that view by an article which I saw in the press recently. I meant to bring the clipping down, and I regret that I did not do so. It was an article reporting a recent decision of the exchequer court awarding $30,000 damages to, my recollection is, an airman who was injured while being driven in a jeep by another airman.

The judge of the court who delivered the judgment, according to the report as I recall it, concluded by saying that this may have very important implications, particularly with respect to the payment of pensions in the future, and that it may be something which calls for legislative action. "But", he said, "that is for parliament to decide, not for me. I am interpreting the law as it exists today." I wish I had brought the clipping down with me, because it would be much more satisfactory to read it than to refer to it generally. But it seems to me to indicate that there are possibilities which should be considered.

Having removed, as I say, that former limitation that the negligence of the crown's servant must be upon a public work, it seems to me that now to take away the necessity for a fiat opens up further considerations. In Britain it was felt necessary to provide for a specific provision in their bill, to the effect that members of the armed forces and certain other people in the public service could not sue the crown for negligence of their fellow employees on the same sort of duty. I should like strongly to urge on the minister that further consideration should be given to that matter here.

Mr. Garson: I should be glad to give consideration to my hon. friend's point. But when one takes into account the fact that one must prove negligence, and that one must prove that that negligence was committed by the servant of the crown within the scope of his duties, it narrows the field considerably. For example, once in a while there are actions brought against the crown in respect of a motor vehicle accident involving servants of the crown using public motor vehicles not in the course of their duty but after hours and the like. That is not negligence in the course of duty.

Mr. Fulton: No. But may I refer the minister to an illustration of the difficulty which was given in this case by Viscount Simon in discussing the bill in the House of Lords. He was approving of the fact that there a limitation had been put in the bill making it clearly impossible for one member of the armed forces to sue the crown for the negligence of a fellow member. He said:

> To take a simple example, if a government aeroplane crashes—

I think for my purpose I should substitute "if an R.C.A.F. aeroplane crashes."

> —and it is found that the crash is due to the negligence of the pilot in landing, no member of the crew can bring any action against the pilot for damages, and, what is more, no action can be brought against the crown.

Then he goes on. It seems to me it is perfectly easy to visualize that sort of action taking place. I do not want to theorize here, but I would imagine that the approach there would be that pensions for loss of life while on service were provided to take care of hazards of the service. That is exactly what the judge of the exchequer court had in mind in the recent case to which I have referred when he said that this matter may have some important bearing in connection with pensions. "But," he said, "if legislative action is necessary, that is for parliament to concern itself with, not for me. I am interpreting the law as it exists."

I do not want to labour the point, but I think it is something that should be looked into further.

The Chairman: Shall the clause carry?

Some hon. Members: Carried.

Some hon. Members: No.

The Chairman: Carried. Shall clause 2 carry?

Some hon. Members: Carried.

Some hon. Members: No.

Mr. Fournier (Hull): Eleven o'clock.

Mr. Fulton: Since it is close to eleven o'clock, Mr. Chairman, will the minister

accommodate us by allowing us to call it eleven o'clock and give this matter consideration overnight?

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up third reading of Bill No. 198, to amend the Customs Act. Then we will try to pass this Petition of Right Act, and get it to third reading anyhow. Then we will take up Bill No. 338, to amend the Quebec Savings Banks Act; the resolution in the name of the Minister of Veterans Affairs (Mr. Lapointe) to amend the Veterans Insurance Act; then Bill No. 322, respecting the Canada post office. If we are fortunate enough to pass all those pieces of legislation, we will move to go into supply and call three departments.

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

HOUSE OF COMMONS

Tuesday, May 29, 1951

The house met at three o'clock.

BANKING AND COMMERCE

CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. Hughes Cleaver (Halton) presented the fifth report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

TRADE CONFERENCES

CANADA-U.K. CONTINUING COMMITTEE, BRITISH WEST INDIES, FRANCE, NEW ZEALAND

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to make an announcement regarding trade conferences. Last week, as hon. members know, a meeting of the Canada-United Kingdom continuing committee was held here in Ottawa, and during the week end my colleague, the minister of external affairs (Mr. Pearson), issued a short summary of the profitable discussions which took place. Discussions with the British West Indies followed the United Kingdom talks and are now completed.

A delegation of officials of the French government arrived in Ottawa this morning to discuss a number of problems pertaining to trade between our two countries. Members of this delegation spent yesterday in Toronto at the international trade fair, where they were welcomed as honoured guests and were able to see the merchandise of many countries now on display there. This afternoon the French delegation will begin meetings with officials of government departments concerned. It is expected that these discussions will be carried on for two or three days. The tariff agreement completed recently at Torquay between Canada and France was evidence of the desire which exists on both sides to create opportunities for trade.

Tomorrow, May 30, the minister of customs of New Zealand, who is also the associate minister of finance of that country, will arrive in Ottawa to discuss trade problems with the Canadian government. We welcome this timely visit of a distinguished minister of the crown from a sister commonwealth country. Canada has traditionally enjoyed valuable trade relations with New Zealand, and we hope that the groundwork will be laid at the present meetings for further expansion.

RECOMMENDATION OF ANGLO-CANADIAN TRADE COMMITTEE FOR COMMONWEALTH CONFERENCE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the statement that has just been made by the Minister of Trade and Commerce, and his reference to the discussions with the Anglo-Canadian trade groups, may I ask if further consideration has been given to their suggestion that a commonwealth conference should be held with an aim to increasing trade within the commonwealth?

Mr. Howe: The continuing committee made no such suggestion. We think that the work of that committee was a commonwealth conference, as it affected two countries of the commonwealth. We think the meeting with New Zealand will be a commonwealth conference, as it affects two members of the commonwealth. We hope from time to time to meet with other members of the commonwealth to discuss problems of mutual interest.

Mr. Drew: I would point out that I directed my question to the Minister of Trade and Commerce in view of the information he had given us about certain trade meetings. I asked if the government had considered the recommendation of the Anglo-Canadian trade committee, and I understood the minister to say that no such recommendation had been received. I find the following in the Montreal *Gazette* of May 19:

> The Anglo-Canadian trade committee today recommended that commonwealth governments should, at the earliest practicable date, call a commonwealth economic conference to investigate mutual trade problems.

It was to that statement, to which there was general reference subsequently in the press and elsewhere, that I was directing my remarks. The officials, some of whom are now meeting the government, were those who make up this continuing committee. I was directing my question to that committee and to the hope that this recommendation had received consideration.

Mr. Howe: I should like to set my hon. friend straight on his information. The Anglo-Canadian trade committee is made up

of private citizens of both countries. It has no relation whatever to the continuing committee, which is composed of officials of the two governments with the purpose of discussing trade matters as between the two countries. I have never seen the recommendations of the Anglo-Canadian trade committee. They have never been furnished to the government, as there is no reason why they should be. I have not had the advantage, as my hon. friend has, of seeing them quoted in the press.

Mr. Drew: I point out that I used words in my earlier reference which correctly described this committee, and I would also remind the minister that I directed my earlier question to him in regard to this same statement. I am surprised to find him unaware of the recommendation.

HOUSE OF COMMONS

RULES RESPECTING STRANGERS IN THE GALLERY AND SUBJECTS OF QUESTIONS OF PRIVILEGE—ASKING OF QUESTIONS—READING OF SPEECHES

Mr. Speaker: May I be permitted to make a statement at this time. A few days ago the hon. member for Rosetown-Biggar (Mr. Coldwell) brought to my attention a practice which is becoming very common in the house of hon. members rising on so-called questions of privilege. This irregularity has also been brought to my attention by other hon. members from time to time throughout the session, and more especially during recent weeks. It has also been the subject of unfavourable comment in the press.

There are only two types of questions of privilege. One affects a member personally and is a matter of personal privilege, and the other is one which affects the privileges of all hon. members of the house. It is neither a question of personal privilege nor one which affects the privileges of all hon. members to inform the house that an athletic organization or any organization, or any citizen or citizens, have brought distinction to a member's constituency by winning a championship. Nor is it a question of privilege to bring to the attention of the house the fact that certain school children or others are in the gallery. No reference should at any time be made to the gallery except on the occasion of the attendance in the gallery of a distinguished representative of another country. It is highly improper at any other time to refer to the gallery. If the practice continues, either of referring to championship teams or to school children in the gallery, every hon. member will feel called upon to do likewise when occasion arises, as otherwise he will feel that his constituents may think that he is ignoring them. May I therefore suggest to hon. members that they refrain in the future from making these references.

There is another matter to which I think reference should be made at this time. It is with respect to the procedure regarding the asking of questions. I would refer hon. members to standing order No. 44. This standing order provides for the placing of questions on the order paper, which is the usual procedure, and should be followed whenever possible.

It has nevertheless been the practice in our house to allow a certain number of oral questions, and it is not my purpose to discourage members from asking questions of the proper type, as I feel that these questions create a more lively interest in the business of the house. These oral questions are asked when the orders of the day are called, and are frequently asked without notice. I would, however, emphasize that these oral questions should be asked only in connection with very urgent and important matters of public concern, and only if it would not be in the public interest to place them on the order paper and receive answers in accordance with the method provided for in the standing orders. They should always be brief. No debate is permitted, and the reply should be as concise as possible. The questions should not be prefaced by the reading of letters, telegrams, newspaper extracts or preambles of any kind. See Beauchesne's third edition, paragraphs 297, 298. I ask the co-operation of hon. members in observing these rules.

While I am making these references, may I also take the opportunity of thanking hon. members for the co-operation which they have given me in my endeavour to enforce the rule which prohibits the reading by private members of previously prepared speeches. On February 20 of this year I reminded hon. members of the rule, and for a short time it was generally observed. However, during the debate on the budget a very considerable number of members reverted to the undesirable practice of reading their speeches. The reading of long speeches, especially by private members, would not be tolerated at Westminster, and I might point out that we would be required to follow the usages and customs of the British house if our standing orders did not prohibit the reading of speeches. The House of Commons is not a debating society nor an assembly which is gathered together to listen to the reading of essays. It is a forum where members may express themselves freely in accordance with the established rules on all matters of public interest.

I believe that during this session fewer speeches have been read than in former sessions, but I am very hopeful that the practice of reading speeches, except in the case of government statements or important statements by the leader of the opposition or by leaders of other groups, will be wholly discontinued.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 335, respecting Industrial Loan and Finance Corporation.—Mr. Macnaughton.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO REPORT OF COMMITTEE SET UP TO INVESTIGATE WRECKS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the parliamentary assistant to the Minister of Transport. According to the press, a committee has been set up to study the reasons—

Some hon. Members: Oh, oh.

An hon. Member: There you go.

Mr. Speaker: Order. May I be permitted to suggest to hon. members that in asking questions they should endeavour from today onward to follow the rule strictly.

Mr. Drew: Mr. Speaker, may I also suggest that from today onward the ruling should be made by you and not by members by suppression of speech.

Mr. Sinclair: It should not be a speech. It should be a question.

Mr. Fraser: I should like to address a question to the parliamentary assistant to the Minister of Transport.

Mr. Diefenbaker: You are all right so far.

Mr. Fraser: Will he ask the Minister of Transport to keep the house informed as to the recommendations of the committee set up to investigate the wrecks on the Canadian National Railways?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): I will.

INQUIRY AS TO SATURDAY CLOSING OF SMALLER STATIONS IN NEW BRUNSWICK

On the orders of the day:

Mr. H. H. Hatfield (Victoria-Carleton): I should like to ask the parliamentary assistant to the Minister of Transport whether it is correct that all the smaller stations on the Canadian National in New Brunswick will be closed all day Saturday after June 1.

Inquiries of the Ministry

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): The hon. gentleman has just sent over to me a telegram indicating that one station at least is to be closed on Saturdays. In order to determine whether or not this is the policy on a broad basis I shall make the necessary inquiries and see that the hon. member is provided with an answer in due course.

PROVISION OF RADIO COMMUNICATION IN NEWFOUNDLAND

On the orders of the day:

Mr. W. J. Browne (St. John's West): Can the parliamentary assistant tell me whether approval has yet been given for the installation of radio communication between Colinet island and the mainland and a number of other communities in Newfoundland, as was promised by the minister during the discussion of the estimates?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): The hon. member was good enough to give the department notice of this question; but in view of the fact that this question was raised on the estimates and the hon. member is reported as estimating that it would involve an expenditure of only $600 or $700; in view of the fact that the Minister of Transport indicated that this was being considered as a 1951 budget proposition for the Canadian National Railways, and in view of Your Honour's recent instructions, I wait for you, sir, to indicate whether or not an answer should be given now, or whether the question should be placed upon the order paper.

Mr. Speaker: If the parliamentary assistant has the information, I think he should give it now.

Mr. Benidickson: I am pleased to be able to inform the hon. member that this is a project which I believe has been approved by the Canadian National for development in Newfoundland some time this year.

FINANCE

REFERENCE TO MONTHLY STATEMENT OF REVENUES AND EXPENDITURES —SURPLUS FOR APRIL

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I desire to direct a question to the Minister of Finance, first pausing to congratulate him on having become Dr. Abbott. I have given notice of my question. It refers to a statement made by the minister recently showing a surplus of $121 million for the month of April, or four times his budget estimate for the whole year.

Inquiries of the Ministry

Mr. Speaker: Order. I would ask the hon. member to put his question.

Mr. Graydon: He is diagnosing it for the doctor.

Mr. Macdonnell (Greenwood): My question is with respect to the minister's words when he says that these figures are not to be taken as indicative—

Some hon. Members: Question.

Mr. Speaker: Order.

Mr. Macdonnell (Greenwood): This is just a very short explanation of what the minister said. He said that these figures are not to be taken as indicative of the probable result of the fiscal year as a whole.

My question is: If these figures are as misleading as the minister evidently considers them to be—

Some hon. Members: Oh, oh.

An hon. Member: That is a speech.

Mr. Macdonnell (Greenwood): —is it not possible for the department to make a statement in a form less calculated to confuse and mislead the public mind?

Mr. Speaker: Order. May I remind the hon. member that questions at this time should not be questions that lead to debate or are provocative.

Hon. Douglas Abbott (Minister of Finance): I thank the hon. member both for giving me notice of his brief urgent question, and for his felicitations on my being made a doctor. I have so many in my department that it is splendid to be one myself.

Answering the first question, the monthly statements which I issue with respect to revenues and expenditures are, I hope, always clear. They are certainly not misleading, as my hon. friend would appear to indicate. If the form could be more helpful we will see what we can do about that; but it is the usual factual statement of receipts and disbursements issued once a month. I have been in the habit at times of issuing some explanation with it, pointing out that one swallow does not make a summer and that it is well to wait until the end of the year before coming to a conclusion as to the final results.

Mr. Graydon: A nice bedside manner, doctor.

Mr. Macdonnell (Greenwood): I have a supplementary question to ask the Minister of Finance which I am sure is in order. Does not the minister think his figures, whether misleading or not, entirely bear out what was suggested from this side of the house some time ago, that he could well afford to do without the increase in the sales tax?

Mr. Abbott: Oh, by no means.

HEALTH INSURANCE

INQUIRY AS TO APPOINTMENT OF COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare, based on a press item which I need not read. Is the government considering the setting up of a special committee, similar to last year's committee on old age security, to study and report upon a program of national health insurance?

Hon. Paul Martin (Minister of National Health and Welfare): I answered that question earlier this session. The answer is no.

CUSTOMS ACT

AMENDMENTS TO CLARIFY ACT AND TO FACILITATE ADMINISTRATION AND ENFORCEMENT

Hon. J. J. McCann (Minister of National Revenue) moved the third reading of Bill No. 198, to amend the Customs Act.

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

Some hon. Members: On division.

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

PETITION OF RIGHT ACT

ABOLITION OF GOVERNOR GENERAL'S FIAT

The house resumed, from Monday, May 28, consideration in committee of Bill No. 192, to amend the Petition of Right Act—Mr. Garson—Mr. Dion in the chair.

On section 1—*Filing of petition.*

Mr. Diefenbaker: Last evening the minister spoke of the subject being placed in a position of equality with the crown. Any action the individual may desire to take against the crown must be taken in the exchequer court. The crown, however, may take proceedings in any court of competent jurisdiction of any province. When the crown chooses to take proceedings in a court set up within a province—the court of king's bench, the supreme court, trial division, or the county court—the subject may raise matters in defence as against the crown but is denied the right to counter-claim. That places the subject in an impossible position,

and I suggest for the consideration of the minister that a change is due in that respect. Where the crown chooses to accept the jurisdiction of a court other than the exchequer court and commences its action there, the citizen should not be placed in such a position that a counter-claim may not be presented in that court. This is a matter which might well be considered by the law officers of the crown.

Mr. Garson: I do not think my hon. friend quoted my remarks accurately, so perhaps for the record I had better repeat what I said as reported at page 3479 of *Hansard:*

> The purpose of this legislation is to place the crown in right of Canada in petition of right proceedings in the exchequer court in substantially the same position as an ordinary litigant.

That is what this bill does. My hon. friend raises a question which I think he will admit is quite different from that which is involved in this bill, namely, that in those infrequent cases in which the crown chooses another court in which to sue the subject, consideration should be given to enabling the litigant against whom such suit is taken in that other court to raise such defences or offsets as are available to him in the exchequer court. I have no hesitation in saying that we should be very glad to give my hon. friend's suggestion due consideration, but it is hardly relevant to the bill before the committee.

Mr. Diefenbaker: On the narrow ground of relevancy to the matter in issue here, I am not in disagreement with the minister. But when so much ado is made about the position of a citizen in his relation in litigation—

Mr. Garson: In the exchequer court.

Mr. Diefenbaker: —in the exchequer court, yes; but most laymen would not get the distinction that lawyers would make in the use of the words "the exchequer court". I know of one or more cases in which the defendant has been unable properly to defend himself in the court chosen as the forum by the crown, by reason of the fact he was unable to make a counter-claim.

Let me refer again to the matter I mentioned last evening. Under this legislation, parliament is actually divesting the crown of one of its most ancient prerogatives without having secured the consent of the crown to the legislation. I mentioned that because, after all, the king is one of the three component parts of parliament. The king, it is true, acts upon the advice of his privy council; nevertheless there are certain cases in which the king is freed from acting on the advice of his council.

My reading of the constitutional development of kingship indicates that this prerogative is not a mere fiction or formality, but rather one of the most prized positions that kingship holds, not only by virtue of tradition, but also by reason of the fact that the king occupies so important a position in the constitutional development of the country. Last evening the member for Rosetown-Biggar said that, after all, we have not a king in Canada. That is scarcely in accordance with the constitutional development about which I have heard boasting in this house in recent years, particularly since the Statute of Westminster. To those who say that the king occupies an unimportant position and is merely a symbol, the answer is that so long as there is a king there can be no dictatorship within the British commonwealth. The king is above politics; he chooses his advisers following the decision made by the electors; in fact, he determines who shall be his prime minister and his first citizen.

That kingship is no mere symbol, and that the king has tremendous influence was indicated in England in 1922 or 1923, when everyone in the Conservative party believed that the king would call Earl Curzon to be prime minister, but the king chose to call Mr. Baldwin to that office. I repeat that the office of kingship is no mere formality. It is a symbol which binds us together. But in addition under our constitutional development, the kingship denies the possibility of there ever being a dictatorship so long as that kingship exists, and so long as the king carries out that responsibility which rests with him and no one else. Therefore I ask that nothing be done by this parliament which would in any way appear to detract or subtract from one of the prerogatives of kingship, namely, that the king can do no wrong. This principle antedates cabinet responsibility and all that cabinet responsibility means. The significance of it is that the king is above the law by reason of his prerogative right of not being subject to the king's courts.

The minister has had the opinion of the law officers of the crown, and I have done my duty. But certainly one can take *Hansard* after *Hansard* back to 1835, and wherever there has been any removal or subtraction of the right of kingship—indeed, even a change of title to be given to His Majesty—the announcement was made by the king's minister that His Majesty was willing to accept whatever decision was made by parliament. Even when Edward VIII abdicated in 1936 that formula was used, and he in fact consented, as the constitutional monarch, to the

removal from him of all his prerogatives before parliament accepted his abdication.

Mr. Hosking: Since this debate has been a legal member's paradise, as an engineer I should like to take this opportunity of asking the member for Lake Centre a question. Is he in favour of a citizen who has a judgment against him not satisfying that judgment because he is working for the crown? In my riding there is a man who has a judgment against him for approximately $3,000, but he refuses to pay it because he is working for the crown. I suggest to the Minister of Justice that this is a most unfair situation. If the member for Lake Centre is proposing to have that condition continued, I hope that the minister in his fairness will see that there is some legislation brought in which will compel a citizen of this country to pay his debts when employed by the crown.

Mr. Diefenbaker: Mr. Chairman, I pass that question on to the Minister of Justice, whose responsibility it is to recommend whether or not that should be done.

Mr. Garson: Mr. Chairman, the answer to the question of my hon. friend from Wellington South is that the federal crown is not at the present time bound by a garnisheeing order. I believe that is what the hon. member has in mind. The gentleman against whom the judgment is obtained is, I take it, an employee of the federal government. In an effort to collect the judgment it is desired to take out an order garnishing his salary. One of the reasons for the fact that the federal crown is not bound by a garnisheeing order is the great administrative difficulty of acknowledging and taking care of those orders from all parts of Canada. But I think there is considerable merit in the point raised by the hon. member. It is a matter to which careful consideration will be given.

Mr. Fleming: It is both interesting and refreshing, Mr. Chairman, to hear the Minister of Justice this afternoon drawing attention to certain limitations of the bill now before the committee. Last evening, if one is to judge from his remarks in certain places, one would have thought that in its effect this was a broad and sweeping measure. As is shown by the report of the proceedings in the committee, at page 3489 of *Hansard*, the minister complained that the hon. member for Lake Centre had put a rather narrow interpretation on the effect of the measure. At the bottom of the page the minister is reported as follows:

> While I am on that subject, I believe that, in fairness to our own legislation, I should point out that the hon. member for Lake Centre rather tended to leave the impression that the scope of our act was quite narrow. I believe I should point out what it does cover.

Then the minister went on to deal with some of the sections of the Exchequer Court Act, a statute which has such a direct bearing on the subject now under discussion. But this afternoon the minister has done a service in assisting the committee to realize that the measure, after all, is somewhat narrow in its terms and in its effect. He has drawn attention to certain narrowing words that he used in introducing the measure, as reported at page 3479 of *Hansard*, when he said:

> The purpose of this legislation is to place the crown in right of Canada in petition of right proceedings in the exchequer court in substantially the same position as an ordinary litigant.

It is highly commendable that the minister this afternoon should have placed such great emphasis on those words "in petition of right proceedings in the exchequer court," because otherwise the effect of the statement made by the minister last night, it seems to me, was to exaggerate considerably the effect of the present measure. The minister has now helped the committee to see the bill in its proper perspective which, after all, is quite a narrow one.

In effect, this measure deals with a procedural question and eliminates a step in procedure. It does not affect the substantive law. If the principle upon which the government is proceeding is sound, and I believe it is, we should have had with this measure corresponding amendments to the substantive law of Canada, so that what we are doing here, in deference to a principle, should have real substance and not be simply a change in what is, after all, little more than procedure and form. While commending the present measure as far as it goes—and I regret that it does not go very far—I wish to record my regret that the government has not gone as far as it might well have gone, and ought to have gone, in view of the soundness of the principle supporting this type of legislation.

I could not help recalling a debate that occurred in the house on December 13, 1945. At that time the present Prime Minister was minister of justice, and I asked him this question on his estimates, as reported at page 3467 of *Hansard* of that session:

> What progress, if any, is being made in the department with reference to the matter of petitions of right? It has been such a sore point for so long, and I think the courts and the bar are looking for some leadership in this matter. I know the Minister of Justice has had this matter brought actively before him for a long time. When may we look for some action in the direction of elimination of petitions of right in actions against the crown?

And the answer came back, very swift and very firm:

Mr. St. Laurent: Not while I am Minister of Justice.

It is evident that since the present Prime Minister ceased to be minister of justice there has been a change of heart on his part; and I think the committee will be glad to see such a change of heart on the part of the government, because the position taken by the then minister of justice, the present Prime Minister, is, I think, a position which the government, in introducing the present measure, has shown to have been entirely unsound. I am glad the government has made sufficient progress at least to have discarded the position taken in 1945 by the Prime Minister and to have introduced the present measure, limited though its effect may be.

A good deal has been said in this discussion about the historical background of the immunities of the crown, and about the way in which the procedure for petition of right has grown up and has been observed for centuries. An interesting description of those immunities was given by Chief Justice Duff in the case of the King *v.* Central Railway Signal Company, 1933 Supreme Court Reports, where, at page 564, after reviewing the immunities enjoyed by the crown in respect of torts and certain other forms of action, the chief justice says this:

It has sometimes been said that this immunity of the sovereign from processual coercion, "the grandest of his immunities," to use the words of Maitland . . . rests upon the principle that the king by his writ cannot command himself, and this was laid down in the Sadler's case; the immunity has also been ascribed to the fact that the courts are the king's own courts and to the same principle as that of the immunity of the feudal seigneur from process in his seigneurial court.

What the government is proposing in this measure is that there should be a measure designed to strip the crown of some of the procedural or formal aspects of what has here been called the crown's "immunity from processual coercion", "the grandest of the immunities of the crown". If the principle of this bill is sound, it is sound enough to be extended to the substantive law, where it should be given full recognition. It is not given full recognition today.

In his remarks last night the Minister of Justice dwelt at some length on some of the subsections of section 19 of the Exchequer Court Act; but I think the Minister of Justice will agree that there are still great areas of what would be liability in the case of an ordinary litigant, in which fields the crown is still immune, regardless of however tortious the acts of the crown or the crown's servants might have been, if those acts had been committed by a private litigant or by servants or employees of a private litigant.

There is much to be said in this day and generation for a discarding of this type of immunity of the crown. We recognized the same principle last year in the Statute Law Amendment Act, when so many emanations of the crown in the form of statutory corporations were brought, by enactment of parliament, under liability to action in the courts for breach of law. That was a sound type of legislation. It is a recognition not simply of the soundness of a principle but also of the fact that, as the power of government grows, expands, and is wielded, more and more of the area of what years ago had been regarded as fields closed to government and belonging exclusively to fields of operation on the part of private citizens is now enclosed within the scope of governmental operations. Therefore, old principles and old immunities which had a sound bearing in days when the activities of the crown, so far as the ordinary business of life was concerned, were on a very narrow scale indeed, do not fit the situation that obtains today, when governments are operating in so many fields of what were previously exclusively private endeavour. Last year's amendment was sound; this amendment is sound, but I still say that it does not go far enough in bringing about justice and fair play to litigants.

The hon. member for Lake Centre referred this afternoon to a situation where, in an action brought by the crown against a private litigant, the litigant is not free to make a counter-claim in the proceedings. That smacks of injustice and a lack of a sense of fair play in days such as these. I do not believe that the people of Canada have any patience in these days with immunities of the crown which have no sensible bearing upon the hard facts of governmental operations.

The Canadian Bar Association has for years been pressing the government on this subject.

Sir, there are good precedents for widening such provisions as we find in the present section of the bill under discussion. Some of the provinces have taken wholesome steps in this regard. One that I have had some experience with, and which the minister and his advisers may find interesting, is section 87 of the Ontario Highway Improvement Act, with respect to actions arising out of non-repair of highways. It contains a simple provision, so far as the substantive law is concerned, that the crown shall be liable for damage suffered as a result of non-repair

of the king's highways. It is a plain statement of substantive law; and then follow the procedural aspects of the matter dealt with in succeeding subsections, in which it is provided that any actions of that kind may be brought in the ordinary way in the courts and the defendant may be described as His Majesty in the right of the province of Ontario represented by the minister of highways. Therefore you have the complete code—

Mr. Lesage: On a point of order, Mr. Chairman, may I draw your attention to the fact that clause 1 was carried last night, as is indicated on page 3491 of *Hansard*, where the following took place:

The Chairman: Shall the clause carry?
Some hon. Members: Carried.
Some hon. Members: No.
The Chairman: Carried. Shall clause 2 carry?
Some hon. Members: Carried.
Some hon. Members: No.

And then the house adjourned. But clause 1 was carried. I believe that the hon. member is discussing the principle of the bill.

Mr. Graydon: It is the *Votes and Proceedings* that govern.

Mr. Lesage: *Votes and Proceedings* do not mention the clauses separately.

Mr. Graydon: On that point, lots of times *Hansard* is wrong and *Votes and Proceedings* are always right.

The Chairman: There is no mention of sections of bills in *Votes and Proceedings*. *Votes and Proceedings* do not mention sections that are carried in committee. I was under the impression that the clause was carried; it is not mentioned in *Hansard* that the clause is agreed to; but my impression is that it was carried. I would ask the hon. member to conclude his remarks as soon as possible.

Mr. Fleming: With respect, I was not in the house at the time that happened, but I was given to understand that in the ordinary course you asked, at the time of a pause, "Shall the clause carry". Some members on one side said "carried", and some members in this part of the house said "no".

Mr. Lesage: The chairman said "carried", and he called clause 2.

Mr. Fleming: The chairman often says "carried" when there is not a final adoption. He frequently says that to ascertain if there is to be any further discussion on the item. That is what he was doing at that time.

The Chairman: Yes, but when I called clause 2 nobody asked that we revert to clause 1.

Mr. Fournier (Hull): It was carried all right.

[Mr. Fleming.]

The Chairman: When I called clause 2 there was no objection.

Mr. Fulton: If I may be permitted to say a word, I would ask the committee to look at pages 3491 and 3492, where I made the following remarks.

Since it is close to eleven o'clock, Mr. Chairman, will the minister accommodate us by allowing us to call it eleven o'clock and give this matter consideration overnight?

I made that request under the impression that clause 1, on which this point has been raised, and to which I was asking that consideration be given, was still before the committee.

The Chairman: Since there is some doubt about it I will call clause 1 and allow the hon. member to go on with his speech.

Mr. Fleming: Thank you; I was nearly finished, anyway.

Mr. Fournier (Hull): Hear, hear.

Mr. Fleming: I think it will be found that no time has been lost. I had just finished mentioning what I thought was a useful kind of precedent from one of the provinces in a situation of this kind to deal with the substantive law, giving recognition, with respect to the substantive law as well as to the procedural law, to a sound principle.

During the war we had certain orders in council dealing with claims brought against the crown arising out of operations in Canada of the armed forces, and these orders in council were carried forward into peacetime. You will find them in P.C. 43/1880 of May 14, 1947, amended by P.C. 254½/2727 of May 28, 1949. This first order in council contains this as the third clause:

Every claim against the crown arising out of any death or injury to the person or to property alleged to result from the negligence of any officer or servant of the crown while acting within the scope of his duties or employment shall be dealt with under this order.

And clause 2-D of the order defines officer or servant of the crown as follows:

"Officer or servant of the crown" means an officer or member of the naval, military or air forces of Canada, or an employee of the department.

Then follow the detailed provisions governing procedure in claims arising under clause 3.

It seems to me that the time has come when there should be an effective consolidation, with the necessary broadening of the provisions, of our law, whether statutory or in order in council form, as in the case of these two orders in council, and others I believe as well, to meet the needs of the present day, and also to give effective codification to the

substantive law in relation to liability of the crown. I expect some hon. members have had experience with these orders in council that were in effect during the war, and with perhaps the two to which I have just referred, which came into effect after the war. I think the experience of any who have had cases under these orders in council has been unsatisfactory. They must have come to the conclusion that these are entirely unsatisfactory provisions for the statement of the liability of the crown for acts of the officers or members of the armed forces of Canada or employees of the Department of National Defence.

I remember a case that occurred in connection with naval gunnery practice in lake Ontario, close to fishing claims very near to Toronto, where great damage was done to the fishing as well as to the nets and other property of the licensee of those fishing claims. The affidavits of about eight eye-witnesses of the shelling and the consequent damage to fishing and fish nets and equipment were submitted to the Department of National Defence in due course. I regret to say that the matter received pretty summary treatment in the Department of National Defence, and the claim was not entertained.

There is only one way in which private claimants will at best feel that they have had a fair hearing of a case or that justice has been done, and that is if they are allowed to take their cases to the courts for adjudication. If the judicial processes offered by the crown to govern disputes between private litigants are good enough for them, they ought equally to be good enough for the government which is largely responsible for prescribing those judicial processes for the settlement of the claims of others. Our conception of the rule of law should not be impaired or restricted by any narrow limitations which trace themselves back to regal immunities which simply do not fit the hard facts of times such as these, when governmental activities cover so many fields.

I urge upon the minister the broadening of the substantive law by statute, and I urge upon him also that he take orders in council of this kind under review to see to it that the government, having made a sound departure from the untenable and unsound position taken by the present Prime Minister in December, 1945, go further and, rather than contenting itself with half measures or a half-hearted recognition of a sound principle, bring in a measure that will give full and complete recognition to the desirability of extending the judicial process in the broadest possible sense to the settlement of just claims brought against the crown.

Mr. Stewart (Yorkton): I notice from the remarks of the hon. member for Lake Centre and the previous speaker that apparently the Minister of Justice will never be able to satisfy the official opposition in this house, nor will any other minister of the crown. I would point out that no government supported by my friends in the opposition has done anything to solve this problem. The Minister of Justice is to be complimented upon going as far as he has gone in this matter. This is the first real step that has been taken to bring in legislation of this kind.

So far as the attachment of debts is concerned, I understand that even in Ontario under a Tory government you cannot yet attach debts; all you can do is send a notice to the attorney general and he may hold up the salary for a while.

Mr. Fleming: That is an entirely different matter.

Mr. Stewart (Yorkton): There is a Conservative government in Ontario, and the creditor is not able to collect his debts as this procedure will to a certain extent permit in connection with the federal government.

Mr. Graydon: You have enough trouble in Saskatchewan.

Mr. Stewart (Yorkton): That is all right. I usually manage to get a rise out of some of these Tories seated to my left.

Mr. Fleming: Is the hon. member saying that the bill now under discussion will have the effect of permitting the attachment of debts owing by a servant of the federal government?

Mr. Stewart (Yorkton): No, I am not contending that for a minute. I am going to deal with that next. This bill does give a certain remedy against the federal government that was never given by any Tory government that I know of. In connection with the attachment of debts, the Minister of Justice has said that the matter is being given consideration. As I say, in Ontario there can be no attachment of debts under that Tory government. I believe that federal civil servants should pay their debts if they are able to. I think every citizen of Canada feels that way about it. They should not have any exemption from attachment any more than any other citizen if they are able to pay.

I know there are administrative difficulties, but in connection with the railroads, which are spread across the dominion, debts can be attached. They wire that the attachment has been served at one of their branches. In Saskatchewan you can attach debts, and even the provincial payroll can be attached. I trust

that the minister will follow this up. Instead of the attachment having to be served the last day of the month, I suggest that it be permitted to be served at any time which will give sufficient time to notify headquarters that the attachment has been served. I am sure that after considering this whole problem the minister will agree that a federal civil servant who has borrowed money from another citizen of Canada should be required to pay that debt within a reasonable time. We might limit the amount of the attachment so that the civil servant could have so much of his salary every month, but the rest of the salary should be subject to the attachment.

If the attachment were made applicable the first week of the month, or in any event in sufficient time to notify Ottawa, the administrative staff could figure it out, the money could be held and the debt required to be paid within a reasonable time. I know the minister will give this matter his consideration, because despite what the official opposition has said, the Minister of Justice has made the first real advance in the way of making collections from the crown on damage actions.

Mr. Graydon: The hon. member is too easily satisfied.

Mr. Stewart (Yorkton): My hon. friend sat here for years and was so satisfied that he kept mum under Tory governments that got nowhere.

Mr. Browne (St. John's West): There is one truth in the remarks of the previous speaker; whenever he rises he tries to get a rise out of somebody else.

A number of members seem to think that the step taken by the Minister of Justice is a wonderful victory for the ordinary citizen. It is quite the contrary, because it is an intrusion upon the privilege of the crown to protect the citizen. As has been stated in the debate by the hon. member for Lake Centre and the Minister of Justice, the petition of right is a traditional right of the citizen to address directly the king. It goes back to the thirteenth century, and was intended to protect the citizen against the government.

There is a great deal of loose thinking in connection with constitutional matters, and people easily confuse the government with the king. The fact is that the king is a separate branch of government. The hon. member for Lake Centre raised the point that the king's representative should have been consulted before this legislation was introduced. The present section 4 reads:

> The petition shall be left with the Secretary of State of Canada, for submission to the governor general, so that he may consider it and, if he thinks fit, grant his fiat that right be done; and nothing shall be payable by the suppliant on leaving the petition.

As the Minister of Justice and other lawyers know, in the courts of equity in England the king exercises a similar function. People who are unable to get satisfaction in the courts of law can apply directly to the king and the lord chancellor, and the lord chancellor grants the petition. There is the right of the citizen to apply directly to the king. Therefore this is not a great victory on the part of the citizen.

As the hon. member for Eglinton has said, in these hard times the government is rather less determined to prevent the citizen from obtaining his full rights. Gradually a right has been given to the citizen, and that right is being enlarged so that he can take actions in more cases than formerly. Therefore I should like to ask the Minister of Justice whether he has given any further consideration to the point raised by the hon. member for Lake Centre last night, that the matter should have been brought to the attention of the governor general and his consent should have been signified formally before the legislation was introduced.

Mr. Garson: As I indicated in my remarks last night, the king's pleasure in this matter will be signified in the house on or before third reading.

Mr. Browne (St. John's West): Are you satisfied that is correct?

Mr. Garson: I think out of an abundance of caution it is a wise precaution to take.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On the title.

Mr. Fulton: Has the Minister of Justice had an opportunity to give consideration to the matter I raised last night arising out of a recent decision of the exchequer court?

Mr. Garson: Yes. Would my hon. friend mind repeating his question? I read it carefully in *Hansard*, but it was in two parts and I was not completely sure that I got his point. If he will repeat it now, I shall be glad to answer it.

Mr. Fulton: It was whether some safeguard should be inserted in the statutes to prevent the possibility arising of, for instance, one member of the armed forces suing another member of the armed forces or the crown for injury or death occurring during the course of his employment in the armed forces. I understand it is not desired to create that situation, but I believe it is one which is liable to result from the position we are now in.

Mr. Garson: I appreciate my hon. friend restating his position, but I rather gathered the impression from his remarks last night that he was relating this question to some extent to the matter of negligence. For example, he said at page 3490 of *Hansard*:

I appreciate the argument of the Minister of Justice with respect to the difficulty of proving negligence in those cases to which I referred arising particularly within the armed forces.

Mr. Fulton: That is right.

Mr. Garson: He continued:

I agree that that would be exceedingly difficult on occasion. But I should imagine that there are other cases where it would not be impossible by any means to establish negligence.

Mr. Fulton: That is right.

Mr. Garson: I will try to answer what I take to be my hon. friend's point, and if I fail to do so I hope he will draw my attention to my failure so that I may cover it completely in the end. To begin with, I have nothing to add to what I said yesterday to the effect that, in so far as section 19 (c) of the Exchequer Court Act and the liability thereunder is concerned, the crown is only liable in tort if negligence by an officer or servant of the crown acting within the scope of his duties or employment is first established. The case to which my hon. friend referred as being covered by the clipping which he sent to me bears that out. That was the case of Dame Elizabeth Cornell Oakes *v.* His Majesty the King. The first paragraph of the judgment of Mr. Justice Cameron of the exchequer court refers to the point of negligence in these terms:

This is a petition of right in which the suppliant claims damages from the respondent. On June 5, 1945, George Walsh Oakes, then an airman in the Royal Canadian Air Force, was a passenger in a motor vehicle owned by the respondent; that vehicle was struck by a train of the Canadian National Railways in Montreal east, and Oakes was killed. At the trial it was admitted that L.A.C. Oakes was then on duty, that the motor vehicle was operated by L.A.C. R. E. Hitsman, a member of the air force of Canada and then acting within the scope of his military duties, and that the said accident occurred because of the fault and negligence of the said Hitsman.

Therefore nothing turns, in the point raised by my hon. friend's question, upon whether there was negligence. In fact there was negligence in that case. My hon. friend's question must turn on another point and if I understand correctly the point that my hon. friend is driving at, I think perhaps I can answer his question in these terms. I will go back a bit in order to cover the preliminary ground. In Meloche *v.* The King (1948) 4 D.L.R., 828, Mr. Justice Anger of the exchequer court held that a petition of right will not lie under section 19 (c) of the Exchequer Court Act for death or injury to a member of the forces in the course of his employment on the ground that parliament had by the Pension Act provided a special remedy for such death or injury; that is even where there may be negligence, and which otherwise would make the crown actionable.

In Bender *v.* The King (1947) S.C.R. 172, the Supreme Court of Canada held that a government employee who had received compensation under the Government Employees Compensation Act was nevertheless entitled to claim damages under said section 19 (c). Perhaps I should explain that the Government Employees Compensation Act is an act passed by this parliament to provide for federal civil servants a protection analogous to that which is enjoyed by workmen under the workmen's compensation acts of the various provinces. The Government Employees Compensation Act is another reason why comparisons between the liability of the crown under the Canadian Exchequer Court Act and under analogous British legislation are rather invidious because here is a whole field of torts arising out of the relationship of master and servant which is pretty well completely covered by the Government Employees Compensation Act in this country.

After the judgment in Bender *v.* The King, the Government Employees Compensation Act was revised by chapter 18 of the statutes of 1947, and section 9, subsection 5, thereof now reads as follows:

No employee or dependent of such employee shall have a claim against His Majesty or any officer, servant or agent of His Majesty, except for compensation under this act, in any case where an accident happens to such employee in the course of his employment under such circumstances as entitle him or his dependents to compensation under this act.

That is simply the principle followed in workmen's compensation acts, that once workmen's compensation acts are put on the statute books all claims based upon negligence as between master and servant, and as between one employee and another employee, are washed out, and the provision made by that act in the form of workmen's compensation insurance takes their place. Coming down to the case of Oakes *v.* The King to which my hon. friend has referred, Mr. Justice Cameron of the Exchequer Court of Canada, on May 17 last, handed down his decision in that case holding that he was bound by the reasoning of the supreme court in the Bender case to overrule the judgment of Mr. Justice Anger in the Meloche case. Therefore, by that process of reasoning, he awarded Mrs. Oakes, the wife of the airman killed in the course of duty as a result of

admitted negligence, the sum of $20,000 in addition to any rights she might have in regard to pension and the like.

That is the situation as it stands today. If I understand my hon. friend's point—though I have not been too clear about it up to the present—it is that we should consider whether section 19 (c) does not go too far in the light of this judgment in the Oakes case, in that it will be imposing quite a burden on the taxpayer if, in addition to all the benefits under the Pension Act et cetera that may be available to the dependents of any member of the armed forces in the event of his death while on duty, it should be possible as well to enter suit against the crown and recover substantial damages, as for example the amount of $20,000 in this case. Is that not my hon. friend's point?

Mr. Fulton: Yes, that is the point.

Mr. Garson: Our position in relation to that matter is this. The judgment in this case was handed down on May 17, a very short time ago. We are now considering whether it would be advisable to appeal. It is quite a long judgment, and we have not reached a decision on that point. If it were appealed and affirmed, then I should think that, by a parity of reasoning with our action in connection with the Government Employees Compensation Act, we would have to give consideration to bringing an amendment before this parliament. If on the other hand the judgment in the Oakes case were appealed and overruled by the Supreme Court of Canada and the effect of the judgment in the Meloche case re-established, no consideration of amendment would be required. My hon. friend has said that I understand his question correctly. Does this answer his question?

Mr. Fulton: I think it does, because I understand from the minister that consideration is being given the whole matter, and that was the point I wished to raise. I did not mean that the minister should immediately introduce some amendment just because I suggested it. I did feel that in the light of these cases particularly, and in the light of the provision that was placed in the British statute dealing with this general subject, certainly the time had come when we should give the matter consideration. I am sorry if I did not make my point immediately clear. However, the minister has understood it, and he has certainly satisfied me by saying that consideration is being given the matter, which consideration may possibly lead to the introduction of an amendment. That takes care of the point I wished to make.

[Mr. Garson.]

Mr. Knowles: I noted a few moments ago that the minister said it was his intention before third reading to indicate either the royal or vice regal consent to this legislation. I have no serious objection to the minister doing that, particularly when he puts it on the basis he does, namely out of the abundance of caution; but I should like to take a moment or two to express my own view that this course is quite unnecessary and I think it is unfair both to the houses of parliament and the crown.

With regard to my first point I suggest that in our legislative functions we are governed by the British North America Act, which contains only two qualifications with respect to the way in which we pass bills. Those two qualifications are found in sections 53 and 54. Section 53 provides that money bills must originate in the House of Commons. Section 54 is the section which says that before any money bill is proceeded with the approval of the governor general must be stated in parliament. The only reason royal consent or approval to some bills is indicated is that with respect to those particular bills, that is money bills, it is actually required by the British North America Act. Frankly, if it were not in that act I should think the practice might be reconsidered for a reason I shall indicate in a moment. But why should we go beyond what is required by the British North America Act and bring in a formula with respect to a bill which is not required either by the British North America Act or by the standing orders of this house?

The other point I wish to make is that I regard it as unfair, both to the houses of parliament and to the crown, to follow the proposed procedure. After all it is in parliament, in the Senate and House of Commons, that these decisions are really made. To carry forward the fiction that we make only such decisions as we are permitted by the crown to make is I think unfair to the two houses of parliament and out of keeping with the democratic practice under which we in parliament initiate and pass legislation. Similarly I think it is unfair to the crown. The Minister of Justice brought in this bill, moved first reading, moved second reading, and has piloted it through the committee stage. Obviously the government decided to go ahead with this bill. The House of Commons has accepted it; indeed we have approved of it right along. Now the minister says that just before third reading he is going to announce to parliament that the crown gives its approval to our considering this bill. Well, that would seem to mean that the minister has personally consulted either the king or the governor general and has requested that approval. Under our modern

set-up the crown will not refuse such a request; in other words the crown is told what to do, and I submit that we are going through forms just for the sake of keeping up forms which are not necessary and are a bit unfair to both parties. We keep up the form with regard to the introduction of money bills because it is spelled out in the British North America Act. But why go further? Why make such an announcement in connection with this bill, which is not a money bill? The British North America Act also requires that before any bill which has been passed by both houses of parliament becomes law, it must have the royal assent given in the name of the king. That will come later; surely that final royal assent is sufficient.

As I have said, I have no serious objection to the minister following the course he has indicated in response to the request that was made of him by the official opposition, but I still feel that it is quite unnecessary.

Mr. Browne (St. John's West): Would the hon. member indicate how it is unfair to the crown?

Mr. Knowles: I thought I had indicated why I felt it was unfair. When the crown indicates its approval, supposedly the crown does so of its own initiative and free will. In this case the crown is only doing it because the Minister of Justice has made the request, and the chances are that the minister will be doing it himself, on the crown's behalf.

Title agreed to.

Bill reported.

Mr. Garson: Mr. Speaker, the governor general, having been informed of the purport of Bill 192, an act to amend the Petition of Right Act, gives his consent as far as His Majesty's interests are concerned that the house may do therein as they shall think fit.

Mr. Garson moved the third reading of the bill.

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

QUEBEC SAVINGS BANKS ACT

INVESTMENTS IN CORPORATE BONDS OR DEBENTURES—LOANS

Hon. Stuart S. Garson (for the Minister of Finance) moved the second reading of Bill No. 338, to amend the Quebec Savings Banks Act.

Mr. Macdonnell (Greenwood): Will the parliamentary assistant say a word about this?

Quebec Savings Banks Act

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, this bill provides for just three very minor amendments to the Quebec Savings Banks Act. This act applies to two small savings banks in the province of Quebec. One is the Montreal City and District Savings Bank, and the other is the Quebec Savings Bank. Both are old banks, one having been incorporated in 1846 and the other in 1848. They are not commercial banks in the ordinary sense of the word and do not come under the Bank Act. This Quebec Savings Banks Act applies quite severe restrictions on the investments and loans which these banks may make, such as no commercial loans, and personal loans being limited to $1,000. At least fifty per cent of the bank deposits must be in government bonds. The banks have been permitted to invest in the bonds or debentures of a manufacturing company, provided, among other things, there have been paid upon the common stock of the company regular dividends of at least four per cent per annum for the five years preceding the investment. In the case of no par value shares there must have been a dividend of at least four dollars per share per annum the five years preceding the investment. The banks are also permitted to lend money without collateral security to certain companies if, among other things, similar rates of dividends have been paid on the common or no par value stock.

The reason for this amendment is that, whereas in other days the common practice was for common stock to be worth around $100, and the four dollar dividend represented a rate of return of four per cent, there has been today a splitting of the stock down to values of $25 to make it more popular. The four dollar dividend demanded would, therefore, mean a higher rate of return. It is proposed to amend both of these provisions to require that the dividend rate upon the common shares in each year of the five-year period must be at least four per cent of the average value at which the shares were carried in the capital stock of the company during the year in which the dividend was paid. I might say that a similar amendment was made to the Canadian and British Insurance Companies Act.

Under the act as it stands today these two savings banks are allowed to lend up to five per cent of their deposits on first mortgages. This has worked out pretty well, and they ask that they be now allowed to lend up to ten per cent. That, in fact, is the third amendment. If there is any desire on the

part of the opposition that this bill be referred to the banking and commerce committee, I would so move.

Mr. J. M. Macdonnell (Greenwood): I would be grateful if the parliamentary assistant would refer it to the banking and commerce committee. So many of these things look very simple, and they may be very simple, but an opportunity is afforded in the committee to study them.

Mr. Sinclair: I would so move, that the bill be referred to the banking and commerce committee.

Mr. Speaker: I believe the procedure would be for the bill to receive second reading, and then instead of referring it to a committee of the whole, refer it to the banking and commerce committee. Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

VETERANS INSURANCE ACT

AMENDMENTS TO INCREASE AMOUNT PAYABLE AT DEATH, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Veterans Insurance Act to extend the scope of the act and the period during which a contract of insurance may be entered into; to increase the amount payable at time of death and, in certain cases, to permit the estate of the insured to receive the full amount payable under the policy contract; to provide for the insertion in the policy contract of a war clause in certain cases; and generally to improve the administration of the act.

Mr. Brooks: Is the minister going to make any explanation of this?

Mr. Lapointe: Mr. Speaker, any explanation which I shall make of this resolution at this stage necessarily will be quite brief. As hon. members know, the Veterans Insurance Act, which was passed in 1944 and came into force in 1945, authorized the minister to enter into a policy of insurance with world war II veterans, and certain other groups of persons were added by an amendment in 1948. The time during which this authority could be exercised was extended and certain other groups were included. It is proposed now to further extend the period of time during which an insurance contract may be entered into until December 31, 1954. It is also proposed to give a veteran the right to enter into a contract within ten years after his discharge, if that date should be later than December 31, 1954.

One other provision is to authorize the sum of $2,000 to be paid in the event of the death of the insured. Hon. members are probably aware of the fact that, under the act as it stands now, the sum of $1,000 can be paid at the time of death, and the balance of the policy is paid in the form of annuities over a period of five, ten, fifteen or twenty years. In some cases it has been found that this method created certain difficulties in the settlement of the estate and the payment of medical and funeral expenses. It was felt, therefore, that the sum of $2,000 should be substituted for that $1,000.

Another provision which we have in mind is that, if no beneficiary or contingent beneficiary survives the insured, the face value of the policy would be paid to the estate. Under the present act only the insurance money to the extent of the reserve falls into the estate in case the insured dies without beneficiary or contingent beneficiary. We are also clarifying some of the sections in the act. For instance we want to make it clear that in the case where an applicant dies before the contract has been accepted and entered into by the department following his application, and where the premium has been paid, the insurance will be paid, provided it is an application that would have been accepted had the applicant not died before the acceptance. The reason for this change is that all these contracts are processed at headquarters, and there possibly could be some delay during which the insured might die before his application had been examined and accepted.

We are also clarifying the section of the act referring to the waiver of premiums in the event the insured suffers total and permanent disability. Under the present act, when such is the case, premiums are waived. But in the actual administration of the act it has been found exceedingly difficult to define or to determine the question of permanence of a disability and the period during which it has existed. We are therefore intending to make this legislation more easy to administer by specifying in the act that any insured who has suffered total disability continuously for one year will be considered as being totally and permanently disabled for the purpose of the waiver of premiums.

There is also another provision which we wish to introduce, since the question has been raised at various times as to whether insurance contracts under this act come within certain provisions of the Senate and House of Commons Act. I think hon. members will recall that the same question arose

with regard to the Veterans Land Act some years ago, and a special section was included in the act so that the veterans of world war II who otherwise qualify, even if they are members of the House of Commons or of the Senate, can benefit under this act.

Mr. Brooks: I thank the minister for his explanation. I think it has been generally recognized for some time that amendments should be made to this act. It will be before the veterans affairs committee of the house—

Mr. Lapointe: Yes.

Mr. Brooks: —and we will have a better chance there of seeing the officials and of getting further information. I have no further comment to make at the present time.

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

Mr. Browne (St. John's West): What is the total amount to which insurance is granted now? What is the highest amount?

Mr. Lapointe: The highest amount for which a contract can be entered into is $10,000.

Mr. Browne (St. John's West): Is it on an actuarial basis as in any other insurance company?

Mr. Lapointe: I understand that it is, yes.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 352, to amend the Veterans Insurance Act.

Motion agreed to and bill read the first time.

Mr. Fournier (Hull): Mr. Speaker, may we have leave of the house to move the second reading of this bill at this time? This bill is going to the veterans affairs committee, and that is where it will be studied. If hon. members have no objection to our doing that, it would perhaps expedite matters.

Mr. Brooks: I can see no reason why there should be any objection, Mr. Speaker.

Mr. Lapointe moved the second reading of Bill No. 352, to amend the Veterans Insurance Act.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

Post Office Act

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

Hon. Edouard Rinfret (Postmaster General) moved the second reading of Bill No. 322, respecting the Canada Post Office.

Mr. Drew: Is it the intention of the minister to make a general statement on the motion for second reading?

Mr. Rinfret: This being a complete revision of the Canada Post Office Act, and seeing that all the questions will be discussed separately on the various sections in committee, I thought that it might be more appropriate if I made my statement in committee.

Mr. Drew: I propose to speak on the motion for second reading, Mr. Speaker. I suggest that it is desirable for the minister to make a statement at this time because I am going to suggest reasons why we should not proceed with second reading until there has been further consideration of this bill.

Mr. Rinfret: I am absolutely in the hands of the house. This being a complete revision of the act, and as each section would be discussed in committee—

Mr. Drew: In order that the minister will not misunderstand me, may I explain that I would not be objecting to that procedure were it not for the fact that I feel that there are certain objections to second reading which I shall put forward.

Mr. Rinfret: Mr. Speaker, as I said when introducing this bill on first reading, its purpose is to bring the post office legislation up to date, to bring its provisions in line with present practices and conditions, to simplify and clarify sections where necessary, to eliminate redundant and unnecessary provisions and to improve the general style and arrangement by reducing the law to a systematic form.

Hon. members will notice that in the printed bill reference is made in the explanatory notes to the relative sections of the existing act, and I want to make it clear that, even where this reference is made, although the essence is the same, the wording may vary in some cases, as an attempt has been made to simplify and clarify the section. It is my intention to ask the Clerk of the House to put on the table a number of copies of the old act so that, although the old act is not reproduced in this present bill, hon. members will be able to follow one section after the other.

There are thirty-nine provisions in the existing act which have been deleted. These include provisions which are now covered by other statutes or which have become obsolete.

They also include certain extraordinary powers now vested in the Postmaster General and which I think should not be there.

Few people realize that under section 7 (p) of the present act, acting with the approval of the governor in council, the Postmaster General is authorized to impose pecuniary penalties not exceeding $200 for any one offence against any postal regulation, whether the person offending is or is not an officer of the post office. I do not know how long it is since a postmaster general has used this power. I know that I have not. This section is, of course, deleted and the power vested, as it should be, in the courts of justice.

It might be a shock to the population of Canada to be refused change when they go to buy stamps; but any postmaster refusing to make change would be following the provisions of section 33 of the present act which binds him not to give change and to accept only—and this is the wording of the act—"the exact amount of the postage payable which must be tendered to him in current coin". This has been deleted.

Under section 34 of the present act the governor in council may direct that:

> At any port or class of ports vessels shall not be permitted by the officers of customs to enter or break bulk until all letters on board the same have been delivered at the post office, nor until the master has made declaration, in such form as is prescribed, that he has delivered all such letters accordingly.

This also has been done away with.

Mr. Browne (St. John's West): What is the section?

Mr. Rinfret: Section 34 of the present act, which forbids the master of a vessel to allow passengers or cargo out of his vessels until and unless he has made a declaration that he has personally delivered all letters to the post office.

Present section 38 authorizes any person to seize any letters conveyed, received, collected, sent or delivered in violation of the present act.

These are a few of the sections which have been eliminated. I do not wish to burden the house with an enumeration of all the sections that will disappear with the enactment of the present bill.

The new bill introduces nine new definitions, fifteen new or amended provisions, eight sections dealing with the post office savings bank, section 47 and following, which are the same as those contained in the present Savings Bank Act, which is repealed by section 78 of the present bill. Section 55 and following dealing with offences and penalties are not strictly speaking new. They have been recodified and amended in accordance with the form adopted with regard to new or revised acts. Hon. members will notice that sections 55 to 66 inclusive deal with indictable offences and sections 67 to 72 inclusive deal with offences. Section 73 is the penalty section.

It is not my intention, nor would it be proper at this stage, to discuss in detail each of the new provisions, but I am sure it will be noted by the hon. members that a distinction has been made between the administrative powers of the Postmaster General, which have been consolidated under one heading, namely, section 5, and his general powers to make regulations which itemize the outstanding features in regard to which regulations are required, section 6.

In this connection, I would like to draw hon. members' attention to the Postmaster General's power to fix rates. Rates in regard to letters and publications generally are fixed by statute, by parliament; rates in regard to printed matter, parcel post and fees for services by the Postmaster General by regulation.

As regards letters the Postmaster General under section 8 has an exclusive privilege or a monopoly and it is therefore desirable that there should be parliamentary control of the rates charged the public.

Newspapers and publications are in a special class. Ever since the Post Office Act was enacted in 1867, the charges on newspapers and periodicals have been in the nature of a subsidy rate because they are media for the dissemination of news of religious, scientific, agricultural or current topics. In some cases, certain newspapers are even handled and carried without postal charge. There is, of course, no monopoly of the post office with regard to the handling of newspapers and periodicals. Publishers are at liberty to use whatever means of transportation and handling they may decide upon. Although there is no monopoly, there is, nevertheless, an element of government policy involved and for that reason, in the proposed act, no change has been made in the practice hitherto followed of having the rates on newspapers and periodicals fixed by parliament.

The situation is entirely different in regard to printed matter and parcel post. Government policy is not involved. There is no monopoly on the part of the post office and it is in competition with other agencies. The rates fluctuate and a degree of flexibility is essential in order that they be readily adjustable to take care of varying conditions at all times.

Hon. members will have noticed that the present bill proposes increases in the rates charged on newspapers and periodicals. These increases have been distributed equitably over each class of publication in relation to the strain imposed by each one on the facilities of the post office and to the varying cost of handling each.

In view of the mounting cost of postal operations, the government, in order to meet expenses, has had to increase its postal revenues. Some time ago, on April 2, we effected, by regulation, increases on parcel post, printed matter and registration fees, which could be done by regulation. Today, we are asking parliament to approve a somewhat similar increase on periodicals.

At this point, Mr. Speaker, I should like to put on *Hansard* the cost to the Post Office Department of handling newspapers and periodicals, second-class matter. In the last fiscal year which ended March 31—and I might say that the figure for next year will be somewhat higher on account of increases that have been given in wages and transportation costs—the cost of handling newspapers and periodicals was $15,816,015. The revenue we got from newspapers and periodicals was $3,995,963, leaving a deficit in this one division of the post office of close to $12 million.

Letter rates are not touched but we are providing for the assimilation of war tax to postage in order to conform with the current practice. There is an apparent discrepancy between the new section 10, as to rates, and the old section 21 which mentions only one cent for so-called "drop letters", but the section of the Excise Tax Act providing for the extra 2 cents is repealed by the new section 78 of the Post Office Act.

Dealing now with the "drop letter" rate within certain municipal boundaries, I have received many representations from interested parties from this side of the house as well as from the leader of the opposition (Mr. Drew), from the city council of Ottawa and other persons outside this house, and I believe the bill now before the house will give the Postmaster General the necessary authority to cure the situation by authorizing him to establish and alter the limits of postal areas within which delivery of a letter therein posted may be effected for 3 cents.

I cannot in advance bind myself to follow exclusively the municipal boundaries, as a strict adherence to this principle enunciated by the leader of the opposition would forbid me to deliver, at the reduced rate, in areas not within the municipal boundaries which now receive that privilege. I feel sure that the leader of the opposition would not wish me to so describe the Ottawa postal area so as to exclude, for instance, Rockcliffe, or surrounding municipalities which now receive the drop-letter rate.

Last year, on June 27, I made a statement in the house that persons against whom a prohibitory order had been made would be given an opportunity of making representations to a fact-finding board created for that purpose. Hon. members will notice that this promise has been fulfilled.

Another new feature of the bill is that totally unpaid letters, except of course, those covered by franking privileges, will not be forwarded. The intention of this section is to prevent persons from maliciously sending unpaid letters with the intent of causing annoyance and inconvenience to the addressee.

Franking privileges have been extended in two directions but do not cover special, more costly, services. Under the present law, letters could be forwarded to members of parliament during the ten days before the meeting of parliament free of Canada postage but letters written by members of parliament and sent by them were subject to postage. The new law provides that mail shall be transmitted free during that ten-day period when sent to or by a member of the House of Commons. A new section also grants the same privilege for the ten days following the session, which was not provided for under the old law.

Hon. members will also note that we are recommending the reduction from six to three weeks for the displaying of public notices inviting tenders for mail contracts. The six-week period was stipulated in 1867 and we think that three weeks is adequate under present-day circumstances and faster means of communication. This will speed up the awarding of contracts and establishment of services.

Under the same heading we suggest an increase to $1,000 of the amount under which the Postmaster General may enter into a contract without inviting tenders. The amount suggested is to bring the discretion of the Postmaster General in proportionate line with that which existed in 1867 when the figure of $200 was stipulated. There is no change in principle or practice from that which already exists and the Postmaster General is still under the obligation of not exceeding the amount ordinarily paid for services of a like nature under contracts made after inviting tenders. This proposal will also have the effect of speeding up the awarding of contracts and the establishment of services.

The same proportional increase is suggested in the awarding of contracts with persons operating a railway, air, steamboat or bus service.

We are also asking the authority in case of emergencies to make whatever arrangements for conveying mail are necessary in the interests of the public service. The washout of the railway lines in British Columbia and the recent railway strike are examples of these possibilities.

I have given the house the highlights of the bill now before it. I shall, when in committee of the whole, give more information about each of these items.

I would suggest for your consideration that details in regard to operating features, as distinct from items of principle, could more adequately be dealt with when the relevant item is under discussion in the post office estimates, but on the other hand I do not wish in any way to restrict discussion on any related postal problem and shall be glad to deal with any postal matter of importance which hon. members may wish to introduce.

However, I think everyone will agree that it will facilitate the work of the house if we limit as much as possible at this time any discussion on matters of operating detail.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I agree with the suggestion of the minister that, so far as a discussion of operating details is concerned, in the ordinary course of events it will be better and more convenient to deal with them in committee. However, I do propose to discuss one feature of the bill now before us which goes far beyond any question of operating detail in the effect it will have upon the daily and weekly newspapers of this country.

The minister has reviewed generally the effect of the bill. I think that the amendments which simplify procedure, improve definitions, and provide for the extension of facilities will be welcomed generally by all hon. members. I welcome particularly the provision in the bill to which the minister has referred which makes it possible for him to remedy what I have described as an injustice where there is a different rate within a municipal boundary. I hope that the minister will exercise the power which the amendment proposed would confer upon him in such a way that wherever possible the municipal boundary will be the area within which there will be a uniform rate.

I do not propose to discuss this in any detail at the moment; I simply want to repeat what I have said on earlier occasions and to emphasize the fact that, where there is a different rate within a municipal boundary, not only is there an injustice upon the person mailing letters or other postal matter, but there is a much greater injustice upon the person receiving this matter because in complete innocence many people direct heavy packages and circulars of all kinds to other people within the municipal boundary thinking that there is a uniform rate, and where such a differential exists penalty postage is imposed on many people simply by virtue of the fact that there is a general assumption that a uniform rate exists within the municipal boundary. I repeat that I welcome this amendment and hope that it will have the widest possible application when it is adopted.

The subject that I wish to discuss in some detail at this time is the increase in the postal rates on daily and weekly newspapers. This is not just a question of dollars and cents; this is not just a question of working out by process of arithmetic what it will cost to handle postal material of this kind. The distribution of news has been recognized for centuries as one of the vital parts of the processes of democracy. The minister pointed out that in recognition of that accepted principle rates have been so arranged for daily and weekly publications ever since confederation that the widest possible distribution of news and cultural information may be available to the people of our country.

We must examine in that light the extent to which the bill now before us proposes to increase postal rates, and consider the effect of the increases in postal rates on daily and weekly publications which are a part of the very living body of democracy in Canada. I think that the rates suggested, when they are carefully examined by hon. members, will be found to be too high as postal rates in the first place in any event, and in the second place they will be found to discriminate against newspapers because magazines and similar publications will pay a great deal less in relation to actual weight and cost of handling.

We have always attached great importance to freedom of the press. May I point out, however, that freedom of the press in itself is relatively ineffective unless there is freedom of distribution and freedom of accessibility which gives to freedom of the press an effective opportunity to leave its imprint upon the minds of the people who determine the course of democracy by the decision and impressions that are very largely formed from this source.

I intend to examine some of the changes that are proposed. I do not intend to discuss the bill section by section because that would not be appropriate on second reading. In order to consider what the effect will be of

adopting the rates proposed, it is however necessary to understand the practical effect of these changes in relation to different types of publications in this country. Canada is in an unusual position. I doubt if the situation in any other nation can be taken as an exact parallel to that which we find in Canada. We are the third largest nation in the world. The only two nations larger in actual geographical area are Russia and China, one a nation with a population of some 200 million people and the other a nation with a population of close to 450 million.

In our country, only a little smaller than China, we have some 14 million people. Because of that very fact the facilities available for the distribution of news to this widely scattered population become a vitally important part of the whole machinery of democracy which we are doing so much to preserve at this time. While we have large urban communities and many old and well settled smaller communities scattered across this country from the eastern boundaries of Newfoundland to the western boundaries of Vancouver island, nevertheless there are great areas where people are able to have the news in written form only if the facilities are made available on other than a strictly arithmetical postal rate.

In the bill now before us some of the increases are very substantial indeed. In the old act the rates were not only lower but very much lower than those included in the present measure. I would point out that in addition to the burden that will be imposed upon readers through the rates now indicated, there are other burdens which bear directly upon readers of periodicals in Canada. There is a very general tendency to regard taxes of various kinds on corporations as taxes that do not bear directly on the individual Canadian. The sooner we all recognize that taxes imposed upon any business providing a service or a commodity for the public must in the end be paid by the public, the better it will be for our general understanding of the effect of any of these taxes. In Canada it must be remembered that there are already taxes which bear directly on newspapers, and daily newspapers particularly, which are not imposed in the same way upon other types of publications. For instance, there are sales taxes which apply to daily newspapers from which very large publications of much greater weight are exempt. The question may be asked what bearing this has on postal rates. It has a very considerable bearing, because it is part of the general increase in the cost of delivering to individual Canadian readers those publications which keep them informed on what is taking place in this country.

The new postal rates will have some very interesting results; and so that we may see exactly what the effect will be let me offer a few illustrations of what these changes will mean in the postal rates on newspapers of different sizes. The new act provides that newspapers and periodicals with a circulation of ten thousand or more copies per issue will pay four cents for each pound weight or fraction thereof. Let us see what will be the actual effect of this on the newspapers of this country. A newspaper of over ten thousand circulation averaging 45 pages for each publishing day now pays $3 a year. Under the new rates it will be called upon to pay $7.64 a year. A newspaper of ten thousand or more circulation with an average of 32 pages for every day of delivery now pays postage of $2.34 a year. The new rate will amount to $6.24. A newspaper of 28 pages in this group which now pays $1.80 postage will pay $4.90 under the new rates. A newspaper of 24 pages which now pays $1.56 in postage will pay $4.19. An 18-page newspaper which now pays $1.36 will pay $3.62. A 14-page newspaper in this group which now pays $1.14 will pay $3.05 if these provisions are adopted.

Then let us take newspapers with a circulation of less than ten thousand. A newspaper with an average of 12 pages and a circulation of less than ten thousand now paying 93 cents will pay $1.54. A newspaper with a 10-page average in this group, which now pays 87 cents, in future will pay $1.31.

Certain changes have been made in regard to newspapers having a limited advertising content. Certain surcharges were imposed upon publications which carried more than 50 per cent of advertising, and that surcharge is done away with. However, there are certain disadvantages as well as advantages in this connection. The fact is that this surcharge did offer encouragement to maintain a certain percentage of news space. The removal of that surcharge also removes that incentive; and regarding this as part of the processes of democracy that should not be considered only as an advantage.

Now I come to the question of the percentage of increase. From the figures I have quoted it will be seen that in many instances the increases are substantially more than 100 per cent. It is very significant that, although such measures have not been adopted, there is a proposal for an increase

of 60 per cent in the United States. But they are not suggesting that this increase should take place all at once; they are proposing that it be spread over a three-year period, if in fact they adopt the proposal at all. So in a country much more sparsely populated, where the reasons for giving special consideration to those postal services which carry newspapers to the distant parts of the land are much greater than in the United States, it will be seen that we are proposing greater increases than they are even considering over there.

The minister spoke of these special rates as something in the nature of a subsidy. I suggest they have never been regarded as a subsidy, but that they have been regarded and should be regarded simply as part of the whole machinery of democracy, to use the term I have used already. We do not hesitate to spend money on various activities related to the effective working of our democratic system. The various steps carried out under the election act, which in many cases call for the expenditure of substantial amounts of money, would be only partially effective unless the means were provided well in advance of the date of an election for the people to obtain all the essential information they wish to have as to the events taking place from day to day in the local, provincial, national and international fields. I believe the postal rates were mainly regarded as a means by which the rural population of Canada could be supplied with newspapers and periodicals which would give them the essential information they should have. I believe that is the principle which has been accepted in connection with postal rates on matter of this nature.

May I also point out that the newspapers themselves have co-operated in making information available in this way. I believe the record will clearly show that the annual rates at which newspapers are offered to the public give lower returns to the newspapers than any other type of delivery. Just to give one example, an urban daily in any one of the larger cities which sells for five cents a copy, and which in that way would cost $15.25 per year, is generally sold at $10 per year when delivered by post. That, of course, applies to the larger newspapers. In the case of smaller newspapers, there is a lower annual rate charged, although in most cases the street sale is now the same. Thus, it is apparent that the newspapers have been playing their part in making the news available to the widest possible number of readers throughout the whole community.

It is for that reason I believe the minister would be well advised to defer the second reading of this bill, and to review that part of the measure which he is now placing before the house, with the idea that postal rates which will make it easy to continue the widest distribution of daily and weekly newspapers to people in remote parts of this country will be supported by members of this house as part of Canadian democracy itself. I put forward that suggestion in all earnestness. The minister is well aware that there could be little possibility of newspapers absorbing these increased postal rates. It would be contrary to the general business practices in any business in this country to expect that very substantial increases of this kind will be carried by the newspapers, although I should think it likely that they will bear some part of the increase.

The bill, as it is before us, would have the effect of discriminating against newspapers at a time when newspapers are more important to the people of this country than they have ever been. No one recognizes more than I do the value of radio, from both the cultural and the news distributing point of view. I certainly welcome the facilities afforded by the radio, as do all hon. members of this house. I am convinced, however, that for the purpose of understanding the issues of the day nothing will ever entirely take the place of the printed word. People's memories may be very good, but it would be very difficult to remember everything that is heard, even in the very best radio programs. I repeat, therefore, that at a time when democracy is threatened, as it has not been threatened for centuries, we should not do anything which will make it more difficult to have the widest possible distribution of the news, or which will be inclined in any way to limit the circulation of those newspapers which have served Canada so well, to the most remote parts of this country from the east to the west, and from the southern boundaries of Canada to its most northerly part.

Some very strong statements have been made about these proposed changes, which indicate the extent of the objection which is being taken to these proposals. One thing that is emphasized over and over in the statements which have been made already is that it will be the people in the rural districts who will suffer most from a change of this character. It has always been regarded as of the utmost importance that those in the most distant and far-flung points should have these facilities available to them. As was stated in one discussion on this

subject, "This is a direct tax on the intellectual food which is vital to millions of Canadians." I am not suggesting for one moment that at this time the members of this house can disregard the cost of any service that we are called upon to provide through the legislation we adopt. I suggest further that there are ways in which money could be raised from other sources to take care of a substantial part of this deficit to which the minister has referred.

I believe it would be to the benefit of Canadians if comic publications, sex magazines, and crime comics which are still circulated in large quantities were taxed heavily to provide some of the money needed to assist in the distribution to the people of this country of real news about the vital things that are directing the course of affairs in Canada. The strange part about it is that, instead of being taxed, these useless and in some cases dangerous publications actually pay less than those publications which are an essential part of democracy itself. I am not suggesting at all that we should try to decide what the people of this country can read, so long as it is not something that comes within clearly defined criminal or other prohibitions. But I do suggest that the postal service rates and other taxes should be imposed in inverse ratio to the usefulness of the publication. The publications which provide news and cultural information should pay the lowest rates.

Mr. Lesage: Like the Conservative papers.

An hon. Member: That stopped him.

Mr. Drew: I am rather interested in that interjection; in fact, I am interested in the two interjections. I hope that *Hansard* will have recorded those words, because if *Hansard* has recorded those words it will indicate the way that some of the members on the other side of the house regard this vitally important question.

Mr. Lesage: My interjection was made to show you how impossible it is to decide what kind of paper is more useful than other kinds; that is all.

Mr. Drew: I hope that *Hansard* will record that one of the parliamentary assistants was apparently treating with some measure of levity and lack of seriousness an argument which is in keeping with the view that I am satisfied expresses the general thought of our people right across Canada at this time. I do not suggest that the interjections which were made reflect the attitude towards this subject of the Postmaster General (Mr. Rinfret), and I trust that those interjections would be regarded by him as being quite as objectionable as they must be regarded by other members who recognize that distribution of the press is just as important as freedom of the press.

Mr. Lesage: Mr. Speaker, on a question of privilege, may I say that I believe that the leader of the opposition (Mr. Drew) is imputing motives to me. I know that it is a serious question, and the only reason for my interjection is that I was wondering who was going to decide which paper is more useful than the other ones; that is all. This is a serious matter and I do not believe that the leader of the opposition has any right to impute any motives of levity, as he has, because I myself consider that this is an important matter.

Mr. Rowe: It did not sound like it.

Mr. Drew: I am glad that it has been possible at least to convince the hon. member of the importance of this subject during this discussion, and that encourages me to hope that the argument may carry some weight with other hon. members as well.

Mr. Lesage: I had already read all your arguments in the papers.

Mr. Deputy Speaker: Order. I think it would be better to get back to the principle of the bill.

Mr. Drew: Mr. Speaker, I think perhaps it is worth commenting on this point. If the hon. member has read all my articles that have appeared, he must of course be referring to articles on other subjects because I have not previously made any statement in regard to this subject, either in articles or otherwise.

Mr. Lesage: Yes, but the press has something else to print than your statements. The newspapermen have their own ideas.

Mr. Drew: I am proceeding on the assumption that other members regard this subject more seriously than does the parliamentary assistant who is interrupting at this time.

Mr. Lesage: I am sorry, Mr. Speaker, that I feel I must rise again on a question of privilege. I do not believe it is fair to impute any motives, and I believe that the leader of the opposition should withdraw what he said just now.

An hon. Member: Explain your interruption.

Mr. Drew: I am quite sure that *Hansard* will accurately record what the hon. member has said, and I hope that it will. I also hope that it will carry quite clearly the extent to which my argument at least has brought him some distance along the path that I am suggesting.

I have sought to put forward for the consideration of this house certain reasons why I think that it would be desirable if the minister would withhold this bill from second reading, something which could be done by motion which would, I am sure, be carried by this house if he makes it. If that were done, then before the bill passes to the committee there will have been an opportunity to re-examine those sections which provide these increases in postal rates on the scale that I have mentioned. The minister himself would then not be confronted with the necessity for any hastily-drafted amendments if the arguments which were made by the members in committee convinced him that some changes should be made. If the arguments that I have put forward have merit, I believe that it would assist the minister and the members of this house to have these sections re-examined carefully, without undue haste, so that when the bill has its second reading and goes to committee the minister may have had an opportunity to draft alternative provisions which I think would be consistent with the opinion and with the wishes of many of the hon. members of this house.

At this stage I have sought to avoid some of the exceedingly strong terms which have been employed in editorials and in other public comments on this part of the act. I have refrained from employing some of the strong adjectives that have been employed in responsible newspapers and by responsible men to describe what they think is a serious infringement of democratic rights in this country. I have sought to put forward what I believe would be the wish of the people of Canada, because it will be the people of Canada who will pay the substantial part of any increases of this kind, and it will be they who will suffer if the processes of democracy are weakened in any way at this time.

Mr. J. W. Noseworthy (York South): Mr. Speaker, the bill before us is entitled "An act respecting the Canada post office". From what the minister said in his introductory remarks on the motion for second reading of this bill, I assume that it will be in order to discuss some matters pertaining to the post office which are omitted from the bill, as well as those matters which are specifically mentioned. I refer particularly to what the minister termed the operative details of the post office services. While I agree with the Postmaster General that in some respects it would be more convenient to postpone debate on those operative details until the minister's estimates are before the house than it would be to discuss them under this bill, I suggest that there are matters of grave concern to the Canadian public which, in my opinion, cannot afford to wait until the minister's estimates are before the house.

In a previous speech on this subject in the house I and other hon. members suggested that the time was ripe when either a commission or a special committee of the house should be appointed to investigate the whole question of the post office administration. Under the minister's estimates there will be no opportunity to debate that question in full, and I submit that it is a question that we may well consider while this bill is before us. The leader of the opposition has suggested that second reading of the bill should be deferred. He gave his reasons for asking for that deferment. I would suggest that second reading be deferred in order to consider not only the subject raised by the leader of the opposition but the question of the appointment of a commission or a special committee of the house to investigate the post office administration across this country.

My two chief reasons for suggesting that are that I am constantly, as I am sure all other hon. members are, receiving complaints from citizens that at the present time the post office is not rendering the kind of service for which it has gained a reputation during past years, and the kind of service which the Canadian people expect of the post office. I hear constantly of citizens in areas where there is supposed to be a daily mail delivery having to go for two or three days in succession without delivery of mail; of citizens who are continually obliged to receive their mail delivery after six o'clock at night. I know that I am referring to the Toronto area, and that conditions prevail there which may not prevail in other metropolitan areas. But a very serious situation has developed, and nothing that the Postmaster General or his officials have done within the past month or six weeks in an effort to remedy the situation appears to be very effective.

Only yesterday I met numbers of post office delivery men who still maintain that they are required to work twelve hours a day to cover their routes. That is a condition which, since it still prevails, and since the Post Office Department has already had at least two months or more since the condition was called to their attention to remedy it, and since effective remedies are not being applied, calls for some investigation. I do not think that the government, which in fact should set an example to other employers in this country, should be requiring employees, who by their terms of contract or work are required only to work, or supposed to work, eight hours a day, to work ten and twelve

hours a day without any special remuneration for these extra hours. I am sure we would not condone that practice if engaged in by private employers.

This house would frown upon any employer who engaged men to work for eight hours a day, and then required them to work for ten and twelve hours a day without any remuneration whatever for the extra two, three and four hours a day that they may be called upon to work. These two considerations, the fact that the public in the Toronto area is not now getting the high type of service that is expected of the post office, and that the post office presumes to be giving, and the fact that the delivery men have to work long hours, prompt me to ask that second reading be deferred.

I read in the minister's report that it is the continued effort on the part of the department to cut costs without impairment of service to the public. In the matter of the one delivery a day recently introduced the government has attempted to cut costs. It has also impaired its service to the public by so doing.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BRITISH COLUMBIA TELEPHONE COMPANY

The house resumed from Tuesday, May 1, consideration of the motion of Mr. Applewhaite for the second reading of Bill No. 116, respecting British Columbia Telephone Company, and the amendment thereto of Mr. Gillis.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to say a few words about this bill which is most important to the people of my constituency. The constituency of Kootenay West, because of its geography, topography and other local circumstances which necessitate some people living in isolated places, is to a great extent dependent upon telephone service. A good and efficient telephone service is most necessary for the district which I have the honour to represent.

Before passing on to my other remarks may I say that we from British Columbia appreciate the interest that some eastern members have taken in this bill. I refer particularly to the hon. member for Cape Breton South (Mr. Gillis) who showed sufficient interest in this bill and the welfare of the people of British Columbia to speak when the bill was last before the house. I want to congratulate the sponsor of the bill upon the presentation—

Mr. Speaker: May I interrupt the hon. member for a moment? Several days have elapsed since this bill was before the house. I recall that the last time we considered the bill the question of whether the amendment was in order was before us. It was decided that the amendment was in order and my recollection is that it was decided also that discussion should be strictly relevant to the amendment and not to the motion for second reading. If my recollection is correct, may I suggest to hon. members that they discuss only the amendment at this time. The amendment reads:

> That Bill No. 116 be not now read a second time, but that the subject matter thereof be referred to the standing committee on railways, canals and telegraph lines.

I think the discussion should be relevant to the question of whether or not the subject matter of this bill should be referred to the committee.

Mr. Herridge: That is exactly what I was going to do. I was going to give reasons why I believed this bill should be referred to the committee. Before doing that I want to express my appreciation of the very able way in which the hon. member for Skeena (Mr. Applewhaite), who has no direct interest in this bill because the company does not operate in his constituency, sponsored the bill and presented the relevant information to the house. I think it only fair to say that, because there have been some occasions on which we have had slipshod presentations of important bills.

We recognize that throughout recent years the British Columbia Telephone Company have carried on extensive expansions in British Columbia and we give them credit for that. But we feel at the same time that we should take advantage of this opportunity to present the requirements of our constituents. Before I give the reasons why I think this amendment should pass may I say that I understand that throughout British Columbia the company has most excellent relations with its employees. I have found that to be generally the case throughout my district. I have found also that in the interior the public relations officials of the company have been most satisfactory. Before proceeding I want first to pay a tribute to the employees of the company in my constituency. Under the most trying conditions during the winter months they have undertaken the most hazardous tasks at times to maintain telephone service to many of our isolated communities.

British Columbia Telephone Company

It is not my intention to repeat the arguments so well advanced by the hon. member for Vancouver-Quadra (Mr. Green), but I do want to say that one major reason we consider that this bill should be referred to the committee is that we believe the company is asking for too great an increase in capital at one time. If there was a reduction in the amount of capital asked for it is quite probable that in four or five years they would have to come before this house again and in that way we would have the opportunity to examine what they had been doing during that period.

Another reason why we think the subject matter of the bill should be referred to the committee is, as the hon. member for Vancouver-Quadra mentioned, the very peculiar administrative situation that exists with respect to this company. While the board of transport commissioners has control over tolls, tariffs, and rates, no one has control over services. I understand the hon. member for Vancouver-Quadra mentioned the fact that the public utilities commission of British Columbia have admitted that they had no power over the services and the development of services of this company.

We believe that there should be an amendment to the act so that some body would have control over services and the development of services according to the requirements of the communities concerned, the same as there is control over power and other utilities. We contend that that would be a very simple matter. Under the health of animals act, the fruit and vegetables act and the forestry act certain provincial officials are empowered to represent the federal government in the administration of certain regulations. We suggest that the act could be amended so that the public utilities commission of British Columbia would represent the board of transport commissioners and be empowered to deal with services and to see that they were properly carried out.

I am going to give other reasons why I think the subject matter of this bill should receive the consideration of the committee according to the amendment. I want to bring to the attention of the house certain complaints that have been brought to my attention with regard to the service given in Kootenay West by the British Columbia Telephone Company. I am going to start with Trail, the silver city of British Columbia, where one of the great metallurgical smelters in the British commonwealth is in operation.

[Mr. Herridge.]

Mr. Byrne: They get their silver ore from Kootenay East.

Mr. Herridge: I know that, but the manufacturing is done at Trail. That relatively small city makes a great contribution to the industrial welfare and defence production of Canada, yet it is without a modern dial telephone system. For some time they have been asking for an improvement in their telephone services. To illustrate the position briefly, I am going to read an editorial from the Trail *Times* of March 3, 1951, which reflects public opinion in this matter in that city in my constituency. The heading of the editorial is "Outmoded Telephones". It reads:

> The Bell Telephone Company has released some interesting statistics on telephones and one of the most interesting figures, so far as this district is concerned, is that more than 65 per cent of all the world's telephones are dial operated.
>
> The British Columbia Telephone Company, which operates most of the telephone lines in the province, including those in the West Kootenay, makes no distinction in its published reports between dial and other type of instruments but it says there are 4,328 telephones in the Trail area and approximately 230,000 in all of B.C.
>
> Over-all figures on telephone operations show that Canada has an average of one telephone for every five persons. Trail conforms to this average fairly closely. The question of automatic telephones is a far different matter. Trail has no dial telephones. At a time when more than 65 per cent of all telephones in the world have reached the automatic stage it is a sad commentary on a local situation when telephone subscribers here still are plagued with the inconveniences of the "Number, Pulease" system . . . This should not stop Trail from seeking an end to the present central system. After all, so long as there are no protests, the B.C. Telephone Company may imagine Trailites are quite happy with their old-fashioned phones.

I am making a protest in that connection on behalf of the residents of the city of Trail. I want to deal with the golden city of British Columbia, the city of Rossland, which has produced so much gold throughout the years. I wish to read a letter addressed to me by the secretary of the Rossland board of trade, a very responsible organization that considers all things necessary for the advancement of that community. The letter reads:

> Dear Mr. Herridge:
>
> Thank you for your letter of February 10 re the British Columbia Telephone Company proposed amending bill.

Of course I had written to find out if they had any complaints.

> Also please accept my apology for the delay in replying to same. However, as your letter arrived after our February meeting it was rather hard to get action on it until now. However at last night's meeting the matter was brought up and I can give you the suggestions as handed to me. First of all, I might say that the Rossland board has been dealing with B.C. Telephone company officials during the last year complaining about the service here in

Rossland, and at that time we were given to understand that if this proposed bill went through for authorized capital, the Rossland service would be on the program for an improved system. Naturally then we are in favour of the proposed bill. The suggestions were as follows:

(1) Installation of a new up-to-date system in Rossland as we have been given to understand that the present party line system is carrying its maximum load and cannot be extended.

(2) That if improvements are contemplated, consideration be given to the installation of a modern dial phone system.

On behalf of the board I should like to thank you once again for your letter and assure you that you are dealing with a matter which is being followed very closely by this board.

That is the opinion of another considerable section of my constituency. I come to the city of Nelson, the commercial centre of the constituency. There again I have received letters from organizations and individuals complaining of exactly the same conditions complained of by the people of Trail and Rossland. Then I go from there to the capital of the Arrow lakes which the hon. member for Vancouver South knows quite well, the village of Nakusp. It is a small place with a population of some 750 which last year produced 600 carloads of lumber, nearly 550 carloads of cedar poles, and large amounts of farm produce. What do they have to say about it? They are very interested in this telephone bill and in securing improvements in the district surrounding. This is what they ask for, and they have been asking for these things for some time. That is one reason, Mr. Speaker, why we believe the amount of capital being asked for is too large. We believe these companies should have to come to the house fairly frequently for their increases in capital so that members of the house will have an opportunity to give expression to the complaints of their constituents. This letter is from the secretary of the Nakusp board of trade, and reads:

In reply to your letter re the B.C. Telephone Company which came to hand last week, would advise you that at our regular meeting held on Tuesday 20th, I was asked to give you the following points for consideration in the matter:

1. Twenty-four hour service.

We have not got twenty-four hour service. The operator has to be wakened at night if someone is sick and we wish to telephone Nelson, Trail or some other outside point. The letter continues:

2. Individual lines in town, or at least for business premises.

3. Fewer phones on existing party lines.

These are matters which we have been tackling for some time but we just get promises and no action. Hoping something can be done in this direction in the near future,

Yours truly,

Thos. Mitchell

There is another reason why we wish to see the money that will be raised as a result of this bill spent to a somewhat greater extent in the interior of British Columbia. I come now to Slocan which is producing a large amount of galena, lead, zinc, silver and metals of that type. I have heard from their board of trade, and they have been trying for years to get some improvements in that mountainous area where telephone service is very necessary, particularly when the roads between Sandon and New Denver, and other points, are blocked by slides in winter and when the only communication is by telephone. This is what I am advised by the secretary of the Slocan district board of trade with its headquarters in New Denver, a very lovely village, the Switzerland of North America. The letter reads:

Dear Mr. Herridge:

Re: B.C. Telephone Company

Thank you for your letter of February 10, and I trust that this reply is not too late to reach you before the proposed amending bill comes up for discussing in the house. We have been in correspondence recently with the B.C. Telephone Company requesting a regular twenty-four hour service in the New Denver exchange, but as yet have received no satisfactory reply. There is also a pressing need for more lines to Silverton, the present thirty-six phones in that thriving base metal mining community being served by only six multi-party lines. The number of telephones in Slocan city should also be increased, but we are not prepared at this time to recommend what form the improvement to service in that centre should take.

This district has received excellent service and co-operation from the company's district agent at New Denver, in spite of the fact that her work has been made most difficult due to the overcrowding of lines, shortage of adequate help due to the fact that the present emergency service set-up precludes a regular shift schedule being followed, etc. As a matter of fact, this lady is now under medical care at the coast following a nervous breakdown. We certainly hope that something can be done to bring the telephone service here into line with present-day business demands, as we feel that this is one part of the province where the increase in demand for telephones approximates the increase in capitalization being requested by the telephone company.

That letter is signed by Mr. N. F. Brookes, secretary of the Slocan district board of trade. Then I come to a somewhat unusual situation with respect to the Salmo and district valley where we have several large gold producers and several other mines including the Emerald mine, which will shortly be producing tungsten for the defence effort, and a large mine which is now being developed by the Consolidated Mining and Smelting Company, the Hudson Bay mine. For some years they have been trying to get improvements in service in that small community where there is an immense production of wealth, and so far they have not received the attention from the company that they

deserve. In that connection I want to read a letter from their secretary. It is as follows:

I wish to acknowledge receipt of your letter of February 10—

You will note that I wrote them all on the same day.

—concerning the above, for which we thank you. Please be advised that this board is not at all satisfied with the telephone service now being provided in the Salmo area. At present the B.C. Telephone Company provides line service to the exchange in the Salmo post office and to the F. R. Rotter Lumber Company, but does not operate a service in the area itself. This service is managed on an individual proprietor basis by Mr. L. H. Lund, the present postmaster. This board has set up a special committee to go into the whole problem of improving the telephone service in the area. On numerous occasions in the past, the officials of the B.C. Telephone Company at Nelson have been contacted with a view to interesting them in providing a service for this area. The present holder of the phone franchise, Mr. Lund, has invited the company to make him an offer for his exchange, lines and equipment. This the company has refused to do, explaining that the equipment is valueless to them and that therefore they cannot reasonably pay him anything for it.

This board takes the position that, as a public utility, the B.C. Telephone Company has an obligation to provide an improved phone service in this area, regardless of whether or not they can expect a profit from operations in the region. Their profits from operations in larger centres would assuredly take care of any operating deficit in this area.

Anything you could do to convince the company that they should make an effort to provide a sorely needed improved service in this area, would be greatly appreciated. It seems that, in order to set up such an improved service, the company would have to buy out the service rendered by Mr. L. H. Lund, and then set up either an exchange or a dial system, such as is being installed in Castlegar and Fruitvale. We feel that the expansion going on in this area justifies consideration of such a step by the company in any event.

We would appreciate any information you can give us on the above problem.

Yours very truly,
(sgd.) F. T. Middleton,
Secretary

This community still suffers from a poor telephone service.

I am not going to read any more letters, because others will want to say a few words on this bill. These illustrations, I think, indicate the need for some authority within the province to exercise control over the service rendered by this company to the people of British Columbia, particularly in the rural areas. The same thing applies to Kaslo, a small incorporated city in my district, from which I have had communications along exactly the same lines. They are not satisfied with their telephone service. Only recently in that city there have been great developments in connection with the utilization of carbon dioxide for dry ice. Already a large sum has been spent, and they expect within two or three years to have a million dollar plant in that little city. The same thing applies at Castlegar, at the end of the Arrow lakes, and at Robson and other Arrow lake points. The same thing applies at Fruitvale, a growing community which is trying hard to get improved telephone service. There is need for improvement and expansion all through the district, and the people I represent have been doing their best to get that improvement and expansion. This is the only opportunity I have to bring their needs to the attention of the house.

Before concluding I should like to deal with another peculiar situation; that is the matter of telephone service in the Lardeau valley. At one time the Canadian Pacific Railway operated a railway line between Lardeau and Gerrard, a distance of about 32 miles. In 1941 they abandoned that line, turning the roadbed over to the provincial government for a highway, and also turning the telegraph wires over to the provincial government for the use of the forest service. Since then the whole line has deteriorated and been allowed to fall into disrepair. Here we have an area with 500 million feet of virgin standing timber within an area of a few square miles, as well as large mineral deposits and 16,000 acres of the best land in British Columbia awaiting settlement. Various residents of that area, as well as the board of trade, wrote to ask if I would bring the matter to the attention of the federal government to see if they would do something to assist them in maintaining this telephone service. The minister informed me the matter would be investigated. It has been investigated, and I am advised that the cost would be too great to be considered at the present time but that the Department of Transport will give technical advice to the settlers of the area if they wish to maintain the line at their own expense.

My point is that this service should be undertaken by the British Columbia Telephone Company. Why should they be allowed to have the profits from the rich districts like Vancouver, New Westminster, Victoria, Burnaby and so on, the cream of the telephone crop, and refuse to give service to other areas? There again if we had some authority in British Columbia to deal with these matters these companies that have monopolies could be required to give service to the outlying districts, to serve the non-profit areas with the profit areas. That is what we understood would be done when these people obtained their franchise.

I do not wish to speak at greater length, except to repeat that we take exception to this bill on two principal grounds. The first is that this company is asking for an increase in capital from $25 million to $75 million.

We believe that should be reduced to at least $50 million, so that in a few years the company would have to come back to this house and plead their cause again, when hon. members would have an opportunity to present the complaints and needs of their constituents. Then we believe there should be some amendment of this bill to provide for the direction of this telephone service by some authority within the province, such as the public utilities commission which directs the services supplied by power companies and other utilities in British Columbia.

Mr. E. T. Applewhaite (Skeena): If this amendment is passed at this stage of the session, whatever may be the wording, inevitably it will mean killing this bill. This legislation has been on the order paper since March 1, the day it finally passed the other house. With the order paper crowded as it is with private bills, if this legislation is not put through this house now so it can go to committee in the ordinary way, it cannot be satisfactorily handled this session. Therefore I would urge hon. members to defeat the amendment, give the bill second reading and refer it to the committee to which the hon. member wishes it sent. It will go there anyway under standing order 104, and before that committee I undertake to have all the senior officers of the company present for questioning. I would remind hon. members that details can be discussed in that committee, and if the house so desires the bill can be further debated on third reading.

Mr. G. A. Cruickshank (Fraser Valley): I should like to say a word on the amendment. I would like to see this bill go to committee, and I hope the sponsor does not prevent that being done. The part of the province from which I come wants to see this company get an increase in its capital, but we are definitely opposed to the increase that is asked; and I believe members from other parts of the province have the same feeling. If the sponsor and the company see fit to introduce an amendment themselves, as was done in the case of another company sponsored by the hon. member for Vancouver South, I am sure there would be no difficulty in getting the bill through.

I hope this bill will be referred to the committee tonight, but I want to make my position very clear. It is not going through the house without an amendment being moved, because it is inconceivable to me that this company should need the increase of $50 million now, for which it has asked. Then we know rumours have been heard around this building that because of opposition to this bill four hundred men in British Columbia have lost employment. I would like the sponsor or anyone else to verify that statement. To say that because a company with a capitalization of $25 million has not been able to get that capital increased it has been forced to lay off four hundred men is utterly ridiculous, and I think any hon. member who has circulated that story around this house—

Mr. Applewhaite: I regret very much delaying the debate at this stage, but on a question of privilege the hon. member has referred to the sponsor and then to any other member circulating this rumour. I definitely deny that I or anyone connected with me circulated any such rumour.

Mr. Cruickshank: If the hon. member will check *Hansard* tomorrow he will find I did not say the sponsor circulated the rumour. I said the sponsor could deny the story. I said these rumours had been circulated, and I am glad the sponsor says they are not true, which I presume he is saying. Of course the company has not laid off four hundred men as a result of the very limited discussion that has taken place here, and I am glad to hear the sponsor make that statement; that is exactly what I wanted him to say. I intend to have a good deal to say on this bill in committee of the whole, since I am not a member of the standing committee. I will personally see to it that an amendment is moved, if it is not moved by someone else, reducing the amount of the increase asked for. If the company will agree to that amendment then to the best of my ability I will see that the bill goes through, but certainly not for the full amount. The main reason, Mr. Speaker, that I am speaking again tonight is that I resent these unfounded arguments. I am glad to hear that the sponsor of the bill agrees with me that they are entirely unfounded. The company must have money, and advertises that it must have money to expand its services to meet the increasing demands. I have before me an advertisement from the Vancouver *Sun* which is headed "Marriage still claims large number of telephone operators. Many more needed to take their places." That proves, Mr. Speaker, that no one is better qualified to refer to the telephone company of the province of British Columbia than the member for Fraser Valley. I described the beauty of the operators, and the company pays money to advertise that they are leaving every day to get married. I shall do my utmost, sir, to see that this bill goes through this house on third reading, providing the request for capitalization is reduced to a moderate amount.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, at this stage I only wish to speak for about two minutes to say that while, as I believe

every member who has spoken tonight has said, I am not opposed to this bill receiving second reading, nevertheless I have not had answers to my objections to certain parts of the bill which I expressed on an earlier occasion before the amendment was moved by the member for Cape Breton South (Mr. Gillis). My objection has to do mainly with certain provisions regarding preference shareholders. The point I made is that I think their rights are likely to be unduly prejudiced if the amendment passes in its present form. I do not wish to do more than say that my objection has not been answered either by the sponsor of the bill or by the solicitor for the company, with whom I have had correspondence. I intend to move an amendment in committee, but I do not intend to hold up the bill at this stage, except to say that my objection still stands and has not been answered.

Mr. Angus MacInnis (Vancouver East): I believe, Mr. Speaker, that on one particular point I speak for all the members from British Columbia, and particularly those from greater Vancouver, when I say that we want the bill to receive second reading. We believe that the company needs a certain amount of new capital for the expansion of its services. But there are a great many of us who are opposed to granting the amount of capital the company is requesting in this bill. We would like to see the bill passed in an amended form with the amount of capital reduced. I agree with the member for Skeena (Mr. Applewhaite) that if the amendment carried it would have the result of killing the bill. However, it would not prevent the committee from recommending that the bill be again introduced with the amount of capital reduced.

The members from British Columbia cannot, without aid from members from other parts of Canada, get the modifications in the bill that they would like. If I understand it correctly, the purpose of moving this amendment was that, if passed, it would serve as an indication to the company of the temper of this house in regard to the bill. The purpose was not to kill the bill. If this amendment fails and second reading is given to the bill, it will automatically go to the proper committee where, if there is sufficient support from other members, the bill can be amended. I assure you that this company has a monopoly on telephone services in British Columbia which it exercises with almost complete disregard of the welfare of the people and operates wholly in the interests of the shareholders, not only of the British Columbia Telephone Company but of all the other companies connected with it. I should like to see this bill passed and referred to a committee, so that we could have representatives from the city of Vancouver where the bulk of the people served by this company reside. It is a very important issue for the people of the city from which I come.

Mr. Gillis: Mr. Speaker—

Mr. Speaker: Order. At the present time the debate is on the amendment moved by the member for Cape Breton South (Mr. Gillis). Accordingly he cannot speak again.

Mr. Gillis: I did not intend to speak at all, I just wanted to make a reference to the amendment.

Mr. Speaker: But the hon. member moved the amendment, and cannot make a reference to it again without the unanimous consent of the house.

Some hon. Members: Question.

Mr. Speaker: I am afraid that the hon. member has not the unanimous consent of the house, so he cannot speak again. Is the house ready for the question on the amendment? Those in favour of the amendment will say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

Mr. Fulton: On division.

Mr. Speaker: I suppose the amendment can be lost on division, and if so I declare it lost on division.

Amendment negatived.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

The house resumed from Friday, May 4, consideration in committee of Bill No. 176, to incorporate the Ukrainian Catholic Episcopal Corporation of Eastern Canada—Mr. Ross (Hamilton East)—Mr. Dion in the chair.

Sections 1 to 14 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

MOTION FOR SECOND READINGS—SENATE BILLS

Mr. David A. Croll (for Mr. Winkler) moved that Bills Nos. 200 to 266 inclusive be read the second time.

Mr. Knowles: Mr. Speaker, should not these bills be called for second reading one at a time?

Some hon. Members: Oh, no.

Mr. Croll: No. Things have changed since you left. We take them in bunches again.

Mr. Speaker: It has been the practice of the house to read the bills together with one motion.

Some hon. Members: Agreed.

Mr. Knowles: I am sure that the standing orders are quite clear that a bill is a bill and is supposed to be read separately. Just because there is a whole lot of them that are very much the same does not do away with the fact that they are individual bills. I think that if the house is going to do this job it should take it seriously and do it in a proper way. Even if there is no discussion on many of these bills I feel that they should be called one at a time.

Mr. Speaker: Order. On previous occasions the bills had been read together with the unanimous consent of the house. If there is not unanimous consent, I shall call the bills individually. Will it meet with the pleasure of the house if I call the bills slowly by number?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Bill No. 200, for the relief of Ellen Agnes Evans Boisvert.—Mr. Winkler.

Bill No. 201, for the relief of Muriel Bruce Higgins Greenleaf.—Mr. Winkler.

Bill No. 202, for the relief of Real Levesque. —Mr. Winkler.

Bill No. 203, for the relief of Mary Ruth Langlois Michael.—Mr. Winkler.

Bill No. 204, for the relief of Betty Roseman Feigelman.—Mr. Winkler.

Bill No. 205, for the relief of Rachel Aizer Forman.—Mr. Winkler.

ROMEO PARADIS

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 206, for the relief of Romeo Paradis.

Mr. Stanley Knowles (Winnipeg North Centre): Before the motion for the second reading of Bill No. 206 is carried, I should like to express the hope that when this bill goes to the standing committee on miscellaneous private bills this case will be given thorough consideration rather than just consideration in bulk. I do not know whether or not the case is contested, but I know that it is one that occupied considerable time of the committee of the other place. The volume of evidence with respect to this case is a fairly thick one. There is one son fourteen years of age. I do not wish to discuss other details at this point. I merely rise to express the hope that even if this case is not contested, the committee will consider it carefully.

Motion agreed to and bill read the second time.

SECOND READINGS—SENATE BILLS

Bill No. 207, for the relief of Joseph Arthur Neveu.—Mr. Winkler.

Bill No. 208, for the relief of Kathleen Harrington Courcy.—Mr. Winkler.

Bill No. 209, for the relief of Anna Goralczyk Jurewicz.—Mr. Winkler.

Bill No. 210, for the relief of Colette Clement Carrieres.—Mr. Winkler.

Bill No. 211, for the relief of Bertha Barbara Bishop Wheatley.—Mr. Winkler.

Bill No. 212, for the relief of Carl Marius Nielsen.—Mr. Winkler.

Bill No. 213, for the relief of Doris Eileen Rowe Brenan Stavert.—Mr. Winkler.

Bill No. 214, for the relief of Gertrude Job Fraser.—Mr. Winkler.

Bill No. 215, for the relief of Ruth Fishman Wynn.—Mr. Winkler.

Bill No. 216, for the relief of Beatrice Vida Harriett Hunnisett Glenday.—Mr. Winkler.

Bill No. 217, for the relief of Salfeda Busko Williams.—Mr. Winkler.

Bill No. 218, for the relief of Margaret Isobel Barnett.—Mr. Winkler.

Bill No. 219, for the relief of Thelma Rosenberg Schwarz Bard.—Mr. Winkler.

Bill No. 220, for the relief of Rollande Cecile Larocque Duquette.—Mr. Winkler.

Bill No. 221, for the relief of Etta Smolkin Shapiro.—Mr. Winkler.

Bill No. 222, for the relief of Jeanne Wigdor Millman.—Mr. Winkler.

Bill No. 223, for the relief of Capitola Jodoin Ranger.—Mr. Winkler.

Bill No. 224, for the relief of Gaston Deguire.—Mr. Winkler.

Bill No. 225, for the relief of Jean Troster Fink.—Mr. Weir.

Bill No. 226, for the relief of Rae Goldstein White.—Mr. Winkler.

Bill No. 227, for the relief of Phyllis Eileen Paris Gibson.—Mr. Winkler.

Bill No. 228, for the relief of Lorraine Colville Watson Anderson.—Mr. Winkler.

Bill No. 229, for the relief of Edward Stanley Darby.—Mr. Winkler.

Bill No. 230, for the relief of Bernard Kenneth McCormack.—Mr. Winkler.

Bill No. 231, for the relief of Mansell Reginald Jacques.—Mr. Winkler.

Private Bills—Divorce

JOHN ATHERTON CRITCHLEY

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 232, for the relief of John Atherton Critchley.

Mr. Stanley Knowles (Winnipeg North Centre): I should like to suggest to the sponsor of these bills—and I believe the hon. member for Spadina (Mr. Croll) is the acting sponsor—that he allow this bill to stand and that we go on and deal with the others that are on the order paper. This is a case that is contested. I have certain information about it, but I am prepared to speak to this bill on another occasion, if the hon. member for Spadina would agree to my request that this bill stand.

Mr. Croll: Agreed.

Mr. Speaker: Bill 232 stands.

Mr. Cleaver: All the rest in bulk.

Mr. Knowles: No. Those days are gone for ever.

Mr. Cleaver: Fine nuisance value.

JULIA STARR MELNICK

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 233, for the relief of Julia Starr Melnick.

Mr. Stanley Knowles (Winnipeg North Centre): Before Bill 233 passes, I think I should take note of the remark just made by the hon. member for Halton (Mr. Cleaver) to the effect that what I am asking for is in the nature of creating a nuisance. Surely, Mr. Speaker, it is the right and the duty of parliament to deal in a proper manner with bills that come before it. I do not think that what the house is doing tonight is really satisfactory.

An hon. Member: Oh, give it a rest.

Mr. Knowles: Any members who want to make interjections are free to make them and to get them on the record, but I suggest that parliament should realize what it is doing in passing these divorce bills just as fast as Your Honour can read the numbers. That is no reflection on what Your Honour is doing; you are doing what the house has asked you to do. But I submit that any suggestion that a nuisance is being created by asking that at least a few seconds' consideration be given to each of these cases is entirely out of order.

Mr. Speaker: Order. I will endeavour not to read the numbers of the bills quickly, but will hesitate long enough between the bills so that any member who objects to any one will have an opportunity of expressing his objection.

[Mr. Knowles.]

SECOND READINGS—SENATE BILLS

Bill No. 234, for the relief of William Alfred Jameson.—Mr. Weir.

Bill No. 235, for the relief of Jean Camille Antoine Coutu.—Mr. Weir.

Bill No. 236, for the relief of Mary Jenner Watkins.—Mr. Weir.

Bill No. 237, for the relief of Geraldine Mae Cuffe Kennedy.—Mr. Winkler.

Bill No. 238, for the relief of Lucille Ida Fenlon Ashmore.—Mr. Winkler.

Bill No. 239, for the relief of Ela Raizman. —Mr. Winkler.

Bill No. 240, for the relief of Julia Saad Shagory.—Mr. Winkler.

Bill No. 241, for the relief of Lottie Aileen Wright Robinson.—Mr. Winkler.

Bill No. 242, for the relief of Arthur David Prosser.—Mr. Winkler.

Bill No. 243, for the relief of Edmund Vaughan Stewart.—Mr. Winkler.

Bill No. 244, for the relief of Marie Madeleine Clemence McKenzie Caron.—Mr. Winkler.

Bill No. 245, for the relief of Meinerth Aage Arsvold Wick.—Mr. Winkler.

Bill No. 246, for the relief of Myrtle Louise Vassell Evans.—Mr. Winkler.

Bill No. 247, for the relief of Margo Clare McManus McKeown.—Mr. Winkler.

Bill No. 248, for the relief of Eli Wilson Jewer.—Mr. Winkler.

Bill No. 249, for the relief of Beulah Nellie Elliott.—Mr. Winkler.

Bill No. 250, for the relief of Terez Baranyai Jekkel, otherwise known as Therese Baranyai Jekkel.—Mr. Winkler.

Bill No. 251, for the relief of Andrew Krilyk.—Mr. Winkler.

Bill No. 252, for the relief of Harold Dimond Parsons.—Mr. Winkler.

Bill No. 253, for the relief of Peter Seniw. —Mr. Winkler.

Bill No. 254, for the relief of Dorothy Agnes Bell Bissonnette.—Mr. Winkler.

Bill No. 255, for the relief of Gertrude Banner Jones.—Mr. Winkler.

Bill No. 256, for the relief of Selma Schenker Wyler.—Mr. Winkler.

Bill No. 257, for the relief of Frances Helen Shulman Cohen.—Mr. Winkler.

Bill No. 258, for the relief of Agnes Mary Binnie Bullock.—Mr. Winkler.

Bill No. 259, for the relief of Marie Rose Berthe Bernard Greco.—Mr. Winkler.

Bill No. 260, for the relief of Paul Emile Le Blanc.—Mr. Winkler.

Bill No. 261, for the relief of Taras Pieluch.—Mr. Winkler.

JOYCE MARGARET WRIGHT ROXBURGH

Mr. David A. Croll (for Mr. Weir) moved the second reading of Bill No. 262, for the relief of Joyce Margaret Wright Roxburgh.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I inquire why it is that the hon. member for Lisgar (Mr. Winkler) sponsors most of these bills but that occasionally the sponsor is the hon. member for Portage-Neepawa (Mr. Weir)?

Mr. Croll: It is quite possible that the hon. member for Lisgar was not in his office that day and that the hon. member for Portage-Neepawa was available.

Mr. Fulton: Just a stroke of the pen.

Mr. Knowles: The easiest divorce court in Canada.

Motion agreed to and bill read the second time.

SECOND READINGS—SENATE BILLS

Bill No. 263, for the relief of Elsie Mary Harrop Cameron.—Mr. Winkler.

Bill No. 264, for the relief of Anna Kirk Rosborough Finlayson.—Mr. Winkler.

Bill No. 265, for the relief of Marie Madeleine Pauline Parent Bjarnason.—Mr. Winkler.

Bill No. 266, for the relief of Mona Patricia Kiddie Heaney.—Mr. Winkler.

Bill No. 267, to incorporate the Scripture Gift Mission (Canada) Incorporated.—Mr. Fleming.

Bill No. 268, to incorporate the Polish National Catholic Church of America in Canada.—Mr. Croll.

Bill No. 269, to incorporate Independent Pipe Line Company.—Mr. Welbourn.

Bill No. 270, for the relief of Irmgard Magdalena Hetzel Lichtenstein.—Mr. Winkler.

Bill No. 271, for the relief of Anna Boronow Walter.—Mr. Winkler.

Bill No. 272, for the relief of Ann Smith Couldrey.—Mr. Weir.

Bill No. 273, for the relief of Phoebe Ross Kidd.—Mr. Winkler.

Bill No. 274, for the relief of Alice Ann Gordon Lewis.—Mr. Winkler.

Bill No. 275, for the relief of Evelyn Serchuk Desjardins.—Mr. Winkler.

Bill No. 276, for the relief of Vivian June Pomeroy Walker.—Mr. Winkler.

Bill No. 277, for the relief of Vivian Edna Bartlett Tribe.—Mr. Winkler.

Bill No. 278, for the relief of Jeannine Lafleur Leatherdale.—Mr. Winkler.

Bill No. 279, for the relief of Bertram Kenneth Kidman.—Mr. Winkler.

Bill No. 280, for the relief of Louis Elie Yon.—Mr Winkler.

Bill No. 281, for the relief of Doris Mary Thompson Lummis.—Mr. Winkler.

Bill No. 282, for the relief of Estelle Tetreau Latour.—Mr. Winkler.

Bill No. 283, for the relief of Mona Fern Barton Kirkman.—Mr. Winkler.

Bill No. 297, for the relief of Addie Jane Monica Wright Brock.—Mr. Winkler.

Bill No. 298, for the relief of Evelyn Maria Bianchi Lippiatt.—Mr. Winkler.

Bill No. 299, for the relief of Leon Simon Marchand.—Mr. Winkler.

Bill No. 300, for the relief of Ruth Helen Findlay Paterson Priestman.—Mr. Winkler.

Bill No. 301, for the relief of Ilse Helen Kneutgen Jorgensen.—Mr. Winkler.

Bill No. 302, for the relief of Howard Wesley Bartlett.—Mr. Winkler.

Bill No. 303, for the relief of Stephanos Katinoglou.—Mr. Winkler.

Bill No. 304, for the relief of Yetta Handler Meller.—Mr. Winkler.

Bill No. 305, for the relief of Raymond Landry.—Mr. Winkler.

Bill No. 306, for the relief of Lloyd William Lane.—Mr. Winkler.

Bill No. 307, for the relief of Lovannez Chartrand Dinelle.—Mr. Winkler.

Bill No. 308, for the relief of Sophie Kotsos Moscoutis.—Mr. Winkler.

Bill No. 309, for the relief of Mae Kert Sigman.—Mr. Winkler.

Bill No. 310, for the relief of Sarah Jane Greeley Smith.—Mr. Winkler.

JOHN COOK DONALDSON

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 311, for the relief of John Cook Donaldson.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise once again to express the hope that this case will be looked at closely by the standing committee on miscellaneous private bills. Indeed, while I have singled out two or three for special mention, I hope that as a result of the attention that has been drawn to these bills, that committee, when it reports back, will be able to say that it has considered all of the bills more carefully than has been the case thus far.

One of the reasons, Mr. Speaker, that I have permitted these second readings to go through with such expedition tonight is that this is not the last time that this bill, or these bills, will come before us. They will go now to the committee on miscellaneous private bills, and then they will come back to the committee of the whole house and subsequently be up for third reading. Nevertheless this bill, like all the others, is an act of parliament, standing on its own feet; and

the more we go through this practice of putting these bills through in what amounts to batches, the more convinced I am that this is not the place where bills of this kind should be dealt with. The place where Mr. John Cook Donaldson should have been able to get relief is a court of some sort. I earnestly hope that it will not be long until John Cook Donaldson and all others who require this kind of relief will be able to go to such a court.

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

Mr. Fournier (Maisonneuve-Rosemont): On division, and that applies to all these bills.

Mr. Speaker: Motion agreed to on division.

Motion agreed to on division and bill read the second time.

SECOND READINGS—SENATE BILLS

Bill No. 312, for the relief of Cecily Chandler Troop.—Mr. Winkler.

Bill No. 313, for the relief of Doris May Thompson Ewaldt.—Mr. Winkler.

Bill No. 314, for the relief of Laurette Trudel Charland.—Mr. Winkler.

Bill No. 315, for the relief of William Stevenson Greenshields.—Mr. Winkler.

Bill No. 316, for the relief of Clare Kent Gerrie Jorgenson.—Mr. Winkler.

Bill No. 317, for the relief of Beatrice Watson Bell.—Mr. Winkler.

MARION CRUICKSHANK MACARTHUR

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 318, for the relief of Marion Cruickshank MacArthur.

Mr. Knowles: Is the hon. member for Fraser Valley interested in this case? I see he has just come in. I am asking the hon. member for Fraser Valley if he is not interested in Bill No. 318, since the names involved are Cruickshank and MacArthur.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I did not know I was going to be brought into this debate. I have exactly one minute to make a few remarks. I do not know this lady or this gentleman. Even if they are Cruickshank and MacArthur I hope that people of these names will never be called upon to come before the House of Commons to get their divorce, but that they will live in a province that has a court of justice to handle such cases.

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

Mr. Fournier (Maisonneuve-Rosemont): On division.

Motion agreed to on division, and bill read the second time.

[Mr. Knowles.]

SECOND READINGS—SENATE BILLS

Bill No. 319, for the relief of Annie Mendelson Teitelbaum.—Mr. Winkler.

Bill No. 320, for the relief of Gwendoline Mary Teresa Sullivan Duddridge.—Mr. Winkler.

CHAMPION PIPE LINE CORPORATION LIMITED

On the order:

Second reading of Bill No. 321, an act to incorporate Champion Pipe Line Corporation Limited.—Mr. Macnaughton.

Mr. Speaker: I might point out to the hon. member who is sponsoring this bill that if it is called now and not proceeded with it will go to the bottom of the list. I think it is only fair that if he wants the bill not to go to the bottom of the list I should not call it at this time.

It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

The house resumed consideration of the motion of Mr. Rinfret for the second reading of Bill No. 322, respecting the Canada Post Office.

Mr. Noseworthy: When the house rose at six o'clock for dinner I was in the process of explaining why I thought the Post Office Department needed a thorough housecleaning job done. I shall conclude these remarks with one more reference. I think, Mr. Speaker, it might be an appropriate time to consider whether or not it would be advisable to have the administration of the post office removed from the jurisdiction of a department of government, such as is at present the case, and have the administration placed under a commission similar to that which now operates our Canadian government railways. I am quite confident that such an arrangement would offer fewer opportunities for the practice of political patronage in connection with the Post Office Department than exist at the present time.

To my own personal knowledge it is just about impossible today for anyone who is not a well-known supporter of the Liberal party to get permission even to operate a sub-post office in some little cubby hole of a back shop or store in our cities and suburban municipalities. There are many opportunities for the distribution of political patronage in the post office system outside the civil service

and from all I can gather the present administration takes full advantage of those opportunities.

I want to turn now to the matter raised by the leader of the opposition (Mr. Drew), the change in rates for the carriage of newspapers and periodicals. The minister told us last year that his department lost approximately $12 million on the handling of newspapers and periodicals. The department is asking us to condone a reorganization of the department in connection with mail deliveries, a reduction in the public service, for the express purpose of saving something like $3 million. It is not reasonable that we should condone an economy of that nature and at the same time condone a loss of $12 million by one branch of the postal service. I am not familiar with these rates but I presume that the Postmaster General (Mr. Rinfret) and his officials have estimated the new rates so that they will just about cover the cost of these services. There is more information we need but it probably will be forthcoming in committee.

I should like to know whether periodicals published and printed outside Canada and distributed in Canada will be subject to the same rates as periodicals published in Canada. I should like to know if the recent increase in the postal rate on unsealed drop letters containing mimeographed and printed notices from one cent to two cents, an increase of 100 per cent, is based on the cost of the service. I should like to know if the Post Office Department was losing half what it cost to provide that particular service; that the service cost the department just twice as much as it was receiving.

I contend that the various branches of the Post Office Department should pay their own way. I do not think the Canadian public want to subsidize the newspapers and magazines of this country to the extent of $12 million. Many of these magazines and newspapers, particularly the large metropolitan dailies, are operated at a considerable profit. We have had numerous opportunities to learn what those profits have been.

I do not agree with the leader of the opposition when he says that the public service rendered by these newspapers is of such a nature as to warrant our subsidizing them to the extent of $12 million, or to any extent as far as that goes. There may be a place for assisting certain Canadian periodicals, and here I am in agreement with the leader of the opposition. But there are other classes of periodicals, such as crime and sex comics, which should be taxed by way of increased postal rates. The country would not lose anything by a reduction in the number of that type of periodical that was circulated.

Some of our Canadian magazines have a difficult time to survive in competition with United States and other magazines. It would be a tragedy if the better class Canadian magazines were forced to go out of existence and Canadian readers left only with magazines published and printed in countries other than Canada. If there is room for assistance to such magazines that assistance should be given by way of a straight subsidy and acknowledged as such. The purpose for which it is given should be made clear to the Canadian public. I do not think the general Canadian public should pay for the postal services provided to these magazines.

The leader of the opposition put up a good argument in support of his opposition to section 11. He based his argument on the ground that these newspapers disseminated essential information, I think he said particularly at election time. I should like to comment briefly on that. I do not feel that our newspapers are providing us with essential information at election time or that they are giving us impartial news reports, particularly at election time. In this connection I should like to call attention to an article which appeared in *Maclean's* Magazine of August 15, 1949, just after the federal election.

This article refers to two Toronto dailies which, by the way, are the largest English language evening papers published in Canada. Both these papers profess allegiance to democratic ideals and have declared that it is the duty of a newspaper to give impartial information on all sides of any question that is of public interest. As a matter of fact, the heads of both newspapers are on record to that effect in the editorial columns of their papers. Here is how impartial these papers were during the last election campaign. During the last week of the campaign the Toronto *Daily Star* gave five times as much news space to the Liberal party at it did to the Progressive Conservative party. The Toronto *Telegram* gave five times as much space to the Progressive Conservative party as it did to the Liberal. Both are supposed to be independent in politics. I would say that both, like many other newspapers in Canada, at election time at least degenerate into party propaganda sheets. The *Star* gave the C.C.F. party 2.4 per cent of its political news coverage in that week, and the *Telegram* gave the C.C.F. 2.6 per cent. There is not much choice between them.

During that week of June 20 to June 25 the Toronto *Daily Star* gave the Liberals 1,734 inches of space, and the *Telegram* gave them 290 inches. During the same week the *Star* gave the Progressive Conservatives 355 inches and the *Telegram* gave them 1,402 inches. The *Star* gave the C.C.F. 52 inches of space and the *Telegram* gave them 46 inches. During that week the *Star* was sprinkled with 85 photographs of a political nature covering approximately 3,250 square inches, including captions. Of the 85, 73 were photographs of the present Prime Minister (Mr. St. Laurent), his family, Liberal candidates, and their supporters. All but one of the remaining twelve were printed with the express purpose of discrediting the Progressive Conservative party. The only two photographs of the leader of the Progressive Conservative party were such as were designed to discredit him with the *Star* readers.

Mr. Fraser: The generous *Star.*

Mr. Noseworthy: Concerning the political events of the time, on Wednesday, June 15, the *Star* covered eight Liberal rallies which the *Telegram* ignored, and the *Telegram* covered four Progressive Conservative speeches which the *Star* ignored. It printed four other political items all anti-Liberal. On June 20 the *Star* noted that when Mr. Drew disembarked at the railway station in Quebec City a total crowd of about 400 met the train. The *Telegram* had him greeted by a crowd of close to 3,000.

Mr. Fraser: Well, there is the truth.

Mr. Noseworthy: With reference to a meeting in Lacombe, Alberta, on May 28 the *Telegram* reported that the meeting indoors at the fair grounds was made up almost entirely of farm folk. It reported that the spontaneous enthusiasm of the meeting was a pleasant surprise to Progressive Conservative organizers.

Mr. Shaw: Was the election result a surprise?

Mr. Noseworthy: The *Star* reporter wrote that the afternoon meeting was attended by only about 600 people, and was made up mostly of high school students let out of classes for the occasion. I submit that, when you have two of our great dailies, both of which profess the ideals of democracy and that a newspaper should be impartial in its news reports—

Mr. Knowles: They are impartial but on which side?

Mr. Noseworthy: —when we have such reporting as the examples I have given, I can see no reason why, in the interest of the dissemination of essential information at election time by these papers, we should give them from the public treasury a subsidy amounting to millions of dollars. I think the Canadian public as a whole will support the minister and his department in increasing the cost of postage on newspapers and periodicals to a point that will bring them closer to paying their own way.

The leader of the opposition (Mr. Drew) also spoke of the freedom of the press and the fact that freedom of the press depended to a large extent on freedom of distribution. In theory that is correct, but in actual practice I wonder how much freedom of the press we have in Canada today. I wonder to what extent national advertisers, who support to a great extent our large national magazines and daily newspapers, influence the policies of these publications. If the truth were known, I think it would be readily agreed that not one of these papers or magazines would dare offend these national advertisers by advocating any policy, political or economic, that these advertisers did not approve.

There is another movement on foot in Canada that needs close watching, and which will interfere with the freedom of our press. I refer to the practice of one individual or company gradually securing control of large chains of newspapers, big and small, and submitting all these newspapers to one editorial policy. That process is taking place in Canada. Large chains of newspapers are already organized and come under the domination of one individual or one small group of individuals. I submit that process is much more harmful to the freedom of the press than increasing their postage rate from, in the case of the larger newspapers, $3 a year to $7.60, and in the case of the smaller ones from 87 cents to $1.31, as pointed out by the leader of the opposition. On the whole, Mr. Speaker, we will approve this section of the bill, but I think we will be asking the minister for more information than is available to us at present, particularly on the two or three points I mentioned earlier in my remarks.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, my colleagues and I welcome this opportunity to consider this bill, which is designed to bring post office legislation up to date. It has been our belief for quite some time that an opportunity should be provided to thoroughly consider all matters relating to general post office policy. On more than one occasion we have urged that a committee of the house be set up for the purpose of considering post office estimates, or at least to consider general post office policy, and again

we urge that this course of action be followed. Our feeling is that this bill should be referred to a committee of this house.

My understanding of what the minister said this afternoon is that this bill has two specific purposes, first to bring post office legislation up to date and second to eliminate redundant sections of the old act. We have no argument to offer with respect to those two purposes. Certainly it is time the act was brought up to date, and certainly these redundant sections should not longer remain in the legislation. I agree with the minister that such matters as actual operating details should be considered when the post office estimates are before the house, and that we should relate our discussion specifically to policy when considering this bill.

I do not intend to occupy the time of the house now by referring to any specific sections of the bill, which I assume would be out of order; but I would like to serve notice upon the minister that I for one intend to question him in quite some detail on a number of very important aspects of policy. One has to do with the appointment of postmasters. My conviction is that the present method is entirely wrong. When we come to the relevant section I propose to elaborate upon that assertion, and may refer to certain specific cases to indicate why I feel the policy is wrong. Moreover, I think the time has arrived when we should give serious consideration to the conditions under which certain postal employees work, their hours of work, conditions of work and salaries.

Perhaps at this point I should say that during the years I have been privileged to serve as a member of the House of Commons my relationship with local postmasters, with district office officials and with head office officials has been most cordial. I have frequently commented upon the excellence of the work done by these various groups of post office employees. I have often wondered, however, how many of them chafe from time to time under certain restrictions and conditions under which they work. How they must chafe when trying to carry out certain aspects of post office policy which I think, if the truth were known, they believe should have been changed long since.

Another matter I intend to pursue at some length in the discussion of the bill is the service given in certain communities. I have always been led to believe that the motto of the Post Office Department is service, but I have discovered that no matter how legitimate my case may be I am inevitably met with this road block: will that single specific operation pay? It does not seem to matter whether settlers have been in a community for forty or fifty years. It does not seem to matter whether they are entitled to the service. That question is always asked: will this single specific operation pay? In the light of that and certain other facts I suggest that perhaps we should give some consideration to that motto. Perhaps it is redundant. Possibly it should be modified to more properly meet present conditions. Let me repeat that in spite of anything I have said or may say before we finish with this bill, I have great admiration for those people who so conscientiously endeavour to maintain our postal service. I believe they have been restricted altogether too much. I think they have worked under conditions which many of us would characterize as intolerable. In spite of that, however, in the main they have continued to render excellent service to the people of Canada.

I am not going to take more time at this stage, Mr. Speaker. We feel that we can more appropriately express our views as the specific sections are considered by the committee.

Mr. Jean François Pouliot (Temiscouata): I want to say a word with respect to this bill, which is of great interest to the people of this country. I have had quite a lot to do with the institution of rural routes but very little to do with the appointment of postmasters, except in minor offices. I have been in politics for a long time, and the only postmasters I have tried to replace as such were those who had taken the positions of Liberal postmasters when Mr. Bennett was elected to office. I have left them alone except when there were complaints from interested parties, customers of the post office, for technical reasons. I did not even visit them. I believe I am one of the few members of parliament who have not visited each post office in their counties. My impression is that when we hear no complaints about a post office it means it is well run; that has been my experience. So long as I had no complaints I did not want to interfere with the management of the post office. But at times there were complaints. I remember Mr. Veniot, who was one of the greatest postmasters general whom I have known, and the next best is the present incumbent. In the meantime, there were postmasters general of various abilities. Some were very hard to deal with, and others paid very little attention to the duties inherent in their position. Some others organized a system of secrecy concerning the reports coming to the department, and which are not supposed to be known to members of parliament.

If there is a request made for any change or any improvement in the Post Office Department, a member of parliament should be entitled to know what report was made by the local inspector; what report was made to Ottawa by the district inspector; what recommendation was made by the head of the branch to the deputy minister; and what recommendation was made by the deputy minister to the minister. I have admiration and affection for the present Postmaster General, and he may rely on my support because he deserves it. I say the same of his parliamentary assistant. But so long as I support the minister and his parliamentary assistant, it does not mean that I have to swallow all the high officials we have in the Post Office Department in Ottawa. Some of them have been there for a long time, and some not so long.

My idea of a good civil servant is one who respects his minister, and who shows loyalty to the head of the department; not only that, but one who understands that for the good management of any department there shall be respect for the hierarchy within the department. The deputy minister is not the head of the department. He is the deputy head, and he should behave accordingly. The man who has the responsibility for the management of the department is no one else than the head of the department—this applies to all departments. Since I was first elected I have known very few postmasters general who have been just as assiduous in their parliamentary as in their departmental work, but that is the case with the present Postmaster General of Canada. The tribute that I pay him tonight is a well deserved tribute, because I have a profound respect for anyone who works with so much intelligence.

I wonder if I should recall what I said one day in a caucus in the province of Quebec. I said that the present Postmaster General is an intelligent man. There was loud applause. Then I said, "Your applause, gentlemen, is no compliment to his illustrious predecessor, but I will not insist." Sir, the members of parliament are supposed to be the collaborators of the cabinet ministers, especially of the Postmaster General. I do not see much partisan politics in any department; but since the time I had the postmasters and mail carriers reappointed who had suffered great injustice from the Bennett regime, I have not recommended anyone merely because he was one of my supporters. I have enough respect for the intelligence of the people in my constituency not to recommend any one of my supporters who was not perfectly qualified to occupy a position in the Post Office Department or elsewhere.

Members of parliament, sir, make recommendations for the appointment of postmasters to minor post offices. For post offices having a gross revenue of $3,000, the appointment is made on the recommendation of a member of parliament, and above that it is by the civil service commission. Well now, what I have tried to do was to make the civil service commission understand the danger of appointing one who was not fully qualified to serve the community as it deserves to be served. Until now we have been quite successful, and in my constituency the Post Office Department has been abiding by the provisions of the Post Office Act, and the Civil Service Act concerning military preference.

Every time that a returned man was asking for a vacant post office, so long as he was qualified he was recommended. But what happened was that after their appointment some resigned. They said they would not keep the job. Then the department had the trouble of appointing other men who sometimes also resigned. Those are difficult matters, especially with regard to men suffering from disabilities. The matter should be looked into with a view to making the least possible number of appointments within a certain period of time and seeing to it that in the first place men who will be the most useful are selected.

I give credit to the minister for his co-operation. I also give credit to most of the officials of his department, especially those outside Ottawa. I do not complain of all of the personnel of the post office department in Ottawa but I remember well that among the high officials there is one whom I could not thank at any time because I had some trouble with him. The only way to fix it up was not to deal with him at all. He was vicious; he still is. I hope he will soon go. This is one example.

Others try to create trouble for members of parliament, in the name of efficiency, with the pretext of streamlining the department on all sides. Others play at intrigue by coaxing some members of the press gallery, apparently giving them false scoops. They are hard to deal with. But to establish and to maintain order in any department is not fascism; it is order. The idea of order has been so much lost sight of in the minds of the people that whenever anyone tries to establish it he is accused of interfering with the efficiency of a smooth-working system.

You know well, Mr. Speaker, what is the basis of good government. It is plain common sense, fair play and respect for sound, established practices.

There is something else to which I wish to refer. There is to be taken care of not only the distribution of mail in the Post Office Department but also the delivery of mail to all the recipients of it throughout the country. The Post Office Department is a big one with a revenue of, I would imagine, about $100 million a year and with a large number of employees. I pay tribute to the personnel of the Post Office Department, as I said, with the exception of a few plants that have grown too high. In the spring it is time to cut the weeds. But the average personnel is good and has a good spirit. That is something which has been inspired by the minister himself, by the parliamentary assistant and by those employees of the Post Office Department who have been trained in the right manner by those who have a high sense of duty and who have more public spirit than private selfishness and ambition.

To come back to the mail routes and to the delivery of mail, as hon. members know the delivery is made in cities by letter carriers who are appointed by the civil service commission outside of the jurisdiction—and most of the time outside of the knowledge—of members of parliament. The staff of the city post offices is also appointed by the civil service commission. I have not much more to say, but with regard to rural routes there is one thing that should be considered, namely the differences of level, the differences in the kinds of roads on which the mail carrier will have to go in order to deliver the mail, the hills, and so on. It is impossible to have a flat average of $50 per mile. There may be some cases where it is a reasonable payment for the services of the mail carrier, but in others it is not. If a man has to climb hills for the delivery of mail, he evidently deserves more than the one who travels on a flat route. This is one point which should be left to the good judgment and the fairness of the minister, at least in appeal from the decision previously rendered by those in charge.

I am glad that, in virtue of the new act which is before the house now, the minister will have authority to make his own decisions up to $1,000, I believe. Is that it?

Mr. Rinfret: Yes.

Mr. Pouliot: Yes, $1,000. It is of great importance, and otherwise mail carriers complain that they cannot make both ends meet, and they abandon their contracts. New tenders are called for, and the work is always starting anew.

I thank the present minister for the establishment of a letter carrier service in the city of Riviere du Loup, which was inaugurated yesterday, and which is welcomed by all. I thank him also for the establishment of numerous rural routes in my constituency, to the benefit of the farmers. According to my knowledge, it is the policy of the minister to give the best possible service to Canadians who live in cities, and also to Canadians who live in the country. It is a great satisfaction to all of them to be able to wait at home for their mail, which is delivered to them by letter carriers in the cities, and by mail carriers in the country. There are still some small post offices that will render a great service.

In each municipality there is a main post office. Just a minute ago I heard the hon. member for Red Deer (Mr. Shaw) speak of the good relations that exist between him and the postmasters of his constituency. I could say the same thing except that at times we had some difficulty, again coming from Ottawa—it was before the minister came in to be in charge of the department—just on account of the closing of post offices on Sundays after mass. It was just an order that came from Ottawa. It came from the sky. It was an old tradition to have post offices open for an hour on Sundays. It was not an inconvenience to postmasters to give the letters and the newspapers to the farmers who wanted to have them to read on Sunday. There is nothing wrong in reading one's correspondence and the newspapers on Sundays. But the post offices had to be closed. Fortunately there were many postmasters in my constituency who were bright enough to understand that such an order had not to be followed very closely.

Other than that, the regulations of the department are well observed, and I am satisfied with the Post Office Department, although there are some obstacles in the way of progress and in the name of super-efficiency. Efficiency is very good; super-efficiency is just a wee little bit too much.

Now, Mr. Speaker, I shall leave the floor to others, and I shall have other occasions to discuss the post office business. But I wanted to pay tribute to the minister, to his assistant and to all the competent civil servants of good will in the Post Office Department in Ottawa and elsewhere throughout the country. I am sure that the study of this legislation, which is of paramount importance, will be inspired

by no partisan bias. I think enough of my hon. colleagues to be sure that they will not fail to discuss the new provisions of the Post Office Act with their usual candour and—wisdom.

Hon. W. Earl Rowe (Dufferin-Simcoe): I am very glad, Mr. Speaker, that the hon. member for Temiscouata (Mr. Pouliot) has added the word "wisdom" to his rather eloquent tribute to the Postmaster General (Mr. Rinfret).

I do not intend to take up much of the time of the house on this issue. I agree with the hon. member for Temiscouata that it is a very important one. I do not propose to support everything that he has said with reference to the administration of the Post Office Department. I agree with him that the Postmaster General is a very congenial gentleman. In this legislation I know that he is only expressing the desires of his government.

I feel that it is rather strange and worthy of note at this time that a democratic government should be imposing such penalties on the dissemination of news. They are doing it at a time that news is so important in the life of this country and of every other country.

In the daily newspapers we read of the enormous surpluses that the government is enjoying at the present time, surpluses, Mr. Speaker, I believe five times as large in the first month of the fiscal year as the government expected to have in the whole year.

An hon. Member: Four times.

Mr. Rowe: Someone said "four times". Do not doubt my word for one point.

It has long been recognized in the development of any country, and that is especially true of this young country, that transportation, immigration and education are features that should be divorced from what you might call a profit and loss balance sheet of government administration. If there is anything in the life of any young country, and especially the life of Canada, that is of importance it definitely is the freedom of the press, and that is traditional in our way of life.

There are small weekly newspapers, and other small dailies, that have been disseminating news and have been sending it to the far-flung areas of this dominion at less cost per year than what the government now proposes to levy against them as an increase. In these inflationary times we have all had experiences of the increased cost of living, the increased wage rates that we negotiate from time to time, the increased cost of materials all along the line, the increased freight rates, if you like, and the increases on every side. But Canada is a large country; Canada is a young country; Canada has many people in far-flung areas, far removed from educational circles and communities, bush workers, miners,—

Mr. Gibson: Tories.

Mr. Rowe: Yes, and some like the hon. member, independent of any party. All across this dominion we have these people depending upon the dissemination of news. They want to read the daily papers.

There are those, Mr. Speaker, who have not had the opportunity of educational advantages. I have seen men who have sat to the right of you, Mr. Speaker, since I have been in this House of Commons, who had very little education. In fact, without naming them, the Minister of Agriculture (Mr. Gardiner) knows whom I mean. One of the most brilliant minds we had in this dominion admitted in this house that he had very little education, but perhaps like Churchill he had picked up things as he went along. He learned a little from the daily press, as the Minister of Agriculture must do when he reads his speeches. After he reads them he must be surprised. The daily press means so much to the life of this country.

An hon. Member: What about the weeklies?

Mr. Rowe: I am not forgetting the weeklies because if there is any press that is more or less non-political, if there is any press that is non-partisan, if there is any branch of the press in Canada which helps to form an important part of this great fourth estate of this great dominion, it is the weekly press. I pay my tribute to the weekly press of Canada. I hold no brief, and as I grow older I hold less brief, for those who disagree with the party I support. I know there are some that do not support the Conservative party very solidly; there are others that support it rather clumsily; but we do have freedom of the press, of the fourth estate as it is called, that means so much to the life of the country.

Our press means much in the education of this country. Not all hon. members within sound of my voice, let alone many men in the far-flung areas, are able to send their boys and girls to universities. There are many families that cannot afford to do that. There are many families that have to work hard; there are many great minds in Canada who have learned to toil with their hands but who have learned from the daily press. I pay that tribute to the press of Canada. Thank God we have a free press in Canada. They have done more generally and broadly for the education of our people, for the inspiration to try to do better in the future, for the

inspiration of trade and industry, for the inspiration to develop charitable and social services, for the inspiration to develop and increase social services and church work, than they are given credit for.

We find now that the government seeks to impose a penalty which in normal times or in times of the slightest depression would be a crushing blow to many small weeklies. There is not one within sound of my voice who does not know of many weeklies throughout the country that have been selling annual subscriptions for $2 and still having difficulty in getting enough subscribers to make their advertising rates profitable. In 1930 the tax per ton on newsprint used for the dissemination of news in this dominion was fifty cents, and today the Postmaster General (Mr. Rinfret) proposes that it shall be $10.20. The Canadian producers of newsprint receive less for the newsprint they deliver to Canadian publishers, but the Canadian publishers pay substantially more than the United States publishers. The United States publishers pay $106 per ton, but with these taxes as they stand now the Canadian publisher will pay $111.20 per ton, when all these taxes are included. There is a ten per cent sales tax on the daily and weekly papers, yet the crime and sex comics and all these nonsensical sheets which add nothing to the culture of this dominion pay no sales tax.

Let us be fair. I agree with the hon. member for Temiscouata (Mr. Pouliot) that the Postmaster General is genial and always looks like a fair fellow. In so far as I am concerned I think he has been fair. I urge him to take this back to cabinet council and review this act. I know that no government of Canada could impose this tax at the present time without realizing that there are bound to be many repercussions. I know we have the bureau of publicity here in Ottawa which is growing like a mushroom. We have the C.B.C. and the other means of disseminating news for the government. In fact, the government is becoming the greatest publisher in Canada. Now we have the government curtailing others.

We have the publications sent out by the Department of Agriculture. I know the Minister of Agriculture authorizes all this and I try to read it, but my wastepaper basket is full of the things I receive from that department which I have not time to read. The Department of Trade and Commerce do likewise. Being somewhat interested in the newsprint industry I would say that if it were not in short supply I might almost welcome the waste of newsprint there is by the dominion government.

It does surprise me that now they are curtailing its use by the imposition of this tax. They are going to impose a tax of approximately $3 on many of the rural newspapers in Canada, or double their present rates. I ask hon. members to pause and realize what it will mean to those in the far-flung areas, the miners, the people in the bush and others in isolated sections who have hesitated to send in subscriptions at $2.50 if they are now asked to pay $5.50?

This seems to be in keeping with the trend of a government that has been in power too long. This is a trend toward the curtailment of the press. It is a trend that has been indicated all along the line in the curtailment of the press in different ways, to submerge the news instead of disseminating it. There are many services that are necessary in this great country, vast as it is, sparsely settled as it is. This fact has been recognized since the days of confederation. The transportation of our vast resources, the transportation of our people in the far-flung areas, has been paid for more or less by the state. Immigration which is needed to improve and increase our population is paid for by the state. The dissemination of news for the education of our people should also be considered part of our nation building.

This seems to me to be a grave error on the part of the government. At least it is an oversight. I would be unfair if I said that it was intentional, but whether it is intentional or an oversight it will discourage the dissemination of news. It will weaken the prestige of the fourth estate in this dominion. It will curtail the freedom of the press. It will create hardship for many who feel it is a hardship to pay the present annual subscriptions but who still want to know what goes on outside their local districts. It will create a hardship for those whose only means of learning is the daily and weekly press.

I urge the government to reconsider its move in this regard and try to get the revenue somewhere else. You have the comic strips, you have the sex magazines, you have the crime sheets and other sources of revenue.

An hon. Member: The racing form.

Mr. Rowe: I am not any better reader of the racing form than the hon. member, and certainly he is not too good. Put it on that publication if you wish, but do not put it on the papers that mean so much, that are one of the delicate hands behind the culture of this dominion.

Observant as the Postmaster General is, he must have observed that in the last few years there has been an increase in the literature going out from the dominion and

in many other countries we have seen a gradual decrease in what is allowed to be published. If there is no other way of doing it, they ration newsprint. That is what is done in many socialist countries. The newspapers are not allowed to have enough newsprint to disseminate news, no matter what their political faith may be. They may be a little to the left, they may be too far to the right, but in many cases they are not permitted to print news outside of what is of local interest.

No matter what the issue is, no matter what policy is being followed, the people should know what is going on. This tax imposing a restriction on the dissemination of news is more dangerous to our democratic way of life in these modern times than at any other time in our history. There has never been a time in our history when people have craved knowledge more than they do now. There has never been a time when the dissemination of news has been more vital to our very existence. If the freedom of the press never dies in Canada, communism will never live in Canada.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it was not my intention to comment on the subject that has just been discussed by the hon. member for Dufferin-Simcoe (Mr. Rowe) as my colleague, the hon. member for York South (Mr. Noseworthy), has already dealt with that matter. I feel, however, that I must say that I was a bit surprised to hear the press of this country referred to as having "delicate hands". We all agree with the position he took as to the importance of the freedom of the press, but I wonder if that freedom is to be curtailed by the slight increase per year in postage rates proposed in the bill now before the house, the purpose of which is to ask newspapers to pay their own way. As for the freedom of the press and its impartiality, the hon. member for York South has already given evidence as to how far various newspapers lean in their presentation of facts, particularly when they relate to political matters.

However, the reason I was anxious to get on my feet was because I felt the hon. member for Temiscouata (Mr. Pouliot) would be disappointed if I did not rise at the earliest opportunity to take issue with some of the things that he said when he spoke in this debate a little while ago. I refer in particular to his views as to the part that he thinks members of parliament should play in the internal affairs of the Post Office Department. There is one thing about the hon. member for Temiscouata. He does not hide his belief in the practice of patronage. He not only admits that there is such a practice but he glories in it, and carries on his practice of it right out in the open. For that I suppose we should commend him, much as we dislike and deplore the practice itself.

I did not know that there was anything in the Post Office Act that said that members of parliament should make recommendations for the appointment of postmasters for post offices having below a certain gross revenue. I have looked through the bill before us to try to find some section that even hints at that. Maybe it is there but I cannot find it.

Mr. Fraser: It is only in Grit type.

Mr. Knowles: The hon. member for Peterborough West (Mr. Fraser) says that it is only in Grit type. At any rate, I have not seen it. It may be that there are some regulations to that effect. I would be surprised to learn that, but it is pretty clear from the way in which the hon. member for Temiscouata spoke tonight that there are some members of parliament who make a practice of making recommendations as to the appointment of postmasters, and apparently have the experience of having those recommendations accepted.

Mr. Gibson: How about the insurance officers in Saskatchewan?

Mr. Knowles: Don't try to get me off the track. I feel that the practice urged by the hon. member for Temiscouata is thoroughly out of keeping with our modern democratic process. After all, if that principle is to apply to the post office what about the Canadian National Railways? What about the Polymer Corporation? What about Trans-Canada Air Lines?

Mr. Ferrie: What about the province of Saskatchewan?

Mr. Knowles: If the hon. member for Temiscouata is going to carry on that practice he would have members of parliament say who should pilot our North Stars. I would much rather have Trans-Canada Air Lines make decisions of that character, and I think the same applies to the post office. We have the right and the obligation on the floor of parliament to debate matters of policy, but when it comes to internal administration I suggest that that should be done on a civil service basis and not on the basis of patronage. May I remind the hon. member for Temiscouata, and others who are interested, that a short while ago a delegation from the Canadian Congress of Labour waited upon the Prime Minister (Mr. St. Laurent) and other members of the government to express among many other views the hope

that some improvement would be made in the relations between the civil service and the government. The specific request was for the provision of collective bargaining, but according to a dispatch that appeared in the Ottawa *Citizen* the Prime Minister said:

> We want the civil service to enjoy as good working conditions as provided by good employers throughout the nation . . .

Then he went on to say:

> We want the civil service to be fairly treated but we do not want any preferential treatment accorded them . . .

Then I should like to read this paragraph:

> Mr. St. Laurent recalled that years ago it was considered there was too much political patronage involved in appointments to the government service. To improve this situation, parliament appointed the civil service commission.

Thus you have the hon. member for Temiscouata on the one hand boasting of the patronage method, and you have the Prime Minister on the other saying that the reason for the appointment of the civil service commission was to get away from patronage.

I have been glad to note certain items in some newspapers to the effect that the deputy postmaster general does not like this business of patronage, and that he has even been treading on the toes of some members of parliament in that respect. It may be that that is the reason for the speech made tonight by the hon. member for Temiscouata. Maybe he has had his toes stepped on, or maybe he is speaking for someone who has.

Mr. Pouliot: I rise on a question of privilege. According to the standing orders of the house, no hon. member can impute motives to any one of his colleagues. What I have said has been said. I have nothing to add to what I have said. I want the hon. member for Winnipeg North Centre (Mr. Knowles) to withdraw from his speech any comment imputing motives to me. What I say I say from experience which is much longer than his and which has been satisfactory to my constituents. If they had not been satisfied with my recommendations they would have voted against me. I challenge the hon. gentleman to repeat in my constituency the speech he is making tonight. It would help me a lot.

Mr. Knowles: I confess the hon. member puts me at a bit of a loss. He wants me to withdraw something, and he has not said specifically what it is he wants me to withdraw. Then he says he wants me to go down to the county of Temiscouata and say the same things again on the ground that it would be to his benefit.

Mr. Gibson: Withdraw.

Mr. Fraser: What has he got to withdraw?

Mr. Knowles: The rule is that a member must not impute a motive to another member other than a motive that the hon. member acknowledges, so I would like to know what—

Mr. Deputy Speaker: I think the hon. member for Winnipeg North Centre had no intention of imputing any motive to the hon. member for Temiscouata.

Mr. Knowles: I agree with you perfectly, Mr. Speaker.

I was about to say that if press reports are correct concerning the deputy postmaster general, to the effect that he is trying to stamp out patronage in the post office, he has my wholehearted support; and I am glad to know that he is listening to that comment at this moment.

However, I really rose to speak on one matter of principle that is covered by the bill now before us. I shall reserve any more extended remarks about it until we get to the section of the bill dealing with the letting of contracts, but since this is the time we discuss the general principles involved I felt I would like to say a few words about this matter now.

I refer to the practice of letting out under contract the collection of mail from post office letter boxes scattered around our cities. I should not speak for all cities in Canada, but I do know the situation in my own city of Winnipeg and I have reason to believe it is similar if not identical to that in other cities. In Winnipeg we have these trucks painted red with the words "Canada Post G.R." on the side, which travel about the city picking up letters and parcels from the street letter boxes. Similar trucks deliver mail from the post office to the trains, to airports and so on. I have no doubt most people in my city assume that those trucks and various delivery vehicles are owned by the Post Office Department and that the men who drive them and do this work are employees of that department. In the city of Winnipeg that is not the case. This work is let out by contract; as a matter of fact there are a number of contractors depending on the particular service in question. This in turn means that the drivers of these trucks, sometimes referred to as mail couriers, are not civil servants and employees of the Post Office Department, but are employees of the contractors to whom this work has been let.

My plea to the Postmaster General and his department is that consideration be given to placing that work directly under the aegis

of the department. I make that plea particularly in the name of the employees concerned. In my view the mail couriers in Winnipeg are not getting a proper break in the matter of wages, hours, holidays, pension rights, sick leave and all the other working conditions, comparable to what is enjoyed by civil servants. When from time to time some of us take up the plight of these people with the department we are simply told that the Post Office Department is not the employer of these men, that they are employed by the contractors to whom this work has been let, and that they must apply to their immediate employers for any improvement in working conditions. I find further that there are different types of contracts, and that these contracts have varied over the years. Some have escalator clauses; others have not. Sometimes when a group of employees appeals to the contractor for an improvement in wages or working conditions, the employer appeals to the government for an increase in the amount paid under the contract. Sometimes the government answers that plea, an increase is given and the improvement takes place. On other occasions the contractor does not pass on the plea, or if he does the government does not see fit to increase the amount paid. As a result there are variations between one type of service and another, as well as between cities, in the wages and working conditions of these men.

My study of this whole matter, arising out of close contact with the men involved, leads me to assert that the whole situation is quite unsatisfactory. The men can go on pursuing the present practice of trying to get their employers to improve their conditions, which sometimes results in their employers trying to get better contracts. But there is always a lag as far as the men are concerned, and they are woefully behind the conditions enjoyed by other civil servants and people doing comparable work in a place like my own city.

That is the case. I shall deal with it in more detail when we reach that section of the bill; in fact when that time comes I shall present facts and figures as to wages, hours of work, lack of pension privileges and matters of that kind. I did feel, however, that at this stage when we are discussing the principle of this new legislation, I should bring to the attention of those who deal with these matters the urgent need of reviewing this whole situation as far as mail couriers are concerned and with respect to these trucks that they drive about the city picking up the mail.

[Mr. Knowles.]

Mr. Gordon Graydon (Peel): I should like to direct some observations to the minister in reference to this legislation in the hope that some of my ideas that have been expressed in the house on previous occasions may yet prevail. Before doing so, however, I should like to follow up the excellent observations made a few moments ago by the hon. member for Dufferin-Simcoe (Mr. Rowe) in connection with this indirect tax upon the dissemination of news in Canada.

These days we read of the suppression of newspapers like *La Prensa* in Buenos Aires; we read of the request by French journalists and newspapers for the allocation of additional newsprint to help promote, establish and maintain the principles of our free way of life, and it seems to me that we in parliament have an obligation, as the minister and the government have a very special duty, to see to it that while we are attempting to establish those principles in the broad international field we do not do something to undermine the very same principles at home by means of domestic legislation such as this. It may be argued, as it has been argued in this debate, that the tax is not ruinous, that it will not be felt so heavily. In my view, however, the imposition of additional financial obligations upon those disseminating news in Canada is a retrograde step for which I do not think the government can take much credit at this time. I should like the minister to consider the possibility, even at this time, of leaving things as they are at least for the time being, while this nation and others who feel as we do are engaged in a strenuous struggle for survival and for the continuance of our free way of life.

I do not want to indulge in unnecessary forensics in connection with a matter of this kind, but I think it goes to the very root of our democratic system. While we have free postage on *Hansard* containing our speeches in this house; while we have the free distribution of all the propaganda, if you like, coming from government departments in the form of news, statements of policy and the like—and I have not heard of any tax going on that—in the final analysis I wonder—

Mr. Fournier (Hull): How about the opposition speeches?

Mr. Graydon: You do not send them out because you have good public relations without them. In any event, in so far as the speeches of the members are concerned which leave this parliament to go to the various constituencies, they are only a drop in the

bucket. So far as the real dissemination of news of this parliament is concerned, that rests with the members of the press gallery, the eyes and ears of the nation. I dare say if you were to remove the members of the press gallery for one session of parliament there would be scarcely anyone in the country who would take the slightest interest in what was happening in parliament, because the eyes and ears of the people are in that press gallery. Along with our parliamentary system, they form our democratic system. You cannot separate the two. One is complementary to the other. When you attempt, even by this method which is employed here, to impose a burden upon the dissemination of that news, you not only attack the press itself but indirectly you are attacking parliament. I cannot, therefore, be too emphatic in expressing to the minister my belief that he should review that part of this post office bill.

If I may, I should like to come to another point which has not been dealt with in this debate, and that is why we have to keep on forgetting the forgotten man. This has been going on now not for years but for decades. There never seems to be enough influence brought upon the minister or upon the government with respect to the plight of the rural mail couriers to have the government act in any definite way. Here we have a great shake-up—at least, I suggest one may call it a shake-up—in our Post Office Department and a number of amendments made to that act. There has been some talk about overhauling an act which has been there since 1867. If we are going to overhaul the act, then why do we not overhaul some of the regulations that need overhauling the most? Here we are taxing newspapers and the dissemination of news, and at the same time doing nothing for the rural mail couriers across this country. While perhaps for some urban people the rural mail courier just appears to be another contractor, that is not the case. Those of us who have been served by rural mail during the many years of our farm life realize that the rural mail courier is much more than just a contractor. He is an institution in the rural life of every rural community.

Mr. Rinfret: What is your suggestion?

Mr. Graydon: I am coming to it. Since he is an institution, I feel that he ought to have more consideration than he is receiving in this particular bill. Of course, the minister will say that these couriers are contractors. They have put in the lowest tender. He will say it is because they have tendered low that they are now in this serious plight. I want to tell the minister that I was never able to see the justice or the logic in picking out certain people in the Post Office Department and asking them to tender. When the minister is appointed, his position is not put up for tender.

Mr. Knowles: How do you know?

Mr. Graydon: When the parliamentary assistant is appointed, his position is not put up for tender. When the deputy minister is appointed, his position is not put up for tender. One could go all down the line. I cannot see why we continue, year after year, picking out the poorest paid of all our people in the Post Office Department and allowing that condition to be continued. I have made this suggestion before, but I am going to make it again. I realize the difficulties facing the Postmaster General in this regard. It is not an easy matter to solve. I believe a move ought to be made to solve the problem; and for that reason I urge, I hope with a little more effect than in the past, that the rural mail couriers be brought before a special parliamentary committee in Ottawa to explain their suggestions as to how this matter can be properly worked out.

Mr. Rinfret: What is your suggestion?

Mr. Graydon: That is my suggestion. I do not think that anyone could make a better suggestion than to have the rural mail people come down here and discuss this matter with a parliamentary committee. They could tell us how this contract system could be improved or changed, because it seems to me that almost any change would be better than the present system. After all, the fact that from time to time bonuses have had to be given to contractors across Canada after the contracts have been in force for some considerable time, and also the fact that departmental officials are tied hand and foot in attempts to try to work out something for rural mail couriers in various instances, are indications of the need for a change.

There is case after case where a courier takes a contract only to find that before the termination of the contract the number of boxes on his route has increased immeasurably.

Mr. Rinfret: He gets a proportionate increase.

Mr. Graydon: He gets a proportionate increase, but it is not always the type of increase that is required under the particular circumstances. More than that, I want to say that when we are dealing with an institution that is as important as the rural mail couriers, surely we owe it to them to bring them down to Ottawa so they can tell us what

they regard as a proper solution of this difficult problem. After the rural mail couriers have come to Ottawa and given their complaints to a committee, then I would be satisfied with whatever decision was made. I want to emphasize to the minister that I think we at least owe that much to them.

In view of the fact that this is an opportunity for dealing with the Postmaster General's department in general, there is another point I wish to bring to his attention. In places like the constituency I represent, which has been growing perhaps more rapidly than most sections of Canada and in which there are literally hundreds of houses going up year after year with new areas opening up, it seems to me that the question of extending the rural mail or postal delivery service to meet that condition is essential and urgent today. I know that the department is making some effort to meet the situation as they find it. If a committee is formed—I hope the minister has not entirely closed the door on that—that is one question I should like brought before the committee. In the United States there has been adopted some scheme whereby these suburban communities are being serviced by a sort of in-between system, that is between the postal delivery service and the regular rural mail delivery. I should like to see the committee deal with that question as well.

So I say to the minister that when the act is being overhauled, these matters ought to be considered. Once the act is finally passed with such amendments as may be necessary during its tour through the legislative chamber, we may not have an opportunity of satisfying the rural mail couriers that their case has not been glossed over by any procedure of parliament which does not give them an opportunity of being heard.

I am not asking for impossible reforms. All I am asking for is to have them heard. If it is then determined that the present system of contract is the best, I think the minister will have satisfied the couriers, the public and parliament. More than that, he will have done something which is perhaps more difficult: he will have satisfied me.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, may I be permitted, first of all, to endorse unreservedly the words of praise directed a moment ago to the hon. Postmaster General (Mr. Rinfret). I may say without hesitation that, in my constituency, there has never been any patronage because the contracts have invariably been let to the lowest bidder.

I wish to make a few suggestions to the minister with respect to this bill and I hope he will give them his earnest consideration.

Subsection 2 of section 11 of this bill, with reference to the new rates for periodicals and newspapers, reads in part as follows:

(a) for those published daily

(i) with a circulation of ten thousand or more copies per issue, four cents for each pound weight or fraction thereof.

In the province of Quebec, the daily newspapers, that really provide a source of information for our people, come from only four cities: Montreal, Three Rivers, Quebec and Sherbrooke. In order to reach the rural population, these newspapers must, of necessity, use the postal services over a considerable expanse of territory. Would it not be fairer and more practical to increase postal rates for newspapers in direct proportion to the area covered by their own mailing lists, as in the case of the railway passenger fares?

Consequently, Mr. Speaker, allow me to suggest to the minister the establishment of a postal zoning system whereby rates would be increased in direct proportion to distances travelled. For instance some papers in Quebec city have sixty thousand subscribers outside the city. It would only be fair to these subscribers to increase postal rates in proportion to the distance involved. The situation in Quebec province is not the same as in Ontario where cities are clustered together and where most dailies can be delivered to their subscribers, who are limited to these centres, by light delivery vans.

Since the minister generally listens sympathetically to the suggestions which are directed to him I do hope that he will carefully consider this idea of a zoning system which would help to prevent an unreasonable increase in newspaper subscription rates for people who live in rural areas.

(Text):

Mr. Deputy Speaker: Order. I must inform the house that if the minister speaks now, he will close the debate.

Hon. Edouard Rinfret (Postmaster General): Mr. Speaker, the arguments that have been brought before the house by the opposition members, and by some on the government side, are in the main all related to one subject, namely the increase in the rates on newspapers. It has been said that these new rates are taxes. May I say that they are not taxes. They are fees for services

rendered. Up till now we have been rendering these services for $15 million and have been collecting only about $3,900,000. With the proposed increase, we shall add another $2 million only on the services rendered the newspapers. That will amount to about $6 million that we shall collect from the newspapers and magazines, out of an expenditure of some $16 million this year and probably much more next year on account of the increase in the cost of transportation, wages, et cetera.

It has been suggested that the second reading of this bill should be deferred until time has been given to review this section. If the house would like to have the assurance that the section itself might be deferred for further consideration, I have no hesitation in giving it in order to weigh all the arguments that have been made here. I might say, however, that consideration has already been given to practically all of these suggestions. I must point out to the leader of the opposition (Mr. Drew) that deferring the second reading of the bill would of itself prevent the establishment of certain postal areas in which he might be interested.

The increases that we have made here are not confined to Canada. Similar increases have been made in the United States. It has been suggested that the increase in the United States is only 60 per cent and spread over three years. That is correct. But one must remember that in the United States the deficit in the postal department for the last operation year was $599 million. I should not like to see my department facing a somewhat proportionate deficit.

As I said, Mr. Speaker, I do not wish to answer all the questions at this time. I will come to them in committee. There is one thing, however, that I must answer, namely the question of charging more to certain types of newspapers. Reference has been made to comic magazines. The comic strips included in the papers of course are carried at the same rate as the newspapers. When we come to the comic magazines my hon. friend, the leader of the opposition, has not been well informed, because comics do not enjoy the privilege that he has quoted. Comics have to pay on the regular circular rate of two cents for one ounce or a fraction thereof, and one cent for each ounce over that. Therefore the comic magazines or the sex magazines that have been mentioned pay nine cents a pound as compared with the four cents that we are charging for the big newspapers.

I might point out here—it might be of some interest—that if we had collected the amount of $12 million deficit that we had in the department on newspapers and magazines we would have sufficient revenue to reduce the forward letter rate from four cents to three cents throughout Canada. That is, if we did not have this deficit of $12 million we could reduce all the four-cent rates that exist at the present time to three cents so as to make a uniform three-cent rate throughout Canada.

Mrs. Fairclough: May I ask the Postmaster General a question?

Mr. Rinfret: If it were at all possible I should like to answer questions in the committee stage.

Mrs. Fairclough: With respect to the $12 million which the minister has said they have lost on newspapers, is that loss not on all second-class mail?

Mr. Rinfret: Newspapers and periodicals I should have said. Newspapers and magazines; that is the second-class mail.

Referring to the treatment that is given our letter carriers and the question raised by the hon. member for York South (Mr. Noseworthy) I should like to announce to the house—the hon. member for Hamilton West (Mrs. Fairclough) asked me a question the other day—that the department has recommended to the civil service commission and to the treasury board that overtime for letter carriers incurred during the transition period incidental to the introduction of one delivery walks be paid for in cash, effective with the date of change, if any, in the letter carrier walks operating from the office, the actual time of change to be the effective date. There will of course be variations, as all walks in every instance were not changed from the same date. The matter is now before the treasury board, and with the little experience I have gained I think the treasury board will see the well founded effect of this.

Mr. Knowles: Overtime at what rates?

Mr. Rinfret: Overtime as is customary in the post office at the ordinary rate, but that will be retroactive to the date of the introduction of the walk after an official check has been made of that walk. We are pressing our inspectors to make the checks as soon as possible; but the letter carriers can be assured of one thing. Even if a check does not take place today, or if it takes place only in a month's time, they continue to accumulate overtime, and will be paid for that.

I do not think that there is any more that I should like to say at this time. I reserve the right to answer all questions that have been asked at the committee stage, Mr. Speaker.

Mr. Graydon: Don't forget the rural mail couriers.

Mr. Drew: May I just clarify one point? The minister referred to the remarks that I made about comics, and what are described as crime books and sex books and things of that kind. Is it not true that these books are exempted from the sales tax that does apply to newspapers? Not the sales tax, but the tax that applies to newspapers?

Mr. Rinfret: That is what I said. The rate that is applied to them is the circular rate, which is two cents for two ounces, and one cent for every ounce over that, which gives for one pound the rate of nine cents as compared with four cents for the big newspapers, or one cent and a half for weeklies.

Mr. Drew: That is the postal rate, is it not?

Mr. Rinfret: Yes.

Mr. Drew: I am talking about the tax; I am not talking about the postal rate.

Mr. Rinfret: I thought the leader of the opposition was referring to the rates.

Mr. Drew: No. Is it not correct that they are exempted from the tax upon the newspapers?

Mr. Rinfret: That is not my department; I am sorry.

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

On section 1—*Short title.*

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will move to go into supply and ask for interim supply. We will not call any new departments. I understand that this is a formality. Then we will revert to the study of the post office bill.

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

HOUSE OF COMMONS

Wednesday, May 30, 1951

The house met at three o'clock.

COMMITTEES OF THE HOUSE

VETERANS AFFAIRS—RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGES IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Dickey be substituted for that of Mr. Balcom on the special committee on veterans affairs.

That the name of Mr. Jones be substituted for that of Mr. Noseworthy on the standing committee on railways, canals and telegraph lines.

That the name of Mr. MacInnis be substituted for that of Mr. Thatcher on the standing committee on railways, canals and telegraph lines.

That the name of Mr. McLean (Huron-Perth) be substituted for that of Mr. George on the special committee on veterans affairs.

Motion agreed to.

JUVENILE DELINQUENTS ACT

AMENDMENT WITH RESPECT TO DEFINITION OF "CHILD"

Hon. Alphonse Fournier (for the Minister of Justice) moved the first reading of Bill No. 344 (from the Senate) to amend the Juvenile Delinquents Act, 1929.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 345, for the relief of Joseph Alfred Sabourin.—Mr. Winkler.

Bill No. 346, for the relief of Sarah Kamichik Coviensky.—Mr. Winkler.

Bill No. 347, for the relief of Yvette Marsan Valiquette, otherwise known as Marie Fernande Yvette Marsan Valiquette.—Mr. Winkler.

Bill No. 348, for the relief of Margaret Elizabeth McIntyre Williams.—Mr. Winkler.

Bill No. 349, for the relief of Mildred Ann Sinclair Allen.—Mr. Winkler.

Bill No. 350, for the relief of Gabrielle Robert Mallette.—Mr. Winkler.

Bill No. 351, for the relief of Archibald Kenneth MacLean.—Mr. Winkler.

QUESTIONS

TRANS-CANADA HIGHWAY

Mr. Black (Cumberland):

1. What is the total mileage and expenditure, by provinces, for the fiscal year 1950-51 on the trans-Canada highway?

2. What is the total amount paid or credited to each province by the federal government for (a) construction work; (b) allowances and mileages of sections previously constructed by the provinces, for the fiscal year 1950-51?

3. What is the amount of such expenditures and mileage, by provinces, that have been authorized for the fiscal year 1951-52?

4. What is the mileage and cost in each province, of sections of the trans-Canada highway, for which the provinces have asked for credit or payment?

5. Have the province of Nova Scotia and the federal government agreed on the route of the trans-Canada highway in that province? If so, what expenditures thereon have been made, and what mileage is under construction (a) to date; (b) authorized for the fiscal year 1951-52?

Mr. Winters:

1. The mileage under construction as of March 31, 1951, and payments made by federal government to each province for work done during the fiscal year 1950-51 are as follows:

Province	Mileage Grading	Mileage Paving	Payments $
Newfoundland	153		957,843.79
Prince Edward Island	19		134,135.43
New Brunswick	30		—
Ontario	145	66	2,749,328.63
Manitoba	30	44	273,958.99
Saskatchewan	151		392,169.26
Alberta	15	42	193,055.70
British Columbia	29	38	2,504,392.39
Total	572	190	7,204,884.19

2. The amounts paid to each province by the federal government for (a) construction work and (b) allowance for sections

previously constructed by the provinces for the fiscal year 1950-51 are as follows:

Province	(a) New Construction	(b) Prior Construction
	$	$
Newfoundland ..	957,843.79	—
Prince Edward Island	134,135.43	—
New Brunswick ...	—	—
Ontario	2,749,328.63	—
Manitoba	245,514.99	28,444.00
Saskatchewan ...	392,169.26	—
Alberta	193,055.70	—
British Columbia	2,236,587.04	267,805.53
Total	6,908,634.84	296,249.35

Note: It is difficult to estimate accurately the mileages for which claims have been allowed until all the claims for any particular section have been finally considered.

3. No agreement is necessary between the federal government and the provinces regarding the annual construction program. Projects are planned by the provinces and are then submitted to the federal authorities for approval prior to tenders being called. Complete information regarding the mileage of new construction contemplated in 1951 has not yet been received from all the provinces.

4. Two provinces only have submitted claims for credit or payment for work done prior to the passing of the Trans-Canada Highway Act. Manitoba has submitted claims for $297,266.84 for 49·64 miles of prior construction. British Columbia has submitted claims for $2,168,716.59 for 58·84 miles of highway, nine bridges, and overhead structures constructed prior to passage of the Trans-Canada Highway Act. The above figures represent Canada's share, which according to the terms of the agreement is not to exceed 50 per cent of the cost.

5. No agreement has yet been concluded between the province of Nova Scotia and the federal government regarding the construction of the trans-Canada highway.

NATIONAL DEFENCE—LOSS OF BUILDINGS AND EQUIPMENT BY FIRE

Mr. Fraser:

1. What was the total loss by fire of national service buildings, equipment, etc., during the year March 31, 1949, to March 31, 1950; navy, army, air force?

2. What was the total loss by fire of national service buildings, equipment, etc., during the year March 31, 1950, to March 31, 1951; navy, army and air force?

[Mr. Winters.]

Mr. Blanchette:

1. $1,173,861.88.

2. $1,126,831.12—subject to change on receipt and review of investigation reports.

KOREA—ENLISTMENTS OF CITIZENS OF JEWISH RACIAL ORIGIN

Mr. Courtemanche:

1. With the exception of those engaged in office or administration work, how many citizens of Jewish nationality are enrolled at present for active service in Korea?

2. What percentage of the population of Jewish nationality in Canada does the above-mentioned number of enlistments represent?

Mr. Blanchette: As there are few persons of Jewish "nationality" in Canada the questions refer presumably to racial origin. It is not the practice to keep records of the racial origin of members of the armed forces, and it is not considered to be in the national interest ordinarily to keep or publish such information.

PROPERTY AT 7 DELAWARE AVENUE, OTTAWA

Mr. Fulton:

1. Did the government or any department or agency thereof purchase or rent the house at No. 7 Delaware avenue, in the city of Ottawa?

2. If so, from whom, on what terms, and for what purpose?

3. Who negotiated the sale or lease on the part of the government, on the part of the owner?

4. Was any commission paid by the government to any person involved in the transaction? If so, how much?

Mr. Fournier (Hull): I should like to answer this question orally. In answer to parts 1, 2 and 3, I may say that on the 2nd of February of this year, at the request of the Department of National Defence, expropriation proceedings were filed against this property, the owner being Mr. Omanique. Since then the Department of National Defence has been negotiating as to the price. It has had a valuation made by a well-known firm in Ottawa, but the negotiations are not completed.

The answer to part 4 is no.

QUESTION PASSED AS ORDER FOR RETURN

ORDERS IN COUNCIL

Mr. Diefenbaker:

How many orders in council have been passed between (a) January 1 and December 31, 1950; (b) January 1 and May 1, 1951?

Mr. St. Laurent: Mr. Speaker, I gather from this question that what the hon. member would like to know is the number of orders in council, not including the minutes of treasury board.

Mr. Diefenbaker: Including treasury board by itself—all orders in council.

Mr. St. Laurent: Then this question might be made an order for return. There will be a statement as to treasury board minutes, and a statement as to the various summaries of orders in council that have been tabled in the house from time to time.

Mr. Diefenbaker: Thank you.

MOTIONS FOR PAPERS

CONSTRUCTION PROJECTS, HALIFAX

Mr. Balcom:

For a statement showing (a) a list of construction projects in Halifax, Nova Scotia, for which tenders were invited by the Department of Public Works, from January 1 to April 30, 1951; (b) tender number; (c) location and type of work; (d) names and addresses of those submitting tenders, and the amount of each tender; (e) names and addresses of those securing contracts, and the amounts in each case.

Mr. Balcom:

For a statement showing (a) a list of construction projects in Halifax, Nova Scotia, for which tenders were invited by the Department of Defence Production from April 1 to May 26, 1951; (b) tender number; (c) location and type of work; (d) names and addresses of those submitting tenders, and the amount of each tender; (e) names and addresses of those securing contracts, and the amounts in each case.

Mr. McIlraith: I wonder if the hon. member would consent to letting these motions stand.

Mr. Speaker: Stand.

HOUSE OF COMMONS

AUDIBILITY OF DEBATE—REQUEST FOR COMMITTEE TO CONSIDER SOUND-AMPLIFICATION SYSTEM

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to direct a question to the Prime Minister. Will the Prime Minister consider asking the house to appoint a committee, as was proposed by Mr. Speaker on March 15, for the purpose of giving further consideration to the question of installing an amplification system in this chamber?

Right Hon. L. S. St. Laurent (Prime Minister): This is a matter that is particularly for the house to decide; it is not something in respect to which the government would wish to give any directive. However, I would have no objection to placing a notice of motion on the order paper, and, if and when the whips of the different groups tell me that they have arranged for the members to constitute such a committee, I could submit the motion for the consideration of the house as one upon which all hon. members, wherever they sit, would feel quite at liberty to express their own views.

Mr. Coldwell: May I ask if the Prime Minister would consider having the motion go on the order paper in such a form as would permit Mr. Speaker to select the committee? It seems to me that it would be difficult for the whips to nominate a satisfactory committee. I have had the idea that Mr. Speaker might name a small committee to assist him and make recommendations.

Mr. St. Laurent: I would not care to have inscribed on the order paper a motion imposing any duty upon Mr. Speaker. I can confer with him, and if it is agreeable to him that the motion be in that form I shall put it on the order paper in that form. Otherwise it would be in such form as to leave the matter to be worked out by the whips of the different groups.

Mr. Coldwell: Knowing the Prime Minister, that is precisely what I would have expected him to do.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO DISTRIBUTION TO PRESS GALLERY OF REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Prime Minister if it is true that the Massey report has been printed and that copies have been circulated to members of the press gallery, but that it is not to be tabled in the house until Friday?

Right Hon. L. S. St. Laurent (Prime Minister): I am informed that the report has been printed, but I do not know whether it has been circulated to members of the press gallery. That certainly was not done by or on behalf of the government, if it was done. I was informed that the chairman of the commission would have the report to present to me as leader of the government tomorrow at 12 noon. I am arranging to have a meeting of council before the afternoon sitting so that it can be transmitted officially to His Excellency the Governor General and tabled in the house at three o'clock tomorrow.

[*Later:*]

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): As a matter of personal explanation, I have just realized that in answering the question of the hon. member for Winnipeg North Centre I spoke of the arrangements for the tabling of the Massey report as having been made for tomorrow. They actually have

been made for Friday, and I was just a day ahead in considering that Friday might be tomorrow. It is for twelve o'clock and three o'clock on Friday that the arrangements have been made.

WHEAT

OVERAGES SHOWN BY COUNTRY ELEVATORS DURING PERIOD OF FIVE-YEAR POOL

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Has the minister examined the situation in respect of overages shown by country elevator companies in their operations over the past five years? If so, does he consider that any action is necessary in this connection?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I thank the hon. member for giving me notice of this question. I have certainly looked into the matter of these overages. In the case of wheat, I find that out of 1,427,587,096 bushels of producers' wheat handled in the five-year pool, there were overages of 3,470,789 bushels, or ·24 of one per cent in country elevators, and 2,151,149 bushels, or ·15 of one per cent in terminals. Upon further examination I find that the bulk of these overages occurred in the crop years 1945-46 and 1946-47, which followed about three years of congested conditions in the elevators in which no weigh-over had been possible in many of the elevators. This situation was common to both the producer-owned and the privately-owned companies. Because the companies had not been able to weigh over their own houses that were congested, the overages in question actually occurred over some seven or eight years of operation rather than in the five-year pool period only.

Those who are familiar with the provisions of the Canada Grain Act know that the board of grain commissioners have no power to weigh-over country elevators or to take possession of overages that occur. I believe it would be mistaken policy to take such powers, because the principle of seizing overages implies that the crown should make good on losses. Because of the competition prevailing among the country elevator companies, the underwriting of losses would lead to competitive abuses in that direction.

Where the board of grain commissioners do have power to act is in the setting of the shrinkage allowances in determining the net weight of wheat delivered at the elevators. It is common knowledge that there is invisible loss in the handling of grain. To compensate for this, a shrinkage allowance is made on all grain taken into the elevator. A shrinkage table is displayed in a prominent position in each elevator. From November, 1923, until the end of the 1947-48 crop year, a shrinkage allowance of one-half of one per cent on receipts of straight grade wheat at country elevators was in effect.

As soon as the board of grain commissioners were able to review the country elevator operations and found that substantial overages had occurred during the period of congestion, they lowered the shrinkage allowance on straight grade wheat from one-half of one per cent to one-quarter of one per cent, effective for the crop years 1948-49 and 1949-50. Operating under these reduced shrinkage schedules, country elevators showed a wheat shortage of ·02 per cent on total handlings for 1948-49, and a very slight overage of ·002 per cent for the 1949-50 crop season.

In these circumstances, the board felt justified in partly meeting the representation of elevator companies for increased allowance, and accordingly adjusted the shrinkage rate on wheat from one-quarter of one per cent to three-eighths of one per cent for the 1950-51 crop year. The effect of this recent revision in shrinkage schedules will not be known until the elevators furnish their sworn statements to the board on their 1950-51 operations.

The point I am making is this. The board of grain commissioners acted over three years ago to correct a situation which was revealed when the country elevator congestion was relieved. The action they took at that time effectively wiped out the overages in the subsequent years of operation. I have every confidence in the ability of the board of grain commissioners to maintain effective oversight of this situation. As a matter of fact, I have asked the board if any further action could or should be taken, and they have advised me that no further action at this time is necessary. The whole problem of overages is reviewed annually, and will be a matter of further study at the board's tariff meeting to be held in July, when they should have the results of this year's operations.

GRAIN COMMISSIONERS

QUESTION AS TO REFERENCE OF 1950 REPORT TO AGRICULTURE COMMITTEE

On the orders of the day:

Mr. P. E. Wright (Melfort): On Thursday last I addressed two questions to the Minister of Trade and Commerce, and in his absence his parliamentary assistant answered the first one but said he would refer the second question to the minister. The second question

had to do with the annual report of the board of grain commissioners. I asked if the minister would have this report referred to the agriculture committee for the purpose of hearing evidence on overages from representatives of producer organizations and other interested parties. Would the minister care to answer that question now?

Right Hon. C. D. Howe (Minister of Trade and Commerce): This session is dragging so badly, so little work has been accomplished and so much is left for the month of June that I think it is hardly appropriate to add the work of another committee to that already undertaken by the house. Perhaps in another year we could have the review which my hon. friend suggests.

Mr. Wright: The agriculture committee is a standing committee, and it has not met for two years. I do not think it would interfere with the business of the house to have this matter placed before that committee.

HISTORIC SITES

QUESTION AS TO DEMOLITION OF BUILDING AT FORT AMHERST, ST. JOHN'S, NFLD.

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I wish to direct a question to the parliamentary assistant of the Minister of Transport. Has the department received a protest from the Imperial Order of the Daughters of the Empire of Newfoundland with regard to the demolition of a building at Fort Amherst, St. John's? If so, what action is proposed in the matter?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): I thank the hon. member for giving me notice of his intention to ask this question. I find that the Imperial Order of the Daughters of the Empire have written to the department in that respect, as have Premier Smallwood and several others. The department has referred the problem to the national historic sites and monuments board, and will abide by the recommendation and decision of that board.

NATIONAL DEFENCE

ARMY PROMOTIONS, TRANSFERS, ETC.—QUESTION AS TO PUBLICATION IN "CANADA GAZETTE"

On the orders of the day:

Mr. D. S. Harkness (Calgary East): Mr. Speaker, will the Minister of National Defence tell us why it is that for the last two or three months a list of army promotions, retirements, transfers, etc., has not appeared in the Canada *Gazette*?

Hon. Brooke Claxton (Minister of National Defence): I shall have to look into that, Mr. Speaker.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

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

INTERIM SUPPLY

Mr. Abbott moved:

Resolved, that a sum not exceeding $206,696,711.58, being one-twelfth of the amount of each of the several items (with the exception of items 62, 121, 204 and 470) to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1952, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $1,578,279.67, being one-twelfth of items 41, 86, 177, 226, 229, 231, 233, 235, 238, 239, 328, 394, 426, 456, of the said estimates be granted to His Majesty on account of the fiscal year ending March 31, 1952.

He said: Mr. Chairman, the bill to be founded on this resolution will provide for the usual one-twelfth of all the items to be voted in the main estimates for the fiscal year 1951-52, with the exception of items 62, 121, 204 and 470, on which eleven-twelfths have already been granted. An additional one-twelfth of certain special items to cover services of a seasonal nature on which heaviest payments fall due in the early part of the year is also requested. These items, as in the case of previous interim supply requests, are such items as the quality premiums on high-grade hog carcasses, administration costs, special expenditures of the Department of Mines and Technical Surveys in connection with geographical surveys, and similar expenses for the Department of Resources and Development, where the heavier part of the expenditures is made early in the year.

The form of the bill is exactly the same as the bill passed at this time last year and in previous years. It will provide for carrying on the services of the government until the end of the month of June. The passing of this bill will not prejudice the rights and privileges of members to criticize and discuss any item in the estimates which will come up for consideration from time to time throughout the remainder of the session, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Graydon: I did not rise on this question when the Speaker was in the chair, because I did not wish to provoke a debate. I wish, however, to ask a question which has been asked

by others on previous occasions, about a matter on which I believe the committee ought to be brought up to date. There is keen interest throughout the country in the position in which Canada has found itself with respect to emergency famine relief for India. The matter has been mentioned in the house time after time, and the Prime Minister has indicated that he will announce the policy of the government at the appropriate time. There is growing concern on the part of the people in the question whether we are missing a challenging opportunity with respect to oriental relationships with the Occident. It has been emphasized more particularly during the last few days.

The fact that the Red Chinese government has now made some bilateral arrangement with Tibet, which borders on the northern provinces of India, and that the information concerning the possibility of a highway from the eastern boundaries of Russia to the Orient itself—

The Deputy Chairman: Order. I believe the hon. member will realize that he cannot initiate a debate on that question on the resolution which is before the committee.

Mr. Graydon: I am going to ask a question, but I wanted to give the basis upon which my question is founded. These facts being incontrovertible, and the urgency of the matter being apparent, will one of the members of the government make an announcement? Perhaps the Prime Minister is the one to whom I should have directed the question, but he seems to have been called out on some business at the moment. Perhaps some other member of the government would be in a position to say something about it, because time is running out. Canada should really make her position known. There have been some criticisms of other nations for not taking time by the forelock in connection with this problem, and I should like to have the ministry give this committee some information as to what the government intends to do to help India out of a very serious famine condition.

Mr. Macdonnell (Greenwood): I want to say a word at this point concerning the somewhat abbreviated conversation I had yesterday with the minister. I want to raise once more this question of the almost fantastic surplus we have in the first month of the fiscal year, a surplus which would run over a billion dollars a year. I suggest to the minister that even after all the necessary adjustments are made, there may be considerable disturbance in the public mind. I observe that the press is already making certain references to it. So far as one may respectfully make suggestions to the press, I suggest there is now an opportunity for the people of this country, if they are interested in this matter, to show it in no uncertain way. As the situation is now, there is every encouragement to the members of this house to press firmly the suggestion which has already been made, and with which the minister is familiar, that his addition to the sales tax is by no means necessary. I should like to warn the minister that he may hear more about that when the time comes.

Mr. Abbott: Mr. Chairman, I shall answer that now. Yesterday, in answer to my hon. friend's question, I said that one swallow does not make a summer. If he were as familiar as I am with the proposed expenditures on defence for the coming year he would not be unduly concerned about the apparent surplus for one month out of the twelve. In case he has forgotten, I might point out to him that for the first month of the last fiscal year we had a surplus, speaking from memory, of between $80 million and $90 million. This year there is a surplus of receipts over expenditures of something in the order of $120 million. But again I emphasize the point that we are a long way from the end of this fiscal year, and many of the expenditures for our defence program are just beginning to come in. So far as I am concerned, I have nothing to apologize for and nothing to defend in the present position of my budgetary estimates.

Mr. Macdonnell (Greenwood): My only comment on what the minister has said is that, in so far as he gives last year as a warranty for what is done this year, the answer is not a good one, because he proved to be terribly wrong last year.

Mr. Graydon: May I have an answer to my question with respect to emergency famine relief in India?

Mr. Pearson: Possibly I might say a word in reply to the question of the hon. gentleman, although I confess my inability to deal with this matter in all its details in the absence of a little bit more notice than I have been given. The situation with regard to famine in India and Canada's possible contribution to the relief of that situation is briefly as follows.

As the committee knows, some weeks ago, when this matter was brought to our attention as a government, we indicated to the representative of the government of India that we would be in a position to make available to the government and the people of India low-grade wheat, No. 5 and No. 6, which was the only wheat at that time in our possession. That wheat would have been given to India as part of our contribution under the Colombo plan.

The reason we made that offer in that way at that time has, I think, already been given to the house. The Indian government at that time indicated that they would prefer not to accept the offer, because they had some doubts as to the advisability of wheat of that type getting into their rationing system. They thought that it might create misunderstanding thereby, and indicated that they would prefer to wait until better class wheat would be available from the next harvest. However, subsequently, we got in touch again with the acting Indian high commissioner in Ottawa, and with the Indian government through our representative in New Delhi, to inquire whether the Indian government would be inclined to receive as a gift—quite apart from anything we might do under the Colombo plan—a contribution of the only wheat which was available to us. We thought that if it were given in that form, it might be used as famine relief exclusively. It could go into the famine areas, be given to those suffering from famine, would not be included in the ration and might not create the difficulties that the Indian government had previously mentioned.

Mr. Diefenbaker: Would it be included in the amount to be given under the Colombo plan?

Mr. Pearson: No. It would be in addition to anything we might do under the Colombo plan; it would be sent to India as a gift for famine relief and be distributed as famine relief only.

Mr. Graydon: How many bushels?

Mr. Pearson: We first inquired whether that procedure would meet with the wishes of the Indian government. I think it was only yesterday, or at least a day or so ago, that we received information from the government of India to the effect that while they greatly appreciated an offer of this kind, they would still prefer to wait until wheat of a better quality might be available. Possibly one reason for the stand they took at this time was an arrangement which they informed us they had been making with neighbouring countries, for the supply of additional quantities of rice which they hoped would tide them over the period of greatest danger. They had also been making arrangements for food supplies of other kinds from neighbouring countries. In the circumstances, therefore, they thought that possibly they would suspend any decision on our offer of a gift of No. 5 or No. 6 wheat. Meanwhile we have been canvassing the situation in Canada as to whether other kinds of food might be available for Indian famine relief, in particular special health foods.

Mr. Coldwell: Canned milk or dried milk?

Mr. Pearson: Dried milk is one of the types of food we have been looking into. That matter is still under active consideration. We have also made some inquiries as to whether it would be possible to divert to India from other customers better grades of wheat which could be replaced to those customers later on when the new crop becomes available in Canada. Those matters are still under consideration.

I therefore think I can say, Mr. Chairman, that we have not lost sight of this matter and that we are attempting to do what is possible to show in a practical way our good will to the people of India in the extremely difficult situation which faces them.

Mr. Graydon: I should like to ask a supplementary question. Has consideration been given to the sending of medical supplies to India? In addition, I understand that there are a number of organizations in Canada which are anxious to take it upon themselves to send food and supplies of one kind or another as a gift to India. Is the government making any move towards facilitating, by way of collection, transportation or distribution over there, any gifts that may be made from Canada on an individual basis?

Mr. Pearson: Mr. Chairman, we should be glad to help in any way we can with respect to private donations or private gifts for famine relief in India. So far as I know, that question has not yet arisen. Meanwhile, we are concentrating our efforts on trying to do what we can do as a government to help in this situation.

Mr. Coldwell: In view of the misunderstanding as to why India would not accept low-grade wheat, would it be possible for the minister to tell the committee why it is that flour extracted from these low-grade wheats is unsuitable for the type of bread that is used in rural India? I think there is a misunderstanding in the country. I have heard people ask this question: Why will they not accept No. 5 and No. 6 wheat? I believe the real explanation is that such flour as can be extracted, such as it is, cannot be used in the type of flat cake bread baked over an open fire that is commonly used in the rural parts of India.

Mr. Pearson: I am not an authority on this matter. Maybe my friend the Minister of Agriculture knows more than I do about baking bread in India. But I am informed that the wheat which we might have sent would have been converted by the consumers in India to a 98 per cent extraction flour, known, I think, as atta, and from that into

a loaf called chapatti, and that this particular kind of wheat which we would have sent to India would not lend itself to that kind of treatment. We are also informed that if it had gotten into the ration in the ordinary way, it would have resulted in a kind of product to which the Indians were not accustomed, and this might have created some misunderstanding. There is a technical explanation for the attitude of the Indian government in this matter; and of course we do not criticize them for that attitude.

Motion agreed to.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Alphonse Fournier (for the Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1952, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $206,696,711.58, being one-twelfth of the amount of each of the items (with the exception of items 62, 121, 204 and 470) set forth in the main estimates for the fiscal year ending March 31, 1952; and

2. The sum of $1,578,279.67, being one-twelfth of the amount of items 41, 86, 177, 226, 229, 231, 233, 235, 238, 239, 328, 394, 426, 456, of the said estimates, as set forth in the resolution concurred in this day in the commitee of supply.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 353, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1952.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall the bill be read the second time?

Mr. Abbott: Now, by leave.

Mr. Knowles: Yes, by leave.

Mr. Abbott moved the second reading of the bill.

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

[Mr. Pearson.]

Sections 1 to 3 inclusive agreed to.

On section 4—*Account to be rendered in detail.*

Mr. Knowles: May I ask the minister a question? There is nothing out of the way in these sections?

Mr. Abbott: No, they are in exactly the same form as similar provisions of bills in previous years.

Mr. Diefenbaker: What is this item:

To provide for quality premiums on high grade hog carcasses and administration costs, $5,536,000.

Why is this in as a supplementary request by the minister?

Mr. Abbott: We are asking for an additional one-twelfth there. We have already been voted one-twelfth; we are now asking for another one-twelfth, which would be for two months, but the requirements in the early months of the year, my officials inform me, are somewhat higher, and this is to enable the current payments to be made.

Section agreed to.

Schedule agreed to.

Preamble agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time?

Mr. Abbott: Now, by leave.

Mr. Knowles: That's right, by leave.

Mr. Abbott moved the third reading of the bill.

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

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

The house resumed, from Tuesday, May 29, consideration in committee of Bill No. 322, respecting the Canada Post Office—Mr. Rinfret—Mr. Beaudoin in the chair.

On section 1—*Short title.*

Mr. Stewart (Yorkton): Mr. Chairman, yesterday we had a very interesting speech from the hon. member for Temiscouata, and he was followed later by the hon. member for Winnipeg North Centre, who attempted to make an attack on the hon. member for Temiscouata. He was very critical of the hon. member's remarks. At page 3532 of *Hansard* of May 29, the hon. member for Winnipeg North Centre said, in reference to the hon. member for Temiscouata:

There is one thing about the hon. member for Temiscouata. He does not hide his belief in the

practice of patronage. For that I suppose we should commend him, much as we dislike and deplore the practice itself.

I want the committee to note carefully the words of the hon. member for Winnipeg North Centre: "much as we deplore and dislike the practice itself," in view of what I have to say later on of the practices of the only C.C.F. government we have ever had in Canada or ever will have, namely, the government of the province of Saskatchewan.

I do not think the hon. member for Temiscouata needs any defence from anybody in this house, because he seems to be quite able to handle himself on the floor of the house. In addition, I think the remarks of the hon. member for Winnipeg North Centre were unfair to him, because the hon. member for Temiscouata made it clear that private members should not be criticized for looking after the small post offices and those rendering public service to the people. That is what he said. He said he interfered only—he made that quite clear—when people complained, and he felt it was in accordance with his duty. He also made it clear that he replaced or recommended replacements in certain post offices only where the former Liberal appointee, for no reason whatever but politics, had been discharged by the succeeding government. These were the only cases in which he interfered at all. He also said that if there were no complaints in operation he never interfered at all, or even visited the postmasters, which I am sure some hon. members, even in the C.C.F. party, cannot say that they have not done.

He also made it clear that he had not recommended any persons merely because they were among his supporters, but only those perfectly qualified to occupy a position in the Post Office Department. That was the statement of the hon. member for Temiscouata to which the hon. member for Winnipeg North Centre took such violent exception. But I want to repeat in this house the words of one of the oldest members in the house of the C.C.F. party: "much as we dislike and deplore the practice of patronage itself." I am going to tell the hon. member for Winnipeg North Centre that if there ever has been a government in the history of the whole of the Dominion of Canada, either provincial or federal, that has practised patronage to the hilt, it is the government of the province of Saskatchewan.

Mr. Sinnott: And he knows it.

Mr. Stewart (Yorkton): And I will point out to the committee clearly some of the appointments that they have made that any reasonable member—

The Deputy Chairman: Order. Perhaps I should ask the hon. member for Yorkton whether this discussion which he has initiated springs from the fact that some reference has been made on this clause to the subject to which he has referred? I have looked at *Hansard*, and it seems to me the bill was considered in committee of the whole only shortly before eleven o'clock last night. Therefore there was no discussion on this section pertaining to patronage, and any such discussion, if relevant, must have taken place in the debate on second reading. If it did take place at that time, the hon. member should have entered the debate then. Now, when we are in committee of the whole on section 1, he may discuss the bill generally, but such discussion must be relevant to the bill. I suggest it is not relevant to refer to what is done by provincial governments.

Mr. Knowles: Mr. Chairman—

The Deputy Chairman: Does the hon. member rise to a point of order?

Mr. Knowles: Yes. Strange as it may seem, I wish to defend in part the right of the hon. member to do what he is doing. There is another point which might be raised against his present procedure, but I must draw attention to the fact that there are citations in the authorities which state that the debate on a bill through all its several stages is to be considered as one debate. There are citations which state clearly that it is possible in committee of the whole or on third reading to refer to statements made at earlier stages in the debate. Therefore, so far as that aspect of the matter is concerned I must defend the right of the hon. member for Yorkton to refer back to what was said by the hon. member for Temiscouata in the debate on second reading, as well as to what I said at that time.

There is, however, another point, and that is as to whether there is any relationship between this bill and what may or may not happen in Saskatchewan. I submit we are supposed to be talking about a bill concerning the Canada Post Office.

The Deputy Chairman: The hon. member for Winnipeg North Centre has said that any hon. member may speak with respect to what has been said throughout various stages of the study of a bill. The hon. member is correct. But when he refers to the right to say anything about a bill, he refers of course to anything relevant to the bill.

Mr. Knowles: Yes.

The Deputy Chairman: In the debate on second reading the discussion must be

relevant to the principle of the bill. I do not think it is relevant to a discussion of the principle of a bill respecting the Canada Post Office to discuss the patronage system in operation in Saskatchewan. In any case the principle of the bill is not now under discussion; that has been settled by the acceptance of second reading. The hon. member may now discuss generally what is contained in the bill, because by practice we have permitted such discussion on the first clause. However that discussion must be relevant to the bill. It was when the hon. member for Yorkton began to discuss patronage in Saskatchewan that I interrupted him.

Mr. Stewart (Yorkton): I would suppose, Mr. Chairman, that you are willing to listen to my further argument in the matter. On the first section I understand I may deal with any subject, and I would point out that under one section of the bill the Postmaster General may make appointments involving sums up to $3,000—an increased amount—without reference to the civil service commission. If he has that power, then automatically the matter of patronage comes in.

In arguing the matter of patronage, surely I should have a little leeway to show what patronage is, whether it is in Saskatchewan or in Timbuktu—so long as it deals with patronage, and how patronage can or cannot be carried out. I say that leeway is fairly important in a matter of that kind, when there is the power of patronage in the minister up to $3,000 a year. If I am not allowed to give examples of patronage, its evils, and how it is carried out, then with due respect I suggest that it would be limiting unduly my argument.

Mr. Knowles: May I say one further word on the point? I submit that we are permitted to discuss patronage as it is practised by the Post Office Department, but that you, sir, should not permit me or anyone else to discuss patronage in the Department of Transport or any other federal department, or in any of the provinces. I agree with your contention, Mr. Chairman, that we have before us a bill respecting the Canada Post Office. We must stick to matters relating to the post office.

Mr. Stewart (Yorkton): Surely the general evils of patronage can be established only by pointing out some such lurid examples as we have in Saskatchewan.

Mr. Knowles: Mr. Chairman, if you wish to let the hon. member go ahead, you will of course accord to us the same right, so that we may answer him and discuss other cases of patronage. I have in mind that of Mr. Marion, the Liberal M.L.A. in Saskatchewan, and so on.

Mr. Stewart (Yorkton): We are willing to do that.

The Deputy Chairman: I have already ruled that patronage questions outside the scope of this bill are not to be discussed. As the hon. member for Yorkton has said, it may limit the scope of his speech; but I must see that the rules are observed. Therefore I shall have to ask him not to discuss patronage which may be in operation elsewhere. It must be related to whatever is in the discretion of the Postmaster General and related to the bill.

An hon. Member: Throw that speech away.

The Deputy Chairman: Shall clause 1 carry?

Mr. Stewart (Yorkton): I shall have to defer to your ruling, Mr. Chairman. I am not going to give just a part of the speech. I will get it in on another occasion.

Mr. Knowles: Mr. Chairman, it was my intention to say a few words on this section. I should like to ask the Postmaster General one or two questions. Yesterday, as reported at page 3528 of *Hansard*, the hon. member for Temiscouata said:

> Members of parliament, sir, make recommendations for the appointment of postmasters to minor post offices. For post offices having a gross revenue of $3,000 the appointment is made on the recommendation of a member of parliament, and above that it is by the civil service commission.

Then the hon. member said:

> Well now, what I have tried to do was to make the civil service commission understand the danger of appointing one who was not fully qualified to serve the community as it deserves to be served. Until now we have been quite successful, and in my constituency the Post Office Department has been abiding by the provisions of the Post Office Act, and the Civil Service Act concerning military preference.

Then the hon. member described how he has operated in his own riding. Is there anywhere in the bill now before us a provision which says that for a post office having a gross revenue of less than $3,000 the recommendation for the appointment of a postmaster is to be made by members of parliament?

Mr. Rinfret: There is no direct section to that effect. However, section 5(1) states:

> Subject to this act, the Postmaster General shall administer, superintend and manage the Canada Post Office, and, without restricting the generality of the foregoing, may . . .
>
> (b) appoint postmasters and assistants when such appointments are not otherwise provided for by law.

Appointments of all postmasters and assistants in post offices where the revenue

is less than $3,000 are provided by law and are governed by the civil service commission.

Mr. Knowles: The minister means in excess of $3,000?

Mr. Rinfret: Yes, in excess of $3,000 they are appointed by the civil service commission. The others are appointed by the Postmaster General. The hon. member for Temiscouata in his speech referred to members of parliament. I would say to the hon. member for Winnipeg North Centre that recommendations have been made by members of parliament, not only those on this side of the house but also those on the other side.

An hon. Member: But are they ever taken?

Mr. Rinfret: Yes, they have been accepted. In connection with appointments, in this department we are following exactly the same rules as are followed by the civil service commission. When there are veterans on the list we took into the question whether they are receiving pensions. They have the first call. When there are no pensioners we choose the man next in line, and he would be a veteran with overseas service provided he is a resident. If there is no such person then we take the next step and choose a man who has been in the armed forces and is a resident. If there is no such man then we come to one who is a civilian resident. If there is no such person then we look for somebody else.

Mr. Knowles: I take it then that, although there is no section that specifically says that patronage is to be practised, under the subsection to which the Postmaster General referred it is possible for members of parliament to make recommendations. It appears that whether or not those recommendations are accepted and acted upon by the Postmaster General depends on a number of factors. It appears from what the hon. member for Temiscouata said last night that his recommendations are accepted pretty generally. He seemed completely satisfied with the administration of the present Postmaster General in this regard.

I have respect for the hon. member for Temiscouata, and all of us have. I know how he feels about this question. I do not think it is out of place for me to say that he has talked to me about it privately as well as across the floor of the house, and he thinks that it is the thing for a member of parliament in a constituency such as his to do, namely, to recommend to the authorities who should have these various posts. My hon. friend, the hon. member for Victoria-Carleton, interjects and asks about defeated candidates. It seems to be the practice in some places, particularly where the constituency is not represented by a government member, that the defeated Liberal candidate in the last election is asked for his recommendation.

I want to protest most strongly against the practice. I think that the whole idea of the civil service commission, as was indicated to the Canadian Congress of Labour by the Prime Minister a few weeks ago, was to get rid of the practice of patronage which I do not think we should be carrying forward. I am bitterly disappointed that at this time, when we are revising and recasting the whole Post Office Act, we are carrying forward this provision, this loophole, which makes the practice of patronage still possible. It is not as vicious today as it was in the early days of this country and as it was in the early days in the United States—

Mr. Hatfield: It is pretty bad.

Mr. Knowles: —but it is still pretty bad. I am thinking of that defeated candidate in New Brunswick, D. R. Bishop, who still pretty well runs the show in that part of the country.

Mr. Stewart (Yorkton): Mr. Chairman, on a point of order, you have prohibited me from dealing with patronage generally; yet the hon. member's speech is dealing with patronage generally when he claims an individual runs the show.

Mr. Knowles: I did not hear the point of order raised by the hon. member, but I suspect—

Mr. Stewart (Yorkton): The point of order is that the hon. member is now going into the matter of patronage. He is arguing that the government is going into patronage, and he also claims that a certain man in New Brunswick, who has nothing to do with this thing, is indulging in patronage. I want to say that I know that the C.C.F. government in Saskatchewan does nothing else but indulge in patronage to those who favour their opinions.

Mr. Knowles: I made reference to Mr. D. R. Bishop in New Brunswick because he handles patronage with respect to the Canada Post Office for that part of the country, and I have plenty of documentary evidence to prove that point. Some hon. members will recall the long story I told about this man a year or so ago, and he is still carrying on.

An hon. Member: Stick to your own province.

Mr. Knowles: There is one thing that is quite clear now from what has been said by the hon. member for Temiscouata yesterday, from what has been brought up by way of defence by the hon. member for Yorkton, and from what has been said by the Postmaster General. The point is clear that patronage is being practised. We do not have to argue that. When I placed questions about this matter on the order paper the Prime Minister tried to suggest to me that he did not know about patronage, but it is being practised, and is being practised in the post office. Here we are revising and recasting the whole Post Office Act in this modern year of 1951. Surely this is the time to get rid of the practice of patronage completely so far as the post office is concerned. I think it should go everywhere, but your ruling is correct, Mr. Chairman. We are dealing here with the post office, and I shall stick to this department.

I said last night that I had been pleased to note press reports to the effect that the deputy postmaster general was endeavouring to get rid of patronage so far as the administration of that department is concerned. When I referred to that last night and wondered whether that was the reason why the hon. member for Temiscouata had made his speech, I noticed that he rose on a point of privilege. I have re-read his speech, and it looks to me as if the hon. member for Temiscouata has a quarrel to pick with the deputy postmaster general. He does not like the fact that the deputy postmaster general is trying to run his department on a basis of efficiency—super-efficiency, he called it. The hon. member for Temiscouata still wants to be able to go to his political colleague, the Postmaster General, and get him to approve appointments that he recommends for the county of Temiscouata. I do not care who is making the recommendation, whether he is a Liberal, Conservative, a member of this party, or from any section of the house. I do not think appointments should be made that way.

I strongly protest against the whole principle of patronage. I repeat the sentiments I expressed last night, which the hon. member for Yorkton has quoted a number of times. It does not matter to me where it is shown that there is patronage. I doubt the charges the hon. member is making about Saskatchewan, but wherever it can be shown I register my protest against it. Right now we are dealing with the Post Office Department. Right now we are rewriting the Post Office Act. Let us not carry forward this practice which is so completely out of date and so wrong in principle.

Mr. Rinfret: The hon. member for Winnipeg North Centre does not wish the appointments of postmasters to be made in the way they are made at the present time, in the way he thinks they are made. There is in his mind a definition of the word "patronage" that does not seem to enter my mind or the minds of any of the officials of my department. If the hon. member will tell us what he thinks patronage is I will tell him what my definition is. We have a certain job to do, and when we have to appoint a postmaster we ask those who are in a position to tell us who are the best men to appoint. Then we send a notice to the Canadian Legion, and they have a certain time to make a recommendation to us, without any reference to the member of parliament. We wait until we get an answer from the Legion before we appoint anybody. A suggestion is made by the member of parliament, whether he be Liberal or Conservative. We have appointed many postmasters on recommendations of other than Liberal members. If the hon. member for Winnipeg North Centre could hear all the squawks we get for not having appointed persons whose applications were recommended by Liberal members, then he would have something to say. No automatic appointment is made after a recommendation made by a Liberal member. All members of parliament are on exactly the same footing.

Mr. Brooks: No, no.

Mr. Rinfret: That is so.

Mr. Diefenbaker: That is not so.

Mr. Rinfret: That is so.

Mr. Diefenbaker: That statement is absolutely not a fact.

Mr. Brooks: My defeated opponent has always made the recommendations.

Mr. Rinfret: That may have been so under Conservative administration but it is not under the Liberal regime.

Mr. Brooks: In addition, Liberal committees meet and make recommendations so far as the post office is concerned.

Mr. Rinfret: There is no recommendation made by any caucus.

Mr. Brooks: I can quote instances.

Mr. Rinfret: So far as the hon. member for Winnipeg North Centre is concerned, I asked him last year and he bluntly refused to be consulted on any appointments in his

constituency. If he wants to refer to *Hansard* of last year he will see that he himself refused.

Mr. Knowles: I still do.

Mr. Rinfret: All right. Then what is the complaint?

Mr. Knowles: I contend that no member of parliament should be consulted on these appointments.

Mr. Gibson: Who is more competent?

Mr. Rinfret: Members of parliament are the ones who are best qualified to recommend to the government who are the best persons to do the job.

Mr. Knowles: Then the Postmaster General is defending patronage.

Mr. Rinfret: It depends on what patronage means in the mind of the hon. member for Winnipeg North Centre.

Mr. Knowles: The Postmaster General is defending it according to his own definition.

Mr. Rinfret: Last year my hon. friend brought up the question of Bishop and he brought before the committee the request made by the hon. member for Victoria-Carleton.

Mr. Knowles: Oh, no. I did it entirely on my own initiative.

Mr. Rinfret: It was shown by that order paper, as the hon. member will remember, that we had not acted in the case he brought before the house. We did not follow the advice or the recommendation of Mr. Bishop at that time and we appointed somebody else.

Mr. Hatfield: The post office at Bath, New Brunswick, is a civil service post office with a revenue of more than $3,000. This position has been occupied by a temporary postmistress for over two years. The branch of the Legion at Bath has been trying to have this vacancy opened up.

Mr. Diefenbaker: I listened with interest to the Postmaster General when he outlined the circumstances connected with appointments to post offices and stated that the Legion is communicated with and names submitted by them. The Postmaster General stated that appointments to post offices with a revenue under $3,000 are made on the basis of the first preference being given to those who served overseas, the next to general ex-servicemen and finally, if there be none of those, to some other suitable applicant.

Mr. Rinfret: In the first instance to pensioners.

Mr. Diefenbaker: Yes. In view of that statement I ask the minister how many appointments have been made during the last two years to post offices with a revenue of less than $3,000, and of those appointments, how many were veterans? I ask that because I have before me one or more letters from Legion branches in Saskatchewan which indicate that they are rather disturbed at some of the appointments that are being made. The minister said he did not understand what patronage meant. I do not know what another person's definition would be, but to me patronage is a matter of political fitness.

If the minister is in position to give a statement such as I have asked for, then I intend to ask about certain post offices in my own province where appointments have been made on a basis which to ordinary eyes would appear to be simply a qualification on the part of the applicant of political fitness. I ask that because there may be misunderstanding. The minister has replied with such heated animation as to indicate that he feels strongly on the subject. Certainly I should like to have from him a summary such as I have asked for. The minister referred to section 5 a moment ago. This reads:

> 5. (1) Subject to this act, the Postmaster General shall administer, superintend and manage the Canada post office, and, without restricting the generality of the foregoing, may
>
> (b) appoint postmasters and assistants when such appointments are not otherwise provided for by law.

I take it that that subsection means that appointments are not required to be made under the Civil Service Act. Is that correct?

Mr. Rinfret: Yes.

Mr. Diefenbaker: The explanatory note reads:

> New. Re-establishes authority deleted in 1927 revision, latterly done by order in council.

While the minister is getting an answer to my earlier question I should like to know on what date the order in council was passed that re-established the right of the minister to make appointments except those specifically covered by the Civil Service Act and when he actually legislated respecting a matter that was deleted in the 1927 revision.

Mr. Ferrie: Does not the veterans charter take care of the whole thing?

Mr. Rinfret: My hon. friend will understand that I cannot furnish the list of appointments that he asked for, but I will see that it is prepared and supplied to him. It might delay the passage of this bill and if my hon. friend would like to have it on the estimates I shall see that it is furnished to him before that time.

Mr. Diefenbaker: As long as it is available. I do not want to hold up the minister, but I would have thought he would have that when he was able to speak with such certainty on this subject and say that in every case where there was a veteran available the position was filled by such veteran; first, a pensioner; next, a serviceman with active service; next, a general serviceman and then down through the various grades of qualification that he pointed out.

Mr. Rinfret: The reason I spoke with such certainty is that it is a fixed rule of the department which I know is followed. As to the second point raised by the hon. member for Lake Centre and his reference to the explanatory note, this section will re-establish an authority that was deleted in the 1927 revision. In latter years it has been done by order in council under the authority of the treasury board.

Mr. Diefenbaker: What date was that order in council passed?

Mr. Rinfret: They are passed one after another, after the appointments are made.

Mr. Knowles: Ten thousand and upwards.

Mr. Rinfret: That authority was deleted in 1927. The civil service commission felt that it was too much of an imposition upon them to have to appoint postmasters in all these twelve thousand small post offices and they asked to be relieved of that obligation.

Mr. Diefenbaker: What year was that?

Mr. Rinfret: 1927.

Mr. Diefenbaker: In what year did they ask to be relieved?

Mr. Rinfret: I will check the exact date. The section of the Civil Service Act that covers this is section 57A.

Mr. Hatfield: How long is a vacancy allowed to stay open in a civil service post office with a temporary postmaster being in charge?

Mr. Rinfret: The particular case referred to by the hon. member is not one where we have to advertise the vacancy as it can be filled by promotion. The assistant there is the wife of the former postmaster. She had been there for many years and she can be promoted to the position.

Mr. Browne (St. John's West): Would the Postmaster General read section 57A of the Civil Service Act?

Mr. Rinfret: Yes, it reads as follows:

> The provisions of this act shall not apply to the position of postmaster of any revenue post office the revenue of which does not exceed three thousand dollars per annum; but the preference provided by section twenty-nine of this act, in favour of the persons mentioned therein, shall be applied in respect of appointments to such positions.

Mr. Shaw: It does occur to me that the debate in which we are presently engaged could more properly take place on section 5 (b). Since we are engaged in it now, there are two or three things which I should like to say. The admitted fact that members of parliament are consulted with respect to post office appointments—

Mr. Knowles: Liberal members.

Mr. Shaw: —particularly Liberal members, does not concern me particularly. This arises partly from the fact that I have realized that that has always been done, and probably will be the method employed in the future. The minister has asserted that a member of parliament is better qualified than other persons to make such recommendations. I believe that hardly includes a person who desired to be a member of parliament but was defeated. On the basis of the minister's assertion, I assume that any member would be better qualified than the hon. gentleman who had been defeated. What I object to most strongly are those cases where a defeated candidate has been able to override the decision of the minister in an appointment that has been made. I am not making specific reference to anything that has occurred during the term of the present Postmaster General, but such events did occur during the term of the former postmaster general.

An appointment was made on the recommendation of the then district director. An air force veteran, who had been so seriously injured that he could hardly be expected to carry on any other type of work, was given the appointment. There were no other applicants. It is true that it was on a temporary basis. Suddenly he found himself out on the street, even though it was admitted his services were satisfactory. When I put questions on the order paper concerning this situation, it was admitted in the answer to the final question that the change took place at the instigation of the defeated Liberal candidate. Now, that is the sort of thing I am more concerned about. I do not mind admitting that upon more than one occasion I have been consulted, let us say unofficially, with respect to a contemplated appointment to a post office position. I do not mind admitting that upon one occasion I recommended that a certain person be not appointed, knowing all the while he was a very strong supporter of mine. I well recall giving my opinion upon another occasion that a certain person was admirably suited for the position, even though I knew that person was a very strong Liberal.

I am primarily concerned about the calibre of the persons who are appointed to these positions in my constituency. No one will hear me complain, provided that individual is giving the type of service to which the general public is entitled. What I do object to is some of these defeated Liberal candidates taking it upon themselves to actually interfere after appointments have been made, and in certain cases successfully upsetting the decision arrived at.

The minister will notice that I have mentioned no specific case. I can do so, but I do not intend to do it right now. The returns are on file, but I am not going that far at the moment. So far as the district I represent is concerned, I hope that never again will I have to register a complaint about that sort of thing.

Mr. Adamson: I should like to mention something to the Postmaster General that is slightly different, and I believe this is the section upon which to do it. While it does not concern the principle of the bill, it does definitely concern certain aspects of the postal service. I bring the matter to the attention of the committee, because I believe it concerns a general condition surrounding all our metropolitan areas. I refer to sub-post offices that find themselves in rapidly growing districts, what is known as mushrooming districts. There are two in my own constituency of York West; one is Hollywood and the other is Browns Line. I have received every consideration from the Post Office Department in connection with these places.

I believe that some amendment or some consideration should be given to a provision in the act that would take care of conditions such as exist in these areas. Mr. Chairman, a sub-post office carries on very well in a store where the postal business consumes an hour or two a day; that is a suitable adjunct to the rest of the operations of that store. The district may grow tremendously, and you may find that the post office business entirely overrides the normal business of the store. What happens then? First of all the owner of the store and the owner of the sub-post office finds himself completely unable to handle the enormous increase in the volume of business, and the service to the residents in that area suffers materially. Now, that happens in the industrial areas where large industries have come in. It is very important that they be serviced, because their mail is important first-class mail. If they are kept waiting the efficiency of their operation deteriorates. I feel, Mr. Chairman, on the point of service to the public, that where such a situation exists the postmaster in Toronto should be empowered to make recommendations to the Postmaster General, so that steps could be taken to prevent this congested situation and the deterioration of the service.

There are one or two other things which I do not see in the bill, but which I believe militate against the postal service. As I understand, there is two per cent allowed on the sale of stamps in these sub-post offices, up to a certain amount of revenue. But then the percentage drops from two per cent to one per cent, and I would suggest that that possibly is a business practice which is not followed in any other line of business, because under normal conditions as your sales increase so your income or revenue increases.

I should like to refer now to emergency services at cost. There are many towns, particularly in the suburban areas of our major cities—it happens in my own case and I imagine it would happen in many other cases—where a firm or individual wants an important piece of mail delivered quickly. The only way that can be done is by putting on a ten-cent special delivery stamp and hoping it will catch the right mail. But, Mr. Chairman, that does not help a great deal except in your built-up areas. There are times when I myself have letters that I would willingly pay two or three dollars to have delivered in an emergency. I know of many firms who feel the same way. I should like to suggest to the Postmaster General that an extra service, at say two or three dollars for special delivery service, might be considered. I mention the case of delivering contracts where there is a deadline, or of delivering legal papers which must be in at such and such a date. I see the Minister of National Revenue looking at me; there is also the question of getting tax returns in before certain deadlines.

Mr. McCann: For which you have had four months.

Mr. Adamson: Some people are perhaps not as prudent as others. I know of business returns that have come in in the last week, and those concerned have not been able to finalize their tax returns until the last week before the deadline. They would appreciate a special service at cost—it would not matter how much it cost per letter—if it was possible to guarantee the delivery of a letter or a legal document or something of that nature within a special short time.

I know that in the Post Office Department in England there is a certain service—it is not actually in the Post Office Department but is almost a semi-official department—of

district messengers whereby you can telephone for a district messenger, and the receipt by the district messenger is legal proof of the mailing of the postal package. I merely make that suggestion because I know of several cases in which people have had to miss a deadline by a day or two because they could not get that special service.

There is another question I wish to mention, that of adequate pay for letter carriers and postal employees. I know of many many letter carriers who are seriously considering going into industry. With industry paying considerably higher wages than the post office is allowed to pay under the act or under the regulations, I feel sure that it is getting increasingly difficult for the department to keep their good letter carriers in the service. Despite the fact that they are entitled to civil service benefits and pensions, nevertheless with industry paying wages which are much superior to those it is possible for the post office to pay, I feel that some consideration might be given so that the good letter carriers may be encouraged to remain in the service.

There is another matter, namely the length of walks and the weight of the packs. I have had complaints; but I must say through you, Mr. Chairman, to the Postmaster General that they have not been from the letter carriers themselves. I must congratulate the minister on having an extremely good and loyal bunch of servants; certainly that is so in my district. But I have had complaints from other interested citizens who have said that the letter carriers' packs have increased greatly in weight in the last few months and that there does not now seem to be any limit to the weight and size of the pack the letter carrier is expected to carry. There probably are regulations, but the complaint I have had is that those regulations are not adhered to.

There is one more thing I wish to mention. I understand that there is a regulation in the post office to the effect that no two sub-post offices may be established within a certain distance of each other. I believe the distance is a mile, although I am not absolutely certain of that.

Mr. Rinfret: One-half mile.

Mr. Adamson: The minister says it is one-half mile. When you are dealing with a densely populated area, split by two arterial roads close together, and thus there are two definite centres of population separated by a short distance, it is quite inconvenient, particularly under extremely dense traffic conditions, for people to cross these two arterial roads to do their business with the post office. I feel that, under special circumstances, the half-mile rule should be done away with. I agree that, under normal circumstances, it is quite a good rule. In one or two circumstances I know of, however, I think it could be done away with. I am speaking of the Kingsway area, where there are two main arteries; one is Dundas street and the other is Bloor street.

In making those suggestions, I want to say that I have received every co-operation from the deputy minister and from his staff. I am not complaining in any way, but I wish to bring these matters to the attention of the Postmaster General because they have been a source of great inconvenience to the citizens of my own constituency.

Mr. Rinfret: Before answering my hon. friend, I might tell the hon. member for Lake Centre that as to the reference I made a moment ago to the Civil Service Act, the assent was given on May 26, 1932. It dates back to that time.

I have taken note of the remarks made by the hon. member for York West. On his first point, may I say that the difficulty is not a defect of the act, as he knows, but rather the difficulty of getting the proper person as postmaster. We have given the postmaster in Toronto carte blanche to do whatever he can, and we have given him specific instructions to do everything he can to settle the matter. At the present time he is investigating the possibility of having a trailer to do the job.

Mr. Picard: I was greatly interested in the remarks that have been made this afternoon up until now. I was, however, somewhat surprised by the objection made to the text of the new act which states that the Postmaster General shall administer, superintend and manage the Canada Post Office. The reason for my astonishment is this. We are talking a great deal about democracy. We are sending our sons to fight for democracy. The way that we apply democracy in our form of government is to entrust the administration of the country to a group of men chosen from the ranks of those who have been elected by the people at the previous election and chosen by the Prime Minister who usually heads the group which has the majority in the house. My objection is not that they would administer too much. My experience over the past is that too many of them are too inclined to pass the administration to subordinate officers or deputy ministers or officials. This clause is found generally in the acts creating all the different departments. How it is applied is another thing to look into, and that deserves the remarks made by some of my hon. friends; but the text of it and the powers it gives I think are justly given to the minister. I think

it is the duty of a minister to know his department, to administer his department. After all, he is the one who is elected. He represents the majority of the people of Canada who have sent the government here, of which he is a member, to take charge of the administration.

I do not approve the tendency of many cabinet ministers in the past—now I am not criticising anybody in particular—of having the administration carried on the shoulders of deputy ministers who may be able men, but who are not responsible to the people of Canada directly. Therefore I do not think we should be scandalized at all by the powers given to the minister. That these powers be not used solely on the basis of party politics is quite right. I would be against the appointment of government officials of a department if we took into consideration only their political affiliation, but we have the civil service commission, and they watch that very closely.

The only point of controversy seems to be the appointment of postmasters in rural areas or in small post offices where the revenue is low and where many other considerations besides ability need to be taken into account. When you appoint a postal clerk in the city he goes to the post office and works there. When you appoint a postmaster in a village he must have the post office in his own home. Therefore there are many more considerations that have to be taken into account.

I think it would be hard for anybody to suggest a system that would do away entirely with the minister having to take some suggestions somewhere from people who know the constituency well. That the man should be recommended only by a member of parliament is not enough. On the other hand, how will you establish rules to appoint postmasters in rural constituencies? First of all, you must have a man who has a home in the centre of the village. The government does not supply the post office. No matter how able a man may be, no matter how clever he may be, if he lives two miles away from the centre he will be of no use to the village if he is appointed a postmaster. Therefore you have to select a man who lives in the centre of the village. Then, you may have some people who are of relative value intellectually, but they may have had trouble in the past in their own business or otherwise; it may be that a man is not reliable.

I do not think that politics should be the main factor or should enter into consideration as the main qualification, but I do not see any objection to members of parliament, as the hon. member for Red Deer said a moment ago, having something to say. They are the ones who know the constituency. They have been elected, good or bad as we may think of one another. We have been elected in the various parties in the house by the people of Canada, and the people of Canada cannot all be wrong. We respect one another here in the House of Commons, and I think we might also respect our suggestions to the Postmaster General for the appointment of a man in a rural district. That it should be the only basis, no. I agree with that. It is not right; but I cannot find a suitable system of appointing these men through the civil service commission. I have looked into the matter myself at times when I could not get the man I wanted appointed, but I could not find a proper system of appointment through the civil service commission.

I come now to the mail couriers. On February 20, 1947, I made a good speech on the subject, but I will not repeat it today. I only want to refer the minister and the house to it. Here is another case where it is very hard to apply any rule as to how the appointments should be made. Some people say that these men should be made permanent, but permanent on what basis? Today a man is appointed on the tender system. He has a contract. The time comes when the figure at which he has tendered is not sufficient. He has equipped himself. He has the winter rigs, the snowmobiles, or whatever you call them. He has all the necessary equipment. To get a raise of $100 or $200, he has to resign. Then, new tenders are called. A new man who just wants to get the contract and does not realize the work entailed, a man who is less responsible in many ways, will submit a lower tender. He may think he can use for that purpose one of his horses and a junior son to handle the mail at ridiculously low prices. I do not think it is fair. On the other hand, what is the basis on which to choose rural mail couriers outside of politics entirely? You cannot have a competition. Would you choose the man who has the best looking horse or the best looking car to do the job? How can you judge the qualifications of a man to carry the mail in a rural district? We now do it by tenders which is a suitable way when the contract is vacant by expiration or if a man wants to resign his job. If he resigns his job, very well. But when there is a need for reclassification will you force the man, as under the present law, to let tenders be called and take the risk of having gone to all this expense to equip himself well, and lose the contract to an irresponsible person?

In this regard I think we have to follow the example of what happened when the department resorted to the sort of system which is envisaged here, namely, that of the Postmaster General adjusting prices up to a certain amount? During the war that was done under the War Measures Act. I think most hon. members will agree that there were no abuses when the prices were reclassified, and I may say that we had a difficult time to get them raised. I think a given price in the district was more or less understood as being fair, and an amount much below that price was raised to the average price by the department officials. I have done that in a number of cases without ever going to the Postmaster General. I am not talking against any of those who had the job before, but I did not care to go there because I thought I would rather go to the official who knew that particular branch quite well and appeal to his good sense and show the problem to him. In this regard I may say that in my province, and I think throughout Canada, the people have confidence in the present Postmaster General. He is a man of intelligence and integrity. He is a hard-working man.

I would not say he is the first Postmaster General who knows about his department, but he works very hard to get to know and understand the whole working of his department, and I think it is for the good of the country that a member of the government should go so deeply into his own department as to know what it is all about and what is going on. He should be congratulated on that. I do not think anybody here need worry about the provision under which the minister can do these things, because we had an example, as I say, of what happened under the War Measures Act. The cost of living was increasing. There was difficulty in getting material, and the men were asked to carry the mail over winter roads, over hills and far distances at very low prices. There was no way for them to get a reclassification in their prices under the Post Office Act. Reclassifications were made, if I remember correctly, in a number of cases under the War Measures Act. I have yet to hear of any injustices being done or that prices were very high. We had to fight every time to get very meagre increases from the department's officials. And I think it is right; they have to make sure no abuses are committed.

I admit however that it is not fitting to place in the act anything detrimental to the good of the country, or to leave in it any implication that there is danger of patronage ruining the department. I do suggest however that the elected representatives of the people are the ones who would know something about their constituencies, and who would be best able to advise the minister and to express their opinions respecting matters affecting their constituencies. That is particularly true of hon. members who have returned to the house on many occasions. I suggest that they are well informed in matters affecting their constituencies and are often better informed than officials stationed at Ottawa who must pass judgment on cases concerning which they have received a meagre report from an inspector who may have spent no more than half an hour in the locality in question. On the other hand the member may have lived there all his life, or at any rate he would know it well.

I say in conclusion therefore that I have no fear for the fate of the country, even if the bill is passed as it now stands.

Mr. Hatfield: Mr. Chairman, I have no objection to the Postmaster General's consulting members of parliament, but I do object to his consulting and accepting the recommendation of defeated candidates. I had an instance in my constituency where, shortly before the Christmas holidays, civil service postmasters sent to the post office inspector at Saint John a request for assistance during the Christmas season. Along with the request they sent in a list of names of experienced persons, those who had had experience in, and on former occasions had worked for, the Post Office Department.

About a week before the Christmas rush began they received a wire from the director of postal services at Ottawa in which it was pointed out that the defeated candidate would pick those who would furnish the help for these post offices. Why was that done? Why was not the list accepted as it had been before? Why did the director of postal services send a wire to the civil service postmasters stating that the defeated candidate would choose the help during the Christmas season? As it turned out, he chose people who had not had experience.

Mr. McLure: Mr. Chairman—

Mr. Hatfield: I want an answer from the Postmaster General.

Mr. Rinfret: No such instructions ever went from the department here. It might be that the defeated candidate had himself sent certain suggestions. But certainly they were not sent by the department at Ottawa.

Mr. Hatfield: Do you want me to furnish the telegram from the director of postal services? I will try to furnish that telegram.

Mr. Rinfret: I would like to see it.

Mr. Hatfield: Of course I do not have it in my desk, but I can get it. I have seen the telegram, myself.

Mr. Rinfret: I would like to see it.

Mr. Hatfield: Well, I will try to get it.

Mr. Rinfret: Would you, please.

Mr. Hatfield: I do not like to get anyone into trouble.

Mr. McLure: Mr. Chairman, I wish to say a few words concerning the subject now before the committee. I was disappointed that we had not even begun discussion of the estimates for the Post Office Department before having this bill presented to us. I would say to the Postmaster General that the bill would have had easier passage if the estimates had been approved. We find however that the bill is presented before the estimates; why, I do not know. The house has been in session for eighty days, and there has been ample opportunity to have brought at least some of the estimates before the committee.

Mr. Rinfret: Motions to go into committee of supply have been blocked consistently.

Mr. McLure: The minister has had eighty days in which to prepare.

It is my understanding that the present measure scraps completely the old act. If in this bill some portions of the old act are embodied, they appear here only after a thorough process of face-lifting and varnishing so that, as I see it, they will give far greater control and power to the Postmaster General and his officials, or directly to the government itself. The regulations will come up from time to time as discussion of the bill proceeds.

One subject that has been discussed for years, and mentioned again yesterday by some hon. members, was that of the injustices done to rural mail couriers. After reading the bill I am convinced that the injustices they have suffered will now be worse than ever, because we will find when we discuss the regulations that control is now entirely vested in the Postmaster General.

Mr. Rinfret: Up to $1,000.

Mr. McLure: When I first discussed the matter in 1945 or 1946 the then postmaster general promised a committee to look into the matter of rural mail couriers. That committee never was set up, and these matters have had to be discussed privately. The problem grows worse and, because of the measure of inflation we now have, the condition with respect to tenders and contracts is not improving. When an effort is made to get low tenders someone is going to be scalded in the operation.

I believe I can speak with most authority about my own constituency, because I know the conditions there so far as the rural mail couriers are concerned. In the dual constituency of Queens we have seventy-nine rural mail couriers, and in addition we have five districts in which there are twenty-six couriers, making a total of one hundred and five.

I should like first to deal with contracts in my constituency that have been let for distances ranging from six miles up to fifty, and in this connection I should like to place on record some of the dealings concerning the men employed. I would draw attention first to what might be called inconsistencies, or perhaps discrimination, that exist in connection with the tenders and contracts awarded. These men are all responsible and trustworthy, and I should like to mention a few of them in particular.

I want to mention one in particular in the constituency of Queens, and I should like the Postmaster General to consider whether or not it is fair treatment. I do not wish to mention names so I will call it exhibit No. 1. Mr. A, a courier, drives eighteen miles, serves fifty-nine boxes and receives an annual fee of $1,560. Mr. B, no distance from this other man, drives 17·5 miles, serves forty-two boxes and receives $591.27. For driving half a mile farther A gets a lot more money. It is true he serves seventeen more boxes but for driving half a mile more and serving seventeen more boxes he gets $969 more than Mr. B. I should like the Postmaster General to say whether that is fair treatment. Another point I should like to make is that the man who is receiving the highest payment is not getting one nickel too much for the service he is rendering.

He receives $1,560 for making six trips a week or approximately 310 trips in a year for which he receives the princely sum of $5 a day. If he uses a car, we all know what the expenses of operation would be and the depreciation; but if he uses a horse and carriage in the summertime and a horse and sleigh in the winter there is also a cost there. A horse cannot be fed at the present time for less than $1 a day, and in addition there are other costs. The man would only be receiving at the highest $3 a day for wages for himself. Contrast that with the wages of the employees in the department, and you will find that this man even at the highest price is only getting a bare living wage.

What about the other poor fellow with his contract for 17·5 miles? For doing almost

the same work they only pay him $590 or $1.90 per day for himself and his horse. He would not be able to buy a half ton truck because at the end of four years he would not have the truck paid for even if the whole amount he received was paid on it. There must be some way to overcome this situation. Such great discrimination should not exist.

Mr. Rinfret: May I ask the hon. member a question? Is the frequency the same in the two cases?

Mr. McLure: Yes.

Mr. Rinfret: Six times a week in both cases?

Mr. McLure: Certainly. I say "certainly" because I have the record from your office; if it is wrong do not blame me. I want to put another case on record in order to really convince the minister. I could give him a dozen different ones, but I should like to place this case before him so that he will almost cry out loud and say: Who lost the golden rule in my department in dealing with these cases? Somebody must have. I will call this case exhibit No. 2. Mr. A drives 21½ miles, serves seventy-six boxes and receives $1,700. Mr. B drives 30·5 miles, serves 126 boxes and receives $1,440. Mr. A drives eight and a half miles less than Mr. B and serves only half as many boxes. Yet he is paid $260 more.

Again it is hard to understand, and I would say to the members of this committee that I do not believe anyone here would approve of a tender system of that kind which is so unfair to certain individuals. Again I repeat that Mr. A with his $1,700 is not getting one nickel too much for the service he is rendering, but in justice to Mr. B there should be something coming to him.

I will give one more case and then rest the matter at that point. This will be exhibit No. 3. Mr. A drives 18·8 miles, serves sixty boxes, and receives $1,560. Mr. B drives 21 miles, serves 132 boxes, and receives $1,200. A drives over two miles less, and serves only half as many boxes, but for doing less work, with shorter mileage and fewer boxes, he gets $360 more. Again I say that the man getting the highest price of $1,560 is not getting one nickel too much for the valuable service he is rendering, but discrimination exists so far as the other man is concerned who may not be as shrewd and accepts somewhat different arrangements with the department.

I should like the minister to go into these cases carefully. I can give him a dozen more in my own constituency but I do not want to weary the committee. I will only say that for all contracts involving distances up to six miles there is a discrepancy of $100 annually. For all contracts covering seven to eight miles there is a discrepancy, injustice, or whatever you wish to call it, of $135 between contracts. When you come to ten miles the difference in the contracts goes up to $250, and some do a great deal less than others. When you come to twelve miles the same thing exists only that the difference between the high and the low is $340. It amounts to quite a sum at the end of four years. On fourteen mile contracts the difference goes down to $250, the high being $850 and the low $600. When we come to the sixteen mile routes it goes up again to $270.

But here is the pippin of them all. When we come to routes of 17 or 18 miles in length serving practically the same number of boxes we find, in the case of the 18-mile route, a discrepancy between the high and low contracts of $968.73. The highest contractor receives $1,560, which is just a small wage for himself after he pays expenses; but imagine the poor man with a wife and family at home who handles a route 17.5 miles in length and serves 42 boxes for which he receives only $590. Where does that discrepancy come in? The high man is not getting too much, but the low man is being starved.

On the 20 and 21 mile routes there is a discrepancy of $700. You can carry it right through the list, including the 26 and 28 mile routes where there is a difference of $1,000.

Mr. Warren: On tender.

Mr. McLure: On tender. For the longer routes of 30 and 32 miles there is a discrepancy of $865. Surely there must be some other system by which all individuals could receive fair treatment. I know some of these men who tender for these contracts. I am thinking particularly of two of them who have lower paid contracts. They have no fight in them. I went to one man whose contract was coming up again and I suggested that he should not accept such a low price when John Jones ten miles away was getting twice the money for performing half the service. He did not put up the fight he should have and the department now hires him at starvation wages.

Mr. Warren: On his own tender.

Mr. McLure: It is not fair. I do not think there are any hon. members of this house who would want such things carried on by a government of which they are members. There are other things I should like to deal with but perhaps I can take them up when we are on other sections of the bill.

But I do want to refer to the postal rate on newspapers. This was dealt with yesterday by some speakers, but I do not believe the position of newspapers in my province of Prince Edward Island can be compared with the position of newspapers in the larger centres. There is one newspaper in Prince Edward Island with a circulation of 13,000 or more which is a fairly large circulation in a province with the population of Prince Edward Island. Of that total circulation of 13,000, 8,000 are delivered through the post office at Charlottetown for which they pay an average rate of $40 per day.

Under the new legislation they will have to pay 4 cents, which means that their daily cost will be $90 to $100 for every day except Sunday. This is more than double what they pay now as their rate is being increased 166.6 per cent. That is beyond all reason for a newspaper providing news throughout the constituency and to all parts of the island. No newspaper in a province like Prince Edward Island can accept that. It will have to find some other way of getting their papers to the public.

As a solution I suggest to the Postmaster General that he institute a zoning system for the carriage of newspapers similar to that in effect for parcel post. Such a system would give this newspaper a chance to live. When you consider that a newspaper that distributes 8,000 copies through one post office must pay that office $50 a day, sufficient to pay three or four employees, it means something. To ask 166·6 per cent more for providing the same service is beyond all reason.

I understand that the minister is going to give this matter serious consideration. I advise him to do so before Friday because I understand they are going to come before him. He should adopt something that will be agreeable to these newspapers who are to be penalized by this extra expense. Another item I should like to deal with at some time is the commission paid on the sale of postage stamps. It may not be possible for the minister to reply to the two matters I have brought up, but I would like him to look into them very carefully.

Mr. Rinfret: First I should like to deal with the matter of the rural mail couriers. The position of these couriers is the result of the tender system. All the cases that have been cited are under tender. The different routes have different characteristics that must be considered, not only by the department but by the person making the tender. The length of the route is one factor, the number of boxes is another; then the type and variety of equipment necessary to operate the route must be considered, as well as the condition of the roads and the volume of the mail; consideration must be given to the time of day when the service is required, to the climatic conditions, to the availability and use of equipment, to the necessity of combining the route with other types of transportation, and to general economic conditions. All these questions have to be taken into consideration by the person making the tender for a particular route. The route immediately next to it might be completely different, but in each case it is the person offering the tender to the department that must make the appraisal of the conditions of that particular route. The department receives tenders from various persons, and chooses the lowest of those tenders. The department cannot be accused of imposing a rate on one particular courier, because he is the one who has made the offer. If his offer is too low he has the sole responsibility for that condition.

A long time ago the department realized that the tender system was not the best system that could be devised. We have been looking at various ways of curing the situation. We thought of a zoning system, but that would be still worse than the situation as it exists today. If we were to level off all the contracts in one given area, that would mean that those which were above the average before the levelling off would receive less than they were entitled to receive, whereas those below the average would get more than they were entitled to get. There would be a discrepancy, and there would be injustice. That was one of the reasons for suggesting section 23 in the postal act. We hope that it will produce the necessary results.

The hon. member for Queens said that in 1945 my predecessor suggested a committee be formed, and after that nothing happened. I remind the hon. member that in 1946 the Supplemental Payments Act was introduced, and bonuses were given to all the couriers who applied for them. In the end, about eighty per cent of the couriers did.

Mr. McLure: That only went to a few people at first, until we got wise to it and had it applied to all of them.

Mr. Rinfret: On March 31, 1949, when the law was finally repealed, eighty per cent of all contracts had been re-adjusted.

Dealing with rates on newspapers, the hon. member suggested a zoning system. We have examined the question of zoning newspapers. If a system similar to the parcel post zoning system were adopted, the rates now suggested for newspapers would be applied to the first zone. Any additional zone would involve an extra charge, because we have to meet

the deficit that we have. The purpose of the proposed rate is to reduce the deficit in handling newspapers and periodicals. Unless the additional zones in the zoning system produced the additional revenue the purpose of the new rates would be lost. The extra charges would fall chiefly on the national magazines, as those are the publications which have dominion-wide distribution. They are possibly less able to bear the additional charges than are the large dailies, distribution of which is chiefly restricted to the province of publication or the adjacent province.

Zoning would involve increased costs to the department, as it would be necessary to segregate newspapers according to zones so as to check the weights and charges involved. It would also mean extra cost to the publisher, as he would have to segregate the newspapers according to zones and calculate the postage at the different postal rates in effect. In the United States, where zoning has been adopted, the deficit for second-class material is over $160 million per year. While it is not intended for one moment to attribute this loss to zoning, there is no doubt that some of it is caused by extra administration and handling costs which the zoning arrangement entails.

There is a final argument against zoning. In my opinion the zoning of newspapers in this country would create a balkanization of Canada. At the present time the Post Office Department is helping to a great extent in the dissemination of news. There is nothing in the rates that would prevent a paper from British Columbia going to the province of Quebec or a paper from Halifax going to Toronto. The rates are the same. It is in that way that the thoughts of the people out west will be known by those in the east, and vice versa. If we were going to make small states of each province, or if we were going to make small areas of about two hundred miles, I am sure that the newspapers of the area would remain in that area. I am absolutely opposed to that because it would be against the unity of Canada.

Mr. McLure: I suppose the minister is going to do away with the zoning for parcel post?

Mr. Rinfret: That is a commercial proposition which has nothing to do with the dissemination of news.

Mr. McLure: We know that, but you could have zoning for newspapers in certain localities. Mention has been made of the large publications from Toronto and Montreal. They are sent all over Canada, so to speak, but why put the same regulations into effect for the smaller ones? For instance, in our province you do not even give us the same number of officers to look after our affairs as you do in the other provinces. We will leave that out of consideration for the moment, though, and deal with that later.

When the Postmaster General mentioned these contracts, and the fact that consideration had to be given to road conditions, weather conditions and so on, whether it was a turnpike road or a hard-surfaced road, the cases I cited which had these great differences had the same conditions.

Mr. Warren: You pick them out.

Mr. McLure: Take a look at yourself when you go out, will you? The conditions are the very same. I hope the Postmaster General will consider this when dealing with our province.

Mr. Fair: May I ask the Postmaster General whether there has been any general increase during the past two years in the cost of rural mail routes? If there has been, what was the extent of it?

Mr. Rinfret: Does the hon. member mean the tendency?

Mr. Fair: Yes.

Mr. Rinfret: The figures I have here are from March 31, 1949, when the Supplemental Payments Act ceased to operate to date and the tendency would be approximately seventeen per cent higher than it was at that time on similar tenders.

Mr. Fair: Then may I ask what happens when some contractors supply tenders containing increases which the department thinks too high? Do they accept the lowest tender, or what happens?

Mr. Rinfret: The officials of the department have a fairly good idea of the value of a route. When they think that all the tenders are too high, they go back to all the tenderers at the same time and ask for a revised tender.

Mr. Fair: If they do not get a tender that is satisfactory, what happens next?

Mr. Rinfret: When all the tenderers have had a chance of reducing their tender and the official is still of the opinion that the tender is too high, the service has to stay in abeyance until we can locate a proper tenderer.

Mr. Fair: I am glad to have the statement the Postmaster General has given just now. There is another small matter I wish to mention. I am not complaining about it in any particular manner, but I believe an improvement could be made and the revision of the rural directories brought up to date better than they are. On certain occasions

I have sent out some literature to my constituents and from time to time I get a stamp on the envelope saying: "Please revise your mailing list". If my understanding of this matter is correct, the revision is made by the postmaster in each particular district. Apparently it is either being left undone or not being brought right up to date. I wonder whether the department could see that some better attempt is made to bring this revision up to date?

Mr. Rinfret: We will do that.

Mr. Pearkes: By this evening's paper I notice that a uniform postage rate is being established in greater Ottawa. Is the same principle being applied in other cities? For instance, will the same principle apply in the city of greater Victoria? There a person may live at a certain number, say, on Quadra street and receive his mail for three cents, but if he happened to live at a slightly higher number, a hundred yards or so farther up, he would have to pay the four cents. Anyone looking up the address in the telephone directory would see the two numbers on Quadra street. But the person addressing the letter would not have the faintest idea whether it was to be a three cent stamp or a four cent stamp which would have to be placed on the mail. I hope it will be possible to apply the same principle to a city like Victoria.

Mr. Rinfret: I am sorry to say that I have not as yet seen the Ottawa evening paper, but I am sure of one thing and that is that I have not issued any directive in that connection. I could not do so because under the present act I have not the necessary power. Only when the bill is sanctioned will I have the power of establishing or altering postal rates. I do not know where the reporters got that information. They certainly did not get it from my office.

Mr. Pearkes: Perhaps I have given the wrong impression. The actual wording is "was in prospect today".

Mr. Rinfret: That is different.

Mr. Pearkes: I hope the same bright prospects will be held out for Victoria.

Mr. Hatfield: I wish to protest against this increase in the postage rate on daily newspapers and weekly newspapers; but I especially protest against the increase in the rate on weekly newspapers. I think this increase is going to put the newspapers practically out of business. The radio has practically put them out of business. The C.B.C. do not pay their way. Why should the Post Office Department and the postal services do so? I consider them as a service to the country. I never expected that they would ever pay their way. I thought it was a service that was given to the people of the country. Why should the Post Office Department be obliged to raise their rates in order to pay their way when a great many other departments do not pay their way? They have a deficit. The radio has done a great deal of harm to both the daily newspapers and the weekly newspapers. A great many people do not take a newspaper at all now. The newspaper is extremely important to the people all across Canada. I want to make a protest against the increase in the rates on both daily and weekly newspapers, because they render a service to the people. I would point out that the C.B.C. do not pay their way. Why should the Post Office Department have to pay their way?

Mr. Balcer: I should like to be on record as opposing the new increase in rates for daily and weekly newspapers. I am opposing the increase as a Quebec member, because I think this new amendment will affect my province more than any other in Canada. As we all know, in the province of Quebec the daily papers are confined to the four largest cities: Montreal, Quebec, Three Rivers and Sherbrooke. As a result, most of their distribution—at least outside Montreal—is done through the mails, and all the literature and news that the rural people of my province read must go through the postal service. I realize that some people may say that our dailies are good business concerns; but it must also be remembered that they are really rendering great services in giving us the news and some good editorials.

I think the rural people deserve better treatment than they are getting, because we can be sure that in the end these increases will be borne by the ordinary people. In many places the newspaper is about the only literature and the only news service that the people can afford. I want to protest against this increase, in particular with regard to the small dailies. I know that in Montreal we have a few dailies which are good newspapers but which have small circulations. The main circulation of some of them is outside the city of Montreal, and they depend to the extent of more than 50 per cent on their rural customers. These newspapers are rendering a real service to the country and to their communities. I would not be surprised if the new increase in the rates would put them out of business completely. I think it is unfair to the papers, to the newspapermen and the various employees who are working in their plants.

The minister has rejected the zoning proposition with regard to these new increases in rates. One of his arguments was that it was a great thing for national unity that

somebody from Prince Edward Island could receive a daily newspaper from Vancouver. But we must not forget that a daily, coming from Vancouver through the mail, will get there about eight or nine days later; and the news will be rather stale by then.

Mr. Rinfret: Twenty-four hours after mailing, by air mail.

Mr. Balcer: Air mail will make it a fairly expensive newspaper, and it would not be of any service at all. I think this argument based on national unity is just a big excuse. I hope the minister will reconsider his decision and will treat the rural people in the same way as the city people are treated.

Mr. Noseworthy: Mr. Chairman, I have had considerable criticism to offer with regard to the Post Office Department; but at this time I am happy to be able to congratulate the minister on one important step. I was happy to hear him make the statement last night that the letter carriers who have been working for longer than eight hours a day may rest assured that they will be paid for the extra hours worked. I was also very happy to learn that steps are being taken to rectify a situation which exists in the Toronto area regarding mail delivery service. I am quite sure that nothing that the department has done since the institution of the one delivery a day system will do more to raise the morale of the employees than will the assurance which the minister gave the house last night regarding the accumulated overtime which these men whose walks have not yet been checked are building up for themselves and will receive when their walks are adjusted.

I want to assure the minister that the situation as far as the Toronto postal service is concerned is still bad. It has deteriorated within the past two months. I myself have had occasions when letters posted in our post office in the building, letters that I posted on Tuesday, were not delivered in Toronto until Saturday morning. I have had a number of instances of that kind. I have today one example that I presume is an accident of some kind. I received a letter today that I mailed here in the post office on February 3. It went through the Ottawa post office on February 3. The first Toronto date stamp on it is May 17, three and a half months after. The addressee had moved in the meantime. The letter that was stamped in Toronto on May 17 returned to me this morning with the Ottawa stamp, May 30. That I take it is one of those accidents which should not occur in the post office but which probably do, and would under any system. I take it that is an exception, but the length of time which is required for the ordinary daily mail to be delivered in Toronto is rather exasperating.

Businessmen tell me that if they want a letter from Ottawa delivered in Toronto the following day, which has been the usual practice for years, they must now use the special delivery stamp to assure that the letter is delivered within twenty-four or thirty-six hours after it is mailed in Ottawa. Therefore there is a real need for a thorough check-up on the service in the Toronto district. I am quite confident that the restoration of the morale of the post office employees will do more to improve that service than anything else will.

Reference has already been made to the wages which letter carriers are receiving. I think the minister will probably have to face up to the question that in the competition which the post office is meeting today in regard to employment more and more difficulty will be experienced in getting reliable letter carriers or to retain in the service many of his best and most experienced men at their present wages. The minister will agree that in the Toronto district there have been, within the past two or three months, a considerable number of resignations by letter carriers who up to a few months ago regarded themselves as being permanently employed in the Post Office Department, and were satisfied with their working conditions, but who have since resigned because of the upheaval which has taken place within their work. I feel as sure as an earlier speaker who threw out certain suggestions that the minister may have to give consideration to a revision of the wages which are being offered today in the advertisements for letter carriers, and that revisions will be needed to restore the efficiency of the department.

While I am very happy to hear that these men will receive overtime pay, I want to remind the minister that if this were a private enterprise company or an industrial employer they would think in terms of overtime pay not at regular rates but at time and a half, and in some instances double time. There are very few industries in the country today, very few industries are left, in which employees are required to work three or four hours a day overtime without getting more than regular overtime pay for those overtime hours.

The debate on the existence of patronage in the Post Office Department reminded me of my first experience seeking employment in the Canadian post office back in my undergraduate days nearly forty years ago. During the Christmas holidays I applied for a job assisting in mail delivery. At that

time there was a Conservative government in power in Ottawa. The Conservative candidate in the ward of the city in which I resided had been defeated in the election.

Mr. Diefenbaker: That was before the establishment of the civil service commission by a Conservative government.

Mr. Noseworthy: When I went to the post office and applied for the job I was directed to apply to the defeated Conservative candidate. That was nearly forty years ago. I judge that the debate this afternoon would indicate that the Liberal regime has not improved much upon the old Conservative regime of that day, and that the government still finds patronage a very useful political weapon.

There is just one other matter that I should like to call to the attention of the minister. In previous debates on the Post Office Department I called attention to the fact that neither in Forest Hill village nor in York township have we as yet a single postal station. Here is a community of over 100,000 people. Their postal stations are situated in the municipality of the city of Toronto. There is a real need for one or two postal stations north of the present postal station on St. Clair avenue west and west of the present postal station on north Yonge street. Because Toronto happens to envelop the village of Forest Hill and York township the people in those two municipalities must travel to city post offices to transact any post office business that cannot be carried on in the small sub-post offices located in stores throughout the riding. I know surveys have been made and various reasons have been given.

During the war years no new post offices could be constructed, but I have heard of some being built since the war. I sincerely hope there is no relation whatever between the fact that neither Forest Hill nor York township has a postal station and the other fact that that particular riding has not at any time in its history elected a Liberal to the House of Commons. I trust that is not a factor in the department's refusal to give us a postal station in one or both of those municipalities.

I call this matter to the Postmaster General's attention once more in the hope that, since the population in these municipalities has grown, we may have another survey.

Mr. Pouliot: Would not the granting of the hon. member's request by the Postmaster General be one act of patronage about which he complains so much?

Mr. Noseworthy: No. If a member of parliament has any rights at all, then surely it is his right and privilege to bring to the attention of the department the needs of his constituency. My objection to political patronage is to those instances where political affiliations of the applicant are the first and determining factors in an appointment. For instance, I find that applicants in my riding who went last week to secure appointments to assist in taking the census were asked first of all: What is your political affiliation?

The Chairman: Order; we are discussing a bill concerning the post office. Shall the section carry?

Mr. Pouliot: Before it carries I should like to know from the hon. member whether he makes a distinction between requests made during a speech delivered in the house and requests made privately to the Postmaster General. According to what he has said one would conclude that if he makes a request in a speech recorded in *Hansard*, it is not patronage; but, according to him, if he writes to the minister or asks orally to have the same thing done, it is patronage, if granted.

Mr. Noseworthy: I made no such distinction. I do not hesitate to say that on more than one occasion I have written to the Postmaster General asking that a survey be made of my riding, and that consideration be given to granting us a post office.

Mr. Rinfret: Has consideration been given?

Mr. Noseworthy: I made my objection clear.

Mr. Pouliot: Excuse me, but it is not clear at all.

Mr. Noseworthy: It is clear to everybody else.

Mr. Pouliot: It is not clear at all. It would seem that so long as the hon. member makes a request, it is not patronage; but if a member supporting the government makes a similar request it is patronage. I am sure that even if a Progressive Conservative member makes a request to the government, it is patronage that must be condemned: the only thing that is right, the only thing that is honest, the only thing that can be done in the public interest, according to the hon. member and some others in his group, is what is being asked for by the C.C.F.

Let us look at what happens in Saskatchewan—how the Conservatives, the Liberals and the Social Crediters are martyrized by the government of Saskatchewan.

The Chairman: Order. We are discussing the post office bill. Shall the section carry?

Reports and Papers

Some hon. Members: Carried.

Some hon. Members: No.

Section stands.

Progress reported.

REPORTS AND PAPERS

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): Mr. Speaker, may I be permitted to revert to motions. On behalf of the Minister of Labour (Mr. Gregg) I desire to lay on the table one copy in English and one in French of the annual report of the Department of Labour for the fiscal year ended March 31, 1951. The report of the director of vocational training, for the same period, which in former years was tabled separately, has been included in the annual report.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will go into supply and take up the estimates of the Department of Agriculture and the Department of Resources and Development.

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

HOUSE OF COMMONS

Thursday, May 31, 1951

The house met at three o'clock.

PRIVILEGE

REFERENCE TO STATEMENT IN THE "ENSIGN" OF JUNE 2

Mr. Stanley Knowles (Winnipeg North Centre): I rise on a question of privilege, Mr. Speaker, for the purpose of acknowledging publicly that an error of which I complained in this house on May 18 has been corrected. The error appeared in a recent issue of the *Ensign* and had to do with Quebec and Newfoundland divorce cases. I did not ask the *Ensign* to make the correction, but that newspaper has done so on its own initiative. I desire to acknowledge that fact and to express my thanks. The correction appears on page 2 of the issue dated June 2, and I might be permitted to quote the last sentence, which reads:

Actually, Knowles wants the federal exchequer court to handle divorces from these provinces.

I thank the *Ensign* for setting the matter right.

HOUSE OF COMMONS

AUDIBILITY OF DEBATE—APPOINTMENT OF SPECIAL COMMITTEE TO CONSIDER SOUND-AMPLIFICATION SYSTEM

Right Hon. L. S. St. Laurent (Prime Minister): Yesterday I undertook to confer with you, Mr. Speaker, as to the most convenient procedure to be followed to set up a committee to deal with the matter of an amplification system for this house. I should like to report to the house that after conferring with Your Honour, with the leader of the official opposition (Mr. Drew), the leader of the C.C.F. party (Mr. Coldwell) and the leader of the Social Credit party (Mr. Low) we find that the most convenient and expeditious way might be to set up a small striking committee to confer with Your Honour for the purpose of reporting a list of members to constitute that committee. I have prepared a motion of which I will give notice, which would read as follows:

That a special committee consisting of Messrs. Weir, Tremblay, Casselman, Knowles and Shaw be appointed to confer with Mr. Speaker, and with his assistance to prepare and report a list of members to compose a select committee of the house to consider with Mr. Speaker the matter of an amplification system for this house, with power to send for persons and papers and report from time to time its findings and recommendations to the house.

I think that would be the most expeditious way of getting a committee set up and started at its work. Since this is non-controversial, some time would be saved if I could have unanimous consent to make this motion now, seconded by the leader of the opposition.

Some hon. Members: Agreed.

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

Motion agreed to.

NATIONAL DEFENCE

ARMY PROMOTIONS, TRANSFERS, ETC.—QUESTION AS TO PUBLICATION IN "CANADA GAZETTE"

Hon. Brooke Claxton (Minister of National Defence): Yesterday the hon. member for Calgary East (Mr. Harkness) asked why for the last two or three months the list of army promotions, retirements, transfers and so on has not appeared in the *Canada Gazette*. Publication of these lists has been held up during the last couple of months in order to arrive at a uniform system for the three services in view of the enactment of the National Defence Act and the proposed bringing into force of a complete new set of regulations for the three services. We have been working toward arriving at a uniform system of publication for the three services. That has now been worked out, and it is expected that the first list on a common basis will be issued shortly.

COMMITTEES OF THE HOUSE

DOMINION ELECTIONS—PUBLIC ACCOUNTS—RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGES IN PERSONNEL

Mr. W. G. Weir (Portage-Neepawa) moved:

That the name of Mr. Macdonald (Edmonton East) be substituted for that of Mr. Decore on the special committee on the Dominion Elections Act.

That the name of Mr. Macdonald (Edmonton East) be substituted for that of Mr. Decore on the standing committee on public accounts.

That the name of Mr. Laing be substituted for that of Mr. Cannon on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

Weights and Measures Act

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, May 31, 1951

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 31st May, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Assistant Secretary to the Governor General

WEIGHTS AND MEASURES ACT

GENERAL REVISION—AUTHORITY FOR CLASSIFYING WEIGHING AND MEASURING DEVICES, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 355, respecting weights and measures.

Mr. Knowles: Explain.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): The weights and measures bill was given first reading in this house on April 6, and was withdrawn on May 18. The provisions in that bill for setting up the primary standards of weights and measures were removed from it, as was explained at the time the bill was withdrawn, and put in a separate bill intituled: An act respecting units of length and mass. That bill has been passed by the house. The bill now before the house is a re-introduction of the original weights and measures bill which was given first reading on April 6, with the changes consequent upon the withdrawal of the provisions for the primary standards of weights and measures.

Motion agreed to and bill read the first time.

QUESTIONS

AIRPORTS—RESTAURANT FACILITIES

Mr. Pearkes:

1. At which T.C.A. airports are restaurant or coffee bar facilities provided?
2. Under what conditions are these restaurants or coffee bars operated?
3. What companies or individuals are granted the concessions?

Mr. Benidickson: There are no Trans-Canada Air Lines airports. All airports at which Trans-Canada Air Lines make regular scheduled landings are operated by the Department of Transport, the Department of National Defence or municipalities. It is presumed that the reference is to airports at which Trans-Canada Air Lines make regular scheduled stops.

Under agreement with the Department of Transport, restaurant facilities are available to air line passengers on the following airports operated by the department:

Toronto, Ontario (Malton airport). By lease to Aero Caterers Limited on basis of annual rental charge plus monthly sum calculated upon rate of 5 per cent of gross revenue after allowing for deduction of excise tax.

Montreal, P.Q. (Dorval airport). By leases to Aero Caterers Limited. (a) Administration building—monthly rental. (b) Transatlantic building—monthly rental plus 5 per cent monthly of gross revenue. (c) Cafeteria building and Dorval inn—annual rental.

Sydney, N.S. By lease to Aero Caterers Limited—monthly rental.

Gander, Newfoundland. By Department of Transport.

RENFREW MACHINERY COMPANY PLANT

Mr. Fulton:

1. Did the government or any agency thereof buy the plant of the Renfrew Machinery Company at Renfrew, Ontario?
2. If so, what is the total purchase price paid or payable by the government for the plant?
3. To whom is this price payable?
4. If the plant is not purchased outright, under what arrangement, if any, is the government concerned in its operations?
5. What are the particulars of any such arrangement with respect to payment by or on behalf of the government in connection therewith to the original owners?
6. Is the plant leased or to be leased to any other firm or persons? If so, to whom?
7. If a corporation, who are the directors of the corporation, what are their respective positions, and by whom are the majority of shares held?
8. What are the financial terms of the lease or other arrangement referred to in part 6 hereof?
9. Was any commission paid by the government to any person involved in the transaction? If so, how much?

Mr. McIlraith:

1. The plant of the Renfrew Machinery Company has been purchased by the Department of Defence Production.

2. Total price is as follows: plant, $1,035,000; additional land, $50,000; equipment and machinery, $75,000; total $1,160,000.

3. This price is payable to Renfrew Machinery Company.

4. Not applicable.

5. Payments by the government require 10 per cent cash with offer, with the balance cash on closing (120 days).

6. It is expected that this plant will be occupied by Rotax Canada Limited on a management fee basis.

7. Rotax Canada Limited is a totally owned subsidiary of Joseph Lucas Limited, of Birmingham, England, specialists in the manufacture of fuel system equipment for gas turbine engines.

The directors of Rotax Canada Limited are: president, A. B. Waring, Birmingham, England; vice-president and secretary, Jack Hulbert, Montreal, Quebec; director, W. E. Jones, Montreal, Quebec; director and legal counsel, E. B. Fairbanks, Montreal, Quebec. It is not known where the outstanding shares of Joseph Lucas Limited are held.

8. Financial terms of the management fee lease remain to be negotiated.

9. There was no commission paid by the government to any person in this transaction.

TITANIUM

Mr. Courtemanche:

1. What quantity of titanium is exported each year by Canada to the United States, and at what price?
2. What quantity of titanium is imported each year by Canada from the United States after treatment, and at what price?
3. What percentage of the titanium imported from the United States has previously been exported from Canada?
4. Are there any reduction plants in Canada?
5. If not, how many reduction plants would be needed to prevent importation and meet the requirements of the Canadian industry?
6. How much would it cost approximately to build such plants?

Mr. McIlraith: It is not possible to answer this question in the form in which it is asked.

There are no integrated plants for producing titanium metal or other titanium bearing products from titanium ore in Canada.

One company is developing a large ilmenite deposit at Allard lake on the north shore of the lower St. Lawrence river. This company has a reduction plant at Sorel, Quebec, which will process this ore to recover pig iron and a high titanium bearing slag which will be shipped to the United States for processing into titanium oxide. As yet the company has only one furnace in operation and the operation has not proceeded beyond the pilot plant stage. Any shipments of titanium slag can as yet only be regarded as experimental to determine its amenability to treatment by the existing American plants.

Imports from the United States of titanium bearing products are in the form of titanium oxide for the paint and pigment industry and as ferro-titanium for ferro-alloying industry. A small amount of the imported titanium oxide is converted into titanium metal, by Dominion Magnesium Company, of Renfrew, Ontario, and the major part of this metal is exported to the United States. As only one company is making titanium metal, figures of production are not available for publication.

Imports of titanium oxide are of the order of 15,000 tons a year, valued in excess of three million dollars. Approximately 500 tons of ferro-titanium of 25 per cent grade are consumed in Canada annually.

No actual estimate of the cost of erecting a plant capable of meeting Canadian demands for titanium dioxide is available.

CANADIAN ARSENALS LIMITED—EXPANSION PROGRAM

Mr. Noseworthy:

1. What is the estimated value of (a) land; (b) buildings; (c) machinery, taken over by the instrument radar division of Canadian Arsenals Limited from Research Enterprises Limited?
2. What is the estimated cost of the proposed expansion program of Canadian Arsenals Limited at Leaside, as regards (a) land; (b) buildings; (c) machinery and equipment?

Mr. McIlraith:

1. The initial cost of the land, building and machinery taken over by Canadian Arsenals was as follows:

(a) Land	$ 29,000
(b) Building	785,000
(c) Machinery, equipment and fixtures	1,703,000
	$2,517,000

At the time of the take-over from Research Enterprises, assets were being moved to and from various plants, with many items released to War Assets Corporation and others relocated where the machine tools, etc., would be used to best advantage and the above figures are submitted subject to these qualifications.

2.

(a) Land	$ 74,000
(b) Buildings, including services	2,431,833
(c) Machine tools and equipment	987,031
	$3,492,864

INDIAN HEALTH SERVICES—MOOSE FACTORY HOSPITAL

Mr. Jutras:

1. How many hospitals and nursing stations are now operated by Indian health services?
2. How many cases have been admitted to the new Moose Factory Indian hospital?

Questions

Mr. Martin:

1. Eighteen departmental hospitals with 2,128 beds, 29 nursing stations with 159 beds, and 49 health centres which are used as dispensaries and headquarters for field nurses.

2. To March 31, 1951, there were 232 admissions, including 153 tubercular patients.

CIVIL SERVICE—TELEPHONE OPERATORS

Mr. MacLean (Cape Breton North and Victoria):

When examinations are held by the civil service commission for telephone operators are (a) educational qualifications considered; (b) previous experience recognized; (c) screening carried out by Royal Canadian Mounted Police or other source?

Mr. Fournier (Hull): (a) Yes. (b) Yes. (c) Yes, in all cases where assignments are made to vulnerable positions.

INDIANS—BCG VACCINATION

Mr. Macnaughton:

To what extent are BCG vaccination procedures being used among the Indians?

Mr. Martin: BCG vaccination is being carried on extensively among the Indians in all provinces. During 1950 close to 5,000 Indians were vaccinated with BCG.

WORLD WAR II—INDEBTEDNESS TO CANADA BY ENEMY COUNTRIES

Mr. Catherwood:

1. What was the total amount of money, in dollars, owing to Canada by enemy nations at the close of world war II?

2. What is the total amount of money, in dollars, owing to Canada by the same nations today?

3. Has the government cancelled any of these debts?

4. If so, to what nations, and in what amounts?

Mr. Sinclair:

1. Roumania, $24,329,262.40.

2. Roumania, $24,329,262.40.

3. No.

4. Answered by No. 3.

Note. In addition to the principal sum referred to in the answers to questions Nos. 1 and 2, interest has remained unpaid since October 1, 1939.

UNEMPLOYMENT INSURANCE COMMISSION—STAFF

Mrs. Fairclough:

How many are employed by the unemployment insurance commission (a) male, (i) permanent; (ii) temporary; (b) female, (i) permanent; (ii) temporary?

Mr. Cote (Verdun-La Salle): As at April 30, 1951, the following were employed by the unemployment insurance commission: (a) male: (i) permanent, 2,764; (ii) temporary, 1,169; (b) female: (i) permanent, 1,316; (ii) temporary, 1,720.

ARMED FORCES

QUESTION AS TO SUPPLYING CANADIAN CIGARETTES TO PERSONNEL ON ACTIVE SERVICE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Information I have received suggests it might be of interest to the house and to the people of Canada to know what arrangements are being made for the supplying to our armed forces in Korea and elsewhere, of Canadian cigarettes and other Canadian products of the kind which they would commonly use.

Hon. Brooke Claxton (Minister of National Defence): I am glad of the opportunity extended by the question of the leader of the opposition to say something about this matter. In the first place, it may be pointed out that the Canadian brigade group now forms a part of the first United Nations—commonwealth—division. The supplies for this group are furnished, like those for the other commonwealth forces, from United States sources. It would not be economical for us to have a separate supply line.

We do have the service of No. 426 squadron carrying special supplies, including mail and other amenities, to the Far East for our forces. Under existing arrangements Canadian cigarettes can be purchased from one of the manufacturers by residents in Canada and shipped by mail, tax free, to individual personnel in the theatre of operations. I understand that these arrangements are well worked out, and that shipments are rapid.

In the second place, it is also possible for Canadian cigarettes to be purchased by Canadian personnel through their own paymaster, but the supplies have to be forwarded from Canada. We are endeavouring to make arrangements whereby cigarettes, in addition to the supplies of other peculiarly Canadian products desired by the troops, will be immediately available out of stores arranged with the United Kingdom or United States authorities. If necessary, we shall set up our special Canadian agencies.

Mr. Drew: Hon. members might be interested in a brief comment I received in a letter from a number of men who are serving in Korea which indicates that there may be reasons why civilian organizations could do something in this respect. The letter indicates that some of these cigarettes were being sent

to me—and I may say to the member for Fort William that I have not smoked them.

I quote one paragraph:

> We are enclosing a sample of some of the cigarettes we get. I believe you will agree with us as to their quality. We figure that if we keep smoking then we will all be back in Canada by the time our throats recover.

I know that is written in a humorous way, Mr. Speaker, and I welcome the explanation. It might be well if Canadians generally realized that it will be of considerable assistance to our troops overseas if civilian organizations do something about forwarding Canadian cigarettes and other things of that type to which the men are accustomed.

Mr. Claxton: I quite agree, Mr. Speaker. I believe the hon. member has sufficiently described the cigarettes in question to indicate that they are not Canadian. As a matter of fact, we have had a number of officers out there to make arrangements of this kind. We have to work with our friends in the United States and Great Britain in this regard, and they are very co-operative. It is a long way off, though. We hope to arrive at a satisfactory solution of the problem.

Mr. Cruickshank: I should like to ask a supplementary question. Is there any truth in the rumour that Canadian soldiers in Korea are supplied with margarine? I want an answer.

Mr. Claxton: I do not know. We shall have to look into that.

Mr. Cruickshank: It is a disgrace, and should be looked into.

BANK LOANS

QUESTION AS TO CREDIT POLICY—MARGIN ON STOCK MARKET TRANSACTIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I wish to direct a question to the Minister of Finance. Have there been any recent discussions between representatives of the Bank of Canada and the chartered banks with regard to further restrictions on credit, particularly the margin on stock market transactions? If so, will the minister give the house a summary of what has taken place?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I understand that the governor of the Bank of Canada had one of his periodical discussions or meetings with the general managers of the chartered banks a week or ten days ago. There are no further restrictions on credit. The purpose of the meeting was generally to review the result of the bank's policy in that connection, but the credit policies of the banks continue to be based on the principle set out in the statement issued on February 22, I think it was, by the Bank of Canada following the meeting held on that date with the chartered banks.

As to the margin transactions in stocks, the Montreal and Toronto stock exchanges established margin requirements of fifty per cent on marketable securities. The banks voluntarily undertook to maintain similar requirements, and those limits are still in effect.

Mr. Adamson: Have they not been in effect for some time?

Mr. Abbott: My recollection with respect to margin requirements is that they were in effect shortly prior to February 22, and that, following the discussions which the governor had with the chartered banks, the banks adopted the same policy.

Mr. Adamson: I think it was before that.

Mr. Abbott: That may be so. It is quite possible they did it concurrently with the action taken by the stock exchanges. From memory I cannot say just what the situation was.

INQUIRY FOR RETURN

INCOME TAX BUILDING, LONDON, ONTARIO

On the orders of the day:

Mr. H. O. White (Middlesex East): On April 16 an order for return was passed in this house on a motion standing in my name for the production of papers. Those papers have not been forthcoming. May I expect them soon?

Hon. Alphonse Fournier (Minister of Public Works): Were those papers with regard to the purchase of a building in London?

Mr. White (Middlesex East): Yes.

Mr. Fournier (Hull): I initialled them yesterday. They will be tabled within a few days.

Mr. White (Middlesex East): Thank you.

OLD AGE PENSIONS

AMENDMENT TO B.N.A. ACT—PROGRESS OF MEASURE AT WESTMINSTER —CONSEQUENTIAL CANADIAN LEGISLATION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I wish to direct two questions to the Prime Minister with reference to the amendment of the British North America Act to give parliament authority to enact legislation with regard to old age pensions. In view of the fact that the bill for this purpose was adopted yesterday in the House of Commons

at Westminster, when is it expected that the bill will be adopted in the House of Lords, receive royal assent and come into effect? And how soon thereafter does the government intend to introduce a bill in this house with regard to the matter?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, we have had no official information as yet about the procedure at Westminster. I read in the newspapers that the House of Commons had disposed of the three readings of the bill, and that it had gone to the House of Lords; but we have no other information than that which we get from the commonwealth relations office that all stages will be expedited in both houses. No forecast was made as to when the proceedings would be completed. Just as soon as possible after they are completed, I expect to have a statement to make to the house with respect to Canadian legislation consequential upon the amendment.

NORTH ATLANTIC TREATY

INQUIRY AS TO PLANS FOR SHIPPING POOL

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, recently the hon. member for Vancouver-Quadra (Mr. Green) asked a question as to the accuracy of a certain press release concerning the North Atlantic planning board for ocean shipping. I have now had an opportunity to read the announcements in the press concerning the NATO plans for shipping in the event of war. I find that the communiqué reported is that authorized by the defence shipping authority following its London meeting which took place in the latter part of April of this year. The London meeting was attended by delegates from eleven of the twelve governments signatory to the North Atlantic treaty. The only absentee was Luxembourg, which was represented by Belgium.

I find that there is very little I can add to the press statements. The house will understand, of course, that the details of the plan are of such a nature that they cannot be made public at this time. Perhaps the best answer I could give would be to send over to the hon. member the text of the press release which was approved, which is substantially the same but with some modifications to which he referred.

Mr. Green: Would the minister have any objection to making that press release part of his statement?

Mr. Chevrier: No. I shall be glad to table this text. It is entitled: "Text of press statement prepared by the North Atlantic planning board for ocean shipping".

[Mr. Fleming.]

Mr. Green: Perhaps it could be included in the minister's statement and appear in *Hansard*.

Some hon. Members: No.

Mr. Chevrier: I was simply saying that I should be glad to send it over to my hon. friend. But if it is the wish of the house that I should table it, I shall be glad to do so.

Some hon. Members: No.

Mr. Green: The reason I make that request is this. An extensive statement has been made, I think, by Mr. Justice Clyne, the Canadian representative at this conference; also there have been these statements in the press. We have had, however, no statement whatever in the house about the matter; it is of the utmost importance, because it affects all of Canada's deep-sea shipping. If this release sets out the full picture, then it should be given to the house, and could be printed in *Hansard* with the minister's answer.

Mr. Chevrier: I have not seen the report made by Mr. Justice Clyne, but I am sure it would not go beyond that which was approved in London by the NATO planning board for ocean shipping. In any event I could not put this release on *Hansard* unless I had the unanimous consent of the house. If I have that consent, I shall be glad to do so. If not, I am sending it over to my hon. friend.

Mr. Speaker: Is it agreed that this statement should appear on *Hansard*?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Apparently there is not unanimous consent.

Mr. Green: Then I would ask the minister to table it. I cannot understand why there would be objection to putting an important statement of this kind on *Hansard*.

Mr. Chevrier: I am in the hands of the house.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $336,942.

Mr. Larson: There are just one or two points which I feel should be put on record at this time. We have voted $5 billion for defence to be spent over the next three years. This is a large sum of money, but it is an important thing for us to do because we must keep our country secure in times like these. However, one of several things

could happen. We may be in the middle of a war before the three years are up, or we may have reached some sort of amicable settlement with our potential enemies, in which event there would be little likelihood of war. Should the situation continue as it is now, the things that we have been building with the money we have been spending would no doubt be becoming obsolete, and the expenditures made on them would have to be repeated. If we continue to tax ourselves as we are doing, and if we have to continue to put all our energies into this type of thing for the next twenty or thirty years, our potential enemy, communism, will have won its point. It would break us financially. If we could make our position safe through the NATO organization and the efforts we are making ourselves, then we would defeat our potential enemy, communism, provided that we could continue to develop our own country along with what we are doing in matters of defence. In manufactures we are well developed, but in agriculture there are certain things that are likely to suffer. But there is one project which has been considered by the federal government, and on which it has spent a great deal of time and money, that I hope will not be delayed because of the situation in which we find ourselves today. I refer to the South Saskatchewan river project.

People in Ontario, where there is all this beautiful greenery, rivers and all the amenities of summer life, probably do not realize what the condition of the country is around Outlook and south of Saskatoon. People are trying to grow wheat and field crops under very adverse conditions. Many areas do not produce enough to give them a living, and we in this House of Commons are faced with such things as the Prairie Farm Assistance Act and direct relief. I have some figures on how much money has been put into this kind of thing. In the area I believe some $42 million have been put into relief and some $14 million into P.F.A. Instead of the federal government putting out money in this way, had some sort of irrigation development been carried on, had the government assisted in the erection of the dam, the result would have been a real capital asset to the people of Canada.

I hope the chairman will not mind if I quote extensively from information that has been compiled by the Department of Agriculture, because it gives a good many figures, and I should like to have them right on the record. The capital cost of this whole project will be about $103,700,000. The sum of $68,600,000 would go to the actual construction of the dam itself and the reservoir. The irrigation distribution system would cost about $19,500,000; land improvement, and deficit period—that is, the period until it starts to operate—$5,600,000; and the power plant that would supply the power would cost $10 million.

It has been proposed that the federal government put into this project $68,600,000, to impound the water and construct the dam and the works that necessarily go with it. This expenditure would be spread over a period of ten years. In the first few years the cost would be low, but it would be accelerated toward the end when the major works were installed. The province and the farmers would pay the balance of $35,100,000. It should be remembered that the engineers of the federal government have determined that this project would be feasible. They have investigated it, and they know it will work. The investigation cost us a lot of money.

The government of the province of Saskatchewan seemed to doubt whether the project would be feasible, but I understand that they have now decided they can go into it and that it will be a real asset to the people. They are prepared to lay out the money. The power plant, to cost $10 million, will be built by the province, and they will take the power. Also the province will complete the irrigation works, at a cost of another $25 million. The water stored would provide irrigation for 500,000 acres, of which 431,000 are good irrigable land. The population would be increased tremendously on that type of land, and the assurance of a decent livelihood would be increased tremendously as well.

There is a sufficient flow of water to develop 375 million kilowatt hours of energy, firm—that is, firm power that could be guaranteed; and another 100 million of secondary energy at times when the water flow is high.

The industrial life of Saskatchewan has been impeded owing to the fact that we did not have the plant to produce enough power to give industry all the power it needed. With this project we would have plenty of power. The provincial authorities, through the power commission, say that they could use that power.

The irrigation system itself would increase the number of farmers on this area from 1,245 to 2,700. On this basis it is expected that the irrigation system itself would meet the cost of operation. The power commission, on the other hand, would value the firm energy at some 5½ mills and the secondary energy at 3 mills at the dam site. The gross value would be $2,088,000, and the net value $1,300,000. These facts leave no doubt that the irrigation and the power plant would carry themselves.

The climate around the area to be irrigated is very much the same as it is in the Lethbridge irrigation district, where the irrigation cost was $57 an acre. The province of Alberta attempted to carry it in a kind of co-operative way, I believe, without too much success, because the increase in produce and the power would not be enough to pay the expenses. The $57 an acre could not be borne by the farmers; therefore in order to make the project possible it will be necessary for the federal government to put up enough money to create this reservoir. Under the P.F.A. legislation it has been pretty well decided that it is the federal government's job to impound the water, provided that the water is used.

The Meek report indicates some of the changes in the country around this irrigation project, the St. Mary storage project. It says:

> In 1924, when the Lethbridge northern district was first irrigated, there were only about 300 families in the area. Now about 900 families occupy farms on the project.

Where these people formerly lived was semi-arid country. Now they are living in a country that has trees, flowers and community life. They are living close together. They are farming more intensively, and their lives are more or less comparable to life on farms around Ottawa where there is plenty of moisture. The community advantages resulting from irrigation deserve special emphasis. The report goes on:

> The social and community advantages resulting from irrigation deserve special emphasis, though these benefits can only be partly indicated statistically. These advantages were observed by the committee on all projects visited, and a good example is found in the Lethbridge northern irrigation district. Here an area of some 360 square miles, equivalent to ten townships, has been transformed in less than two decades from sparsely settled prairie, subject to periodical crop failures and soil drifting, to a thriving community of farm homes, towns and villages.

In less than two decades the area has been transformed from the kind of conditions I have been describing to the kind that you see around this city. The population increased from 1,500 to 10,000, thereby making it possible to improve the schools and to establish rural electrification, and for the people to have all the other things that make life on the farm more pleasant.

It is unthinkable that a project such as this should not be proceeded with. I will admit that it is costly. But if you take a year at a time, a few millions of dollars each year would transform that whole area from a semi-arid region into one of which Canada could be proud.

There is another point I should like to stress. As Canada developed it was found necessary to develop the west, and as the west developed, Canada became a greater nation. There have been many complaints about our talking about wheat; but when it is realized that we send out of the country each year 300 million bushels of wheat and bring back the money—nearly half a billion dollars—to the farms in the western provinces, where there is very little manufacturing, and when we know that nearly all that money eventually goes to industries in central Canada, we appreciate the importance of western Canada to the rest of the country.

The development of the west has been an important factor in the industrial development of central Canada—indeed in the entire development of this country as a nation. I would urge that this project be given the go-ahead signal immediately, so that we may open our arms to more of the world's population. On the basis of this project alone, we could probably double the population in Saskatchewan within twenty-five years. I do not see how anyone could urge that a project such as this should be delayed. All such developments should be proceeded with immediately.

Mr. Coldwell: Mr. Chairman, I should like to say a very few words. I concur in what has been said by the hon. member for Kindersley. I do not think it is necessary to recapitulate the arguments he has made. The project in question has been discussed in the house for a good many years. On February 21, 1938, I introduced a motion calling for consideration of irrigation in western Canada, with particular reference to this project. That was soon after I had become a member of the House of Commons. Consideration of the proposal has always been deferred.

I suggest to the minister that, since the federal government has come to tentative agreement with the government of Saskatchewan, the time has arrived when, in the words of the last speaker, the go-ahead signal should be given. Completion of this project would have great value in Saskatchewan, and also in relation to the economy of the whole of Canada. If we are to continue to be prosperous in a large part of the prairie provinces, particularly in Saskatchewan, this work should be proceeded with at once. The prosperity of Canada as a whole depends to no small extent upon it.

We never know when we shall have another of the prolonged droughts that we experienced in former years. At the present time the moisture prospects are good, and there is sufficient moisture in the ground for this year. But we have no guarantee that

within the next two or three years moisture may not be used up and drought develop, so that we might have another relief problem.

Having urged this development for a good many years, I would earnestly request the minister not to delay further but to undertake the work at the earliest possible moment.

Mr. Diefenbaker: Mr. Chairman, I join with the two hon. members who have spoken in support of a project that is necessary, agriculturally, to the survival of central Saskatchewan. This matter has been argued on previous occasions, and the facts have been recapitulated by the hon. member for Kindersley. Without regard to party considerations or strife, all of us from Saskatchewan are united in the demand that this work be proceeded with.

The population of Saskatchewan has been decreasing for the last twelve or fifteen years. In considerable measure that decrease is due to drought and crop failure.

Mr. Stewart (Yorkton): And the C.C.F. government.

Mr. Diefenbaker: Well, I never like to place so heavy a responsibility upon any government. I have been trying to deal with the matter entirely apart from considerations of that kind.

This project is necessary to the future not only of Saskatchewan, but of Canada as a whole. Industry will not be decentralized as it should be unless power is developed in agricultural areas. In Saskatchewan we have available for development hundreds of thousands of horsepower. We have before us the example of the government of the United States, which in recent years has endeavoured to instil into its people the realization of a need for the decentralization of industry.

Without industrial development in Saskatchewan we begin to wonder how our population will be maintained. As the hon. member for Kindersley said, from time to time, from as far back as 1775, when the first records were available, vast areas have been almost denuded of crops as a result of drought conditions in the southeasterly section of the province, extending from Saskatoon.

This piece of work is necessary in the interests of the industrialization of Saskatchewan. It is necessary to provide an assured and continuing agricultural income. It has been found feasible, and it will be self-liquidating. It will assure a development never before experienced in Saskatchewan, and will pay dividends in national development.

I wish to deal with farm income in 1950 as it affected not only my own province but the dominion as a whole. The incomes of Canadian farmers went down to $271 million less than they were in 1949. Cash income in Saskatchewan in 1950 was $407,600,000 as compared with $560,700,000 in 1949, or a drop of $153 million. In considerable measure that decreased income in Saskatchewan is the result of climatic conditions the effect of which would have been considerably if not entirely removed if this irrigation plan and power development on the South Saskatchewan river had been proceeded with.

In Alberta, farm income fell during the year by $92 million, and in Manitoba by $46,800,000. I rise for the purpose of bringing to the attention of the minister a question that is of prime importance to western farmers and concerns the prosperity of the country as a whole. I realize that the marketing of farm products, including wheat, is the responsibility of the Department of Trade and Commerce, but the production of those commodities is the responsibility of the Department of Agriculture. Over 200 million bushels of wheat are being marketed under the international wheat agreement. At the present time the price paid under that agreement is about 37 cents less per bushel than the wheat board is receiving from the sales elsewhere of class II wheat. The loss has already run into $10 million, and it is bound to increase if the world remains as it is today, in a state of three-quarters peace or, as described by the London *Economist*, as a world of fear wherein wheat as a major commodity of sustenance will become in greater demand. The present disparity of 37 cents between the price under the international wheat agreement and what the farmer would otherwise receive is likely to increase if the demand continues, with a correspondingly greater loss to the western farmer.

The international wheat agreement contains a provision for revision of prices upward under certain circumstances. All the signatories to the agreement are nations which have joined together to meet the onrush of communism. All realize that there can be no assured unity until all the peoples of the nations joined together in this effort are united and have a high morale. There is a provision in the agreement for the prices that will prevail during the next few years. In 1950-51 the maximum price will be $1.80; in 1951-52 the maximum price will be $1.80, and there will be the same maximum price in 1952-53, when the agreement will end. In 1952-53 the minimum, as compared with today's minimum price fixed under the agreement, is 20 cents lower than the first year's minimum price.

With other hon. members I have urged the Minister of Trade and Commerce to make

application to the nations signatory to this agreement with a view to securing an upward revision of prices. Unless there is such a revision, the wheat farmer is going to become more and more disgruntled as the days go by and the price of class II wheat increases, provided that world conditions continue in their present fearful state.

The international wheat agreement contains a provision which I believe allows for a revision upward or downward as the case may be. Article VI deals with prices, and section 5 of that article reads:

5. If any exporting or importing country represents to the executive committee that any price equivalent established under paragraph 2, 3, or 4 of this article is,—

Those are the paragraphs which establish the price equivalents for bulk wheat:

—in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the executive committee shall consider the matter and may, in consultation with the advisory committee on price equivalents, make such adjustment as it considers advisable.

I submit that since the agreement was entered into in 1950 there have been increases in transportation costs in Canada; there have been increases in freight rates and also in other costs which might be considered by the executive committee in deciding whether or not an adjustment should be made. I realize that the Minister of Agriculture is not in a position to act because of the portfolio he holds, but I urge him to appeal to the Minister of Trade and Commerce on behalf of the Canadian people to make an application for a revision upward. Conditions cannot go on as they are, the farmer being faced with increasing costs of production while being required to sell his wheat at a price that as time goes on will represent less and less profit under the international wheat agreement.

The answer given the other day by the Minister of Trade and Commerce was that there were thirty-seven importing countries and only three exporting countries which were signatories to the agreement. I believe that if those forty countries, whether exporting or importing, are as anxious as we are to mobilize to the utmost in order to preserve ourselves against the potential communist challenge, they would be just as anxious as we are to do everything possible to remove any injustices under that international agreement.

The Minister of Agriculture represents a western constituency, and I know he is desirous that prosperity be maintained on the prairies, without which there cannot be any Canadian prosperity. I ask him to use his prestige and influence upon the Minister of Trade and Commerce in an effort to have him do what up to the present he has not shown any desire to do. Indeed, he adopted the attitude, when asked a question about this matter, that there was no use in doing anything, because after all one would be too optimistic to believe that anything could be done.

The Canadian dollar has fallen considerably in purchasing power since the agreement was entered into. I have not the exact figures, but, speaking from memory, at the time the agreement was entered into the index for Canadian commodity prices was about 160, whereas today it is approximately 180. There has been a pronounced increase in the cost of the commodities which the farmer must buy. This is a matter that transcends any political considerations in the western provinces. As I see it, it is a matter that demands a united front on the part of all the western provinces to the end that at least an application be made for revision. Whether or not action can be forced we do not know, but we can at least try.

Surely we have the right to ask that the Minister of Trade and Commerce shall not be permitted to stand in the way of what would be fair and just. There is not a farmer in Alberta, Manitoba or Saskatchewan to whom I have spoken who is not in favour of an upward revision in prices. The time is now, not in 1953, when the agreement will be concluded. We must take action now if we are to assure the maintenance of a high degree of production, which, as I see it, cannot be done unless the morale of the western farmer is kept up. If that morale is to be maintained he must have at least the hope that something definite will be done to revise upward the price of wheat under the international wheat agreement.

When that agreement was made, many felt that it was an excellent thing, for it assured a degree of security. At that time no one could have predicted just how serious the world situation would become; and it is getting more serious day by day. Having regard to the changed circumstances I feel that the Minister of Agriculture should join hon. members in all parts of this house from the western provinces—and we have always received the support of the east when we have had a just case—to insist that something be done to the end that prices be placed upon a basis that is fair and just to Canadian wheat farmers.

Mr. Thatcher: Before discussing the main topic in which I am interested I should like to associate myself with the remarks just made by the hon. member for Lake Centre. Certainly the people of Saskatchewan believe

that a request should be made to have wheat prices under the international wheat agreement revised upward. It may be that the purchasing countries concerned will not agree, but certainly no harm would be done by attempting an upward revision.

I should like also to associate myself with the remarks of the hon. member for Kindersley. During this session I have been pleased to hear a large number of members from Saskatchewan on the government side speak in favour of the South Saskatchewan irrigation project. It is something we in this party, together with hon. members of other parties, have been advocating for many years. This afternoon the people of Saskatchewan are waiting anxiously for the remarks the Minister of Agriculture will probably make in a few minutes, indicating whether or not the project will be proceeded with this year. There have been rumours and newspaper reports that the cabinet has been discussing the matter, and that the minister has been trying to sell his colleagues on the project. I hope he has been successful, because, as I said a moment ago, there is nothing more needed in Saskatchewan today.

I was speaking to the hon. member for Qu'Appelle the other day, just after he had returned from the west. He told me that last week the dust was blowing so thick you could hardly see. In the plane in which he was travelling ten or twelve people were ill as a result of the high winds; and of course at this time of year in the dust bowl when the wind is high the dust is very bad. Often at this time of year I have driven out in my car and have been unable to see beyond the engine. Frequently you have to drive with your lights on in the middle of the day. This irrigation project would not change that completely, of course, but certainly it would go a long way toward alleviating it.

I am not going into the advantages of the project; everyone in this house knows them. If anything is needed to give our province stability, it is this irrigation project. I know of nothing else in Canada today, with the possible exception of the St. Lawrence waterway development, which is more important or which deserves greater consideration from this house.

I was interested in reading some old *Hansards* the other night to see the reasons that have been advanced since I have been in parliament for not proceeding with the South Saskatchewan development. I realize that no one wants this project more than the Minister of Agriculture, but either he has not been able to sell it to his colleagues, or something has always happened to prevent its commencement. In 1946 the reason given for not proceeding was the shortage of men and materials. In 1947 the lack of progress was blamed on inability to locate a suitable dam site. In 1948 the reason was that eastern members had to be sold on the project. Last year the reason was unique; the minister made the statement that we must have assurance from somebody that an organization would be set up to utilize the water and to pay a share of the cost sufficient to ensure that they would take some responsibility for seeing that the work is carried on. Then he went on to point out that the provincial government should bear a share of the cost. Up to that time I had never heard the suggestion that the province would have to pay part of the cost, and I think that was a harsh proposal, in view of the financial position of Saskatchewan. Nevertheless our provincial government has now agreed to that plan and is willing to bear roughly one-third of the cost; I believe it has indicated that fact to the minister. Therefore I can see no reason why something should not be done this year. After all, we are going to spend $3,700 million this year. Surely it should not be hard to find the $10 million that is needed to get this project started.

I remember that in one of his speeches out west the minister said we could make this area of Saskatchewan the Essen of Canada; and if that could be done, no one would be more delighted than I. That statement was made just before an election, but still I think it was a reasonable thing to say, and something which could be accomplished. I believe the citizens of Saskatchewan and the west generally, whether they be Liberals, Conservatives, C.C.F.'ers or Social Crediters, will be disappointed if the minister gets up today and tells us that, in view of our defence and other needs, once again this much needed undertaking will have to be postponed. The excuse that men and materials are not available will no longer suffice. That is the reason we were given back in 1946, and it seems to me if such an excuse is given today we shall be going around in a vicious circle. If we do not proceed at once, and war should come, we may go on for decades without getting this development. Therefore I hope the minister will announce that it is to be proceeded with at once.

Mr. Low: In connection with the development of the South Saskatchewan project, I want to indicate how the neighbours of that province feel about that development. We in southern Alberta have witnessed the transformation that can be made through the proper use of irrigation. I lived in a very dry area where we were never certain of crop returns at any time. My father was

among those who developed the first irrigation system in our province, the old Alberta railway and irrigation system, and I recall the many weeks he was away from home working on that project. I mention this only because I want to convey to hon. members the fact that I have witnessed the change that can be brought about when water is made available. I saw that dry section of the country become almost a beautiful garden; and I also saw the coffers of the provincial and federal governments enriched by the returns from that land which produced more abundantly than ever before. When I think of what happened in southern Alberta, and when I think also of the present situation in the province of Saskatchewan, our sister province, I cannot help but express my hope that the government of Canada will find it possible to lend a substantial hand in the building of the dam across the South Saskatchewan river so as to provide the much needed water for those parched and thirsty lands in Saskatchewan. I am certain that if the federal government does so that inhabitants of the sister province of Alberta will support the effort. I feel that wherever worthy projects of this kind can be seen, it should not matter in what province the development is to take place. We, as Canadians, must look at it as Canadians. I am speaking now I think for the people of the province of Alberta when I say that we welcome the development of water resources for the province of Saskatchewan. We will certainly give financial support, through taxation measures or any others that need be, to see that that development takes place.

I recall, Mr. Chairman, while I was in the provincial government quite a number of years ago now, along with some of my colleagues, taking the first step towards the conservation of the east slope of the Rockies in order that we might conserve our water resources and make it possible for the province of Saskatchewan—possibly western Manitoba—to have a share in the run-off waters from these slopes. Serious fire hazards had beset these areas for many years. Some of them had been almost denuded of trees, and we were not certain whether there would be water. I believe it was about 1937 I came down and discussed the matter with officials of the federal government with a view to establishing some form of co-operation between the province and the dominion so that we could conserve the forests on the east slope of the watershed. I am pleased to say, Mr. Chairman, that the federal government came to realize the importance of that conservation. They did set up the Eastern Rockies forest conservation board, which is doing a fine job. They have made it possible for the people of Alberta and Saskatchewan—perhaps some in Manitoba—to be assured of water resources in the future. Not only did that commission take steps to conserve the watershed, but it decided upon a division of the waters as between Alberta and Saskatchewan. With that division assured, it seems to me that the next step ought to be the development of a dam and reservoir so that the people of Saskatchewan might be able to realize what we have already realized in a good many areas in Alberta, that we can have abundant production in those sunny areas with the rich soil if we can get the water. I join with the member for Kindersley, and others who have spoken, in expressing the hope the federal government will see its way clear to doing something towards the development of water resources in the province of Saskatchewan at an early date.

I now wish, Mr. Chairman, to say a word about this question of the international wheat agreement. I do not expect to go into that too fully at the moment. I would say that the member for Lake Centre made a pertinent and reasonable request. Now is the time to ask for a review of the whole agreement. I should not like to see the same thing happen with respect to the international wheat agreement as happened in connection with the British wheat agreement. If we leave it too long, however, there is likely to develop much the same dissatisfaction amongst the farmers of Canada. I must say right here, Mr. Chairman, that the farmers of western Canada that are affected by this long-term agreement are not asking for anything unreasonable when they ask for a revision, because world wheat prices, at least in some cases, are thirty-eight cents above the international wheat agreement price. That means, of course, that the farmers of the country, when they are forced to sell most of their wheat under the international wheat agreement at a figure that represents a considerable loss, feel that now is the time to ask for an upward revision.

Then, one should remember that the farmers of Canada, who number not more than twenty-five or twenty-seven per cent of the total population of this country, are today still making it possible for the Canadian people to have cheaper bread than they would have if the wheat were all sold at world prices, or somewhat above the international wheat agreement figure. The farmers are selling to the millers of Canada at a rate that means that the farmers, one-third of the population, are subsidizing cheap bread for the rest of the population of Canada. That

situation ought not to exist. It was true all during the time the British wheat agreement was in force, and the farmers of Canada lost not less than $48 million. Many people, of course, believe they lost a good many millions more than that. The important thing is that this is the time to ask for a review of the agreement, and as the member for Lake Centre said, to ask for some upward revision of the price.

On going into supply on May 1 I raised the whole question of the administration of the Prairie Farm Assistance Act. I pointed out particularly some ways in which the administration of that act was discriminating against certain farmers in the Peace River country. Lands that are not marginal but perfectly good farm lands, and which in normal years would produce a good crop, last year were subjected to two very tragic events. In the first place a wide strip of the country was riddled with hail, and the crops did not recover because it came too late in the season. Then, we were visited with a heavy frost early in the season, with the result that in a large part of the country the yields from the lands were below what would be necessary to qualify for a prairie farm assistance payment.

Now, because many of these farmers hold land under what is called a crown lease agreement, as a result of the amendment which was put through this house in 1950 they are prevented from getting benefits under the Prairie Farm Assistance Act. I am sure I do not need to review the situation for the minister. He was here the day I spoke about it. I am just asking the minister if he would indicate, when he speaks, whether or not it would be possible to make some change in the act, so as to enable these farmers who are holding leases on the ten-year term to get benefits from the act. Each year they are paying their one per cent contribution, and they feel that they have been discriminated against in this last year because they were barred from any of the benefits under the act.

Mr. Knight: Mr. Chairman, owing to the geographical position of my constituency I could hardly be expected to keep silent during the course of this debate. I shall not add much to it in the way of argument because I believe the matter has been discussed time and again in committees like this. It has been discussed time and again in my hearing by the Minister of Agriculture in his various speeches throughout the province of Saskatchewan. I am thinking particularly of the time when I began to take more interest in those things, probably back in 1944, and I remember quite vividly some of his speeches. I have referred to some of them on a previous occasion in this chamber. I do not want in any way to taunt the minister in regard to what one might consider to be breach of promise in regard to this particular construction. I believe it is probably true, as we have heard today, that the minister has been pressing for the construction of this particular dam. As someone else has done, I shall say that I hope that is a fact and that in his effort he will be successful.

This is not a party matter, Mr. Chairman. I should like to congratulate my friend the hon. member for Kindersley upon his speech and upon his approach to the matter in this chamber. The hon. member for Moose Jaw has, I think, disposed of most of the arguments which have been advanced against the construction of this dam. I have said something about the geographical situation of my own city. I might supplement that by saying this, and I think it is perhaps more true in the west than it is in the east, particularly in the part of the west from which I come: the prosperity of the people in the city—not only businessmen but workers—depends upon the prosperity of the farmers, not necessarily those in the immediate vicinity but those even a long distance away, because distances in those provinces are great.

There is something sentimental about the way in which prairie dwellers look upon the matter of water. Down in the east here, people do not think too much about water because, I suppose, they get too much of it; at least, that is my own impression. The Saskatchewan river wends its slow way along, not far distant from where I live in the city of Saskatoon. My hon. friends from the east may have some difficulty in believing it, but on every fair summer Sunday afternoon—and we have many of them in that province—long rows of cars draw up along the north end of Spadina crescent and simply sit there in order to watch the water running over the dam. That dam might seem to have no specific use and people often wondered why it was built. My own impression is that it was built partially at least to give relief work back in the years of depression. At any rate, it is there and it is a little bit of running water and it adds to the beauty of our city. Saskatchewan people like to look at running water.

There are so many stories about drought that I am almost tempted to tell one or two—some of them are humorous—but I think perhaps it would be wasting the time of the committee. I am interested in irrigation and I am interested in what my friend the hon. member for Peace River has said about

Alberta. One of the first jobs I ever had in Canada—and I think it was back in 1910, if I remember aright—was driving a team of horses and a scraper on an irrigation ditch which was being constructed out of the Bow river in the province of Alberta somewhere —I am not sure of the vicinity—near the village of Brant not far from Strathmore where the Canadian Pacific Railway people had that fine herd of Holstein cows. I do not know whether or not they have it there now. I am thinking now about our own people looking at water and the influence which it has, or which the lack of it has, in our lives on the prairies. I remember those Indian braves, on their way to the stampede. I was not fortunate; I could not go to the stampede because I had to drive my team with a plow breaking up one of the quarter sections which the Canadian Pacific Railway sold as ready-made farms or under some such title to Americans. The people of the United States were so enamoured of the success of irrigation in their own country that when they were able to come up into Canada and when they were offered land at $75 an acre—they said: Is this land irrigated? Irrigated land at $75 an acre?—they were prepared to buy it. I hope they made out well on their investment. I often wondered about the success of that project, because they were breaking land, some of which was fairly rough; and I was wondering how the grain would ripen in the bottom of the valley as compared with that on the tops of the hills in the same section.

I remember as I was plowing along there, with six horses on a gang plow at that particular time, I used to watch those Indians from the Blackfoot reserve pass on their way to the Calgary stampede, and boylike, I envied them. I noticed how they would camp alongside the irrigation ditch. Those Indian braves would often stand on one foot—I do not know why—with a bright blanket around their shoulders, while the ladies in the tribe —that is not the name we generally use—would unload the democrats, light the fire and proceed to prepare supper. I envied the Indian braves for that, because I had to cook my own supper.

Perhaps that is enough of reminiscence. I merely want to say that we in the west love water. We go to it on every possible occasion. Prairie people, when they go for a holiday or a week-end vacation, go to a lake. Unfortunately we are obliged to go farther and farther in order to get to our lakes because the water level—largely owing to our own foolishness, I think—is becoming lower and lower; and on the bed of many of the lakes which I knew as a boy, and on which I shot ducks as a boy, oats are now being grown; and the tourist business in that particular district at least is no more.

I think one would have great temerity to say that the greatest problem the world is faced with is not that of world peace. I had better not say that, because it is a statement that might be challenged in various quarters. But I will say that an equally great problem is that of growing food for the people of the nations of the world. I do not think that we can expect to live on this island of security here where plenty of land is available for the growing of food while at the same time thousands of people are starving in other parts of the world.

You know, we are a wasteful people. I think of ourselves in the west. I have seen a Prince Edward Island farmer come out there, take a look at the way we drive around our fields and sometimes drive the binder close to the fence; we do not even bother coming back upon it. He will say to us "You fellows waste more grain than we would grow on our whole farm".

It occurs to me that there are small acreages of wild land all across this country which European people or Oriental people would be delighted to use. For instance, the Greeks can be seen coming down from the mountains with their mules, with the pannier on each side filled with lemons and oranges grown on a half-acre patch somewhere up on the side of the mountain. Or you can go to the hills of Scotland, or to my native Ireland, and you will find people walking along there, plowing with one horse on a slope where they could not use two, walking in the space between the stones, plowing those little fields no bigger than this chamber, hedged around with piles of stone that through the centuries they have picked off the land. Farming under those conditions is subsistence farming, it is true; but at least it is a subsistence, and many of the peoples of the world have not that.

I suggest that one of our greatest problems is how we are to grow food for the increasing population of the world. That takes me back to Saskatchewan. I think the greatest problem in Saskatchewan is the tendency to depopulate that province through the mechanization of farm operations. I am not suggesting that we should go back to the two-horse team or to the walking plow. We must advance. We cannot turn the clock of progress back, but we have to change something, because the population in these western provinces—I mean the prairie provinces—is tending to decrease. I do not

mean that it is decreasing over-all, but the farm population is decreasing because fewer and fewer men are needed to farm those acres. I remember when we used to thresh, and I am sure the minister has seen lots of outfits that I could describe with their old Reeves steam engine, which used to have a twenty-six man crew, a cook, a bull cook, strawboss, stook team men, spike pitchers and field pitchers, twenty-six or more men in all. Did I hear the minister interject?

Mr. Gardiner: I was just saying to the hon. member for Fort William that he and I used to fire the engine.

Mr. Knight: Yes, with straw, no doubt, I have not done that job, but I have done most of the others. The point I want to make is that it took anywhere from twenty-four to thirty-two men to do the work that an old man and a boy—and by the way most of the farmers in Saskatchewan are pretty old in their average years—can do today. As a matter of fact, they can do more work than the whole of us did years ago all put together. What does it mean in the life of a province; what does it mean in the life of the population? Here you have a great new province with thousands and thousands of miles of roads to be developed. How are they to be developed? Only through the payment of taxes, only by population. You have your schools to run, and all the rest of it. We have just about reached the limit of the depopulation of the country through mechanization, and if we are to restore that population, or restore any of it, we have to get a different type of farming. Well, somebody says that we have relied on farm mechanized straight grain farming. We have been told for years that we should go into mixed farming. Down in this eastern part of the country and in Prince Edward Island they say: Well, you crazy people in Saskatchewan do not even keep a milch cow. The minister and some of the others of us know why we do not keep a milch cow in certain districts. We have seen, as I saw in 1933, a man coming home in his buggy with one bale of hay in the back of the buggy to keep the one surviving cow alive, the others having been shot because there was nothing for them to eat.

I do not want to paint that as being a picture of ordinary conditions in the province of Saskatchewan, but those conditions have occurred and they may occur again. There is a good deal of land in the Palliser triangle where you may graze a few head of cattle on a quarter-section in the summertime, but you cannot be assured of winter forage for them there.

The experience of irrigation in Alberta near Lethbridge, I think it is, where the beet industry has started up and where beef steers are fed proves that if we had something like that in Saskatchewan it would at least provide winter forage for such cattle as we could graze in the summertime.

I do not think that this good market, this increase in the price of beef, is altogether a transitory thing. I think we may have it with us for some years to come. Irrigation would be a great encouragement to the cattle industry.

There are other problems of course. There is the question of flood control. We have abused the natural resources which we have. Our lands in places are becoming eroded. We have cut down the timber in the north which preserved the water level, and we have a situation of flooding in spring which has become all over this country a pretty serious matter. Just to the south of my own city we have what used to be a lake. It is no longer a lake in anything except name. It is called Pike lake. By the way, it used to be a summer resort, and it was only a few miles away. Now we have to go 175 miles or more to find good water. The farms in this area become flooded every year, and sometimes it is just touch and go whether the flood will subside in time so that the farmers will be able to put crops in. Again we have south of my city two or three little experiments in irrigation. Water is pumped out of the Saskatchewan river and ditched through the co-operation of one of the minister's divisions, the provincial government and the municipal authorities. These ditches can be damaged seriously by the effect of a flood.

I am told that one of the results of a properly controlled irrigation water development scheme in Saskatchewan would be to lessen the chance of those districts being flooded.

I have talked longer than I had intended to, because I had prepared absolutely nothing on the matter, but simply rose to endorse the arguments which have been advanced by other hon. members. I should like to take the position that this is not simply a plea for something which would assist in my own city, much as it would do that; nor is it just a plea for something which will help my own province, much as it would do that. I think it has reached the stage where this thing has become a national project, and I would plead with the minister, if that is necessary, to use that great influence he has upon his colleagues so that they may do something about it.

We may say that something is being done. It is true that surveys have been made there. Some reference has been made to elections. I have to be honest and say that before the last election there was a certain amount of activity. There were cars driving around there and surveyors were there. I am not saying that there was any connection between the two.

Mr. Gardiner: They are still there.

Mr. Knight: They were there, and I am glad they are there still. I presume they have largely done their work now. I do not know what the next step is. I do know that, so far as any actual work which would mean the production of water for those parched lands is concerned, nothing has been done. In other words, no sod has been turned in that particular irrigation project. I know about the preliminaries, and I know about the surveys. What we want is to get something done. I know that the provincial government, as the hon. member for Moose Jaw has said, and I agree with him—I think they were offered a rather hard deal in the matter—has at least risen to the occasion and has said that they would fulfil their share of the contract, the terms of which they and the federal government apparently have already agreed on. They have risen to the occasion and are prepared to go ahead.

I understand that in the estimates this year there is only the amount of $1 million. A million dollars will not go very far. I remember a speech made by the minister. I have referred to it before, and I have been corrected once or twice by the minister because I have quoted him as saying in my presence, because I listened to him that night in the technical school at Saskatoon, that it was a $110 million project, and apparently the money was going to be provided for the project by the dominion government. That was previous to the election of 1945. I must say in all honesty that the minister corrected me and said that at least some of those millions he had mentioned would be spent on the St. Mary scheme in Alberta; but whatever it is, I should like to see some of it spent on actual work which would produce not reports of engineers and technicians but some water upon the lands of Saskatchewan. There is of course now—I shall not use the word "excuse"—the reason that we are faced with defence expenditures which might preclude this sort of thing; but as I have said, progress must go on. We are not going to get out of these defence expenditures in the next three months, three years or ten years. In the meantime do hon. members not think that one of the best defences against anything which might happen is to make this country strong internally so that it might have food with which it might supply its own homes and the homes of its allies in other parts of the world?

I shall leave it at that, sir, with the plea that the minister and hon. members will all work to the end that that scheme so long planned, so long projected, so long a reason for hope on the part of the people of the western plains, will finally and soon be fulfilled.

Mr. Ferrie: Mr. Chairman, I should like on this occasion to say what has been in my mind for a long time. Some years ago at a municipal convention in Saskatoon I delivered a speech concerning the South Saskatchewan river project, and I should like to discuss the subject at greater length on this occasion.

In doing so may I direct the attention of hon. members to some facts. In Canada we have witnessed a concentration of what we have described as defence measures. People have been brought to the point where they think that defence is the only matter of importance. We have listened to speeches from hon. members on both sides of the house who have referred to economies that could be made, and it has been said that for the sake of defence every possible economy must be carried out.

My personal view is that in establishing this standard public thinking has gone a little too far. We realize that it is right and proper to defend our country, and that it is right and proper to have our people believe that they must sacrifice for the good of all. But it must be clearly understood that we cannot economize in agriculture, because to do so would be to economize on the very thing that will make our country strong.

There was an old saying that the army travels on its stomach, and I suggest that, whether it be in the east or in the west, the manufacturing industry is in the same position. The man who produces in eastern Canada travels on his stomach. Those of us in western Canada are not asking to have anything to do with war contracts. It is understood that we have out there a climate entirely satisfactory for flying. We enjoy many hours of daylight and of sunshine, which have enabled the Department of National Defence to establish airfields in western Canada. While I am not entirely satisfied with the location of those airfields, I am satisfied to have them in western Canada. That is our contribution, and that is what Canada is doing to reward us for our loss of war contracts.

The development on the South Saskatchewan river depends on the view taken of that

project by people in eastern Canada. We need money from the east to develop what we have in the west. I could talk for some considerable time about what I believe should be done in the far north. We have fought hard for a development in that area involving the area from Flin Flon up to Sherridon and Lynn Lake. The development in that area is just beginning.

To return to the development of the South Saskatchewan, I would point out that industry in eastern Canada enjoys protection, and that it supplies the west with goods. Between 1920 and 1948 we produced in western Canada over 12 billion bushels of wheat. Just think of that! We have sold that wheat on the markets of the world, and thus have given to the industries in eastern Canada a good standard of living.

Let me add that people in eastern Canada will not be hurt in any way by the development of the South Saskatchewan river. That dam will supply energy and water, and eventually will supply the people of eastern Canada with more money. It will not cost them anything, because it will pay for itself. All we are asking you to do is to develop this project, and to keep in mind what it will mean for the people of western Canada to have a lake about a hundred miles long. It makes very little difference, perhaps, to the people of the east, because they do not suffer from lack of water power. We have plenty of water, but it runs away, and we have no control over it. Our rains come at this time of the year, but the water flows away in torrents, down the Saskatchewan river, out into lake Winnipeg, up through the Nelson and out into Hudson bay. That water is lost.

All we ask is a chance to save it, to control it and to see if we cannot develop something worth while in that dry area. If that is done I am satisfied that we will have the benefits of cheap power, as it is enjoyed in eastern Canada. Out west it must be developed at the present time from coal and steam, and it becomes very costly. In my town it is generated by a diesel engine. I wonder if hon. members have any idea what the cost is. I will tell them that for light and power I pay twenty-seven cents per kilowatt.

We cannot continue on that basis. If it were not for the extra hours the farmers work we could not afford electricity. However, that is not the subject before us at the moment. I am trying to tell the people of eastern Canada we are not asking them to give us anything: we are asking them to put up the money and to begin work on the project, so that in future we can show that it has been worth while.

And it is worth while. I hope there is no one in the eastern part of Canada who will suggest that it is not worth while and should not be started. We need this development, and we enthusiastically support the control of that body of water. It is vital and necessary to Saskatchewan.

Mr. Harrison: Mr. Chairman, I should like to say a few words at this time. I have listened with considerable interest to what has been said by some of my colleagues and I rise really to support the very sensible observations made by the hon. member for Kindersley. I do not want to enlarge on this at this time, but the South Saskatchewan river development is a very vital project. As far as the riding of Meadow Lake is concerned, the results will be indirect as I am in somewhat the same position as the hon. member for Peace River. I think the hon. member for Peace River should be commended for looking on this as a national project. I think that is about all that requires to be said with regard to the South Saskatchewan development. It will benefit all of the province of Saskatchewan.

Mr. Low: All of Canada.

Mr. Harrison: That is just what I was going to say. Anything that benefits the province of Saskatchewan is going to add to the economy of the whole nation. I was interested in what the hon. member for Lake Centre said with regard to reopening negotiations under the world wheat agreement. I come from a wheat growing area and I am just as much interested in increased returns for the wheat farmer as anyone else. However, I think a matter of this kind should be gone into with some caution because when you reopen an agreement for re-negotiation it can be revised two ways, upward or downward.

Canada is not in a very commanding position as far as the revising of the world wheat agreement is concerned. On the average we have 200 million to 250 million bushels of wheat to dispose of annually on the world market and as such we are not in position to set the price. Some years ago the United States used to sow about 56 million acres to wheat, but in recent years the average has been from 75 million to 79 million acres. Their farmers have found it profitable to continue that production and the result is that annually they have a surplus in the neighbourhood of 500 million bushels of wheat.

The United States is able to sell 80 per cent of its grain on the home market and can thus set a domestic price. That price is set higher than the world price with the result that the 500 million bushels or the 20 per cent surplus is pretty well paid for by their own economy

and costs them virtually nothing. When you have something that costs you virtually nothing you are able to put it on the market at a very low price if you so desire. With a surplus of that kind they are able to say what the world price should be.

I think they have set the price pretty well at $1.80 and they are the people who will likely set the price if the agreement is re-negotiated. I do not think there is much chance of the price being revised downward, but it is a possibility. We are just a minor stockholder in this company, as it were, because we contribute only a small portion of the wheat. As I say, the United States has 500 million bushels of an exportable surplus, with a domestic economy that consumes 80 per cent of the total production. That creates a situation where they can set a domestic price and pay for the 100 per cent out of the 80 per cent sold domestically. They are then able to dispose of the 20 per cent surplus pretty much as they see fit and at any price they wish.

I do not have anything against what the hon. member for Lake Centre said. If it could be arranged, I think it would be a good thing. But I think we should hold in the back of our minds the realization that we might run into some trouble if we insisted on re-negotiation. If anything along this line is done I think it would be best to first have some private talks with the United States to see what their opinion would be and if they might cause us any trouble we would be better off not to ask for any re-negotiation of this world wheat agreement.

Mr. Wright: Mr. Chairman, I should like to say a few words with regard to the South Saskatchewan river dam and a few of the other problems facing agriculture today. I was glad to hear the hon. member for Meadow Lake and the hon. member for Mackenzie speak on this matter. Like myself, they represent constituencies which are not directly affected by the irrigation scheme on the South Saskatchewan river. We would benefit indirectly through the power development. My own constituency and that of Mackenzie would also benefit indirectly from the flood control that would result. In those two constituencies, as well as in Churchill constituency, there are large areas in the delta of the Saskatchewan and Carrot rivers which are flooded annually. If this flooding could be controlled, more land could be brought into cultivation for less money than we will have to spend on the South Saskatchewan river dam. The indirect benefits to agriculture in the central part of the province will be much greater probably than the benefits to the northeast section.

I had the opportunity last year to visit Idaho, Utah and Washington, returning home through Alberta. I was able to see many irrigation works in those areas and the changes brought about therefrom. The developments that have occurred in those areas as a result of irrigation are really astonishing. I am sure that every member from western Canada is one hundred per cent behind this development. I am sure also that the members from eastern Canada, realizing what it will mean to western Canada and indirectly to their own part of the country, will support this particular project.

We have talked about it for a long time. I know the Minister of Agriculture is behind it one hundred per cent. The difficulty seems to be to convince the treasury board and to get the necessary funds voted for the development. To many of us from western Canada it seems that it is easier to have money voted for projects in the east than it is to get the treasury board to pass similar votes that affect western Canada. That should be overcome. I am sure the eastern members will agree with us from western Canada that this development should be proceeded with at once, rather than two or five years from now. I understand from the report of the engineers that it will take at least seven years to complete this dam. It is to be a packed-earth dam which cannot be built in one or two years. It is a process that has to go on for from five to seven years before it can be completed. If we wait another two or three or four or five years before we start, that simply means it will be that much longer before we get any power. I believe $10 million is all that could be spent this year, and I do not think that would be missed from our budget. I believe this is something to which the government should give consideration, something the whole house should support, and I would like to hear from some of the eastern members with respect to it. I know they have heard a great deal about our problems in western Canada; I know they have a great many problems of their own here in the east, but I am convinced that this project should be commenced at this time.

I was surprised at some of the statements by the hon. member for Meadow Lake as to the difficulty in arranging any discussion of the world wheat agreement. I believe his reasoning was a bit wrong. Among other things the hon. member said he thought the United States was responsible for setting the ceiling of $1.80. I do not believe the United States was at all responsible for setting that ceiling. That was a negotiated ceiling, and naturally the consuming countries rather

than the producing countries were anxious to keep it as low as possible. It was only after long negotiations that the final price for floors and ceilings was fixed under the agreement. The hon. member suggested that we were rather a small toad in the puddle. As a matter of fact that is not so; we deliver more wheat than any other country under that agreement. Anyone who has studied the agreement understands that 1,000 votes are given the consuming countries and 1,000 are given the producing countries. The number of votes given a country is based upon its deliveries under the agreement, or in the case of the consuming countries upon the amount bought by them. Of the 1,000 votes given the producing countries Canada has 445, so it will be seen that we represent the largest single block of votes among the producers.

I believe this matter should be given serious consideration at this time. As a matter of fact I believe the wheat board should be placed under the Department of Agriculture. It is now many years since wheat was placed under the Department of Trade and Commerce. At that time wheat was probably our most important exportable product; certainly it was a very important item in our export trade. It is still an important item, but it does not have the significance it had at that time. Today our exports of wood products, pulp and paper, minerals and so on have greatly increased, so wheat does not have the same importance in our external trade that it had when it was placed under the Department of Trade and Commerce. Today the wheat board handles not only wheat but coarse grains as well. In those coarse grains they handle the product which eventually determines the production of dairy and meat products in Canada, since that production cannot take place unless you first produce the coarse grains which enter into those commodities. It seems to me that if the Department of Agriculture is to have the control it should have over our agricultural industry so we can have a balanced agricultural program for Canada, the department should have control of the marketing of wheat and coarse grains.

Earlier this session I suggested that the wheat board should be enlarged. Two years ago we passed an amendment to the wheat board act which would permit the appointment of two additional members, making a board of five. When I mentioned the matter earlier this session the Minister of Trade and Commerce stated he was prepared to appoint additional members if he could find suitable men who would work harmoniously with those already on the board and who had the ability to do the job that would be expected of them. The minister asked if I could suggest any men who would be suitable for these positions. Well, it is not my place to make such suggestions, but since that time I have consulted several farm organizations who have told me they know of men who would be suitable for appointment, so I think the number of members of the board should be increased. In appointing new members I believe two points should be taken into consideration. In the three present members of the board we have men who thoroughly understand the selling of our grain. That has been their business; they have been at it for twenty-five or thirty years; they have come up through the various grain organizations, and they understand that part of the board's work. But in the handling and selling of coarse grains it seems to me we should have on the board someone who has a broader view of the whole agricultural industry of this country. I would suggest that in making these two additional appointments one man at least should be a livestock producer from western Canada or a man from one of our western universities who understands the wider aspects of agriculture rather than just the selling of our grains. In the other appointment I think we would be well advised to consider someone from the east who understands the livestock situation and knows something about the distribution of feed grains in this part of the country. Then we as producers and sellers of grain in western Canada would have on the board a representative of those who consume the greater portion of our products, who would be able to give advice on the best methods of keeping our eastern markets. It seems to me that in this way we would have a more effective board and would be better able to handle our coarse grains.

Earlier this session I made a suggestion in reference to the handling of coarse grains, which at present are sold on the Winnipeg grain exchange to the extent of about 75 per cent of the total. I have the figures in a return of February 9, giving the number of bushels sold in that way. I have placed them on record before, so I need not repeat them today, but they show that 75 per cent of our coarse grains are sold through the grain exchange at the present time, with the other 25 per cent being sold by the board direct to the consumer. I am convinced that if we are to maintain our market for coarse grains in eastern Canada we must find some more direct method than selling through the Winnipeg grain exchange. I believe we should move our coarse grains to the east while they are still under the control of the wheat board, using government facilities in eastern Canada

for the storage of the grain and establishing direct sales agencies which would deal with the eastern consumers. It seems to me that is the only way we are going to be able to maintain and develop our market for coarse grains in eastern Canada, and for that reason I am convinced that we should have a representative from eastern Canada on the wheat board, together with another agricultural man who would understand the relationship between the price of coarse grains and the price of livestock. In that way we could maintain a better balance and could get back into the production of livestock in both west and east.

If you are to build up a livestock industry, there must be a reasonable relationship between the price of coarse grains and the price of livestock. It seems to me that we need more co-operation between the east and the west, between the livestock producer and the grain man in Canada today, if we are to get back to a reasonably balanced type of agriculture. I am convinced that it could be done through our wheat board if we enlarged the number on that board to include representatives from other sections of agriculture than the producers and sellers of grain. I hope the minister will give some consideration to this matter of placing the wheat board under the control of the Department of Agriculture rather than the Department of Trade and Commerce.

For a great many years we did not have agricultural legislation in this country which permitted the producers to set up the necessary marketing boards to market their products. Under the British North America Act agriculture is in a dual position. It is partly under the control of the province, and partly under the control of the dominion. As a result of this there was a great deal of what army people term "passing the buck" so far as agricultural legislation was concerned. In the last fifteen years we have gotten away from that a bit, so that today we have on the statute books four major acts dealing with agriculture. First, there is the wheat board act, passed in 1935 by the Bennett government and since amended many times. It is doing a reasonably good job in the marketing of wheat. As I said, there are still some improvements that could be made to it.

The second major piece of legislation which we have concerning the marketing of agricultural products is the Agricultural Products Co-operative Marketing Act of 1939, and the Wheat Co-operative Marketing Act of 1939. Then we have the Agricultural Prices Support Act of 1944, and the Agricultural Products Marketing Act of 1949. Those are the four major acts dealing with agriculture which we now have. You will notice one thing that is common to them all, and that is that they were all passed in a year before an election. When they were passed many fine promises were made as to what their effect upon agriculture would be. Some of them have had the desired effect, and some have not.

The Agricultural Products Co-operative Marketing Act passed in 1939 was an act for the marketing of agricultural products through co-operative organizations. Under that act the dominion government will guarantee an initial payment up to eighty per cent of the average price for the three years previous on a product which is being marketed by a co-operative organization. There have been quite a number of co-operative organizations selling agricultural products under that act. Since the act was put into force there has only been one occasion that I know of when the dominion government became liable for a payment under that guarantee. I believe in 1947 a guarantee was made to the silver fox producers in Canada, and there was a deficit under that operation. It seems that not only the co-operatives handling fox pelts were guaranteed, but a lot of other organizations were apparently able to come under the act. Even the Hudson's Bay Company was able to qualify for a payment of several thousand dollars on fox pelts marketed by the company. I believe the original intention was that the act should deal only with co-operatives, but it was certainly extended on that occasion. The act is a good one. It permits orderly marketing by co-operative organizations by reason of the dominion government guaranteeing their bank loans for the initial payment up to eighty per cent of the average price over the past three years.

As a matter of fact, floor prices could be placed under agricultural products through the operation of this act. The act has never been used for that purpose. In no case of which I am aware—perhaps the Minister of Agriculture can correct me—has an initial payment been guaranteed up to eighty per cent of the average price for the last three years. As I say, there may be cases in which that has been done. I do not know whether the co-operatives have ever asked for a guarantee as high as that.

Mr. Gardiner: It is a matter of negotiation, and, as has been said, I do not believe there has been any case where the guarantee has been as high as eighty per cent. The act provides for eighty per cent, but it is usually around sixty per cent.

Mr. Wright: That was my understanding, that it was usually around sixty per cent.

The act could be used, however, if there was a disastrous drop in the price of any particular agricultural product which was being marketed by a co-operative, such as the alfalfa produced in northern Saskatchewan. I believe those producers are using this act since their incorporation.

The third act which was passed was the Agricultural Prices Support Act of 1944. When that act was passed it was to support agricultural prices during the transition from war to peace. As hon. members will recall, the act was renewed from year to year until last year it was made permanent legislation. Again this is a good act, but it has its limitations. When the minister introduced the act, he gave us to understand that it would be used to support agricultural prices at a level which would equal the cost of production in this country, plus a reasonable return for any sacrifices which the farmers had made during the first two or three years of war, during which time everyone recognized that agricultural prices were below the cost of production. Unfortunately that formula, if it was a formula, has not been used, and year after year agricultural organizations from eastern and western Canada have been asking the government to have some formula in the act which would indicate the floor to which the price for any agricultural product may fall. I believe the government should give consideration to placing some formula in the act.

Today we are operating alongside the United States, and this government has indicated that it believes our prices must be allowed to find their level somewhere near the level of prices in the United States. But we find that the farmers in the United States have floor prices under a great many of their products, in particular their major products. In the matter of wheat, for instance, the United States floor price is in the neighbourhood of $2 per bushel, and the price has been consistently above that. The Canadian floor price as announced by the minister, or the initial payment—I am not going to argue with the minister over terms—is today $1.40 for our coming crop. Now, that is a difference of 60 cents per bushel. Yet I believe our production costs in Canada are as high as the production costs in the United States, with the exception of the cost of land. So far as farm machinery and other production costs are concerned our costs are as high, and yet we find our floor price is 60 cents below the floor price in the United States.

It is the same with many other agricultural products. If we are to have legislation which is to be effective, which is to mean anything to our industry in this country, I think we should have a formula under our Agricultural Prices Support Act so that agriculture in this country would feel secure in going ahead and expanding production. To my mind that is the main reason why we are not getting the expanded production that we might expect in meat products at this time when prices are high. I believe that the main factor is the fact that the average farmer does not feel secure in starting in to build up a herd, at present prices. Unless he has some guarantee in the form of some formula in our price support legislation, which will justify him in going ahead and expanding his production, I am afraid we shall continue to produce at the level at which we are now producing, and probably at an even lower level than we have at the present time. Under present conditions large shipments of our breeding stock are going to the United States. That situation will continue, and we shall find our herds decreasing in this country unless there is some security, some guarantee to the producer that if he goes into production he can expect these prices to be reasonable over a period of years.

The other piece of legislation which we have on our statute books is the Agricultural Products Marketing Act which we passed in 1949. Here again we have a good piece of legislation if it has authority and if it will do the things which the Minister of Agriculture indicated to the house might be accomplished under it when the act was passed.

Hon. members will recall that back in 1934 we had an agricultural products marketing act passed by the Bennett government at that time but which was found to be ultra vires and was discarded. This time we have started from a different angle; and the minister indicated to the house that, having obtained the view of the law officers of the crown, he believed our present act would do for us the job that it is supposed to do. There is, however, still a great deal of doubt with regard to the legality of the act if it is extended to set up central selling agencies wherein two or more provinces will get together to market their products in interprovincial and export trade. I do not suppose that we shall know definitely whether that act is legal or not until an actual case has been tried. But we have never had from the government any assurance that I know of to the effect that if such action is taken to prove the act to be ultra vires, if and when it is operated by two or more provinces, the government will see that the act is amended or that the necessary amendments are made

to our constitution in order to make the act do the job that it was intended to do; and until the government will come forward and give some definite assurance that it is their intention to stand behind this act and that, if it is not legal in its present form—if central selling agencies are set up by various provinces in order to market their products in interprovincial and export trade, and if a test case is taken and it is found that the act is not legal—that it will stand behind the organizations and see that the necessary amendments are made to the act or that the necessary amendments are made to our constitution to see that the act is operative.

These are a few of the things that are facing our agricultural producers today. Various members who have spoken have indicated that the agricultural income during the last year has fallen in Canada by something over $200 million. In the province of Saskatchewan alone—owing, as other hon. members have stated, partly to weather conditions and partly to the fact that our crop was not all marketed last year—the drop in income this year has been approximately $160 million. On the other side of the picture the increase in our cost of production has been approximately $50 million in that province; it is more than that across the dominion. Those are serious problems for the man who is doing the work and producing the food. I feel that some consideration should be given to them and that certain amendments to this legislation which I have indicated should be brought before this house either at this session of parliament or at the next one.

Mr. Hatfield: Mr. Chairman, I agree one hundred per cent with the hon. member who has just taken his seat. Some of the members from the west say that they cannot sell the South Saskatchewan river project to the eastern members and to treasury board. I have been in this house for eleven years and I have never heard a member from eastern Canada oppose any irrigation project for western Canada. I think that any worthwhile legislation will be supported by members from eastern Canada.

I should like to get out of the west for a few minutes and get down to a section that is farther east than the one which hon. members have been talking about, namely the maritime provinces.

Mr. Knowles: Potatoes.

Mr. Hatfield: I consider that we have not received fair treatment in the maritime provinces. I know that we have not received fair treatment in regard to the production of potatoes in the two provinces of New Brunswick and Prince Edward Island. We have a plan down there. We have had one for the last two months. It is working out and giving good results. But the farmers down there who are now planting the crop, or have practically finished doing so, do not know what is going to come out of that plan. They know that some arrangement was made by the New Brunswick and the Prince Edward Island marketing boards with the Department of Agriculture in the two provinces and the department at Ottawa whereby an arrangement was made under the co-operative marketing act of 1939. I understand that a producer's initial payment of $1.20 per barrel or 44 cents a bushel was set up. But I have never been able to find out whether or not that is correct. What I should like to know is this with regard to the potato growers of those two provinces who sold their potatoes last fall at the ridiculously low price of 60 cents a barrel, the farmers that were forced to sell. They were mainly veterans who returned from the war and took up farms under the Veterans Land Act and who could not hold their potatoes until spring, or until the last two months. I should like to know whether they are going to receive an initial payment of $1.20 a barrel. That is what I should like the minister to tell the house when he makes his statement.

I should like to see fair treatment clear across Canada for the primary producers of Canada. I will favour that as long as I am in the house. I should like to see fair treatment for all farmers. The United States have given great support prices for agriculture. I think they went too far in the United States. However, when in 1949 they paid out sums such as $822 million for cotton, $767 million for corn, $750 million for wheat, $241 million for flaxseed and linseed and $170 million for peanuts, I think they went too far in the United States. We received no such treatment in Canada. When the prices support act was introduced in 1944 we expected to get fair treatment. I do not think that act has been enforced as the minister explained to us it would be when he introduced it in parliament. I am sure we have not had fair support under it.

I understand that the minister hopes to have the crop of potatoes in the two maritime provinces which is now being planted under the co-operative marketing act. I understand that a plan is to be worked out with the marketing boards of the two provinces to deal with the crop now being planted. A few weeks ago the minister told me that he hoped to have this done. I understand that under the present act the initial payment has to be set in the spring of the year when the crop is planted. It is similar to the way wheat is dealt with. The initial price for

wheat grown in western Canada was announced in this house a few weeks ago. I have heard nothing about potatoes since the starch program was set up some time ago. I believe that some potatoes were shipped apart from the starch program, I suppose under the co-operative marketing act. When the minister speaks I want him to tell the house just where we in New Brunswick and Prince Edward Island stand in regard to the 1950 and 1951 crop of potatoes.

Mr. Sinnott: What about the rest of Canada?

Mr. Hatfield: You look after yourselves. All that I have heard in the eleven years that I have been here is about western Canada, and that is all I have heard since this item came up. If you cannot talk of wheat you talk of water. You must have more than water out there. What we want is fair treatment.

Mr. Sinnott: That is all we are looking for.

Mr. Hatfield: We are willing to support the west in getting fair treatment. Fair treatment should be given to every primary producer, because if you force the farmers off the farms—and they have been going off the farms by hundreds weekly down in the maritime provinces and coming to Ontario and Quebec—I do not know what you are going to do for food, because food does not come out of the kitchen. It is not manufactured in the kitchen. I takes a lot of work to produce food. If you are going to bring all the farmers off the farms and into the factories of the two central provinces, I do not know where you are going to get your food.

The plan which has been in effect in the last two months has been a wonderful help to the two maritime provinces. The price of $1.20 a barrel in New Brunswick and 44 cents a bushel in Prince Edward Island does not give them the cost of production. However, it is better than the price of 60 cents a barrel and 20 cents a bushel, and they are thankful for it. But I should like to see some help given to the farmers who were forced to sell their potatoes for practically nothing last fall. They should have the same price as the grower who is able to hold his potatoes until spring. These people were not able to hold their potatoes. They had not the storage; they had not the finances to hold their potatoes until spring. Therefore they had to sell them for very much less than the cost of production. I hope the minister will make a statement on this matter and tell us where we stand in these two provinces.

Mr. Fair: I want to thank the hon. member for Victoria-Carleton who has just taken his seat for the co-operation he has offered on behalf of the eastern members when we come here seeking a square deal for our own farmers all across Canada.

I feel that the farming industry has been neglected far too much in the past. The importance of this industry is not recognized by those in office. Until that is done we will not have a prosperous Canada, which it is possible to have if proper policies are pursued.

I am sorry to see at this time that the estimates of the Department of Agriculture have been slashed by something like 35 per cent. In my opinion that is not good business at this time. We have been told that we must devote all our energies to defence, but I think we should also point out that the people of this country, and the people in other countries with whom we are allied, must have food, and lots of it. And that has been proven—

Mr. Fournier (Hull): Mr. Chairman, with the hon. member's permission may I say this? We will have to go to the other place in a few minutes and we must have Mr. Speaker in the chair. Would the hon. member mind if I moved that we report progress and ask leave to sit again this day?

Item stands.

Progress reported.

CONSUMER CREDIT

CONDITIONAL SALE CONTRACTS AND ENFORCEMENT PROVISION—AMENDMENT OF ACT OF 1950-51—CONCURRENCE IN SENATE AMENDMENTS

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. 195, to amend the Consumer Credit (Temporary Provisions) Act.

Mr. Knowles: By leave. What is the amendment?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): The third section of the bill provided that where it was suspected that there had been an infraction of the regulations an official of the department could take the books in question and hold them up to ninety days. Members of the Senate felt that, although this is the same provision as is found in the Income Tax Act and the Foreign Exchange Control Act, the period was too long, so far as merchants were concerned, and they cut it back to thirty days. Our department feels that if we take photostats of the documents it will be possible to observe that thirty-day rule. Therefore we have accepted the amendment.

Motion agreed to, amendment read the second time and concurred in.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in His Majesty's name, the royal assent to the following bills:

An act for the relief of Eileen McDermott McRandall.

An act for the relief of Laurice Mary Michel Shatilla.

An act for the relief of Mihaly Kovacs.

An act for the relief of Rebecca Glicofsky Brown.

An act for the relief of Selma Rokowsky Kirzner.

An act for the relief of Ferdinand Langlois.

An act for the relief of Violet Edith Macdonald Harris.

An act for the relief of Francoise Brunet Crassowski.

An act for the relief of Emily Rita Rowlands Simpson.

An act for the relief of Ivy Lucas Levitt.

An act for the relief of Marguerite Marie Rita Fournier Cook.

An act for the relief of Paul Emile Piuze.

An act for the relief of Antonio Romeo.

An act for the relief of James Edward Thomas.

An act for the relief of Mary Louise Webster Hunt.

An act for the relief of Marie Blanche Amilda Lessard Duplessis.

An act for the relief of Anne Fineman Segal.

An act for the relief of Ida Weinstein Yaphe.

An act for the relief of Shirley Titleman Rodin.

An act for the relief of Yvette Ernestine Gagnon Lyons.

An act for the relief of Rose Pakidailo Greenberg.

An act for the relief of Marie Jeanne Dragon Bigaouette.

An act for the relief of Olive Marguerite Cann Nichol.

An act for the relief of Abraham Tarontchick, otherwise known as Abraham Turner.

An act for the relief of Mabel Caroline Lay Redburn McCormick.

An act for the relief of Jack Harold Frederick Grater.

An act for the relief of Kathleen Merle McCullough McCallum.

An act for the relief of Mary Margaret Urquhart Cuthbert Gilman.

An act for the relief of Margaret Isabel Ward Green.

An act for the relief of Rejeanne Laliberte Tinker.

An act for the relief of Frederick John Pratt.

An act for the relief of Arthur Frederick Albin Turner.

An act for the relief of Maria Silvaggio Mazzalongo.

An act for the relief of Jacqueline Yvonne Suzanne Stucker Grant.

An act for the relief of Ethelbert Deniston Joseph Bartholomew.

An act for the relief of Ivy Elizabeth Whitehead Simpson.

An act for the relief of Evelyn Elizabeth Hulbig Wilks.

An act for the relief of Margaret Cameron Williams.

An act for the relief of Rose Pap Bernstein.

An act for the relief of Albert William Stone.

An act for the relief of Yvette Barnaby Shang.

An act for the relief of Minnie Engle Fitleberg.

An act for the relief of Carol Elizabeth Chute Levesque.

An act for the relief of Lillian Cohen Turner.

An act for the relief of Georgina Catherine Christie Savage.

An act for the relief of Irene Bourgeau Morin.

An act for the relief of Anne Cohen Bialer.

An act for the relief of Josephine Gibson Clark Mayou.

An act for the relief of Henry John Lawrence.

An act for the relief of Grace Shirley Kraminsky Levy.

An act for the relief of Bella Rashkin Deutsch.

An act for the relief of Gladys Eliza Cartwright Jones.

An act for the relief of Grace Helen Potts Worall.

An act for the relief of Hortense Marie Therese Loiese Neveu.

An act for the relief of Eileen Florence Alma Hinton Johnson.

An act for the relief of Ritchie Leslie McEwen.

An act for the relief of Catherine Marie Littlefield Stirling.

An act for the relief of Marie Rose Vachon Orr.

An act for the relief of Viola Rupert Moran.

An act of rthe relief of Philip Rosen.

An act for the relief of Leah Berniker Berger.

An act for the relief of Betty Suffrin Sher.

An act for the relief of Muriel Violet Marcella Barkas Sauve.

An act for the relief of Lois Christine Flemming Foster.

An act for the relief of Joseph Napoleon Romeo Moisan.

An act for the relief of Catherine Veronica Joynt Bragdon.

An act for the relief of Sarah Alice Thompson Getzler.

An act for the relief of Grace Anderson Hallam.

An act for the relief of Edna May Walker Green.

An act for the relief of Donald George Story.

An act to incorporate the Hutterian Brethren Church.

An act to amend the Migratory Birds Convention Act.

An act to amend the Radio Act, 1938.

An act to amend the Export and Import Permits Act.

An act respecting the construction and maintenance of a bridge over the St. Lawrence river at or near the town of Valleyfield, in the province of Quebec.

An act to amend the Canadian Citizenship Act.

An act respecting the Canadian Legion of the British Empire Service League.

An act to incorporate the Mercantile and General Reinsurance Company of Canada Limited.

An act to incorporate Canadian-Montana Pipe Line Company.

An act respecting the appointment of auditors for national railways.

An act respecting a certain patent application of George R. Hanks.

An act to incorporate the Ukrainian Catholic Episcopal Corporation of Western Canada.

An act respecting the Ruthenian Greek Catholic Episcopal Corporation of Canada.

An act to amend the Northwest Territories Act.

An act to amend the Yukon Act.

An act respecting the Hamilton harbour commissioners.

An act respecting Laurier house.

An act respecting Kingsmere park.

An act to amend the Government Employees Compensation Act, 1947.

An act to incorporate the Ukrainian Catholic Episcopal Corporation of Eastern Canada.

An act to amend the Canadian Commercial Corporation Act.

An act to amend the Canadian and British Insurance Companies Act, 1932.

An act to amend the Consumer Credit (Temporary Provisions) Act.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1952.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

DEFENCE CONFERENCE

MEETING OF COMMONWEALTH MINISTERS—ANNOUNCEMENT OF CANADIAN REPRESENTATION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, may I ask you, by leave of the house, to revert to motions so that I may make a brief announcement that is to appear in the London papers tomorrow morning.

Some hon. Members: Agreed.

Mr. St. Laurent: The government of the United Kingdom has today issued the following announcement, but with the restriction that it is not to appear in the newspapers until tomorrow morning. Those newspapers will be published within a few hours after the time I make the announcement here. The announcement is as follows:

It has been agreed to hold a conference of defence ministers from the United Kingdom, Australia, New Zealand, South Africa, and Southern Rhodesia. The ministers have decided that London will be a convenient meeting place and the conference will open there on June 21. It will consider certain defence problems arising in regions of common concern to these countries including the Middle East and also consequential questions of equipment and training which are of mutual interest to them. Canada will be represented at the conference by an observer.

That is the end of the announcement to be made in London. The desirability of holding such a conference was discussed on the occasion of the meeting of commonwealth prime ministers in London last January. It was then the feeling of the governments of the United Kingdom, Australia, New Zealand, South Africa and Southern Rhodesia that it would be helpful to hold a conference of the defence ministers of those countries to consider problems arising in regions of special concern to them, including the Middle East.

Canada has, of course, special and direct defence responsibilities in the north Atlantic region. Our interests in the regional defence problems which will be under discussion at the forthcoming conference are less direct than those of the other commonwealth countries which will be represented there. The government has accordingly decided that it would be appropriate to be represented at the conference by a civilian and a military observer. Our position in this respect is fully appreciated by other commonwealth governments concerned.

SUPPLY

The house resumed in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $336,942.

Mr. Fair: Mr. Chairman, when the committee rose before six o'clock I was pointing out the importance of agriculture to all Canadians, and was thanking the hon. member for Victoria-Carleton for his co-operation in seeing that agriculture got a square deal. I pointed out also that some members are giving practically all their support to the defence program, but without food the defence program would not be very far-reaching. For that reason I feel that agriculture is of great importance to this country. I was about to quote the figures in the estimates for agriculture for the fiscal year 1950-51 and for the present fiscal year. The agricultural estimates were $81,805,497 for the fiscal year 1950-51, whereas for the present fiscal year they amount to $53,131,838. There is a decrease of $28,673,659, or approximately thirty-five per cent. I am not feeling happy about this decrease in a department as important as agriculture.

During the afternoon we heard speakers from the various parties deal with the question of irrigation. Many good recommendations were made, to which I want to add my support. I do not feel it is necessary to reply to the different arguments, but even though the irrigation projects are not in my constituency I feel that they are of interest to Canada as a whole. Realizing that we cannot deal with our own particular district, I feel we should give all support to these programs because they are of benefit to the country as a whole. The Prairie Farm Assistance Act was mentioned by the hon. member for Peace River. On another occasion, I believe May 1, he gave

some particulars as to the effect of this act on farmers in his part of the country. The minister could see some flaws in this legislation, and brought in amendments to remove certain injustices. While I was a member of the agricultural committee which dealt with those amendments, I did not foresee the difficulties which exist in the Peace River district now. I do not believe the Minister of Agriculture foresaw them either, because whenever flaws in the legislation were pointed out to him he did not waste time in having them remedied. The particular reason for bringing in the amendments at that time was to prevent settling on marginal land. I feel that there is a new problem in the Peace River country, but I have no doubt that the minister will give further consideration to it before this session is completed, and bring in the necessary amendments to rectify the injustices which exist in that section of the country. This act is man-made, and I do not see any reason why we cannot pass some amendments to make it more effective in the interests of agriculture in all parts of the country.

The question of the international wheat agreement has also been dealt with. We find quite a lot of dissatisfaction throughout the country, particularly in the western provinces, because the Ontario wheat growers did not come under the international wheat agreement. There have been quite a few complaints around my part of the country about that, but I am not going to discuss it because the Ontario farmers grow a different grade of wheat which is useful for different purposes. So far as the international wheat agreement affects us, I feel that there are injustices in that agreement that should be rectified. It is not my intention to go into it in detail, but I feel that, if the recommendation of the hon. member for Acadia had been implemented at the time this agreement was first discussed in the house, we would not have had the present injustices. I expect many people are not aware that class II wheat is now being sold by the wheat board for nearly 40 cents per bushel more than the wheat that is being delivered under the international wheat agreement. I feel that that loss, in addition to the many million dollars that have been lost under another agreement just concluded, is a little too much for the prairie wheat growers to take without complaint.

The suggestion made by the member for Acadia was to the effect that the price of wheat should be tied to the price of other commodities in the countries where our wheat was sold. When the prices of other commodities went up or down, then the price of wheat would follow. This provision would give everyone a square deal, and that is all we are requesting for our farmers both east and west. As the agreement stands now, provision is made for a decrease of ten cents per bushel per year without any consideration whatever being given to the rapidly rising cost of production. But as matters stand at the present time, it looks as though the costs are going to increase while the price of our product will decrease as time goes on. As I have stated already, we are losing close to 40 cents a bushel on every bushel sold under the international wheat agreement at the present time, as compared with the price of class II wheat. That is too much for the farmers to be asked to lose. No compensation whatever, of course, is provided for. In spite of the champions of the grain exchange inside and outside the house, I am still firmly convinced that the wheat board system of marketing our grain is the one and only system that will give the farmers anything like a square deal. We had experience with the grain exchange many years ago; and if it is a good system for the sale of our wheat and other grains, why do not manufacturers and other producers take advantage of that system? Perhaps you would have the price of cars, lumber and household goods away down in line with agricultural prices today. If that were the case, I do not think you would have much complaint coming from the farmers of this country.

We find that some people who should know better—including some of the great self styled champions of the west who came here on the strength of the farmers' vote—even at the present time are going out and preaching against the wheat board, against international agreements and in favour of the Winnipeg grain exchange which has been rightfully described as one of the legalized gambling dens of the country. I am just as firm in my opinion today as I have ever been that the gambling den should be put out of existence.

Earlier this session I suggested that the marketing of our grain should be taken out of the Department of Trade and Commerce and placed under the Department of Agriculture. I admit immediately that the Minister of Trade and Commerce is an extremely efficient man in his own line. But when you put him in a wheat field or a potato patch. I think he is entirely out of place. Perhaps the settlement of that agreement just about a year ago now is some of the best evidence we can get to back up the statement I have just made. The Minister of Agriculture has farmed, has worked among farmers and knows his department and the intricacies of production and marketing as well as, or perhaps better than, most other hon. members

of the House of Commons. I think that the growers of grain and other products should have the advantage of the experience of the Minister of Agriculture.

We are devoting a great deal of our time and our money to producing more and better food. But if government policy and government administration is going to give that food away without proper compensation to the farmer, why should the farmer continue to boost his production and improve the grade of the things he is producing? Even at the present time, while many hon. members are still commenting on the alleged raid made on the treasury by the farmers of the prairie provinces, we must realize that the consumers all over Canada—including the members of the House of Commons—are eating bread that is subsidized by the wheat growers of the prairie provinces to the extent of almost 40 cents a bushel. While many of them are well fed on that subsidized bread, we still have them coming here and complaining about the alleged raid made on the federal treasury by the farmers. But even after that crumb that fell from the rich man's table was paid to the farmer, let it not be forgotten that over a four-year period, from 1945 to 1949, the wheat growers are still in the red to the extent of approximately $450 million on that deal, taking in the British wheat agreement and the subsidizing of the Canadian consumers. I therefore feel that a little bit more consideration should be given to our agricultural population.

In case there should be anyone who thinks we are being properly treated, I should like to ask this question and to receive an answer: Is there any other occupational group in this country which is treated in the same way. We do not have any cost plus system in figuring out the price of our farm produce; and when we come to examine the financial statement of many of our farmers, we do not have the large amounts that have been cited here in this chamber recently in connection with corporation profits.

We have been criticized here for rising and advocating a better deal for agriculture. In my opinion—and I believe the same opinion was expressed by the Minister of Agriculture some few years ago—we do not have nearly enough representatives of agriculture standing up for the rights of the farmer in the House of Commons. On this occasion when agriculture is being discussed, I should like to see members from the Atlantic to the Pacific stand up for the rights of the farmer; because when you have a prosperous agriculture, then you have guaranteed employment for labour, organized and unorganized, and for all other industries within the country. I feel that the time is long past when agriculture should have been brought up to the same level as other industries within the country. I believe the Prime Minister realizes the need for that step also because, speaking in southern Ontario only a couple of months ago, he raised that question; and it has been cited in the house here on one other occasion. I am not going to deal with it further tonight.

When it comes to fighting wars, where do you go to get your help for the factories? Where do you go to get your best fighting men in all services? You go to the farms of Canada. As proof that conditions on the farm are not what they should be, we find statistics showing that over 80,000 farm workers left the farm and moved to the city during the past calendar year. If that is not sufficient proof, then I think people ought to get around and see conditions as they are, not sit around here and listen to some of the old stories that have been told for years in connection with farmers and their business.

Since coming to the House of Commons I have been pleading, as my colleagues have been, for parity prices for agriculture. If we have that situation, I believe we shall have a much more prosperous, contented and united Canada than we have at the present time.

Mr. Argue: Before this item passes, Mr. Chairman, I should like to take this opportunity to comment briefly on some remarks that have been made during this afternoon and evening with respect to the general condition of agriculture at this time. I believe that the farmers throughout Canada are looking to the government for action to enable them to lead a secure life, under conditions that will allow a reasonable standard of living. As has already been said a number of times today, the farmers are not asking for handouts. They are not asking for the highest prices the traffic will bear. What they ask for is some reasonable stability in their prices and in their costs of production.

So far as we in western Canada are concerned, in order to have a more stabilized agriculture one of our primary needs is to have a proper scheme of crop insurance. For that reason we in the C.C.F. have always supported the Prairie Farm Assistance Act, and we have always fought for its extension and its improvement at every opportunity. I must say that since this act was first passed in 1939 certain improvements have been made; but last year an amendment was brought down in this house which meant that farmers who once had received prairie farm assistance, and who once were eligible for it, were deprived of its benefits. I hope the time is not far distant, although I might

add there is no indication that it will be soon, when this government will take steps to increase the benefits payable under that act. The maximum benefits are $2.50 an acre on half of the cultivated acreage, and these benefits first applied under the original act over ten years ago. In spite of the fact that the costs of production have doubled or trebled since that time, there has been no upward revision of the benefits under the act. However, at times amendments have been brought in which have reduced the area in which the benefits might be paid until a far greater percentage of the farmers who do have a crop failure are eligible for the bonus.

I was interested in the remarks of the hon. member for Peace River this afternoon. I agree with him that the amendments last year which have deprived certain farmers of the benefits of that act without any rhyme were a backward step and are working a hardship on a great many farms, particularly in Alberta. Although a great many of the farmers, because of that amendment, are not allowed to receive the benefits of the prairie farm assistance, nevertheless they are forced to pay into the fund one per cent, year in and year out.

When any person or any group of persons is obliged by law to pay premiums into a certain fund, they should not be deprived of benefits. I should like to point out to the hon. member for Peace River that last year in the agriculture committee I moved a motion asking that that backward step, which would deprive thousands of farmers of the bonus, be not taken. Even though I moved that motion I did not have the pleasure of the support, on the vote of the members in that committee, of the Social Credit party. I believe that the leader of the Social Credit group now believes that these amendments were unjust, and I am sure that the members of the agriculture committee from his group will agree with him, although, as I say, last year, when I attempted to take out of those amendments the retroactive feature, I was not fortunate enough to receive support from the members of the Social Credit group on the committee.

As I have said, the Prairie Farm Assistance Act has been of considerable benefit, but certain definite amendments should be made to that act, and should be made immediately. The maximum benefit of $500 now will buy only half or one-third the amount of goods that it would buy in 1939. The farmer who has two or three crop failures in a row, and is dependent upon the $200, $300, $400 or $500 he receives from the Prairie Farm Assistance Act, is certainly not going to be able to continue in the business of farming and maintain his family in decency. The amendments moved last year were absolutely unfair and uncalled for. They provided that, with certain exemptions, lands disposed of by His Majesty after the 31st day of December, 1940, would be no longer eligible for the bonus. As I said in the committee at that time and in the house during the last session, I would have no objection at any time if the government would bring in amendments so that submarginal land properly defined would no longer be eligible for benefits provided that of course some other steps were taken to take care of the people who might be involved. But certainly arbitrary amendments to the Prairie Farm Assistance Act, such as we had last year, depriving people of benefits that they had enjoyed for over ten years, while forcing them to pay a premium into that fund year in and year out, are grossly unfair and should be corrected at an early date.

I agree with those who this afternoon pressed upon the government the need for doing something to revise the present ceiling prices in the international wheat agreement. I might say that I believe I was the first member who raised the question in the house, when on May 16 I asked the Minister of Trade and Commerce whether he would not consider getting in touch with the other nations signing the agreement to see if an upward revision of prices might not be negotiated. At that time the Minister of Trade and Commerce threw up his hands and suggested that he was not going to scuttle the agreement, inferring that I was suggesting that such a thing should be done. Mr. Chairman, there was no such suggestion from me or from anyone else that Canada should in any way abrogate the present international wheat agreement.

The only suggestion that we made was that in view of the terrific increase in the cost of production, our government, on behalf of the farmers, should suggest to the other signatories to that agreement that some upward revision in the ceiling price should be made.

It has been suggested in this house that Canada is a pretty unimportant member of the international wheat agreement, but I would point out that of the 1,000 votes held by exporting countries under that agreement Canada holds 445. We certainly are an important country in that agreement, second in the exporting field only to the United States. Our quota is some 221 million bushels; the United States quota is 248 million bushels.

As has already been said, the United States government is subsidizing every bushel of United States wheat that is sold under the international wheat agreement. The United Grain Growers estimate that the subsidy the United States is paying will cost approximately $100 million. I am sure their government would be happy to take any practicable steps which might result in an upward revision of the ceilings, and consequently a reduction of the subsidy that the United States government is now paying. I want to point out, too—I do not think this can be pointed out too strongly—that the United States government subsidy on wheat being sold under the international wheat agreement has resulted in a satisfactory price for wheat to the United States farmer. The American public is paying as much for its wheat as any other country in the world, including even those countries outside the international wheat agreement. But the situation in Canada is entirely different.

Not only will this government not guarantee the farmers of Canada a parity price, but they are disposing of Canadian farmers' wheat to Canadian consumers at 38 cents a bushel less than class II wheat.

I suggest the government should establish a parity price for wheat, and parity prices for other farm commodities. They should be prices bearing a fair relationship to farmers' production costs. The farmer is not asking for a handout; but when the government sets the floor price for the coming crop at a figure as low as $1.40 a bushel, and forces the Canadian farmer to subsidize the Canadian consumer to the extent of 38 cents a bushel, then in my opinion the government is not playing fair with the farmers of Canada.

True, we have certain floor-price measures, but they are almost depression floor prices—28 cents a pound on cheese, 58 cents on butter, $32.50 per hundredweight on hogs, 38 cents a dozen on eggs. In my opinion all those floors are far below the cost of production. When the producers of Canada see that floor prices are so low, naturally they reduce production. And when they reduce production, then of course there is a shortage of those commodities, with the result that prices to the consumers become high.

Our farmers are prepared to produce in abundance all these various agricultural commodities; but they ask that the government will guarantee to them reasonable floor prices based upon parity, which shall have some relation to their cost of production.

Before concluding I would refer briefly to the South Saskatchewan river dam. I noticed this afternoon that almost every member who spoke, and certainly every member who referred to the subject, agreed that the building of the dam would be a good thing not only for Saskatchewan but for Canada. I do not think I need to dwell upon the benefits which would result from the building of such a project. I believe those benefits are well known.

I feel however that some members are using an argument which is somewhat fallacious when they say that the construction of the dam and the provision of irrigation on some 750,000 acres of land would result in an increase in the farm population of Saskatchewan. I believe any economist in Canada who is conversant with the agricultural situation in all our provinces will see that one of the problems is that a substantial percentage of farmers are trying to make a living on uneconomic units. In other words, their farms are too small for proper efficiency. We know that situation has prevailed and continues to prevail in southwestern Saskatchewan. That is one of the reasons there has been a movement of farm population from that area to areas of higher production.

But the fact that so many farmers are today farming on uneconomic units is the very best reason I could advance for the government's going ahead with the South Saskatchewan river project. Irrigation out there does not mean just irrigation farming; it means the production of feed and fodder on irrigated land for the stabilization of a large area of agricultural land surrounding the irrigated parts.

Anything the government can do to provide the farmers in that part of Saskatchewan with twenty or thirty acres of irrigated land will certainly go a long way toward providing agricultural stability. I think what hon. members are interested in is what the government actually intends to do. If the government announced that it was going ahead with the building of the South Saskatchewan river dam I believe it would receive unanimous approval of the project from all sides of the house. I do not know of one group in the house that has opposed this suggestion. I believe that irrespective of which part of Canada we represent, we are all good Canadians and at all times we will consider favourably legislation that will benefit any particular province. Certainly the government of Saskatchewan is not standing in the way of that development.

On February 10 the premier of Saskatchewan in a letter to the Minister of Agriculture agreed that the Saskatchewan government would go ahead with its share of the cost of

the project just as soon as the federal government would make a definite announcement. So all we are waiting for is an announcement by the Minister of Agriculture that the government of Canada is prepared to proceed. Because of the support of this project from all sides of the house, and because of the great advantages which would flow from the construction of that dam, I urge upon the minister when he speaks this evening to tell us when the government will be prepared to embark upon this much-needed project.

Mr. Gardiner: Mr. Chairman, I notice that one of the members from Ontario has risen. But I think probably I should reply to some of the arguments which have been presented, most of which have had to do with the western part of Canada, and that part of our farm economy which has to do more particularly with the prairie provinces. If he will permit me to do that now, I would prefer to discuss the other matters when I have completed this discussion.

This afternoon one question which was raised, and which I think probably I should say something about—it is not quite in the classification to which I have just referred—was that having to do with the marketing of potatoes. The matter was discussed by an hon. member from New Brunswick. Reference also was made to marketing plans being carried out in Prince Edward Island, as well as in New Brunswick.

It was suggested that the plan now in effect was organized under the Agricultural Products Co-operative Marketing Act of 1939, and that is the case. I should say however that, when I made the statement which was referred to before the dinner hour to the effect that this plan should be applied in much the same way as some of the co-operative marketing plans have been applied to other products, the change in the procedure which was followed with regard to potatoes was not intended in any way to interfere with the procedure which would require to be followed if we were going to market the potato crop of the whole season.

As I stated on a previous occasion, those who represent the potato growers of New Brunswick and Prince Edward Island came here some little time ago and represented to us that there were 2,000 carloads of potatoes of top grade to be marketed. The hon. member, who gives us most information with regard to potatoes, stated on that occasion that he did not think I had set the figure sufficiently high. There has been some evidence since to indicate that probably he was right and that there were more potatoes than our officials had stated were to be marketed at that time in New Brunswick and Prince Edward Island. Nevertheless the figures which I used on that occasion were presented to us by those who were asking for assistance, and that being the case I thought they would pretty well cover the quantity which would be marketed.

Two boards were set up, one in New Brunswick and one in Prince Edward Island, to deal with the potatoes in the two provinces. I suggested that they could best gain experience with which to set up similar organizations to market the coming year's crop if they made an attempt to market what was left of this year's crop under a plan of that kind. They accepted the advice and have carried out the plan of attempting to market the potatoes which were left.

We suggested to them that after discussion with the two plants which process potatoes into starch they said they would be prepared to pay 60 cents a barrel for potatoes to be utilized in the making of starch. I think it was agreed by all parties to the arrangement that 60 cents a barrel was not a sufficiently high price for grade A potatoes which could be used for table purposes, that table potatoes should bring a higher price than potatoes to be used in the making of starch. But in any case the highest price the starch producers thought they could pay for the potatoes was 60 cents, and they agreed to pay that. Therefore 60 cents was made the advance payment to the farmers on all potatoes delivered to the board.

It was understood that as large a percentage as possible of the potatoes would be sold for table use and it was hoped that they would bring at least $1.20. However, they would be sold for whatever price could be obtained on the market. After the results of the experiment had been obtained a full report would be made to the government as to what the returns had been for all the potatoes. We agreed that we would contribute something toward the pool that was set up that would make it possible for a further distribution to the producers. The maximum amount set was $300,000.

We have not yet had reports which make it possible for us to give consideration to what the payment ought to be and therefore I am not in a position to say what the final payment will be. We had a request by wire today from one province indicating that sales have been higher in quantity than were anticipated and they ask for a reconsideration of the amount which would be paid in, but the agreement up to the moment is that up to $300,000 would be available to take care of providing a higher return at the end of the marketing of what was left of this year's crop.

[Mr. Argue.]

That is applying the principle of the Agricultural Products Co-operative Marketing Act of 1939 to the marketing of part of the season's crop.

Mr. McLure: Is $300,000 available to Prince Edward Island and a similar amount available to New Brunswick?

Mr. Gardiner: No; the total figure is $300,000 to the two boards which are operating together on the plan.

Mr. Hatfield: Is no payment to be made for sales made in the fall at very low prices?

Mr. Gardiner: There is nothing in the agreement that has anything to do with sales made before the agreement was signed. The agreement covers potatoes which had not been sold at the time it was signed.

Mr. Hatfield: As I understand it, the 1939 marketing act covers the whole season.

Mr. Gardiner: It can be made to cover a whole season, but in this case it was not.

Mr. Hatfield: It should.

Mr. Gardiner: If it is indicated by those who are operating the board and by those who produce potatoes that this is a suitable plan to apply to 1951, then an agreement will be made in advance and they will go on from there to market. But there was no agreement made with regard to 1950 potatoes until a few weeks ago when this one was entered into. This indicates something of the principle which is followed in one of the pieces of legislation referred to this afternoon as being helpful. I do not think that I need to say anything more at the moment with regard to potatoes. By the time we get down to the particular item I may have more information that I can give.

There is another piece of legislation which does not have to do with the two matters that have been discussed most of this afternoon, the Prairie Farm Assistance Act. This was referred to a few moments ago by the hon. member for Assiniboia, and has been referred to on two or three occasions by the hon. member for Peace River and by other hon. members, particularly from Alberta. I disagree a little with those who suggest that the matter which has been referred to as affecting the Peace River country at the present moment was not considered at the time amendments were made to the act a year ago. It was discussed fully and the very question which has arisen was discussed at that time. While we were discussing it I think I said that we ought to try out the amendments which had been made for at least a year, and then have another look at them. There may be this weakness in that suggestion, that if there should be cases that ought to have been dealt with this year we may not have all the information necessary if it were thought wise later to pass legislation which might be retroactive.

I want to repeat what I said last session and made very clear when we were discussing the matter in committee. At that time I said we as a government did not think it should be the practice of municipalities, provincial governments or the federal government, if we had control of any land, to bring land into cultivation unless there was a very good chance that it would be able to operate without help under the Prairie Farm Assistance Act. For that reason we stated there could be no question about land coming in that had been removed from government control prior to this act being placed upon the statute books. That land had been dealt with in certain ways; individuals had been encouraged to go upon it, and as far as that land was concerned it should remain under the act automatically. However, we did question the advisability of any government going into areas where it had been shown that in nine years out of ten the farmers had required assistance under this act, and putting still more people on land there. Under the P.F.R.A. we are spending money to get people out of those areas. We are setting up pastures and providing water supplies in those pastures. It is costing us some millions of dollars to get people off that kind of land, and we do not think that under the Prairie Farm Assistance Act they should be given help to get back on it. I believe the hon. member for Peace River agrees 100 per cent with that idea.

Mr. Low: Yes, I do.

Mr. Gardiner: I am not so sure that the hon. member for Assiniboia agrees with it to that extent.

Mr. Argue: I do not agree at all.

Mr. Gardiner: That means, of course, that the area he is thinking about is one from which people have been moved off the land.

Mr. Argue: No.

Mr. Gardiner: Perhaps not the particular land he has in mind, but in the area I am sure there must be a good deal of land which people have moved off, some of which we have fenced into pastures because we know it is not advisable for people to settle there. Well, we rather discourage the giving of prairie farm assistance on land brought under settlement in those areas. I know the Alberta government agrees with us because they said so at the time. This land referred to in northern Alberta, however, is in a different category. Admittedly it is land that has not

had settlement, with perhaps very little settlement in the district. It is new land. The same is true in northern Saskatchewan. At the time there was some question in my mind, and I think in the minds of other members of the committee, as to whether that land should be denied the right to come under the legislation. With regard to that land, and a limited amount of land in other parts of the province, we suggested that we operate under the act for a year and then have another look at it.

I want to disagree with one suggestion made this afternoon. From the first it was never intended that this act should take care of hailed land, and there is good reason for that. Any man can insure his land against hail. If he does not do so that is a choice he makes himself. Most farmers in western Canada do insure their land against hail. However, we found it almost impossible in administering the act to enforce the provision that if a man is hailed out he is not paid. It was almost impossible to decide between those who were dried out and those who were hailed out, so in practically all cases we have permitted land to be considered for payment where hail has destroyed the crop on exactly the same basis as land where the crop was destroyed in some other way. But I repeat that in those areas where governments have permitted land to be brought under cultivation, and where it can be said, as was said this afternoon, that in eight years out of ten those areas would have good crops, it was never intended that this legislation should apply. Our experience has been that generally speaking when you get eight crops out of ten you are not so badly off, particularly if one of the two crops lost was destroyed as a result of hail. In that event the individual has scarcely done everything possible to look after himself if he has not insured his crop against hail.

Finally let me point out that we have not had a complete year of operation under this legislation as it was amended last year. I suggest that if we do give any consideration to the matter it should be after one year of operation, so if there are to be any amendments we should not have them this session but next.

Mr. Fair: Then make them retroactive.

Mr. Gardiner: I have suggested to our people that where claims are made they get all the information so we can decide at the end of the year whether or not those claims are justified; and I do not think we can go further than that this year.

I wanted to say something in regard to the reference this afternoon by the hon. member for Lake Centre—I am sorry he is not here at the moment—to the reports that have been put out by the bureau of statistics with regard to farm income. These reports are given to the press in the form I hold in my hand. If you read the press reports carefully you will find that they say what is in this report I have, but I have not heard anyone who has discussed the matter in this house discuss what is in this report. This is a very full report on farm income for 1950 as compared with 1949, and here is what it says in regard to the question that has been quite fully discussed this afternoon and at other times:

> The decline in the 1950 farm cash income is largely attributable to a drop in the cash receipts from the sale of grains and substantially smaller grain equalization and adjustment payments. While nearly $50 million were paid to prairie farmers in the form of participation and equalization payments during the past year, approximately $220 million were disbursed in 1949.

Now, the $220 million is just the amount which it was stated in the press the farmers' income was down in 1950 as compared with 1949. It says it was down because these participation payments had been made in the previous years.

> A lowering of the initial price to producers and a poor quality crop combined to offset increased marketings during 1950 and to give a cash income from the sale of wheat of $380 million, almost 20 per cent below the returns realized in 1949. Commencing August 1, 1950, the initial price to producers on No. 1 northern wheat in store at the lakehead was lowered from $1.75 to $1.40 per bushel. Severe frosts in the prairie provinces during August caused considerable damage to the crop and sharply reduced the average grade.

What has happened to that since that time? There has been another payment on the wheat. It is true that it was not made before the first of January, but there has been another payment on the wheat of 20 cents per bushel. Then, in addition to that, there has been the payment on the oats, and the payment on the barley, that was delivered prior to January 1, 1951. Although I do not want to start another debate on it, there was another $65 million which was paid on some of the crops of the past. If you take all those figures, put them together and apply them on the payments made on the crops of 1950—which will eventually be done when those amounts are adjusted—you will find there is very little difference between the income for 1949 and 1950.

Mr. Wright: You will find a difference between 1949 and 1951 if you are going to keep that up.

Mr. Gardiner: My hon. friend has been dreaming that for the last fifteen years, and he has always been wrong. He has always been one year ahead of the actual statistics

in telling us that the farmers are going to suffer. As a matter of fact he now admits that the argument he has been pressing on this house on the last two or three occasions he has been on his feet, to the effect that the farmers' income is away down, turns out not to be correct. The farmers' income was almost exactly the same in 1950 as it was in 1949.

An hon. Member: His expenses have gone up.

Mr. Gardiner: His expenses have jumped some, yes, but his returns are just about the same. Now, I believe that should be said, because there are some arguments being used which are based upon the suggestion that his income is away down, and they are not fair to the people who are in other lines of activity in Canada, nor are they altogether fair to the farmer. I am going to tell you why. There is a great deal of lip service paid to the farmers of this country. Scarcely anyone ever gets on his feet outside this house—perhaps I should not say inside the house—without saying that agriculture is the basic industry in this country.

Mr. Browne (St. John's West): Is that not right?

Mr. Gardiner: Certainly it is right. If they would stop there, it would not be so bad, but they do not stop there. Agriculture is the basic industry in this country—I think I had better agree that it is not always outside this house, either. Then, after saying agriculture is the basic industry in this country, they completely pass over the fact that up until recently wheat brought more new wealth into this country than any other product—gold, oil or anything else. You can raise more interest in this house by discussing gold or oil—

An hon. Member: Or subsidies.

Mr. Gardiner: Yes, the subsidies to newspapers. You can raise more interest in this house discussing those items than you can by discussing wheat. When we discuss wheat members are inclined to say, "Oh, well, this is a day off for us." That is not very far from the truth, as most members in this house will agree. Let me repeat that more new money has come into this country from outside of it—if one were to take the last ten years one could say more than from any other source—in order to repay those of us who are producing surpluses to send out to get the wherewithal to buy the products of other countries. I believe we ought to emphasize that, and keep it before the people who are constantly referring to the wheat grower as though he were the poor relation of this country. The wheat grower is not the poor relation of this country.

I should refer to something else that was said this afternoon. I was going to correct it at the time, but I did not. Someone was arguing that the marketing of wheat ought to be administered by the Department of Agriculture. I might agree with that, but it is not. As a matter of fact, it has not been. The thing that I object to in what was said this afternoon is that it was put in the Department of Trade and Commerce because of its great importance at the time it was put there. As a matter of fact, wheat did not have very much importance in this country in 1896, and it did not have very much more in 1897. Wheat was put into the Department of Trade and Commerce at the time the Canada Grain Act was first passed or the Manitoba Grain Act, away back around 1900, in order to put sufficient activity into the department to warrant placing a man there as minister of customs and trade. This man had been looked upon as a financial critic in this country over a period of years in opposition and they wanted to take a younger man into the government as minister of finance. They gave the older man the smaller department, and wheat was put into it at the time when there was very little wheat to market.

An hon. Member: Now they should give the small man the wheat.

Mr. Gardiner: That might help; and it has remained in the Department of Trade and Commerce ever since. On the last occasion when the matter was discussed here I recall the then acting leader of the opposition stating when I had made the remark that two heads were better than one, and that the Minister of Trade and Commerce and I agree very well—when we both offered opinions on a matter, it went along very well—the then leader of the opposition suggested that would be all right if either one of them were a real head. My remark at the time was that there was only one political party in Canada at that time that did not have a real head. I am not going to say that tonight because we have a leader in the house leading that party. I am going to say that we should realize the importance of wheat in creating a sound economic position in the Dominion of Canada.

Now, that brings me to the discussion of a question that was raised this afternoon, and that is the international wheat agreement. Over the years, in spite of what we have been thinking and saying in recent years, wheat has been dealt with under

different governments and in different ways. I have in my hand the London wheat agreement of 1933. It is sometimes suggested that wheat agreements are a product of socialism in Britain; at other times it is suggested that wheat agreements are a product of the minds of this government; and at still other times it is suggested that they are the product of the thinking of farm organizations.

The first international wheat agreement that we ever had was set up in 1933. When I look back to see who were the gentlemen who were there from Canada to set it up, I find that one was the then prime minister of Canada, the Right Hon. R. B. Bennett. He was the chairman of the committee that met in London in order to set it up. I find that another was the Hon. M. A. MacPherson, provincial treasurer of the province of Saskatchewan; and the third was Mr. Norman A. Robertson of the Department of External Affairs, who is still with us.

Those three men went to London to attend a meeting which made an agreement which came to be known as the London agreement, under which the wheat of the world was to be marketed through an international board. That agreement was signed by the government of the day and agreed to. The only reason it did not function was that the government of the Argentine broke the agreement later and it did not go into effect. But we set up in Canada four different organizations to operate under this agreement. One was set up here at Ottawa and one was set up in each of the three prairie provinces. Legislation was brought into the house in each of the three prairie provinces to set up the machinery to provide for the operation of those boards. I am not going into the detail in connection with it. I am only giving the history because of something that I read today in the Searle letter which is being quoted largely in the discussions in connection with this question. In that letter they say this, quoting from Patrick Henry:

> I have but one lamp by which my feet are guided; and that is the lamp of experience. I know of no way of judging the future but by the past.

Then they go on to suggest that we should not judge the future by the past, and that we should not even judge the present by the past. Everyone in this committee knows that under the operations of the grain exchange, which is sometimes called the free marketing of grain, we never received, over a five-year period, a dollar a bushel for our wheat; never at any time under that system did we receive a dollar a bushel for our wheat over a five-year period. The only times that we have ever gone over $1.50 a bushel for our wheat were under boards set up by governments which operated for the purpose of getting every cent they could for the farmers.

It is obvious that the Right Hon. R. B. Bennett, the leader of the government back in 1933, was convinced that that was the proper way to have the wheat marketed. It is true that we did not always agree with his methods of applying boards; but I recall that on the first occasion that I ever discussed board marketing of wheat, I discussed it on a platform in Calgary when the Right Hon. R. B. Bennett was the other speaker; we were both supporting the pooling of wheat. That was before he became prime minister of Canada and before I was a member of the government of Canada or had anything to do with it. We were there as western public men, speaking on the platform in Calgary; he was a supporter of the board method of marketing wheat and so was I. I say that tonight in order to point up my suggestion that we should be extremely careful in the criticisms that we make.

Nearly everyone who has risen on the other side of the house has stated that we ought to do something about the international wheat agreement. I have the international wheat agreement here in my hand; and in spite of what has been said, I cannot find anything in it which gives any government the right to change the price of wheat or even to suggest that the price of wheat ought to be changed, under this agreement, inside the four years. The section which was read this afternoon, and which has been read on other occasions, is on page 24, and numbered 5. It is under article VI. Article VI sets out, in subsection 1, the maximum and the floor prices of wheat. Then it goes on, under subsections 2, 3 and 4, to deal with the methods by which you are going to adjust the payments in different countries and under different facts that may arise in connection with the value of currency, in order to meet the situation. Subsection 5 states as follows:

> If any exporting or importing country represents to the executive committee that any price equivalent established under paragraph 2, 3 or 4—

It does not say "under paragraph 1".

> —of this article is, in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the executive committee shall consider the matter and may, in consultation with the advisory committee on price equivalents, make such adjustment as it considers advisable.

I again submit that that does not say it was anticipated at the time this agreement was made that somebody was going to come along in two years' time and suggest that it ought to be changed. I can scarcely understand how persons who advocate the bulk

system of marketing as against the open-market system, can suggest that you make an agreement to last for two years, three years or four years and then that you come along in the middle of the agreement and say: Now we are going to change that. In other words, you have not a long-term agreement at all.

If I understand the views of the farm movement, and more particularly that part of the farm movement that is associated with the marketing of grain, the situation is that they believe first in the wheat board method of marketing grain and they would apply it one hundred per cent to the marketing of all grains. They would apply it not only to wheat but to all other grains. That is their belief, whether we agree with them or not. Then when they pass that mark, they say: We are in favour of having an international agreement—and they have always fought for it—that covers a period of time. The period of time that they have insisted upon over the years was about five years. When this agreement was made it was for four years and not for five. I venture to say that no matter what anyone thinks about it now, there was not anyone who really sat in on the drawing up of that agreement—and the leaders of the farm movement sat in on it; that is, all the leaders of the farm movement that are associated with the marketing of grain sat in on it—who expected that there was going to be a change within the four years.

Mr. Fair: May I ask the minister a question at this point?

Mr. Gardiner: Yes.

Mr. Fair: Did the leaders of the farm movement marketing grain have anything to say in connection with the price obtained under that agreement?

Mr. Gardiner: Well, they were there as advisers. Now that you have asked me the question, I think they had just about as much to say as anybody had to say, excepting a very few. The people who always have the most to say about a thing of that kind are the people who have something to sell and the people who are paying for it. We do not have to look very far to find out who had the money on this occasion and who had the grain. It has been discussed tonight. It has been pointed out that under some changes that have been made in the agreement, which do not concern prices, the United States now delivers more wheat under this agreement than Canada, although when the agreement was drawn we were to deliver considerably more than the United States. But circumstances have developed since which have changed that.

Something was said by the hon. member for Assiniboia to which I think I should refer. The suggestion was made that we ought to have a parity price for wheat. Well, now, how did they arrive at $1.80 when the question was being discussed at the time the agreement was formed? The first suggestion was that the ceiling should be $1.50, and the floor should be $1, and that those prices should prevail over the five years. In the meantime parity in the United States rose to $2 for wheat. The United States government guarantees 90 per cent of parity and 90 per cent of $2 is 1.80. The government of the United States guarantees the farmer $1.80.

Mr. Argue: It was $1.99 last year.

Mr. Gardiner: It was $1.80 at the time they were discussing the question. The United States government agreed to a figure of $1.80. That is five cents higher than what the British considered agreeing to up to the last few days of the discussions. They suggested that it ought to be $1.75 when they took under advisement the highest figure that they thought should be paid. But eventually there was a compromise between the two and they all agreed to $1.80, which was 90 per cent of the United States parity price. That is the way it was done. So far as we were concerned we said that since the United States which has the cash and a great deal of the wheat, and the British who are the buyers of most of the wheat, the largest block of it, at least, are in agreement, there is no reason why we should not sign too. We have gone along with the arrangement. Australia said the same thing. Every other signer of the contract said the same thing.

We are all in this together. If the suggestion made a few moments ago to the effect that the United States is ready to reconsider prices is correct, well, the United States will reconsider it, and I have no doubt that again most of us will go along. But to say to this government that it is in a position even to suggest, let alone demand, what ought to be done in connection with the matter is to take the wrong attitude with regard to it; and I do not think that the leaders of the farm movement who are interested in the marketing of wheat are taking that attitude. I wanted to say that because we ought to keep this thing moving along both east and west on the basis of the facts as they are, and not get into the position of shouting for something which may suit people other than those who are in agreement with the plan which is being followed.

Again coming back to the Searle report, I find that they say we have lost 37½ cents a bushel. We have been told in this house that we have lost 37 cents. All I want to say with regard to that is I am still satisfied to go along with the people who a few years ago put forth the arguments and the facts which convinced both the larger political parties in this country that this type of marketing was a good thing for the farmers. If you go back far enough you will find that we were all opposed to it, but the farm movement eventually convinced us that they were right. I have had no reason for changing my opinion. I still think they were right, and so I believe that we ought to go along under this agreement, meeting the conditions which are written into the agreement to the end of the four years, and then if we think the agreement was not good enough, let us try another one which will be better. In the meantime I think the only way that we are going to justify this kind of trading is to carry out what is written into the agreement.

I wanted to say that because I did not want anyone to misunderstand the position I will be taking with the Minister of Trade and Commerce or anyone else. In fact I intend, when this matter is being discussed outside the house or in it, to put forth the arguments which have been put forth by the farm organizations from time to time. I believe they were right in the beginning. I believe they are still right, and I base my decisions upon this little piece that I read to the committee a few moments ago. Experience teaches me that we are right; and I think it is better to take a little less for the product when production is at the peak and get a little more for it when production is not at the peak, even though sometimes, if you take a short enough period to do your calculating, you may be a little down in returns as compared with others.

Mr. Wright: May I ask a question? The minister says that he agrees with the farm movement in regard to the international wheat agreement. Does he agree with them also on their stand that the domestic market should pay the class II price for wheat?

Mr. Gardiner: Well, that is another matter about which it is a little difficult to be too confident. After all, if one goes back to his own sound principles, no matter to which party he belongs, in connection with matters of that kind, I think he usually concludes that countries that do keep their costs of production at about the same level as other countries with which they are dealing are more likely to come out of the general run of transactions in a sound position economically. I do not know whether it would be a good thing to raise the cost of living to all consumers in Canada any higher than the cost of living is in the countries to which we deliver wheat. It may not be a good thing for us in the long run. I would not give a snap judgment on this question yes or no.

Mr. Wright: The cost of bread is higher in this country than in most countries, because it is subsidized in most countries.

Mr. Gardiner: I have not time to go into that in detail tonight; it is really not on my agenda, in any case, and I am discussing it only because others have discussed it tonight, and I am discussing it because I come from the section of the country that is concerned with it, apart altogether from what department I am in.

I now come to the South Saskatchewan project. Discussions tonight have been very much in line with the discussions that have taken place on previous occasions with regard to this project. I agree with the statement that was made by the hon. member for Assiniboia a few moments ago that if you were to put the question to this house tonight, or I think on any other night, we perhaps could get a unanimous vote in favour of it; at least no one would get up and say that he was opposed to it. Again, if I may be pardoned, I might just suggest to the house that there was one previous occasion when that happened, but when it was all over there were many who did not agree. After all, a government is never excused for being wrong, no matter who supported it at the beginning. And it is the government's responsibility to be right. Some people say we were not right on another occasion, and that it cost the people something. I do not agree with them. My hon. friend from Winnipeg North Centre looks a little mysterious, as though he does not understand. Well, I will make him understand: Everyone in this house agreed that it was a good thing to have a wheat agreement with Great Britain—when it was put through. But not everybody agreed when it was all over.

And the same thing can happen in connection with projects of this kind, and because there is not anyone here more responsible for anybody wanting the South Saskatchewan dam than I am, I want to be sure that I am right this time—even if some people thought I was wrong last time, when I did not think I was, and do not yet.

There is nothing particularly new about this project. It is quite old. I made a little review of the history of it in order to carry

out what is said in the Searle suggestion that experience is a good thing. I find it has been discussed since away back about 1856.

Mr. Diefenbaker: 1854.

Mr. Gardiner: It was first discussed by men sent out from the old department of the interior, even before we had a dominion of Canada—or from what was the forerunner of the department of the interior. They were sent out to look over that section of the country.

But, coming down to a much later date than that, a geological survey of a possible dam site was made by John A. Allan, consulting geologist, and a report prepared on July 9, 1943. In this report Professor Allan says:

> I was previously acquainted with this part of the South Saskatchewan valley when in 1918 I examined the geology along the valley between Empress and Saskatoon.

And that is the very area we are talking about. Empress is on the Saskatchewan-Alberta boundary, and Saskatoon is a few miles below the point we are proposing for this dam.

To come down to more modern times, as early as 1918, Professor Allan was asked to make a report. At that time natural resources were all in the federal government. And so it is evident that the federal government did have some ideas, even back there, that this might be a possibility.

Now, following that up, under P.F.R.A., we had Professor Allan appointed again, and then later on in 1947 we had another report on it which has been tabled in the house. Those reports are all favourable. I must say to the committee that all my reports to the government have been favourable, and they will continue to be favourable. I have reported to the government on each occasion we have obtained a report to the effect that in my opinion it would be a good thing to build this dam.

An hon. Member: This year?

Mr. Gardiner: Three or four years ago—five years ago, for that matter—every time there has been a report. I think it would be a good thing to build this dam.

Now, I am not an engineer; but I think everybody understands that I think that putting a body of water anywhere in the prairie provinces is a good thing. The hon. member for Saskatoon made a remark this afternoon which I found difficulty in understanding. He said he did not know why we put the dam in Saskatoon, and he has suggested that it might have been as well without it.

Well, I will tell him this, that I think now that dam has been there about twelve or thirteen years—

Mr. Knight: If I might interrupt; the minister has misinterpreted my statement. I certainly did not mean it that way. I do not know what he understood.

Mr. Gardiner: That is the way it sounded. But if this does nothing more than give the hon. member an opportunity to correct it, I think he will be pleased after he has read *Hansard*. I say that because I do not know of anything that is a greater asset to the city of Saskatoon than the fact that they have that dam.

On the other hand there is another point involved in it. There is only one thing I find it difficult to settle in my own mind with regard to the South Saskatchewan dam; and I would not have been able to satisfy my own mind had it not been for the fact that we had the dam in Saskatoon. The last criticism I have heard about the South Saskatchewan dam was that the dam would fill up with silt. Well, I have said Yes, that it may fill up with silt, some time—but it will be a long time after we have gone.

What I wish to say about the Saskatoon dam is that it is only twelve feet high. I think at least as much water has been flowing over the Saskatoon dam every year as will ever go over the South Saskatchewan dam yearly. The same amount of sediment would be there as would be behind the bigger dam, and that silt has not filled up the area above the dam at Saskatoon. It still looks like a very nice lake, and if it does that with a 12-foot head of water over twelve or thirteen years, since the other dam will be 210 feet high I think it will take a lot of silt to fill up the 210-foot one if all the silt that comes down has not filled up the 12-foot one.

Mr. Low: About 150 years.

Mr. Gardiner: Most of us will agree that it has done a good job if it stays there that long.

What about the lake itself? I am satisfied I cannot come before you at this time, or before any other body, and prove the case, if you check this dam on this project only from the point of view as to whether it will pay directly interest on the money that is invested in it. I do not think I could do it to the satisfaction of the members of the House of Commons.

Mr. Diefenbaker: Have not the engineers given a favourable report?

Mr. Gardiner: Well, they have given a favourable report. But a favourable report does not make that too sure. I think the best

answer I can give to the question which that raises is a statement which is made in the report we had when we built the St. Mary dam. This has to do with the Lethbridge-Northern irrigation plan which is just north of Lethbridge, and the one which most nearly agrees in all of the facts in relation to it with the areas that will be affected by the building of the other dam.

The experience with the area in connection with the Lethbridge-Northern is something like this: they sold debentures under a 1915 Alberta act, and those debentures were guaranteed by the government of Alberta. They found that the cost was about $57 an acre for putting in their irrigation system. They tried to operate on that basis and collect from the farmer. The provincial government has paid the cost to the farmer concerned down from $57 an acre to $17 an acre. In other words, they have provided $40 an acre out of the treasury of Alberta, as I understand it. The hon. member for Peace River will know about this, because he was connected with it at the time.

Mr. Low: That is right.

Mr. Gardiner: They found it necessary to do that. I venture to say that men can get up in the house and prove that at least $25 million out of the $103 million would never be paid back to the government of Canada under any part of the scheme; and they might be able to prove that even $40 million might not be paid back. I am going to read what an independent investigator said about the northern Lethbridge project, and then I want you to ask me the question: Do you think it was worth while? Here is what was said:

> In 1924, when the Lethbridge northern district was first irrigated there were only about 300 families in the area. Now about 900 families occupy farms on the project. Belts of fine trees shelter small fruits, flowers, and vegetables which grow in abundance. It is estimated that the project directly supports 10,000 people. A railway parallels a gravelled highway to Lethbridge and power lines bring the conveniences of the city to the farms. At Picture Butte, near the centre of the district, there is an up to date sugar factory, beautiful homes, trees and green boulevards. A few miles west of Picture Butte is Park lake now a provincial park, with ornamental and shade trees, a beach, dressing rooms, playground equipment, stoves, picnic tables, and benches. A few years ago all this was treeless, waterless, drought scorched prairie.

I do not think you could get a better description of a conversion of an uninhabitable area into one that is inhabited by people with a very considerable degree of comfort. I continue:

> The social and community advantages resulting from irrigation deserve special emphasis though these benefits can only be partly indicated statistically. These advantages were observed by the committee on all projects visited and a good example is found in the Lethbridge northern irrigation district. Here an area of some 360 square miles, equivalent to ten townships, has been transformed in less than two decades from sparsely settled prairie subject to periodical crop failures and soil drifting to a thriving community of farm homes, towns and villages. During this period the number of farm holdings increased from 300 to over 900 and the population, rural and urban, increased from 1,500 to 10,000. As a result educational facilities have been greatly improved by the establishment of modern consolidated schools; electrical power has become available; a gravelled highway has been constructed through the project; a branch railway line constructed since the district was erected provides shipping facilities; and a park established in connection with a storage reservoir on the project provides recreational facilities for the surrounding area.

Again I repeat that the putting of a lake 135 miles long and 185 feet deep at the dam in the middle of the best farming section of the prairie provinces will do something which nature has done in other places. We all know that all nature has to do to create a lake is to leave a bar of rock across a stream. But nature did not do that here. However, all the facilities are there to do it. What we are asking the two governments to do is to provide the ways and means of putting that bar up which will in turn create a lake. With the lake there I am sure that in two decades you can do to that whole area what was done in two decades to the northern Lethbridge area.

Some hon. members are going up to Chalk River tomorrow. Some hon. members were with me when we went to Churchill. Other hon. members have been to other places. But if hon. members want to have their eyes opened as they have never been opened before, if they have never been out there, I suggest that they take a plane to Medicine Hat.

Mr. Wylie: Hear, hear.

Mr. Gardiner: But do not stop in Medicine Hat.

Some hon. Members: Hear, hear.

Mr. Gardiner: Take a car out of Medicine Hat. If you let us know, I feel sure we can arrange to have the P.F.R.A. provide busses to drive you from Medicine Hat to Lethbridge any time around July 1 or the end of June. If you do that and you are not one hundred per cent an advocate of this plan after you come back, then I miss my guess.

While I have driven the road many times before, I drove it for the first time last year at that particular time of year. I decided to go to the stampede and I was accompanied by three people. During the drive south from Medicine Hat they kept wondering for mile after mile why people stayed there.

Knowing what was ahead of the people who were staying there I did not say anything. About the middle of the afternoon we crossed a road allowance and then everyone in the car thought they were in another country. They felt sure it was not the same country they had been driving through. They were reminded of trips they had made to California and other places. The growth was what you would expect in semi-tropical areas. The difference between the two places was such that you could not understand why people were living under one set of conditions in one place and under another set of conditions right alongside.

I said to them that the reason those people had been staying there for twenty years was that they had been led to believe that somebody was going to put water on their land and make it look like the country we had entered. We have just completed the St. Mary river dam which will put water on that land. What we suggest now is that we should make the central part of Saskatchewan the same.

What does the government permit me to say to you tonight? They permit me to say this: They know I am convinced, they know the people out west are convinced, they think likely when we are all through that they are going to be convinced also, but they want to be sure that they are right when they make the decision to go full blast ahead. They asked me to do one thing more for them. I said, "What is the one thing more?" "There are one, two or three experts that we would like to have look at this thing. We are not going to ask you to get any more engineering reports because we think you have all the information; will you submit that information to one, two or three experts that we will agree upon and let them tell us whether they are as much convinced as you are?" I have agreed to do that. I think it is a reasonable suggestion and I hope we will be able to get it done before we meet again, even if we meet this fall.

Mr. Coldwell: May I make a suggestion to the minister? Why not take the members of the government out with him and drive from Medicine Hat to Taber and demonstrate to them what has been demonstrated to many of us?

Mr. Knowles: Take the treasury board along, too.

Mr. Gardiner: I would like to do that. In concluding my remarks, I want to say that I do not think I can convince this house or the experts that you can sit down with a pencil and paper and prove that something is going to provide the interest and pay back all the money put out on it. But I think I can convince them that twice as many people can live in Saskatchewan if that dam is put in. That means our population will be going up instead of down as it is at present. When I repeat what I said a few moments ago, namely what wheat has meant to the rest of Canada; when I am able to say, as I am convinced, that there will be twice as many people in a certain area to do business with people in other parts of Canada; then I am sure all the rest of Canada will be interested in the building of this dam. My old friend the late John MacNicol used to stand before us in this house and make those of us who came from the west ashamed that we did not have the information he had. He would go out there and walk these streams and study them, and he had every fact at his fingertips. He would tell us what a great thing it would be for the city of Toronto if only we would do this job.

An hon. Member: And he was defeated.

Mr. Gardiner: As my hon. friend says, he was defeated; but it was not for that reason, and he had been here a long time. I only mention that tonight because I do not think this is a party matter, or something we ought to be bickering about. I believe it is something we should be trying to get done; and to get it done I think it will be only necessary to put before the members of this house the statement I will place before the government, coming from experts they choose. Then I am sure hon. members will say this will be a good thing for this country.

Mr. Thatcher: Does the fact that these experts are going to be called in necessarily mean that the project cannot be proceeded with this year?

Mr. Gardiner: Well, we have a million dollars in the estimates. We can continue to spend that, but I do not think we could have gone ahead with the letting of the contract this fall in any case. Hon. members coming from western Canada know that in the letting of a contract on which work can proceed for only six months out in our country, unless you have everything ready at the beginning of the season there is not much use trying to get on with it in that year. We have enough money to put us in the position that if the decision is favourable we can be all ready to go ahead another year. Then if funds are available, if we are not in international difficulties which would slow it up, we can go along just as quickly as if we were to start now.

Mr. Coldwell: Have the minister and the government agreed on the experts?

Mr. Gardiner: No, but we have agreed to agree at a later time. I do not think there will be any difficulty about that.

Mr. Coldwell: The minister said he hoped that before we met again something might be agreed upon.

Mr. Gardiner: A name was mentioned today. I do not know the man personally, and I could not very well mention his name here; but I am quite satisfied that the opinion of the gentleman who was named would be generally acceptable in this country.

Mr. Thatcher: If the opinion of the experts is favourable this year, could the minister give the committee any assurance that next year construction will definitely commence?

Mr. Gardiner: I would not want to do that. So many things are developing these days that one cannot be sure of anything. All I can say is that the government is favourably inclined, as we are all favourably inclined. We just want to be sure on this last point. I think that is reasonable, and I have agreed to it.

Mr. Thatcher: I am sure this will be a bitter disappointment to the minister as it will be to the people of Saskatchewan.

Mr. White (Middlesex East): I hope the few words I have to say to the minister may be as convincing as what the minister has said to us this evening. First I should like to comment briefly on this irrigation project in the west. I believe all Canadians are anxious to see the natural resources of this country developed to the fullest possible extent, but I am reminded of the tourist who went to Egypt. He was shown the pyramids and was told it took 150 years to build them. His comment was, "Oh, I guess it was a government project". I hope we do not have to wait that long to have this project constructed. There are also those who are a little sceptical, who think the greatest activity seems to occur at about the time of a federal election. After listening to the minister this evening it would seem that about 1952 or 1953 might be the most opportune time to commence this work.

I did not intend to deal with these broad subjects this evening; I wanted to get down to the details of some of the problems affecting the farmers. Since everyone seems to have had something to say about the wheat agreement, however, I might as well mention it also. This is the type of marketing for which the western members have been fighting as long as I can remember, but now they have it they do not want it.

I want to say a word or two about taxation. Taxation affects everyone, but some more than others. It was Edward Gibbon, the historian, who said that in the final analysis all taxation falls on agriculture. When a tax boost is announced the better organized groups in the country immediately add the tax to the price of the product they sell. We have seen that happen just recently. The less organized groups pass on as much of the tax as possible to the ultimate consumer. Agriculture is in the position that it can add no tax to the price of the product it sells. So no matter what the tax may be on the articles the farmers buy, they have to pay it.

Today I had a complaint from a constituent with respect to the basic herd of a farmer who sells his livestock. I know the minister will say this is a matter for the Department of National Revenue, but I hope he will work in co-operation with that department to bring about a solution to this problem. This man went to his legal adviser and said he was going to have a clearing auction sale of his livestock. He asked about the problem of setting up a basic herd and was advised that it was not necessary to do so, that he could establish that with the income tax department at the conclusion of the sale. Then to his sorrow he found that was too late, that a time limit had been set and that this had to be done at least a month before the auction sale. Now this man finds himself in a position shared by many others in this country. After long years of thrift and industry he is now going to be legally robbed of what was his by the income tax people. It seems to me it would not be a very difficult problem to establish to the satisfaction of the income tax branch the fact that he had twenty or thirty cattle or whatever the number might be during the year or years prior to the auction sale, not just the month before. Now, no other group or class in the country is required to set up a similar workable plan before they sell any article or articles. I would suggest, therefore, that the Minister of National Revenue look into this matter. If an ordinary investor buys stock which he sells after the value has increased, that is a capital gain—unless he happens to be a dealer in stocks or bonds. If I buy real estate and the value increases, when I sell it that is a capital gain.

The Chairman: Order. I believe it would be better to discuss that matter on the estimates of the Department of National Revenue.

Mr. White (Middlesex East): I was just referring, sir, to the effect that taxation has on agriculture. I believe I have made the point clear so I shall not press it further, except to say that when livestock is held

over a period of years once the basic herd is established, it is only the increase that is taxable as income. I am asking the department to look into this and see if some change can be made.

I wish to point out also that nearly everyone has been saying something about the cost of living index. I have here a report of the dominion bureau of statistics dated September 22, 1950, over the name of H. F. Greenway. It is called the "Market Basket" and refers to the requirements of the average family. They take the purchasing power of an hour's labour in 1926 as one. This basket represents, first of all, all living requirements such as food, fuel and light; shelter, rent, clothing, home furnishings and services. Then there is a miscellaneous item which includes health maintenance, personal care, recreation, transportation and insurance. Compared with 1926 an hour's labour in 1939 would buy one-third more of all the living requirements. In 1949 it would buy one and six-tenths more. Of the miscellaneous items, compared with 1926, an hour's labour today will buy almost twice as much as it did in 1926.

Then I come to the *Economic Analyst* of October, 1950, which gives the average annual market margins on nine selected commodities from 1935 to 1949. In 1935 the margin on potatoes was 9·5 cents on 15 pounds, but in 1949 the margin was 26·6 cents; eggs, all grades, in 1935 the margin was 7·7 per dozen, in 1949 it was 15·4; half-pound packages of cheese, the margin in 1935 was 9 cents, and in 1949 it was 20·4 cents; common quality beef, in 1935 the margin was 6·8 cents per pound and in 1949 it was 17·5. This illustrates where some of the consumers' dollar goes that the farmer does not get. The farmers' share of the retail prices of these same nine selected commodities is given. I shall quote four of them as examples. In 1935 the farmers' share in potatoes was 50 per cent, while in 1949 he only got 49 per cent; in eggs the farmer got 70 per cent of the retail price in 1935, and in 1949 he got 73 per cent; in common quality beef he got 51·1 per cent in 1935 and 64·3 per cent in 1949; in canned tomatoes, in 1935 he got 15·8 per cent and in 1949 he got 20·6 per cent. This shows you, sir, that not all the money the consumer pays finds its way into the pockets of the farmer.

There is one other item I want to mention, and that is the stock foods and tonics that are sold to the farmers for livestock feeding. There are many of these articles processed and manufactured in Canada, but some are imported. It has been proven to my satisfaction that one of the brands contains over forty per cent salt, and is sold at fabulous prices. These preparations are in competition with Canadian products that are required to meet higher standards. I discussed this with the Department of Agriculture officials some time ago, but nothing has been done. I hope that before too long this will be looked into by the department and some action taken.

Mr. Low: I should like to say a word or two about the Prairie Farm Assistance Act mentioned by the minister. The Minister of Agriculture stated that the Prairie Farm Assistance Act was not designed to take care of farmers whose crops were destroyed by hail. Originally, I believe, that was true; but in spite of that he admits that where hail has reduced the yield in any qualified district to eight bushels per acre or less, the Prairie Farm Assistance Act does pay some compensation. The minister has stated that anyone can insure his crop against hail, and that he should do so if he is wise. Possibly that point is well taken, but the minister knows that people are inclined to insure only when they feel there is a risk. In the Peace river country damaging hail storms are rare, and for that reason people do not feel that they face a risk. It would not pay the farmers in that part of the country to insure against hail year after year, at least they feel that way, and that is the manner in which they have conducted their affairs. It is only once in a great while that any section of the country is hailed out.

Our biggest hazard, of course, is frost. Sometimes hail and frost come together or one follows the other, so it becomes very difficult to tell which one has caused the yield to fall below the limit to qualify for compensation under the act. I believe, therefore, the minister must admit that it is not a strong argument to say that the Prairie Farm Assistance Act should not pay compensation on crops destroyed by hail in an area of that kind, because as I have pointed out the hail there would be just as rare as drought in some other sections.

Mr. Gardiner: If I might make myself clear on that point, I am not arguing that there should not be a payment for hail there if there is going to be a payment at all. But I say that merely to argue that the crop was hailed out is not a good reason for bringing the district under the act.

Mr. Low: Yes, that is a fair statement, and that is what I was saying. It is not a strong argument against paying compensation. I am sure the minister did not mean it as a strong argument. There was this other point the minister raised. He said that in any district where a crop can be expected in eight

out of ten years the farmers ought to be able to take care of themselves in the two bad years when they come. I should be inclined to agree with the minister in that statement if these facts that I shall cite had not been fully established as a result of experience over quite a number of years.

In the first place, in the Peace river country, widespread drought that drastically reduces the yield is only rare. In the second place severe frost and early snow are quite frequent. They are the great hazards, as I have already pointed out. Consequently grades suffer in many years. When grades suffer the returns to the farmers often fall very low. This hits all farmers and it is a serious matter.

The third important point is this. Most farmers whose cases I have been pleading here are comparatively new farmers. They are people who came into the country and took up land under the Alberta crown lease arrangement, covering a period of ten years. The lease arrangement is almost like a ten-year purchase plan. At the end of the ten-year period they got title to these lands. They have had only a few years' experience. Some have had only one, two or three years' experience up there. They have just got started, they are just digging in, as it were. They are facing this situation. In one of the early years of their farming experience in the Peace river country, along comes a tragic or drastic hailstorm, followed by an early frost that reduces the yield in many cases to nothing, and in many of them to much below the qualifying number of bushels. These people are in need. They cannot quite understand why, since they started farming, they should be required to pay the one per cent levy on what crops they market but are not to expect any compensation when their yield falls below eight or four bushels per acre. It is that group I plead for particularly. I would certainly ask the minister to give serious consideration to some change either in the act or in the regulation in order to enable compensation to be paid to them this year. Those people are finding it extremely difficult to meet the cost of putting in their crops—getting seed, buying fuel and repairs to machinery—this year. I should like to ask the minister this question: Has he considered this matter sufficiently to be able to say whether it would be possible to pay compensation on those lands without a change in the act? My feeling is, after studying the act, that it would not be possible. I do not know; I am not an expert.

Mr. Gardiner: I must say that I missed the description of the land the hon. member spoke about.

[Mr. Low.]

Mr. Low: I beg the minister's pardon?

Mr. Gardiner: I missed the description of the type of land the hon. member is speaking of, when I was asking my officials for some information.

Mr. Low: I merely asked this question. On these crown leases—which as I said amount practically to a ten-year purchase plan—where the farmers are paying in to the government of Alberta a percentage of their crops each year over a period of ten years, and at the end of that period they get their titles, would it be necessary, in the minister's judgment, to change the act before compensation can be paid on such land this year?

Mr. Gardiner: My memory is that the act as we amended it last year provided for taking in some areas in the province of Alberta and also, I think, in Saskatchewan, where the lands had been leased by the government; but I think it confines it to those that were leased at a certain period.

Mr. Low: Yes; before 1940, I think.

Mr. Gardiner: Yes.

Mr. Low: I was afraid that would be the case. On lands that were taken in since 1940, it would be impossible for the P.F.A.A. administration to pay compensation for the losses last fall, without a change in the act. If that is the case, is it impossible for the minister to bring in a slight change to the act this year, in order to take care of the situation? I think he will admit that it was not contemplated, when the 1950 amendment was put through, that it would cut off such lands as I have described.

Mr. Gardiner: I must say, to be absolutely honest, that it was contemplated. It was not only contemplated but it was discussed in the committee; and after the discussion, it was indicated that we might go along, that after a year's experience we might find that we were doing some things that were not advisable and we might come back for an amendment. What I am saying is that I do not think we would be justified in coming back for an amendment until we have had a year's experience. We have not had the year's experience yet. We should like to go along until the end of the year.

Mr. Low: There is just one thing. I do not want to labour this point, but in referring to the amendment the minister himself made this important point, as reported at page 3310 of *Hansard* of 1950:

> I want to make it perfectly plain that the bill—
>
> I am speaking now of the amending bill in 1950.
>
> —does not deal with submarginal lands as such. It deals with lands which up to a certain date every-

body considered were not good enough either to homestead or to buy. It is true that having set the date at December 31, 1940, there will be a few pieces of land in Saskatchewan particularly that were homesteaded after that date, and there will be a few parcels that were purchased after that date but they are largely in areas where the act would not apply in any case.

All of that I think has reference to submarginal lands and lands in drier areas.

Mr. Gardiner: That particular discussion that is referred to there had a bearing on the area that was settled in the south. There is no question about that.

Mr. Low: The point I was trying to make was that actually in all the discussions that took place—and I thought I got fairly close to it here—there was no mention of lands of the type I have described to the minister up in the Peace river country.

Mr. Gardiner: There was in Saskatchewan. There was mention of that type of land in Saskatchewan.

Mr. Argue: I want to say that I was much amazed to hear the statement of the Minister of Agriculture with respect to the South Saskatchewan river dam. Up until well into the body of his speech I had hoped that an announcement might be forthcoming that construction would take place immediately. I can remember back in 1947 when the minister told us in this house that it would take two years from 1947 to decide whether the project was feasible or not. Then in the 1949 election the minister himself said to the people of Saskatchewan to send him back to complete the job. Then in the first session after that election the minister said: The Saskatchewan government has to pay some $30 million, and we do not know whether or not they are going to do that. Those were brand new conditions, but the Saskatchewan government has met those conditions. I see by the press that the latest survey made on that project says that it is feasible. Yet the minister gets up in the house tonight and says that a brand new survey is going to have to be made by a brand new set of engineers. Then he is asked whether when that survey is made—

Mr. Gardiner: That is not correct.

Mr. Argue: A brand new set of experts.

Mr. Gardiner: No, no. There is no survey going to be made at all.

Mr. Argue: What are they going to do?

Mr. Gardiner: A survey that has been made is going to be submitted to a few experts, to get their opinion.

Mr. Knowles: There is going to be a survey of a survey.

Mr. Argue: All right then. They are not going to do a survey. They are going to take all the surveys that have been made and they are going to read them again. As the hon. member for Winnipeg North Centre says, they are going to do a survey of the surveys; and maybe next year there will be a survey of the survey of the survey.

Mr. Gardiner: I know that my hon. friend is preparing for a by-election in his area. He is not satisfied with what other members of his own party were inclined to agree with a few minutes ago.

Mr. Argue: What was that?

Mr. Gardiner: He just does not want this thing settled. He has just got through saying—

Mr. Argue: On a question of privilege—

Mr. Gardiner: Just a minute. My hon. friend—

Mr. Argue: On a question of privilege—

Mr. Gardiner: My hon. friend is questioning what I said a moment ago, and I am up on a question of privilege.

Some hon. Members: Order.

The Chairman: Order.

Mr. Gardiner: I am already up on a question of privilege.

Mr. Argue: Mr. Chairman, the minister has accused me of preparing for a by-election in my area. I am fighting for the building of the South Saskatchewan river dam. I think it is a good thing for the province of Saskatchewan, and he should not suggest that I am doing it for political purposes.

Mr. Gardiner: It is quite all right. On a question of privilege, what I want to point out is that my hon. friend just got through saying that toward the end of 1947 I had said there was two years' work still to be done before anyone could be convinced as to whether or not it should be proceeded with. This is still early in 1951. If it took two years to convince me, and others who were close to it, as to whether it could be successfully gone ahead with, we are not very far off the line that was laid out at that time. As a matter of fact, when you add the sessions together we are quite within reasonable distance of the time. I was convinced at the end of the two years. I think I have indicated to the committee tonight that I am convinced. There are a few others that I have to convince. There are ways of doing that, and I do not want somebody to tell me, because it would be true if they did, that I am not an engineer and do not know whether we could make

that dam stay there or not; or that I do not know whether the water can be successfully utilized for power after it is over. Some of the people who have been quoted tonight as being absolutely satisfied have stated to me that you can produce power there cheaper with coal than you can with water. I do not agree with them, but it has had the effect of making some people wonder. I am so far convinced about the matter myself that I am quite satisfied all the facts should be submitted to experts, and I think the experts will come to the same conclusion that I have come to.

Mr. Argue: The minister's arithmetic is not too good. In 1947 he said it would take two years to find out.

Mr. Gardiner: At the end of 1947.

Mr. Argue: If I can add, the period from 1947 to 1949 amounts to two years. All right; the minister has just said that it was feasible.

Mr. Gardiner: I was convinced.

Mr. Argue: This is 1951, and he is still trying to convince the members of the government that it is feasible. He has not convinced them today.

Mr. Gardiner: I will agree with my hon. friend excepting for the one word he uses. He says that because I am convinced, I know. Well, I may think that I know, but there may be other people who think that I do not know. I am convinced.

Mr. Argue: He has been convinced since 1949, and he has not convinced any member of the government.

Mr. Gardiner: Oh, no; don't go that far.

Mr. Argue: He says that there is disagreement. He took one position and the treasury board or some other members of the government took another position. From 1949 to 1951 is two years, and in that time he has not convinced the members of the government; he has not convinced anybody. Now it is going to go to some experts. They are going to go over all the surveys, and the Minister of Agriculture cannot say, even when that is done, whether or not construction will start next year, if the decision is favourable.

Mr. Gardiner: If I did, the hon. member would say: there is an election coming up.

Mr. Knowles: The minister knows it.

Mr. Hodgson: He is going to wait for it.

Mr. Argue: That shows the mind of the minister. He knows, and he will not be prepared to say construction will take place until just before another election. He said in 1949, on the eve of the election, as quoted in the Regina *Leader-Post* of June 23, 1949, and I am quoting from the speech he made at Lemberg, Saskatchewan:

> "The South Saskatchewan project would provide cheap power and encourage building of industries in small towns, provide an incentive for young people to stay in this province. I think we have made a fairly good start now," said Mr. Gardiner. "Send us back to complete the job . . ."

Mr. Gardiner: Sure, and they did, too.

Mr. Argue: They were sent back to complete the job, and two years later the minister is still having a survey made. He is no further ahead than he was in 1949.

Mr. Gardiner: No, that is not right.

Mr. Argue: It is not good enough for the Minister of Agriculture to say to the people of Saskatchewan in 1949: Send me back and I will complete the job, and then two years later to be doing nothing toward the completion of the job, and not be able to say that construction on that project will even commence next year.

Mr. Wylie: I intend to make my remarks very brief. I say, Mr. Chairman, that this is one time that I can speak in this house without being critical of our dominion government on their irrigation program.

Mr. Hodgson: Have they an irrigation program in Alberta? Did they build an irrigation project there?

Mr. Wylie: You should come out and see it.

Mr. Hatfield: It is oil that has done that.

Mr. Wylie: I must say that through the co-operation of the dominion government and of our good friend the Minister of Agriculture and our provincial government we have irrigation within sight of Medicine Hat. I hope when the minister comes out in two years' time or three years, or perhaps even at election time, we shall have the water in those ditches just west of Medicine Hat so that it will not be necessary to drive to Taber to see the change in the country and the change that water can make when it is put on land such as we have in that area.

Irrigation means so much to our western provinces, not only to Alberta but to Saskatchewan and perhaps to some parts of Manitoba as well. I might say that perhaps in Alberta we are situated in the driver's seat. We have the water there not only for the St. Mary-Milk river project but for the Bow river development project, which has been taken over by the dominion government. We have a few small projects. One I might mention is the Ross creek irrigation project, a project which will bring under

water 2,500 acres of land. I do not want to say any more about that at the present time because I have one or two questions I want to ask the minister when we get on to the Prairie Farm Rehabilitation Act.

On occasion the minister has wondered why so many people stay on the dry lands surrounding Medicine Hat. The minister knows the answer just as well as I do. There they have been waiting to utilize water that is running down and being wasted in the South Saskatchewan river. We have come to realize that that water must be used, not only to the advantage of the settlers on the land but to the advantage of the cities, and not only to the advantage of the cities but to that of both senior governments. Because we all realize that when we put water on the land that land can be reassessed at a better value. Land assessed at $1 an acre today may be assessed at $30 when water is put on. So that we can all benefit by it.

I am very happy at this time to compliment the Minister of Agriculture and his government, and I am mighty happy to compliment the Social Credit government in Alberta upon co-operating with the dominion government to make the irrigation project possible.

Mr. Thatcher: I wish that at this time I could compliment the Minister of Agriculture upon the job he has done so far as irrigation in Saskatchewan is concerned. I am very sorry however that I cannot, because tonight he has made an announcement that will shock the people in the whole of that province.

I cannot help going back to the first time I ran in a federal election in 1945. I remember the leading newspaper advertisement carried by my political opponent, a whole page in our local newspaper, saying, "South Saskatchewan irrigation project has been approved; it will be commenced as soon as men and material are available." That was in 1945.

As I said earlier today, every year goes by and some other reason is found for not proceeding with it. Tonight we heard the minister give a very interesting speech on what had been accomplished in Alberta. He said that where formerly we had a dust bowl we now have tree belts and springs, and that everything is growing. He said that was why he wanted to sell the committee on the proposition of doing something similar in Saskatchewan.

Well, everyone will agree that there are advantages; but we would like to know why some action is not being taken this year. Whom could not the minister sell? Tonight we had another illustration that there is some division in the cabinet. The minister said: I recommended it to the cabinet, but they would not proceed. Who would not allow him to go ahead? Is it Mr. Abbott? Is it Mr. Howe? Is it treasury board? Is it the Prime Minister himself? I wish the minister would tell us. The minister said tonight that we have to get a couple more men to make a survey. Well, I think it was only three years ago he told us almost the same thing and in the same words. He said: we have to see that this dam will hold—that it might go out, and the whole city of Saskatoon might be wiped out.

Well, surely after three years the minister and his department must know whether the thing is feasible or not. I am a little dubious about the reason he has given for having several more experts go over it, because when the leader of this party asked who those experts are he said that he did not know. When I asked whether, should the experts report favourably next year, work would start then, the minister said he could not say definitely.

I said a moment ago that I do not think the minister's explanation holds water; it is not good enough. It may be that I am biased; but I say now that this dam is being held until the year before the next federal election, so that the minister can go to the people of Saskatchewan, and say that he is starting. I regret that I cannot, like the hon. member for Medicine Hat, compliment the minister tonight, because regardless of their politics our people are bitterly disappointed.

Mr. Stewart (Yorkton): Mr. Chairman, I am going to speak for only a few moments. I had not intended to say anything until I heard the two C.C.F. members speak. I think this matter has been covered fairly well by members on the government side of the house, and was particularly well covered by one of the newer members this afternoon.

I should like also to congratulate the hon. member for Medicine Hat on the fairness of his remarks, and his expressions of appreciation of what has been done in his own constituency. However, I listened to the hon. member for Assiniboia and the hon. member for Moose Jaw—and it will be remembered that this government has handed an airport and several other things to the hon. member for Moose Jaw, but he is still howling—

Mr. Thatcher: Don't be bitter.

Mr. Stewart (Yorkton): I just want to say this, that that same hon. member from Moose Jaw and the same hon. member from Assiniboia are the type of C.C.F.'ers who never did make a success of governmental

industries. They bought a boot factory, and put it right in Moose Jaw, under the nose of the hon. member—

Mr. Thatcher: On a question of privilege, the hon. member has just suggested that I am the type of member who has never been able to make a success of provincial business. Let me tell him that last year the government of Saskatchewan made $3.8 million on a net investment of about $27 million in their crown corporations.

Mr. Stewart (Yorkton): That is not correct.

The Chairman: Order.

Mr. Stewart (Yorkton): The debate, of course, boils down to the point that hindsight is better than foresight. The Minister of Agriculture is using foresight in this instance. It is not being used in our province now, and the money that was made, to which the hon. member has just referred, was made mostly out of certain public utilities, such as our power commission and telephones.

Mr. Thatcher: Which had a deficit of $200,000 when you were in it.

The Chairman: This discussion must relate to the item before the committee.

Mr. Stewart (Yorkton): That is right, Mr. Chairman. Those institutions, of course, were established by a Liberal government in Saskatchewan.

I am going to say this, respecting the item under discussion. The Minister of Agriculture says that after careful investigation and after deep thought by himself he became firmly convinced two years ago that this was a feasible project. Before any minister spends public money he should do that. Unfortunately that has not been done by certain men in Saskatchewan who lack business experience. They come into the government, and they do not know what they are doing, in business or in anything else.

Mr. Thatcher: On a question of privilege, the hon. member has made the categorical statement that they have not been business-like in Saskatchewan. Let him go ahead and prove his assertion.

Some hon. Members: Sit down.

The Chairman: Order.

Mr. Stewart (Yorkton): I would love to do it.

The Chairman: The hon. member must discuss the item.

Mr. Stewart (Yorkton): I shall obey your ruling, Mr. Chairman, but when I am in order I would be delighted to do it. I would be delighted to show what a farce the whole government of Saskatchewan is. However, in the light of your ruling I cannot do it. But on a future occasion, right in Moose Jaw, I will be pleased to meet the hon. member and to destroy some of his efforts.

An hon. Member: What about patronage?

Mr. Stewart (Yorkton): And we will deal with patronage.

Mr. Knowles: Get back to the dam.

Mr. Thatcher: You should know about it.

Mr. Stewart (Yorkton): The Minister of Agriculture and other members of the government want to be certain, before public moneys are spent in these ventures—and I am not out of order when I say that public money in Saskatchewan has been thrown into ventures that were absolutely useless. They were run at a loss and finally closed up. Men who did not know beans about business had tried to run them. I am not referring to the hon. member for Moose Jaw (Mr. Thatcher). I think he is in strange company because he himself is a capitalist and is interested in four paying concerns.

In so far as the Minister of Agriculture and this whole dam proposition is concerned, I think the government will be convinced. Those of us who have travelled from Red Deer across the United States border down through Idaho and have seen what has been done with irrigation have some idea what can be done in our part of the country. I think all of Canada will be behind this project. I cannot imagine members in eastern Canada bucking western prosperity.

Mr. Quelch: Mr. Chairman, I had to attend the veterans affairs committee this afternoon but I am told there was considerable discussion in this committee this afternoon with regard to wheat. This evening I heard the minister replying to statements that had been made this afternoon. The minister warned hon. members who were supporters of the wheat board and long-term international wheat agreements that they should be careful in criticizing these institutions because it might weaken them. I want to make it quite clear that I am a one hundred per cent supporter of the wheat board and of long-term international wheat agreements but I think it necessary at times to point out any weaknesses that may develop.

This afternoon the minister pointed out that there was no provision in the international wheat agreement under which the ceiling or floor price could be changed during

the term of the contract. I agree that that is right, but I would point out that back in 1948 and 1949 when the agreement was up for discussion in the house I urged the government to try to get the price of wheat tied to the price level so that if in the future the general price level went up, the price of wheat would go up, and if the price level went down, the price of wheat would go down.

If that had been done we would have avoided the criticism that we hear today that the world price of wheat is $2.28 per bushel while wheat sold under the international wheat agreement returns only $1.89. Personally I do not think there would be any difficulty making an arrangement of that kind. Certainly the price for the first year of the agreement could be arranged without any difficulty and then the future prices could be tied to the price level. That would be of advantage to both the selling and the buying nations.

Apparently the government did not advocate that at the time the international wheat agreement was signed, and apparently the farmer organizations did not ask for that. It is quite evident today that the farmer organizations are realizing that a provision of that kind should be introduced into the wheat agreement and they are now asking for an escalator clause. When the present international wheat agreement expires I hope the government will try to have some form of escalator clause included in the agreement.

When the Minister of Trade and Commerce was referring to the marketing of wheat during the past five years he stated that in that time the farmers had received a better return for their wheat than in any other five-year period in the history of Canada. That statement is not quite correct. The only period in the history of Canada during which the farmer received a parity price was the five-year period 1916-20. During that period the farm population represented one-third of the population of the country and the farm income was approximately one-third of the total income of Canada. So at that time the farmer actually received a parity price for his farm production.

Having that in mind I asked the bureau of statistics to prepare me some index figures, using 1916-20 as 100. I asked for index figures on wheat prices and prices of farm machinery for the period 1925-29, which is often referred to as being a period of prosperity for agriculture, and also the period 1945-50, which was referred to by the minister. The figures are quite interesting because they show clearly that the farmer has not received anything like as good a price for his wheat in the last five years as he did in the 1916-20 period. These are the figures compiled by the bureau of statistics:

Period	Wheat	Farm Machinery
1925	66·5	129·3
1926	58·9	128·9
1927	54·1	128·8
1928	43·2	128·9
1929	56·8	128·8
1945	86·5	152·0
1946	86·5	156·9
1947	87·6	166·8
1948	89·7	187·1
1949	87·0	209·1
1950	67·6	218·1

That demonstrates clearly that farm costs had climbed to such an extent that the farmer was far worse off in 1945-49 than he was in the period 1916-20. I am not suggesting that the wheat farmer cannot keep up provided he gets a fair crop each year, but it is altogether unfair to merely take the price of wheat without referring at the same time to the cost of production. As will be seen by the figures during the past five years, the cost of production has been increasing.

There is just one other point I should like to refer to before eleven o'clock, the matter of irrigation. I want to say to the minister that the farmers of Acadia constituency very much appreciate the work that has been done under the Prairie Farm Rehabilitation Act, that is, the building of dugouts and dams on various creeks for irrigation purposes. A number of fairly large dams have been constructed on Berry creek and Sounding creek with the idea of impounding waters to irrigate quite a considerable area of land. Unfortunately, owing to an insufficient runoff of water, until this year there has been very little water in those dams and irrigation could not be carried on. This spring, however, the dams were overflowing. We had a fine runoff of water, and there will be enough to provide for quite a large amount of irrigation. That irrigation will have to be done by sprinkler systems; there is no other way it can be carried on with the type of dams we have built, and of course sprinkler equipment is quite expensive. It is not going to be easy for many farmers to obtain the equipment necessary to irrigate their land; but the eastern irrigation association are working to get farmers to co-operate with one another and provide sprinklers so a real trial of the system can be carried out in that area.

Of course the irrigation scheme the farmers of Acadia are really interested in is the Red Deer diversion project. When that is

finally completed it will provide a steady supply of water to be carried to the dams already built on Berry creek and Sounding creek. Last year the minister said he hoped that by the fall of 1950 the surveys for the Red river project would have advanced sufficiently to make it possible to sign an agreement with the provincial government. Could the minister, either tonight or when we come to the item on irrigation, say just what the situation is?

Mr. Gardiner: Perhaps it would be better to leave it until we reach the item.

Mr. Quelch: That will be quite satisfactory. When I travelled through the constituency I told the farmers what the minister had said, but I warned that because of the international situation it was quite possible the government would have to curtail expenditures on some irrigation projects in order to provide for greater expenditures for war purposes. The farmers are reasonable; they realize the situation, and they will not be over-critical if the government is not able to proceed right away. However, good progress has been made with the surveys, and the farmers are now using the dams already built for small-scale irrigation. They realize that if they show the government they can make good use of the water already provided the government will be more likely to provide additional water in the future.

The Chairman: Shall the item carry?

Mr. McLure: No, Mr. Chairman. It is getting close to eleven o'clock. Would you call it eleven o'clock?

Some hon. Members: No.

The Chairman: Is it the pleasure of hon. members that I call it eleven o'clock?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Gardiner: Tomorrow we will continue with these estimates. If we complete them we will take resources and development, and if we complete those we will take fisheries.

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

HOUSE OF COMMONS

Friday, June 1, 1951

The house met at three o'clock.

ARTS, LETTERS AND SCIENCES

TABLING OF REPORT OF ROYAL COMMISSION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish to lay on the table copies, in English and in French, of the report of the royal commission on national development in the arts, letters and sciences.

The report was presented by the chairman of the royal commission at twelve o'clock noon today, and placed before the governor in council immediately before the meeting of the house this afternoon. The government has, therefore, not yet had any opportunity to give consideration to the report, and, in fact, none of the members of the government has yet read it.

My colleagues and I have, however, confidence in the members of the commission, and we have no doubt whatever that the report will constitute a valuable guide to our future national development in the fields which it covers, and that the recommendations of the commission will be of the greatest assistance to the government in determining appropriate policies for such federal action as may be desirable in these fields.

In accordance with previous indications I have given to the house, I wished to lose no time in having the report made available to members of parliament and to the public, both because of the widespread interest in its subject matter and because the report itself will obviously call for careful study and discussion, not only by members of the government and of parliament but by the public at large.

In tabling the report I should like, on behalf of the government, to express deep appreciation of the untiring and devoted service given to this task by the chairman and members of the royal commission since it was established two years ago. I am sure that the work of the commission and their report will be a significant milestone in the development of our national heritage.

Mr. Knowles: After the government has had an opportunity of reading the report, will the Prime Minister indicate to the house, within a reasonable period of time, whether any legislation based upon it will be introduced at this session, or this year?

Mr. St. Laurent: I would not like to predict what would be the attitude of the government concerning recommendations that the government has not yet had an opportunity of seeing. All I can say is that the government set up this royal commission because it felt the commission would be helpful in pointing the way to whatever policies it might be appropriate for the federal government to adopt in the wide fields covered by the reference; that is still the attitude of the government.

CANADIAN GRAIN MISSION

TRADE WITH UNITED KINGDOM AND OTHER EUROPEAN COUNTRIES—TABLING OF REPORT

Right Hon. C. D. Howe (Minister of Trade and Commerce): I should like to lay on the table copies of the printed report of the Canadian grain mission. Hon. members may recall that in the autumn of 1950, the members of the mission visited United Kingdom and other European countries, and called upon the grain trade, millers and government authorities, with a view to facilitating trade in Canadian wheat grain and flour in that area. I believe hon. members who are interested in the marketing of Canadian wheat will find the contents of this report of considerable interest.

UNITED NATIONS

VISIT OF SECRETARY GENERAL, MR. TRYGVE LIE, TO THE HOUSE OF COMMONS

Mr. Speaker: All hon. members would, I am sure, wish me to draw attention to the presence in the gallery of the distinguished secretary general of the United Nations, Mr. Trygve Lie. We all welcome the presence of one who for more than five years has dedicated himself steadfastly to the promotion of the high purposes and principles set forth in the charter of the United Nations.

Mr. Lie was elected to be the first secretary general of the United Nations in February, 1946, and recently his term of office was extended for a further three years beginning February 1, 1951. Since assuming this high office, he has won general admiration and respect for his devotion to the work of the United Nations in all its phases.

I am not sure that it is wholly proper to refer to the national origin of such a noted

internationalist, but I think that I should remark that Mr. Lie had a very distinguished career in the public life of Norway as a lawyer, statesman and diplomat before devoting his whole time to the service of the United Nations. Apart from holding many important portfolios in the Norwegian government—he was, for instance, foreign minister of the government in exile during the war—he was head of the Norwegian delegation at the San Francisco conference which resulted in the establishment of the United Nations. At this conference he served as chairman of the commission which drafted the provisions of the charter relating to the security council.

All hon. members, I am sure, would wish me to extend to Mr. Lie on their behalf the warmest possible welcome to the House of Commons of Canada.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 354, to incorporate First Canadian Reinsurance Company.—Mr. Henderson.

PRAIRIE FARM REHABILITATION

AMENDMENT OF ACT TO PROVIDE FOR APPOINTMENT AND SUPERANNUATION OF CERTAIN OFFICERS AND EMPLOYEES, ETC.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Prairie Farm Rehabilitation Act to provide for the appointment and superannuation of certain officers and employees necessary for carrying out the provisions of the act, and to provide further that no projects involving an expenditure in excess of ten thousand dollars shall be undertaken without the consent of the governor in council.

Mr. Thatcher: Explain.

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

The explanation is, I think, all in the resolution as worded. This organization was set up in 1935 as a temporary organization to do certain things over a period of five years. It has been extended in its time to the point where it is now recognized as a permanent organization, and the staffs are to be brought under the civil service commission.

Motion agreed to.

[Mr. Speaker.]

TRANS-CANADA HIGHWAY

INQUIRY AS TO ROUTE FROM WINNIPEG TO ONTARIO BORDER

On the orders of the day:

Mr. J. S. Sinnott (Springfield): I should like to address a question to the Minister of Resources and Development of which I have given him notice. Is the minister in a position to give final details with regard to the route of the trans-Canada highway from Winnipeg east to the Ontario border?

Hon. Robert H. Winters (Minister of Resources and Development): I wish to thank the hon. member for giving me notice of his question. The minister of public works for Manitoba has recommended, and we have concurred in, a route which runs from the Ontario-Manitoba boundary via existing highway No. 1 to a point near West Hawk lake, thence southwesterly past Falcon lake to a point north of Glen, thence westerly to a point east of Ste. Anne, thence northwesterly to the boundary of St. Boniface.

OLD AGE PENSIONS

AMENDMENT TO B.N.A. ACT—PROGRESS OF MEASURE AT WESTMINSTER—CONSEQUENTIAL CANADIAN LEGISLATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I wish to direct a question to the Prime Minister. Has he as yet received formal notification from the United Kingdom that the parliament there has passed the amendment to the British North America Act which will enable the new old age pensions legislation to be brought in? If so, can the Prime Minister tell us when he will be making a statement to the house, as promised yesterday?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, just before coming into the house I again communicated with both the Department of External Affairs and Government house in order to ascertain if any official word had yet come from London. I was informed that none had yet come, although this morning there was a dispatch sent to our high commissioner asking him to let us know just as soon as the matter had been finally dealt with. There has not yet been any answer to that message.

MANPOWER

NATIONAL ADVISORY COUNCIL—QUESTION AS TO NATIONAL REGISTRATION

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I wish to direct a question to the Minister of

Labour. On May 21, as reported at page 3220 of *Hansard*, I asked the parliamentary assistant to the Minister of Labour if the national advisory council on manpower intended using the national census for some of its purposes. The parliamentary assistant at that time stated that he would take the question as notice. Is the minister prepared to answer the question today?

Hon. Milton F. Gregg (Minister of Labour): I have noted the hon. member's question, and I think I can answer it immediately. The national advisory council on manpower will not use the data collected under the census administration for any other purposes than those for which similar information has been used in the past. In other words, it will not be used as an alternative method of registration.

Mr. Higgins: May I just say to the minister that in the advertisements of the dominion bureau of statistics, there is given an undertaking that no statistics will be revealed to any department under any circumstances.

An hon. Member: Statistics?

Mr. Higgins: None of the details.

BUTTER AND MARGARINE

QUESTION AS TO COMPARATIVE COST OF PRODUCTION

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I desire to direct a question to the Minister of Agriculture. What is the cost of producing a pound of margarine for the market as compared with the cost of producing a pound of butter?

Some hon. Members: Order paper.

Mr. McLure: This is a question of which I would have given the minister notice, but I received it only a few minutes ago.

Mr. Gardiner: Mr. Speaker, if that question is to be discussed, I think it had better be on my estimates.

SUPPLY

The house in committee of supply, Mr. Dion in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $336,942.

Mr. McLure: Last evening just before the house adjourned I rose to make a few remarks, and the chairman very kindly called it eleven o'clock. A few moments ago I asked a question of the Minister of Agriculture, and he said that he would answer it when we came to deal with his estimates. I shall now present the question again, since it is based on an urgent request from a couple of farmers who came to my office today. I repeat the question, so that the minister when he is answering other questions will answer this one. What is the cost of producing a pound of margarine for the market as compared with the cost of producing a pound of butter for the market?

Since we have started to deal with these estimates I notice that a great many western members have taken up the cause of the farmers of the west. In all discussions on farming and administration of the Department of Agriculture the western members stick together as though they had a common cause in the interest of the western farmers. It is difficult to tell whether they are Liberals, Conservatives, C.C.F. or Social Credit. If there is a farmer's problem before the house they are all inclined to stick together, and they get their demands granted by the government by so doing. We had an example of that not so long ago when all the members from the west took up the cudgels for the farmers and they were granted a subsidy of some $65 million.

In the course of their remarks some of the western members were inclined to think that the eastern members are not so much interested as they should be in the cause of the western farmers. But I say that the eastern members have always been and still are interested in the western farmers, and a large majority of them are doing more for the western farmers than the western members are doing for the eastern farmers and their problems.

I do not take any objection to the members from the west, of all political parties, grouping together and making one demand. In fact I congratulate them on their having a co-operative spirit. We in the east sometimes take our politics a little too seriously, with the result that the agricultural problems of the east are not getting the attention from the department or from the government that the western farmers get.

The one important problem at the present time—the hon. member for Victoria-Carleton brought it to the attention of the minister—is that of marketing our surplus potatoes. For the first time in this house or anywhere else the amount that was allocated to assist the potato grower to market his surplus product has been mentioned. As the minister stated yesterday, that amount is some $300,000. It has been allocated to New Brunswick and Prince Edward Island. This will not be more than $150,000—probably it will not be over $100,000—for Prince Edward Island. It is only a small item when

you compare it with the $65 million that the wheat growers received. When you compare these two amounts you see the unfair attitude taken by the department and by the government toward the eastern farmers. We have had discussions of the price that was to be paid to take care of the surplus potatoes in our province. I understood it was to have been 44 cents a bushel. This is at least 16 cents below the cost of production. However, as I said a moment ago, no evidence has been given of an order in council having been passed to pay the farmers for their surplus potatoes.

In the discussion that took place yesterday on this matter I find quite a difference between the views of the minister and those of the hon. member for Victoria-Carleton. They seem to disagree as to how this price should be paid and how much each government is to pay. There is a little difference in our province, because at the time that this question was uppermost in the minds of the farmers a provincial election was in progress and the farmers, rightly or wrongly, were led to believe that they would get 22 cents from the starch factory, 22 cents from the local government and 22 cents from the federal government, which would make 66 cents. I do not say that the Minister of Agriculture put out that proposition, but it was current during the election. It was good campaign material, judging from the results of the election that took place on April 26.

However, there is some misunderstanding with regard to the payment of 22 cents from the starch factory. If they are unable to take all the product that is being offered, will the government, either the federal government or the local government, take the amount that the starch factories are not able to take? In other words, instead of dumping two or three million bushels of potatoes, will the government pay the same price of 44 cents in our province, and a little higher price by the barrel in New Brunswick? That is a matter which the farmers are considering at this time when they are planting their potatoes. It would be of great assistance to most of them to know just how they are to be treated with regard to the dumping of potatoes, which will have to be done in many instances.

It seems strange that a good food such as eastern potatoes should be dumped when other parts of the world are experiencing famine. We know that the government endeavoured to assist the farmers of western Canada by selling wheat to some of these distressed areas—wheat that was not fit for flour purposes. I think they should have considered at the same time selling millions of bushels of extra choice potatoes, instead of having them dumped, when food is so scarce.

I shall not deal with any other matters, with the exception of the one pertaining to potatoes. However I would ask the minister when he replies, to answer these questions:

1. Was there or is there a proposal to pay the potato growers of New Brunswick and Prince Edward Island $300,000? If so, when was this proposal passed, and how much was allocated to the Prince Edward Island growers?

2. Will the farmers be paid 44 cents a bushel for all potatoes dumped?

3. Will farmers who were forced to sell at very low prices receive a sum of money which will place them in the same position as those receiving 44 cents a bushel?

4. Is there to be a plan for the marketing of potatoes in 1951, and, if so, will the minister outline that plan?

Mr. Smith (Moose Mountain): Mr. Chairman, yesterday afternoon and evening several matters pertaining to agriculture were discussed. I am sure hon. members from the maritime provinces will forgive me if I do not refer to the potato problem, because I do not know very much about potatoes—other than possibly the difference between mashed and French-fried.

One other subject of interest to wheat farmers was the international wheat agreement. The discussion was introduced, I believe, by the hon. member for Lake Centre, when he suggested that the government should ask for a renegotiation of the contract. This sounded all right. I do not know whether it would be beneficial or not. I think all will agree that all members of the government are interested in seeing that we get as much as possible for our wheat.

We come now to the subject which has been discussed at some considerable length I refer to the South Saskatchewan dam Along with other hon. members, if at all possible I am in favour of getting started on the dam. The suggestion was made that the work might be held up until the time of another election. I suppose that was thrown into the discussion more or less as a joke.

Mr. Thatcher: What do you mean, a joke?

Mr. Smith (Moose Mountain): Because there would be no good reason for holding it up until the time of another election. It would take ten years to build the dam and if that would elect the present government the hon. member will be sitting where he is for a considerable length of time—at least until after another two elections.

The suggestion was made that we are united on the subject and that we would not play politics with it. With this I agree. I have no criticism of the government I support in respect of its playing politics. The only quarrel I have is that at times they are not political enough, and I have been urging some of the ministers to realize that on occasions they should be a little more political.

The suggestion was made that the South Saskatchewan dam was required because we need more electricity in that province. In the constituency I have the honour to represent is found the chief supply of electricity for the province. This supply is found in the Estevan-Bienfait area; it is made possible by cheap coal. I am not going to discuss the question whether a supply of water would give us cheaper electricity than coal. I do know, however, that at Bienfait, south and east of Estevan, the coal companies supply the power commission with coal to make their electricity at a price of less than a dollar a ton. I am informed that on that basis we can manufacture electricity from coal at just about the same price as it can be produced from natural gas. I am not sure of the cost of electricity at Estevan, but I understand it is produced at the plant for less than one cent a kilowatt.

In the Estevan area we have been interested in getting a smaller dam on Long creek. I understand this is being held up because of a report which is expected from the international joint commission. I shall not discuss the matter further. I have discussed it with the minister on many occasions, and I shall speak to him privately again. However, if the South Saskatchewan development, which might be considered more important, does not go ahead, I would be hopeful that money would be made available for the dam at Estevan on Long creek.

The Chairman: Shall the item carry?

Mr. Hodgson: I cannot let it carry just yet. If one may judge from what has been said by hon. members who spoke yesterday and today, I believe it can be said that the farmers, and people generally in the east, are agreeable to the development of the dam on the South Saskatchewan river. If the result will be the production of more wheat and flour, if it will make the western provinces more prosperous, then I am sure all the people in Canada will be in favour of it. There is no doubt in my mind that through the years it will pay for itself.

Yesterday the Minister of Agriculture said that as far back as 1947 he was sold on the idea. The minister has had four long years to sell the idea to the rest of the cabinet, but, according to what he said yesterday, up to now that has not been done. We know that the hon. gentleman is one minister who is thoroughly familiar with his department, and we know also that he is a clever politician. I do not like to see projects of this kind carried over from year to year. If it was a good thing for Canada in 1947, it should be good in 1951; it should not be left until 1953 or 1954, just before an election, before work is commenced. Why put off until tomorrow what you can do today, if it is necessary and if it will make our country more prosperous?

I think the irrigation scheme is a proper one; it has worked out successfully in other parts of southern Alberta, and at various other places in Canada. There is no doubt it will be successful in the South Saskatchewan area. My late colleague, Mr. John R. MacNicol, who sat in the house for a number of years, talked about this project for many sessions. It was not a matter of selling the idea to the government, because the government must have known about it for a long time. The late Mr. MacNicol was an engineer by profession. He knew the area, and had travelled by river from one end of it to the other. He was convinced that the dam could be built, and that when built it would stay there.

Some Liberal members referred to the production of power, but I am not in favour of the dominion government developing power. It is quite all right to build a dam for irrigation purposes, but the production of power should be left to the provincial government or to a corporation similar to the Ontario hydro. After all, the C.C.F. government have been bragging about the situation in Saskatchewan, and I think they are quite capable of taking care of the power situation.

There is one question I should like to ask the minister which he can answer later. A few weeks ago the price of butter jumped ten cents a pound. I should like to know why that sharp increase occurred, and also why the price of margarine immediately jumped ten or twelve cents a pound. These things should be controlled. I am not going into the question of price control, because the chairman would stop me, but I think this is information we should have from the minister.

Mr. Cardiff: Mr. Chairman, I have no intention of saying anything about western wheat, because that is about all we have heard for the last eleven years I have been here. I have no objection to the western wheat farmer getting all he thinks he should get or should have got out of his wheat, but I do not think the treasury should be bled to meet the

losses that have been sustained. If the marketing was not done properly, then we should go back to where the fault lies rather than try to take it out of the treasury. That is all I have to say about that.

The dairy industry of Canada is in about the worst condition it has been in for a long time, for several reasons. One reason is the entry of cheap oils to be used in the manufacture of a spread as a substitute for butter. The dairy industry cannot compete against them. If the government or the Minister of Agriculture is not any more interested in the dairy industry than to let that sort of thing happen, then we cannot expect very much.

Mr. Gibson: The minister is just one man.

Mr. Cardiff: You cannot compete against cheap oils. If people want to buy margarine, that is all very well, but the dairy industry cannot compete against such a spread. I suggest to the government that milk production should be pooled. I do not know whether any thought has been given to this in past years, but it should be considered. There is no reason why a farmer producing milk on one side of the road should receive a different price from that received by the farmer on the other side of the road simply because he sells to a creamery, a cheese factory, a concentrated milk plant or what have you.

Milk production should be pooled and the products sold at the same price according to grade. If it was handled in that way it could then be put into the production of whatever commodity was most needed. That is the only way you will ever have sufficient butter to supply the demand. You will not get it even at 58 or 60 cents a pound, because too many farmers are allowing calves to suck cows because they cannot see their way clear to working ten or fifteen hours a day and paying income tax at the same rate as other people who work only an eight hour day. A farmer must work ten or fifteen hours a day to get up into the taxable income bracket, while other people can make the same money working an eight hour day. If a farmer gets into the income tax paying bracket it is because he works long hours. There should be some adjustment.

I should like the minister to tell us why the price of hogs went down about four or five cents a pound a few weeks ago and yet the retail price of pork did not drop at all. Then the price rose again after a short period. The only one who suffered was the farmer.

Mr. Stanfield: Mr. Chairman, I should like to ask the minister where the Nova Scotia potato grower stands with regard to the subsidy on potatoes. There are quite a few potato growers in Nova Scotia. It is true that they do not always have to take as low a price as the potato growers in Prince Edward Island or New Brunswick, but sometimes they have to take less than the 44 or 45 cents per bushel which was mentioned last evening and this afternoon.

I support the hon. member for Queens and the hon. member for Victoria-Carleton, who have asked for a support price for potatoes in the maritime provinces. This is a large item of production in those three provinces, especially in Prince Edward Island and New Brunswick. I do not see why a farmer who has put in long hours growing potatoes should have to sell them at 25 cents or 30 cents per bushel with no floor under his price, while the western farmer gets a good price for his wheat and has the benefit of a floor under his price. The same goes for butter. The potato grower should receive the same consideration. I want the minister to tell us why Nova Scotia was not brought under this agreement. It may be the fault of the provincial government. I understand they have a good marketing board in that province. I should like to see a support price for potatoes, to govern not only the old crop but to be carried forward in connection with the new crop.

Mr. Higgins: Mr. Chairman, so that there may be no misunderstanding in the minds of the minister and hon. members I should like to put in a word for the newest province. There may be some who wonder whether we produce anything down there except fish. But we do grow some potatoes and other vegetables, and I submit that our dairy industry also should receive some consideration. We have a peculiar situation in that the United States bases fly in their milk from Prince Edward Island and thus by-pass the richest part of the newest province. It seems to me that the western part of the province could supply the needs of these bases.

When the minister replies, as I believe he will, I should like him to give us his views on price support. I believe he is entirely in favour of support and floor prices for agricultural products. I am satisfied that he has always felt that that is a good thing. I should like to know whether there is anything bad about floor prices. Is there any reason why floor prices cannot be applied to all commodities produced in Canada? Is there any disadvantage in putting floor prices under the different commodities produced all across Canada?

The Deputy Chairman: Shall the item carry?

Mr. Charlton: I think the minister is willing to answer these questions before the item carries.

Mr. Gardiner: This is scarcely the time for cross-questioning. I think the best time for that is when we get to the items concerned. I am quite prepared to give a general reply to what has been discussed, but I doubt very much if at this stage I should discuss every individual item. They are all covered under specific items. When we come to dairying we can discuss dairying much better than we can discuss it now.

On the general question which has just been referred to, I would say to the hon. member that I am going to Newfoundland on Sunday.

Mr. Higgins: You are very welcome.

Mr. Gardiner: I intend to spend three or four days there next week and make myself better acquainted with their situation in relation to agricultural production. I hope that following that visit I shall be in a better position to discuss matters of that kind. I would point out, however, that the only criticism I heard from Newfoundland with regard to potatoes came at the time of our conference last year, when it was being suggested that we should subsidize the marketing of potatoes in Prince Edward Island and New Brunswick.

An hon. Member: What about Nova Scotia?

Mr. Gardiner: Nova Scotia of course had put forward their suggestions too. However, I was told that the practice in Newfoundland had been to encourage their people to produce potatoes for consumption by those who live in Newfoundland, and that the practice of the government in the past had been to encourage a rather higher price for potatoes. They had developed a condition under which the farmers were able to produce their potatoes and obtain for them, in the local markets, prices which paid them fairly well. They took some objection to our subsidizing the marketing of potatoes to make it possible for someone to come in and undersell them. I think there is some reason in that. It was definitely stated at the time that they did not follow along with some others who were advocating another policy.

On the general question of the marketing of potatoes, we have no objection whatsoever to doing the same thing in one province as in another. It is for that reason that we have insisted on the producers in Prince Edward Island and New Brunswick organizing under some system that could be applied in other provinces if other provinces wished to apply it. The system now being followed there in connection with the marketing of surplus potatoes for this past year is that of making use of the Agricultural Products Co-operative Marketing Act under which they set up boards which take delivery of the potatoes and pay to the producer a certain initial payment.

The suggestion was made a few moments ago that 22 cents a bushel is paid by the people who process the potatoes into starch, and I think that is about the correct figure. It was also suggested that someone else was going to pay some other amount. Everything that has to do with that is written into the agreement, and, so far as I can recall, the only order in council—I do not have it here at the moment, but it will be here later when we come to that matter—is the one giving me authority to sign the agreement. The agreement is with the marketing boards in Prince Edward Island and New Brunswick. If Nova Scotia desires a similar agreement, it will be necessary first for the producers in Nova Scotia to form a similar organization and come here with the idea of obtaining similar support.

Dairy products were referred to, and I notice that the member who asked some of the questions is not here at the moment; but there was a general question having to do with the price of butter at different times. I might tell him, and others who are interested, something that apparently is not generally understood. There never was a time last year when we were short of butter in Canada. As a matter of fact we had 10 million pounds of butter still in storage on the first of April, which is a higher amount than we had in seven out of the last eleven years. The first of April is the beginning of the month when our production again reaches the amount of our consumption. There was no shortage of butter in Canada at any time last year. I think if we start from there we can reason much more—

Mr. Cardiff: Why did you import some?

Mr. Gardiner: We did not import any. As a matter of fact we tried to stop some people from importing it, but they did import it.

Mr. Charlton: The government allowed the importation of the butter.

Mr. Gardiner: Eventually, after it was purchased, and purchased in spite of our views on the matter, we permitted that butter to come in, with the suggestion that it was to be put absolutely at our disposal when it came in; but that was not done. All that can be fully explained when we come to discuss dairy products.

Mr. Charlton: I should like to ask the minister a question.

Mr. Gardiner: My hon. friend asked me to make a speech on this matter, at the

outset, and if he will permit me to make it, we can have a discussion when we come to dairy products.

Mr. Charlton: The question is relevant. The minister has referred to butter, and I think this would be the right time to ask the question.

Mr. Gardiner: Ask it.

The Deputy Chairman: The hon. member will realize that on the first item we have a general discussion. The Minister of Agriculture is now giving a general reply to the general discussion which has taken place. However, when it comes to answering questions, I think the practice has been to wait until the specific item is before the committee.

Mr. Green: Mr. Chairman, in any debate in this house a member may rise and ask a speaker if a question can be asked. Why is there any objection? The minister is willing to answer.

The Deputy Chairman: The hon. member for Vancouver-Quadra will understand that whenever an hon. member wants to ask a question of the member who has the floor, that member must give his consent.

Mr. Green: The minister has.

The Deputy Chairman: Usually the member who has the floor acknowledges that he consents to reply to the question by taking his seat. The Minister of Agriculture took his seat, as did the hon. member for Brant-Wentworth, when I stood up. Therefore it was apparent that he was not giving his consent. As a matter of fact he said that he would deal with it when we come to the item. That is by no means giving consent to the question asked by the hon. member for Brant-Wentworth.

Mr. Charlton: Mr. Chairman, the minister said he would allow the question, so I think it would be all right. Why did the government not give out information regarding the number of pounds of butter being held by the government if there was no scarcity?

Mr. Gardiner: The government not only gave out the information, but I read it very carefully from my place in the house. If the hon. member will refer to *Hansard* for this session he will find that at the time I announced the floor price for butter for the coming year as 58 cents, I pointed out clearly, and emphasized the fact that there had not been any shortage of butter, and there was not any shortage on the first of April of this year. We had approximately 10 million pounds.

Mr. Charlton: That was long after the price had gone up to 85 cents.

[Mr. Gardiner.]

Mr. Gardiner: It was not long after the price had gone up to 85 cents. It was just about in the middle of the experience.

Mr. Cardiff: Who got the difference between the price at which it was brought in and the price at which it was sold?

Mr. Gardiner: If we had followed the policy my hon. friend has been advocating for some years, they would have had that margin all the time. As a matter of fact by following the policy we did, butter was absolutely controlled during all the time that we had butter. We had butter until the week of March 24. While we had butter the price remained at 62 to 64 cents, but when the government had no more butter—butter was still in the country, nevertheless, in storage—the price went up as high as 84 cents. I believe a question which is just as important as why it went up is why it went down again. It went down 12 cents in two days. I have a better idea as to why that happened than I have as to why it went up. I can explain that fully when we come to discuss dairy products. It is for that reason we are interested in seeing to it that the government does have some control over the product, and for the last two years we have been attempting to have that control.

At the end of the year preceding the one about which we are now talking, we were accused of having too much butter, and we had 28 million pounds. Everyone said that was too much, and we should not have had it. It was a surplus that we could not sell. Then, when we got down to 10 million pounds we were told we did not have any butter at all. Going back over the years we have found that when we had 10 million pounds on the first of April we had all the butter we ought to have. In the years preceding this year, the men who are now being accused of having taken too much for butter always had the right to charge more for butter in the wintertime than they paid for it in the summer. When a committee of this house investigated the matter a few years ago, it was admitted by those who are now being accused of having taken too much for butter and margarine that they did have a margin of profit of about 12 cents a pound on butter. I have not any doubt that for the short period of two or three weeks this spring these people had a margin which gave them a considerable profit.

The question which has been asked is, why did this government not do something about it? The real answer to that is that the authority is with the province. During that period any one province in which butter was stored could have controlled the butter. This government has no control over prices in

that sense except during wartime. The trouble with some of my friends is that all their experience in public life has been during wartime or since the war, and they believe the authority of this government is the same in peace as it is during a war.

Mr. Cardiff: How could the provinces control the price?

Mr. Gardiner: In exactly the same way as they now control the price of milk. A further suggestion is made that we should do something to ensure that the price of milk for all purposes is the same. Again that comes under the control of the provinces. There is an organization already set up under the provincial legislation to handle cheese in Ontario. There is no reason in the world why they cannot handle all the milk, butter, and everything else that is produced from milk in the province of Ontario in the same way as they are handling cheese under that act. Each time the question has been discussed here the method suggested is the same method as being used in connection with potatoes in the maritimes, namely that the milk be delivered to one central farmers' co-operative, and that the same price be paid for the milk no matter what use is going to be made of it. Then, there should be a final payment made on the same basis. That has been operating with regard to whole milk in every province in Canada ever since milk boards were set up, but it has not been operating in connection with milk which goes into the production of cheese, butter and canned milk.

In so far as whole milk is concerned there were quotas set before the war ever started, and the price was set. An individual was told the price at which he could sell whole milk, how much of it would go to the cheese factory or somewhere else, and that was just the beginning of the plan suggested by the hon. member. I am sure that every dairy farmer in Ontario realizes that is a matter which could be handled under the present provincial legislation in the province of Ontario, and it has been handled that way for some considerable time.

Mr. Charlton: I did not intend to make any remarks at this time, but I cannot let the minister get away with the statements he has just made regarding butter. It is not good for the industry to have butter prices as high as they were this winter. The minister says that we were never short of butter. On the one hand, he tells us that the price did not go up until after the government stores were depleted, while on the other he tells us the government had 10 million pounds.

Mr. Gardiner: I did not say the government had 10 million pounds. I said that there were 10 million pounds in storage, but we did not have it. The trade had it, and they charged what they liked for it.

Mr. Charlton: Is it not a fact that the government did allow a further importation of 4·5 million pounds of butter, knowing very well that there were still 10 million pounds in the country, and also allowed the trade to make practically half a million dollars' profit on that transaction?

Mr. Gardiner: That is not true either, but go on and make your speech.

Mr. Charlton: According to a statement the minister made at Macdonald college the price of that butter to the trade was 40·4 cents. I have not the clipping containing that statement here, but I have it in my office. That is the minister's own statement.

Mr. Gardiner: The price of that butter to the men who purchased it, laid down in Halifax, was 56·5 cents. Never at any time have I said it was 40 cents. I have said that if it had been delivered in Canada at the same price at which it was sold to the British, it could have been delivered here at 40 cents, but it was not.

Mr. Charlton: Obviously, then the minister was misquoted because the 40·4 cents was mentioned in the clipping.

Mr. Gardiner: Well, I have not seen that. I have seen the statements in most newspapers, and they have never said that. The statement I made on the subject appeared in *Hansard*, and you can read it there and check it.

Mr. Charlton: I can bring the clipping down and read it to the minister. I used it in the budget debate, but the minister was not here so it was lost.

Mr. Gardiner: Then it is not a correct statement of anything I have ever said. What I have said is in *Hansard*, and the hon. member can read it there.

Mr. Charlton: It is rather odd, Mr. Chairman, that that is the only time the 40·4 cent price ever appeared in a newspaper or anywhere else. Every other time this 56·5 cent price has been given out. I wonder whether the trade was a little displeased about that price being quoted by the minister at Macdonald college. It appears obvious that they may have been. There is no doubt that it was in that clipping dealing with the speech the minister made at Macdonald, and it was not refuted when I quoted it in the budget debate.

Mr. Gardiner: In order to get the record straight, the first time that statement was

made was during a speech I read to the federation of agriculture in the city of Calgary. It is all on the record. I read it in the newspapers, and it was broadcast.

Mr. Charlton: I heard it.

Mr. Gardiner: My hon. friend heard it, and he knows what I am now stating is correct. The statement was that if butter had been laid down in Canada on the same basis as it was sold to the British it could have been laid down here at 40·4 cents.

Mr. Charlton: There is no use arguing about it until I get the newspaper clipping; then I shall let the minister see it. It will prove to him that he did make that statement, or he will probably say he was misquoted.

Mr. Thatcher: There is one matter which I should like to bring to the minister's attention. Many young farmers in my riding have written to me concerning the difficulties they are experiencing today in buying land. This is due to the high cost of the land, and the amount of equipment that is required on a farm. Many of these young people are finding it extremely difficult to get into farming on their own. As a result of that many of these young people are drifting into the cities, and there is an increasing amount of land being worked by tenant farmers. I believe the Saskatchewan federation of agriculture presented a brief to the cabinet a short time ago making this recommendation, and I should like to put it on *Hansard*.

> We recommend that the federal farm loan act be amended to make provision for a program whereby fully qualified young farm people under proper supervision may secure the greater part of their capital which would be repaid on a long term amortization basis.

I presume that other provinces have the same problem. I should like the minister to tell me today whether or not the federal farm loan act could be amended in some way so that it would enable these young farmers to purchase their land at least partially through a loan. Perhaps the province should contribute some part of it. Maybe there could be a dominion-provincial agreement. But I should like to tell the minister that this is a serious problem for many of our young rural people. I do not know what the answer is but I think it should be feasible that this federal farm loan act should be extended so that young farmers could buy their farms.

The Deputy Chairman: Shall the item carry?

Mr. Thatcher: No. I wonder if the minister can tell me if that matter is being considered?

[Mr. Gardiner.]

Mr. Gardiner: It does not come under my estimates. I do not think I can. It is under finance. The farm loan board is administered under the Department of Finance. It is not administered under my department.

Mr. Cardiff: Does the minister care to make a statement with regard to what I had to say about hogs a little while ago? I think the farmers of this country have been extremely kind to the packers.

Mr. Gardiner: Again this is one of those questions that we could deal with better when we come to hogs. But as I remember the statement, it was to the effect that some time a few weeks ago hogs went down three or four cents.

Mr. Cardiff: Yes.

Mr. Gardiner: Then I had said to someone here just while the hon. member was asking about that: I wonder if he wants me to tell him why they went up again three or four cents a few days later. Then he proceeded to ask me that question himself. I cannot keep track of all the changes in price that take place at Toronto, London, Stratford or wherever one might be delivering his hogs. I know that there was for a few days a drop in the price of hogs. Then in a few days hogs went back up again. In other words, I presume that the persons who were buying hogs had a scare of some kind of something that was done in the United States or something somebody said we were going to do here, and the bidding was down; or there may have been too many hogs on some markets, and the bidding was down for a few days. But whatever happened, the price of hogs went up again inside of a few days.

Again that is a matter which is not under our control. If an Ontario farmer delivers a hog to anybody in the province of Ontario, the price control with regard to the delivery of that hog is under the provincial authority and not the federal. If a farmer tries to deliver a hog over into Manitoba, that is another question. But if one farmer is delivering a hog in the province of Ontario to somebody there, the only control over that transaction is with the province.

Mr. Cardiff: I should just like to say one further word. The fact is that you have to deliver your hogs at a certain weight. If you keep hogs over a certain weight, you will be docked. When there is a heavy run of hogs or a delivery of hogs, down goes the price two or three cents, and those farmers who have those hogs lose that money. There is nothing fair about that. The buyers seem to know exactly when to put that price down a few cents; they get a nice run of hogs and then

back up again it goes. I do not think there is any other reason in the world for it than to get a few cheap hogs.

Mr. Thatcher: I am sorry to have to refer to this matter again, but the minister just said that the farm loan act would come under the Department of Finance. I realize that he is correct about that. But at the same time I know that there is no use of that coming up under finance unless the Department of Agriculture thinks that this scheme would be feasible; that is, of providing capital loans to young farmers who are trying to get started.

Mr. Gibson: Why not to young loggers?

Mr. Thatcher: We help many people who live in the cities to buy their homes. Why would it not be just as sensible to have an act something like the National Housing Act so that young men in rural parts of the country could become established on farms? That is the only way that I can see that we are going to be able to prevent this continuous drift to the cities. I wish the minister would just say whether the department has considered that procedure. If it is not feasible —and maybe it is not—I wish he would tell us.

Mr. Gardiner: The present provision of the farm loan act, as I recall it, is that one must have security equal to about 50 per cent. Perhaps I am going too far when I say it is in the act. It is at least in the regulations under which the act is administered. One who is making a loan from the farm loan board must be able to give security equal to 50 per cent of the loan at least. That is where the young man runs into his difficulties. He says: I cannot give security equal to 50 per cent. It is not considered wise to make loans on any other basis at the rate at which the loans are made under the farm loan act. As I recall it, the rate is 4½ per cent. It is considered that if you were going to take any greater risks than are taken, you would have to have a higher rate. That is the answer that always comes back when anyone applies for a loan on a farm. They say: How much security can you give? If the young man is able to give 50 per cent security, he can get the loan. If he is not, he may find some difficulty in getting it, unless he can get someone who is willing to give that 50 per cent security for him.

Mr. Thatcher: If I may, I just want to say to the minister that a few years ago that was not too bad when the amount involved was only $1,000 or several thousand dollars. But today, with the high cost of land and the high cost of equipment, even $10,000 in my part of the country will not go too far when you start out to equip a farm. I therefore think that the time has come to amend this act and to make it more extensive.

Mr. Charlton: I have the quotation from *Hansard* here. Obviously I must have read the clipping, in view of the fact that it appears in *Hansard*. I can get the clipping later and show it to the minister. But if I may be allowed to do so, I should like to read the quotation as it appears in *Hansard*, as taken from the *Globe and Mail* of March 1, 1951. It is as follows:

Food Producers Merit Fair Prices, Gardiner Holds

Ste. Anne de Bellevue, Quebec, Feb. 27—Canadian Press—Agriculture Minister Gardiner said today that Canadian food producers have two primary objectives—to produce enough food for our own people and to sell at a sufficiently high price to encourage them to keep on producing. New Zealand butter, which Mr. Gardiner said the government did not want to see brought into Canada, was laid down at Halifax at a cost of 40·4 cents a pound. The floor price in Canada was 53 cents. Canadian farmers could not compete with New Zealand butter. The butter dealers were selling the imported butter at 56½ cents a pound.

"The market price in this country must be comparatively high," said the minister.

Mr. Gardiner: That is obviously pretty badly mixed up. I have here the statement which was made. It is as follows:

Britain would have been quite prepared to buy all New Zealand's surplus, but New Zealand thought she could sell considerable outside the agreement at a higher price. She asked to have 10 per cent released from the agreement, but after considerable negotiation Britain got 92 per cent—

Since this speech was made I learned that she really got 90 per cent.

—at 33·3 cents per pound f.o.b. New Zealand. This is equivalent to 40·4 cents landed at Halifax.

The New Zealand Co-op sold the 8 per cent to Canadian importers at 56½ cents a pound landed at Halifax.

My hon. friend listened to this statement when it was read to him and others at Calgary. Why does he try to make me say something else, when he sat and listened to me read it? It does not matter what the *Globe and Mail* says I said. He knows what I said.

Mr. Charlton: If the minister is saying that I did not read the article right, may I say that I read only what is in the article. I did not hear what he said in Macdonald. I only heard what he said at Calgary.

Mr. Gardiner: It is just the same as what I said everywhere. The statement continues:

The New Zealand Co-op sold the 8 per cent to Canadian importers at 56½ cents a pound landed at Halifax. If you deduct 5 cents for duty, this leaves about 11 cents a pound profit over the British price.

That is the statement. Different arguments were based upon that statement but these are the facts in connection with it.

Mr. Sinnott: I have a few remarks to make before this item is carried. Before I start my remarks I wish to say that hon. members on this side of the house and over there in what we call the "rump" are very thankful for the effort the Minister of Agriculture is making to help agriculture all the way through. If the hon. member for Brant-Wentworth would be a little more helpful to the Minister of Agriculture instead of jumping on him with both feet at every chance he gets we would get along a little better.

It has been clearly demonstrated this afternoon that those who want to obtain a federal subsidy on potatoes have to work through the provincial governments. The provincial governments have to ask for it. When I mentioned potatoes in Manitoba last year I was told that the amount produced there did not warrant a subsidy. However I want to assure the Minister of Agriculture that the hundreds of farmers along the Red river, both north and south of Winnipeg on both sides of the river, produce hundreds of thousands of bushels. If other governments are applying for a federal subsidy then I shall have to make it my business to inform the provincial government of Manitoba to apply for the subsidy on behalf of those farmers out there. They are not blaming the Minister of Agriculture for not paying a subsidy heretofore. The sole responsibility will be put on the provincial government.

A little while ago butter was mentioned. I am in agreement with some of the hon. members who have criticized the amount of labour it takes to produce a pound of butter and the amount of labour it takes to produce a pound of margarine. There is a great difference in producing a pound of margarine as compared with a pound of butter. It takes much more labour to produce a pound of butter. It is up to this government to stop the seal oil and whale oil coming in at low prices. It is coming in at 23 cents odd, and last year it was as low as 11 cents odd. Since I happen to have a little invested in the whale oil business myself I know what it is being purchased for. Last year Canada Packers purchased from the Adanac Whale and Fish Company many thousands of gallons of oil at 11 cents odd a gallon, and that same oil is being manufactured into margarine.

An hon. Member: It was 11 cents a pound.

Mr. Sinnott: Eleven cents a pound, rather. Here is something to which I object rather strongly. The people of Canada are told by the press in big headlines that now you can colour Parkay margarine in two minutes or less. In other words, they are trying to make the white margarine into a package that looks like butter, and therefore they are trying to fool the public. Hundreds of thousands of dollars are paid out in advertising margarine. If the public is going to fall for that stuff it is their fault. It would be to the advantage of the dairy farmers and the dairy producers all through the country to counteract these margarine advertisements in the paper and tell the people just what they are getting for their money.

Mr. Sinclair: Good food.

Mr. Sinnott: It may be good for the pigs, or something like that, but not for the people. We now have interruptions from the parliamentary assistant to the Minister of Finance, who was responsible for making the manufacture of margarine legal in Canada, thereby doing a great disservice to the consumers of the country.

Mr. Sinclair: The Supreme Court of Canada did that.

Mr. Sinnott: Possibly. Let me relieve him a little of his misgivings. The power is now given to the provincial governments to ban margarine. I must give the province of Quebec and the premier of Quebec great credit for prohibiting the manufacture of margarine in that province.

Mr. Sinclair: Tory reaction.

Mr. Sinnott: If the Tories in Ontario would do the same thing, and if the government in Manitoba would bar the manufacture of margarine—

Mr. Brooks: How about the groups in the maritimes?

Mr. Gardiner: Jones did it.

Mr. Sinnott: If you have a bone of contention, bring it forth and see if you can get the legislation passed.

Mr. Brooks: My contention is, you should not leave them out.

Mr. Sinclair: Are you a Liberal?

Mr. Sinnott: The parliamentary assistant to the Minister of Finance asks me if I am a Liberal. Let me say this to him before it is too late. Hundreds of thousands of farm boys are leaving the farms because they cannot produce butter as margarine is produced. If my hon. friend to my left had milked a few cows himself and had cleaned a few barns he would know what labour goes into a pound of butter. Probably this year when he is on his way home I will invite him in to see how the barns are cleaned.

Mr. Sinclair: You won't have to clean barns if you use margarine.

Mr. Sinnott: No, but at this time when we need every Canadian dollar we can get

we are importing all this cheap oil from the United States and also the ingredients that go into the manufacture of margarine. It is time to put a stop to it.

Mr. Carroll: Talk to the Minister of National Revenue.

Mr. Sinnott: We have had a little information from Saskatchewan with regard to the dominion government helping those people on land. All I can say is that this is another matter which should be left to the government of Saskatchewan.

Mr. Thatcher: Why should it be?

Mr. Sinnott: I will tell you why.

Mr. Thatcher: Why?

Mr. Sinnott: Just a minute. It should be left to the government of Saskatchewan which at the present time is making it as difficult as it can for the—

Mr. Thatcher: Don't you think that the C.C.F. government—

Mr. Sinnott: Just a minute until I am finished. Then you can have your say. If the government of Saskatchewan would give the farm boys a chance, would give them an opportunity to buy some of that provincial land—

Mr. Thatcher: They are doing it.

Mr. Sinnott: They are not giving any farm boy in Saskatchewan a chance to buy one acre of land.

Mr. Thatcher: That is nonsense, and you know it.

Mr. Sinnott: The provincial government of Saskatchewan will not sell one acre of land—

Mr. Thatcher: That is nonsense.

The Deputy Chairman: The hon. member will address himself to the Chair. I do not believe he should discuss policies which are enforced by the provincial government of Saskatchewan.

Mr. Thatcher: He is not discussing anything.

The Deputy Chairman: He should relate his remarks to agriculture as administered by the federal government.

Mr. Sinnott: Thank you, Mr. Chairman. I was just following up the discussion—

The Deputy Chairman: Order. An hon. member is rising on a point of order.

Mr. Carroll: It may be a little late, but I do not think that the subject of oleomargarine is a proper subject to be discussed in this house. I think it is absolutely out of order, especially on the estimates that are before the committee at the present time.

Some hon. Members: Why?

Mr. Carroll: The ingredients that go into the manufacture of margarine come within the customs department, and should not be discussed when the estimates of the Minister of Agriculture are before the house.

Mr. Cardiff: Do you think it has nothing to do with agriculture?

The Deputy Chairman: The hon. member will realize that while the hon. member is discussing the production of margarine he is also discussing dairy products, and that therefore he may be in order in the general discussion. In any event, the hon. member has raised his point of order, and has put the question up to the Chairman. I must remind him, in any event, the point of order is raised, as he says, too late. The matter is over now.

Mr. Sinnott: Thank you, Mr. Chairman. I was just following up the matter that the hon. member for Moose Jaw took up with the Minister of Agriculture, and I was pointing out very clearly why it was so difficult for the young fellows in Saskatchewan to get a start under the government of that province. In regard to the hon. member for Inverness-Richmond, who interrupted me by saying that we had no right to discuss—

The Deputy Chairman: Order. The hon. member for Inverness-Richmond raised a point of order on which I have ruled. The hon. member may continue his speech.

Mr. Sinnott: We are now discussing agriculture. Until something comes along to displace it, I think we would be doing the farmers of Canada a great disservice if in the House of Commons we did not come to their protection. The farmers in the House of Commons are unorganized and do not stand in the same category as hardware men, lumber producers, or any of these high-powered selling organizations.

Mr. Sinclair: And they never got $65 million.

Mr. Sinnott: I wish the parliamentary assistant to the Minister of Finance would address the Chair when he speaks. That $65 million refers to agriculture, too. I would tell him, however, that it will be a long time before the farmers of Canada will have anything like 90 per cent of parity.

Mr. Blackmore: I should like to ask the minister two general questions. Perhaps they should be asked later, but this would seem

to be an opportune time. The first has to do with the over-all policy of the Department of Agriculture. Since we have been discussing wheat at this session, and since so many people from other parts of Canada seem to feel so unhappy because the farmers of the west are given some consideration, I wonder if it would not be wise for the minister to lay down the over-all policy of the government in respect of agriculture. Is not the government trying to be just as fair to the potato producers in the maritime provinces as it is to the wheat producers? Is there any such thing as discrimination between the treatment of one group and that of the other? I do not believe there is. But if the minister were to lay down what the policy is it would prevent those who represent certain other portions of agriculture from everlastingly making remarks to the effect that the amount they are getting is not fair.

Mr. Brooks: We never got $65 million.

Mr. Blackmore: And we have to take all that kind of nonsense, too. Why do not the members from the maritimes get up and make a plea for their own welfare, rather than criticize others? Why do they not do something positive? Let them state what they want and why they want it, instead of everlastingly whining and complaining because others are getting what they are seeking.

The same thing applies to Ontario. As a member of parliament I am prepared to support the interests of agriculture in any part of the country—and I do not care what part it is. I expect all people from all parts of the country to feel the same way about it. The sooner we all do that, instead of acting like a lot of silly crabs, the better we shall get along. But we should have a policy laid down so that every member will realize that there has been an attempt to treat all parts of the country fairly.

Mr. Riley: Mr. Chairman, I suggest the language being used by the hon. member for Lethbridge in respect of the maritime provinces is unparliamentary, and that he should withdraw it. He referred to maritime members as whiners and crabs. I suggest that, in a manly fashion, he should withdraw those remarks.

Mr. Blackmore: If my remarks have offended the hon. member, then, in as manly a fashion as I can, I shall withdraw.

I should like to mention one further matter. I believe we are safe in saying that the business of agriculture is to see to it that we have the food for Canada that we need, and that we have food for export where we can export it profitably. Would the minister tell the committee what the general policy of the government is toward ensuring adequately the production of various commodities in Canada we are going to need. I am sure the minister has some policy in mind, but it has not been stated before the house up to the moment. For instance, I have been alarmed, as I am sure other hon. members have been, to see the number of milch cows being so rapidly depleted in Ontario. To my mind that would seem to be a completely unsound situation, and I would like the minister to tell us in a general way what the Department of Agriculture has in mind to balance up the over-all production in Canada so that we shall not be running into the danger of a shortage of milk in various parts of the country.

I hope I have made my two requests clear. I am asking, first, for the over-all policy of the government in its attempt to be fair to the producers of all kinds of food in Canada, whether it be in connection with the production of potatoes, cheese, pork, beef, wheat or any other commodity. Secondly, I would like the minister to state the over-all policy pursued by the government in an endeavour to maintain a proper supply position in Canada, so that our granary, our pantry, our larder, whatever we choose to call it, will be normal and equal to the demands which may be made upon it.

Mr. Gardiner: Mr. Chairman, I do not know whether it would be as convincing for me to outline a plan or the plans which have been put into effect, and I do not know just why I should be asked to do it. At page 1494 of *Hansard* for this session, I placed on record at the request of hon. members the results of the policy.

I think it was agreed then that we had paid $731 million over a period of about ten years to the farmers in subsidies, premiums and payments of other kinds, including somewhere in the neighbourhood of $18 million a year in freight assistance in order to make it possible to have many of these products produced at a cost lower than they otherwise would have been produced for a considerable section of Canada. Anyone who examines that record will agree, I suggest, that we did divide the money as equally as possible among all the farmers, in accordance with their needs, at the time the action was taken.

That general policy has been carried out since 1944 under the Agricultural Prices Support Act, which I hold here in my hand. One member after another has risen in his place and suggested that we should follow the policy that has been followed in the United States. I do not like to make critical statements about what has happened in another country; but one has only to mention

what did happen in connection with potatoes, which have been discussed here today. One need only mention what happened in connection with eggs, and in connection with other farm products which are more or less perishable because of the policy of encouraging production which was followed in the United States.

You may follow policies which are based upon some formula that some college professor works out—and they may lead you farther than expected. These formulae which are supposed to settle everything are all very nice when they are set out, but when you see the results of some of them you hesitate to put them into effect. We have not followed the plan in that regard which has been followed in the United States. In other words, we have not set parity at a certain level and said that we were going to guarantee 90 per cent of parity. We said something a little different. In order to recall to hon. members' minds what we did say, I am going to read one section of the act of 1944 under which assistance has been given to farmers in whatever section of Canada they may be living and whatever they may be producing. Section 9 of the Agricultural Prices Support Act reads:

(1) For the purposes of this act, the board shall, subject to and in accordance with regulations made by the governor in council, have authority

(a) 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;

Just to call your attention to what we are doing, we say: "We will buy all the butter anyone will sell us at 58 cents; we will buy all the eggs that anyone will deliver to us in the fall of the year at 38 cents; we will buy all the pork that is delivered to us on the basis of $32.50," and so on. In other words, we have acted under that section in connection with many farm products. The next paragraph reads:

(b) to purchase at such prices any agricultural product, if such product, on inspection, meets standards as to grade and quality prescribed by or under any act of the parliament of Canada; provided that any agricultural product, for which dominion government standards have not been established, may be purchased by the board on such basis of quality as the board may prescribe;

(c) to pay to the producers of an agricultural product directly or through such agent as the board may determine the difference between a price prescribed by the board with the approval of the governor in council for such product and the average price, as determined by the board, at which such product is sold in the market during a specified period if such average price is below such prescribed price;

It is under that section that we can distribute $300,000 to the potato growers.

Mr. Blackmore: Was it under that particular provision that the $65 million was paid to the wheat growers of the west?

Mr. Gardiner: No. It definitely states at the beginning of the act that it does not apply to wheat. All that we would have needed to do in order to have wheat on the same basis as any other farm product would have been to amend the act. Then we could have paid $65 million to the wheat producers as a subsidy in the same way as we have paid $149 million to the dairy industry. When hon. members get up in the house and say that we have paid out $65 million to the wheat growers, in the first place that was not done in the sense that you can pay a subsidy under this act. It was done for other reasons. Other products have been brought under this particular legislation during this period of time.

Mr. Blackmore: The minister is telling me exactly what I wanted to hear. Is there any protection for the wheat grower under any particular act?

Mr. Gardiner: There is no special protection. Wheat is delivered to the wheat board under the terms of the international wheat agreement which was drawn up by some 40 countries meeting at Washington. They agreed as to what price would be paid for the distribution of certain quotas of wheat from different countries. The farmer has the protection that wheat will not be sold during the present year under $1.30 per bushel; that is, he cannot be compelled to sell at under $1.30 per bushel, and the consumer is protected at the other end by the provision that the producer cannot demand more than $1.80 for it. Whether you can call that assistance or protection, the fact is that he is operating under it.

Mr. Blackmore: The minister is discussing the international wheat agreement.

Mr. Brooks: The minister is referring to the payment that could be made to the potato producers under this act, and he said that the wheat producers were not under it but that the $65 million could have been paid under the act.

Mr. Gardiner: No, could not have been paid.

Mr. Brooks: Could have been paid if wheat had been included. Were the payments to the dairy producers and others

based more or less on the cost of production and was the price in the case of wheat—

Mr. Gardiner: If I may rise to a point of order, I am trying to put on the record the answers to what my hon. friend the member for Lethbridge has suggested and I think it would be better if they were to go on the record.

Mr. Brooks: The hon. member for Lethbridge seemed to be satisfied with what he was hearing, but I do not feel that I am satisfied that the potato producer and the wheat producer are in the same category.

Mr. Gardiner: You will be better satisfied if you let me finish reading this. The next paragraphs read:

(d) to sell or otherwise dispose of any agricultural product purchased by the board;

(e) to package, process, store, ship, transport, export or insure any agricultural product;

(f) to enter into contracts or appoint agents to do anything authorized under this act;

(g) to purchase at market or contract prices and export any agricultural product under any contract between His Majesty in right of Canada and any other government or agency thereof and to do all things necessarily incidental thereto;

(h) to purchase at the request of any department of the government of Canada any agricultural product required by such department;

(i) to appoint commodity boards or other agents to undertake the purchase and the disposition of agricultural products;

(j) to appoint a committee or committees to assist the board in an advisory capacity.

Those are all the different paragraphs of subsection 1 and they indicate what the government can do about prices. Then when we come to deal with the question as to whether we should have a formula to indicate what parity is and operate under that, that is dealt with in subsection 2 in this way:

(2) In prescribing prices under paragraphs (a) and (c) of subsection one of this section, the board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

That does not use the word "parity", but it sets out in clear language that costs are to be taken into consideration when the price offered by the government is set. We took into consideration the cost of producing butter when we said that we are prepared to pay 58 cents. We took into consideration the cost of producing other products when we suggested that we were prepared to buy them at particular prices. I think the results that we have obtained in that regard all along the line have been fairly satisfactory. In the case of butter, we started out

[Mr. Brooks.]

at 58 cents and we operated for one year. As I remember, nearly every hon. member who spoke in this house criticized us because we were getting too much butter. They said that we would not be able to sell it. Then we cut it down 5 cents and now they tell us we did not get enough butter.

Mr. Brooks: The minister was worried himself.

Mr. Gardiner: We have put it up 5 cents, and it is again at 58 cents.

Mr. Charlton: Will the minister suggest that is the cost price of producing butter?

Mr. Gardiner: I would suggest that farmers —and I am speaking of the general run of farmers, not some fellow who is farming on $500 an acre land just outside the city of Toronto or some other place—who are milking half a dozen to a dozen cows on their farms, and farmers in our section of Canada where all the surplus butter is produced if there is any produced, have produced it for very much less.

Mr. Charlton: That is not answering the question.

Mr. Gardiner: If I were to ask my hon. friend whether he thinks 25 cents would be enough he would probably say "no" quite readily. If I were to ask him whether 75 cents was too much he would probably say yes. The actual cost is somewhere in between, and I would say to him that I doubt whether there are any two farmers in Canada whose costs are exactly the same.

Mr. Cardiff: That is true.

Mr. Lennard: The real cost is in between what?

Mr. Gardiner: Seventy-five and twenty-five. Fifty-eight cents is not very far from halfway between. In any case, after giving consideration to all the facts as they were presented to us we said: We will buy any butter that is offered to us at 58 cents. We said that one year and we got 60 million pounds. We said 53 cents the next year and we got 34 million pounds. We have said 58 cents this year and up until today we have not got any, but that does not mean we will not get any between now and next fall. We may get some at 58 cents some time. If we do not it will be because butter is selling at a higher price right across Canada, and for no other reason. Figured on the same basis as 58 cents was, I am told that butter is now selling at approximately 63 to 64 cents. If it is, the farmer is selling in a market that is 5 cents higher than the floor that we set, and I do not think any farmer is going to criticize the fact that he is getting 5 cents more.

I do not know just what our position is going to be next winter, but we have taken care of that as far as we can in making provision that this coming year if any butter is imported from New Zealand it will be imported by the government. That provision has already been made, and that fact has been made known to our friends in New Zealand. Therefore we think the matter is pretty well under control. Some of the money I spoke of was made available prior to 1944, but with this legislation on the statute books we have paid to farmers in different parts of Canada since that time a very considerable amount of money. To make it absolutely clear that wheat is not included in any way I will read the definition section of the act. It is as follows:

In this act and any regulation hereunder, unless the context otherwise requires:

(a) "agricultural product" means any natural product of agriculture, except wheat, designated by the governor in council, and includes processed meat, dairy and poultry products if so designated...

It denies us the right to designate wheat as coming under this act.

Mr. Lennard: There is one question I should like to ask that seems peculiar to this department. I see that there are two special assistants to the minister who apparently receive more individually than the assistant deputy minister. I do not know of any other department of the government that is set up that way. Can the minister explain that?

Mr. Gardiner: I did not just follow the question. The suggestion is that there are two men getting more than the deputy?

Mr. Lennard: I did not say that. I said they were getting more than the assistant deputy minister.

Mr. Gardiner: Than the assistant deputy.

Mr. Lennard: It is right in the estimates at page 73. My glasses are not steamed over.

Mr. Gardiner: I wish my hon. friend would read the items.

Mr. Lennard: I will. It is under administration service, departmental administration. The deputy minister receives $15,000, two special assistants to the minister receive $19,752, or will for this year, and the assistant deputy minister receives $8,000.

Mr. Gardiner: The explanation of that is that one of the special assistants referred to is Dr. Barton.

Mr. Lennard: The deputy minister.

Mr. Gardiner: No, he is not the deputy minister. Mr. Taggart is the deputy minister. Dr. Barton was the deputy minister for many years, as members of the house know. We extended his time for two years. He had been utilized over a period in connection with the activities of FAO, our international obligations in connection with the United Nations organization. When Mr. Taggart took over the position of deputy minister we asked Dr. Barton to remain as an adviser to myself to attend these functions and take on the responsibilities with regard to them. I think everyone in the house will agree we could not have any better person to do that. His payment is the same as he obtained when he was deputy minister, $15,000. The other item is one of $4,700 which brings the total up to $19,700. That is for a man in my own office who draws $4,700. When you put the two of them together it almost appears as if there were two persons getting more. There is only one getting more. I think the assistant gets $8,000.

Mr. Brooks: I should like to ask the minister a question arising out of his remarks with respect to the Agricultural Prices Support Act of 1944. I think he said that since 1944 the department had paid over $700 million. I did not get the exact amount.

Mr. Gardiner: No. If I gave that impression it was the wrong one. What the record that was put on *Hansard* indicates is that over a period of about ten years, which includes most of the war and up until the present time, there has been $731 million paid out, but only a part of what has been paid out since 1944 has been paid out under this act. It is not $731 million. It is a lesser amount. I have not got the figure readily available but I could get it.

Mr. Brooks: Could the minister let us know now or at some other time how much has been paid to each province out of this amount under the Agricultural Prices Support Act?

Mr. Gardiner: In 1946 $170,748.48 was paid to Prince Edward Island and New Brunswick for potatoes, and in 1948 $1,646,839.34. I wonder if the hon. member would allow me to put this table on the record rather than reading all the figures. There is about a page and a half.

The Deputy Chairman: Is it the pleasure of the committee that the minister have leave to put this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Gardiner: The table is as follows:

MEMORANDUM

Agricultural Prices Support Act

The following products have been assisted under the act since it came into force:

Product		Net Cost
1. Potatoes grown in Prince Edward Island and designated areas of New Brunswick and Quebec in 1946	$ 170,748.48	
2. Potatoes grown in Prince Edward Island and designated areas of New Brunswick in 1948	1,646,839.34	$1,817,587.82
3. Apples grown in designated areas of Nova Scotia in 1947	3,119,274.22	....
4. Apples grown in designated areas of Nova Scotia in 1948 to a maximum of 700,000 barrels	1,443,231.39	....
5. Apples grown in designated areas of British Columbia in 1948 to a maximum of 250,000 boxes	44,650.93	....
6. Apple shipments to the United Kingdom from the 1949 crop in Nova Scotia and British Columbia to a maximum cost of $1,500,000	1,499,569.40	6,106,725.94
7. Dried white beans grading Canada No. 1 and Canada No. 2 grown in 1948 in Ontario to a maximum cost of $200,000	....	194,419.88
8. Dry skimmed milk manufactured in 1949, purchases to a maximum of $1,000,000	....	10,820.35
9. Extracted honey produced in Canada in 1948, purchases limited to a maximum of 5,000,000 pounds	....	177,011.42
10. Cheddar cheese produced from August to December, 1949, in Ontario and Quebec	....	157,693.98
11. First grade creamery butter produced in 1949-50	1,868,071.12	....
12. First grade creamery butter produced in 1950-51	—459,855.00	1,408,216.12
13. Shell eggs out of storage at an appropriate date late in 1950 if stored to the board's specifications as grade A large and grade A medium	....	—
Total net cost to March 31, 1951		$9,872,475.51

The following items are at present under support:

14. Shell eggs out of storage at an appropriate date late in 1951, if stored to the board's specifications as grade A large and grade A medium.
15. Hogs: Pork products on the basis of Wiltshire sides processed in accordance with the board's specifications.
16. First grade creamery butter produced in 1951-52 and 1952-53.
17. First grade Canadian cheddar cheese produced in Ontario and Quebec in 1951.

The agricultural prices support board has no stocks on hand at the present time and the above represents its complete net cost to date with the exception of a few small items of expense related to the 1950-51 butter program for which bills were not rendered in time to be paid in the fiscal year.

Mr. Jones: Apparently this act could cover fruit, and I should like to refer particularly to apples. Has consideration ever been given to bringing apples under the operation of the act? I feel that the apple growers, particularly in British Columbia, who have been very hard hit and find it difficult in some years to find markets through conditions beyond their control—for instance loss of the United Kingdom market and so on—should be given some consideration. I presume the minister has given consideration to bringing apples under the provisions of the act. If he has, I should like to know, and if he has not I would ask him if he would see if help could not be given to those growers.

[The Deputy Chairman.]

Mr. Gardiner: Mr. Chairman, when this list appears on the record tomorrow, as it will, it will indicate payments in respect of apples grown in the designated areas in Nova Scotia in 1947 amounting to $3,119,274.22; apples grown in designated areas in Nova Scotia in 1948, $1,443,231.39; then, apple shipments to the United Kingdom from the 1949 crop in Nova Scotia and British Columbia, to the maximum cost of $1,500,000, an amount of $1,499,569.40. I would call the committee's attention to the fact that during the last year we did pay $2 million under this act to British Columbia, and we paid $500,000 to

Nova Scotia, so I believe the apple growers have pretty well received their share under the act.

Mr. Stanfield: Does the minister intend putting a definite floor price under maritime potatoes for the crop that is now being planted, and if not why not?

Mr. Gardiner: I may say that the matter is pretty much in the hands of the producers in Nova Scotia. Before we would even consider the matter, it would be necessary for them to be organized in a manner similar to those who have been helped.

Mr. Stanfield: Will you do that in Prince Edward Island and New Brunswick?

Mr. Gardiner: They have not asked us yet, but I expect they will.

Mr. Blackmore: Is the minister in a position to tell the country why wheat was not included in this act? What is there about wheat that puts it in a class by itself, so that it has to stand out in the storm?

Mr. Gardiner: The main answer to that is the statement which was made on the floor of the house at the time—1944—a part of which has been quoted quite a few times. When we put this act through to provide $200 million with which to take care of difficulties that might arise in connection with other farm products, it was clearly stated at that time that if it became necessary to handle wheat under the conditions that existed in the thirties, it could not be done with $200 million. It was suggested that wheat be left out of this act. Just to indicate the difficulty to the committee, I remind members that in the areas where wheat is grown we paid out $186 million for relief in the thirties. With all the experience that was behind us we thought, and I believe we were right, that if we brought a measure into this house saying that we were going to spend $200 million on all farm products including wheat, most representatives of farm constituencies in this country would have said that wheat would get all of it. Wheat was left out. It was definitely said at the time that if it were ever necessary to deal with wheat it could be dealt with under the wheat board which is definitely set up for the purpose of marketing wheat. It was felt that that was the proper place to deal with it.

Mr. Wright: I notice that in connection with the first item, administration, there has been a reduction of some $40,000 for staff. I notice that the reductions have all been in the permanent positions, rather than for temporary assistance. In reducing staff, I would have thought that temporary assistants would have been the first group to lose their positions, rather than the permanent staff. Perhaps there is a logical explanation for it?

Mr. Gardiner: It is an increase, not a decrease.

Mr. Wright: I beg your pardon.

Mr. Quelch: Is Dr. Barton still the chairman of the committee on commodity problems under the FAO?

Mr. Gardiner: Yes, he is.

Mr. Quelch: Then, is it in order to discuss the FAO? There is only one question I want to ask. I understand that the committee on commodity problems handled surplus food products from the United States. They informed member countries of the FAO that they were prepared to dispose of certain surplus food products. As a matter of fact, I understand a great deal of surplus food was actually given away. My question is, has Canada disposed of any of her surplus food products through this committee?

Mr. Gardiner: This committee receives information from all the countries in the world who are members of the United Nations —I believe some that are not members too— concerning the production of food in those countries and any surpluses that they might have available. In that sense the committee has knowledge of our position in Canada. Any surpluses that we have are made known to other countries, and that does assist in having them distributed.

Mr. Quelch: What I mean is that the United States apparently gave away surplus food products. Has Canada given away any surplus food through the committee?

Mr. Gardiner: We have given away food products. I have not a list here but we are talking now of giving some food to India, and that would be dealt with in a similar way.

Mr. Blackmore: I have just one more question following along the lines of the questions I have asked of the minister concerning wheat. By what criterion would the government determine the point at which it would become necessary to assist the wheat grower?

Mr. Gardiner: I must say that it is not really in our hands at all. It comes under the Department of Trade and Commerce, because that department is handling the marketing of wheat. Perhaps I should not say it does not come under our department at all, because the matter of production is under this department as well as the provincial departments. What we do say to the provincial governments when they ask us to help

the wheat grower is that the province is responsible for providing seed, for example. This spring many of the farmers said that the seed was not good. The oats were frozen, the barley was frozen, and they were really concerned about sowing wheat that was frozen. Some of them wrote to us and asked whether we were going to assist with seed. We wrote back saying that that was a provincial responsibility.

When they come and ask us for assistance because the farmers are experiencing difficulties, we would say that our assistance is provided through the Prairie Farm Assistance Act. We contend that any assistance which should be given by the dominion government is made avalaible through that act. If there is to be any further assistance to individuals it ought to be made by the province or the province and municipality combined. That is the line of discussion which takes place.

In the matter of marketing wheat, it is marketed under the wheat board. The question has not really arisen since the passing of this act. The main belief when this act was passed was that, long before this, the bottom would have fallen out of farm prices. The bottom has not fallen out of farm prices. The problem that was really in people's minds when this act was passed has not arisen. We have made provisions for floor prices under the act in connection with farm products, and they have been set at a level which was never anticipated when the act was passed.

Mr. Blackmore: I am not sure that I conveyed to the minister just the question that was in my mind. If I recall correctly, he used words somewhat like these when he was discussing the act a moment ago; that if the time ever did come when it would become necessary to assist the wheat producers—do I quote substantially the minister's remarks?

Mr. Gardiner: That is what I said in 1944.

Mr. Blackmore: What I am trying to give the minister an opportunity of expressing to the house, as I am sure he is able to do, is this: By what criterion would he determine, at any given point, whether or not the time had come when it was "necessary" to assist the wheat growers?

Mr. Gardiner: I would only say that if it became the opinion of the government that wheat should be dealt with under this act it would be dealt with in just the same manner as are all other farm products. We made a complete record of the prices of farm commodities, or at least the board that was set up under this act made a complete record of the prices of farm products over a three-year period, 1944 being the third year.

[Mr. Gardiner.]

At that time the farmers said: We have had the best return for our farm products, over 1942, 1943, and 1944, that we ever had in our history. They said: We want that position maintained as long as it can be maintained. We said: All right, we will try to do that under this act. We therefore made a record of the prices and, so far as we could, of the costs of production at that time.

That record is there. When we come to consider what ought to be done this year with regard to any product, we go back and check with that record. When we last discussed this question the hon. member for Brant-Wentworth was present, as were one or two other members of the house, down at Niagara Falls two years ago, I think it was, at the federation meeting. We had the United States authorities there. Both the United States authorities and Mr. Hope, who checks these matters for the farm federation, finally stated at that meeting that our bases of establishing the cost relationships as between what the farmer is selling and what he is buying had really been a little bit more effective up to that time than those that had been followed elsewhere. We think they still are.

If we were called upon to deal with wheat, we would deal with it in exactly the same manner. We have all the records with regard to the prices of wheat back in this three-year period. We would take that as the basis. We have the records, so far as they are available to anyone, of the costs of production of wheat in that period. We would compare the present costs of production with the costs then. I do not say that would prove that the farmer is entitled to some support. It might be possible that it would. Nevertheless, that would be the plan that would be followed.

Mr. Blackmore: I greatly appreciate that statement. It is becoming more definite all the time. We have more or less been wandering around in the dark because we did not have anything definite to work on. In effect, the minister has told us that the base period for computing this necessity is that of 1942, 1943 and 1944. Has the minister at any place put on record the figures which obtained with respect to wheat in those years or in that base period?

Mr. Gardiner: They are on record in the report. I have the report here for every year since 1914. They are on record, and I presume hon. members have them. They keep quoting them all the time—for example, when it was stated here the other day that the net return to farmers in the last year, 1950, was lower than it was in 1949. If that

quotation is taken from a document, it is taken from the report of the bureau of statistics. In that report of the bureau of statistics all the farm products are dealt with. You can go right back over the years. They are all on file. You can get them for any year in a few minutes' time by going down to the department and asking for them. They can tell you exactly what the price of wheat was at that particular time, averaged over a period. They can also tell you what the costs were over that period of time, in so far as they have figured them. It is those figures that we use as the basis when we start to compute what the position is.

Mr. Blackmore: Since the minister has said that he has the figures before him, would he mind giving us the prices for 1942, 1943 and 1944? It seems to me that this is an appropriate place for them to be placed on the record. I refer to the figures showing what the farmers received for their wheat and the cost of production.

Mr. Gardiner: Being "before me" is not quite so simple a matter as my hon. friend takes it to be. The information is before me all right, but it is in this pile.

Mr. Blackmore: Maybe the minister would rather give that information a little later on.

Mr. Gardiner: I think it is better to have that kind of information given when we are discussing the item.

Mr. Blackmore: On the item of wheat, then.

Item agreed to.

Administration service—

2. Information service, $347,412.

Mr. Catherwood: I feel that this information service given by the department is extremely valuable to farmers. I hope that it continues to be put out. The days of the ordinary farmer are a thing of the past. Today the farmer must be highly specialized. He must be an expert in matters pertaining to the soil and to fertilizers. He must be an expert mechanic. Today agriculture is highly mechanized, and to be a real agricultural producer you must be thoroughly acquainted with all modern methods of agriculture. I hope that this question of information is given constant review by the department. I think this is an important matter. I think the department should keep the farmers up to date on all the newest methods; because in this day and age we must have for the farmer all the advanced methods.

Mr. Wright: I approve what the hon. member has just said. I would ask the minister if any pamphlets have been issued this year with respect to chemical weed sprays. They play an important part in grain farming today.

Mr. Gardiner: A pamphlet is being put out, but it is not quite ready for circulation.

Item agreed to.

Administration service—

3. Advisory committee on agricultural services, $5,000.

Mr. McLure: Who are the personnel of this advisory committee, and what travelling do they do to account for a cost of $5,000?

Mr. Gardiner: As to the members of the national committee on agricultural services, the chairman is the Minister of Agriculture. The provincial ministers of agriculture are the other members. There are ten of them. There are therefore eleven altogether. I think it will be agreed that if you call meetings of those particular individuals, $5,000 is not a high amount.

Mr. McLure: No, not when you have eleven.

Mr. Lennard: Are travelling expenses paid by the provinces? This item is for the minister's own travelling expenses, is it not?

Mr. Gardiner: The out-of-pocket expenses are paid by us. The provinces pay their salaries, of course.

Mr. Lennard: It is travelling expenses; and I would think that the provinces themselves always have expense accounts. They pay their own expenses, do they not?

Mr. Gardiner: The main part of the payment actually has to do with those who come along to advise. They are the advisory committee. Quite a number of them are the members of staffs of agricultural colleges where there is no special provision made for this kind of thing.

Item agreed to.

Science service—

Botany and plant pathology—

10. Operation and maintenance, $1,345,552.

Mr. McLure: The science building at Charlottetown was completely destroyed by fire last winter, and all their records and everything else were lost. I was just wondering whether a new building was under erection there yet and what was being done with regard to the safety of their records in the future.

Mr. Gardiner: The plans for the rebuilding of the building are all prepared, and it is expected that they will be able to let the contract in about four or five weeks' time.

Mr. Cardiff: What is the reason for the increase in the cost?

Mr. Gardiner: It is the new laboratories that were opened. Hon. members will recall that they were opened last year, and it is the new cost in connection with them.

Item agreed to.

Botany and plant pathology—

11. Construction or acquisition of buildings, works, land and new equipment, $178,600.

Mr. Blackmore: Before we get too far away, under what item does the minister suggest we should ask for the prices of wheat and the cost of production of wheat during the years 1942, 1943 and 1944, which years he has specified as the base period?

Mr. Gardiner: Under production service.

Item agreed to.

Agricultural chemistry—

12. Operation and maintenance, $503,410.

Mr. Catherwood: Chemistry is one of the basic ways of dealing with agricultural experiment and study. There is a slight increase of some thousands of dollars in this item. This is one that we should all approve. Can the minister give us a little information as to what this item covers? What is the work they do?

Mr. Gardiner: The services to the various departments of agriculture across Canada have been increased somewhat, but a considerable part of the amount is for the same reason that I gave in the other instance. The places that have been opened require further expansion in connection with chemistry.

Item agreed to.

Agricultural entomology—

14. Operation and maintenance, $1,663,234.

Mr. Wright: I am not sure whether the question I want to ask comes under this item, agricultural entomology, or under forest entomology. It has to do with the epidemic of caterpillars at present prevailing in Sault Ste. Marie, and in other parts of the province of Ontario. I hold in my hand an article which states that these pests are serious this year. The method of fighting them that has been used up to the present time is the use of D.D.T. Has there been further investigation of other methods of fighting the tent caterpillar? I believe we have a new laboratory at Sault Ste. Marie dealing with forest entomology. Have there been any new developments in the method of combating these pests?

Mr. Gardiner: The federal government provides the technical staff to make investigations of that kind of thing, but the actual work in connection with the fighting of pests of that kind is done by the province. The province pays for the necessary ingredients that are used in fighting them. We have put on the technical staff.

Mr. Wright: I understood that the research work on this was being done by the minister's department.

Mr. Gardiner: That is the technical end of the work, the research in connection with it. But when the task of fighting it is taken on in accordance with the views that are held by the technicians it is done by the provinces. I am informed that no new methods have been found recently.

Mr. Wright: There have been no new developments in this field?

Mr. Gardiner: No.

Item agreed to.

Forest entomology—

16. Operation and maintenance, $1,153,447.

Mr. Stanfield: Does the care of forest trees come under this item? In the maritime provinces, as the minister knows, the birch trees are dying. Thousands and thousands of acres have been destroyed. I was wondering if that came under this item or under the Minister of Resources and Development.

Mr. Gardiner: The same answer would be given as I gave a few moments ago in connection with the other matter. We do the technical investigation in connection with the matter. We have a team of men down in the maritimes now looking into the prevalence of the disease there, but the actual work in connection with it is done by the provinces.

Mr. Stanfield: How long have the men been down there?

Mr. Gardiner: They have been there for three years working on the matter.

Mr. Brooks: Are they studying the disease in the birch trees known as dieback? I think that is what it is called.

Mr. Gardiner: That is what they are considering.

Mr. Brooks: Have the branches of this department any buildings in the different provinces? Are they working in conjunction with the universities, or not? I ask these questions because the university of New Brunswick has a large forestry school, which I think would be equipped to do work of this kind in conjunction with the federal government.

Mr. Gardiner: At the university in Fredericton we have a building which does take care of all of the activities in the mari-

times, and we are considering putting up another building at Debert this year.

Mr. Gibson: Can the minister tell me whether his department carries on the same work in forestry in British Columbia?

Mr. Gardiner: We have a laboratory at Victoria which does the same work in British Columbia. We carry on this end of the work right across the country.

Mr. Gibson: I understand you have a boat out there as well.

Mr. Gardiner: Yes.

Mr. Brooks: Can the minister tell us the areas in the maritime provinces in which work in connection with the disease of the birch trees is being carried on?

Mr. Gardiner: They are working in the northern part of New Brunswick, and the work that is carried on from that location also carries on into Quebec.

Item agreed to.

Experimental farms service—

20. Experimental farms service administration, $162,185.

Mr. Lennard: In connection with the central experimental farm, the minister may recall that some few years ago in this house when the former member for Wellington North, the late Dr. Blair, was a member, we sometimes had full dress debates on the Landrace hogs that are at the experimental farm. Great numbers of them are still there. I do not know why they are still experimenting with them, and that is the reason I have risen. The most popular hog in Canada today for general purposes and for bacon production is the Yorkshire. There are a considerable number of Yorkshires out at the experimental farm. They are not all the even type. As is well known amongst those who are producing hogs today, the large English white is apparently the coming hog, at least in central Canada. Just a few weeks ago I visited a farm near Milton owned by Mr. E. L. Taylor who has what is considered to be one of the best herds of hogs that I have ever seen. He has the best hogs that I have ever seen in any one spot in Canada, and I have seen a few. Why do they continue to experiment with some types of hogs, when I do not think there are many breeders in Canada who are taking advantage of those experiments—at least I have never seen any, in my travels. No publicity is given to it at the agricultural shows, and I have never seen any of those hogs at the shows. I realize of course that I have not seen all the shows across the country. However, I would ask the minister to make a statement concerning the Landrace hogs, which have been at the central experimental farm for fifteen years at least. What headway is being made, and why are they being kept for experimentation if the desired results are not being obtained?

Mr. Gardiner: There were Landrace hogs at the experimental farm when I came to the department about sixteen years ago. It is not clearly within my memory when experiments were begun with them, but I do know they began in view of the fact that a similar hog is produced in Denmark. At that time the Danes would not permit any of the breeding stock to leave Denmark. We got these Swedish hogs, which are of a similar type, and brought them here for the purpose of satisfying some people, one of whom was an hon. member in the house at the time, who thought these hogs were particularly good.

They were brought here, and we carried on the breeding of them until such time as we were satisfied that they were not any improvement on our own Yorks. I recall dealing with the matter in the house, and pointing out that, in connection with the Landrace, the litters were smaller in number, but the pigs were larger when they came. But when we took the two facts into consideration, first that our litters were greater in number, when everything was taken into consideration the outcome of it all was that we thought our own Yorks suited our situation better.

I am told no more of the purebred Landrace are left, but that we have a hybrid which is a cross between the Chester white and the Landrace hog, and that experiments are still being carried on with it. It is not the purebred type we brought here, but a type having some of the characteristics of the Landrace.

I do not know that I can give any particular reason for continuing the experiments. It could happen that at some time we might be producing hogs for a different market, or a market different from that for which we have produced them over the years that have gone by. For that reason perhaps it might be well to continue the experimental work in connection with different types in case that, in certain sections of Canada, we might advise their production. However, I cannot give any better reason than that.

Mr. Lennard: I was out to the farm several weeks ago and saw what appeared to be a cross. They are a lop-eared hog, and look very much like the original Landrace.

Then I would draw to the minister's attention another point, namely, that most of the

pens in the hog barn are supplied with shavings litter. In my experience with suckling pigs the use of these shavings is dangerous. Many instances have been brought to my attention where little pigs got some of the shavings or sawdust in their intestines or stomachs, and that just about finishes them. I know of many cases where that has happened.

As this is more or less a model farm, and one to which there are many visitors, I suggest there should be straw litter. People go to the experimental farm to see what is done there, and then they return to their homes and follow that example. I feel that if they use these shavings it will lead to trouble.

Mr. Gardiner: I am told we have not had any experiences such as the hon. member has described. There is only one reason of course why they are using shavings. They would prefer to use straw, for a number of reasons, one of the chief ones being that mentioned by the hon. member. It is better to be doing at the experimental farm what the farmer should do at his own farm. We would prefer to have straw for bedding purposes for all the livestock; but I am told it is not possible, or that certainly it is very difficult to get straw for all the purposes for which it is used.

In any advice given to farmers it is always pointed out that straw can be more easily secured, on the ordinary farm, and that it is better to use it in any case because, first of all, it can be used more readily as manure than can the shavings. Advice is given out along those lines. But practical experience has been that they must have some bedding in the form of what is generally known as excelsior or shavings.

Mr. Cardiff: I looked at the hogs out there, and I wondered why they were being kept at all. I looked through the different litters and I did not see one of more than four or five. They may have been there, but I did not see them. The litters are uneven, and I thought it was poor production—very poor production. The quality of the hogs was poor. I do not know why they would want to continue to experiment with that kind of hog.

Mr. Gardiner: It must be kept in mind that an experimental farm is operated for purposes somewhat different from those of the ordinary farm. Experiments are carried on, for example, in connection with inbreeding, and the results may be very bad. But it is done so that they may advise people to keep away from the very thing they are doing in their experimental work. It is carried on to demonstrate the actual results.

[Mr. Lennard.]

Perhaps that does not apply so much at the central farm as it does in some of the others. For instance, at Saskatoon the college is operated in connection with a sixteen-hundred acre farm. Provision is made there to bring in hogs from different farms throughout the area. They are all fed alike, and we indicate the results of the different types of breeding carried on by individual farmers. We show the results of feeding as applied to hogs bred in certain ways.

All that kind of work is carried on. One can go to the central farm and see pens of hogs he probably would not want to have on his own farm—but that is probably why they are there. They would be there to serve as an example, so that the farmer would know it would not be a good thing to have them.

Item agreed to.

Experimental farms service—

21. Central experimental farm, operation and maintenance, $1,686,674.

Mr. Catherwood: What experiments are being carried on in connection with the feeding of livestock, including hogs, at the central experimental farm? I believe it is doing an excellent job in developing new strains of grain and seed, but I do feel that in connection with the feeding of hogs, cattle, sheep and poultry not enough experimental work is being done. I feel that the farm should do more experimental work along these lines.

Mr. Gardiner: We have certain livestock at the central experimental farm. We have Ayrshire and Holstein dairy cattle, and we also have Shorthorns. In this particular area we pay perhaps more attention to dairy farming, but experimental work is carried on to assist farmers in the matter of breeding. We do not do much artificial insemination as that is done at Kemptville by the provincial government. They have an experiment there which I have looked over on one or two occasions. It is getting good results and is of considerable assistance to the people of the area.

We also have hogs at the farm, as has been indicated by the previous discussion, and we advise with regard to breeding. We do not make a practice of putting out a considerable number of sires. On occasion we import livestock in order to improve the breed in the country generally. We place the sires that we import at different farms across the country, and some are placed here in Ottawa.

Mr. Catherwood: I am thinking particularly of feeding and rations experiments

that might be carried on in an effort to find out what best results could be obtained. This is the type of work the farm could carry out most effectively and I wonder if the minister would just comment on what is being done.

Mr. Gardiner: That type of experimental work is being carried out at all the experimental farms.

Mr. Lennard: Are any bulletins issued?

Mr. Gardiner: Bulletins indicating the progress reports are issued to all who write in for them.

Mr. McLure: I notice there are 506 employees at the farm and I was wondering what system they have to prevent people walking over one another.

Mr. Gardiner: Five hundred and six may look like a large number, but when you see the buildings there and know the different purposes for which they are used you will understand that it is not. It is the headquarters for our experimental farm work right across the country and the staffs necessary to carry on that work at headquarters are here. A very considerable amount of experimental work is done which requires the employment of persons. One only has to go out there and see the number of people moving about to realize that there have to be quite a number of attendants to take care of the shrubbery, flowers, livestock and everything associated with the farm.

Mr. McLure: I happened to be there on one occasion last winter, on a rather cold day, and when I went into the horse barn I found quite a few of them asleep in a stall. I do not know whether they were being kept there as surplus.

Mr. Gardiner: It might all depend on when you were out there. I recall as a boy that it was a custom on all farms, that is those on which I worked in Ontario, to have a nap in the straw in one of the stalls after you had had your lunch. There is irregular feeding to be carried on and some of those men may have been up at unusual hours. They may have done their work before most of us got up and were taking a nap in the middle of the day.

Mr. McLure: I would recommend that they do not let the public see them because it might create a wrong impression. I was not anxious to see them, but I could not help it.

Mr. Catherwood: What was the revenue last year from the central experimental farm?

Mr. Gardiner: The revenue from all the farms was $569,000 with $94,000 from the central experimental farm.

Mr. Knowles: Following what has been said by the hon. member for Queens I might remind him that there are 262 of us here in one room and we do not walk over each other although we may get in each other's hair once in a while.

An hon. Member: If you have hair.

Mr. Knowles: As the minister knows, across the years I have been interested in the salaries paid to some of the people in his department, those with scientific training and holding university degrees as well as the labourers and workers generally. I am glad to note that the wages and salaries are a little better than they were a few years ago, but it seems to me that there is still room for improvement. I have in mind the still rising cost of living and I also have in mind the fact that the qualifications required of some of these people are pretty high.

I should like to ask the minister the duties and qualifications of two or three of the people covered by this item as indicated on page 89. I note there an assistant technician at $1,560 per year. That sounds like a pretty small annual salary, although there may be some explanation.

Mr. Gardiner: This assistant technician is not a university graduate.

Mr. Knowles: I would hope not.

Mr. Gardiner: I have never been ready to agree that a university graduate ought to get more than certain other people. The salary range here is $1,560 to $2,088. If this man is getting only $1,560 it would indicate that he is new on the staff and will gradually increase until he is receiving $2,088. The pay for all these positions is fixed right across the board in all departments. For similar work the pay is the same.

Mr. Knowles: I think the minister might give me some information as to what this man does. I recognize that he is in a bracket that permits him to move up to the higher salary rate later on. But this year he is getting $1,560. What does he do for that?

Mr. Gardiner: My officials sitting here do not know who the man is the hon. member is talking about. I do not know how he would expect me as minister to know. If he can tell me the name of the man he is talking about, we will try to find out what he does. This is the salary paid for that particular job, for a technician, grade 1. It is stated there, and it is said there is one of them.

Mr. Knowles: This is the sort of thing that the Minister of Finance encourages us to get information about in committee of supply. The minister has so much information in front of him—

Mr. Gardiner: As a matter of fact, to shorten the discussion, I am told there is nobody in the job at all. That is one reason why it has not gone up beyond $1,560.

Mr. Knowles: These fellows over here are doing a lot of chattering, Mr. Chairman—

An hon. Member: You have chattered all your life.

An hon. Member: You are the greatest liability in this parliament.

An hon. Member: Talk about chattering!

Mr. Knowles: I point out to the minister and his rooting section over here that if they will look at page 89 of the estimates—and I hope each of them has a copy—they will find that in the year 1950-51 there was no request for this position at all. Similarly if they will look at the right-hand column they will find that no money was voted in 1950-51 for this position. This is a request for a new position at a salary of $1,560 for a job as assistant technician, grade 1. I think it is a perfectly reasonable question to ask what would be the duties of a person filling this position.

Mr. Boisvert: Maybe it will be to read your speeches.

An hon. Member: Open and shut the gate.

Mr. Gardiner: As a matter of fact no information can be given with regard to the individual because he is not there. The process by which you get the position created is that you must take the matter before treasury board, which some people pass critical remarks about occasionally. I think I heard one last night from over in that corner.

Mr. Knowles: Right.

Mr. Gardiner: Treasury board has to agree that the position is necessary.

Mr. Knowles: Then why did you ask for it?

Mr. Gardiner: We asked for it because our people at the farm have made representations that this man will be needed during the coming year. New work will be commenced of one kind or another, and this man is not doing the kind of work which would be laid out or he would be getting a much higher salary. I have asked my officials if he feeds livestock, and they say that if he were feeding livestock he would get more money than that. In other words, he is not one of the highly paid necessary persons, but there are many people who are required to do other types of work. He would be one of the lowest paid persons out there. We have had the position set up because it is thought that another man is needed in that particular classification. We have asked for him. We have submitted to the treasury board all the reasons why we want him. We finally secured the right to hire him, but we have not hired him yet.

Mr. Knowles: I want to make it clear that I did not rise in this discussion in any critical mood at all. As a matter of fact I think the minister recognized that when I started. He knows from what I have said about this item in former years that I am ready to back him up in trying to get better salaries for the people who work in the various branches of his department. When I started I did not know that there was no man drawing this salary, that this was just a request for a position that has not yet been filled. My purpose was to try to find out what the man was asked to do. I was sure that no matter what you asked him to do if you need him at all he should be paid more than $1,560 in this year 1951-52. I am rather surprised that I cannot get the information because the minister knows his department inside out. I am surprised that he has not got some sort of answer.

Mr. Gardiner: I can give the hon. member some sort of answer if that is what he desires. The fact is—and I am not going to attempt to say that this applies to this individual case because there is no man in the position—that the kind of work which these men are called upon to do is usually part-time work. Perhaps we are doing some experimental work in connection with chemistry or some other pursuit, and during the summer months we may need a young lad or young person who is taking a course at one of the universities. We hire him to assist in this particular work. It is not a highly paid job. It is much in the same class as the boys who are taken from the engineering staffs and put out on road work, and that kind of thing.

Mr. Knowles: I think the minister correctly described his answer before he gave it, namely, that it is some sort of answer. I call his attention to the fact that further down in the list on page 89 there is an item for seasonal student assistants, so this man is hardly in that category. There is a special category for that type further down the page. There is a request for fourteen of them, and incidentally this also is a new item which was not in the list last year. I have no objection to the new item being added. I am not one of those fellows who are always saying: Cut down government expenditure.

I think the government should pay what these people have coming to them. This other item for fourteen seasonal student assistants works out to about $800 a year for each of them. If it is part-time summer work it is a lot more than the minister and I were able to get—

Mr. Gardiner: That is not for a year's work. It is for part of the summer.

Mr. Knowles: —when we were going to university, but obviously the other man is not in that category.

Mr. Gardiner: Just to make my answer as correct as it can be, that would not prevent us from hiring a student to do this other job. In the particular class to which you have referred we could not hire anybody else but students because it is so classified, but we can still hire a student to do the other job. We could hire any person who is capable of doing it.

Mr. Gibson: He does not need to take it for that money.

Mr. Knowles: When we come back to this matter next year I hope that the minister will have a report on who was hired for this position—

Mr. Gardiner: If he is hired I will be able to tell you all about him.

Mr. Knowles: —that only pays $1,560. I think he might also report to us on how he managed to keep body and soul together.

Mr. Gibson: He does not have to take the job. It is a free country. There are lots of jobs.

Mr. Knowles: I want to point out as well, and the minister knows what my interest is—

Some hon. Members: Six o'clock.

Mr. Knowles: —that from a humanitarian point of view I want to see to it that these people are properly treated.

Mr. Gibson: Six o'clock.

The Deputy Chairman: Before I call it six o'clock, may I refer to a ruling I made earlier during the course of the discussion on item 1. Looking at today's *Hansard* typescript, I see that when the hon. member for Brant-Wentworth asked a question of the Minister of Agriculture the Minister of Agriculture said "ask it". I did not hear that. If I had I would not have made the ruling which followed. I should like to correct that.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

JOHN ATHERTON CRITCHLEY

Mr. Matthew MacLean (for Mr. Winkler) moved the second reading of Bill No. 232, for the relief of John Atherton Critchley.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the order for second reading of this bill was called the last time private bills were being considered, I asked that this one be allowed to stand. I did so because I had made a study of the case, and I have studied it further since Tuesday evening. In fact, I feel that it is a bill which this house should not pass without further consideration. The evidence which we have received concerning this case is a bulky volume of eighty-six pages. As one who has read every page of it, I can say that it is not recommended reading. Indeed, I shall give the undertaking that I will not quote from this evidence in speaking to the bill now before the house.

I do want to say a few things about the case, and I want to offer a suggestion which I shall put in the form of an amendment to the motion for second reading. These two people were married quite some time ago, and lived together for a number of years, but in due course drifted apart. In the early years of their married life the husband appears to have left the wife on a number of occasions, particularly when she was ill. As a matter of fact, that statement is authenticated in a judgment of one of the courts of the province of Quebec, in connection with a separation granted to these two people in 1947. In his judgment the judge said:

> . . . considering, moreover, that the proof establishes the defendant inexcusably neglected his wife during her frequent periods of illness . . .

I suggest that that fact be borne in mind, that a judge of one of the courts of the province of Quebec recognized that this man had inexcusably neglected his wife. I point out also that at one stage of the game this man sought to get an annulment of his marriage. I am not sure whether it was a civil court or a church court to which he applied for the annulment. I may say that the evidence seems to indicate this was a mixed marriage. But at any rate the request of the husband for an annulment of the marriage was declined.

I ask the house to note that, after that bit of background, it is the husband who is applying to the parliament of Canada for a

divorce from his wife. He is charging her with adultery. Indeed, in his petition to the Senate of Canada he names two other men as co-respondents. There are matters of detail in connection with that charge that have a bearing on the case, but I do not wish to go into any great detail because it makes a lurid story, the kind which I do not think should be recited in this House of Commons. Indeed, cases of this kind convince me more than ever that we should not be dealing with these matters at all. They should be before an appropriate court of justice.

There is one other important element in this case, and that is that at the time that the separation was granted by a Quebec court the husband was ordered to pay the wife the sum of $25 per week for her maintenance and support. The evidence seems to indicate that that order had been carried out, and is still being carried out, by the husband. However, it also seems clear that if this divorce is granted he will no longer be under a legal obligation to pay that money. The woman will no longer be his wife, so he will no longer be liable for her support and maintenance. I understand there is that difference between a court order for money to be paid to a wife and a court order for money to be paid to the children. In the latter case, the order still holds even after a divorce. In this case, I understand that if the husband gets the divorce he is free of the legal obligation to continue to pay the $25 per week to his wife.

It may be said that that is the reason the woman is contesting the case. I want to say that when one reads the evidence, he does not feel that the misconduct is all on one side. In my opinion, there is misconduct on both sides. At any rate, the position of the woman is quite clear, that if this divorce is granted she will be without any guaranteed means of support. The evidence seems to indicate that she is in poor health—indeed, she had been for a number of years prior to the separation which was granted by a Quebec court. As I have already said, the Quebec judge drew particular attention to that fact. I may say that I have had some correspondence about this case. I understand it is the intention of the woman to continue contesting it as long as it is possible to do so. I understand from the correspondence I have had concerning this case that the lawyer for the man made a promise, if I might call it that, to the members of the Senate committee to the effect that after the divorce went through his client would continue to provide for the support and maintenance of the wife. I am told, however, that the lawyer for the woman has tried to get the man to sign a document to that effect and that he has refused to do so. Maybe there are good reasons why he should make that refusal. Nevertheless, it leaves the woman in the position that, if the divorce is granted, she will have no guarantee that her former husband will be required to support her. He may continue to do so, in keeping with the promise that his lawyer appears to have made to members of the Senate committee. But of course the Senate committee could not hold him to that commitment and he will be under no legal obligation.

In view of all the circumstances, and in view of the fact that the case exercised the Senate committee to the extent of eighty-six pages of printed evidence, I certainly feel that we must give the case fairly close consideration in this house. As to the evidence of adultery itself, I think that anyone who would take the time to read this volume would admit that it is inconclusive and contradictory. I for one cannot say whether or not the alleged adultery took place; and on the basis of the evidence, I would not be prepared to take a position one way or the other. In the light of all that, I feel that further consideration must be given to this case.

It might be pointed out to me that that is what happens when the House of Commons gives second reading to a bill of this kind and subsequently refers it to the standing committee on miscellaneous private bills, namely that that committee does the job of so-called careful consideration. We know that that committee passes in batches bills that are uncontested. It so happens, of course, that this case is likely to be contested before that committee. I understand that the practice of that committee is that, when a case is contested, it is singled out and those who wish to appear are permitted to do so. I believe that the respondent and her lawyer intend to appear before that committee.

Some hon. members might say to me: Well, since that is the practice of the committee, what are you worrying about? Why do you not just let this bill have second reading, let it go to that committee and let them consider it? I wish to answer that argument by reminding hon. members that the practice is almost invariable that a bill that gets second reading from the house is passed by the committee to which it is referred. It goes to the committee with the approval of the principle of the bill, and that fact is brought to the attention of the committee by those who want to see it get through. In other words, the chances of such a bill being defeated in a committee—as will

be seen if one looks at the practices of this committee and the house—are indeed extremely slender. I therefore feel that instead of sending this bill to the committee, with the approval that it would have if we gave it second reading, we should not now give this bill its second reading but that we should rather send the subject matter of the bill to the committee. If we do that, we will be giving the man, the petitioner, his right to appear before that committee along with his lawyer, and to try to persuade that committee to recommend that the bill be reintroduced.

I suggest that that procedure is fairer to the man himself than it would be if we were simply to vote against second reading and kill the bill. If, without any intermediate opportunity for further inquiry, I had to make the choice between passing or opposing this bill, I would oppose it. Hon. members know that I have said that despite my dislike for the way in which we deal with divorce in this house—it is my feeling that we should not be dealing with it here at all—I have taken the position that in the absence of any clear case against a bill, we should vote for it; and every time there has been a vote on a divorce bill I have voted for it.

But as I say, I have made a careful study of this case; and although I do not see tremendous virtue on either side, I for one feel that we would not be properly exercising our function as a judicial body if we were to pass this bill as it now stands. But as I said, although I would take that stand, I feel that we must be fair to both sides. We would be doing what the wife wants if we defeated the bill. But the man might say: Well, not many members of the House of Commons studied this case; only two or three of them did so; and no one there stated my side of it. All right. We will give the man his chance to state his side of the case if we send to the committee the subject matter of the bill.

The difference between sending the bill itself and the subject matter, as I have already pointed out, is well known to hon. members. If we send the bill, it already has House of Commons approval and the chances are a thousand to one that the committee will pass it. But if we send not the bill but the subject matter, the committee must start from scratch. The bill itself is dead at that point. It can come back into the house, but only on the basis of the committee's recommending that the bill be reintroduced. That can be done. If the man and his lawyer can persuade the standing committee on miscellaneous private bills that that should be done, when it comes back to the house I will accept their judgment.

Someone may say: Why do you not accept the judgment of the members of the committee of the other place? I have respect for what they have done. From my study of this case I feel that they have gone into it carefully. I sense a deep concern on their part for the livelihood of this woman. That aspect comes out several times in questions that hon. senators asked. But even so, even though I respect the thorough and judicial job that was done by the committee of the other place, as a member of the House of Commons I feel that I have a right to ask that the committee of this house go into this bill. After all we are, in a sense, a court of two hundred and sixty-two judges being called upon to pass upon this matter. Surely the least we should do is to have our own committee which deals with these matters go into this case thoroughly.

At the risk of repeating myself, Mr. Speaker, I wish to make the point that it is not satisfactory to me to give this bill second reading and to send it to the committee. That procedure makes its approval by the committee almost a foregone conclusion. Under that circumstance the woman and her lawyer could appear before that committee, but their chances of getting the committee to upset the bill would be extremely slim. If, however, we send to the committee the subject matter of the bill rather than the bill itself, the man and his lawyer can appear, as well as the woman and her lawyer, and they are on a more equal footing. The man has the chance, if he can prove to that committee that he has a case, to persuade them to recommend the reintroduction of the bill. I submit, Mr. Speaker, that we must look at this thing in a judicial capacity as best we can. We must assess the evidence that is given to us and try to decide who is right and who is wrong. That is extremely difficult to do on the basis of contradictory and inconclusive evidence.

One feels doubt about several of the witnesses that appeared, as to their credibility, but despite that, I look at these two parties, neither of whom I know or have ever met, and I say to myself: If we approve the divorce, that is the end of the marriage, and that may be the end of $25 a week that the woman gets to live on. She is in her fifties; she is in poor health. Therefore if we take that course we may be making a mistake that we cannot repair. Do we do a wrong to the man if we deny the divorce, or if we require him to appear before a

committee of this house to prove his case? I think not. He has a separation now. He is not being forced to live with this woman whom he no longer loves. The most that we do by way of penalizing him is to prevent him from having the opportunity to remarry. There is no indication in the evidence, at any rate, that that is the purpose of this petition.

Someone might say: we do him the wrong of forcing him to continue to pay that $25 a week. He has said to the Senate committee that he is prepared to support his wife. If he feels he should not be so obligated all he has to do is to apply again to the courts of Quebec for a reconsideration of the court order that was made in 1947. So, all things considered, I think the fair, most objective, most judicial thing that this house can do is to deny this bill its second reading at this time—I emphasize the words "at this time"—and instead to refer its subject matter to our committee so that it can be discussed there.

There are few cases that I have read this session, and I have read a good many of them, that are as replete as this one is with the sort of evidence that one does not want to quote; so I have kept strictly away from that and I have tried to discuss this case in as dignified a way as I could in view of its nature. I have tried to be fair with it in my own mind and in my presentation of it, and I say to the house quite sincerely that I think my suggestion is the one that the house should follow.

If I were asking the house to vote against this bill and kill it, someone might say: You are unfair to the man. All right; I am asking the house to ask our committee to give it further consideration, but to give it consideration in such a manner that the man and woman will both appear before that committee on an equal footing, and have a chance to start from scratch before a committee of this house. Therefore, Mr. Speaker,—

Mr. Carroll: May I ask the hon. gentleman one or two questions?

Mr. Knowles: Certainly.

Mr. Carroll: The first question is: Does he feel that there is not that abundance of evidence in favour of the petitioner that is required in order to over-balance her evidence; that is, if the hon. gentleman were trying this case himself would he feel convinced that the petitioner had proved his case? The next question is this—he made some suggestion as to both parties being guilty: Is there evidence indicating that the husband himself in this case was guilty of adultery? The third question is: Is there evidence there which would indicate that there was connivance by the husband in this case? The reason I am asking these questions is that I know the hon. gentleman has given the matter serious consideration. In any matter to which he does give consideration he has a full and perfect grasp of the situation. If these questions were to be answered by the hon. gentleman in the affirmative then I would think that his proper motion would be to give this bill the six months hoist.

Mr. Knowles: I thank the hon. member for Inverness-Richmond for the honour he has done me in putting these questions to me. In answer to his first question I may say that I am not satisfied there is abundance of evidence in favour of the petitioner. If the hon. member had asked me the opposite question, is there abundance of evidence in favour of the wife's innocence of misconduct I would have to give the same answer. When I was speaking I used the words: "Inconclusive and contradictory." That is my summing up of the evidence on the matter.

The hon. member for Inverness-Richmond asked me whether there was anything in the evidence to indicate that the husband had also been guilty of adultery. I do not know whether it is proper to put the answer as yes and no, but I am not a lawyer, so perhaps my hon. friend will permit me to put it that way—

An hon. Member: What does it matter?

Mr. Knowles: The evidence records an attempt on the part of counsel for the respondent to indicate that there had been adultery or misconduct on the part of the husband, but because of the way in which the pleading had been drafted, or whatever the legal phrase is, the lawyers in charge of the Senate committee felt that they could not admit that evidence. That is the reason I say yes and no. From the few sentences that appear here and there, and from the objection taken by counsel for the petitioner to these questions and to that evidence, it looks to me as though there is something there. I have in mind also the fact that a judge of a Quebec court ruled that he inexcusably neglected his wife. The evidence does not prove categorically that he was guilty of misconduct, but the evidence does suggest it.

As to the third question, does the evidence suggest to me that there was connivance between husband and wife, I think my answer to that would be that the evidence does not suggest it.

Mr. Carroll: Was there connivance by the husband, any evidence to indicate connivance by the husband; that is, that he was giving this woman an opportunity, or not doing the proper thing to avoid giving her an opportunity of the offence for which she is charged?

Mr. Knowles: No; I am sorry. These words are such that even lawyers get mixed up in them, and I misinterpreted the use of the word "connivance". I would not say there was any evidence of connivance on the husband's part. If the woman is guilty of the misconduct of which she is charged she is guilty of it on her own initiative, but she denies it categorically under oath. One of the men with whom she is charged as having committed adultery also denies it under oath. He is a man much younger than she is. The other man is now dead, so he was not here to give any evidence.

I thank the hon. member for Inverness-Richmond for putting the questions to me that he did. His experience in these matters because of his former position as a judge, and as one who has had to try divorce cases, and the questions that he has put to me have helped to clear up these matters. On the basis of all this, Mr. Speaker, I feel, as I have already said, that we should not now give this bill second reading. On the other hand, despite the suggestion of the hon. member for Inverness-Richmond, I think that both parties should have a chance to appear before our committee. Therefore I move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

That Bill No. 232 be not now read a second time, but that the subject matter thereof be referred to the standing committee on miscellaneous private bills.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I am not going to add much to what has been said already by the hon. member for Winnipeg North Centre (Mr. Knowles). He has made the reason for the amendment quite clear. Some years ago I instructed the post office to put neither these bills nor the evidence connected with them in my drawer, with the result that ever since I have been reading neither the bills nor the evidence.

I do not claim any virtue for that, because these bills, coming before the house, make the demand upon me that I shall either support or oppose them. In such circumstances the evidence should have been read, but in view of the way in which they were dealt with in this house, it was quite useless for me or any other member to waste time reading the evidence.

However, the hon. member for Winnipeg North Centre asked me to read the evidence in this case, not with a view to speaking to the bill in the house, but so that after I had read it he might have my opinion as to whether the petitioner had made out his case. I have read the evidence, and I must say I have come to the same conclusion as the hon. member for Winnipeg North Centre. I would say that in my opinion the petitioner has not made out his case to my satisfaction; and if I have to vote tonight either for the bill or against it, I shall vote against it. I shall do so despite the fact that a few evenings ago I said that I would support any divorce bill which came properly to this house from the other place. I believe in this case however that the evidence is not conclusive.

May I also stress the fact that when the petitioner, the husband, tried to get an annulment of his marriage, his petition at that time was refused. When the separation took place, it was as a result of application made by the wife.

In my opinion the husband is a pretty despicable character, and this fact is borne out by the castigation given him by the judge at the time the separation was made. It was said at that time that he neglected his wife, even on occasions when she was ill. I would urge hon. members therefore to support the amendment. The only harm that can be done to the petitioner is that his bill for divorce, if it finally carries, may be delayed for a short time. Otherwise he has all the rights he had previously. As a matter of fact, if the amendment carries the case will be in the same position as when a decision in a lower court is appealed to a higher court for consideration.

For these reasons I would urge hon. members on this occasion to vote in favour of sending the subject matter of this bill to the committee on miscellaneous private bills.

Mr. Speaker: Is the house ready for the question? Mr. MacLean (Cape Breton North and Victoria), for Mr. Winkler, has moved the second reading of divorce bill 232, for the relief of John Atherton Critchley. To this Mr. Knowles has moved an amendment, seconded by Mr. MacInnis, that the bill be not now read a second time, but that the subject matter thereof be referred to the standing committee on miscellaneous private bills.

Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed?

An hon. Member: Nay.

Mr. Speaker: In my opinion the yeas have it.

Amendment agreed to.

Champion Pipe Line Corporation

CHAMPION PIPE LINE CORPORATION LIMITED

Mr. Alan Macnaughton (Mount Royal) moved the second reading of Bill No. 321, to incorporate Champion Pipe Line Corporation Limited. He said:

Mr. Speaker, Bill No. 321 is to incorporate Champion Pipe Line Corporation Limited, under the general terms of the pipe lines legislation enacted by the house.

The object of the bill is to construct a pipe line to carry gas from the Alberta fields to Vancouver, British Columbia. The incorporators are set out in the bill, and they will be the first directors. I should point out that they are all prominent Canadians, and are well known probably to most of us.

The powers are set out in particular in section 6 of the bill, and with permission of the house I should like to read only lines 32, 33 and 34, which state:

—provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

I am sure the proposed route will be of interest to hon. members from the west. It runs from Edmonton to Calgary, Pincher Creek, Crowsnest, Michel, Natal, McGillivray, Fernie, Cranbrook, with a spur to Kimberley, Creston, Sirdar, Kootenay lake, Salmo, Ymir, Cascade, Grand Forks, Similkameen, Cawston, Princeton and Hope, where the line will join the Fraser valley and proceed by the Fraser valley to Vancouver.

The safeguards surrounding this legislation are, of course, well known to the house; so that at this late stage I do not think I need go into them. Suffice it to say that if this bill is referred to the committee which will examine it in detail, we will have our experts there, the engineers and others, and be in a position to give the committee full details on any questions that may be raised. In seeking this incorporation we are merely acting under the legislation provided by this parliament; and if it is your pleasure we hope eventually to have the right to compete with the other companies which have obtained similar bills, under similar provisions and conditions.

Mr. Howard C. Green (Vancouver-Quadra): I should like to say a very few words in support of this bill. I do so because the applicants for this charter propose to follow what we may call a Canada-first route from the province of Alberta to Vancouver on the Pacific coast. I believe those of us who opposed applications for other charters where the route was to go at least in part through the United States will support an application such as that now before us.

[Mr. Speaker.]

As the sponsor has pointed out, several groups have now obtained charters who propose to build a pipe line to the west coast by an all-Canadian route, so the fear expressed during the debates last year that there might be a monopoly no longer exists. There are now several companies from which to choose, and most of them propose to build through Canada. It is agreed, I think, that at least in the near future there will be only one oil line and one gas line to the west coast.

I would point out to you, Mr. Speaker, and to the house, that there has been a great change this year in the attitude adopted toward these applications for a pipe line charter. The standing committee of this house on railways, canals and telegraph lines has written into three charters amendments similar to the wording read by the sponsor a few moments ago, providing that the main pipe line must be located entirely within Canada. Then one group applying for incorporation under the name Independent Pipe Line Company actually brought their bill to the other place with those words written in. Tonight we are considering a charter which was similarly amended in the other place. For the first time the Senate has written into one of these bills words which provide that the main pipe line must be located entirely within Canada. As a matter of fact there is only one pipe line bill before the house at the present time which does not meet that requirement. The bill to which I refer is—

Mr. Speaker: Perhaps the hon. member might leave that until a later time.

Mr. Green: Well, I think I am entitled to mention that the name of the company concerned is the Border Pipeline Corporation. This change in attitude is very significant, and I believe it is in line with the beliefs and interests of the Canadian people.

Pipe line bills passed in earlier sessions did not contain this Canada-first provision, though in some cases the sponsors pledged themselves to follow an all-Canadian route. There were sponsors of other bills, of course, who did not do so, notably the Alberta Natural Gas Company and Prairie Transmission Lines Limited.

I trust that when the board of transport commissioners come to deal with an application for the right to lay a pipe line they will take notice of this changed attitude which certainly exists in this house and I believe also in the other place, and will grant a permit only for a Canada-first route.

Certainly there is no excuse for the board of transport commissioners to follow any other course.

The same is true of the Minister of Trade and Commerce (Mr. Howe), to whom a company must apply for permission to export oil or gas to the United States. I hope he too will take note of the changed attitude this year and will refuse to grant any company permission to export oil or gas from Canada unless the main pipe line of that company is laid in Canadian soil.

Mr. J. S. Sinnott (Springfield): I should like to say a few words on this bill to incorporate Champion Pipe Line Corporation Limited. I believe the sponsor is to be congratulated on bringing this bill before the house. I wish also to express my appreciation to the men who are behind the application to incorporate this company, namely Lloyd Rogers Champion, financier, of the city of Montreal; Leslie Mendelssohn Cuthbert St. Bendick Collins, executive, of Toronto; Daniel Roland Michener, barrister and king's counsel, of the city of Toronto; Alfred Theodore Hurter, engineer, of the city of Montreal; and Joseph Theophile Wilfrid Gagnon, industrialist, of the city of Montreal. These men are showing that they have faith in an all-Canadian line. They are willing to provide financial backing for this project, which shows that they believe in developing Canada for Canadians first.

On Tuesday, March 20, I took part in a pipe line debate in this house. Since then I have spoken to many Canadians, who I found had the idea that if these various pipe lines went from Canada to the United States and then back to Vancouver, then Vancouver would not be a very thriving city in the years to come. Once more I wish to express my appreciation of the action of these people who have the interests of Canada at heart and the ability to go ahead with a matter of this kind.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I very seldom say anything in connection with pipe lines, but I drove 125 miles from Chalk River in order to be here this evening to congratulate the sponsor of this bill. Those of us who have taken some slight interest in the all-Canadian route over the last two or three years are very proud of the fact that we have been able to convince not only this sponsor but one other sponsor that we should in fact build Canada first. We now have the financial giants of Montreal appreciating the fact that Canada alone should be built before we help develop any other country, no matter how friendly that country may be. I only hope when the Border Pipeline bill comes up—

Mr. Speaker: Order. I would ask the hon. member to discuss this bill and no other.

Mr. Cruickshank: I am glad you corrected me in that, Mr. Speaker.

I hope that in the future some of my colleagues from western Canada particularly will appreciate the fact that a few of us at least are trying to develop Canada and especially our own province of British Columbia. We want to develop northern Alberta. I am sure they will agree with us eventually and see the light. I am certainly not going to delay this bill. I am watching the clock. I was talking the last time with one of my colleagues from my own province, the hon. member for Kootenay West (Mr. Herridge) about public ownership. I drove 125 miles today and back again to see an example of what public ownership can and cannot do. We have an example of public ownership right in our own building. I refer to our restaurant cafeteria. If they are not an example of why we should have private enterprise I do not know what is. At Chalk River we saw a most excellent cafeteria run economically and efficiently. I cannot say the same for all public ownership cafeterias.

Mr. Sinclair: How were the prices?

Mr. Cruickshank: The prices were a lot lower than we pay in this building. I will have something more to say about that later at the proper time, but I wanted to prepare the way just as a few of us prepared the way before today in the matter of transportation.

Mr. Sinclair: Nine o'clock.

Mr. Cruickshank: My colleague, the hon. member for Coast-Capilano (Mr. Sinclair), says "nine o'clock". It takes only a minute to say "nine o'clock". At a later date I will be delighted if the hon. member for Coast-Capilano, who comes from the same province as I do, will take forty minutes to explain that it is not yet nine o'clock, but if he, with us, wants to develop our own province and the prosperity of Canada as a whole, we will give him every opportunity to do so.

Mr. Cardiff: Where is British Columbia?

Mr. Hodgson: You are talking it out.

Mr. Cruickshank: I am definitely not talking it out, but I would just as soon that no more divorces came up this evening, and it is not yet nine o'clock.

Mr. Cardiff: Tell us where British Columbia is.

Mr. Cruickshank: You know, Mr. Speaker, I am getting advice from all around here.

Mr. Sinclair: You need it.

Mr. Cruickshank: My friend, the hon. member for Coast-Capilano, says that I need it. Again I repeat to him what a golden opportunity he has to make a name for himself and develop his own country in the same way that his colleagues from the ridings surrounding his own are trying to develop our own ridings, our own province and to raise his riding up to the same level of prosperity in spite of him.

Mr. Laing: Great corn.

Mr. Cruickshank: The hon. member for Vancouver South (Mr. Laing) interjects "great corn". He too will be given a golden opportunity in the future to tell why these other lines are going to be all-Canadian just as we gave the company he sponsored the opportunity of doing the same thing. Since then I have yet to hear him raise his voice above a whisper, or even to a whisper, in support of an all-Canadian route. He has a golden opportunity to do so. For three years some of us have been trying to build Canada and our own province by conserving the great gas and oil resources of our sister province of Alberta, and to develop oil and gas in northern British Columbia so that the finances of our province may be in the same splendid condition as those of Alberta. We have told Alberta that we have a great outlet in the Pacific coast market. This is of particular importance because in spite of objection we will develop the city of north Vancouver without any assistance if necessary in order that it may compete with its great neighbour on the other side of Burrard inlet. I congratulate the sponsor once more and I hope the bill has speedy passage through the committee and through the house.

Mr. H. W. Herridge (Kootenay West): I wish to express my support of this bill. We have opposed other bills and will continue to oppose those that do not accept an all-Canadian route. I might say that the hon. member for Fraser Valley did not leave me any time to answer his argument with respect to public ownership. I want him to understand, however, that not only this group supports the principle of public ownership, but in this matter we have the gallant support of the hon. member for Comox-Alberni (Mr. Gibson). We are very pleased that the bill includes an all-Canadian route and that it will pass through the southern part of British Columbia. It has our hearty support.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

Mr. Speaker: Does the house wish to call it nine o'clock?

Some hon. Members: No.

[Mr. Sinclair.]

SECOND READING—SENATE BILL

Bill No. 323, for the relief of Jane Stirling Stephens.—Mr. Winkler.

MAVIS ELIZABETH THOMAS WRATHALL

Mr. Matthew MacLean (for Mr. Winkler) moved the second reading of Bill No. 324, for the relief of Mavis Elizabeth Thomas Wrathall.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I point out that the evidence with respect to Bill No. 324 has not yet reached our desks. At least it has not reached mine. I would submit that this case should stand. That will apply also to Bill No. 325.

Mr. Speaker: Bill No. 324 will stand and also Bill No. 325.

It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

SUPPLY

The house resumed in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF AGRICULTURE

Central experimental farm—

21. Operation and maintenance, $1,686,674.

Mr. McLure: Before this item passes I wish to get back in the good graces of some of those about whom I made a few remarks that they may not have liked. I was speaking as the result of a visit I had made to the farm. That is the reason I spoke as I did, and not to be detrimental to the people at the farm. I want to say that the experimental farm is one of the finest beauty spots in this beautiful city of Ottawa. It is a place where visitors and tourists should be taken because nowhere in America will you find another spot as beautiful as the central experimental farm at Ottawa. It is doubtful whether you could find another in America to surpass it. I want to say that in favour of our experimental farm.

Item agreed to.

Branch farms and stations and illustration stations—

23. Operation and maintenance, $4,682,078.

Mr. Catherwood: Were any new illustration stations set up during the past year?

Mr. Gardiner: Yes, there were some set up this year. I am sorry that the list which is here does not give the dates when they were set up. There was one in British Columbia, and there are some others that were set up. I do not know that I can get the information within a short time.

Mr. Catherwood: Could the minister get that information later?

Mr. Gardiner: Yes.

Mr. Applewhaite: Mr. Chairman, I have two or three questions to ask on this item. Last year a small illustration station was established at Terrace, B.C. How much money was expended last year, and how much is it estimated will be spent on it this year? Before the minister answers, I may explain that, owing to some circumstances which were largely beyond the control of the department or its officials, the residents in that area, who had hoped for quite a little as a result of the establishment of the station, were to some extent disappointed. This was partly due to the fact that this was the first year of operation, and to other circumstances that the department could not control. I hope that we may have some reason to believe there will be a more satisfactory record established at that little illustration station this year. It is for that reason that I ask that these figures be given.

Mr. Thomas: I should like to ask the minister about the Lacombe, Alberta, experimental farm. Could the minister tell me the cost of operation for the past year, and the revenue derived from it, as well as the number of employees and the total payroll for that particular farm?

Mr. Gardiner: I shall answer the question about the Terrace illustration station. It was established in the spring of 1950. The operator is Mr. Peter van Stolk. The agreement is to end with the 1953 crop year. It is renewable. One of the first undertakings will be to investigate the possibilities of tree fruit production, including the adoption of hardy fruits and improvements in spraying, and so on. The fruit industry has not done well in this district in the past, and we have been asked to explore the problems associated with horticulture, fruit and vegetable growing; soil building will be featured. Approximately $400 was spent on this station in 1950, mostly in connection with organization of work and supervision.

Since this station was only established in the spring of 1950, the planting of tree fruits and the establishment of the vegetable experimental products will be undertaken in the season of 1951. It is expected approximately $1,000 will be spent on the work planned for this station for this year. There are approximately twelve acres of land. This is $5 per acre, including the use of land and services. The department supplies seed and trees on this property. In other words, the property is operated under practices recommended by this department.

At the Lacombe, Alberta, station, the staff is 48 and the earnings amount to $25,000.

Mr. Thomas: What were the expenditures?

Mr. Gardiner: The appropriation is $169,000 for this year, and that will be somewhere approaching the expenditure.

Mr. Brooks: Is the cost of these experimental farms borne entirely by the federal government? If so, what co-operation is there between the federal government and the local government in connection with these farms? We know that each province has different problems, and I was wondering just what liaison there was between the federal government and the provincial governments concerning the work at these experimental farms?

Mr. Gardiner: The costs are borne by the federal government, but we do co-operate with the provinces in connection with soil surveys and many other activities. The results of any experimental work which is done are made available to the provincial authorities if they desire to have them. We do co-operate with them, and they co-operate with us in every possible way in making the results of the work at these farms available to farmers in general.

Mr. Brooks: I know that, but there are schools conducted at the different experimental farms. I believe the provincial governments select the candidates, and I am asking the minister what connection there is there?

Mr. Gardiner: It is not customary to conduct what are generally known as schools at the dominion farms. The farm at Guelph, for example, is known as an experimental farm, but that is run entirely by the province. The province does run an agricultural college along with it. The same thing is true of Saskatchewan, and I think most of the provinces. They have a farm, and there is an agricultural college in connection with it. The farm is operated in much the same manner as our experimental farms, and for very much the same purpose.

We do have what we might call extension classes that are held in connection with these illustration stations that we have. Our cereals man goes out and holds classes. The people around that community gather in and follow him about from plot to plot, while he gives them lectures on the results of the work that has been carried on.

Mr. Brooks: There was a school conducted by the provincial government in my town of Sussex. Last season it was moved to the experimental farm in Fredericton. I was wondering what the connection was, and why it was moved from Sussex to Fredericton?

Mr. Gardiner: The school at Fredericton—I have forgotten some of the details concerning how it was established in the first place, but there were peculiarities about the establishment of it. While that school is operated on the experimental farm, it is operated by the province. If any students were transferred from another school to that one, it would be a provincial school. We do not operate that school. The building was burned down in which it was operating, and we are being asked to build another one so that the school can be continued. That matter is under consideration.

Mr. Herridge: Mr. Chairman, I just want to say a word or two on behalf of some members of the departmental staff whose excellent work goes unsung to a great extent because it is not spectacular. I refer particularly to the work of the officials at the Summerland experimental station. It is greatly appreciated by the fruit growers of the interior of British Columbia and by the farmers in general. I am not going to take time to detail the many experiments that have been carried on successfully. I am sure that the minister and his officials know about them. But we greatly appreciate the close attention being given to the problems of the fruit industry and to those of the farmers generally throughout the interior.

I want to make one suggestion, namely, that the department every year make provision for some of the officials at these stations to visit particularly some of the isolated communities whose people are not as well informed of their work as are those in the larger centres, or those growing fruit in the larger fruit-growing areas. These officials are welcome at all times at meetings of the farmers organizations. I have been particularly asked to say that by the West Kootenay and Boundary Farmers Institutes central organization and also fruit organizations. I hope that financial provision will be made for occasional visits of these officials to farmers meetings and to individual farmers and fruit growers throughout the district, wherever possible.

Mr. Gardiner: I am highly pleased to have the hon. member make that statement, more particular because it is a fact that it was the officials at the Summerland farm who taught me the value of apple juice.

[Mr. Gardiner.]

Mr. Thomas: The minister says that the contemplated expenditure—that is, the estimate—for this year at Lacombe experimental farm is $169,000. Is that for operation and maintenance, or are they contemplating some extension of service or extension of buildings on that farm?

Mr. Gardiner: No, it is not for any extension of the buildings. It is for operational costs; and it is a little bit larger than previously.

Mr. McLure: At Charlottetown, is the science service department under the control of that station, or is it under the control of the experimental farm in Ottawa or of the Department of Agriculture itself?

Mr. Gardiner: They are science service and experimental farms service, and they are both under our control.

Mr. McLure: They are not under the control of the station?

Mr. Gardiner: They are located at the experimental farm.

Item agreed to.

Production service—

25. Production service administration, $58,154.

Mr. Blackmore: I believe item 25 was the one under which the minister suggested it would be appropriate for him to give an account of the prices received by wheat growers for their production in 1942, 1943 and 1944 and of the costs of production which prevailed during those three years. I found the discussion interesting a while ago, because the minister indicated to the committee that those three years were taken as a sort of base period by which to judge the prosperity of the wheat farmers.

Mr. Gardiner: The price of wheat for the year 1942-43 averaged 94·7 cents; the price for 1943-44 averaged $1·233; and the price for 1944-45 averaged $1.25. Those are the average prices for the twelve-month period for those three years. As I said, that is the basis from which we would start to estimate what the returns should be now.

Under the document which is published from year to year by the statistics department, the net returns for wheat are given. I do not know whether I can locate the item. I have it here somewhere. I am afraid that I have not here the figures for the various farm items set out in the form and which would make it possible to make a calculation as between the two. The figures are, however, available in the larger publication that we get out, indicating what the net

return for each farm product is. Those are the figures which we use in establishing our relationship between the two when we are considering what the return ought to be. It was on that basis that we figured that what is generally called the parity price as based upon the 1926-29 period was $1.40 at one particular time. Now it would be considerably higher than that.

Mr. Quelch: Has the minister the figures with regard to the cost of living during those three years? They were down fairly low.

Mr. Gardiner: I am sorry to say that I have not the cost of living figures for that period.

Mr. Blackmore: Has the minister the cost of production during those three years? While the cost of production and the cost of living more or less merge, nevertheless they are different. As the minister knows, the cost of production depends to a large extent on the cost of the machinery that is to be used, twine, oil, gasoline and all that kind of thing. In addition to that, of course the cost of living as such—the cost of clothing, food and the like—enters into the cost of production. But it would seem to me that some formula must be devised whereby allowance would be made for the cost of all three factors—the amount that is received, the actual cost of production and the cost of living—before you can use the three-year period as a criterion. It seems to me that the freight rates ought to be counted in also as well as the structure of taxation which is being levied against the farmers. Has the minister anything concrete to give the committee in respect to this?

Mr. Gardiner: I am sorry again to have to suggest to the hon. member that he delay the discussion, but the detail that he is asking for can be obtained only through the board that is set up under the Agricultural Prices Support Act, and that is item 51. I have just made inquiries and I find that our officials who would have any information that is available on that are not here at the moment, and if we could leave the discussion of that detail until we get down to that item it would be more satisfactory.

Mr. Blackmore: Does the minister desire to let this item stand?

Mr. Gardiner: No; really what the hon. member is asking me for comes under item 51. He is asking me what the results of the activities of the prices board are. If that is the information that is wanted I can get it more readily under item 51.

Mr. Blackmore: The minister very well knows that some members, such as some of our admirable friends from the maritimes, and some from Ontario, fail to understand the problems with which the western wheat growers are confronted unless they do have some information pertaining to all such matters as these. There have been so many misconceptions in the country by reason of pictures of the wheat farmers rolling in wealth and going to California, Florida and elsewhere, that a great many people have an idea that the western wheat grower must be living at least on the standard of a king. The only way we can get to understand the real facts is through arriving at some basis of computation. We listened to individual after individual—

The Deputy Chairman: Order. Perhaps the hon. member misunderstood what the minister said. The minister said that the information that the hon. member asked for could be supplied on item 51. I understood that the discussion should take place then and not now.

Mr. Gardiner: Perhaps I am suggesting too much when I say that the information he has asked for can be obtained then. Wheat does not come under this board. At that time at least we can give him the methods by which we do deal with the products that do come under the board, and the method will be the same in connection with wheat. Whether I can give him all the detail he is asking for I am not sure.

Mr. Blackmore: The only reason I was continuing was that I wanted to give the minister some idea as to what I should like to have.

Mr. Wright: Is the department taking any special steps to encourage the increased production of dairy products or meat products? It would look as though our dairy farmers are not producing enough of them, or at least of some of them to meet our own requirements. Certainly the price of meat to the consumer at the present time is high, and our production is not increasing. Is the department taking any special steps to increase production? If so, what are these steps?

Mr. Gardiner: The activities of the department up to very recently have been activities with regard to the disposal of the product. We have had production which has been very far beyond the consumption within this country with regard to most dairy products, and also with regard to most meat products. But during the last three or four years that

picture has changed considerably, and it is scarcely correct even now to say that we have not sufficient of these products to supply our own needs. Last year we had about 40 million pounds more cheese than our own needs, and we had sufficient of all of the other dairy products to supply our own needs. The only product that we are not desirous of having produced in greater quantity than we could dispose of if we were trying to sell it outside is butter, and the chief reason why we do not suggest that our people should produce more butter than they can consume is that there is no place that we could sell it at cost of production. We must sell our butter in Canada if we are going to sell it at cost of production, the reason being that it costs more to produce butter in this country than it does anywhere else in the world where it is produced in great quantities, and if anybody is going to eat it, then our Canadian people must eat it. Therefore we have been attempting over the years to keep our production of butter just at the consumption point, and we have been fairly successful in that. We have not imported much butter and we have not exported much over the years. When we are just on balance with our production so that production meets the demand in the country, that is just where we want to be; so that we do not ask them to produce any more.

When it comes to fluid milk, of course it is much the same position; that is, the fluid milk is consumed in Canada. Butter accounts for almost 50 per cent of all the milk that is produced in Canada. The next greatest amount that has to be accounted for is the fluid milk. Between the two of them they take up the greater part of the milk production. After that we put the surplus which is left over into cheese, ice cream and canned milk of one kind and another, and into powdered milk. So far as all these commodities are concerned, we have sufficient for our own needs, and fortunately for us at the present time we are able to consume the greater part of them in this country.

When it comes to meat products, which were mentioned as well, we eat all the pork that we produce at present. We do not eat anything like all the beef that we produce. A very considerable part of our beef goes to the United States, but the other products are being largely consumed in this country, and the price which is being obtained for them does not suggest to our people that they could gain very much by producing say 5 per cent or 10 per cent more and shipping it out. There is not much inclination on the part of our producers to want to get into that position. They are producing what can be marketed in this country and what can be marketed in the United States at a better price in some cases than can be obtained here, and I do not know of any way in which you could encourage them to do differently. I do not know that we want to encourage them to do differently from what they are doing.

Mr. Blackmore: Would the minister consider it appropriate to discuss the question of fertilizers on this item? It looks to me as though fertilization would enter into it. Particularly I should like to know whether or not Canada is producing enough nitrates to enable our farmers to maintain the fertility of their soil against the depletion that normally takes place through raising the large crops that we are raising. If we are not producing enough nitrates, then obviously we are running down our soil. Has the minister any information on the point?

Mr. Gardiner: We have scarcely enough of potash and phosphates. We could make use of more. We have a surplus of nitrogen. We are producing all the nitrogen necessary for the production of fertilizers. As regards other ingredients, apart from phosphates and potash, we have no difficulty in obtaining a supply sufficient to take care of our needs.

Mr. Blackmore: Has the minister's department any information as to the general use of these fertilizers? For instance, are the people in Alberta restoring to the soil, in a general way, enough nutrients to prevent a wasting away of the fertility of the soil? Has the minister collected that information, or is that turned over to the provinces?

Mr. Gardiner: We have here the tonnage of distribution, but I do not know that that answers the question asked. We carry on experimental work at all our experimental farms in connection with the effect of the use of fertilizers. Last year for example I travelled all the way from Ottawa to Fairbanks, Alaska, by motorcar, and I stopped off at most of the illustration stations throughout Alberta, up to British Columbia and right on up into the Yukon. I found that at every one of those illustration stations they were carrying on experiments in connection with the utilization of fertilizers.

One thing they told me at every place I stopped was that their experiments indicated that the best fertilizer is barnyard manure, and that all these other things that are talked about, and for which people are paying big prices, were not as useful as barnyard manure—or, at least, if you did not have barnyard manure, other things did not produce as good results.

Other fertilizers are well advertised by the people who sell them. I think there may

be some reason why we do not make as much use of barnyard manure as we did at one time. But that is what our experimental farms and illustration stations are doing—they are determining these things. When I have driven along the highways in Ontario and in the maritime provinces I have seen plots on which cages have been placed in order to check carefully the growth of grasses, as a result of the utilization of different kinds of fertilizers.

That practice is carried on continuously and, while some of this work may be done by the provinces, it is a work we are doing through our experimental farm service right across the country.

Mr. Blackmore: I have raised the question for the reason the minister has given. Everyone knows that in the last fifty years we have stopped using horses. As a result, the fertility which is restored to the farm through having horses is lost. Then, we are apparently going out of the production of cattle—that is, if we increase the use of margarine in place of butter.

So far as I can see, all these matters militate against the maintenance of fertility of the land. I cannot think of any other item under which this matter might more properly be discussed. I am alarmed lest we are running our soil down at a far more rapid rate than we can afford. That is why I am asking the minister if some other discoveries have been made in connection with fertilizers, as a result of which we could maintain the fertility of our land, notwithstanding that we are producing fewer livestock as the years go by.

Mr. Gardiner: I think the answer to the point the hon. member has in mind is to be found in a statement I have here, which points out that the use of fertilizer in Canada has more than doubled since 1940, having increased from 300,000 tons in that year to 765,000 tons in 1950. It is estimated, according to this statement, that the demand for fertilizer in 1951 may be still higher than it was in 1950. That figure is two and a half times higher than it was ten years ago.

Mr. Blackmore: I had the matter impressed on my mind particularly in connection with the production of beets in the Lethbridge area. Farms that a few years ago produced 23 or 24 tons to the acre, for some reason or other have fallen away in their potential production. The people find it difficult to know why this is happening, because they are putting a good deal of artificial fertilizer on the soil to raise their beets. There must be some definite depreciation in the quality of the soil taking place.

If this is so, then it seems to me a matter of major importance, and all the departments of agriculture across the nation should give the closest attention to it.

I should like to know whether, with all this additional use of fertilizer, we are maintaining the fertility of our soil. I do not suppose the minister has information from which he could answer my question. It is a matter that should be looked into by his department.

Are we adopting measures which will keep fertilizer costs down to the point at which encouragement will be given the average farmer to use it extensively? I am referring particularly to nitrates, potash and phosphates.

Mr. Gardiner: The claim is made in Ontario—and we think with some truth—that they are maintaining the fertility of the soil in a major part of that province. That, of course, is a general statement. There may be areas in which it is not being done, and there may be other areas in which it is being built up to the point where it is pretty good soil. I think the same would be true across Canada. I happen to farm in an area where most people think fertilizer is not required at all. Some others are making use of fertilizer. However, most people argue that there is not enough difference in what they produce as a result of using fertilizer to pay them for doing so. The result is that they do not use it. That is in a part of the prairie section where the fertility of the soil is high, and where in some areas that soil is very deep. Even if two or three inches were to blow off the top, it would not do much more than improve the farm. The fertility of the soil is the same in some areas, even if one went down one hundred feet. In those districts one does not talk a great deal about fertilizers.

But we know that where there is erosion, and where there is a top soil of only three or four inches, if that top soil is carried away in any way, whether it be by wind, water or some other means, there is a reduction in the productivity, and ways must be found of putting something back.

On the other hand, if you grow the same crop over and over again without putting anything back, the land will cease to produce that kind of crop to advantage. There are all kinds of ways in which productivity can be kept up; but in most areas the productivity of the soil is maintained at about what it has been on the average over the years.

Mr. Fair: The fact that more and more tractors are being used on the farms today, and also that we are raising fewer horses and cattle, accounts for the lack of barnyard manure. Since it is not manufactured, naturally it cannot be put on the land, and for that reason some other method must be adopted to maintain the soil. I know that in my own district we have used quite a lot of fertilizer during the last ten or twelve years. Last fall we had what I consider a very important meeting at the agricultural school at Vermilion, attended by the councils of three large municipal districts as well as the service boards of those districts and many others interested in agriculture. We also had the superintendent of the Lethbridge experimental station and the publisher of the Lethbridge *Herald,* who took a leading part in that meeting. That evening quite a dinner was put on, attended by a couple of hundred farmers, townspeople and others vitally interested in agriculture. Those two gentlemen from Lethbridge gave a very interesting description of soil conservation in their district. I believe that is being followed up this month with another meeting, and many people are hoping something worth while will be done in connection with soil conservation. If we can develop something in our district, of course, it will be circulated to other districts in that area. I feel that the fertility of the soil must be maintained, and that many people who today are mining the soil must get busy and learn to conserve instead. If they do not, I am afraid the future of agriculture will not be very bright. We have to do everything possible to conserve the soil and improve marketing conditions so agriculture may retain its rightful place in our economy.

Item agreed to.

Health of animals—

26. Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $4,346,187.

Mr. Beyerstein: Will the minister say what is being done to control and eventually eliminate Bang's disease?

Mr. Gardiner: The plan being carried on has not been changed in the last year. The department is promoting the use of calf vaccine as a preventive and of course insisting that a farmer should eliminate any breeding stock that may be afflicted with the disease, since it is to his advantage that it should not continue in the herd. We have not undertaken what has been sometimes suggested here as necessary; that is, having the government make payments for animals destroyed. We have done that in connection with the efforts made to wipe out other kinds of disease, but we have not undertaken that policy in connection with Bang's disease. We are still following much the same practice that we had a year ago.

Mr. Johnston: Before this question is dropped I should like to ask the minister what progress has been made in the investigation of the Koch treatment which I believe was brought to the attention of the department by Dr. Arnott of London, Ontario. I believe there has been quite a bit of experimentation with the Koch treatment not only in Ottawa under the auspices of the Department of Agriculture but also by the government of Ontario and the governments of some other provinces, particularly British Columbia. A year or two ago there seemed to be a good deal of hope that the Koch treatment might cure Bang's disease. I well recall Dr. Arnott visiting the hon. member for Battle River and me in our offices here in Ottawa some years ago, and I wondered if the minister could tell us the result of that investigation. Has this treatment been entirely discarded? Do they think it is no good at all? Is there any hope in it, or just what is the position?

Mr. Gardiner: The department have carried on a rather careful investigation, and they are not inclined to promote the idea that it is a cure for Bang's disease. It is a little difficult for anyone to say definitely that this or that does not do any good, of course.

Mr. Johnston: What success if any was encountered in your experiments?

Mr. Gardiner: Our people do not think it is a success at all. I have visits from Dr. Arnott occasionally, as others do. He himself is very much convinced; he has convinced others, and perhaps the treatment does some good. As far as the department is concerned, however, we would not promote the idea that it is a cure for Bang's disease.

Mr. Argue: Along the same line may I ask the minister whether the Koch treatment has not been successful in some instances at least in the treatment of mastitis? I understood that was a field in which the treatment did have some success. I remember getting some literature in my mail box to that effect, and I would appreciate it if the minister would comment on that aspect.

Mr. Gardiner: I never like to discuss on the floor of the house these ideas individuals have that they can cure this, that or the other, whether it be in humans or in livestock. I am not an expert in matters of that kind, but my officials tell me that the investigations they have made, which have been fairly extensive, do not indicate that

any great good has resulted from the use of the Koch system in either mastitis or Bang's disease.

Mr. Wright: What success has been achieved in the use of penicillin in connection with mastitis?

Mr. Gardiner: It can be used to very good advantage. I believe the usual advice in connection with the use of penicillin is that it be administered under the direction of someone competent to do that work.

Mr. Cardiff: I should like to ask a question concerning a matter which came to my notice just the other day. The county of Huron is an accredited area where they have had two tests, and in the case of some herds three tests. One chap lost quite a few cattle, and as the minister knows the owner is paid for anything that goes to the tank. The other day this chap informed me that he had four cattle condemned and slaughtered, and that a quarter from each went to the tank, for which he was not paid. Is there any reason why he should not have been paid for those quarters that went to the tank? There was a quarter from each of the four, so in all he lost a whole beef. It is a new one to me and I should like the minister to make some comment on it.

Mr. Gardiner: The general practice in connection with the wiping out of t.b. in areas that are covered is to pay $40 on the grade animal that is destroyed. Of course that $40 is paid, as I understand it, irrespective of whether or not any portion of the animal is destroyed. If the quarter was found to go into the tank and therefore there was no considerable payment for it, the $40 would be paid and the other three-quarters could be sold. That would be the entire amount that the farmer would receive. I think that is the general practice.

Mr. Cardiff: Apparently this gentleman was not paid anything on these four quarters that went to the tank.

Mr. Gardiner: It was four different animals, a quarter each?

Mr. Cardiff: Yes.

Mr. Gardiner: He would be paid for three-quarters, and as to the one-quarter there would be a very small payment if he got anything for it.

Mr. Wright: I notice under this item there is an increase of $572,000 in the administration of the Animal Contagious Diseases Act while in the following item, compensation for animals, there is a decrease of $711,000. That looks as if there are more herds being inspected but less being estimated for compensation. Is there some explanation for this?

Mr. Gardiner: The explanation for that of course is that the heavy loss is in the first test, as everyone understands, and a very considerable part of the area that is being dealt with has had its first test. We are on the second or third test and the cost is not so great.

Mr. Wright: Are there not new areas being tested?

Mr. Gardiner: There will be, but when it is necessary to cover a second time areas that have had one inspection in order to keep the plan in operation, then the cost would be less than if we were working all through the season in new areas.

Mr. Black (Cumberland): I should like to ask the minister if all of Nova Scotia is now in the accredited area. I understood that the mainland was and that tests were being made on Cape Breton Island. I should like to know from the minister if the entire province is now a t.b. accredited area.

Mr. Gardiner: My understanding is that the maritime provinces as a whole, and certainly Nova Scotia, were an accredited anti-t.b. area when I came to the department almost sixteen years ago. There may be some question as to whether in certain areas the tests have been kept right up to date, but my understanding is that it is still looked upon as an area that has been accredited throughout. If any herds are not fully accredited because of the fact that there have not been inspections recently, that is simply a matter of the task not being overtaken. I do not think the position of the province has changed at all in that regard.

Mr. Black (Cumberland): I think there were sections on the mainland where tests were delayed, for instance, Lunenburg county. There was a lot of opposition to it in that area, but there was a subsequent request that it be included in the accredited area. I was not sure whether that testing had been completed, and also on Cape Breton Island.

Mr. Gardiner: I understand it has been cleaned up.

Mr. Lennard: Where are the quarantine stations located on the Atlantic seaboard?

Mr. Gardiner: Saint John, Levis and Halifax.

Mr. Lennard: I have heard of some complaints about the one at Levis in particular. It has been said that the sheds are inadequate, the treatment is not all that is

to be desired, and the feeding arrangements also are not all that are to be desired. I was wondering if that had been drawn to the attention of the officials, and if any improvements are being instituted at these stations.

Mr. Gardiner: We are constructing new buildings at Levis. We started them last year, and they are about halfway through the construction now. I think it is generally agreed that the buildings have not been in too good shape.

Mr. Lennard: Is there any regulation preventing the owner of animals in quarantine from going on the premises?

Mr. Gardiner: The law does not permit the individual to go on the premises unless he has a special permit.

Mr. Lennard: From whom does he get the permit?

Mr. Gardiner: From the health of animals division of this department.

Mr. Lennard: Are they usually given?

Mr. Gardiner: In most cases they are given when they are applied for but there may be exceptions.

Mr. Lennard: When would there be exceptions?

Mr. Gardiner: Where in the opinion of the officials applied to there is some danger of carrying disease by persons.

Mr. Lennard: That would be the only reason?

Mr. Gardiner: That is the reason that is given, yes.

Item agreed to.

27. Compensation for animals slaughtered, $929,434.

Mr. McLure: In Summerside you have a station for studying the diseases of fur-bearing animals. Have you any report with respect to the success they have had in the study of distemper in fur-bearing animals and the cure thereof?

Mr. Gardiner: A survey has been made there just recently, but we have not the report on it yet. We are not in a position to be able to say just what the result is, but there has been a survey. We will have the information shortly, and I will see that the hon. member is supplied with it as soon as we get it.

Mr. Jones: Would the minister make a statement as to how much was paid last year to the poultry producers of British Columbia by way of compensation for the loss of poultry afflicted with Newcastle disease? I should also like to know how much is in the estimates for the current year for the same purpose.

Mr. Gardiner: The compensation in Ontario was $16,434.52, and premises quarantined on suspicion numbered 69. The amount paid in Manitoba was $566.75, and premises quarantined on suspicion numbered 7. In Alberta the amount paid was $5,792.10 and premises quarantined on suspicion numbered 15. In British Columbia the amount paid was $842,-846.63, and the premises quarantined on suspicion, 75. This makes a total expenditure of $865,640, and premises quarantined on suspicion, 166.

Mr. Jones: What is the estimate for British Columbia for this year?

Mr. Gardiner: The estimate for this year is $250,000, and the figure for British Columbia last year was $842,846.

Mr. Jones: Is the reduction due to the fact you consider the disease has now been arrested, or are the poultry disappearing?

Mr. Gardiner: Yes, we consider that the disease has been arrested. I do not believe we can say that it has been wiped out, but we think it has been arrested.

Item agreed to.

29. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $40,000 to Canadian Seed Growers Association, $1,282,268.

Mr. Smith (Moose Mountain): I presume that rust would come under this item 29. In western Canada we have experienced a new rust which I believe is known as B-15. It may not be a new rust, but it is new to us. I believe that possibly in a good many places where frost was blamed for cutting down the yield in Saskatchewan it was not solely due to frost. In my constituency there was grain that was not cut. In the location of my farm, not too far from the Manitoba border, we had no frost and the grain graded between 3 and 4. I know some work has been done in this connection, but could the minister bring us up to date on the plans for handling this B-15?

Mr. Gardiner: Mr. Chairman, the lab for the development of methods for combating rust is, as my friend knows, in Winnipeg. We are carrying on there as actively as at any time, and all the facts that are to be known with regard to the development of a new type of rust which attacks the wheat, which up until very recently was considered to be rust-resistant, are known by that lab. They are still conducting experimental work to see

if these types of wheat will prove not to be rust-resistant, and to develop types which will take their place. Activities are being carried on there very intensely, and I think it could be said that everything that can be done is being done.

Mr. Smith (Moose Mountain): One further question concerning this rust. I have heard or read that this rust originated in Texas on a barberry bush. I do not know if the minister knows whether or not that is correct; possibly he does. At one time it was said that they could not spray this barberry bush to get rid of the rust, but surely that is not the case. Someone would have done it by this time. Does the minister know if there is anything in that story?

Mr. Gardiner: The barberry bush has alway been a source of rust, a sort of parent plant from which the rust comes. It is a part of the system of combating rust to do away with the barberry plant wherever that can be done. I do not believe it is generally considered that this new rust comes particularly from the barberry bush, although I am not fully informed with regard to that. My officials tell me they do not think it does. It is a new form that is not fully understood at the moment, but every effort is being made to understand it.

Mr. Cardiff: Will the minister explain the $40,000 grant to the Canadian Seed Growers Association?

Mr. Gardiner: The grant in 1950-51 was $40,000. The same grant is required for 1951-52. The Canadian Seed Growers Association originated in 1904, and was a national organization controlled by competent seed growers for use in the production of registered seed recognized by the Seeds Act as seed of a legal grade. The association is responsible for (a) registration of crops of the quantity and quality required to provide the basis seed necessary to maintain a satisfactory standard of crops for commercial use; (b) maintenance of accurate records of crop pedigrees and issuing of crop certificates; (c) directing continuous multiplication of foundation and elite stock seed of old and new varieties to serve as the basis for the production of registered crops; (d) the acceptance of varieties for registration; (e) initiating, approving and maintaining standards of purity; (f) preparation and distribution of all distinctions of varieties acceptable for registration; (g) preparation and distribution of information to grower members; (h) holding of itinerant annual meetings to provide an opportunity to group members to meet and discuss association problems.

Much of the seed improvement in Canadian agriculture in the past forty years can be attributed to the activities of the Canadian Seed Growers Association. The total membership—is my friend interested in this?

Mr. Cardiff: No, that is not necessary. I just wondered what it was used for.

Mr. Black (Cumberland): I notice that fertilizers are specifically mentioned in this item. There has been some discussion with respect to fertilizers this evening, but this appears to be the only item in which they are particularly mentioned. I have had some representations from the farmers in my part of Nova Scotia concerning the increased cost of fertilizer. Fertilizer is very important to agricultural production in our part of Canada. We have not the advantage of having the one hundred feet of fertile soil which the minister mentioned there was in his part of Saskatchewan.

Perhaps I had better read what has been placed before me. I was waited upon by the president of the Cumberland county farmers association, Mr. Rae McCunn, the vice-president, Mr. Walton Allan, and the secretary-treasurer, Mr. Carl Embree. After they had had a meeting with the agriculturists in that county, this is what they had to say with respect to fertilizer:

> Fertilizer prices are advancing and we believe that one of the main causes of this increase is due to the increase in the price of nitrate of ammonia. After the last war the government sold plants manufacturing this product to private business firms and the prices immediately jumped from $74 to $91 per ton. Through pressure brought about by the Canadian Federation of Agriculture prices dropped back to $74.50 per ton. During the past two or three years prices have steadily climbed until at present this product is costing $92 per ton.
>
> We feel that such price increases are not justified and are due to the fertilizer cartel.

I should like the minister to make a statement with respect to the cost of fertilizer, especially in eastern Canada, with special reference to the representation that I have just placed before him.

Mr. Gardiner: As I understand the statement that was read, it is to the effect that nitrates were made at low cost during the war, that they were made in plants that were then owned and controlled by the government, that those plants were later disposed of and that the costs have been higher.

Mr. Black (Cumberland): The prices were reduced after the plants were taken over by private interests, and they have since been increased to almost $100 a ton.

Mr. Gardiner: All I can say about the matter at the moment is that it is true that at

one time the plants were owned, operated and controlled by the government. As a matter of fact, the one at Calgary was built by the government during the wartime as part of our effort to produce munitions. By some people it was hoped that, when the war was over, the plant would be taken over by the government. This government, however, decided that we did not desire to go into the business of making fertilizer; and the main objective in taking the plant over by anyone would have been at the time to make fertilizer. On behalf of the Department of Agriculture I asked to have the disposal of the plant held up for, I think, six months, in order that I might have an opportunity to interview any parties that might be interested in operating the plant. I took the matter up with the western governments and I took it up with the wheat pools in the west which had ways and means of financing projects of that kind. I was finally told by all of them that they were not interested, and so the plants were sold under an option, held by Trail smelters; and it is operated by them, so far as I know, at the present time.

The other plant, which I think was down near Hamilton, was operated for a time by the government as part of our effort in connection with munitions and supplies. It also has since been disposed of to private interests. I do not know whether or not it is correct to say that those private interests are a cartel. I have not made any examination into that aspect of the matter. I do not know whether or not I would be competent to give an opinion. In any event, they are now operating and the product is being sold. I presume the prices given are correct prices in connection with the sale of the product.

Mr. Black (Cumberland): May I ask the minister if his department, with regard to the prices of fertilizer generally and nitrate of ammonia in particular, is safeguarding the interests of the provinces, especially those of the maritime provinces. As I said earlier, this is an important cost to producers of farm products in eastern Canada. I would presume that the department would be taking some steps to safeguard the farmers and to see that they are protected against exorbitant charges for fertilizer.

Mr. Gardiner: We call attention to complaints that are made with regard to prices. Any complaints that come in are taken up by us with the parties that are responsible for those prices. They generally have the same explanation that we hear from day to day, namely, that costs are up and it is necessary for them to put the price of their product up. That applies pretty well across the board, no matter what product you are dealing with. I must say that there is not any means that I know of whereby I could control the price, and say that they must charge a certain price for fertilizer.

Mr. Black (Cumberland): I would think the minister or his department should investigate this charge with regard to cartels and safeguard agriculturists against excessive charges being made for a commodity as important as fertilizer. May I ask the minister if any subsidy is being paid by the federal government with respect to the manufacture or distribution of fertilizer, and if there has been any such subsidy paid in former years?

Mr. Gardiner: There is a subsidy on the distribution of lime. The vote is: Agricultural lime assistance, $435,000 this year; that is the same as last year—freight and production assistance to the provinces on agricultural lime for soil amendment purposes. That is the only assistance we are giving in connection with what is generally considered as fertilizer.

Mr. Black (Cumberland): Can the minister make some statement with respect to cartels putting up the price of fertilizer?

Mr. Gardiner: If it is a cartel or a combine, which is the more common term, I am afraid there is a piece of legislation which makes it necessary for anyone who believes that to put it into operation and have them prosecuted. But apart from that, I do not know—

Mr. Black (Cumberland): The minister should protect the farmers.

Mr. Gardiner: I do not know that there is any way that I can declare, unless the courts do so, that anyone is operating a combine or a cartel. I may have that opinion and others may have it. But before saying that they are or before saying that we are going to take any action in connection with them because they are, I think the ordinary procedure would have to be taken against them.

Mr. McLure: A few days ago I brought a matter to the attention of the department and of the minister, and asked why the department was opposed to liquid fertilizers. I think the intention of the minister was to give some further information with regard to the matter. Judging by the sale of liquid fertilizers to the farmers, they are becoming more popular, owing to the price being somewhat lower and also probably because it is more easily handled. Last winter, in a farm broadcast from Ottawa, opposition was expressed which materially affected the distribution of liquid fertilizers. I really think

it was a mistake on the part of the department to broadcast against liquid fertilizers; or rather, that is the opinion that has been expressed to me by a great many farmers. The broadcast I refer to was on March 5, 1951.

Mr. Gardiner: We do not take a definite position in connection with the fertilizer. To anyone who applies here for information we give whatever information is available from the experiments which we carry on. Our experiments indicate that the treatment of the grain itself does not bring the benefits which are claimed. The utilization of fertilizer of that kind is I suppose found in the experience of some to be beneficial, and we would not of course say that they should not use it or advise them not to use it. We simply give whatever information we have, based upon the experiments we carry on with it.

Mr. McLure: The reason I brought the question up is that I thought it was not in the best interest of all to have this broadcast go out from the Department of Agriculture, condemning liquid fertilizer. The broadcast I referred to was on March 5 last.

Mr. Gardiner: So far as my officials know, we did not put out any statement on it.

Mr. McLure: The broadcast was from the farm forum.

Mr. Gardiner: We can hardly be responsible for what the farm forum broadcasts. They may have gone and asked for some information on it, and then made a broadcast accordingly. The first broadcast that I heard of, or the first that I knew about it, was the announcement we made in the house here by giving publicity to the answer to the question which was asked. I do not know whether there is any reason to complain about it or not, but it was brought up in that way.

Mr. Argue: I should like to say a word about this question. I do not know whether it was on the farm broadcast or not, but in my opinion if the statement was made on a farm broadcast that liquid fertilizers are uneconomical and the use of them was not in the best interests of farmers, that statement was absolutely correct. Certainly any data on experiments that I have seen show that liquid fertilizers are uneconomical. No doubt there is a great deal of profit in promoting the sale of these fertilizers, and consequently one would expect a good deal of high-pressure advertising. I might say that on farm broadcasts by the Saskatchewan department of agriculture they do not hesitate to say and to repeat that a farmer is ill advised to spend his money on liquid fertilizers when he could spend it to far greater advantage on the solid and well-known fertilizer.

I believe that part of the job of the Department of Agriculture in Ottawa and part of the job of the experimental farm is to find out whether or not different materials when used are to the advantage of the farmer. I can say that if such a report appeared on a farm radio forum or farm broadcast it should be commended. I will ask the minister whether he thinks I am right when I say that the use of liquid fertilizer, as far as any experimental data are concerned, has shown that they are uneconomical.

Mr. Wright: Must the various companies in Canada selling chemicals for weed sprays and insecticides and for various other uses that are made of those sprays register their product with the Department of Agriculture before selling it? If so, are inspections carried on to see that the product is maintained and the standard under which it is registered kept up? Has any experimental work been done by the dominion experimental farms to test the product to see whether it has reached the standard that would be necessary or the standards that are claimed for it?

Mr. Gardiner: We do have the sprays registered, and we have an inspection staff which checks in order to see that the qualities are maintained. These inspection staffs work out of district offices which are established, and they make thorough inspections.

In answer to the other question which was asked in regard to liquid fertilizers, I would say that our departmental officials do advise that the utilization of liquid fertilizers by applying them to the grain does not give any particular benefit. That is the opinion of the officials, and I assume it is a correct opinion. But there are some other ways in which it may be used that may give some benefits. In so far as that particular use is concerned, they do say that their experiments show there is no great advantage to it.

Mr. Catherwood: Does the minister think that owing to the necessity for an increase in agricultural production it might be advisable to consider the possibility of the same sort of assistance as is being given under the lime assistance plan at the present time so far as fertilizer is concerned.

Mr. Gardiner: During the war we did give some assistance, mostly on transportation of fertilizer from one place to another. One of

the reasons for it at that time was the difficulty of distribution. We discontinued doing that because we did not think we were getting the results for the expenditure of the money that warranted our continuing it. We have continued the subsidy on lime, but we have not gone any further than that. Our reason for it was that we did not think we were getting sufficient return from the expenditure of the amount of money that was required to warrant our continuing with it.

Item agreed to.

30. Grants to fairs and exhibitions, under such terms and conditions as may be approved by the governor in council and subject to allocation by the treasury board, $614,400.

Mr. McLure: How many class A fairs and how many class B fairs has the minister? Have any been added to the group?

Mr. Gardiner: There is one class A fair in Prince Edward Island at Charlottetown. Is it just the numbers in each province that are desired or the places of them? Class of fair: A's, Prince Edward Island, one; Quebec, four; Ontario, seven; Manitoba, one; Saskatchewan, two; Alberta, two; British Columbia, one; making a total of eighteen. Class B fairs: Nova Scotia, four; Quebec, twelve; Ontario, twenty-one; Manitoba, three; Saskatchewan, eight; Alberta, five; British Columbia, two; total fifty-five.

Mr. Brooks: Are there any class A or class B fairs in New Brunswick?

Mr. Gardiner: We pay on a somewhat different basis in New Brunswick. The New Brunswick people did not desire to go on operating on the same basis as we operate in the other provinces. There were special situations existing there.

Mr. Brooks: Is it commensurate?

Mr. Gardiner: I think so. It works out at just about the same as they would get if they classified their fairs as "A" and "B." But they have a different classification, and we have accepted it as being similar to what is being followed in other provinces. The show mentioned here is the New Brunswick cattle show at Fredericton.

Mr. Black (Cumberland): I am pleased that the cattle show at Fredericton has a grant of $10,000. I believe it was increased a year or two ago. It seems to me the subsidy being paid the maritime winter fair at Amherst is entirely inadequate, having regard to present-day costs. The amount is only $5,500. It is probably by far the most important agricultural fair in all the maritime provinces, and the oldest fair of its kind in Canada. It has done more than any other organization to improve the quality of livestock.

Some of the directors have spoken to me with regard to their costs, and the difficulties they are having in operating this fair which serves Nova Scotia and New Brunswick and in an even greater measure serves Prince Edward Island. Each of those provinces draws prizes in almost equal amounts from the maritime winter fair. It seems to me it should be given a much larger grant than is provided in the estimates. People who are interested in agriculture attend this show in large numbers. They come from the three maritime provinces, and they look forward to the minister's making a special visit. However, in recent years they have been disappointed when he has not been able to be present. I presume he has other functions to perform that he considers are more important than his presence at the maritime winter fair. Could not arrangements be made to give a larger grant to that fair than is provided in the estimates?

Mr. McLure: I notice that the provincial cattle show at Fredericton is in receipt of a grant of $10,000. I have no complaint against that; they deserve it. But there is no special grant for Prince Edward Island, because it is in with the other maritime provinces, and is included with the maritime winter fair at Amherst. As the hon. member for Cumberland has said, that winter fair has done a great deal to improve the livestock of this country. From time to time this matter has been discussed by breeders. They have appealed to the hon. member for Cumberland and to me to see if they could get something additional for the maritime winter fair. I hope the minister will give consideration to this suggestion in his supplementary estimates.

Mr. Brooks: I should like to express my appreciation of the maritime winter fair at Amherst. I know our people in New Brunswick look forward to it every year, and it is known as one of the big events in the agricultural world.

The hon. member for Queens seemed to question the $10,000 granted to the provincial cattle show at Fredericton. As I understood from the minister a moment ago, New Brunswick is in a position different from the other provinces. The only grant we receive is this $10,000, whereas the other provinces are receiving grants for "A" and "B" fairs and provincial summer fairs. I think it will be seen that Prince Edward Island and New Brunswick have received grants for fairs in addition to those at

Amherst and Charlottetown, or wherever they may be. On the other hand we receive a grant only for the one at Fredericton in compensation for not being allowed grants for other fairs.

Mr. Gardiner: That is right. We were paying on one "A" fair and three "B" fairs to a total amount of $11,000 in New Brunswick. We made an arrangement with them whereby we would pay $10,000 on one fair.

Mr. Brooks: We lost money.

Mr. Gardiner: We saved a thousand dollars on the transaction. But it suited them better in New Brunswick than any other arrangement, and we agreed to the suggestion. We saved around $1,000 in doing it.

Mr. Brooks: And, to complete the picture, would you tell us what they received, in the aggregate?

Mr. Gardiner: I gave the figures a moment ago. For Bridgewater fair in Nova Scotia the amount is $2,500; Oxford fair, $2,187.75; Sydney, $901.12; Truro, $2,500; Amherst winter fair, $5,500. If they are added up it is about $3,000 more.

Mr. Black (Cumberland): Why is Oxford fair, which is considered the best county fair in the maritime provinces, if not in the whole of Canada, receiving only $2,187.75, while these other fairs which are not as large or not as important receive $2,500? This would not appear to me to be a large grant for Oxford fair.

Mr. Gardiner: It is on the basis of improvements. We pay 50 per cent of improvements.

Mr. Black (Cumberland): Does that mean improvements to quarters?

Mr. Gardiner: Improvements and repairs to buildings, including the putting up of new buildings and the repairing of buildings already in existence.

Mr. Riley: Which fair in New Brunswick had the department been previously subsidizing, or paying a grant to, as a 1-A fair?

Mr. Gardiner: Saint John.

Mr. Riley: As the minister probably realizes, Saint John fair was interrupted by the second world war. Plans are under way to have it resume some time in the future. I am wondering if the present allocation to the provincial exhibition at Fredericton will in any way prejudice the chances of the Saint John fair receiving a further grant in future as a class 1-A fair.

Mr. Gardiner: The arrangement at present is that we accept the approval of the province. I presume that if the province withdraws its approval we might talk about something else.

Item agreed to.

Marketing service—

33. Agricultural economics, $510,433.

Mr. Wright: I have in my hand a copy of the *Country Guide* for May, 1951, in which I find this statement:

> The U.S. Department of Agriculture discloses that the cost of bringing a pound of beef from the farm to the retail counter is now nearly four times as high as it was in 1945, the margin having increased from 6 to 22·5 cents per pound in five years . . .
>
> Secretary Brannan released some figures which may help city people to understand what is happening to price relationships. Milk doubles in price within a few hours after it leaves the farm. For the corn inside a 19-cent can the farmer gets 2¾ cents. His share of a can of 16-cent tomatoes is 3 cents. Onions which cost the consumer 6 cents a pound left the farm at a cent a pound. The same thing applies to clothing. The cotton in a shirt costing from $3.50 to $4 brought the farmer 30 cents. The wheat in a 15-cent loaf has enriched the man who produced it by 2⅝ cents.
>
> Armed with this information American farm leaders are making some very caustic comments. Statistical analyses of this nature are not available in Canada . . .

That is the point I want to bring to the minister's attention.

> . . . but *The Guide* would recommend it as a good exercise for the large numbers of technical people, capable of doing this kind of work, now on the payroll at Ottawa.

I imagine that type of work would be done under this vote, and I am wondering how much has been done or is being done at present.

Mr. Gardiner: As I understand what has been stated by the hon. member, it is to the effect that in the United States they have worked out certain relationships between costs and prices.

Mr. Wright: The spread between what the producer gets and what the consumer pays, and the relationship of that spread as it changes from year to year. This indicates that in the United States is has increased, and apparently we have no comparable statistics in Canada.

Mr. Gardiner: Well, I do not know that we have no statistics. Any statistics we have would be prepared by the bureau of statistics. We utilize their statistics in our prices support board in working out relationships between costs and prices. The price of milk is referred to in detail in the article just read. The control of milk prices is with the provinces and always has been, with the exception of a short period during the war. While the war was on we did take control of milk prices, but that was the first product to be decontrolled and turned back to the

provinces at the end of the war. The reason for that was that the provinces had boards to handle it.

Mr. Wright: That is not the point of the question at all. The point is, does the department keep any records or try to obtain any records as to the spread between what the producer gets for his product and what the consumer pays for it from year to year, so the department would know the trend, whether or not there is a greater spread from year to year? That is the kind of economics on which the department would be well advised to have some information, and I think such information would be valuable.

Mr. Gardiner: There are some eight or nine products on which we are carrying out investigations, but I repeat that the facts on which we base our investigations are obtained from the bureau of statistics. Those facts are utilized in surveys being made by our economics branch. We have figures in that connection.

Mr. Wright: Apparently in the United States they consider these figures important. For a number of years now they have kept track of the relationship between what the producer receives and what the consumer pays. That has always been a matter of controversy in this country, and I am sure such information would be valuable.

Mr. Gardiner: A report on the nine commodities I mentioned has been published and distributed, along the line of what has been suggested. Some people may think it is not as well done as in the United States; some may think it is better done. I am not prepared to say one way or the other. During the war period we did make very careful studies of those questions in connection with price controls. It may be that in the United States their studies are a little more careful at the present time because they have price controls there, and these things are important in that connection.

Mr. Wright: I think this information is important not only when you are enforcing price control, but to indicate to the people who is getting the gravy, to use the language of this article, through the increased prices which consumers are having to pay for many farm products. I am sure farm organizations would find such information very useful in arguing the case for the farmer. Certainly I would compliment the department on having made a start last year on this type of work, and I think it should be extended to more products than are under investigation at the present time.

[Mr. Gardiner.]

Mr. Browne (St. John's West): I notice in the details at page 100 that 38 economists are employed under this heading, and I am wondering what functions they perform. I am wondering that because in Newfoundland we have a marketing problem that probably does not exist in any other part of Canada. On the west coast we have three of the principal fertile agricultural areas, with one on the east coast. On the west coast we have the Codroy valley, Stephenville and the Humber area; and when the minister visits Newfoundland I hope he will find it convenient to visit those districts. There he will see land equal to any in Ontario or Quebec, where the possibility of increasing production is very great.

I know from experience that the producers are handicapped by the lack of storage facilities, and also by the lack of refrigerator cars to bring their potatoes to St. John's during the winter season. At present when the potatoes are brought during the winter they are frozen in transit, and of course deteriorate in value. Then on the east coast near St. John's we have another area where agriculture is practised intensively. It is an extraordinary thing, however, that produce from the St. John's area will be sent to Grand Falls, Corner Brook or the lumber camps, while produce from the west coast will be brought all the way to St. John's. I believe the economists could usefully investigate the conditions under which agriculture is being practised in Newfoundland. I have spoken on this subject each time the estimates have been before the committee, and on other occasions when I have had the opportunity.

I want to say that agriculture has been neglected in Newfoundland and is still being neglected. It is capable of improving the conditions of Newfoundlanders more than anything else. The minister, the government and members of this house are familiar with the difficulties under which the fishing industry has been labouring for these past two years. In fact the fishing industry has been labouring for a good many years, but agriculture is capable of redressing some of the balance and giving a better balanced economy to Newfoundland.

The Chairman: We are not dealing with fishing.

Mr. Browne (St. John's West): I am dealing with the question of agricultural economics. That is the heading here, and if what I am saying is not agricultural economics I should like to know what it is. I am only making a comparison. I noticed the parliamentary assistant smiling when I referred to fishing, but after all when we are

talking about economics we can afford to make some comparisons. Agriculture was, as I pointed out before, practised to a greater extent thirty or forty years ago than it is today. There were more farms around the city of St. John's, which has a population of 60,000 and is therefore a big market, forty years ago than there are today. We are bringing into Newfoundland from the other provinces far greater quantities of agricultural produce than are necessary.

The provincial government is not in a position to embark upon a policy because it has not got the direction. It has not got the men, the economists, the trained agriculturists. I hope the minister will see that during his visit, and I trust he will come back with the idea of helping Newfoundland. I do not believe there is a minister in the government who can give more assistance to the improvement of the economy of Newfoundland than the Minister of Agriculture. I have urged him now for two years to visit Newfoundland, and I can say there is no member in this house more pleased than I am to know that he is going there. If he will apply his perspicacity and experience to a study of the conditions in Newfoundland I believe it will be for the benefit of Newfoundlanders generally.

Mr. Gardiner: We had three or four economists in Newfoundland, as no doubt my friend knows, during the greater part of last summer, and we are still carrying on investigations there. We did delay some of the work in connection with production until the census is completed this year because much of the information required on which to base studies will be obtained through the census. The economists have been down there carrying on investigations with regard to the food supplies of the island, the sources from which they come and the extent to which they can be produced on the island. All of that has a bearing of course upon agriculture in the province. While I am down there for three or four days at the beginning of next week I shall look into the matter as far as it is possible to do so in that limited period of time. I am quite sure that I shall benefit from the journey there, and I hope the island will benefit by it as well.

Mr. Harkness: I do not know whether or not the question I am going to ask has been brought up before. I am sorry to say that I was not here today, but I was at Chalk River looking over that institution and as a result was not able to be here this afternoon. However, I want to bring up a matter under this item. Looking at the details on page 100, there is an item for printing of departmental reports and other publications. Referring to the summary of standard objects of expenditure and special categories, which was furnished with the estimates, I see that under this item the Department of Agriculture has an expenditure for this year of $485,175, which is the largest amount by a considerable extent for any department with the exception of national defence.

I know of course that the Department of Agriculture publishes a considerable number of pamphlets of various sorts, and of those that have come into my hands the majority are useful publications. I should like the minister to tell the committee what the item of $485,175 covers, and without going into too much detail what publications are involved, in addition of course to the general report of the Department of Agriculture.

Mr. Gardiner: I do not know whether I misunderstand the statement that has been made. I understood that the hon. member for Calgary East was discussing the item of printing of departmental reports and other publications on page 100. That item amounts to $21,550. What is the explanation of the $485,000? I did not get the connection.

Mr. Harkness: This same item, printing of departmental reports and other publications, occurs under a very large number of other items in the Department of Agriculture. The total shown in this summary to which I have referred is $485,175.

Mr. Gardiner: Of course there are items similar to this one, and they have been covered in all of the votes that we have passed. I assume the total will be somewhere in the neighbourhood of the figure that has been mentioned. I have no reason for saying that is not the correct figure. It will be a considerable amount, and that is natural, as the hon. member has already suggested, in the Department of Agriculture. We have between 700,000 and 800,000 farmers in Canada, and it is our duty to distribute the knowledge we obtain through our experimental farms and otherwise which is going to be helpful to as many of those farmers as are interested. Therefore our printing bill will be considerably higher than that of most other departments. The hon. member has said it is higher than any other department except national defence. That is probably correct, and these are very good reasons why it is correct. There is the matter of distribution to farmers throughout a country as large as ours, and the fact that they are all intimately concerned with what is going on at our experimental farms and elsewhere

makes it necessary for our publications to be in very considerable number and to be put out in considerable quantity.

Mr. Harkness: If this information has already been put on the record I do not want it to be put on again, but if it has not I should like to have the minister bring forward, so that it can be put on *Hansard* as an appendix, the details of the amount of $485,175.

The Chairman: Shall the item carry?

Mr. Harkness: No.

Mr. Gardiner: If I undertake to see that it is put on *Hansard,* if not on today's then on Monday's, will it be all right to carry the item?

Mr. Harkness: I do not think we should carry the item. I should like to ask some questions after the information has been put on *Hansard.*

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, on Monday we shall proceed with the budget bills Nos. 294, 295, and 296, the Excise Tax Act, the Customs Tariff and the Income Tax Act.

Mr. Green: In that order?

Mr. Fournier (Hull): Oh, I would leave that to the Minister of Finance. Then, we shall continue with Bill No. 322, an act respecting the Canada post office. Were we fortunate enough to complete that we would take up the resolution in the name of the Minister of Veterans Affairs, the basis of a bill to go before the committee. If we make progress, we shall take up Bills Nos. 355 and 344.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration, $336,942.
2. Information service, $347,412.
3. Advisory committee on agricultural services, $5,000.
4. Contributions to commonwealth bureaux, $56,821.

Science service—science service administration—

5. Operation and maintenance, $276,159.
6. Construction or acquisition of buildings, works, land and new equipment, $713,545.

Animal and poultry pathology—

7. Operation and maintenance, $398,585.
8. Construction or acquisition of buildings, works, land and new equipment, $37,115.
9. Bacteriology and dairy research, $155,457.

Botany and plant pathology—

10. Operation and maintenance, $1,345,552.
11. Construction or acquisition of buildings, works, land and new equipment, $178,600.

Agricultural chemistry—

12. Operation and maintenance, $503,410.
13. Construction or acquisition of buildings, works, land and new equipment, $58,800.

Agricultural entomology—

14. Operation and maintenance, $1,663,234.
15. Construction or acquisition of buildings, works, land and new equipment, $182,979.

Forest entomology—

16. Operation and maintenance, $1,153,447.
17. Construction or acquisition of buildings, works, land and new equipment, $232,830.

Plant protection—

18. Operation and maintenance, $724,119.
19. Construction or acquisition of buildings, works, land and new equipment, $54,400.

Experimental farms service—

20. Experimental farms service administration, $162,185.

Central experimental farm—

21. Operation and maintenance, $1,686,674.
22. Construction or acquisition of buildings, works, land and new equipment, $249,319.

Branch farms and stations and illustration stations—

23. Operation and maintenance, $4,682,078.
24. Construction or acquisition of buildings, works, land and new equipment, $1,195,625.

Production service—

25. Production service administration, $58,154.

Health of animals—

26. Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $4,346,187.
27. Compensation for animals slaughtered, $929,434.
28. Livestock and poultry, $1,443,208.

Plant products—

29. Seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $40,000 to Canadian Seed Growers' Association, $1,282,268.
30. Grants to fairs and exhibitions, under such terms and conditions as may be approved by the governor in council and subject to allocation by the treasury board, $614,400.
31. Grants to agricultural organizations, as detailed in the estimates, $52,500.

Marketing service—

32. Marketing service administration, $174,270.

HOUSE OF COMMONS

Monday, June 4, 1951

The house met at three o'clock.

OLD AGE PENSIONS

AMENDMENT TO B.N.A. ACT—PASSING OF MEASURE AT WESTMINSTER—CONSEQUENTIAL CANADIAN LEGISLATION—BUSINESS OF THE HOUSE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish to advise the house that the government has now been officially informed of the passage by the United Kingdom parliament on May 31 of the amendment to the British North America Act respecting old age security.

I am sure that hon. members in all parts of the house will share in the satisfaction which I feel at this evidence of the spirit of harmony and co-operation which has marked the joint efforts of the federal government and the various provincial governments in reaching agreement in respect of this important matter. I am sure we would all wish likewise to express appreciation on behalf of the people of Canada, and particularly on behalf of the aged citizens of our country, of the prompt way in which the amendment was enacted by the United Kingdom parliament.

The house will naturally be interested to know the steps which the government intends to take, now that we have the constitutional authority to implement the proposals made a year ago this month by the parliamentary committee on old age security and offered by the government to the provinces at our conference with them of last December. On February 5, of this year, in reply to a question put to me by the hon. member for Winnipeg North Centre (Mr. Knowles) I stated as follows, as reported at page 72 of *Hansard*:

> . . . it is and will be the policy of the government to avoid any possible delay when agreement has been reached to have that agreement implemented.

In conformity with that statement of the government's position, I wish to state at this time that it is proposed to introduce legislation at an early day to enable the government to make agreements with the provinces to provide old age security to persons in need between the ages of sixty-five and seventy, and to provide authority for the registration of persons over the age of seventy for the universal old age pensions. That legislation would probably also at the same time provide for the continuance of federal assistance in the payment of pensions to the blind.

The government wishes to be in a position to commence payment of the universal pension beginning with the month of January, 1952, and we wish also to have our legislation respecting the age group sixty-five to sixty-nine ready for implementation effective in January, 1952, in any of those provinces which will have signed agreement with the federal government for that purpose.

The administrative plans for the application of this new old age security program are already going forward. Registration forms with respect to the universal pensions plan are being prepared, and it is proposed to have the necessary supplies of these forms printed within the next few weeks. A small amount of additional staff will very shortly be recruited to deal with applications for the universal pensions which will be administered by the federal authorities.

Arrangements are now being discussed with the various provincial governments to take from their present old age pensions records the information which will be required to pay the universal pension after January 1, 1952, to the approximately 300,000 persons now receiving old age pensions under the previous legislation. For these persons, no additional applications for the universal pension will be required.

The government wishes to be in a position to commence, as soon as possible after July 1, registration of the others—probably some 400,000 persons—seventy years of age and over who are not at present receiving old age pensions. The Department of National Health and Welfare plans, in the six months between July 1 of this year and January 1, 1952, to deal with these applications through the present family allowance offices with the small additions to staff which are contemplated, and to have their records in shape to enable payments to be made in the first month of the new calendar year.

I am sure that all hon. members who recall the initial registration of a much larger number of cases for family allowances in 1945 will share the government's confidence that the same administrative organization, which is now in the process of being adapted to the requirements of the universal old

age pensions plan, will be able to deal with this new problem in an efficient and expeditious manner. These administrative arrangements are, as I say, already being planned with the aim of pressing them forward as rapidly as possible, and they will be pressed forward as soon as the necessary legislative authority is given to the department to carry out the registration for this purpose.

So far as the legislation to provide for the universal contributory old age pension is concerned, the government has come to the conclusion that, in the light of the heavy load of work already before parliament at this present session, it would not be appropriate to ask parliament to deal with this new and important legislation during the next few weeks. Hon. members are fully aware of the heavy load of work which lies ahead of us, and of the necessity we shall shortly face of holding meetings in the mornings, afternoons and evenings in order to deal with the main estimates now before the house and the other items in the government's legislative program already before parliament, as well as old age security assistance and one or two other urgent matters.

If the universal contributory old age pension measure were the only legislative proposal which would remain for consideration, the government would be disposed to ask parliament to continue to sit in July until it had been enacted, in the hope that it would not be necessary for parliament to meet again in the present calendar year. But that is not the situation. In addition to the universal old age pensions legislation, there are a number of important measures under consideration, some of which arise out of the report of the royal commission on transportation. In that regard it is the intention of the government to recommend to parliament the implementation of the recommendations of the royal commission to the fullest practicable extent, and that will require many amendments to the present Railway Act. This amending bill will be a very important legislative proposal, and one which should receive the most careful consideration by parliament because of its long term effect on the Canadian economy. It is intended to recommend that the bill be referred to the standing committee on railways, canals and telegraph lines, and that the committee provide an opportunity for representations as to how the proposed amendments might be expected to affect certain interests and localities. We feel that these proposed amendments should be before the public for study and discussion some reasonable time before they are finally dealt with by parliament.

The government in the course of the next few weeks will also have to give consideration to the recommendations of the royal commission on national development in the arts, letters and sciences. This requires some time for careful study by the government, by members of parliament and by the public, though it does not seem unlikely that some legislative provision should be made before the end of this year.

There are a number of other legislative proposals to which the government has been giving thought. Some of these, like the revision of the Consolidated Revenue and Audit Act, have had to be postponed more than once. It is intended to introduce that legislation and to have it referred to the public accounts committee, where it can be fully explained in all its details. That is the act which provides the standard for the control by parliament over the expenditure of public funds, and we think it is one that is deserving of careful consideration.

In view of all these considerations, the government has come to the conclusion that it would be preferable to make an effort to complete the work now before the house, to conclude the present session as soon as is consistent with the proper dispatch of that business and to adjourn until the beginning of October, with the proviso that we can meet earlier if circumstances make an earlier meeting necessary. If an earlier meeting is not required by unforeseen circumstances, the government would recommend the prorogation of the present session when we meet in October and the immediate commencement of the new session. There would be plenty of public business—mainly legislative—to require a full session, and we would propose to have the session devoted exclusively to government measures, in the hope of overtaking all important arrears and starting with a clean slate in the regular session of 1952.

With respect to old age security, the reason for proceeding with the old age assistance measure in the immediate future is, of course, that it is the part of the old age security program which involves joint action with the provincial governments and we feel that the provincial authorities should know as soon as possible the precise legal basis for the proposed agreements in order to make their own legislative and administrative plans in the light of that knowledge. Of course it is intended that the old age assistance legislation will come into effect at the same time as the universal pensions.

So far as the universal pensions are concerned, once authority has been given by

parliament for the necessary registration, it will not make the slightest difference to the public whether the main legislation is enacted in July or October. The government believes more careful consideration is likely to be given to this very important measure if it is held over, and holding it over will not make any difference as to the date on which it will come into force. That in either case will be the earliest date which we consider administratively feasible on the advice of our experts in that field, that is to say, January, 1952. That from the very beginning has been the earliest date on which it was considered that it would be feasible to get this new machine rolling, and that information was given to the provincial governments at the dominion-provincial conference of last December.

Moreover, as hon. members know, the universal pensions are to have right from the start a contributory basis. Now, we have not yet completed consideration of the normal budgetary program of the current year, and the government believes it would be an advantage to have a few months to observe the effects of the recent changes in the tax structure before reaching a final decision on all the precise details of the contributory system to be recommended to parliament.

It will be recalled that the joint committee made no precise recommendations on that point, because it was recognized that it was the inescapable responsibility of the government. We want to be as sure as we can that we are making the right proposals for a plan which is going to affect, far into the future, the provision for old age security of the whole Canadian population.

The government intends to place on the order paper with all reasonable dispatch the proposals required to be dealt with by parliament to give effect, if parliament sees fit to do so, to this program I have just announced.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure that all hon. members will join in the sentiments expressed by the Prime Minister (Mr. St. Laurent) as to our appreciation of the speed and courtesy with which the parliament at Westminster has dealt with the request put forward for an appropriate amendment to the British North America Act. Undoubtedly they have co-operated in every way to make it possible to proceed with this extremely important legislation which the people of Canada have been seeking for some time.

The Prime Minister has indicated that it is the hope of the government that this legislation shall become law in time to make it possible to begin these payments by January, 1952. In doing so he has outlined some of the extensive preliminary steps which must be taken to that end. He has indicated the necessity that a period be devoted to registration of those who would be entitled to the universal old age pension to be provided under this new amendment. He has also pointed out that a large number of administrative details must be carefully examined and worked out as between the dominion government and the provincial governments so that this may be done to the satisfaction of the Canadian people generally.

I am not able to agree, however, with the Prime Minister in his statement that it will be just as satisfactory if this bill is dealt with in October. I do not believe that we should leave this house until we have passed the Old Age Pensions Act and made it law. There are very strong reasons why this legislation should be dealt with before we leave this house. The Prime Minister himself suggested a reason why there is a difference between July and October. He pointed out that it was the desire of the dominion government to be ready to make payments in January, 1952, in all those provinces where agreements had already been reached in regard to this measure and the payments under it. I think with that statement all hon. members will be in agreement. But from the very fact that the Prime Minister introduces the qualification that the payment would be made in those provinces where agreements had been reached, it is quite clear that in the mind of the Prime Minister the possibility was contemplated that some of the provinces might not yet have been able to take the necessary preliminary steps to make that practicable and possible.

Mr. St. Laurent: If I gave the impression that I was saying that a universal pension would be paid only in those provinces where agreement had been reached, I did not correctly express myself. What I was referring to was that universal pensions would be paid in all the provinces and that we hoped to have the sixty-five to sixty-nine assistance part ready for implementation in those provinces with which agreements will have been made—

Mr. Drew: If that is—

An hon. Member: It is.

Mr. St. Laurent: That is clearly the intention of the government. If I did not make that clear before, I wish to do it now.

Mr. Drew: I paused only because I was going to say that I think the Prime Minister could explain it much better than a number of those who appear to be trying to explain to me what the Prime Minister said.

I was referring to the fact that the Prime Minister had pointed out the necessity for an extensive discussion of the arrangements which it will be necessary to make for the appropriate handling of payments of this kind. For that reason I think there is a strong argument in favour of dealing with this matter now.

The Prime Minister said that if this were the only legislation to be considered, perhaps there would be no thought given to the procedure he has outlined. It is indicated that there is other legislation which it will be necessary to bring before the house. I would point out that it will be very much easier for the provinces to deal with this matter satisfactorily if the House of Commons passes the legislation, and they know it is to become law, so that they then may be able to give adequate notice of the special sessions they must call for the later months of this year, and, in turn, make the necessary arrangements for implementation in those months.

For those reasons, no matter what view may be held in regard to the other legislation contemplated, I think we should proceed to deal with this legislation while we are still here in Ottawa. The Prime Minister has stated, very properly, that all hon. members will hope and wish that the arrangements made for financing this measure should be given that careful consideration which will assure that the legislation itself and the administrative arrangements are the most satisfactory possible, not only for the older people of the country who are directly affected, but for the Canadian taxpayers generally, who are both interested in the legislation and anxious that it shall be worked out in the most satisfactory way. I do not think there will be any disagreement on that score.

On the other hand I find it difficult to think that this proposal cannot be put before the house some time within the next month, with sufficient knowledge of the general course of the financial position of the government, projected with sufficient accuracy to make it possible to deal with this matter properly at the present time. Later today, in fact, the Minister of Finance will be discussing the bills placed before the house to implement the budgetary provisions, and in doing so will be expressing, I am sure with confidence in the accuracy of his statements, what he expects to be the financial position throughout the remainder of the year. Within the next few weeks he will have still more information. I think there would be adequate information at that time to deal with provisions in connection with a contributory plan for financing this measure, along with the legislation itself.

As to the time that would be taken to deal with the legislation, I am sure this bill would take very little time when it comes before the house.

Some hon. Members: Oh, oh.

Mr. Drew: I am perfectly sure this bill would be adopted with the same speed that a number of other bills have been adopted, when they were good bills, clearly explained, and placed before the house properly and in an orderly way.

Some hon. Members: Oh, oh.

Mr. Drew: There is complete agreement as to the introduction of a measure and as to the passing of a measure which has now been approved by all the ten provincial governments. There will be the same measure of unanimity displayed in the house in regard to the bill as was displayed in the house at the time the Prime Minister asked that approval be given to a request to be sent to Westminster for an amendment to the British North America Act for this purpose. After all, we were dealing with the same subject then, and I am sure the same attitude will be adopted in all parts of the house in regard to a measure which implements the purpose of an amendment we all support.

There is another reason why I think hon. members should consider the wisdom of the course indicated. The Prime Minister has informed us that there is under consideration legislation designed to implement the recommendations of the royal commission on transportation. He has also indicated the possibility that there might be legislation to carry into effect some of the recommendations of the royal commission which is generally referred to as the Massey commission. He has indicated that other important legislation is under consideration.

It is not unusual for the house to deal with important legislation. None of these things, however, comes before us with that measure of surprise and urgency with which members of the house were confronted at the end of August last year, when we met in special session. There is nothing to suggest that there is anything to be brought before the house that is not properly to be regarded as regular business of the house. For that reason I find it difficult to understand what justification there can be for the suggestion that we should adjourn, only to meet again for prorogation, and then to have a second session. If it is really necessary to defer any of the business of this house, then I

submit it would be appropriate for the house to adjourn in the usual way and have the session continue in the autumn only for the time necessary to deal with what is left over for further consideration. I am unable to find anything in the explanation given by the Prime Minister that would make it understandable that we should adjourn simply for the purpose of proroguing later, and then have a second session in the same year to deal with the continuing business of this house.

Mr. Cruickshank: Why the glum looks behind you?

Mr. Drew: Possibly because the member behind me is looking in the direction from which that voice came.

The business now before the house, Mr. Speaker, can be dealt with, the old age pensions could be dealt with, and the members of this house could decide what course should then be followed. I hope that the government will reconsider its decision, and I hope it will make plans for the remaining business of this session, recognizing that there has been a considerable delay in dealing with the business of this house by reason of the way in which the different subjects have been brought before the house, postponed and then brought forward again. If this house were permitted to deal with each particular subject until it was disposed of, we would go forward much more rapidly than is possible when a subject is introduced, postponed, and new events arise which project a completely new debate. In this way we have two, three and four major debates on the same subject, simply because of the breaks in the consideration of it. For all practical purposes we are about to have a third budget debate this year. This could have been avoided by carrying the debate forward through the various stages, so that when one stage had been disposed of we would go right into the consideration of the same subject in the next stage.

I again urge the Prime Minister, Mr. Speaker, to reconsider the statement he has made concerning the business of the house, recognizing that he has simply placed before us a statement as to what he thinks would be the best manner in which to carry it forward. The Prime Minister has referred to legislation that is extremely important. Everyone will agree with him as to its importance. Whatever his decision and the decision of his colleagues may be in regard to the other matters before them, I can only repeat my request that before we leave this house we proceed to deal with the old age pension legislation so that the provinces may have sufficient time to call their legislatures together and pass their laws, and so that all the administrative details may be arranged in plenty of time to carry out the hope of the Prime Minister, and the hope of all of us, that these payments will begin in January of next year.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am sure all hon. members of the house share the appreciation that was expressed by the Prime Minister (Mr. St. Laurent) and by the leader of the opposition (Mr. Drew) to the parliament at Westminster for having so expeditiously dealt with the constitutional amendment required to make old age pensions universally effective in Canada. I am very happy indeed that the Prime Minister and the government are determined that this legislation shall come into effect on January 1, 1952. It is a matter of very great pleasure to the members of this group, because of the interest we have always taken in this question of old age pensions. My predecessor, the late J. S. Woodsworth, member for Winnipeg North Centre, in 1926 was largely responsible for the introduction of the first old age pension bill. Consequently it is a matter of much satisfaction to us that this legislation has now reached the stage where the senior citizens of this country who have attained the age of seventy may look forward to a pension without a means test as of January 1 of next year. I believe that is in the interests of thrift in this country, because persons who had saved a little something to provide for their old age were penalized because they had made those savings. I am very happy about the changes foreshadowed.

I am glad to note, too, that the Prime Minister and the government are going to introduce the necessary legislation to bring into effect a new allowance for those between the ages of sixty-five and sixty-nine. I was hopeful that the income test which was recommended by the committee last year would be more generous than the present means test. When the bill is before us, that matter will receive considerable attention. I agree with the Prime Minister that this legislation concerning the sixty-five to sixty-nine age group should be introduced now, so that the provinces may call their legislatures together to make any necessary provisions for carrying out their part of the particular measure.

I cannot say that I agree with the leader of the opposition that there is really any particular reason why the old age pension legislation concerning those of seventy and over should be introduced at this session. The

dominion has assumed the over-all responsibility in that regard, and so long as the legislation is passed by this government and all the necessary preparations are made to enable it to come into effect on January 1, 1952, I am not particular whether the legislation is passed in July or some months subsequently.

With regard to the proposed autumn session of parliament, that is a responsibility that the government must assume. Apparently the government has quite a long list of legislation. I discussed it with my colleagues this morning, and they believe that this legislation, which the Prime Minister was good enough to outline to me, warrants the calling of a session in the autumn.

The experience we have had over the last several years, particularly since the beginning of the war, clearly indicates that membership in this House of Commons can no longer be regarded as something in the nature of a sideline to a particular profession or business. Membership in the House of Commons today is a full-time position, and members must devote their entire time, sooner or later, to the business of the country. May I just add the thought that I believe our sessions should be on an annual basis. I do not like this business of having a session in a given year, and then coming back and having another session later in the same year. I believe we should have one session during a period of twelve months. The time of sitting should be more or less determined early in the sessional year. I feel sorry sometimes for the members of the government, who are undergoing a tremendous strain, because in the very nature of things a member must be experienced and therefore not in the prime of youth or early manhood. I think it is in the interests of the country and of the government and the people of the country that there shall be a summer recess. Sitting as we did during the war in July and August taxed the health of the youngest and most robust members of this house. Personally I think the house should consider what other houses of parliament have considered—an annual session with a summer recess, so that we may know exactly how to make our plans, and so that we may understand the responsibilities we are assuming when we accept membership in the House of Commons or seek the support of our constituents to send us to the House of Commons.

We are indeed very happy that the improved old age pension legislation is to be introduced and will come into effect. The government must decide when it is to be introduced, but to know that it is to be introduced and is to come into effect on the first of January, 1952, is a matter of great satisfaction to the members of this group.

Mr. Solon E. Low (Peace River): Mr. Speaker, it is also a matter of great satisfaction to us that the parliament at Westminster dealt so expeditiously with our request for amendment of the constitution to make it possible for the government to pay universal old age pensions. We also want to congratulate the government on the speed with which they have started the wheels in motion to get ready for the payment of such pensions. I think that is a matter of great satisfaction to everyone in this house.

The Prime Minister (Mr. St. Laurent) has outlined the program of legislation that is to be dealt with by the house some time this year. I agree that we should not try to push through the summer in an effort to get that legislation completed and made law. I do not see that we could deal properly or carefully with such a program if we were to sit morning, noon and night—as I suppose we shall have to do shortly—through July and August.

My estimate is it would require all the intervening time from now until the end of August to deal with that program as it should be dealt with. For that reason I feel that the government is perfectly justified in asking us to come back this autumn to deal with the program outlined by the Prime Minister. I cannot agree at all with the leader of the opposition (Mr. Drew) that the old age pension legislation should be passed and made law before the house prorogues. I see no particular reason at all why that is necessary. In fact I see some good reasons, especially concerning the financial aspects of the proposal, why the measure should not be dealt with until we have an ample opportunity to study the taxation measures that may be necessary to raise these funds.

I cannot see a chance of giving careful consideration to the financial aspects of the old age pension legislation if we are to sit morning, noon and night and at the same time try to get committee work finished. It just cannot be done, and it is an impractical suggestion to say that it should be done before we prorogue. I agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) that we can no longer consider membership in this house as a sideline. I should like to draw to the attention of hon. members the fact that there are a good many members who have to come from great distances. They cannot get back to their homes to look after their businesses more than once in a session. We must always keep that consideration in our minds. In view

of the fact that some members come long distances and have to remain in Ottawa for a long period of time, it seems to me we have to alter our whole attitude towards the sittings of the house.

I cannot quite agree with the suggestion of the hon. member for Rosetown-Biggar that we might consider holding one session a year and specify the time. May I make the suggestion to the Prime Minister that he consider the possibility of beginning the session late in the fall, having a Christmas adjournment, and then coming back possibly around the middle of January and continuing until we finish? That might be the best way out of the situation. In the unusual circumstances in which we find ourselves today it is not unreasonable for the government to consider trying to catch up with the backlog of legislation and calling a special session so to do.

Mr. Fleming: Mr. Speaker, would you permit some discussion on the statement of the Prime Minister?

Some hon. Members: No.

Mr. Fleming: It seems to me there were things said by the hon. member for Rosetown-Biggar and the hon. member for Peace River with respect to the position of members of parliament that should call for reply and correction.

An hon. Member: You are not the leader yet.

Mr. Speaker: It is not customary to allow a debate on a statement made at this stage of the proceedings. I have allowed the leader of the opposition and the leaders of the other two groups to speak, but it is not customary to permit other hon. members to do so.

Mr. Drew: Mr. Speaker, may I suggest that there are reasons why the latitude you have authority to extend should be given in order to permit the discussion of something which in effect changes the whole plan of the business of this house, which introduces an entirely new concept of the extent of the time that members will have to stay in Ottawa, and which generally may change the whole attitude of many prospective candidates for office toward the possibility of having to separate themselves from their families and their other occupations for the best part of a year. This is an announcement that goes far beyond any matter of ordinary procedure, and in view of its importance and its possible effect upon the future membership of this house I earnestly suggest that it would be highly desirable, sir, that you exercise your discretion and permit certain suggestions to be put forward for the consideration of the government.

Mr. Speaker: The difficulty is that I am bound to see that the rules of the house are observed, and there is no motion before the house at the present time. It is probable that an opportunity will be given hon. members to discuss the matters the leader of the opposition has mentioned, which are very important matters; but at the present time that is not permissible. It could only be allowed by unanimous consent.

Some hon. Members: No.

RAILWAYS, CANALS AND TELEGRAPH LINES

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Mr. L. D. Tremblay (Dorchester) moved:

That the name of Mr. MacDougall be substituted for that of Mr. Thomson on the standing committee on railways, canals and telegraph lines.

That the name of Mr. Goode be substituted for that of Mr. Weaver on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 356, respecting Canadian Pacific Railway Company.—Mr. Decore.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO RACING ASSOCIATIONS CONDUCTING PARI-MUTUEL BETTING

Hon. Alphonse Fournier (for the Minister of Agriculture) moved the first reading of Bill No. 357 (from the Senate), to amend the Criminal Code (race meetings).

Motion agreed to and bill read the first time.

QUESTIONS

ST. LAWRENCE WATERWAY

Mr. Courtemanche:

1. Have any plans been prepared for the construction of the St. Lawrence deep waterway?
2. If so, are such plans preliminary or final?
3. By what company were they prepared?
4. What was the cost of such plans?

Mr. Benidickson: Plans of the St. Lawrence deep waterway have been prepared concurrently with, and as a natural consequence of, the discussions that have taken place over the years between Canada and the United States in regard to the project. Some of these are preliminary and some may be final. All such plans drawn in Canada are the work of

government engineers. So far as cost of the plans is concerned, the special projects division of the Department of Transport have different engineering duties to perform and accounting records are not maintained in a way that would show the cost of servicing any one particular project.

EMPLOYEES OF GOVERNMENT AGENCIES TRANSFERRED TO PERMANENT POSITIONS

Mr. Kirk (Antigonish-Guysborough):

1. How many employees of government agencies, crown companies or corporations have, since 1946, been transferred to permanent positions and authorized by the civil service commission to enjoy benefit of the Superannuation Act?
2. How many have been so transferred from each such agency, company or corporation in each of the years from 1946?
3. What has this cost the government, giving amount by years, and stating the agency, company or corporation involved?

Mr. Sinclair: We could answer parts 1 and 2, but in reference to part 3 I have spoken to the hon. member. What he was interested in was the amount of back payments made by the government, not the statutory payments which have been made since the employees in question became permanent. There are no back payments.

Mr. Speaker: Answered.

WHEAT—PAYMENTS ON FIVE-YEAR POOL

Mr. Fair:

1. Has the government given any consideration to compensating the prairie wheat growers for losses suffered as a result of subsidizing the Canadian consumers during the crop years 1945-50?
2. If so, what may the wheat growers expect to receive, and when?

Mr. St. Laurent: The government gave prolonged and careful consideration to the representations made by the pool organizations of the prairie provinces and others respecting the five-year wheat pool; subsequently, the sum of $65 million was appropriated by parliament as a final settlement for the pool operations, and it is not the intention of the government to make any further recommendation to parliament in that regard.

PRINTING DONE UNDER AUTHORITY OF KING'S PRINTER

Mr. Knowles:

1. What was the total amount of printing, by dollar value, done under the authority of the king's printer during each of the years 1948, 1949 and 1950?
2. How much of this was done at the government printing bureau?
3. How much was let out to private printing firms?
4. With respect to the amount let out to private printing firms, how much was done in (a) union shops; (b) non-union shops?

[Mr. Benidickson.]

Mr. Bradley:

1. Fiscal year 1948-49, $7,000,881.85; 1949-50, $8,177,268.79; 1950-51, $9,736,686.44.
2. Fiscal year 1948-49, $3,940,667.11; 1949-50, $4,362,657.75; 1950-51, $5,495,212.43.
3. Fiscal year 1948-49, $3,060,214.74; 1949-50, $3,814,611.04; 1950-51, $4,241,474.01.
4. No information.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DOMINION BUREAU OF STATISTICS—INDUSTRY AND MERCHANDISING DIVISION

Mr. Black (Cumberland):

1. How many requests for returns have been sent out to each province under the Statistics Act in connection with the industry and merchandising division for the year 1950?
2. How many notices, if any, have gone out to each province stating that legal action will be taken against merchants for failure to make such returns for the year 1950?
3. In how many cases in each province has legal action been instituted for failure to submit returns for the year 1950?
4. How many convictions, and for what amounts, by provinces, have been secured for (a) 1950; (b) previous years?

Mr. McIlraith: Return tabled.

WHEAT OVERAGES IN TERMINAL ELEVATORS

Mr. Wright:

1. What were (a) the overages in weight; (b) the overage in grades, in each crop year from 1945 to 1950 under sections 138 and 138A of the Canada Grain Act, 1930, in terminal elevators?
2. What companies had these overages, and what was the final disposition made of same?

Mr. McIlraith: Return tabled.

CERTIFICATES OF CITIZENSHIP—NOVA SCOTIA

Mr. Balcom:

1. How many persons with residence in Nova Scotia have been granted certificates of citizenship for the months of January, February, March and April, 1951?
2. What are their names, addresses, occupations and country of origin?
3. Are all applications from persons living in Nova Scotia made through the Halifax office?
4. If not, through what other avenues?

Mr. Bradley: Return tabled.

MOTION FOR PAPERS

TRANS-CANADA HIGHWAY—AGASSIZ-HOPE, B.C.

Mr. Goode:

For a copy of all correspondence exchanged between the government of British Columbia and the federal government, during 1950 and to date in 1951, regarding the cost of opening a road between Agassiz and Hope, British Columbia.

Mr. Winters: I have spoken to the hon. member, and I would be glad if he would agree to permit this motion to stand for the time being.

Mr. Speaker: Stand.

MUNICIPAL GRANTS ACT

PROVISION FOR GRANTS TO MUNICIPALITIES IN LIEU OF TAXES ON CROWN PROPERTY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide that the Minister of Finance may, out of moneys provided by parliament, make certain grants to municipalities in respect of federal property situated therein.

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

Motion agreed to.

HOUSING

EDMONTON AREA—INQUIRY AS TO CONSTRUCTION UNDER NATIONAL HOUSING ACT

On the orders of the day:

Mr. A. F. Macdonald (Edmonton East): I should like to ask the Minister of Resources and Development whether there have been talks between the city of Edmonton, the province of Alberta and the federal government with respect to the pressing need for new housing construction in the Edmonton area to meet urgent military and civilian requirements; or has the minister received any communication from the provincial government? If so, what is the likelihood of a housing project under section 35 of the National Housing Act proceeding in the city of Edmonton?

Hon. Robert H. Winters (Minister of Resources and Development): We are aware that the government of Alberta is interested in projects under section 35 of the National Housing Act, and we have informed them that we shall be pleased to consider any specific proposals they may submit.

QUESTIONS AS TO PRIORITIES FOR ESSENTIAL MATERIALS

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I should like to direct a question to the Minister of Defence Production. In view of reports that housing is being held up in many sections of Canada because of lack of materials, will the minister tell us what recent steps the government has taken to see to it that housing is given adequate priorities to obtain essential building materials?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I have had no report that housing is being held up. Perhaps my hon. friend has. I assure him that the priority officer of the department gives assistance to low cost housing projects when the need for that assistance is called to his attention.

Mr. Thatcher: I should like to ask a supplementary question of the Minister of Defence Production. Does his department give specific priorities to housing projects for the purpose of getting building material?

Mr. Howe: No, Mr. Speaker; there is no specific priority, but certainly there is a working arrangement with my colleague the Minister of Resources and Development for priority assistance in building houses, where that assistance is required.

FIRES

OTTAWA ORDNANCE DEPOT—DAMAGE TO DEFENCE PROPERTIES—QUESTION AS TO INVESTIGATION

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to ask the Minister of National Defence or his parliamentary assistant to make a statement regarding the fire at the ordnance depot in Ottawa on Saturday night, which caused damage to the extent of over a million dollars. I should like the minister to state also whether he has asked the Minister of Justice for the assistance of the Royal Canadian Mounted Police to investigate not only this fire but also previous fires during the last thirty months which have destroyed or damaged defence properties at a cost to the taxpayers of Canada of over $3 million.

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): In the absence of the minister, in answer to the first question asked by the hon. member I may say that the fire which occurred at Plouffe park, Ottawa, at about 10.30 last Saturday evening destroyed one of the ten bays of the building which comprises No. 26 ordnance depot. That bay was filled with paint, oils, cleaning materials and other materials of the kind, all packaged for shipment; consequently it was a very spectacular and stubborn fire. The other nine bays were not damaged, except one adjacent to the one destroyed, where some damage from smoke and water occurred when the roof of the first bay collapsed. Steps are now being taken to ascertain the actual value of the goods destroyed, and a very intensive investigation is being conducted to determine, if possible, the cause of the fire. In that connection the R.C.M.P. are working with the army.

Inquiries of the Ministry

I shall be pleased to bring to the minister's attention the second question raised by the hon. member.

Mr. Cruickshank: I should like to address a supplementary question to the parliamentary assistant. In view of this serious fire, will the minister consider altering the plans outlined in the press for the construction of the largest one-storey building in the dominion for ordnance purposes, and having several buildings constructed in various places rather than the one building?

Mr. Campney: I shall bring the hon. gentleman's question to the attention of the minister.

PENSIONS

BLIND PERSONS—INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question either to the Prime Minister or to the Minister of National Health and Welfare, arising out of the statement made earlier today by the Prime Minister. In view of the fact that pensions for the blind are included in the present Old Age Pensions Act, will these provisions be carried forward in the new old age pensions legislation, or will there be a separate act for the blind?

Hon. Paul Martin (Minister of National Health and Welfare): The intention is to have a separate act. Of course until such time as the universal act has been passed, the present legislation which covers the blind will continue in existence.

Mr. Knowles: We can take it, then, that the separate act for the blind will be brought in when the other legislation is presented to parliament?

Mr. Martin: The present intention is that when we bring in the provision for assistance to the groups between sixty-five and sixty-nine, we will also bring in the other. The general clauses of the act dealing with the sixty-five-sixty-nine group apply, *mutatis mutandis*, to the assistance to the blind.

INQUIRY FOR RETURN

PORTUGAL COVE, NFLD., WHARF

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Minister of Public Works. On May 14, as reported at page 2978 of *Hansard*, an order for return was passed in connection with certain repairs to a wharf at Portugal Cove. The minister at that time stated that there would be no objection to the passing of the motion, provided that the consent of the provincial government was obtained. I wonder if that consent has been obtained.

Hon. Alphonse Fournier (Minister of Public Works): We have written to the premier of Newfoundland for his consent, but so far we have not received his answer; at any rate it has not yet come to my desk.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 295, to amend the Customs Tariff.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, when the resolution preliminary to this bill was before the house and, I think, in his budget speech as well, the minister explained that the tariff items dealt with in the bill were not of a very vital nature and that most of the important tariff discussions had taken place at Torquay and would be reported in due course. I therefore have no intention of dwelling on the discussion which took place at the resolution stage when various details were brought to the attention of the minister's representative. Neither have I any intention of going at length into the Torquay discussions because those are still before the banking and commerce committee and no doubt will be debated when the report of the committee comes back to the house. There are just one or two matters closely related to Torquay that I wish to bring to the attention of the house briefly.

I think it is generally conceded that there was a good deal of disappointment at the results at Torquay, perhaps with the one exception of the results achieved between the United States and ourselves. It was natural that there should be some discussion, as there was, with regard to the question of preferences. After all, what is happening now is that our trade with the United States has been increasing and that with the commonwealth has been decreasing. There was discussion, and there will be further discussion as to the basic question of the direction of our trade. In that connection I wish to read a brief extract from what was said by the leader of the opposition (Mr. Drew) on the debate on Torquay on May 21, because I think it is worthy of being put on the record here in this connection. Speaking on our trade position, and particularly our trade position with the United States, he said this, as reported at page 3225 of *Hansard*:

> We have every reason to welcome the extension and expansion of trade with the United States . . . By all means, let us seek the expansion of our trade with the United States; but let us remember

that this country is set up for trading with the United Kingdom and the commonwealth. That was not done with any thought of placing barriers between the United States and Canada. Our ties of blood, our ties of friendship and our ties of history are too close for the effective erection of barriers between the peoples of the United States and Canada, who know each other better than the peoples of any other two nations in the whole world.

Then the leader of the opposition went on to point out the rather striking figures of the increased trade with the United States, and to what a large extent this trade depended on the present emergency and the defence program. He also drew special attention to the decreased trade with the United Kingdom and went on to suggest, pursuant to a suggestion made by a conference of businessmen recently, that there should be a conference of the nations of the commonwealth—

. . . to seek every possible means of extending trade and removing any barriers which still hinder the extension of trade and of contact of every kind within this great fellowship.

That last quotation is from page 3227 of *Hansard*.

I just wish to make one other point, Mr. Speaker. This question of preferences is of course part of the question of trying to have our trade as far spread as possible. At the present time we are enjoying record trade with the United States, but it is not possible to dismiss from our minds entirely such names as Hawley-Smoot and Fordney-McCumber. We cannot forget the fact that to a certain extent we are competitive with the United States. It was, no doubt, partly with that in mind that the hon. member for Vancouver-Quadra (Mr. Green) pursued the question of preferences which has such special importance to certain producers both on the Pacific and on the Atlantic coasts. In the course of doing so, he got into a discussion with the Minister of Defence Production (Mr. Howe) who is also the Minister of Trade and Commerce, and the minister made one of those remarks of his which enliven, although they do not enlighten, the proceedings of this house. In answer to a complaint by Mr. Green to the following effect, as reported at page 3253 of *Hansard*:

I am not too sure that this government would not do away with the preferences entirely if they felt they could get away with it as far as the public were concerned,

the Minister of Trade and Commerce said:

Who would stop us? Don't take yourself too seriously. If we wanted to get away with it, who would stop us?

Mr. Howe: Is my hon. friend quoting from his leader's remarks?

Mr. Macdonnell (Greenwood): No, I am quoting from *Hansard*; I hope I copied it correctly. I will quote them now from *Hansard* direct.

Mr. Howe: That was pretty well threshed out at Montreal.

Mr. Macdonnell (Greenwood): Just to make sure as to the correctness—I certainly would not wish to misquote the minister; and I think that he will find that I am quoting correctly—reading from page 3253 of *Hansard* we find the following:

Mr. Howe: Who would stop us? Don't take yourself too seriously. If we wanted to get away with it who would stop us?

Is that the same as I read before?

Mr. Howe: That is correct, just as your leader was reported in the press this morning.

Mr. Macdonnell (Greenwood): We are both correct. That is the important thing. We try to be accurate when we are quoting the Minister of Trade and Commerce (Mr. Howe) especially.

Mr. Howe: It is a great political issue. I would thresh it as long as I could, if I were you.

Mr. Macdonnell (Greenwood): The things the minister says are interesting and we like to quote them. Of course, there is no need of going at any length over the other ground which the minister and I have traversed. We are accustomed in this house to the fact that the minister does not take us as seriously as we should like to be taken. We are accustomed to the fact that the minister is an authoritarian and we do not expect very much. I think I cleared that word with him previously. It is not an offensive word, I believe. This time I think the minister has gone a little further. Let me read again what the minister said. Let me be sure I am right. This is what he said:

Who would stop us? If we wanted to get away with it who would stop us?

That reply was made in answer to the hon. member for Vancouver-Quadra (Mr. Green) who was saying that the government thought they could get away with it as far as the public was concerned. The only point I wish to make is that it is difficult to discuss these matters, which are of some importance, when we find that the minister makes a retort of that kind, which is not taking the discussion seriously, and which underlines the thing which he seems to be so anxious to say from time to time; not only to say but to repeat and to emphasize, namely, that he thinks this house is not worthy of any great consideration —indeed of very little consideration.

The only thing I want to add to that is that some day, I do not know when, I do not

say one year, five years, ten years, but some day, the public is going to wake up to the fact that it is interested in this parliament. After all, it is all they have, as the man said about his wife, "a poor thing, but mine own". This parliament is what the public sent down here, and at the present time some of us say that they have selected a rather queer one. But it is a very satisfactory one to the minister. He can have his supporters say "Good old C.D." to everything that he says, and even say "Good old C.D." to this. It may be that at the moment the public will take very little interest in it but I suggest, Mr. Speaker, that it would be better if the minister would take us seriously. This parliament is composed of serious people, and naturally we should be taken seriously. I suggest to the minister that while this is great fun, while it is grand as long as it lasts, some day the people may wake up to the fact that when he is disregarding and making little of this house he is in fact making little of the Canadian people. There is no doubt that that inference has been left because in the little exchange that I have just read the minister has made it perfectly clear that along with the members of parliament he classes the people who elect the members of parliament, and they are to be set at nought.

As I said at the outset, I think the details connected with this measure can be discussed in committee. At the moment I have no need to add anything more.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I shall be very brief in my remarks on preferential tariff because I am anxious to get away to the veterans affairs committee. However, I do want to keep the record straight in connection with some statements made by the parliamentary assistant to the Minister of Finance.

I am sure he made the statement in good faith, because I know he is sincere in his advocacy of a few packing concerns who manufacture margarine as I am sincere in trying to support the interests of the dairy farmers. The parliamentary assistant to the Minister of Finance gave a list of oils that came under preferential tariff, as reported at page 3122 of *Hansard* of May 17. Actually I am sure it is only a partial list, and I want the hon. member to look it up. I am not disputing the figures that he gave, and I am not disputing that he gave them in all sincerity. But, Mr. Speaker, in order that the record may be clear to the people of Canada, particularly to those whom I am sure the parliamentary assistant is attempting to assist by enabling them to secure a cheap substitute for a pure food such as butter,

[Mr. Macdonnell (Greenwood).]

may I say that he has not taken into account the fact that these oils are imported free of duty. I repeat, they are imported free of duty. The remarks of the parliamentary assistant did not give us that information. They were imported free of duty, held in storage, and some months later, instead of their being beneficial to the consuming public, as he claims, the price of margarine was increased 10 cents a pound, margarine made out of these oils which were imported free of duty. That was not to the benefit of the consuming public but to the benefit of Canada Packers, and some four or five other concerns.

As I stated, I have no quarrel with the figures he gave, but I hope the parliamentary assistant takes into account this fact. No doubt because of the excessive amount of work that he has to do, he has not been able to assimilate the knowledge which would be beneficial to the consuming public, but I admit it has been to the benefit of the packing concerns. The bulk of the coconut oil now being used in increasing quantities in the manufacture of margarine is processed in Canada from copra or coconut meat, and this product is brought into Canada under a tariff item. I want the parliamentary assistant to know this, because apparently his assistants have not brought it to his attention, probably because they are understaffed or overstaffed in the ivory tower. It comes in duty free under item 113a under both the British preferential tariff and the most-favoured-nation tariff. The figures quoted by the parliamentary assistant, as they appear at page 3122 of *Hansard,* do not show that.

We had a gentleman in the city of Vancouver, which happens to be the largest city in our province, who made an immense fortune. Incidentally, the city of Vancouver is just across Burrard inlet from the city of Vancouver North from which my good colleague comes. As I said, this gentleman made an immense fortune from importing copra or broken coconut meat which was processed to make margarine to sell at an increase in cost of 10 cents a pound after it had been brought in duty free during the period when butter was short.

The parliamentary assistant did not bring that information to the notice of the people of Canada through the medium of *Hansard,* although he was very careful to note other things. Peanut oil in substantial quantities is now being used in margarine, and that comes in from British preference countries under tariff item—and again I hope some of the assistants to the parliamentary assistant will look up this item in their spare time. I refer to item 276a (i), free of duty. Mark

that, Mr. Speaker. This also applies to tariff item No. 276c, which covers coconut oil, crude, but imported to be refined for edible purposes.

I know that the parliamentary assistant to the Minister of Finance did not want to mislead the public, but these facts were not put on the record. The figures that he quoted on May 17, and which appear in *Hansard*, are misleading. They do not state that this preference was used to increase the excess profits of Canada Packers and their few associates to the detriment of the consuming public who buy a cheap substitute for an edible food like butter. They do not tell the story at all. If you remember, Mr. Speaker, much ado was made about whether the oils were edible or not edible. For instance, coconut oil, crude, when imported to be refined for edible purposes comes in duty free under these tariff items. I should like the parliamentary assistant to make that point clear. I am not disputing his figures, but I am definitely stating that his figures were at least misleading when he referred to the duty paid.

I should like to point out that importations of duty-free vegetable oils, including coconut oil and peanut oil used in margarine, increased rapidly during the first quarter of 1951. It increased to the point where—and the parliamentary assistant, through the extra staff he has over there, may check me; I do not want them to find themselves at leisure two-thirds of the year—an average of 1,531,000 pounds of margarine per month were imported in that period, as compared with an average of only 875,000 per month during 1950.

Mr. Sinclair: Public demand.

Mr. Cruickshank: This was, on the average, an increase to the extent of more than 75 per cent. Mr. Speaker, all things come to him who waits: the parliamentary assistant has said, "public demand". That was the very thing I was hoping he would say. Here we have misleading statements issued to the public, that they are going to receive a food—and in this instance I will call it a food—as a substitute for butter, only to find it going to a very high price. "Public demand"—yes, by misleading statements, by bringing in oils duty-free, oils that can be turned in at one end of a machine and come out at the other, as I saw it done at the Canada Packers plant at Toronto. These oils are offered as a substitute for butter, for the production of which the farmer has to work 365 days a year, from twelve to sixteen hours a day. Yes, "public demand", when it is brought about by misleading statements that the consumer will get a cheap substitute. This oil, Mr. Speaker, was brought in and held in storage, duty free. That was not told to the public. It was held over for this period until there was a short supply of butter and in order that five or six processors such as Canada Packers could profit, at the expense of the consumer. He did not get a cheaper substitute for butter. Canada Packers, duty free, got excess profits of ten cents a pound.

That does not appear in the record of May 17, at page 3122 of *Hansard*. I am willing to admit I may be prejudiced in the matter. I say I have every right to be prejudiced, on behalf of the Fraser valley milk producers association. Perhaps I am not qualified to give an impartial judgment in the matter, any more than the parliamentary assistant is qualified, with his prejudice in favour of Canada Packers or other manufacturers of margarine.

I am willing to admit I am prejudiced. I inferred from his statement that as a result of this freedom from duty the consumer would get the benefit in the price of the margarine which would compete with butter which was at an admittedly high price. He must have known, or his assistant must have known, that Canada Packers brought in this copra, this coconut meat, to manufacture into oils to be used in making margarine, that they held it from one to five months to sell at a rate ten cents greater than when they brought it in. If that is benefiting the consumer, then I would like to know it.

I am all for these preferential agreements and, in order to forestall what might be said, let me say that, with the Minister of Agriculture (Mr. Gardiner), I am one of the two free traders left—and I know that will be thrown at me.

Mr. MacDougall: Here is another.

An hon. Member: And here is another.

Mr. Cruickshank: If I get a little more support, I will attend to this coconut oil, this poor substitute for butter. I want to tell you this—and I speak with authority from my own riding—that you can bring in margarine or margarine oil by the boatload, the trainload, by submarine or by aeroplane, duty free, if you will allow in duty free, under the same terms, everything that goes toward the manufacture of butter. When I say that I speak as a representative of all western ridings.

I do not care how much coconut oil you bring in duty free, provided everything we use in the production of butter receives the same treatment. I do not wish to delay the passage of the bill because, as I said earlier, I want to attend the sitting of the committee on veterans affairs. I can assure the house that although I disagree with my

colleague, in most instances I have every confidence in his judgment. During the time when he served his country overseas we were assigned the same room, and I had the privilege of looking after his constituency. I trust no one will think there is anything personal in the present instance, because of the different views we hold in this connection. He is sincere in his belief, and I am sincere in mine—the only difference being that I know that, in the long run, for the benefit of Canada, he is wrong and I am right.

If the parliamentary assistant is going to speak I shall stay around and, if necessary, miss the meeting of the veterans affairs committee. Perhaps in doing so I shall keep the hon. member for Spadina (Mr. Croll) in his seat, because he and I might disagree in the veterans committee.

An hon. Member: It sits tomorrow.

Mr. Cruickshank: I am a day ahead of myself—but I am so anxious to help the veterans that it is possible I may be two days ahead. However, I shall certainly stay around to hear what the parliamentary assistant has to say.

Let me repeat that I have no objection to coconut oil or any other oil being brought into my riding in any quantity or in any form, provided those of us who produce butter and other dairy products in that riding are permitted to bring in under the same terms anything we require in the production of our dairy products.

I admit that if I represented a one hundred per cent consumer riding, particularly if I were speaking about the end of 1953, I might take a different attitude. But I would urge the consuming public to check the statements I have made today and previously concerning these imported oils. I repeat that the public was not given the benefit of these cheap oils in connection with the manufacture of this imitation of butter. But who got the benefit? Canada Packers and one or two associates got it, through holding those cheap, crude oils until such time as there was a scarcity of butter, arising as a result of the operation of the old law of supply and demand. When that shortage brought the price of butter to an admittedly excessive rate, the margarine was released.

The oil was produced and brought in, and the margarine was produced and held in storage at those ridiculously unfair competitive rates, and sold out at a 10 per cent increase. I have no intention of saying more. I do not believe that the parliamentary assistant, in doing his duty as he saw it in his special capacity, intended to leave the impression that the consuming public of Canada was getting the benefit of these imported oils. In Vancouver raw coconut meats were brought in and processed into coconut oil to manufacture this so-called imitation of butter, presumably for the benefit of the consuming public but actually to make excess profits for a few packing companies.

Mr. Speaker: Order, if the parliamentary assistant speaks for the minister now he will close the debate.

Mr. Sinclair: I did not move the bill, but it is quite true that when the bill goes into the committee stage I shall be speaking for the minister. I should like to speak as the member for Coast-Capilano as well as the parliamentary assistant, and answer some of the charges my friend has made.

Mr. Speaker: It makes it very difficult to follow the usual procedure of the house if a parliamentary assistant is piloting the bill through the house for the minister and speaks for the minister and also in his personal capacity as a member. I believe we have established a practice in the house that when the parliamentary assistant is acting for the minister he cannot act in his private capacity also. He may speak on presenting a bill for second reading.

Mr. Sinclair: I have not.

Mr. Speaker: It is true that the parliamentary assistant did not speak on moving second reading of the bill, but the practice is that if a minister does not speak on introducing a bill he cannot speak until closing the debate. I believe we should abide by our usual practice and allow the parliamentary assistant to speak in reply on closing the debate.

Mr. Cruickshank: That is one of the penalties of fame, Mr. Speaker.

Mr. Donald M. Fleming (Eglinton): There is one aspect of this matter that I should like to raise briefly. On a previous occasion we were told that the tariff reductions proposed in this bill have no reference whatever to the tariff concessions made at Torquay; the two are entirely independent. We were told the government was proceeding with these reductions without any regard for the agreements at Torquay or the course of the negotiations there.

Mr. Sinclair: Would the hon. member indicate when that statement was made, because I do not recall such a statement?

Mr. Fleming: When we were debating the resolution, the Minister of Finance (Mr. Abbott) intimated, and my friend will find it in *Hansard*, that the tariff reductions proposed in the present bill have no relation whatever to the Torquay tariff concessions.

At that time it was also intimated, Mr. Speaker, that much of the benefit of these reductions will flow to producers in the United States. My point is this; why were the tariff reductions proposed in the present bill not used in bargaining at Torquay with a view to deriving further concessions, if possible, from the United States? If these were isolated in point of time, that is to say the tariff reductions proposed in the present bill and those proposed in the Torquay agreement which presumably are going into effect by order in council, then there might be some reason for saying that there was no purpose in using them as bargaining factors.

These reductions, however, come forward at the very time when the Torquay negotiations, having been carried through, issue in an agreement which was reported in the house subsequent to the introduction of and the debate upon the resolution which preceded the introduction of this bill. Now, putting those factors together, it seems to me only reasonable business sense that when the government was prepared to recommend the tariff reductions contained in Bill No. 295 it would have been desirable to try to get some balancing advantage for Canadian producers in the markets of the United States.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I rise in support of the general position taken by the member for Fraser Valley (Mr. Cruickshank). I believe we have made a serious mistake in allowing margarine to replace butter. What the producers of margarine did this spring clearly indicates what those gentlemen would do if there were ever a deficiency of butter, or if they ever got the herds of milk cows completely depleted. They would raise the price of margarine twice as high as butter ever went. These gentlemen who went into the manufacture of margarine did not do so for the benefit of the people, not by any means.

There is another serious aspect to this question, and that is that the dairy cow enriches the farm upon which she lives. She enriches everyone who has anything to do with her. The producer of margarine leaves the country poorer. There is not one single factor entering into the production of margarine that directly or indirectly contributes to the natural wealth of this nation. Let everyone bear that in mind.

I know the reason why a good many of our members were almost bludgeoned into supporting margarine. It was because the price of butter was so high people were groaning for relief. They wanted something cheaper than butter to eat.

The wise procedure for the government at that time would have been to subsidize the price of butter in order to bring it down to a point where it could successfully compete with margarine. To try to talk any member of this government into paying subsidies however is just about as useful as trying to talk the mountain off its pedestal. Those gentlemen have not learned the elements of a sound economy. Until they do there is no use talking subsidies to them. Nevertheless, that would have been a sound policy, and instead of having 500,000 fewer cows in Ontario, we would have had 500,000 more. We would have been in a far better position to support ourselves than we are today.

I shall place myself on record as being in support of the position taken by the member for Fraser Valley in that we are not following a wise course in allowing margarine to displace butter in this country.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, the subject to which I wish to refer has no specific connection with margarine. I wish to refer the parliamentary assistant to a discussion which took place in the house on May 17 when we were in committee considering the customs tariff resolution. At that time I indicated a situation which had developed in at least one of our ports, namely, Sarnia. Certain purchasers of vehicles made in the United States had brought those vehicles into Ontario and paid the duty on them. When it became necessary to leave this province to proceed to Alberta by way of the United States, which is practically necessary under existing conditions, the owners of those vehicles were forced by the Canadian customs officers to post bonds to assure that the vehicles would not be sold in the United States.

Now, the assumption that they would be sold in the United States was fantastic, if not ridiculous. In the case of one vehicle, a hearse, a duty of $1,500 had been paid. It is utterly fantastic to believe that the purchaser, who was an Alberta dealer, would take that vehicle back into the United States and sell it at United States prices. On May 17 the matter was referred to the Minister of National Revenue (Mr. McCann) by the Minister of Finance (Mr. Abbott), because he said it was a matter of administration in the Department of National Revenue. The Minister of National Revenue asserted that there must have been some slip-up either in the information I received or on the part of the customs officers.

I have double-checked the information and I find that not only does this apply to the individual I mentioned, but on that very day —it was a Sunday morning—three other vehicles passed through and exactly the same thing applied to them. What I should like to do is to secure some information that can be

put on record in order to indicate to these Canadian dealers whether they may or may not drive these American made vehicles, upon which the duty has been paid, back through the United States. It would not have surprised me if the United States customs officials had insisted upon a bond, but they very quickly granted a permit. There was no difficulty whatsoever. The dealer in this particular case and the three individual purchasers were able to proceed through the United States without any difficulty at all. I think this matter should be cleared up because there must be a great many persons in the country who have posted bonds of $5 per vehicle. Actually it is not so much the matter of the $5 as it is the complete nuisance of having to do something which under the law conceivably is not necessary.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, for a few minutes I wish to speak in support of what the hon. member for Fraser Valley (Mr. Cruickshank) has said this afternoon with particular reference to the practice followed in the months of February, March and April by margarine producers of raising their prices simply because, owing to a shortage of supply, the price of butter had increased. There is quite a large dairy industry in one part of my riding, and I find that the farmers' association has always taken a very reasonable attitude on this question. They have never previously urged me as their member to favour a customs duty on the importation of oils going into margarine until this occasion, when they now say: We think it is time that the public of Canada is placed in possession of all the facts, that it should no longer be represented that margarine is a cheap substitute for butter, one which will be available at a lower price and always at a lower price, and that therefore anyone who suggests that any difficulty be placed in the way of the manufacture of margarine is doing a disservice to the country. They now say: It can be seen quite clearly that these margarine manufacturers are quite prepared, as any other industrial manufacturer, to play the market for whatever it is worth regardless of the best interests and needs of the people of Canada.

I think the situation is now clear that our butter producers are entitled at this time to ask for a reasonable measure of protection and to request their members to ask the government as long as these—I do not know whether "unprincipled" is too strong a word; I do not want to use over-strong words, but I shall call them callously indifferent practices —as long as these practices are carried on by the manufacturers of margarine, raising their prices when they had no increase in cost, then the government should be asked to afford some protection to the dairy industry. The replacement cost of margarine did not go up. The margarine manufacturers did not have to raise the price by reason of an increase in the cost of production.

Mr. Sinclair: Why did butter go up in the same period?

Mr. Fulton: For two reasons which I would have thought the parliamentary assistant would have been aware of. One is the constant increase in the cost of producing butter, which is the thing that affects the farmers.

Mr. Sinclair: Not the manufacturer?

Mr. Fulton: The second was the actual shortage of butter at that period. There was an increase in the cost of production, but it was not the farmer alone who was responsible for the butter price increase. It was the farmer to a very small degree who was responsible. I am not arguing for the big wholesale distributor who increased his price on storage stocks; I am talking about the dairy farmer whose industry has suffered as a result of this competition, competition which has been facilitated on the basis that it will be to the advantage of the people of Canada because they will get a cheap butter substitute. We find that when the margarine manufacturers get in the position they want to be in, and when there is no butter or very small supplies of butter available, then they increase their price although they have had no increase in cost. That is the situation to which I am objecting.

I object to this business for another reason. I am not a tariff expert, and probably never will be, but it has occurred to me that the substantial changes in tariffs which have been made in late years have all been to the prejudice of the farmer. At the moment I do not want to enter into the controversy of high tariff versus low tariff policy. There is something to be said on both sides. Nevertheless it seems to me that, looking at the changes that have been made recently—the moves toward a low tariff policy—the majority of them have not been at the expense of the manufacturing industry but at the expense of the farmer. The small measure of protection which he has struggled for years to have built up—and I am thinking particularly of the dairy industry and the fruit and vegetable growers in our province—is now being whittled away.

As an example, I think particularly of the case of the apple industry where such measure of tariff protection as they had has been largely reduced over the last three or four years. Now we have the same thing

with respect to butter. I do not see why when we are moving, if that is what we are doing, in the direction of a low tariff policy, the first move should be made at the expense of the farmer, and that is what is happening at the present time.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker—

Mr. Deputy Speaker: I must inform the house that if the parliamentary assistant speaks now he will close the debate.

Mr. Sinclair: I will start by answering the hon. member for Eglinton (Mr. Fleming). He said that he understood that the tariff changes indicated in the bill were made without regard to Torquay. It is quite true that they were quite separate from the Torquay agreement but they were not made without regard to Torquay. Most of these items were used by our delegation at Torquay and they found they could get no concession in return for them. To give an example of the concessions we have made in this bill the extended concession on agricultural implements was raised at Torquay, and the United States representatives replied immediately: But it is the policy of your government to reduce and eliminate the tariff on agricultural implements. Why do you ask us to bargain on that?

Another concession is one which I remember very well. I raised the matter myself three years ago as a private member on behalf of the fishermen on the west coast. There was a tariff item that allowed the free entry of lines and nets if made from vegetable fibre. Most of the lines and nets were either linen or cotton. Along came nylon, and the tuna fishermen were the first to use nylon lines. Under our existing tariff the only way that nylon could be brought in was as lingerie. The fishermen and fishing supply houses very rightly objected to paying the tariff that applied to lingerie on lines which they were going to use for tuna fishing. I raised that matter because I represent a fishing riding.

It was one of the items also used at Torquay but used to no avail. We found we could get no concession out of them because it was generally known that the general policy of our government is to keep cutting down tariffs applicable to the fishing industry for the benefit of the industry. We thereupon removed the tariff here in this bill. It is not quite right to say that the amendments in the bill are made without regard to Torquay. They were items which were used without success at Torquay. Probably the major item so far as detail is concerned is the item in the present measure having to do with all these parts of mining machinery. We had admitted mining machinery free. We had admitted integral parts free. We attempted to bargain on unfinished parts. Of course the United States representatives said: Obviously you are going to extend your policy to permit the entry of unfinished parts, parts which you yourself can get manufactured in the same way that we are now doing.

With respect to what the hon. member for Fraser Valley (Mr. Cruickshank) said, first of all I must say that the figures I put on *Hansard* were correct. I was asked for the tariff on the oils generally used in margarine. These oils are usually imported in the refined state. As a matter of fact the total volume of imports of refined oils, edible oils, last year was three times the volume of raw oils. It is quite true that raw oils have lower rates. Raw edible oils from the British preferential countries come in free, and from most-favoured nations the duty is 10 per cent. The interesting fact, however, to show the extent of the division between raw and refined oils is that on all our edible oil imports last year, raw edible oils which come in free from Great Britain and at a rate of 10 per cent from the United States, and the refined oils which have the tariff that I enumerated at page 3122, the average tariff paid on all our refined oil imports last year was 13·3 per cent. The average tariff paid on all our edible oils was 16 per cent, so the tariff on the oils was very substantial.

I had rather expected that since the hon. member for Fraser Valley raised this question at some length during the resolution stage he would again raise it now, and I felt that perhaps the time had come to deal with this matter at perhaps greater length than would be normal. To begin with, both the hon. member for Fraser Valley and the hon. member for Springfield have made the very flattering charge that I am responsible for margarine in Canada. Of course that is not so. Senator Euler very bravely introduced the question in the Senate for two years, and it was not until the third year that he picked me up as a recruit to introduce a bill in this house. As hon. members may recall, at that time my bill was talked out. That publicity may have helped to get results, but it was the Supreme Court of Canada which ruled that the federal ban on the manufacture and sale of margarine was ultra vires.

The second point raised by both the hon. member for Fraser Valley and his friend from Springfield at every opportunity is that margarine is unfit for human consumption.

Mr. Cruickshank: On a point of privilege, Mr. Chairman, if my colleague will refer to my speech today he will not find that statement. I did not say it was inedible. I said I was not arguing the merits or demerits of the product; the exact words are in *Hansard*. The rules of this house do not permit me to describe the qualifications or qualities of margarine.

Mr. Sinclair: Of course the hon. member has substantiated my point. It may be quite true that in the present debate he has not made that statement in this house, but all hon. members will recall the statements by the hon. gentleman in recent months and years. Speaking as parliamentary assistant to the Minister of Finance, who after all is responsible for the collection of taxes from both industry and individuals in this country, I believe as a measure of fairness to manufacturers who are making a perfectly proper and legal product and paying their ordinary taxes, and also to the consuming public who pay a 10 per cent sales tax on margarine and an average of 13 per cent on import duties on the oils used in its manufacture, I should refute this charge that margarine is not a good food, which is made here in the privilege of the House of Commons. I would like to turn back to the actual margarine debate, during which I put on record the opinion in support of margarine of the British medical association, the Canadian medical association and the Department of National Health and Welfare, which had issued a booklet even before the legalization of margarine in which they said:

> So far as is known at present good margarine is a complete nutritional substitute for butter in an ordinary diet.

More than that, another authority came forward that day in the person of the Minister of Agriculture, whom I managed to involve in the debate and who agreed that he had never opposed margarine on the ground that it was not a good food. I would rather take the word of the British medical association, the Canadian medical association and the dietitians of Canada on this matter than the opinions of the hon. member for Fraser Valley and the hon. member for Springfield. The manufacture of margarine in this country is a factory process, of course. It is an extremely hygienic process, as will be agreed by any M.P. who visited a packing firm on the Toronto visit, as I have not. That cannot be said for the manufacture of all butter in this country, as the hon. member knows very well. Very good creamery butter is made, but hon. members who remember the summer of two years ago will also know that some very bad dairy butter is made in some parts of this country.

Mr. Cruickshank: The same thing applies to margarine.

Mr. Sinclair: There has never been any similar objection to the standard of quality of margarine. However, I think the best evidance is supplied by the Canadian people themselves. The large consumption of margarine about which the hon. member protests is pretty good evidence to me of the quality of the product, and also of the need for the product. I believe that is indicative of Canadian acceptance.

Let us turn now and look at Fraser Valley, because most of us know that the interests of the hon. member for Fraser Valley are pretty well confined by the boundaries of that riding. I recall a debate some three or four years ago on the question of whether seiners or gill netters should be allowed to operate in a certain area of British Columbia waters, during which the hon. member made that very clear. He said that he had no seiners in his riding but that he had two gill netters.

Mr. Cruickshank: The hon. member cannot put words in my mouth. I never said I had two gill netters. Unlike the parliamentary assistant, who is using his position—

Some hon. Members: Now, now.

Mr. Cruickshank: If the hon. member for Halifax wants to make a speech in favour of the farmers, which I doubt, he is perfectly entitled to do so. The parliamentary assistant said I had said there were two gill netters in my riding. There are as many gill netters in my constituency, I think, as there are in his riding, but the pulp mills are not in my riding.

Mr. Sinclair: We are getting pretty far from the subject, I think. At any rate the inference was that whatever he had in his riding, he was for. He has made that abundantly clear since he has been in this house, as hon. members know. Well, I wanted to know whether the feeling in regard to margarine is shared by the people of Fraser Valley; and I go about these things in fairly objective fashion. I have a pretty good knowledge of my hon. friend's riding, since he is careful to invite me there during every campaign to help him get elected, despite the fact that I have championed margarine. I got in touch with the firm he continually denounces in this house and asked about their sales in the Fraser valley. Was this one dry spot, a dead end in which no margarine was consumed at all? I was somewhat surprised to get the reply that sales of

margarine in the Fraser valley were quite normal, that they exceeded sales in west Vancouver, my own riding, for example. I suggest that the hon. member need only leave his farm, the ivory tower in which he lives, and walk down to the little store in Clayburn and ask whether margarine is sold there. Or go to Abbotsford or Mission or to the dairy town of Chilliwack, and see whether or not they sell margarine. Then he will know whether when he speaks in this way he speaks on behalf of all those people. The reason, of course, is that not all his constituents are dairy farmers. While he has many dairy farmers he also has a great many berry farmers and transportation workers, since he has the C.P.R., the C.N.R., the Great Northern and the British Columbia Electric. He also has a great number of sawmill workers, loggers—

Mr. Cruickshank: Brick workers.

Mr. Sinclair: Yes, and a great number of old age pensioners and burnt-out veterans whom he defends so well in this house and who are very grateful for the opportunity to buy this lower priced substitute for butter.

Mr. Cruickshank: At an increase of ten cents a pound.

Mr. Sinclair: I am being helped by the hon. member, though I restrained myself from interrupting while he was talking. This increase was to match the increase in the price of butter. The hon. member apparently thought it was unfair for the law of supply and demand, which affected the price of butter, to also affect the price of margarine, though the manufacturer of margarine had the same increase in the cost of labour as did the farmer. In the case of the manufacturer this increase is supposed to be a heinous thing. Suppose we look at the dairy farmers themselves, and this is a very interesting thing about the Fraser valley. I have done a little research there. In Canada as a whole for every pound of butterfat sold in the fluid market two and a half pounds are sold for processing. In the Fraser valley that position is completely reversed. Two pounds are sold in the fluid market for every pound sold for processing; and the great bulk of the butterfat processed there does not go into butter but into condensed milk. I have the figures here for the first four months of this year. The fluid market took 2,700,000 pounds; for evaporated milk, 847,000 pounds; for butter, 390,000 pounds, or less than 10 per cent. Actually in British Columbia today we do not manufacture even 10 per cent of our butter needs. Most of the dairy farmers even in my hon. friend's riding sell to the fluid market, or for processing into evaporated milk.

Mr. Martin: And some of them buy margarine.

Mr. Sinclair: That is the next point I was coming to. I was particularly reminded of it when I was in Denmark a year ago on this military relief debt collection. At a dinner given by the minister to Denmark I sat next to a Danish cabinet minister. I had been driving around all afternoon seeing the lovely farms, and I was talking to the minister about butter and bacon, and we finally got around to margarine. He was surprised to find that we had had a ban on margarine in Canada. He said: Of course in Denmark even our dairy farmers eat margarine for two reasons. I thought I knew the first reason why any dairy farmer, especially a Scotch dairy farmer with a name like Sinclair or Cruickshank, would be eating margarine, and he agreed. The farmers took their butter to market, sold it at a high price and bought margarine at a lower price. But the second reason he gave was a most interesting one. He said: We Danes are a neat, clean, tidy, orderly people. If you saw their farms, you would certainly agree with that statement. I said, yes. He said: You know, some of our Danish dairy farmers always associate the taste of butter with the smell of the cow barn.

Mr. Cruickshank: Will the hon. member permit a question?

Mr. Sinclair: If it is pertinent.

Mr. Cruickshank: Is it true that Denmark has the greatest percentage of defective eyesight among the children of any country in the world?

Mr. Sinclair: Knowing nothing more than the hon. member's negative assertion, I would say that it is completely wrong. In any case, I want to close these remarks by reading some really good evidence of whether or not margarine is a palatable substitute for butter. We have had medical evidence that it is the nutritional equivalent. I have heard of this Toronto trip and of how members of parliament saw one of the larger packing plants in operation. They gave them a luncheon, and at that luncheon, I understand, margarine was served to certain members; and to confirm that, since the hon. member was attacking this company at every opportunity in the House of Commons, alleging that I was prejudiced in their favour, I wrote to them and on May 31 received this letter from the secretary of Canada Packers:

I have inquired into the Cruickshank affair and I find that he was served margarine at a luncheon

given in our dining room. I believe he was under the impression that he was eating butter, but such was not the case.

Mr. Cruickshank: On a question of privilege, Mr. Speaker, I want to say this, and I think I have the hon. member for Spadina (Mr. Croll) with me. There are certain privileged affairs, and I will bring as my witness the vice-president of the B. A. Oil Company, Mr. Godsoe, to confirm that I will go along with a gag. I will take anything at all, and I will pass it out too. I do not know whether the hon. member for Huron North (Mr. Cardiff) and other Ontario members there did it as a gag. But this is appearing in *Hansard* and is going among the dairy farmers, and I do not think that even the hon. member for Coast-Capilano (Mr. Sinclair) wants to create a false impression. I was not served margarine; but as a gag a sign was brought in and placed at my seat at the table, owing to the fact that Canada Packers, in my opinion, showed poor taste, headed "serves farm members margarine." It was pointed out that it was set at my place after the dinner started. I say it is poor taste on the hon. member's part. I would not make this correction except for the fact that this is going out among the dairy farmers. It is said that this sign had been put at my seat at the table and that I did not know the difference. The members who sat around me know that I refrained from eating the margarine. I have a bet, any time that my junior colleague wants to take me up, that I know the difference between margarine and butter; but I want to tell you, Mr. Speaker, and through you the hon. member for Coast-Capilano, that when I am a guest at any function, I will go along with a gag, and I will not take advantage of any gag that is played. I think the hon. member for Spadina (Mr. Croll) will bear me out that I am correct in that statement, and I was a guest of the Toronto board of trade.

Mr. Croll: Speaking to the question of privilege, along with some of the other members I had something to do with bringing the hon. member for Fraser Valley (Mr. Cruickshank) down to Toronto. It would appear to me that in writing this letter the company showed ill taste and bad manners. I think it was bad manners on the part of the company to discuss one of their guests privately. It is unforgivable to do it publicly.

Mr. Sinclair: I may have made an error of judgment myself in this. I should not like it to be thought that the company had. I made the inquiry but the secretary did not know I would use the information in the house. If it is distasteful to the hon. member, I withdraw my remark.

I hope however that this will put this debate on its proper footing. I must say the hon. member for Kamloops (Mr. Fulton) did try to argue whether or not admitting margarine as a reasonable substitute for butter had such an effect on the dairy industry as to seriously cripple it. That is the serious argument which should be advanced in this house on that matter. I would point out of course that margarine is the only major foodstuff which is subject to a sales tax of 10 per cent. Also, as I pointed out, the edible oils produced, both raw and refined, have an average tax of 13 per cent in point of duty. That is a substantial protection, I would think, for the dairy industry.

When he said that most of these changes in the tariff seem to be against the farmer, I do not think the record quite bears out that statement. Over the years we have consistently removed the tariffs from agricultural implements at the request of farm members generally, and recently at his request and the request of the hon. member for Calgary East (Mr. Harkness). They raised the question of the duty on portable sprinkling systems, for example, which we are now removing. As to the apple industry, and what they suffered last year, our exports to the United States were ten times our imports from the United States so the tariffs there cannot be said to be unduly severe in effect on the Canadian farmer. The general question of tariffs, of course, is a large one.

Mr. Fulton: They took the market away from our potatoes.

Mr. Sinclair: The hon. member mentions potatoes. The great value of our exports to the United States is in seed potatoes. We cannot allow our large and profitable business in seed potatoes to be jeopardized by adjustments of other tariffs on potatoes generally. I think that situation itself has been up before the Canadian Federation of Agriculture on several occasions, and I think they are fairly content to have both arrangements working together—the concessions on seed potatoes to the United States, and the fact that Americans can send potatoes into this country. However, that is a fairly broad field and perhaps it could be dealt with better on the agriculture estimates rather than here.

Mr. Coldwell: May I ask the parliamentary assistant if he can give the ratio of edible oils imported to those produced in Canada? I refer to those which go into margarine. Is there an increase in domestic production?

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

Some hon. Members: Carried.

Mr. Sinclair: I will answer in committee.

Mr. Deputy Speaker: I think questions should be asked in committee.

Mr. Tustin: I wanted to ask one question.

Mr. Deputy Speaker: The debate is now closed.

Mr. Sinclair: We are going into committee right now.

Mr. Shaw: Mr. Speaker, may I just ask one question of the parliamentary assistant?

Mr. Fournier (Hull): Do it in committee.

Mr. Deputy Speaker: Order. I think it would be much better if we were to carry the motion, go into committee, and then have questions asked.

Mr. Shaw: The only difficulty is that I greatly doubt whether there is a place there where this matter can be dealt with.

Mr. Fournier (Hull): The rules should be observed.

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

On section 1—*Schedule A amended.*

Mr. Tustin: I just wanted to ask the parliamentary assistant one question. He referred to the increase in the price of margarine and rather brushed it off by saying that butter went up considerably and that margarine also went up because of the supply and demand. A few weeks ago butter went up about twenty cents a pound. It was followed right along by margarine to the extent of ten or twelve cents a pound. The question I want to ask the parliamentary assistant is this. Butter has gone back down again by about twenty cents a pound. Has he any information to give the committee as to why the full increase in margarine has still been maintained?

Mr. Sinclair: Knowing nothing at all about the cost of the manufacture of margarine, I would suggest it is probably along the line indicated by the hon. member for Kamloops, namely increased costs; because certainly wages and material costs have steadily gone up. If that gap is closed, then the argument of those in the dairy industry that butter should now be in a better competitive position would have some force, because it was the width of the gap which made margarine so attractive, especially to those of low incomes.

Mr. Fulton: On a question of privilege, I am quite sure the parliamentary assistant did not intend to indicate, although his words, if they stand in their present form, would leave that impression, that I had said the price of margarine went up owing to an increase in manufacturing costs.

Mr. Sinclair: No, I said butter.

Mr. Fulton: That applied to the manufacturing price of butter. I said that in my view there was no increase in the cost of manufacturing margarine that justified the increase that took place recently.

Mr. Cruickshank: I would like to say a word in this connection. I am not going to answer the parliamentary assistant in detail. I also could make some remarks about attending a banquet as a guest, but I am not sure whether it would have any effect on oils or not. I do not intend to go into that. I think that point was made perfectly clear by the hon. member from Spadina, so we may consider that a closed issue, which I think might be advantageous to all concerned.

Mention has been made of the fact that margarine has been sold in my riding. I enjoy these interjections, Mr. Chairman, from some of the smaller railway divisions such as Kenora. I happen to have two divisions within my riding, the Canadian National and the Canadian Pacific.

Mr. Benidickson: I have six.

Mr. Cruickshank: Quite true, you have six railway divisions, and that is all you have in your riding.

Mr. Martin: A very good member.

Mr. Cruickshank: I did not say that they did not have a good member. They have an excellent member. As a matter of fact I will compare him with the hon. member for Essex East who always tries to emulate the example set by the hon. member for Fraser Valley and to get the utmost for his riding.

Mention has been made of the fact that I concentrated a bit on my own riding. You know, when I was elected first in 1940 it was primarily to get the most I could for the dairy farmers and others within my riding; second, to work to the best of my ability on behalf of the province in which I reside and the surrounding ridings; and third, to work on behalf of the economy of Canada as a whole. For three or four years, particularly on Tuesdays and Fridays, I have endeavoured to do that, with very little support from some other areas.

It has been mentioned that margarine was sold in my riding, and I frankly admit it. It has been sold in my own little village of Clayburn; it has been sold in all parts of the riding, because unlike Coast-Capilano, where they depend to a great extent on the pulp mills

and a few fishermen, we have loggers in the riding, the largest brick plant in western Canada and many other small industries. Certainly, margarine has been sold. As a matter of fact, Mr. Chairman, I am sorry to say that farmers in my own district have bought margarine, I think to their own detriment. Certainly they have bought it. That is not the point, as I see it, and the point that has been overlooked by the parliamentary assistant in his exuberance to record on *Hansard* something about the hon. member for Fraser Valley who very seldom secures any publicity. He has overlooked and failed to answer the important point which was repeated by the hon. member for Kamloops, I believe, namely, that most of these oils that went into the manufacture of margarine had been imported duty free.

The parliamentary assistant made some reference to the fact that I had disputed his figures. I never disputed the accuracy of the figures as quoted by the parliamentary assistant. I think they are accurate. What I did say was that these oils came in duty free and were refined in Canada to go into the manufacture of margarine, and that immediately the price of butter went up the price of margarine went up by about 10 cents a pound, I believe, in spite of the fact that the oils used in the manufacture were to a large extent brought in duty free. I repeat, they were brought in at that time, held in storage, and then the margarine was manufactured. What the parliamentary assistant did not say was that when the price of butter went up—I believe it was in November—to the exceptionally high figure, two or three packing companies held the butter in storage and put the price up in the same way as they put up the price of margarine. The farmer did not benefit one cent from that increase. Make no mistake about that. I hope the people of Canada know that. That exceedingly high price of butter was of no benefit, but rather a detriment to the dairy farmer.

The dairy farmers in my own riding produce very little butter on the farms. We buy our butter. In other words we are consumers as well as producers. We produce milk for sale as butterfat, and we buy butter for our own consumption. We in the Fraser valley paid 81 cents a pound, or whatever the price was, for butter. And any farmer who was not in the fortunate position to be able to pay 80 cents or 81 cents a pound for butter bought margarine, and he paid this extra 10 cents a pound to this delightful colossus of Toronto, Canada Packers, over what they had produced margarine for. They themselves put the price of butter up because they and a few of their competitors were the only people who had butter in storage, and they and a few of their competitors were the only people producing margarine.

I want to make it very clear that the consumers did not get the benefit, and the farmers who produced the milk for sale as butterfat did not get the benefit of the high price of butter. The dairy farmer as a producer bought butter in exactly the same way as the sawmill worker or the brick workers or anybody else, in most instances, at least so far as British Columbia is concerned.

The point I am particularly interested in is the importation of these oils in their raw state. It has been suggested, again I am sorry to say, by one member from my own province—I do not think he will make the statement in the province of British Columbia, even in a consumer district with the slightest hope of being re-elected—that this oil should be permitted in here to be refined. I well remember, Mr. Chairman—and it is exactly the same with butter as it is with fisheries—that two years ago I was lobbied in this house by a representative asking that we do not permit the fishermen in my riding, in Coast-Capilano, in Westminster and in two adjacent ridings, who produce fish, the primary producer, to send them eighteen miles to Bellingham where the fishermen would get from 5 cents to 14 cents a pound more, the argument being the same as that being used by these proponents of margarine, that if the fish were kept to the detriment of the primary producers, the fishermen in Canada, and manufactured into canned fish, or whatever goes with the by-products within Canada, it would be to the ultimate good of the fishermen and the people of Canada. I was lobbied to that extent. When I am accused of primarily—perhaps wrongly—fighting for the interests of my riding, I have nothing to be ashamed of. I am not protecting the interests of the great giants in the canning industry or the fishing industry who want their extra bit of profit, rather than let the fisherman sell his produce eighteen miles away in Bellingham.

I do not know what can be done about it; perhaps nothing. I make no excuse for my stand, or for any farmer in my riding who, to his own detriment in the long run, buys margarine. I say that so long as protection is to be afforded to any line of industry the farmer should get his fair share of it. I say it is unfair competition to have oil shipped in here from a source of supply where labour and other conditions are as they have been described by the hon. member for Danforth, who has visited the area in question. I say these coconut meats and other oils should not be permitted to come in here duty free so that they compete with the product of the

[Mr. Cruickshank.]

farmer who must work long hours every day of the year. To my mind that is unfair competition.

So long as we operate under the present system of tariffs, then I say that the dairy farmer is entitled to his share of protection, and should not be put out of action, not only to his own disadvantage but that of the whole country.

Mr. McLure: What is the cost of producing a pound of margarine for the market as compared with the cost of producing a pound of butter? It would be a fine thing to know what it costs to produce a pound of margarine.

Mr. Sinclair: I have not the least idea of either of those costs. I know the tariff on the inedible oils coming within the scope of the bill, but I have no knowledge of the cost of production of either margarine or butter. There are other departments from which the hon. member could get that information.

Mr. McLure: Does not the parliamentary assistant think that when these tariffs are being prepared inquiries should be made of the manufacturers as to how much of each of the oils goes into a pound of margarine?

Mr. Coldwell: Has the parliamentary assistant the ratio of domestically-produced oils as compared with imported oils? Has the production of edible oils increased in Canada as a result of the manufacture of margarine?

Mr. Sinclair: I have not that information here at this time. I have only the information respecting customs tariffs on oils coming into the country. I believe the hon. member should have his questions answered by the bureau of statistics.

Mr. Coldwell: I suppose the increased importation is due to the manufacture of margarine?

Mr. Sinclair: Mind you, edible oils are not only used for margarine; there are other uses, such as that connected with shortening and for packing fish which was mentioned by the hon. member for Charlotte. There are many other uses with which the Department of Agriculture will be familiar.

Mr. Coldwell: I shall ask them.

Mr. Fulton: A few moments ago the parliamentary assistant mentioned rates of 13·3 per cent and 16 per cent on different types of oils. What would be the equivalent rate in cents per pound.

Mr. Sinclair: That can be provided, because we know the total duty and the total amount imported. I can find that out, and give the hon. member the information.

Mr. Gibson: About four cents a pound.

Mr. Shaw: Now that the parliamentary assistant has one of his officials before him and the Minister of National Revenue behind him can he give an answer concerning the bonds which it is insisted the owners of American vehicles must post before crossing back into the United States?

Mr. Sinclair: That is really a matter of administration in the Department of National Revenue. I shall have an official from that department before me in a moment. It is not a matter of tariff policy.

Mr. Shaw: I would not press it if it did not affect a good many people. A number of additional cases have been brought to my attention.

Mr. Cruickshank: I do not expect the parliamentary assistant to be able to answer right away but, for the record, I should like to know how much coconut oil has been brought into Canada duty free under tariff item 113a, how much peanut oil has been brought into Canada under tariff item 276d(1), free of duty, and also under 276c(1), which covers coconut oil.

Mr. Sinclair: Did the hon. member refer to 113a?

Mr. Cruickshank: Yes, that is copra, the raw product.

Mr. Sinclair: I have the figures for the various oils, both raw and refined, but I have not the exact information the hon. member wants. Last year of copra, not prepared, there were 48,325,430 pounds to a value of $4,815,415.

Mr. Cruickshank: May I have the same information on peanut oil, under tariff item 276d(1)?

Mr. Sinclair: Edible peanut oil to an extent of 2,877 hundredweight was brought in in 1950.

Mr. Cruickshank: Is that free of duty?

Mr. Sinclair: Edible peanut oil pays 15 per cent.

Mr. Cruickshank: Mr. Chairman, what I want to get is the amount of peanut oil that entered under tariff item 276d(1), peanut oil, crude, when imported to be refined for edible purposes.

Mr. Sinclair: The peanut oil brought into Canada in the raw state from British preferential countries amounted to 77,631 hundredweight.

Mr. Cruickshank: Could I have the same information for tariff item 276c(1), covering coconut oil?

Mr. Sinclair: The non-edible coconut oil brought in for paints and other purposes like that amounted in value to $3,411,247.

Mr. Cruickshank: Mr. Chairman, possibly I have not made my question clear. The information I want is under tariff item 276c(1), coconut oil, crude, when imported to be refined for edible purposes; that is quite a different thing from paint. In other words, it is to be refined to put into margarine.

Mr. Sinclair: Mr. Chairman, I do not believe the object here is to search out details on general trade and tariffs which are in public documents. It is rather to give general information on the items covered in the tariff schedule before us. These items mentioned by the hon. member are not in the tariff schedule being considered. The only items which are covered are oils, hydrogenated, blown, dehydrated or sulphonated and other oils in tariff item 277. I would suggest, Mr. Chairman, rather than have me look through the trade statistics of Canada to find the individual items in the general tariff, the questioning now should be strictly in accordance with the actual items in tariff schedule A.

Mr. Cruickshank: Mr. Chairman, I have obtained two of the figures, and it is quite all right with me. What I am trying to arrive at, and I am quite in order, is information upon which to base my argument that these oils should not be permitted duty-free entry into this country. The two figures which the parliamentary assistant has given have verified the very argument I am trying to advance. Unfortunately, I did not have an opportunity of advancing this argument prior to the introduction of the budget or I am sure I would have convinced his officials to follow the course of action I am suggesting.

How am I to find these items when apparently the parliamentary assistant, with all his staff, cannot find them? How are the farmers of Canada to know how much crude oil is brought into this country? Forget the paints, because the paint companies will look after that. I want to know how much crude oil is brought in, duty free, to be refined for the manufacture of margarine. If the parliamentary assistant has not got that information I suggest, Mr. Chairman, through you that he has dozens of officials there who can find an excuse for not putting on a duty to protect the dairymen, so they can find out how many pounds or tons of this oil have been brought in duty free, to be refined in Canada.

Mr. Sinclair: I repeat my point of order, Mr. Chairman. We have had the general budget debate and we have had a general debate on the resolution concerning customs tariff; we have had second reading of the bill, and now at last we are down to considering the individual items. The only item in this schedule concerning oils is item No. 277, which covers inedible oils processed in various ways. I try to come here prepared with the facts and figures concerning the items in this schedule. I regret that I am not able, nor are my officials, to quickly dig out these items from the trade of Canada. I also regret that other members of parliament should have their time wasted while we are searching through for these various items outside the bill.

The Chairman: This is an amending bill to amend the Customs Tariff, and on an amending bill questions must relate to particular items mentioned in the bill. I would, therefore, request hon. members to ask questions relating to the particular clauses or items mentioned in the bill.

Mr. Cruickshank: Mr. Chairman, I withdraw the last question as it is quite apparent that neither the parliamentary assistant nor his officials know the answer.

Mr. Stanfield: Mr. Chairman, there has been some discussion concerning these edible oils. I believe the parliamentary assistant should put on *Hansard* just what the duty is, general tariff, most favoured nation and British preferential, on these edible oils.

Mr. Sinclair: I did that on the budget resolutions. I gave the tariff on refined edible oils. The hon. member for Fraser Valley asked me to repeat it this afternoon, and also to put on the tariff concerning raw edible oils.

Mr. Fournier (Hull): The parliamentary assistant has given that information three times.

Mr. Stanfield: This afternoon the parliamentary assistant said that peanut oil and coconut oil were admitted free.

Mr. Sinclair: The raw oils are admitted free, peanut oil, cottonseed and so on, from British preferential countries. There is a ten per cent duty imposed from most-favoured-nation countries. On the refined oils there are varying rates of duty that have been put on *Hansard*.

Mr. Jones: I should like to place on the record the point of view of the farmers in my riding. We have a large co-operative, composed of 1,250 members, that is producing butter. They are quite worried about the state of the market today, and they naturally want to bring stability to that market. They passed a resolution unanimously which I should like—

Mr. Fournier (Hull): Would the hon. member tell me under what item this would come?

Mr. Jones: The same item as these essential oils, item 277.

Mr. Sinclair: Those oils are inedible oils used in the manufacture of paint, tanning, the textile industry and so on, as explained by the minister.

The Chairman: Item No. 277 does not cover edible oils.

Mr. Jones: I shall be very brief, and in view of the discussion—

Mr. Fournier (Hull): We have been brief all afternoon. If there is no item covering edible oils I am going to object to the continuance of this debate. We should stick to the items in the schedule.

The Chairman: The point of order is well taken.

Mr. Shaw: I wonder if the parliamentary assistant is in a position now to give me the information I requested earlier.

Mr. Sinclair: I am informed—of course it is not my department—that this provision does not apply to the ordinary tourist's car. This refers to commercial vehicles in transit. The point is to ensure that there is going to be no alteration, improvement or adaptation while the vehicle is in transit, and that the same vehicle as left the country at Sarnia is going to re-enter the country in Alberta or British Columbia. The purpose of the bond is to make sure that is going to happen.

Mr. Shaw: The thought that interests me most is why you should require a greater assurance in that case than you require from me if I proceed to drive through the United States. I now have to declare every accessory on that car, and that is checked when I leave the United States.

The second point is that the individual in question is a dealer in buses and hearses who has brought in many vehicles and the last month was the first time he has been faced with this situation. He made approximately ten trips through prior to that and the question never came up. But all of a sudden, and even on a Sunday morning, he was faced with this situation. If there is a regulation which states clearly and specifically that on such vehicles in all cases, whether it involves a dealer, owner or agent, a bond must be posted, I have no complaint so far as the treatment he received is concerned, but even he has not been subjected to the same treatment at all times. This was the first time it had occurred. Since he proposes moving other vehicles through both from east to west and west to east he would like to know exactly what he can expect when he arrives at a customs office.

Mr. Sinclair: All I can tell the hon. member is that the officials of the department will certainly look into the case and give him an answer.

Mr. Shaw: That is all I am asking for, that they should look into it and give a specific and definite answer which can be looked upon as a rule, and that this dealer can be so advised.

Mr. Fleming: Would the parliamentary assistant tell us for our information what was the total duty collected in the last fiscal year on the items enumerated in the schedule to the bill and the estimated loss of revenue in consequence of the tariff reductions proposed in the bill?

Mr. Sinclair: This matter has come up in the house before, and also has been raised before the banking and commerce committee in its attempt to assess the value of the Torquay agreement. It is physically impossible to determine these actual values. To use the example that I used on the resolution stage, there is the fact that we are now going to exempt from tariff rough parts for mining machinery. They had been brought in before under any one of three or four different tariff items depending on whether they were forgings, castings, and so on. Unless we go back into every customs item and pick out these things all the way through, we have no estimate at all of the amount involved.

The same thing is true of the fishing item with reference to synthetic fibres such as nylon now being used instead of cotton and linen. Unless we went back through all the nylon and rayon importations and took out those which were specified as being lines—and we had no category for them—we could not do it. The amount of work in order to get very little information is not commensurate at all with the cost involved. The same answer was pretty well given by the chairman of the tariff board at the meeting of the banking and commerce committee on the Torquay agreement.

Mr. Fleming: I can appreciate that in part what the chairman of the tariff board said before the banking and commerce committee last week may have application here. I can also recognize that it may be difficult to estimate the exact loss in customs revenue in consequence of the reductions because one does not always know in advance what effect the reduction is going to have on the volume of imports. However, I preface my question by asking the parliamentary assistant what

was the value of the imports of these commodities last year and the duty collected on them. I think that information should be available. When similar information was asked of the chairman of the tariff board in the banking and commerce committee last week, he was able to give that information with respect to the items under the Torquay agreement. I refer to the volume in dollars of the imports affected by the Torquay agreement.

Mr. Sinclair: It is quite true that with respect to major commodities, such as Douglas fir plywood and canned salmon which were discussed in the banking and commerce committee, it can be done, but if you look at these items in the schedule you will see that most of them are for little things. The items numbering from 400 on are for the most part little parts of mining machinery, and they have never been separated from their present categories. The same thing is true of synthetic fishing lines which did not come in as fishing goods but came in under other items as general importations of synthetic fibres. It is just as difficult to go through all the records and pick them out as to pick the amount of them out. There are no really major items here other than the reclassification of the plastics under 238. I think all that the chairman of the tariff board tried to do was to deal with a few major items. With a great number of very small items it is practically impossible.

Mr. Fleming: Certainly I will not pursue the matter further if the parliamentary assistant indicates to the house that no estimate of the loss of revenue was made when the bill was drawn and the schedule prepared. I note that the Minister of Finance in the budget speech on April 10, as found at page 1814 of *Hansard*, estimated the revenue from customs duties in the present fiscal year at exactly the same amount as last year, $315 million. Apparently he did not contemplate any loss of revenue. I wondered if that estimate was based on the pre-Torquay or post-Torquay and post-Bill No. 295 situation.

Mr. Sinclair: It was certainly pre-Torquay but it was not pre the bill because the bill is part of the budget discussion and the basis of the budget figures.

Section agreed to.

Sections 2 and 3 agreed to.

Schedule A agreed to.

Schedule B agreed to.

Title agreed to.

Bill reported.

[Mr. Fleming.]

Mr. Deputy Speaker: When shall the said bill be read a third time?

Mr. Abbott: Now, by leave.

Mr. Blackmore: Next sitting of the house.

Mr. Deputy Speaker: Next sitting of the house.

EXCISE TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 294, to amend the Excise Tax Act.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, on a motion to go into supply on May 23, the hon. member for Eglinton (Mr. Fleming) raised the question of the statement made by me on the budget in 1949 with regard to the excise tax on watches. I promised at that time I would make a statement when we came to the second reading of the excise tax bill. Hon. members will recall that in the spring budget of 1949 the Minister of Finance (Mr. Abbott) in his budget speech said we were going to remove the 25 per cent retail tax on watches and jewelry and replace it by a 10 per cent excise tax on the manufacturers' level, and that the loss of revenue would be about $8 million.

The 25 per cent tax had been imposed during the war for two reasons, first as a revenue tax, and second to discourage the sale of these items during the war. That was followed by a resolution in the house which read in part as follows:

> Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, effective on and after March 23, 1949: . . .
>
> 2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

Watches for personal use, other than watches for the blind and watches for railwaymen, had been subject to this 25 per cent tax. Therefore the question then came up of putting the tax back on the manufacturers' level. A problem immediately arose because of a practice by ten companies in Canada of importing not watches but watch works, watch cases and the actual final display cases separately. They said they were not importing watches, and I think most of us would agree. They then put the case and the works together, put it in the display case and sold it to the retailer, and their allegation was that this was not the manufacture of a watch.

Well, to get away from all the legal technicalities, I think most hon. members would agree that no watch came into the country, if the case and the works and the

display case came separately. Hon. members would also agree that certainly a watch was delivered to the retailer by the people who brought in the parts; and the act of putting the watch together, if not manufacture undoubtedly was the production of a watch. With that in mind the Department of National Revenue, to carry out the terms of the budget resolution, sent a circular to the collectors of customs and excise, dated April 19, in the following terms:

> The honourable the Minister of National Revenue has been pleased to establish the following regulations under authority of section 99, subsection 1, of the Excise Tax Act:
>
> Regulations
>
> On and after May 2, 1949, any person who assembles clock or watch movements into cases therefor, and who adds any attachment, of metal, leather, plastic or any other material or combination thereof to a new watch, will be regarded as the manufacturer or producer of the clock or watch, as the case may be.

In other words the intent was in that order. Of course the fault in the order was that the resolution still had not been translated into an act and there was no authority to issue regulations, so these regulations could be more or less classed as a directive to the collectors of customs and to the watch manufacturing industries of Canada. They immediately protested, saying they were not manufacturers or producers of watches. They also said, of course, that they were not importing watches; and they urged that they should be freed from this 10 per cent excise tax. Ten of those manufacturers took this exception and held several meetings with the officers of the department. Those representations failed, as I think most of us would say they must fail. The parts came into the country; a watch was sold to the retailer. In the interval someone must have manufactured or produced a watch. The department said the person who put the case and works together had manufactured the watch, and it was at that stage that this 10 per cent excise tax was to be levied.

When these representations failed an appeal was made to the Supreme Court of Ontario on May 7. It asked two or three things. The key point, as was mentioned by the hon. member for Eglinton at page 3320 of *Hansard*, was the request for a declaration that they were not manufacturers or importers within the terms of the resolution; that the excise tax was not applicable at the time of import, and that they were entitled to import without the manufacturer's or sales license.

The house prorogued without passing the budget resolutions, and the matter was then left in the position that the repeal of the retail purchase tax had been announced, and of course the jewelers of the country had stopped collecting that. The imposition of a 10 per cent excise tax had been announced on the goods formerly subject to the retail purchase tax, which of course included clocks and watches; but there was no law to enforce compliance by manufacturers or producers of those goods. The situation in this country has been mentioned many times in this house. The night the Minister of Finance makes his budget address he announces certain tax changes. Most of them come into effect at midnight that night. It is quite true that often weeks, and in this case from seven to eight months, elapse between the introduction of the budget by the minister, the introduction of the resolutions, the introduction of the bills founded upon them, the adoption of the bills by the House of Commons and Senate and royal assent; but it has been the custom in this country since confederation that when these tax changes are announced by the minister they are regarded as being in effect from the time the minister indicated they would be. If subsequently, though this has never happened, the house should not approve the tax changes contained in those resolutions, of course the manufacturers and others who had paid those taxes would be entitled to refunds. Actually, of course, the practice is that the house has always endorsed the principle of those resolutions as contained in the bills, and the tax collection has been proceeded with.

We came back, then, in the fall; the budget was re-introduced, and the resolutions were re-introduced. Because of this question whether we had the right to regard the assembly of the case and the works as the production of a watch, and to make it quite clear that we were going to regard that as the manufacture or production of a watch, the new resolution specifically mentioned that fact. The hon. member for Eglinton called my attention to it when I was putting the resolutions through, and I said we thought we had that right anyway, as was shown by the regulations which were sent out in the form of a circular, but that to make it quite clear we were spelling it out in the bill. But in order not to prejudice the case then before the courts we agreed to have this specific wording apply only from November 10, when the matter came to the public notice with the first reading of the bill.

I want to recapitulate the position of the government up to that time. The minister brought in the budget and announced that the retail sales tax of 25 per cent was to be dropped and an excise tax of 10 per cent was

to be put back at the level of manufacture on those items. We had sent out a directive to the customs collectors and the industry and had actually started to collect the tax from nine of the ten watch manufacturers. This was appealed to the courts, and the case was before the courts when we re-assembled in the fall. To make it quite clear that henceforth we intended to regard that as manufacture we spelled it out in the bill. But we said we would not prejudice the case then before the courts, that the courts should decide whether or not we had the right to levy the tax at that level on the strength of the budget resolution of March.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

NATIONAL DEFENCE

ANNOUNCEMENT OF ADDITION TO EXISTING PROGRAM FOR CONSTRUCTION OF SHIPS

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): In the absence of the Minister of National Defence (Mr. Claxton), Mr. Speaker, on his behalf and on behalf of the Minister of Defence Production (Mr. Howe), I ask leave to revert to motions to enable me to make a short statement.

Some hon. Members: Agreed.

Mr. Campney: I wish to announce a substantial addition to the existing program for the construction in Canada of ships for the Royal Canadian Navy.

Orders have heretofore been placed for the construction of twenty-seven vessels for the Canadian navy on which work is now proceeding. The estimated cost of these orders already placed is ninety-six million dollars.

The additional orders now being placed total approximately sixty million dollars, and provide for the construction of twelve more ships. Included in these orders now being placed are seven destroyer escorts in addition to seven already contracted for; one loop layer; two steel crane lighters and two modified Norton class tugs. Of these new vessels one additional escort vessel will be constructed by Marine Industries Limited, Sorel, P.Q., where one escort vessel has already been ordered. Canadian Vickers Limited, Montreal, Halifax Shipyards Limited, Halifax, and the Burrard Drydock Company Limited, North Vancouver, will each build one of the escort vessels now being authorized, bringing to a total of three the number of ships of this type being built by each of these firms.

Three shipyards which have not previously received orders for escort vessels are each undertaking one of the remaining three. These are Yarrows Limited, Victoria, B.C.; Victoria Machinery Depot Company, Limited, Victoria, B.C.; Davie Shipbuilding and Repairing Company Limited, Lauzon, P.Q.

The loop layer will be built by George T. Davie and Sons Limited, Lauzon, P.Q.

One steel crane lighter will be built at the Pacific Drydock Company Limited, North Vancouver; the other at Saint John Drydock Company, Limited, East Saint John, N.B.

The Saint John Drydock Company will also build two Norton class tugs.

The placing of the orders above mentioned brings the construction program for the Royal Canadian Navy to date to a total of one hundred and fifty-six million dollars covering the construction of thirty-nine ships.

EXCISE TAX ACT

The house resumed consideration of the motion of Mr. Abbott for the second reading of Bill No. 294, to amend the Excise Tax Act.

Mr. Sinclair: Mr. Speaker, at six o'clock I had been discussing the case which was referred to in *Hansard* as the Gruen watch case and which was raised by the hon. member for Eglinton (Mr. Fleming) on May 23 when he alleged bad faith on the part of the government with regard to the undertaking given by myself as parliamentary assistant in the budget debate in the fall of 1949. I had reached the point where the ten watch companies had met with the government and then decided to file suit. Before suit was filed, however, five of the companies withdrew. They had been paying the taxes. One of the companies which withdrew was the Gruen watch company, and I believe they feel it is rather unfair that the case that went to the supreme court and to the court of appeal should be referred to as the Gruen watch case, because they accepted the ruling and had paid their taxes.

Chief Justice McRuer gave a lengthy judgment, of which I shall quote only two little parts that to me as a layman seem to be the pertinent ones:

> The effect of the provision that sections 5 and 6 should come into effect as of the tenth of November, 1949—

That was the undertaking I gave in the house so as not to prejudice the case which was then before the courts.

> —for the purpose of this case is to leave it open to the court to decide whether the other retroactive aspects of the suit in fact apply to the plaintiff.

When he talks about "other retroactive aspects", he is talking only as far as the court of law is concerned; because when the minister on budget night in the spring had announced the changes, as far as the country was concerned the changes were in effect that night. It has been the custom since confederation to accept those changes as of that night, although the actual legal royal assent did not come until the bills had gone through both houses of parliament some time later.

Then Chief Justice McRuer goes on to say this:

I cannot find that the simple operation of putting a watch movement into a watch case is manufacturing a watch in the ordinary popular and natural sense of the word, but I feel clear that the plaintiff produced watches adapted to household or personal use.

I now come to the key part of the judgment:

I therefore find that for the purposes of the Excise Tax Act the watch movements as imported were not watches.

And we agree with that.

That being so, the inescapable conclusion is that the plaintiffs by importing movements and placing those in watch cases so that they might be convenient and useful for personal use as watches are producers of watches adapted to household or personal use and therefore are now liable to pay excise tax and sales tax pursuant to the retroactive provision of the amendment of 10th December, 1949, on deliveries made to purchasers on and after the 23rd May.

And then the last part of his judgment which appeals to me:

Having found that the plaintiffs were producers of watches adapted to household or personal use since 22nd March, 1949, under the state of the law as it now is they have been liable to pay the excise tax according to the terms of the statute since that time. No useful purpose could be served by making a declaration that they were not liable to pay the tax until the statute of 1949 with its retroactive effect had received the royal assent.

Mr. Fleming: Note the words "that its retroactive effect".

Mr. Sinclair: But again the retroactive effect is not the effect of the amendment I moved in November, 1949. The retroactive effect he is talking about is the effect resulting from the fact that the act did not receive the royal assent until December, although the intent of the budget and of the resolution had been stated here by the minister on March 23, that spring; and the custom of Canada since confederation has been to put these taxes in effect immediately until such time as the act is passed. That is the retroactive effect to which Mr. Justice McRuer refers. He makes it clear that he is separating the amendment which was proposed by me from the other inevitable retroactive effects from our way of implementing the budget resolutions.

The case went on, of course, to the appeal court; but it is significant, as I said, that although ten started out, four of them dropped out before the case went even to the supreme court; and after the supreme court hearing five others dropped out, leaving just the one company, the Bulova watch company, which had voluminous correspondence with the Department of National Revenue and with the Minister of Finance (Mr. Abbott) in which these facts had been repeated. They went to the court of appeal, of course, and the judgment of the supreme court was sustained in those parts that they were asked to adjudicate on and the other parts were not mentioned.

Mr. Fleming: The court of appeal—

Mr. Sinclair: The court of appeal was not asked to discuss the fact of whether or not they were producers of watches. To the other members of the house who are not lawyers let me in a summary say a word—

Mr. Fleming: That is not quite right.

Mr. Sinclair: In March, 1949, the Minister of Finance stood up and mentioned many tax reductions. One of them was the removal of the 25 per cent retail tax on watches back to 10 per cent excise tax at the manufacturers' or producers' level. That reduction was a saving of $8 million to the taxpayers of Canada and it was certainly welcomed by the watchmakers of this country because the 25 per cent retail tax was a nuisance tax which interfered with sales. As is the practice under our way of bringing in budgets since confederation, those tax changes went into effect that night. It is quite true that as far as the law is concerned, they did not become law until royal assent had been given to the excise tax bill which in this case did not happen until December 10 of that year.

Nine of the companies paid their taxes. A case went to the supreme court on the claim of the Bulova watch company, first of all, that they should not have that excise tax levied on the works, case and the display case which they imported separately. But that was not a watch. We all agree that that was not a watch, we who are not lawyers. However, when the case, watch and works were put together and sold to the retailer, it certainly was a watch; and the Department of National Revenue, in their directive to the trade in April, said that that process was going to be regarded as the production of a watch and that 10 per cent excise tax was to be levied there.

The companies protested. Naturally they would like to avoid taxes—not evade taxes but avoid taxes. After discussion with the department six of them went to the supreme court and the chief justice ruled in effect that we did not need that fall amendment spelling out precisely that the assembly of the case and the watch was the production of a watch, but that the spring resolution had covered this point. He ruled that the intent of the change in March placed that tax at that production level. The case was appealed to the court of appeal by just one of the ten companies. I may say that nine of the ten companies have paid the tax without question. To the ordinary person not versed in law it would be inconceivable that there should be any place where a tax could not be placed on that watch; if we did not tax the separate parts coming in and did not tax them as they come together, then that watch could be placed in the hands of retailers without that excise tax which is levied on other producers and manufacturers.

There was no bad faith on the part of the government; there was no tearing into shreds and tatters the good faith of parliament. The provision which I made at the direction of my minister was that since there was this case before the courts we would spell out this expanded resolution to make it clear that we did so regard the assembly of the works and the case as the production. If then the courts, on the basis of the spring resolutions, should say that this was not the production of a watch, then from November 10 on we would collect because of the amended resolution. As it turned out, the chief justice ruled that that was the production of a watch, and so the excise tax was properly levied at that level.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, we have before us a bill to amend the Excise Tax Act. This bill of course includes a section increasing the sales tax. When on April 16 I replied to the Minister of Finance (Mr. Abbott) I moved at the end of my remarks an amendment, from which I quote the following, as reported at page 2053 of *Hansard:*

> The proposals of the Minister of Finance are unsatisfactory because they will inevitably increase the cost of living for all and especially for those least able to bear it.
>
> This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.

I wish to pursue that argument tonight because I am going to suggest to you, Mr. Speaker, that everything that has happened since that time has endorsed the arguments which were made then, and I am not going to give up hope, particularly as we now have a minister who has become since then a doctor of laws *honoris causa,* and therefore we may have a more ready reception of the arguments which at that time did not succeed. I should like to bring briefly to your attention, Mr. Speaker, the fact that at that time among other things we were warranted by a great deal of expression of opinion in the press in believing that the increase in the sales tax was repugnant to the people of Canada. I should like to read briefly from some of the newspapers that I quoted at that time. First of all, the Ottawa *Journal* of April 11 said:

> It would be wrong to say that what Mr. Abbott brought us yesterday was an anti-inflationary budget. All Mr. Abbott seems to have done is to impose levies sufficiently heavy to bring the sums required for the defence effort, with no theory or nonsense about stopping inflation.

The Windsor *Star* said:

> To think the increased taxes will appreciably reduce the demand for a diminishing flow of goods is to be naive. The higher taxes are more apt to encourage demands for higher wages so the higher cost goods can be purchased.

L'Action Catholique mentioned a special aspect which would be of interest to the province of Quebec. It said:

> The increase in the sales tax will automatically increase the provincial sales tax, since the latter is based on the price of the merchandise including the federal sales tax.

The Ottawa *Citizen* said:

> The real shocker of the 1951 budget is the increase in the general sales tax to 10 per cent.

The Montreal *Star,* speaking of the general sales tax, said:

> It will inevitably bring in its train demands for higher wages.

Now, Mr. Speaker—

Mr. Speaker: Order. May I interrupt the hon. member for a minute? I do not know how far I should allow the debate to continue. The hon. member has recalled the fact that this question was discussed when the budget was before the house. There was a vote taken, and a decision was arrived at which negatived the views which are now being expressed by the hon. member. I do not like to be too strict in this regard, but I should remind him that I feel the question has been decided this year.

Mr. Macdonnell (Greenwood): Your Honour will remember that when the excise resolution was before us we sought to have it broken up into the different items. If I remember correctly at that time the Minister of Finance pointed out to us that although we were not getting the chance then to vote on the question of the sales tax, we would get a chance when we came to the excise bill itself. Your Honour may say, well, you

will get that chance when you come to the sales tax section of the excise tax bill; but it did seem to me that in view of the fact that that matter is one that may be voted on, it was proper, with Your Honour still in the chair, to raise the question which will be specifically raised when we come to that section.

Mr. Pouliot: If the hon. member permits me, he has quite a false impression if he thinks that any hon. member has forgotten what he said about it.

Mr. Fleming: On the point of order, may I suggest to you, Mr. Speaker, that all that the house did on a previous occasion was to approve the introduction of a bill. It adopted the resolution looking to the introduction of a bill. It did that, and it did nothing more. When the bill was introduced the resolution adopted by the house was completely *functus*. Now we have a bill. Surely the mere approval by the house of the introduction of a bill is not to compass or narrow the normal scope of debate on second reading of a bill.

Mr. Speaker: Hon. members realize that it is a rule of the house that when a question is put and decided it cannot be brought forward again during the same session. May I call the attention of hon. members to paragraph 332 of Beauchesne, third edition:

> It is a rule in both houses, which is essential to the due performance of their duties that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.
>
> An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the house." Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

Mr. Macdonnell (Greenwood): May I suggest, Your Honour, that, as the hon. member for Eglinton (Mr. Fleming) has already suggested, what was done before was to pass a resolution preparing the way for a bill. That was some weeks ago. We now surely have a decisive action to take. May I reassure Your Honour by saying that I do not propose to go over all the ground of weeks ago, but what I chiefly wish to do is to suggest that there are certain things which have happened in the last six weeks. Surely, the decision that we are making when we pass this bill is a decision that we must make as of the present time. I suggest to Your Honour that we have a decision to make now in the light of the facts at the moment.

Mr. Speaker: It was not my intention to stop the hon. member, but I thought I should bring to his attention and to the attention of the house what is the practice in this connection. The hon. member says that he is not going to discuss the point at great length. In view of that I think I should allow him to continue.

Mr. St. Laurent: Just before the matter is finally settled, it would be desirable to point out that in fact the argument suggested by the hon. member for Eglinton, and repeated by the hon. member for Greenwood, is not accurate. It was not merely a resolution that a bill be introduced. The question that was raised was on an amendment to that resolution submitted by the hon. member for Greenwood himself, specifically challenging the increase of 25 per cent in the sales tax as being inadvisable and unnecessary; and the decision of the house negativing that assertion made in the amendment is found at page 302 of *Votes and Proceedings*.

Mr. Drew: But in that respect the amendment on which the vote was taken must be regarded in relation to the subject matter before the house at the time the amendment was moved. It should be recalled that there was before the house at that time a motion to the effect that it was expedient that a certain bill be introduced. An amendment which raises other issues is simply for the purpose of showing reason why it is not expedient that the bill be introduced in the form in which it is.

It was upon that amendment that the vote was taken. I submit that on a number of occasions during the discussion it was pointed out that at a later time a bill would be coming before the house, and that on that occasion it would be possible to deal with this in relation to the specific sections of the bill which would then be under discussion.

Mr. Knowles: May I say a word on the point of order? It seems to me that Your Honour should take into consideration the view which is expressed I am sure in two or three places in May and Bourinot. Thus far I have been able to find it in only one place, namely at page 317 of May, thirteenth edition, and it is contained in a sentence after the paragraph we all know so well which begins in this way:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded.

A little further along May says:

> This rule, however, does not apply to debates upon different stages of a bill.

The other references, which I know are there, and I can turn them up if necessary, are to the effect that the different stages of a bill are considered all part of the same

debate. It is permitted to refer back to the previous stages of the debate on the same proposition, so long as it has not been finally decided.

I would submit that if the amendment to the motion for Your Honour to leave the chair to go into the committee of ways and means dealt with a matter which had been finally disposed of by that amendment, we would have to consider whether that matter could again be discussed. But the matter has not been finally disposed of. The matter is in the bill, second reading of which is now before the house. I refer to the matter of raising the sales tax. That is one of the questions we are called upon to approve or disapprove in deciding upon a second reading of the bill. I agree that there is merit in the point Your Honour has raised, and that the Prime Minister has drawn to your attention; but I do offer for your consideration these two other thoughts, first, that the question of the sales tax is still before us, since it is one of the questions of substance before us in the bill and, secondly, I call Your Honour's attention to the citation I have read from May, like unto which there are others, to the effect that the rule against repetition does not apply to debate at the different stages of the same bill.

Mr. Speaker: As I said a moment ago, I do not propose to prevent discussion of the matter, if it is not too extended. Hon. members will recall that the hon. member for Greenwood read an amendment upon which the house had come to a decision during the present session. He is proposing to discuss the amendment again. I do not think we should agree that that is in order. I have stated however that I am not stopping the hon. member at this time, but I would ask hon. members not to extend their remarks unduly in respect of a matter which has already been decided.

Mr. Fournier (Hull): Mr. Speaker, I follow your argument concerning the discussion with respect to the increase in the sales tax. However, I would not agree with the hon. member if he proposed to move an amendment at this stage to that effect. It would be a substantive motion, and I do not think he would be in order in moving the same motion he offered on April 16, part of which was in these words:

> This house condemns in particular, as inflationary, the increase by 25 per cent of the general sales tax and is of the opinion that the increase is unnecessary and unwise.

The hon. member for Winnipeg North Centre (Mr. Knowles) said this was a substantive motion, and that it was decided during this session. The house did decide against the amendment, and I suggest it would be neither proper nor legal if moved a second time on the bill stage, when a decision has already been given by the house. I understand the rule to be that one cannot repeat the same motion at the same session on the same subject or in the same terms.

As to the discussion of the sales tax, I think it is perfectly correct to say that members of the opposition or any other members are free to discuss the bill before the house. But to move the same motion is not only a waste of time but, if I may say so, somewhat ridiculous, because there has not been any change since the vote was taken, and I can see no reason why an attempt should be made to change at this time the decision of the house. I think we might delay the decision on the point of order until the hon. member tells us whether he is moving the amendment.

Mr. Speaker: There is no amendment before the house at the moment, and thus far I have heard no intimation that any amendment would be moved.

Mr. Macdonnell (Greenwood): Mr. Speaker, I shall relieve the mind of the Minister of Public Works (Mr. Fournier) by saying that I do not propose to move the same amendment I moved last time.

Mr. Fournier (Hull): Or any amendment of the same kind?

Mr. Macdonnell (Greenwood): That may be a matter of opinion. I shall stick to my statement, that I do not intend to move the same amendment. and I doubt whether the Minister of Public Works will later on think that I am trying to do so.

Now, Mr. Speaker, you have warned me to be brief, and I must be brief. I should like to go back and, if I may, recall to the house the points I made on the former occasion. I drew attention to the fact, in which the public is becoming interested, of the astonishingly erratic budgeting we have had for several years. I pointed out in particular that in 1950, after an estimated surplus of $20 million we had virtually $343 million, or 22 times as much as had been estimated. I stated my belief that there was no doubt that an increase in the sales tax would immediately increase prices, and I was bold enough to suggest that in all probability the $20 million surplus which the minister estimated would probably reach somewhere near $105 million, the estimated return from the sales tax; and I did suggest that that might be forgone.

That was on April 16. It is not often predictions are proved true so quickly as these predictions have been. In the first place I think no one now doubts that what we said

about the addition to prices as a result of the sales tax has in fact happened. And we have had an interesting comment on my prediction with regard to revenue, because in the month of April we have had a surplus of $121 million as against an estimate of $30 million for the whole year.

Now, not overlooking what the minister said about these figures not being indicative, on the other hand the minister has not tried to show nor do I think he could succeed in showing that there is any great reason to believe that that month of April was so untypical as he would like to suggest. If, in fact, a mistake has been made the minister could easily tell us so. I would think more highly of this government if they ever admitted that they had been wrong. One of the things that worry me about them is that they always say they are right. However, the minister has not said they were wrong, and my feeling is that the real reason for this bad budgeting is contained, very briefly put, in the Ottawa *Journal* of May 29. I shall read briefly from it. The Ottawa *Journal* says:

Why is Mr. Abbott so wrong?

Then it gives what I think is a very interesting and significant answer which I believe goes to the very root of the whole matter.

Because apparently he takes no account of inflation. In April, 1950, personal income—

Mr. Fournier (Hull): On a point of order, Mr. Speaker. I believe this time the hon. member is really out of order. He is reading from a newspaper clipping a criticism of something that took place in this house during this session. If you look up the citations in Beauchesne you will find that a member cannot quote from a newspaper any criticism of legislation going through this house in this session.

Mr. Macdonnell (Greenwood): I quoted a whole list of papers as long as your arm.

Mr. Fournier (Hull): The hon. member was wrong then, and he is still wrong.

Mr. Macdonnell (Greenwood): I did not hear what the minister said. In the meanwhile I shall continue with what I was reading.

Mr. Speaker: The point, as I understood it—oh, I am sorry.

Mr. Pouliot: If I may be permitted, Mr. Speaker, before you give your ruling I should like to say that a distinction should be made between newspaper clippings reporting speeches made outside the house by members of parliament, and comments made by the press about anything that happens in parliament. In the first place, any hon. member would be in order in quoting a newspaper report of a speech made by any hon. member outside the house. But when it comes to comments made by any newspaper concerning legislation brought before the house, then that is not in order. I submit, sir, that distinction should be made. The hon. gentleman cannot be in order if he quotes an article published in any newspaper containing a comment about legislation before the house.

Mr. Macdonnell (Greenwood): May I point out that this article says nothing about legislation at all. This has to do with the April revenue return. As a matter of fact, I do not think there is any reference to legislation. I am amazed that the Minister of Public Works (Mr. Fournier) could be so misled.

Mr. Fournier (Hull): For the information of the hon. member I shall read citation 306 in the second edition of Beauchesne:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Now, if the article contains any reflection on this budget bill or the speech made by the Minister of Finance (Mr. Abbott), I believe the hon. member is out of order. It is all right to quote newspapers and make a speech out of what is written in some of them, but we have to follow the rules once in a while.

Mr. Macdonnell (Greenwood): I must point out again, Mr. Speaker, that I think the Minister of Public Works is being misled. I cannot understand him at all. He is usually so reasonable, but tonight he seems to have got completely off the track. This article does not criticize anyone in this house. It is a comment on a statement made outside this house to the effect that there was a surplus of $121 million for the month of April.

Mr. Fournier (Hull): On another point, Mr. Speaker, I have to follow this up. If the hon. member is trying to urge upon the house something that does not relate to this debate, he is still out of order. He has to debate this bill, and nothing else.

Mr. Macdonnell (Greenwood): I can certainly see that the minister wants to prove I am out of order. He has given four different reasons now, and on which of them does he want to hook me?

Mr. Fournier (Hull): On two of them.

Mr. Macdonnell (Greenwood): As soon as I point out that one is wrong, he brings in another.

Mr. Fournier (Hull): I am trying to follow you, but you are jumping all over the place.

Mr. Speaker: Order. Probably I should reread the citation which the Minister of Public Works has read. I have Beauchesne, third edition, and in that edition it is paragraph No. 265:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. Macdonnell (Greenwood): I submit with deference that nothing I have read reflects on any proceedings in the house, nor does it comment on any statement made by a member. It comments on a statement made by the Department of Finance.

Mr. Fournier (Hull): Not relating to this bill.

Mr. Macdonnell (Greenwood): If the minister will let me finish it, I shall be through in a moment. I could have been finished by now.

Mr. Howe: The hon. member may just as well omit the whole speech. We would not miss it.

Mr. Macdonnell (Greenwood): The trouble is now that I do not know where I was. I shall have to go back and reread it. I hope all this is not taken off my time.

Mr. Speaker: Probably I should remind the hon. member about a rule of the house to the effect that a member replying to a government motion is not limited as to time.

Mr. Macdonnell (Greenwood): Does the Minister of Public Works want to raise any other point?

Mr. Abbott: Let us have Mr. O'Leary's views again.

Mr. Macdonnell (Greenwood): As I said, I shall have to begin over again to get the hang of this thing so that we shall get it right. It reads:

Why is Mr. Abbott so wrong?

That does seem a little like criticism, but that is all there is.

Because he apparently takes no account of inflation. In April, 1950, personal income tax collections totalled $49 million; in April, 1951, they were $70 million. This with the same tax rate. Clearly personal income tax collections were up because salaries and wages and net earnings generally were up, and because more wage earners had moved into higher income brackets.

And, of course, what is true of the income tax is true of other taxes, notably excise and sales taxes.

[Mr. Fournier (Hull).]

There was more that I wanted to read, but perhaps it would be better not to do it or I might start up the Minister of Public Works again. What bothers me about the surpluses is that they are always given to us with a sense of pride. The minister really seems to regard them as a very clever performance. I have several times given this short quotation, Mr. Speaker, and I do not believe it is out of order. More than once I have quoted this short statement attributed to Philip Snowden, that any chancellor of the exchequer who takes even a half crown more than he needs is guilty of getting money under false pretences. Those are strong words, much stronger than the Ottawa *Journal* uses.

As I say, we are left with the impression that these surpluses are really rather clever. It is true the minister does remind us from time to time that rising costs have something to do with it, but nevertheless we are left with the impression that somehow these additional collections indicate health and well-being in the community. As the Montreal *Gazette* ironically says, we are really being asked to believe that the minister is budgeting "better than he knew." But what is actually happening is that these excessive collections are an indication of distortion in the economy. They are an indication of excessive taxes on high-priced goods. They are, as we pointed out before, a spur to wage and salary demands. They add to the increase of money in circulation because, after all, the government does not hide this in a napkin but spends it. Perhaps worst of all, it is just not possible to believe that you can have any sort of effort at government economy when all these hundreds of millions are floating about. The sad thing naturally that one always has in mind is that these increases of surplus never come from less spending; they always come from taking more of our money. Of course these sales and excise taxes put up prices. Then the increased prices put up taxes, and so on and so on, and we have this terrible spiral.

I just want to make the point that everything we predicted on the 16th of April has happened. Prices have increased just as we said would happen. The surplus is here just as we predicted would happen. Wage demands are here just as we predicted would happen. I suggest that the happenings of the last six weeks have greatly strengthened what we said at that time. For that reason, and in order that we may express our continuing disapproval of the sales tax, I am going to move:

That the word "now" be left out and the words "this day six months" be added to the end of the question.

I hope the Minister of Public Works (Mr. Fournier) will agree that is very different from what he thought it was going to be.

Mr. Fournier (Hull): That is in order. Let us have the question right now.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, we had a long discussion of the sales tax in the debate earlier, but nevertheless I believe the protest that has been made tonight is worth making again because in my opinion the sales tax is probably the most oppressive tax that we have, and to raise it from 8 to 10 per cent at this stage is bound to increase the cost of living further. The cost of living index has reached the unprecedented figure of 182 points on the 1935-39 basis. That in itself is something that should cause us to stop and think when we are imposing a tax which is bound to increase the price of many commodities. It will not increase all commodities, and indeed not some of the basic commodities, but still it will increase the cost of many of the commodities that enter into the cost of living for a good many families in this country.

I think it is true to say that, no matter who suggests it, the sales tax is a tax which is unfair. It taxes those with families who have responsibilities that are escaped by those who have no families. It seems to me that the sales tax is a thoroughly bad tax. Tonight the hon. member for Greenwood (Mr. Macdonnell) has raised the question of the surplus that the government was able to show in April. Since that large surplus was shown at that time, it seems to me to indicate that the country can do without the 25 per cent increase in the sales tax suggested in the budget. Consequently, without prolonging the debate, because I think most of us said all that it was necessary to say at an earlier stage, I am merely going to say that we shall support the amendment moved because we believe that the recent receipts of the government indicate that we can dispense with this tax, and whether it is a good or bad tax we should dispense with it on that account. Secondly, because this is a tax which is liable to increase the cost of living in so many respects of those who are least able to afford it, I think the house is justified in asking that the imposition of this tax be deferred.

Mr. Solon E. Low (Peace River): Mr. Speaker, I said at one time that I was so much opposed to this tax that I felt I should talk against it until next Christmas if necessary to have it held up or to oppose it so successfully in that way that the government might decide not to pass it. The government has very obligingly suggested today giving me a couple of months to get my breath so that I can go on talking about it this fall and probably right up until Christmas. I will continue to do so on every occasion that I have the opportunity. I am opposed to the imposition of the increase in the sales tax, and I have not found anything yet in reason, logic or argument to make me change my mind. When it comes to voting on the bill I shall know what to do about that section particularly, but as to the amendment moved by the hon. member for Greenwood (Mr. Macdonnell), since it appears to cover the whole bill it might make it very difficult for some hon. members to support it because there are things in the bill that are good, and I should like to see them passed. Therefore I shall have to think much more carefully than I have thus far as to whether I can support the amendment.

I rose tonight to speak briefly about another provision in the bill, and I can make a much more informed appeal than I was able to do on May 1 on behalf of many thousands of suffering Canadians. On May 1, as hon. members may recall, I raised a question, as recorded at page 2599 of *Hansard*, as to whether the Minister of Finance (Mr. Abbott) would consider adding the substance known as vitamin E to the list of tax exempt substances now taken care of in section 12 of the bill. At that time the Minister of National Revenue (Mr. McCann) said:

> Wheat germ is the cheapest one there is.

I said:

> Yes, it may be the cheapest, but this particular one is subject to sales tax, and the tax increases the price to a considerable extent. It puts it outside the reach of many patients.
>
> Mr. McCann: Not at all. You can get all the vitamin E you want in wheat kernels.

We continued with an exchange of views, and it appears that neither of us knew very much about it at that time.

Mr. McCann: Speak for yourself.

Mr. Low: Well, I shall give evidence to show that the doctor did not know what he was talking about. Mind you, I want to say to begin with that I am not blaming the Minister of National Revenue for not being able to keep up with the latest discoveries in medicine because—

Mr. McCann: Much less yourself.

Mr. Low: —he is so completely occupied with finding ways and means of exacting taxes and finding the best means of collecting them that he cannot possibly keep up with these things, and I would not expect him to. However, the question I must ask first is: What is the material about which I was asking on May 1? I

was referring at that time to high potency vitamin E concentrate which goes under the scientific name of di-alpha tocopherol. Wheat germ oil contains minute fractions only of vitamin E. If a patient has to take 300 international units of vitamin E daily, which would be about the equivalent of 300 milligrams, and that by the way is an average dose—

Mr. Pouliot: If the hon. member will permit, he did not mean 300 kilograms.

Mr. Low: No, I said milligrams. Certainly I would not say kilograms. I say if a patient is to take a prescribed dose of about 300 international units or the equivalent of about 300 milligrams of vitamin E, and has to resort to wheat germ oil to fulfil this dosage, he will have to consume in one day more than a quart of wheat germ oil. I am sure the Minister of National Revenue knows the ill effects that would follow; neither his stomach nor mine could stand it. I would go further and say that this quantity of wheat germ oil simply could not be tolerated by any person. This patient would require at least 150 capsules of ordinary vitamin E such as you buy in the drug store today to make up this dosage; and the cost of those 150 capsules would probably be as much as $7 a day, which would be simply prohibitive.

High potency vitamin E is a concentrate that is obtained through a process of molecular distillation of the oils of cottonseed, peanuts and green vegetables. It appears to be manufactured by only one firm; that is Distillation Products Incorporated, a subsidiary of the Eastman Kodak Company of Rochester, New York. It is therefore imported into Canada in large drums and then encapsulated into 75 milligram capsules. The population of Canada is not sufficient to warrant the huge expenditure required for the manufacture of alpha tocopherol.

The second important question we have to ask ourselves is, what is the product used for? Well, Dr. Evan V. Shute and his brother, Wilfrid E. Shute, discovered after years of research and clinical work that vitamin E in heroic doses, that is in huge doses, was very valuable in the treatment of heart and circulatory diseases. These doctors then founded the Shute institute for clinical and laboratory medicine in London, Ontario, and have been carrying on successfully since. These doctors prescribed a dosage of from 300 to 400 international units daily for victims of cardiovascular ailments, which of course would include thrombosis, Buerger's disease, thrombophlebitis, indolent ulcers, angina and hypertension. These are the diseases which, if the present trend continues, will take off every other person in Canada who is now over 40 years of age. That is the record to date; that seems to be the trend.

Since the Shute brothers discovered the value of alpha tocopherol in the treatment of cardiovascular ailments, many doctors of this country and the United States and other countries have taken up the research. In many countries they have issued their bibliographies, and their findings have been almost identical with those of the Shute brothers.

The next question is how widely is alpha tocopherol distributed. This substance, as I said, is high potency vitamin E. How widespread is its use today? Well, one pharmaceutical house I asked told me they did not know exactly but their records alone indicated that many thousands of cardiac and vascular victims are resorting to high potency vitamin E with success. They know from their records that several thousand doctors in Canada are prescribing alpha tocopherol, after the Shute therapy, to their patients. To their personal knowledge over 1,500 doctors and most of the major hospitals are prescribing vitamin E; and remember, this pharmaceutical house is only one of thirty Canadian pharmaceutical firms distributing vitamin E products in Canada. I am convinced that more than one-third of Canada's nine thousand doctors prescribe it today for therapeutic and for what may be called prophylactic treatments. What is more, of the more than six thousand patients on the files of the Shute institute at London, more than 160 are medical doctors and members of the immediate families of doctors. Just here I should like to put on record a telegram I received from Dr. Nelson George, because it indicates what doctors themselves think of this thing:

As a physician practising in London for thirty years would like to record my experience with vitamin E. Have been a diabetic for twenty years. As a result five years had a hemiplegia with residual weakness left leg and arm. One year ago for diabetic gangrene had right leg amputated above knee. Last fall when amputation of left leg imminent for diabetic gangrene I began vitamin E treatment under Dr. Shute's care. Left leg healed rapidly and has regained function so that I can now stand on it unassisted. I am no longer a diabetic, no longer a hypertensive. Want to stress that as physician had best care available in London yet continued to be a diabetic and hypertensive and eventually developed gangrene with their care; lost the first leg above the knee. On vitamin E gangrenous area healed and filled in; had partial restoration of function absent for five years. Am no longer a diabetic and no longer a hypertensive. The necessary dosage of alpha tocopherol (vitamin E) was 450 international units, about 150 times that available in one capsule of wheat germ oil with latter cost $7.25 daily, with imported concentrated brand retail cost 54 cents a day. No human stomach can tolerate that much vitamin E in form of wheat

kernels, wheat germ or wheat germ oil capsules, 150 capsules daily. My wife has been my nurse since my amputation. She is willing to appear before you or Dr. McCann or the Department of National Health and Welfare. I am willing to be interviewed by any member of dominion house.

That is from a doctor who himself has had the treatment for some time, and who cites the results. Just here I might comment briefly that heart ailments are the greatest killer of all. One-half of the adult population of this country will meet untimely death as the result of one form or other of vascular trouble. Doctors especially find themselves susceptible to these diseases because of the very high tension under which they have to work.

The next question is whether there is scientific backing for the claims made for this product. Well, Mr. Speaker, it is not claimed that high potency vitamin E is a perfect answer to the problem of heart disease. It is not, and that is frankly admitted. But it is therapeutic; that is, it has curative value. That has been amply demonstrated in extensive research using nine different species of animals, as well as in the treatment of thousands of cases among human beings.

There is another side to this question. If alpha tocopherol is used prophylactically, that is for preventive purposes, it should achieve considerably more than it has been able to achieve in the treatment of advanced cases of heart disease. It appears that the real future value of the vitamin E product will be in the preventive field. The preventive use of alpha tocopherol might well begin in childhood, and the Canadian public should be educated to this kind of medical insurance, which to my mind it certainly is. At the same time Canadian millers might be induced to make available to the public a cereal flour rich in germinal vitamins.

There is a mass of pertinent evidence to support the assertion that the appalling mortality among men resulting from heart diseases has arisen from a deficiency of alpha tocopherol in the diet. In other words Canadians have been slowly starving themselves into sudden death from thrombosis or a more lingering and painful demise from angina or hypertension. The greatest single factor contributing to this slow starvation and early death is a deficiency of vitamin E. Many thousands of Canadians suffer from chronic deficiency of the alpha tocopherol type of vitamins in their diet. The substance is found widespread in certain natural foods but its principal sources are in the cereal grains. Modern milling, in the effort to achieve a stable, exportable flour that will not turn rancid, and which will have a fine, white appearance, has taken out all of the germ of the cereal grains. Consequently there is a vitamin E deficiency in the diet of the people.

Chronic shortage of vitamin E of the alpha tocopherol type damages the heart muscles and the walls of the arteries of the circulatory system. If our Canadian people, from their childhood, would use whole wheat bread made from freshly-milled whole grain flour and plenty of fresh vegetable oils, it is practically certain that untimely deaths from heart disease would be many times reduced from the number that are experienced amongst our population today.

It is not surprising that so many of our people are having to resort to a therapeutic treatment based on the use of the vitamin in which their diet for many years has been tragically deficient. I might say here Mr. Speaker, that there are analogies in medical science to the use of heavy doses of vitamin E in the treatment of heart disease. In particular I would remind the house that, for instance, in cases where insulin shock results, physicians prescribe high and heavy doses of insulin to cure it. There are other analogies that I could cite.

I do not want to take too much time, Mr. Speaker, but what about the price to the people who use this product? I was able to obtain this product that I hold in my hand for the purpose of showing it to the house. I have no particular reason for naming this particular one other than that I could get it quite easily. What about the price to the people using what is known as Webber Vita E capsules, as an example? And by the way, hon. members can see the size of the capsule I hold in my hand. The capsules are a fairly good size; and they contain 75 milligrams or 75 international units. Using that one as an example, the retail price per 100 of these 75 international unit size capsules is $9. The retail price per 1,000 of the same size is $80. The return to the manufacturer is $4.50 per 100 or $40 per $1,000. The sales tax is paid by the manufacturer and is absorbed into the general price structure. The sales tax in this instance is based on the lowest discount price. It is not based on some of these other prices I quoted, but on the lowest discount price and therefore amounts to 10 per cent of $4 when one is buying a bottle of 1,000. But if the sales tax were removed from this product, there would be a saving of $4 per 1,000 to the wholesaler, which would mean a saving of $8 to the consumer, on 1,000.

Here is a right good example of the way in which a sales tax at the manufacturer's level pyramids prices. To be able to secure "gelucaps", as these things are called, the

government causes the heart or vascular patient to have to pay $8 in increased prices. That is a terrible thing.

In addition to the sales tax, this product, and all others of the same class, are subject to customs duties of 15 per cent, because there seems to be only one source, namely, Distillation Products Inc. of Rochester, N.Y., It is imported into Canada as a concentrated oil in large drums and then is made into capsules for distribution to patients. Duty involves another 60 cents at wholesale level, or $1.20 at retail level per 1,000.

I have been puzzled a great many times as to why the government should require customs duty to be paid on a product of this kind; I refer to vitamin E concentrates. It has never been manufactured in Canada. That being so, the product is not competitive from the tariff point of view. I was always under the impression that tariffs were designed mainly to protect our basic manufacturers. In this particular instance, no Canadian manufacturer is protected and for that reason, it seems to me, the consumer, the heart patient, carries an additional burden for no good reason at all. The reason for removing the tariff as well as the sales tax from vitamin E concentrates would appear to be quite obvious to even the most casual thinker. All in all, the patient-consumer can save $10 per 1,000 by the removal of the sales tax and customs duties on this particular product.

Let us now take a look for just one moment, in conclusion, at the daily cost of this material to the patient. The prescribed dose may run from 300 international units to 450 international units a day, or 4 to 6 of these gelucaps of the size of the one I have in my hand. On that basis the present cost to the patient would be 36 cents to 54 cents a day when buying them by the hundred, or 32 cents to 48 cents a day when buying them by the thousand. It is clear that the present cost to any patient is a very heavy burden for him to bear. It must be remembered that cardio-vascular patients must continue to use the product every day of their lives, just as is the case with insulin and diabetics. It is a pitiful thing, to me at least, to learn of patient after patient who has been unable to earn money for months or years, has a family to support, and yet feels that somehow or other he must get together enough money to buy his vitamin E at the rate of 32 cents to 54 cents a day. Persons in that situation either go without the necessaries to do this or find they must discontinue treatment and lapse into illness as a consequence.

Today I am making an appeal to the Minister of Finance (Mr. Abbott) on behalf of the thousands of Canadians who are suffering from cardio-vascular ailments. I ask the minister to add vitamin E—that is high potency vitamin E; the type known as alpha tocopherol—to the list of drugs to be made sales tax free. I appeal to the Minister of National Revenue (Mr. McCann) and ask him to remove the customs duty on this item which must be imported from the United States. I want to thank the two ministers and their colleagues—and I do so sincerely—for what they have done for arthritics and other sufferers by removing the sales tax from such things as ACTH and cortisone.

I think that is a step in the right direction. But at the same time I urge them to learn about vitamin E and the beneficial results it brings to heart patients. Here is a chance, it seems to me, to help thousands of worthy Canadians at very small cost to the government by way of lost revenues.

Just in conclusion let me say this. There is in Canada today an association known as the Vitamin E Association. It so happens that one of the members of this house is one of the high officials in that association. They call it the Vitamin E Society of Canada. Its headquarters is in Toronto. If that gentleman who is one of the high officials—in fact, he is the president—cares to speak, he could tell you tonight that his wife, who was for many months on her back, helpless, with heart disease, and given only 3 months to live in the opinion of heart specialists, was taken to the Shute institute and after a few months of treatment with alpha tocopherol was able to get up and be around, and is now holidaying, or was a short time ago, in California and was getting along fine. There are others in the house who have had experience with the product, and who could speak of the benefits from its use. Certainly it would seem to me to be a case worthy of most real and earnest consideration, and I ask that of the ministers tonight.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I hope that the house will support the amendment introduced by the hon. member for Greenwood (Mr. Macdonnell). Any doubt that hon. members opposite may have had a month ago in regard to the imposition of the 25 per cent increase in the sales tax must surely have been removed in the light of the statements issued since then from the treasury.

In his budget address the Minister of Finance proposed such taxes should be levied as, according to his figures, would produce at the end of the fiscal year a surplus of $30 million. The figures that were released for the month of April have shown an astounding result. After paying all expenditures for that

month, the first month of the fiscal year, the minister has reported a surplus of $121,520,000, just four times the surplus in one month that he budgeted for for the entire twelve-month period. It is not sufficient, Mr. Speaker, for the Minister of Finance to say: Oh, well, this picture may change before the end of the year. I submit that we have here already a very fair test of the kind of budgeting that has entered into the calculations of the Minister of Finance in the course of which he has asked this house to authorize the imposition of greatly increased taxes, particularly of the most objectionable of all varieties, at a time like this, which will increase the cost of living of those least able to bear it, taxes also which are subject to the vice of taking far more out of the pockets of the consumers, the ultimate consumers, than are yielded to the treasury in tax revenue.

Let us compare these figures with those of the first month a year ago and, sir, in approaching those figures let us have this in mind: most of the increases in taxes which are contemplated in the budget resolutions, and part of which are provided for in the bill now under debate, had not come into effect in the month of April, so that what we are dealing with in these figures for the month of April are taxes levied chiefly at the rates prevailing in the fiscal year which closed on March 31 last. There is very little of the increases in taxes, even in those indirect taxes, that find their way into the figures to which I am now about to refer, and none of the increases in the corporation taxes and in the personal income taxes of course become effective until July 1.

I think the dating of some of these taxes is worthy of note. People, of course, are not going to be too conscious of these indirect taxes because they are going to be covered up. That is one reason the government likes taxes like the sales tax and the excise tax, which they have increased so substantially. They are covered up, and the people who pay them are not conscious of the fact that they are paying them. The people are conscious of paying taxes like the income tax, and so the government has provided that these increases in the direct taxes, of which people will be very conscious, will not take effect until July 1. Perhaps, Mr. Speaker, it is a mere coincidence that four by-elections take place in this country on June 25, just six days before these increases in the direct taxes come into effect.

Sir, the figures for the month of April, to which I am about to refer, are to be found in the issue of the *Canada Gazette* of May 26, 1951, at pages 1502 and 1503. There we shall see that on the revenue side the minister's receipts in April, 1951, as compared with April, 1950, are increased on every item except two. I will just give the nearest figure in millions. First, the customs import duties show an increase. They are doubled from $14 million to $28 million. The excise duties are increased from $14 million to $17 million. The excise taxes are increased from $13 million to $24 million. The income taxes on individuals show large increases. Deductions at the source are increased from $12 million to $26 million. Other collections, that is, of income tax against individuals, are increased from $37 million to $44 million. Corporation taxes are increased from $38 million to $60 million. Succession duties show a slight decrease from $5 million in April, 1950, to $3,500,000 in April, 1951. Miscellaneous tax revenue has increased from $10,000 to $21,000. Postal revenue has increased from $6,500,000 to $7 million. Return on investments shows a slight decrease from $3,600,000 to $3,500,000. Miscellaneous non-tax revenue has increased from $320,000 to $601,000. The total receipts of ordinary revenue are increased from $147 million to $217 million. There is a decrease in special receipts, and the total revenue figures show April, 1950, $166 million; April, 1951, $218 million.

What is going to happen, Mr. Speaker, to these swollen figures when the full effect of the proposed increase in taxes of the Minister of Finance reflects itself in the figures for succeeding months? These figures are going to engage in a runaway race from last year's figures, and next year we shall inevitably again face the picture with which we have grown altogether too familiar: the Minister of Finance coming in with his budget and claiming great credit to himself for showing a surplus far in advance of that pictured to the house when the house approved his tax proposals the previous year. That is not sound budgeting. If the Minister of Finance will include in his budget proper provision for debt reduction, I am sure the house will be glad to consider any such proposals on their merits, but this indirect way of doing outlandish budgeting, which builds up surpluses far in advance of those offered to the house by the Minister of Finance in inviting the house to approve his budget proposals, is completely unsound. I submit, Mr. Speaker, the time has come when the house must say, this must stop. When we see figures like these for the month of April indicating how far the Minister of Finance has erred in the figures that he put before the house in his budget speech six weeks ago, then I think the house will start right now on this bill and say, we are not going to impose these heavy tax increases on people

who are having really a desperate time to meet the soaring costs of living. We are not going to do it when the Minister of Finance cannot prove need.

Sir, the figures that were announced for the month of April also reflect increases in expenditure for the month of April over those of a year ago, $88 million in April, 1950; $97 million in expenditures in April, 1951. So, let it not be said that the weight of increased government expenditure has not been reflected in the April figures. The $121,500,000 surplus of revenue over expenditure in April last as compared with April, 1950, takes into account increased expenditures, and reflects in only a very minor degree the increase in taxes, the full weight of which will be felt by the people of Canada on and after July 1.

Therefore, Mr. Speaker, if there was abundant reason before for rejecting this increase in taxes, particularly this sales tax, this most inflationary of all the budgetary weapons being wielded by the Minister of Finance on the people of Canada today, there is infinitely stronger reason for rejecting this increase in taxes today.

It is well to bear in mind, Mr. Speaker, that the statistics just released by the dominion bureau of statistics show another increase in the cost of living for the month of April. It is true it is a much more modest increase than those we have been accustomed to in recent months, but the fact of the matter is that even though the cost of living index has shown a slight decrease in the figures of the cost of food, the total cost of living for the month of April has shown another fractional increase, and we are now faced with a situation where the cost of living is higher today than it was when the budget resolutions were adopted. In the face of all these facts surely the house will not be party to imposing these cruel increases in taxation when there is no need of them.

Having appealed to the house to support the amendment of the hon. member for Greenwood (Mr. Macdonnell), which is intended to defeat these proposed increases in the sales tax, and which is intended to offer to the people of Canada such protection as parliament can offer them against an increase in this inflationary sales tax, I turn now to the subject discussed by the parliamentary assistant to the Minister of Finance.

Let me say in the first place that I do not think it was altogether fair of the minister to leave these matters to his parliamentary assistant because there are errors I think that the—

Mr. Abbott: He handled it very well.

[Mr. Fleming.]

Mr. Fleming: There are errors the parliamentary assistant has made unintentionally in connection with the interpretation of the judgment to which he referred.

I do say, however, in regard to the case put forward by the parliamentary assistant tonight on behalf of the government that it is a most disappointing answer, and shows that apparently the government is entirely unrepentant in its denial of justice. It is entirely unrepentant in its breach of faith with the house. And mere sophistry of the kind we listened to this afternoon and evening, however plausible it may sound, is no answer to the indisputable fact that the government, in permitting the parliamentary assistant to say what he said to the house on November 30, 1949, and taking the stand it has taken today, and which it has consistently taken throughout the litigation in the courts, is breaking faith with the House of Commons.

The parliamentary assistant did not say very much in his speech today about the undertaking he gave the house on November 30, 1949. He did not read the text of it to the house. He rather put a gloss on his remarks containing that clear and unequivocal undertaking which was accepted by the house at face value. And so we have a sort of paraphrase on the part of the parliamentary assistant tonight of what he said on that occasion in clear and unambiguous words.

The parliamentary assistant has sought to argue the government's case against the watch companies. The only thing wrong with the way he argued it tonight is that it is entirely contrary to the way the courts decided it. The courts had before them the legislation and the facts to which the parliamentary assistant has made reference. They had all those before them; and having heard them all, and having duly heard the extended arguments of very eminent counsel on both sides as to the proper interpretation of the relevant portions of the Excise Tax Act, especially the 1949 amendments, reached a decision quite at variance with that offered to the house tonight by the parliamentary assistant.

The net result of the litigation is that the courts have held that these plaintiffs were entitled to everything they asked for in the action which they brought in May of 1949 for a declaratory judgment. They were entitled to everything. And now, in the net result, the courts have felt obliged to deny to these litigants the fruits of their action, the rights to which they were entitled, simply because this house enacted an amendment on November 30, 1949, which it not only

did not understand it was enacting, but which is just the very opposite of what it was told was the effect of the amendment being introduced by the parliamentary assistant at that time on behalf of the government.

The parliamentary assistant has said this afternoon—and he is referring here to the statement he gave to the house as to the effect of the amendment which he was undertaking, in the discussion of section 5 of the 1949 amendment, to introduce at a later stage of the bill—

> But we said we would not prejudice the case then before the courts.

The government has said through its spokesman today, referring to what was said in the house on November 30, 1949:

> But we said we would not prejudice the case then before the courts.

Sir, that is precisely what the government did. That is precisely what the government did in misleading the House of Commons as to the effect of the amendments which the house was being called upon at that time to enact, and which the government then put into operation in this legislation with the avowed purpose—there could be no other—of repudiating its own undertaking.

They have said here, as they said in the house, that those amendments would not be made retroactive to have a bearing upon the litigation then before the courts. All that is asked, all that is required in the name of simple justice and decency and good faith is that the government should make good what it said, namely that it should not by the amendment of November, 1949, or the use it instructed its counsel in this litigation to make of the amendment, prejudice the case then before the courts.

But that is precisely what the courts have found that the government has done. The parliamentary assistant has undertaken to interpret the judgment of Chief Justice McRuer. Let me stop to put him right upon that by referring to two brief passages in the judgment where the learned chief justice said:

> I place my judgment on the claim set out in paragraph (a) of the prayer on the footing that the retroactive provisions of the act of 1949 apply to the plaintiffs . . .

The whole point which the parliamentary assistant has missed is that as the resolution stood when introduced on the eve of an election in March, 1949, and left suspended in mid air during the election campaign and until November, it could have no bearing to create a tax liability on the part of persons engaged in the kind of business that these plaintiffs were engaged in. Then when parliament is invited to enact an amendment to the act on November 30, 1949, this question is raised: Will the amendments which are being put before the house now have any retroactive bearing on the case then before the courts? Let me read what was said in the house at that time. I said this, as reported at page 2503 of *Hansard* for November 30, 1949:

> Sections 5 and 7 are related for the purposes of the matter I should like to raise, which has to do with the imposition of an excise tax on the assembly of watches, clocks and certain kinds of jewelry. If I am correctly informed, this has become the subject of litigation as well as having been agitated by correspondence with and representations to the government. I understand that this litigation is pending and I am concerned as to whether this legislation will not cut right across the issues involved in the pending litigation which directly concerns the government.

The answer of the parliamentary assistant, as I have said, was clear and unequivocal in these words:

> The hon. member has put his finger on an amendment which I propose to move a little later. It is quite true that a case involving sections 5 and 7 is now before the courts, but I would direct his attention to the fact that section 14 provides for the coming into force of sections 5 and 7. When that section is reached I propose to have a minister move an amendment which would change the present date of March 23, 1949, to November 10, the date when first reading was given to this bill. There would then be no retroactive effect which would have a bearing on the cases before the courts.

And, sir, the courts have held that that is precisely the effect of the amendment, that it does apply to the cases in court, that it has a retroactive effect, and that it defeats the claims that the plaintiffs in the litigation would have been entitled to recover but for the imposition or enactment of this retroactive legislation in breach of the undertaking given to the House of Commons by the government.

The parliamentary assistant has apparently overlooked the fact that, as to those matters in which Chief Justice McRuer held the plaintiffs not completely entitled to the remedy they sought in their action, the Court of Appeal supplied what was lacking, because the Court of Appeal allowed the appeal of the same litigants as against the crown, and held that the plaintiffs were completely entitled to all aspects of the declaratory judgment which they sought. The only thing that defeated these litigants was this retroactive legislation enacted by parliament in the very teeth of the representations made to the house at that time in the clearest possible language. The Court of Appeal went so far as to award the costs of the action against the crown. Let me read these excerpts from the judgment of the Court of Appeal of Ontario to put right the statement made to

the house this afternoon by the parliamentary assistant, who trespassed too deeply into interpretation of the decision of the court. This is the decision of the Court of Appeal, and it was a very strong five-judge court. As you well know, Mr. Speaker, a panel of five judges is assigned in the Court of Appeal of Ontario only to cases of leading importance. This is a unanimous decision of the five learned justices of appeal, and these are excerpts taken from the judgment of the court as read by Mr. Justice Aylesworth. He says:

> I think that the case is clearly one in which the appellant is entitled to the formal declaration of the court as to its rights. So far as now relevant the declarations sought for, in essence, would assert that the appellant is entitled to secure entry through customs of certain component parts for watches without payment of excise tax upon such entry and without the issue of a manufacturer's and an excise licence for that purpose.

Then he makes reference to the pleadings, and in speaking of the rights of the plaintiffs he says:

> Those rights, in my opinion, should have been and ought now to be stated by way of formal declaration in the judgment itself.

Then he proceeds to indicate in detail the various provisions in the declaratory judgment to which those litigants are entitled. What has happened, Mr. Speaker, is that a strong court in the Court of Appeal of Ontario, with a full panel of five judges, has said that these plaintiffs are entitled to everything that they sought in their action, and they would have had everything, had it not been that those rights were handicapped by retroactive legislation passed by this parliament. Now, that fact is crystal clear, and it will not admit of any attempt at being denied by the kind of sophistry offered to the house this afternoon and this evening by the parliamentary assistant to the Minister of Finance.

Sir, the only reason that this result has occurred, that this blemish has been cast upon the honour and good faith of the crown, is that the amendment introduced in the house on November 30, 1949, by the parliamentary assistant was not as he represented it to the house. I do not say that he intentionally misrepresented it to the house. I do not suggest that. But the fact of the matter is that the house was completely misled. The effect of the amendment, as the courts have found, so far as its retroactive application to litigation then pending in the courts was concerned, was directly opposite to what was represented to the house by the parliamentary assistant. Nothing could be plainer than this very contradiction between what the courts have found to be the effect of this amendment, and the effect of it as represented to the house by the parliamentary assistant.

When this matter was under discussion a few days ago, Mr. Speaker, the Minister of National Revenue (Mr. McCann), whose department is responsible for applying these amendments to defeat the effect of them as stated in good faith to the house by a spokesman for the government, on that occasion said, "Well, why did you not check on that amendment to see that it went as far as represented?" Mr. Speaker, when a plain statement of fact is made to the house by a spokesman for the government, in words as unequivocal as those appearing at page 2503 of *Hansard* of November 30, 1949:

> There would then be no retroactive effect which would have a bearing on the cases before the courts,

the house should be entitled to rely on it. This discussion was in committee, and that assurance was followed two pages later by a statement on section 14 of the bill by the parliamentary assistant. I raised my point on section 5, and it applied as well to section 7. The parliamentary assistant suggested we wait until we come to section 14, at which time he had an amendment he was going to introduce which would meet all the objections. He then said:

> There would then be no retroactive effect which would have a bearing on the cases before the courts.

The committee then reached section 14, and the parliamentary assistant rose in his place and said:

> This is the section on which the minister will move the amendment about which I spoke in answering the hon. member for Eglinton. The amendment is as follows:
>
> "That subclause (2) of clause 14 of bill 175 be amended by striking out the words 'second day of May' and substituting therefor the words 'tenth day of November'."
>
> That is the date when this change first became public knowledge by reason of the first reading of the bill.

Then Mr. Howe says, "I so move." The amendment was agreed to, and the section as amended was agreed to. Sir, no member of the opposition saw that amendment. You know what happens in committee on matters of plain amendments where the effect of the amendment as stated by a government spokesman meets the wishes of the house. An amendment is introduced in due course, and time does not permit copies to be circulated to all members so that they may study the terms of the amendment. It was an amendment that sounded plain enough to carry out the intent as declared by the parliamentary assistant, and with that unequivocal statement by the parliamentary assistant that this legislation would not have any retroactive effect, surely the house was

entitled to rely upon it. But what was overlooked, Mr. Speaker, was a very tiny amendment that should have been made in the schedule of the bill. This tiny amendment was overlooked. I am sure it was not overlooked deliberately by the parliamentary assistant, but the government has since completely ignored the unequivocal terms he used in referring to the amendment. Notwithstanding that, this government has completely broken faith with the house; it has tarnished the good faith of the crown by the course it has followed by trying to wrench these 1949 amendments to defeat the claims of persons who were told by the language used in the debate in the house that there would be no retroactive application to their cases.

I was not the only one, sir, who made representations to the government against making these 1949 amendments applicable so that they could have any bearing on the litigation before the courts. When I spoke on this subject recently I said an hon. member who was then a private member of the house on the other side, and who is now a member of the cabinet, also made representations, because he sent a note over to me on the occasion when the parliamentary assistant made his statement in the house intimating to me that he got word a few minutes before that this amendment was being introduced, and that it was in fact a triumph for justice.

There were other private members who were consulted about this, who made representations to the government to the same effect, and who understood, as every member of the house understood, that the parliamentary assistant was stating the fact when he made the representations to the house to which I have referred. I should like the Minister of Citizenship and Immigration (Mr. Harris) to say something in this debate about what he thinks of the way in which the government has wrenched and distorted these amendments enacted in November, 1949, in the very teeth of the statement made on behalf of the government as to their effect. I should like to hear what the hon. member for St. Paul's (Mr. Rooney) has to say about it, and there are other members of the house who interested themselves in trying to see justice done so that legislation would not be enacted so as to have a retroactive bearing.

The parliamentary assistant to the Minister of Finance has said with a measure of glee that to begin with there were ten of these companies who were plaintiffs in the action, that four of them withdrew before the case came to trial before Chief Justice McRuer, and that only one of them carried the case to the Court of Appeal. He puts that forward as a reason, if you will, why parliament should acquiesce in this breach of faith. Because one out of ten had the courage to carry his case to the Ontario Court of Appeal the parliamentary assistant says that the course of the four who did not go as far as trial is the best indication of what was fair or unfair in this situation.

I think it is to the highest credit of that one litigant who, not daunted by the dangers of standing up to the government in litigation, had the courage to take his case to the courts until he got as much justice as the courts were in a position to give him. I think it is a matter worthy of the highest commendation on the part of this house that any litigant, that any subject of the king, be he person or be he corporation, is not daunted by the totalitarian juggernaut of government, but is prepared to take his case to His Majesty's courts looking for justice, and justice would have been done in this case if the courts had been free to apply the law as parliament understood it and as the government represented it to be. Nothing could be clearer.

Sir, the story does not end there because, you see, the government disapproves of the action of this one litigant in carrying his case to the Court of Appeal. They disapprove, perhaps to a lesser degree, of the action of the other five who went as far as trial but did not join in the appeal. You see when governments—this government at any rate—disapprove of the action of a subject they can if they are vindictive enough make life pretty miserable for him because every individual in this country has to have relations with the Department of National Revenue. I find that a known subsidiary of the litigant that was successful in the Court of Appeal is already having its problems trying to obtain an appointment with the Minister of National Revenue (Mr. McCann) to discuss its legitimate tax problems on which they require an interpretation, but the Minister of National Revenue says that he sees nothing to be gained by discussing this question with them. The door of the Minister of National Revenue is apparently now closed to this litigant and its subsidiary corporation.

Sir, the story does not end there. This trail of vindictiveness is pursued. It happens that the very distinguished and eminent counsel who appeared for this plaintiff in this case—and I may say he is a very well known Liberal—was at the same time and has for many years been counsel to the Canadian Broadcasting Corporation and, if you please, recently he has been notified by the Canadian

Broadcasting Corporation that they will not have occasion to require his services in the future. Is it mere coincidence that it is through the Minister of National Revenue that the Canadian Broadcasting Corporation is supposed to be responsible to parliament? It is this same minister who has been responsible for the position taken by the crown in this litigation in breach of faith with this house.

Sir, there is a tarnished record. There was a time when the honour of the crown was regarded as something unimpeachable and without blemish, but in the hands of this government the honour of the crown has been tarnished and has been blemished. Nothing will remove that tarnish on the honour of the crown except to do justice to these litigants. Even then this government will have fallen far short of repairing the breach of faith with this house. What ought to happen is that the government, speaking through the Prime Minister (Mr. St. Laurent), should offer an apology to this house for a palpable breach of faith with the house. Those who are responsible from the minister down should be brought to book for being parties to a breach of faith practised upon the house.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think it must be a source of regret to many hon. members of this house, and I hope not entirely on this side of the house, that the Minister of Finance (Mr. Abbott) should not have seen fit to deal with the statement that has been made.

An hon. Member: A reflection on the government.

Mr. Drew: I hope he will still come in before the debate ends on this stage of the bill because, as one of the members just opposite has said, it is a reflection on the government. It is a reflection on the government that a lawyer of the standing of the hon. member for Eglinton (Mr. Fleming) should place before the house clear and unchallengeable statements as to undertakings that were given, and that the minister responsible should not see fit to answer those very serious charges, dispose of them, and not leave it to his assistant who, whatever his qualifications may be, is not competent to interpret the legal aspects of this question.

The statement has been made, and made with clear reference to the *Hansard* record, that assurance was given that the legislation then before the house would not have the effect of depriving litigants, whose cases were then under consideration, of the rights they possessed. Nevertheless in the manner that has been described the result of amendments introduced at that time was to deprive these litigants of their rights. I wish to reemphasize what has been said by the hon. member for Eglinton. Far from being any answer to the clearly described impropriety of the government's action in this case, the argument put forward by the parliamentary assistant to the Minister of Finance this afternoon only aggravates the situation. He tells us that of ten companies who were seeking to be relieved of the effect of that legislation, only one carried the case to appeal. Far from being a source of satisfaction to the government, that should be recognized as a reflection upon the whole attitude that is developing and the fear that is being aroused in the minds of corporations that if they do assert their rights they will suffer in some other way at the hands of this government. Let no one be under any illusions that all that took place in connection with those cases was what was discussed openly in the courts of this land. One company did have the courage to carry the case forward, and the judgment in that case made it perfectly clear that no matter what the original intention actually was on the part of those who presented the amendment, the effect was directly contrary to the undertaking that was given.

The case has been clearly stated by the hon. member for Eglinton (Mr. Fleming) with the legal ability he is known to possess; but apart from the legal considerations there is the fact that unless this is to be more satisfactorily dealt with than it has been, unless it is to be dealt with by the minister who is competent to do so from the legal point of view as well as from the standpoint of governmental responsibility, which is also something the assistant cannot do, then we are left in the position that members of this house are unable to accept any assurance given by the assistant to the Minister of Finance. That carries us right to the present position. Either the minister backs up the statements of his assistant or he does not. If he does not we are no longer in a position to rely upon the assurances given in that way. So we have the two aspects, one the wrong that was done at the time this amendment produced a result entirely contrary to what was stated, and the second the fact that unless this is dealt with in some way we shall be unable to rely on further assurances that may be given.

We are now dealing with legislation that will have far-reaching consequences, legislation which calls for assurances of various kinds, particularly when we are in committee. The effect of this statement is all too

much like the statement already referred to: "If we wanted to get away with it, who would stop us?" The government feel they can get away with it, and challenge anyone to stop them. That attitude apparently is not confined to one minister or one department, if this matter is allowed to stand as it is now.

To come to the question of the bill now before the house, the hon. member for Greenwood (Mr. Macdonnell) has introduced an amendment asking that this bill be not proceeded with. One hon. member who indicated his objection to certain of the contents of this measure also indicated that he had some reluctance in supporting this motion because there were things in the bill of which he approved as well as those of which he disapproved, and evidently for that reason he felt that it was not appropriate to support a motion which obviously would have the result of deferring consideration of the bill in its present form. On the second reading of a bill it is not possible to rewrite the legislation, nor is it possible to change the detail. I submit to all hon. members, however, that if there is in the bill something manifestly unsatisfactory, it is perfectly proper that a vote should be cast against the bill containing those unsatisfactory features. I would point out that in addition to the increase in sales tax there are reasons which suggest the advisability of deferring consideration of this measure. As has been pointed out already by the hon. member for Greenwood, the surplus already disclosed by the Department of Finance indicates that the increase in the sales tax as well as other provisions are not necessary to raise the money required to meet the budget that has been placed before the house. Therefore the government would be in a position to concur in a motion of this kind and re-introduce a bill deleting those provisions. By doing so it would impose only those taxes which it is now clear will be adequate for the purposes of this budget, and that is all the government should seek to raise.

I would point out that in addition to the sales tax other matters have been mentioned which are included in this bill. No satisfactory explanation has yet been given of the prejudicial attitude taken toward electrical appliances, as indicated by the fact that cooking stoves which do not use electricity do not pay the extra tax, while cooking stoves using electricity have to pay this special tax of 25 per cent. In this country we have every reason to encourage the use of electricity, particularly in the rural areas, because of its economy and simplicity. Far from discouraging the use of electricity, the taxation policy of this government should recognize the extent to which electricity is bringing better living conditions in many parts of Canada.

Going beyond that, however, it is difficult to see how the distinction was drawn between those things regarded as luxuries and those things not so regarded. In the first schedule of the act, for instance, we find that electrical appliances of various kinds carry this special 25 per cent tax. There may be those who will agree that curling irons or tongs may be in the nature of a luxury. There may be those who will agree that food or drink mixers are in the category of luxuries. But surely irons and ironers, kettles, toasters, washing machines and things of that kind are no longer luxuries in this modern age. To go further into the provisions of schedule I, we find that such things as stoves, hotplates, grills and other appliances when adapted wholly or in part for cooking and when designed for using other than solid fuels, are included. They must be designed for cooking. Is the government trying to stop people cooking in their own homes? There seems no other reason for the special provision that they must be designed for cooking if they are to carry this tax. If they are not so designed the tax does not apply. This whole thing seems to be approaching the requirements of our people in these days from the wrong direction.

I want to refer further to some of the provisions in schedule III. We find that where a stove has two kinds of cooking facilities the part using electricity is taxed while the part using solid or other fuel is not. In other words if we import coal or oil, as we still do in substantial quantities in this part of the country, stoves using those fuels are not taxed. But if we use our own electricity for cooking, those stoves are taxed. There has never been a more unreasonable, impractical application of taxes in this house than this provision with respect to cooking equipment.

Of course, if the answer is that it is intended to cut down on the use of steel, then perhaps it might be interesting if the minister or someone competent to speak on behalf of the department would tell us why it is that, as an example, there is no tax of this kind on filing cabinets which use more steel than any of these cabinet arrangements of this kind which will be taxed in this way but are used in the home. While we have wood that we grow, and while as yet there appears to be no critical shortage of wood, I suggest that we should be discouraging the use of steel in filing cabinets and boxes of that kind more than its use in

refrigerators, washing machines and things that people use in their homes in these days.

These provisions are covered in this bill. They are bad, and for that reason a blanket opposition to this bill is sound, although there may be some features in the bill which are perfectly good. But then we come back to this sales tax. The minister himself made it perfectly clear that even though a tax can be justified up to some point, there comes a point beyond which it is no longer sound to keep extending that tax. When it was suggested by some members of this house that possibly the tax on alcoholic beverages might have been increased, the minister explained that there is a point beyond which taxation of that kind cannot go and still be sound. In saying that he recognized the fact that a tax may be justified, in the opinion of the government, up to a certain point, but that at some point it ceases to be a sound tax.

I am not prepared to concede the soundness of the sales tax at any point, no matter how much it may have become embedded in our system. We all recognize that some of these things that are carried on for years are difficult to dislodge. But if the government has passed the point where it is sound to increase taxes on alcoholic beverages, certainly it has also come to a point where that principle should apply with equal force to the things that people are buying for their daily needs in these days of increasing inflationary pressure.

Therefore, Mr. Speaker, the only way that the members of this house can register their objection to this further increase by 25 per cent in the sales tax at this time is to vote on an amendment which indicates that the bill should not be proceeded with at this time. That is the amendment before the house, and it is one which I would hope we would see supported by some of the hon. members in this house who do not sit on this side of it. By the announcement that has been made as to the surplus for the first month, the government have demonstrated that they do not need this inflationary tax—this tax which bears most heavily on the people least able to afford it, this tax which mainly soaks the poor—when they already have for one month a surplus that would nearly equal the total amount they are going to raise in this way. On further consideration I hope that other members of this house, besides those who have already indicated their support of this amendment, will speak on behalf of their people who should not be called upon to pay this tax.

[Mr. Drew.]

Mr. Stanley Knowles (Winnipeg North Centre): Before the question is put, Mr. Speaker, I should like just about two minutes. I think the house should realize that during the period of a little over four months during which we have been here for this session the cost of living index has risen by 9·5 points. I ask the house to compare that rise in four months with the fact that during four years, from 1941 to 1945, the rise was only 7·8 points. In four months this year we have had a greater rise than we had during the whole four years under price control.

That fact supports the argument that we in this group have been making, namely, that price controls and subsidies are necessary. We still call for their introduction. The government has the power to take action, and we contend that it should be taken. But at the moment what we have before us is this bill which, amongst other things, imposes this drastic increase in the sales tax. It seems to us that the least that parliament should do at this time, in order to try to check this rising cost of living, is to reject this proposal for increasing the sales tax. It is because the amendment now before the house is intended to express the opposition of members of the house to that increase in the sales tax that I for one feel that the amendment should be supported.

Mr. J. L. Gibson (Comox-Alberni): I supported the budget when it was passed here; but after listening to some of the arguments advanced tonight, I think there is a good deal of merit in what the hon. member for Greenwood (Mr. Macdonnell) said. I have been here since 1945. I know that is a short period, but in that period it seems to me that we have collected from the Canadian taxpayers about one and a half billion dollars more than we as a parliament have sanctioned.

I admit that the Minister of Finance (Mr. Abbott) should probably be congratulated on having achieved these surpluses. I will admit that he is probably being honest when he tells us that he did not expect them and that he gave us an honest guess. But to be quite frank, it is almost impossible for me to realize that the minister and the high-class talent that he has around him in preparing these budgets could be so far wrong, particularly last year with the $343 million surplus, I think it was, that we had. It seems to me that it is more than was justified under the circumstances.

Actually he comes out finally with a surplus of $203 million. But he could give away $65 million to the wheat farmers. That was a good garbage can in which to hide some of his surpluses. He found he could spare another

$75 million to put into the civil service superannuation fund. I wish he had told me he was getting rid of some of these surpluses, because I had several suggestions as to where he could put some of them; there were things in which I am interested, including the pilotage fund as to which I heard the Minister of Transport (Mr. Chevrier) say that he felt that the government could not afford any assistance at this time.

I think at times we are probably a little bit unfair to the minister. He is a modest chap. He always tries to make being Minister of Finance seem the simplest thing in the world. I often think that it would be better if he were like our former ministers of finance and had a long beard or something. Maybe he would look more profound. But I think that we have for too long taken the easy assurances of the minister. He says: We are going to have a $20 million or a $30 million surplus this year. It seems to me that may be true if he is able to hold the cost of living and the present purchasing power of the dollar, something which I do not think he or the government is at all certain of.

I am a great believer in balanced budgets. But it seems to me that this one and a half billion which we have collected—which the minister has not anticipated—since the war, could probably have been used by Canadian investors in this time in acquiring interests in our Labrador iron, for instance, or probably in our Alberta oil fields.

Mr. Sinclair: For debt reduction.

Mr. Gibson: Debt reduction in itself is a fine thing. But I would point this out to the parliamentary assistant. He is a young man. He may have read at some time what was said by Henry Ford, a very wise old man. Henry Ford said that he would advise every young man to go into debt when he was young and then to get himself out of it in due course when he was able to do so. I feel that in Canada today we have a young country. I should like to see the capital that is put into Canada put in by Canadians. Certainly we are not going to do it if we take one and a half billion dollars more than we need out of the Canadian public. Actually, I think the cabinet should be very much concerned. They know very well that the $2 billion surplus that they have collected from the Canadian people has been collected since the war as the result of inflation. We can say that in some measure they are responsible for it. I realize it is a world-wide condition, and I would expect that prices would go up to some degree; but when the government sits back and very complacently says, we have $2 billion surplus, and are very proud of it, I say that the only reason that they have got the surplus is not through extra good management of Canadian affairs. I can tell you that. I do not think anyone in the government would be complacent enough to say that. The reason you have it is that there has been a drastic reduction in the purchasing value of the Canadian dollar, and as a consequence there has been a greater dollar volume of business going through.

Mr. Stick: Have we not prosperity?

Mr. Gibson: We certainly have prosperity. I am very glad to say that we have that factor in our economy, but a little criticism of this government will not hurt it. They are safe in their position, and there should be a little sound criticism of the government.

What I would like to point out to the government is that since they have this money I wish they would use it with as much of their infinite skill as they display in collecting taxes, and try to get some of the money that they have collected fortuitously from the Canadian people by reason of inflation back to the people who are suffering the most in this country from the effects of inflation.

When the late prime minister, Mr. Mackenzie King, introduced his first proposal in regard to pensions in this house, which was sanctioned by the cabinet—I imagine it must have been—he suggested that we were just going to raise the veterans pensions by 11 per cent. Everybody on the government side thumped his desk and said that that was fine. It did not seem quite as much as it was expected. After a while quite a lot of criticism developed in this country and then they put the ante up to 17 per cent. Finally we came down here and we put these pensions up to 25 per cent where they should have been in the first place. We find now that the same thing is taking place in the veterans affairs committee. There is to be a means test. I would think the government would be wise to take this $2 billion which they have accumulated since the war and see if they can get some portion of it back into the hands of the people who have suffered the most from inflation.

Mr. Croll: Was the hon. member in the house at three o'clock?

Mr. Gibson: I have no illusions as to where the money is coming from for old age pensions. I certainly hope the government has enough common sense now to realize that the $350 million for old age pensions has to be collected out of the people who are going to receive them. Do I understand from the hon. member from Spadina (Mr. Croll) that we are not going to finance this currently

as we go, or are going to dip into our past surplus? I do not think so. I just feel the government should be very careful now. We have this surplus of $2 billion now, and it looks as if we are going to have a very substantial surplus again this year, judging by the way the figures are going. Quite frankly, I am not sure that the minister himself needs this extra 2 per cent sales tax to get the surplus that he expects to have. For the salutary effect it might have on the government I am going to support the amendment of the hon. member for Greenwood (Mr. Macdonnell).

Mr. J. H. Blackmore (Lethbridge): The principle of this bill is that certain forms of excise tax ought to be levied on Canadian commodities in order to raise certain sums of money from Canadian consumers for the defraying of divers governmental expenses. The stated or implied reasons for such procedure are: First, that the withdrawal of active purchasing power from circulation to the extent of the sums involved will constitute anti-inflationary measures. Second, that the acquisition by the government of the sums of money involved is unsound unless such money is obtained either through taxation or borrowing. I personally challenge the validity of each of these two reasons.

I personally contend that the cause of the high prices presently prevailing in Canada is not scarcity of goods in relation to the money in active working circulation, but that the cause of our so-called inflation has been deliberate profiteering forcing up costs of production. As I have pointed out, the first step in this spiral of inflation was the deliberate advance of $5 a ton in the price of steel, permitted by this government in 1946, and it had nothing on earth to do with the money in circulation, or the scarcity of steel or the inability of Canadians to produce more steel; and the increase in wages by reason of the strike in the steel works in 1946 again forced up the prices, and had nothing on earth to do with the surplus of purchasing power in relation to the goods.

That same principle followed all the way through will explain the rise in prices right up to the present time. And why it is that it takes so long for so many people in Canada to see that is beyond my comprehension. To imagine that we can force back the price of steel for instance by any degree of taxation in this country is simply fantastic.

I personally maintain that the sums of money proposed to be raised by the imposts contemplated through these taxes in this bill can be safely taken from the Bank of Canada, and spent into circulation by the government without inflationary effects through monetary influences. I do not say that doing that will keep people from stealing from each other if you permit them to increase their prices beyond what they have a right to increase them by; but I will say that if suitable control measures are adopted there will be no inflation by taking that money from the Bank of Canada.

My reason for this assurance is that the supply position in Canada at present is such that the said sums would be absorbed by surplus goods existing in Canadian inventories in May, 1951, and coming into existence through Canadian productive facilities now in operation. I therefore personally oppose the principle of this bill.

I maintain personally that Canadian supplies are as adequate as I have indicated. Some of the reasons why I believe this I propose to give. I may be wrong. It is difficult for us to be sure about the supply position in the country. I can go only by the evidence we are able to obtain. Of course, if there is not enough supply in Canada to support the money I propose, then something would have to be done in the way of controls and even rationing in order to prevent a rise of prices because of too great demand for the supply.

I have already referred to the statement made by the Minister of Trade and Commerce on April 9 as reported at page 1762 of *Hansard*. May I read it once more:

> I am sure that we can get along quite comfortably as consumers and still engage in a substantial defence effort. A few things may in the course of time become unavailable or relatively scarce, but standards of living will remain high. Unless all-out war comes, Canadians can continue to live well.

These words have only one possible meaning, coming from a man as cautious about his wording as is the Minister of Trade and Commerce. They must mean that the supplies are adequate in Canada. If they are, I maintain the money can be created by the Bank of Canada, can be borrowed from the Bank of Canada by the dominion government and spent, without any such iniquitous taxes as are proposed in the present bill.

Let us look at some of the details in respect to supply. How are we off for food in Canada? I am getting my information from an authentic letter of May 16, 1951. Production and supply of most foods is well ahead of a year ago. What about flour? Well, it is reported to me that our flour supply was up about one-third in January. What about other cereal products? They are in good supply. What about our fluid milk? Temporarily down, because of foolish governmental mismanagement, but I am told there is a long-run increase. What about butter? No real scarcity. We have made a mistake. In connection with

margarine we have made a serious blunder in respect of our dairy industry, but we can easily retrace our steps and undo the blunder. What about beef? There has been a governmental mistake again in connection with beef. But it certainly is possible in Canada to produce enough beef, and if we cannot now produce enough beef we can ration it until such time as we do, in the future, have enough beef.

What about pork? I understand our pork supply was ten per cent higher this year in January than it was last year. There was almost a one-third increase in stocks in Canada. What about fish? I understand that landings were 12 per cent higher and that storage was 15 per cent higher than in 1950. What about eggs? I am told that the shortage of eggs at the present time is largely in reference to the export of eggs, but that we have plenty of eggs for the home market.

What about sugar? Production and supply are ahead of what they were. Stocks in January were over 30 per cent higher than they were before. What about potatoes? Everyone knows what happened to potatoes. The supply is far in excess of what we are able to use. What about fruits and vegetables, canned and fresh? We have a larger supply than we had last year and it is ample.

What about prepared foods and beverages? The same applies to them. Our supplies are ample for our requirements. What about clothing? In connection with cotton yarn, I am told that we had 20 per cent more bales of cotton opened in 1950 than in 1949. That does not indicate a shortage of supply. We may be selling a good deal of it abroad, or using it in other ways. But, so far as the supply is concerned, we are in a sound position. We had a ten per cent higher opening of bales in January 1951 than in the preceding January. We have increased our yarn and our cloth supply.

What about our woollen supply? I understand that woollen cloth shipments were up about one-third in December of 1950 over the previous year, and our inventories were up a quarter. That does not indicate a shortage of supply.

What about hosiery? Shipments had increased by one-quarter, and stocks also were higher. What about knit goods? The same is true as in the case of hosiery. What about boots and shoes of all kinds? They were higher in the last quarter of 1950 than in the year earlier.

Then, what about housing? Here is a general comment on housing—and let it be understood that I am not defending the housing situation, because I think the government has made one of the most serious blunders in respect of housing; I would say more about it if this were the appropriate time to do so. This is the note I find in the document before me:

> A total of 89,015 new housing units were completed in 1950, approximating the record of 1949. Since the number of starts was 92,531 (a little greater than 1949) the number under construction at the year end also showed an increase, and amounted to 60,538. This would suggest a continuing high level of completion in the first part of 1951.

I believe this could be maintained, by the exercise of a little bit of care. Certainly there is no reason why we cannot produce a great number of houses of a lower value for those in lower income brackets. The fact we do not do it is the result purely of government mismanagement.

Then, what about furnishings? Furniture is in good supply. I am told, too, that there is a good supply of floor coverings. The supply of electrical apparatus was up by 25 per cent at the end of December, 1950. What about sheet metal products? Shipments increased by 90 per cent over the previous year. Stocks, at the same time, were at the same high level.

Then, what about hardware? The situation is substantially the same as in the case of sheet metal products. What about soaps? The supply has increased markedly over the year, and inventories are again higher. What about paints? The same observation applies as in connection with soaps.

Then, what about fuel and lighting? I find there was 40 per cent more coal available for consumption in the latter part of 1950 than there was in 1949. Our oil supply seems to be adequate; we have no difficulty obtaining it. What about gasoline and gas? We seem to have plenty of it. What about manufactured gas? The supply has increased. What about natural gas? The sales increased by almost 40 per cent late in 1950.

Here is an example of the kind of thing that is happening in respect of fuels. Let us take coal. I read now from a document which came from the Canada Information Agency, of which Mr. John S. Connolley is director. This article is dated May 31, 1951, and says:

> Lately the mechanical efficiencies of the oil and gas industry have been very much in the news, especially in North America. But the changes planned in the coal mining industry are just as spectacular and worthy of attention.
>
> One of the latest mechanical devices being introduced into the soft coal industry of the United States is the continuous mining machine. It provides the nearest approach yet made to continuity of production at the coal face. The machine promises to telescope the four conventional steps

of modern mining—cutting, drilling, blasting and loading—into one operation. Usually these steps have needed separate machines and separate crews.

The new "do-all" machine cuts and loads at the coal face in one operation and does away with the need for drilling and blasting. Demonstrations have shown that the coal industry must develop faster methods of transporting coal away from the new high-speed machines in order to allow them to operate without a pause. Where they have been tried, they have, under certain conditions, tripled the output of miners at the coal face and lowered the costs of production.

Several types of these machines have already been developed in the United States. One is a chain-cutter which rips the coal out, another chips it away, a third is a burster-type machine and others wedge out the coal or break it loose with vibrators.

Several types of conveyor systems have been evolved to work with the cutting machines. One which has been in use in West Virginia for almost a year is reported to have moved coal from the face at the rate of 45 tons per man-shift. The usual average with other methods was about ten tons per man-shift. Another new conveyor type is the "piggy-back" machine. It literally rides piggy-back on the loading machine at one end and on the first unit of the transportation system at the other, making possible a continuous movement of coal to the surface. It can be used with the conventional loading machines or with the new continuous mining machines.

I see no indication there of any possible shortage of coal, if we chose to introduce this machinery. Then, our gasoline supply is more than five per cent higher than at the year's end.

Then, what are some of the general facts? Were retail sales during January and February, 1951, greater or less than in the same two months of 1950? They were almost 19 per cent greater. Again, were sales in grocery stores up or down? They were up by 13 per cent. Were sales in country general stores up or down? They were up by 15 per cent. In department stores they were up 16 per cent. Sales of family clothing were up 13 per cent, and sales in shoe stores were up 19 per cent. Then, motor vehicle outlets indicate that sales were up 47 per cent. What about lumber and building materials? They were up 20 per cent. What about household appliances? They were up 23 per cent.

This all indicates there is an adequate supply. True, people are buying freely, but the supply must be coming along. What other general facts can we state? Inventories on hand available for shipment—what about them? Were total inventories of goods in December of 1950 higher or lower than in December of 1949? They were 10 per cent higher. How did this apply to non-durables? It applies only slightly. How did it apply to semi-durables? It applied only to the extent of 20 per cent. How about durables? It applied to the extent of 30 per cent.

[Mr. Blackmore.]

Does a general survey of major commodity groups important to the welfare of the Canadian economy indicate any serious shortage of consumer goods? The answer is No.

What about steel? Well, the steel situation seems to be somewhat beclouded. The report seems to be different, depending upon the person one talks with. However here is a press clipping which I think is worthy of note. It is dated at Ottawa, May 8, a Canadian Press dispatch and states:

Trade officials said yesterday that the steel situation in Canada is gradually moving towards stabilization.

Though the need still is for more steel, boosted production and increased supplies from the United States had lifted some of the pressure from a critical situation that existed earlier this year, the officials said.

"At least, we can see where we are going," one authority said. "With the supplies we've got, and those we hope to get, no emergency program in Canada should suffer."

The trend towards stabilization will mean no immediate easing of current steel controls, levied mostly against the construction industry. However, as long as it continues, it would mean that further controls planned would not be enforced.

That indicates that our steel production is coming into good shape. Since all these things are true, and if I correctly interpret them, I think there can be no reason under the sun why we should make any further reduction in the purchasing power in the hands of the people. We are able to produce enough goods, just as the Minister of Trade and Commerce said, unless we get into all-out war. We are able to produce enough goods to supply comforts to the people of Canada. I maintain that all these imposts we are contemplating in this bill, virtually every one of them and particularly the increase in the sales tax, will decrease the comfort of the people. We have already cut down the practical purchasing power of a large percentage of the Canadian people to a point where it is painfully lower than it was ten years ago.

I believe this situation is very serious, Mr. Speaker. I suggest it is easy enough for a country like Canada to begin looking down, to begin to think we cannot do big things. This country of Canada is capable of tremendous achievements. All we need to do is to manage it right, have faith in ourselves and adopt sound financial and economic measures. Then, we shall not have to bring into existence such taxes as these, which we have now, in order to raise money. We can create money through the Bank of Canada.

Mr. Speaker, I do not propose to go into detail, but I am going to draw the attention of those who desire to read something about this matter of creating money to *Hansard* of April 19, 1951, pages 2195 to 2202; April 30,

1951, pages 2519 to 2526; May 1, 1951, pages 2558 to 2563; May 22, pages 3303 to 3305, where I discussed the Guernsey island situation; May 23, pages 3314 to 3318, where I discussed the greenback situation.

I maintain that if the principles that are laid down in those pages are adopted by the government in power it is ridiculous for us to talk about having to adopt imposts such as these to raise money on which to run the country, raising the price of goods at the same time. We can only make one disastrous mistake, and in my judgment we are on the verge of making that disastrous mistake. If we go too far and break things in this country and bring on a depression while a war is in progress we shall have real trouble. That is an extremely easy thing to do. There have been three or four danger signals hung out by men who are particularly qualified to speak about these matters. There was an announcement over the air today by one eminent man to the effect that if the government went on with the control of credit there would be widespread unemployment. Let widespread unemployment appear in this country and I shall defy this government, or any three governments with no more intelligence than this one, to tell us how to get out of it. It is easy enough to break down the confidence of the people so they will go out of production and go into ruin, but it is a difficult thing to build up their confidence. The men who were in power in this country during 1931, 1932 and 1933 found that out. I urge, Mr. Speaker, that we do not adopt any more injurious methods of this kind, but that we begin to canvass the possibility of financing our needs by sound economic methods.

I am therefore, Mr. Speaker, personally unalterably opposed to the principle of this bill. I am going to oppose it with all the energy I have, and I am going to vote for the amendment.

The house divided on the amendment (Mr. Macdonnell, Greenwood) which was negatived on the following division:

YEAS

Messrs:

Argue	Gillis
Beyerstein	Graydon
Black (Cumberland)	Green
Blackmore	Harkness
Blair	Hees
Brooks	Herridge
Charlton	Higgins
Coldwell	Hodgson
Drew	Johnston
Fairclough, Mrs.	Jones
Fleming	Knight
Fraser	Knowles
Fulton	Lennard
Gibson	Low
Macdonnell (Greenwood)	Thatcher
MacInnis	Tustin
McLure	White (Hastings-Peterborough)
Noseworthy	Wright
Nowlan	Wylie—40.
Shaw	
Stewart (Winnipeg North)	

NAYS

Messrs:

Abbott	Macdonald (Edmonton East)
Applewhaite	MacKenzie
Bater	MacNaught
Beaudoin	McCann
Benidickson	McIlraith
Bonnier	McMillan
Boucher	McWilliam
Bradette	Maltais
Bradley	Mayhew
Brisson	Mott
Bruneau	Mutch
Byrne	Pearson
Campney	Pouliot
Carroll	Prudham
Cavers	Ratelle
Clark	Richard (Gloucester)
Crestohl	Richard (Ottawa East)
Croll	Riley
Dewar	Rinfret
Dickey	Ross (Hamilton East)
Dion	St. Laurent
Fournier (Hull)	Sinclair
Gauthier (Lake St. John)	Sinnott
Gauthier (Lapointe)	Smith (Moose Mountain)
Gour (Russell)	Smith (Queens-Shelburne)
Harrison	Stewart (Yorkton)
Helme	Stick
Hetland	Stuart (Charlotte)
James	Studer
Jutras	Thomson
Kent	Tremblay
Kirk (Antigonish-Guysborough)	Warren
Lafontaine	Weaver
Laing	Whiteside
Langlois (Gaspe)	Winters
Lapointe	Wood—73.
Leger	

Mr. Browne (St. John's West): I was paired with the hon. member for Yukon-Mackenzie River (Mr. Simmons). Had I voted, I would have voted for the amendment.

Mr. Catherwood: I was paired with the hon. member for Kent (Mr. Huffman). Had I voted, I would have voted for the amendment.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted for the amendment.

Mr. Quelch: I was paired with the hon. member for Burin-Burgeo (Mr. Carter). Had I voted, I would have voted for the amendment.

Mr. Speaker: I declare the amendment lost. Is it the pleasure of the house to adopt the motion?

Some hon. Members: On division.

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

Section 1 agreed to.

On section 2—*Duty paid value.*

Mr. Macdonnell (Greenwood): I want to ask a question with respect to section 2(b)(ii). I find difficulty in constructing that provision particularly by reason of the inclusion of the words "advertising, financing, servicing". I am wondering exactly how those fit into the definition of "sale price". My question has regard particularly to the wording of section 2, which amends section 79 of the act. Paragraph (b) provides:

"Sale price," for the purpose of determining the excise tax payable under this part, means the aggregate of

(ii) any amount that the purchaser is liable to pay to the vendor by reason of or in respect of the sale in addition to the amount charged as price (whether payable at the same time or some other time) including, without limiting the generality of the foregoing, any amount charged for, or to make provision for, advertising, financing, servicing, warranty—

My question first of all has to do with the word "servicing". If your original charge includes something for servicing I think I can understand the significance and perhaps the reasonableness of the definition, but suppose servicing is something paid for from time to time by the purchaser later, which I take it is quite possible. Will that then be included in the amount taxed?

Mr. Sinclair: Servicing which is part of the condition of sale is included in the sale price. Later servicing, if it is a separate item, is not included. If the hon. member will turn to the next page and the explanation for section 5 he will see that section 2 and section 5 actually define the same thing, sale price. Section 2 has relation to the excise tax and section 5 to the sales tax. Actually the wording is the same. The cost of servicing, of warranties, of advertising if need be, if included in the cost of the sale is part of the sale price. This is the present practice and has been continued in exactly the same form for the establishment of sale price for the purpose of levying excise tax as for the purpose of levying sales tax. The note on the right hand side of the second page under section 5 is perhaps better than the note on the first page.

Mr. Browne (St. John's West): In paragraph (iii) apparently the sale price includes the amount of excise duty paid also.

Mr. Sinclair: That is excise duty, not excise tax. Sale price includes customs or excise duties, that is duties on liquor, for example, in a warehouse, or a distillery. When that moves out it has paid its excise duty, and it then becomes subject to sales and excise taxes. Those latter taxes are levied on the same price; they do not pyramid, but the sales tax is levied on the cost including the customs or excise duty.

Mr. Browne (St. John's West): You mean the sales tax is levied on the price of the goods plus the customs or excise duty?

Mr. Sinclair: That is right.

Mr. Browne (St. John's West): Does the excise duty apply to other articles than tobacco and liquor?

Mr. Sinclair: Just those two.

Mr. Macdonnell (Greenwood): I come back to the word servicing. The parliamentary assistant has told us what it means, and that it would cover a servicing charge paid subsequently from time to time. However, I do not see that this is clear from the wording; and from what has occurred already in this house tonight we want to be very clear as to the meaning of things.

Mr. Sinclair: As an example, most refrigerators carry one year's free servicing. That is a condition of sale, and of course that cost to the company giving the guarantee is embedded in the cost of the refrigerator. At the end of that year the owner can enter into other servicing arrangements for the next three or four years, if need be, either with the company from which he bought the refrigerator or with another company. That is a separate thing having no relation to the sale price. The actual service given for the first year is a cost to the company providing that service and selling the refrigerator, and under this definition that cost is embedded in the sale price.

Mr. Macdonnell (Greenwood): That seems very reasonable, and I do not doubt that it is so, but it does not seem to me that this wording makes clear that it is so, and I am wondering whether there should not be something to make it perfectly clear.

Mr. Sinclair: All I can say is that this is the exact wording in the present act, and that is the policy that has been followed. There is no change in this wording, as the hon. member will see if he looks over the bill.

Mr. Macdonnell (Greenwood): It is not quite as clear as that. In the explanatory note I read that hitherto the absence of a definition of sales price to cover the excise tax has left the basis of application of the tax uncertain. Am I not right in thinking this is supposed to introduce a clarity that has not been there previously?

Mr. Sinclair: This is here to make it abundantly clear that the same basis is used to ascertain the sale price for both the excise tax and the sales tax. Previously, as far as the levying of the excise tax was concerned, there was no specific definition of sales price. The sale price definition used was that spelled out under the sales tax. Now under both the excise tax section and the sales tax section we are having exactly the same definition we now have in the act for sale price with regard to sales tax.

Mrs. Fairclough: The word "financing" I presume applies to finance charges which may be collected on deferred payments. Are they added to the cost of the article before the imposition of sales tax?

Mr. Sinclair: All this, of course, is not at the consumer level; this is the manufacturer selling. If the manufacturer is selling these articles on time, then the cost of his financing is included in the cost price of the refrigerator, for example. After all, that is the only place he can put it.

Mrs. Fairclough: Supposing the financing is done by an outside corporation. Do you charge sales tax on the finance charges in that case?

Mr. Sinclair: If it is done by an outside corporation, no; only if it is done by the company selling the article.

Mrs. Fairclough: Some of these people add their finance charges and then turn around and refinance with finance companies. What happens in that case?

Mr. Sinclair: Once again, the purpose of this is to see that the sales price by the manufacturer to his customer is the actual selling price including the cost of the goods and the cost of financing and servicing. The actual object here is to prevent a manufacturer breaking up his selling price into a variety of items and saying there was so much for the actual material, so much for the cost of servicing for the next year, so much for the cost of carrying the retailer's finance charges for a year and so on, and then saying the sales tax should be levied only on the actual cost of the material. We regard the sale price as the cost at which the manufacturer sells to the retailer, including all these costs he has incurred.

Mrs. Fairclough: Then if a manufacturer allows a discount for cash do you permit him to apply the sales tax to the net amount after the discount has been deducted?

Mr. Sinclair: That is quite right.

The Chairman: Shall the clause carry?

Mr. Macdonnell (Greenwood): No, Mr. Chairman, it is eleven o'clock.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will give third reading to Bill No. 295, to amend the Customs Tariff. Then we will proceed with the two budget bills, Nos. 294 and 296, the Excise Tax Act and the Income Tax Act. Then we will take up Bill No. 322, respecting the Canada post office; Bill No. 194, to amend the Emergency Gold Mining Assistance Act; and for good measure Bills Nos. 344 and 355.

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

HOUSE OF COMMONS

Tuesday, June 5, 1951

The house met at three o'clock.

PRIVILEGE

REFERENCE TO ARTICLES IN "MACLEAN'S" MAGAZINE AND REGINA "LEADER-POST"

Mr. A. C. Stewart (Yorkton): On a question of privilege, Mr. Speaker, I wish to point out that in the March 15, 1951, issue of *Maclean's* magazine, which has only now come to my attention, in an article written by Mr. George Hillyard Robertson, he said the following:

> Political arguments are one thing in which Reginans still maintain their old-time spirit. Once, James Gardiner, then leader of the Saskatchewan Liberal opposition, peeled off his coat and charged across the legislative chamber toward Carl Stewart, a Conservative M.L.A. The two were separated before any blows were exchanged but it took the house a day to get back to normal.

The hon. gentleman who is now Minister of Agriculture (Mr. Gardiner) did not at any time peel off his coat, nor charge across the legislative chamber towards me, nor was I—

Some hon. Members: Order.

Mr. Gibson: It is a question of privilege.

Mr. Speaker: Order.

Mr. Stewart (Yorkton): —nor was I a Conservative M.L.A. in such legislature. I was the leader of an independent group, chosen as such leader by them, and served as minister of highways in a government known as the Co-operative government. Nor were the two of us separated at any time before any blows were exchanged, nor did it take the house a day to get back to normal. Such foolish articles as this one written by Mr. G. H. Robertson are not calculated to improve the knowledge of the Canadian public with regard to political affairs. The incident that did occur thirty years ago, of which this is an exaggerated report, was amicably settled by the participants in my room two days later.

The statement is further incorrect in that I never at any time ran as a Conservative candidate, as the election records in the archives of the governments, both provincial and federal, will show; and I was opposed in three federal elections by Conservative candidates who incidentally all lost their deposits.

I also wish to speak on a matter of privilege concerning an article appearing in the *Leader-Post* of May 31. Premier T. C. Douglas, the C.C.F. leader in the Saskatchewan government, makes a personal attack on me; he says that I have belonged to almost every political party in existence, and therefore no one was likely to give the statement I made in this house relating to the Saskatchewan civil service much credit.

The statements of Mr. Douglas, both as to patronage as practised by his government and as to myself personally, are absolutely untrue. I have never been a member of any political party except the original Progressive party, and in the last federal election the Liberal party.

LABOUR CONDITIONS

ORDER IN COUNCIL AMENDING REGULATIONS RESPECTING GREAT LAKES SEAMEN'S SECURITY

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table copies, in English and in French, of an order in council of June 4 amending the regulations respecting great lakes seamen's security. Those regulations are now in force. It has been found that with respect to the men on some small craft, such as small fishing vessels, or barges used as auxiliaries in dredging operations in the lakes, no useful purpose would be served by applying these regulations. The order in council authorizes the Minister of Labour to make orders exempting them from the application of the general regulations.

PRINTING BUREAU—REQUEST OF ONTARIO PRINTING TRADES UNIONS FOR RIGHT OF COLLECTIVE BARGAINING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the Secretary of State if he is now in a position to answer a question I asked on the orders of the day on May 15 with regard to the request of the Ontario federation of printing trades unions that the employees of the federal printing bureau be accorded the right of collective bargaining.

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, I have made inquiries and find that the *Times-Gazette*, published in Oshawa, reported that the federation of printing

trades unions had passed a resolution demanding that the federal government accord to the civil servants the right to belong to a union of their choice and to bargain collectively.

I have no knowledge of any regulation or order of any kind which prevents any civil servant from joining the union of his choice.

The matter of collective bargaining raises a question of principle. Employees of the public service are recruited by the civil service commission, through competitive examinations advertised across the country, and a choice is made on the basis of merit, irrespective of union affiliations. The same principle of technical qualification is applied in connection with promotions, and there is no discrimination between employees, whether they belong to unions or not.

It is not considered that it would be in the interests of the service to exclude non-union citizens from free access to government employment.

VETERANS AFFAIRS

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

On the order for motions:

Mr. L. D. Tremblay (Dorchester) moved:

That the name of Mr. George be substituted for that of Mr. McLean (Huron-Perth) on the special committee on veterans affairs.

Motion agreed to.

POULTRY

SPREAD OF NEWCASTLE DISEASE—QUESTION AS TO CONTROL MEASURES

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, I should like to direct a question to the Minister of Agriculture, or, in his absence, to the parliamentary assistant. Is the government giving consideration to a thorough investigation into the alarming spread of Newcastle disease in poultry, which until recently was confined principally to one section of the country but is now being reported in many other parts of Canada?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I should like to thank the hon. member for Haldimand for giving notice of his question. I can assure him that this disease, which is spreading among poultry flocks, is well in hand. We hope to bring it under control and, if at all possible, to eradicate it.

[Mr. Bradley.]

DECENNIAL CENSUS

QUESTION AS TO MEMBERS IN ATTENDANCE AT PARLIAMENTARY SESSION DURING ENUMERATION

On the orders of the day:

Mr. J. J. Smith (Moose Mountain): I should like to ask a question of the parliamentary assistant to the Minister of Trade and Commerce. Because we are members of parliament, some of us will not be home during the month of June. As June is the month in which the census will be taken, can the parliamentary assistant tell us whether the department or the bureau of statistics has any plans under which members will be included in the census?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Members of parliament who are now in Ottawa will be enumerated where living in Ottawa. The enumeration is made on transient card form 2-A. That card is referred back to the electoral district of the member, and is included in the return for that electoral district.

Mr. Fulford: Does one have to answer the questions in Ottawa if one has already answered them?

Mr. McIlraith: If there is a duplication of enumeration cards, such duplication is picked up and the duplicate card eliminated before the returns are tabulated in the local constituency.

FIRES

OTTAWA ORDNANCE DEPOT—MILITARY ESTABLISHMENT AT LONDON, ONT.

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I should like to ask a question of the parliamentary assistant to the Minister of National Defence. My question arises out of the recent disastrous fire in Ottawa. What increased security precautions are being taken in respect to the military establishment at London, Ontario? Are negotiations proceeding for the purchase of the property known as the Ontario hospital, situated at Dundas street and Higbury avenue at London, Ontario, for military purposes?

Mr. R. O. Campney (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, I should like to take the hon. member's questions as notice.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 295, to amend the Customs Tariff.

Mr. Jean Francois Pouliot (Temiscouata): Mr. Speaker, I listened to the debate on this bill, and to that on another bill amending the Excise Tax Act. There will be a third bill concerning the income tax.

I noticed that during the debate some members said that there are some good features in the bill. This puzzled me, because taxation is always unpleasant. I cannot see why or how anyone could rejoice about new taxes. On the other hand, I admire once again the wisdom of the government. I did not favour the $65 million gift to the western farmers, but as I listened to numerous requests for a gift amounting to nearly five times more, I wondered what other good features those hon. members who are satisfied with taxation would have suggested to the government in order to pay for that surplus gift.

They like taxation; they want more gifts. How would they pay for them? This has puzzled me greatly. I now speak as the man in the street who has read in the press numerous requests for more gifts, and who is puzzled to see that those who make the requests complain about taxation. Besides that, those who continuously ask for more money for defence cannot complain about taxation, especially taxation of this kind. They agree that they want more expenditures, yet they combat taxation and offer no substitute or alternative. If the government had considered favourably the numerous requests for more gifts to the western farmers, and more expenditures for national defence, I wonder what the suggestion of those hon. members would have been, in the way of new taxation.

It is easy to complain about taxation. But one of the foremost principles of democracy is the rule of the majority. Minorities may express their dissent or disagreement, but after a decision is reached by the majority we must stand by that decision, especially if the majority is composed of gentlemen who agree as to the necessity for an expenditure.

To summarize what I have said, I do not consider that there are any good features in the three bills, the one before the house at this time and the two others, but I consider that they are necessary. As the expenditures have been agreed to, the taxpayer must foot the bill. I realize that if any other party or group had been in power, things would have been much worse than they are now.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, since the hon. gentleman has been allowed to state that the western farmers have been receiving gifts, may I say that the $65 million which was appropriated was merely compensation for the prices that were accepted during the war years. During the years 1945, 1946 and 1947 the western farmers also subsidized the bread and flour which was used by the domestic consumers of Canada, to the extent of 160 million bushels at thirty cents a bushel; hence the request that is made now for additional compensation to the extent of $48 million for those 160 million bushels. I just want to draw that to your attention.

Some hon. Members: Order.

Mr. Coldwell: The hon. member for Temiscouata was allowed to make a statement, and I notice that neither the Minister of Finance nor other members of the government interrupted him, called him to order or contradicted him.

Mr. Abbott: I only interrupted the hon. member when he referred to the $48 million on top of the $65 million, which certainly has nothing at all to do with this bill.

Mr. Coldwell: Why did not the minister interrupt the hon. member for Temiscouata when he was making his statement? I am just trying to put the matter in the proper light before the house.

Mr. Pouliot: I rise on a question of privilege. In my humble opinion the hon. gentleman cannot deny to any one of his colleagues the right to speak on the third reading of any bill when he has not spoken before. We live in a free country. The Minister of Finance has shown his appreciation of human rights and fundamental freedoms. I remember years ago that when I sponsored a bill to abolish Bennett's economic council, the predecessors of the hon. gentleman—

Some hon. Members: Order.

Mr. Pouliot: —interrupted me in the same fashion to denounce the rights of private members of the house.

Some hon. Members: Order.

Mr. Pouliot: Has the hon. member—

Some hon. Members: Order.

Mr. Speaker: I understood that the hon. member for Temiscouata was rising on a question of privilege. I suggest to him that he state his question of privilege as briefly as possible.

Mr. Pouliot: Yes, sir. My question of privilege is that no hon. member or no leader of any group can deny to any hon. member the right to express his feelings with sincerity and conviction. To satisfy the hon. gentleman—

Some hon. Members: Order.

Mr. Pouliot: —I will substitute the word "compensation" for the word "gift". What I said about the gifts applies to compensation.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I had not intended to say anything more on this bill, but the hon. member for Temiscouata (Mr. Pouliot) does have a way of provoking remarks. I should like to draw to his attention the fact that the Social Credit group have offered an alternative for raising revenue, and I defy him to prove that there is no other way to get money than by taxing or borrowing. I want to make that clear to the hon. member.

I have just one thing more to say. There was no "gift" of $65 million to western wheat growers; the $65 million was merely a payment on account.

Mr. Pouliot: I thank the hon. gentleman for his kind support.

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

EXCISE TAX ACT

The house resumed, from Monday, June 4, consideration in committee of Bill No. 294, to amend the Excise Tax Act—Mr. Abbott—Mr. Dion in the chair.

On section 2—*Duty paid value.*

Mr. Macdonnell (Greenwood): When the committee rose last night we were considering section 2. As I understand it, the parliamentary assistant had asked us to accept this section, partly on the ground that it agreed with the wording of section 5, which I understood him to say was of long standing and contained a wording which had been worked on and therefore we should accept it. I note that the explanatory note opposite section 5 reads:

> The purpose of this amendment is to provide clearer definitions of "duty paid value" and "sale price," for purposes of part XIII of the act under which the consumption or sales tax is imposed.

Therefore I do not think the parliamentary assistant can ask us to accept the wording of section 2 as being sacrosanct merely because it is the same as section 5. That reminds me of a situation which existed years ago in Kingston. A gun was fired at twelve o'clock every day at the fort. Someone was out at the fort and asked how they got the time for the gun, and was told that they got it electrically from a jeweler in Kingston. Next day he happened to be in the jewelry store at twelve o'clock and heard the gun fired. At that moment the jeweler said, "We must set our clock; there goes the gun." I suggest that the parliamentary assistant is not helping us by this reference to section 5, and perhaps he might explain it further.

While I am on my feet I should like to refer to an answer which was made to a question asked by the hon. member for Hamilton West, and I quote from page 3715 of *Hansard* where the hon. member is quoted as follows:

> Then if a manufacturer allows a discount for cash do you permit him to apply the sales tax to the net amount after the discount has been deducted?
> Mr. Sinclair: That is quite right.

Is the parliamentary assistant sure of that?

Mr. Sinclair: When this question was raised last night I was perhaps not as well briefed as I should be, mainly because we were then dealing with the existing act whereas I had got prepared on the details of the amending bill. It is generally in connection with the changes that the department and I do our homework. First of all let me say that the details of section 79 (b) (ii) are not the result of circumstances similar to those affecting the jeweler in Kingston. The question goes back to the time of Right Hon. R. B. Bennett, who was minister of finance as well as prime minister in 1934. In order to avoid the full effect of the sales tax, certain manufacturers, notably automobile manufacturers, sought to break up what was regarded as their sale price into items such as manufacture, advertising, servicing. The dealer or the retailer paid the full price, but then it was claimed by the manufacturers that the sales tax applied only to the cost of the manufacture of the car. It was because of that that this section was first spelled out so far as sales tax is concerned. Then I have found that in the schedule of the present act it is spelled out with respect to automobiles so far as the excise tax is concerned.

Let me go through each of these items and give examples. First of all there is advertising. Every national manufacturer advertises his product nationally, whether it be a car, a radio or a television set. Undoubtedly that is reflected in the actual sale price to the wholesaler or jobber of that item. I am informed that some manufacturers, such as radio manufacturers, actually specify it as being two and one-half per cent of the selling price of their goods to the wholesaler or jobber to whom they sell.

The next one is financing. This brings in the matter of cash discounts, referred to by the hon. member for Hamilton West. If the manufacturer in selling his product to the jobber or wholesaler has to finance that sale, that again is a cost to him of selling the article, a cost which is properly included in his selling price. If the buyer, however,

finances it through a finance company, that is different; it is not a cost to the manufacturer. If the manufacturer, as suggested last night by the hon. member for Hamilton West, has to turn to a finance company to finance it, then that is an operation of the manufacturer which is reflected in the selling price. So far as cash discount is concerned, I must confess that after giving that answer last night I thought it over and wondered how allowance would be made for a cash discount, since most manufacturers of course sell with the thought that purchases will be paid for in thirty, sixty or ninety days.

The customs and excise branch of the Department of National Revenue does not demand payment for sales and excise taxes collected in this month until the end of the next month. Therefore purchases made at the first of the month have sixty days to run, and those at the end of the month have thirty days to run, the average being forty-five days. Most cash sales are for ten days. You pay in ten days, or at the outside thirty days, and you get the benefit of the cash discount. Therefore the manufacturer still has in his possession the invoice of sale, and if there has been a cash discount he takes that off his selling price and the sales tax is levied on the remainder. That is an accepted practice of the trade.

The next matter is servicing.

Mr. Thatcher: Before the parliamentary assistant leaves that point, I do not wish to contradict him, but I can tell him that the practice of the trade is not as he says. Manufacturers always charge sales tax on the invoice price. Then if you take your cash discount afterward you save that amount; but certainly at no time do you get a rebate on the sales or excise tax that has been paid.

Mr. Sinclair: I am again informed—and I went over this point very carefully with the officials of the department—that credit is given in the cash discount for the amount of sales tax which might have been paid on the total price, including servicing.

Mr. Thatcher: It is given to the manufacturer or to the person who buys the article?

Mr. Sinclair: The point made is again the point I made before, that the manufacturer does not remit his sales tax until thirty to sixty days, an average of forty-five days, afterwards. If the sale to the customer has been on the basis of a cash discount, then that is the actual invoice of the selling price by him to his customer. The fact that there was a discount is shown, and he pays eight per cent—now ten per cent—sales tax on that item.

Mr. Thatcher: I am sorry, but I must tell the parliamentary assistant again that is not the general practice.

Mr. Sinclair: The hon. member of course is at the receiving end of having a price and getting a cash discount. I am now talking about the practice of the Department of National Revenue in accepting these invoices from the manufacturer. If the individual can get a discount, the manufacturer shows it on the invoice and pays his sales tax on the net selling price to the jobber or wholesaler, or, if he should sell directly, to the retailer.

The next point was servicing, and the difference between servicing and a warranty. Taking again the example of an automobile, because it is the easiest one to use, the warranty is that for the first six months or first year they will not only service the article but will replace defective parts, and, if need be, replace the whole article if it should prove to be defective. That is a warranty. Aside from that there are, as all hon. members know, servicing guarantees given on cars and other such items. An automobile manufacturer will service your car for the first 10,000 miles. It may take some people a year, some two years, and some even three years to use up the 10,000 mile service guarantee given by the automobile manufacturer, which servicing is still one of the costs included in the selling price of the manufacturer to the dealer.

Mr. Fraser: I do not think there are any manufacturers who give 10,000 mile service. I think it is 4,000 miles or ninety days, whichever comes first.

Mr. Sinclair: The actual details are a matter of indifference. I know that on my car I have a 10,000 mile service guarantee. In a year I have only travelled 6,000 miles, and I still have coupons and cards from the car company from which I bought it—not the dealer—assuring me of this service up to 10,000 miles. But whether it is 10,000 or 1,000, ten days or five years, it is still servicing.

The last matter is commission. Some manufacturers sell their goods through their own salesmen who are on salary, some through salesmen on commission, and some through salesmen on a joint salary and commission basis. It has been argued that where manufacturers pay outright commission it is not a cost of manufacture. There is no doubt that it is a cost to the man who buys the car,

because the manufacturer's cost and the commission have been added before the person purchases the car. Again so far as the interpretation of sales price in the present act is concerned, and in the schedule so far as excise tax on cars is concerned, that has been interpreted as a part of the selling price.

I think I have answered the points the hon. member raised.

Mr. Macdonnell (Greenwood): There are one or two points about which I am not clear. We are talking about a tax at the manufacturer's level.

Mr. Sinclair: That is right.

Mr. Macdonnell (Greenwood): How could commission, which presumably is paid to an intermediary, come into the manufacturer's cost?

Mr. Sinclair: Because the manufacturer himself has salesmen. The manufacturer does not merely sell by catalogue. It may not be so in the automobile industry, but in other industries many manufacturers have their own salesmen who go to jobbers, wholesalers, department stores and chain stores to push their products. In the actual net cost to the purchaser of those goods there is included the cost of manufacture and these other things, plus the commission paid the salesmen of the manufacturer who in the end might sell to a jobber, wholesaler, or department store, or, in the case of direct sale, to a retailer.

Mr. Macdonnell (Greenwood): How do you assess the value of the warranty for taxation purposes?

Mr. Sinclair: We do not have to assess that. When I bought my car, from a company which I shall not mention, as I recall it I paid $2,038.

Mr. Fleming: That must have been before there was any increase in tax.

Mr. Sinclair: It was over a year ago, so it was long before there was any increase in tax. It is a very modest car, and has only gone 6,000 miles.

Mr. Graydon: Did you get it from war assets?

Mr. Sinclair: In that cost—and I bought through a local dealer—was included the cost of the manufacture of the car; the cost of the advertising which the company did in a national magazine and which drew their car to my attention; the cost of the warranty that if the car was defective in the first year or three months or six months—whatever it is—they would replace the parts; and the cost of servicing for the first 10,000 miles. I don't know what the division of costs was. All I paid was that final price, but in the price the dealer paid the manufacturer the same things were included.

Mr. Macdonnell (Greenwood): When you say that, do you mean that they were specifically included or that they are deemed to be included?

Mr. Sinclair: When they were trying to get around this they were specifically mentioned. Because of this interpretation they are no longer specifically mentioned. That is the price of the car and all these other things connected with the car which the manufacturer sells to the dealer and the dealer sells to the consumer.

Mr. Knowles: Would it not be fair for the parliamentary assistant to tell us what kind of car has a servicing contract for ten thousand miles?

Mr. Sinclair: It is certainly not the job of the parliamentary assistant to mention any trade names, but the car is parked right out in front of this building on the right hand side, with plenty of dust on it.

Mr. Knight: I should like to get some clarification of a ruling concerning the importation of certain diamonds, in connection with which I have had several communications. This is a case in which diamonds were sent out of the country for reconditioning, I think to Antwerp. When such diamonds are sent there they are checked by the customs at that port and certified as to identification. Then the necessary repairs are made, which I presume is simply a matter of cutting down the diamond. You cannot make a diamond larger; it has to be made smaller. This work is done and the diamond is returned through the customs at Antwerp, where it is again checked for identity. But when it comes to the Canadian side an excise tax is charged just as though it were a new stone. The original stone paid an excise tax when it was admitted to the country in the first place, and these people are greatly concerned. They say they cannot have that work done with advantage to themselves in this country, and it is therefore necessary to return such stones to the point of origin in a foreign country. When it comes back, however, they find the same tax collected as though it were a new stone, and they say they cannot charge their customers enough to carry on this sort of work economically.

After these people wrote to the department they were informed that the ruling that the second charge was correct was based upon the fact that these stones are not easily identifiable. In the letter to which I am

referring at the moment the writer says "identical" but I think he must mean identifiable. I would like some comment on that. Does not the parliamentary assistant think that tax is unjust under those circumstances? It is an easy way out to say, "Well, how can we tell it is the same stone? Let us collect the second tax," but I think this should be looked into, and if the regulation is not justified by the facts it should be changed.

One of the letters I have had from the retail merchants' association, backing up this claim, asks that the case be reconsidered. They suggest that the ruling in this instance be clarified, since this firm definitely cannot continue to pay the customs duty on diamonds which are forwarded for reconditioning. As I say, there is no place in this country where the work can be done. This looks to me like an unjust tax, like an easy way out. If there is a process of identification, as I submit there is, then the diamonds should be identified and the tax paid only once. If the stone has been improved in value I suppose there could be a tax on the improvement, but I do not think it has. It has been made smaller, and has decreased in value.

Mr. Sinclair: This, of course, would be primarily matter of customs administration that would come under the Customs Act which was under consideration last week. So far as I know, the only reconditioning that could be done to diamonds, to use that word loosely, would be regrinding to make a diamond smaller and with different facets. No one would have that done unless it was going to improve the value of the diamond. One would not deliberately take a diamond and have it cut down to reduce its value.

The other point is that if a manufacturing process is involved in connection with any article, whether that article be raw or semi-finished, and the article is brought back into the country, naturally its value has been increased, so there are sales and excise taxes, in the case of luxury goods, on the processing which has changed that article from a semi-finished nature to a finished nature.

However, getting back to my first point, this is primarily a matter for the administration of the Department of National Revenue, so it does not quite come within the Excise Tax Act. I am quite sure, however, that the Minister of National Revenue will take note of the hon member's plea in this regard and give him an answer.

Mr. Knight: If there were an increase in value, as the parliamentary assistant suggested, I could see the justice of charging a tax on that increased value, but not on the total value of the stone. I do not think his argument is well founded when he says the value has been increased, because I am comparing two values. I am comparing the value of the stone upon which the excise tax was originally paid with the value of the stone on the second occasion. A stone would be sent out to be reconditioned because it had deteriorated or been damaged so it was not worth the original cost. The comparison I am making is between the value of the diamond in the first instance, which was certainly higher, and the value in the second case; but it was upon that original value that these people had to pay their excise tax. Now, after the diamond has deteriorated and they have gone to the expense of having it made of some value, you are taxing them on the full value of the stone, which you have done already on the greater value in the first place. I do not think the first argument advanced by the parliamentary assistant holds water. I cannot see it. He gives the assurance that the Minister of National Revenue will look into the matter. Of course we have had that assurance at least once before. The matter was looked into, and I was taking this opportunity to suggest that the decision in that case was wrong. However, again I ask that the matter be looked into.

Mr. Gibson: Can the parliamentary assistant tell me the mechanics of the change in the application of the sales tax to logging truck tires? There has been a change recently, and I would like the parliamentary assistant to explain it to me.

Mr. Sinclair: I am informed that this problem has two sides. First there is the increase from eight per cent to ten per cent in general sales tax. Then there is the question whether or not a contract trucker, a man who contracts with a logging company to move their logs from stump to dump, is entitled to the exemption provided for the primary logger who cuts his own logs and moves them down to the sea, at least in British Columbia.

Mr. Gibson: Then do I understand that the tires used by the primary logger are exempt from sales tax?

Mr. Sinclair: Once again this is a technical question which has been under review by the department for some time. I am not competent to give an answer at the moment, but the hon. member will certainly have an answer promptly from the Department of National Revenue, which administers the act.

Mr. Gibson: That is what I am rather curious about. Logging truck tires have been exempt from sales tax over the years. I am just wondering by whose authority—it

certainly was not done by parliament—this exemption has been taken away. I hear they have a new gimmick in this thing now. They have arranged it so that they say that tires that are designed, manufactured for and used exclusively on logging trucks are exempt from sales tax. Now, there is no possibility of acquiring that kind of tire. It is just like having a slot machine. If you get three cherries, you get some money out of it. In this case the national revenue department has removed two of the cherries. You could not buy a tire of that kind any place in the world. A tire is a tire. There are certainly no tires that are designed for, manufactured for and used exclusively on logging trucks. Where did the authority come from to change that original regulation and make it so that the sales tax is applicable to these tires?

Mr. Sinclair: This is quite a technical matter on which the member for Comox-Alberni is apparently much better informed than I am or the officials with me at the moment. I recall two or three weeks ago the member was advocating the broadening of the sales tax to make it applicable to farming and the mining and logging industries. It is for that reason the question is bewildering. He rather advocated that the sales tax be put on these tires, and when this sales tax has been applied again—

Mr. Gibson: On a question of privilege, Mr. Chairman, I asked the parliamentary assistant originally if consideration had been given to broadening the base of the sales tax. I think it was a fair question. I eventually got an answer from the minister concerning the particular case about which I was asking. I was referring to the use of radios on logging trucks. The department had ruled, as I presume they have authority to rule, that a radio was not necessary on a logging truck, and was therefore subject to sales tax. However, I must be very careful, I can see that, about suggesting a source of revenue for the department, because it will be held against me for years.

Section agreed to.

On section 3—*Furs.*

Mr. Coldwell: This section has to do with furs. First of all, I support the idea that luxury furs should bear a tax under present circumstances. What I have in mind is that the cheaper furs should not be subject to the tax. Coming as many of us do from the prairie provinces, we know that in the wintertime furs are very necessary if one is going to drive across the prairies. There are types of furs which are used extensively, not because they are luxuries but because they are necessities. I have in mind a fur that is known as mouton or beaver lamb, for example. I do not know whether it is included in this group, because, after all, mouton or beaver lamb is really a sheepskin died to look like beaver. It is perhaps one of the cheapest and warmest furs that can be worn.

I suggest to the minister that if it is intended that this tax should apply to furs of that kind, which are necessities rather than luxuries, an exemption could be made. Are these so-called beaver lambskins classified as furs, and if so, are they subject to this twenty-five per cent tax? I have in mind other cheap furs, such as the wolfskin which is sometimes used for parkas and so forth. I believe they should be relieved of this tax. I have no objection to taxing luxury furs.

Mr. Sinclair: This is an item, of course, which is discussed in a similar fashion every year. It is quite true that it would be desirable if we could segregate the furs generally used on the lower levels from the expensive furs. During the first war they tried to segregate clothing in that way, but the tax schedules did not work out very well. We levy these excise taxes on all furs, other than the straight sheepskin shearlings, not the ones which are dyed to resemble beaver or the ones to which other trade names are applied but the sheepskin shearlings which are used for the linings of coats worn by workmen, drivers, and so forth. They are not taxed. If the sheepskin is processed to look like a more expensive fur, it actually becomes a more expensive fur and then it becomes subject to this tax.

Mr. Coldwell: Then the ordinary sheepskin, undyed, would not be subject to that tax? It is not classified as a fur?

Mr. Sinclair: That is right.

Mr. Coldwell: How is it possible to classify a sheepskin, once it has been dyed, as a fur?

Mr. Sinclair: Because it has been processed. The reason for processing it and giving it this fancy name is to lift it to a better price in the market than that which would be given for a straight sheepskin. Where sheepskin is worn for its warmth, as by farmers out of doors and drivers of cars—that is, a coat with a sheepskin turned inside—it is not subject to this tax.

Mr. Wright: What is the extent of the processing that has to take place before a sheepskin becomes a fur? There is a certain amount of processing of any sheepskin.

Mr. Sinclair: I am informed that the department says that a sheepskin which has

been combed, electrified and then dyed is regarded as a processed sheepskin.

Mr. Argue: I agree with the point made by the leader of this group that cheaper furs are certainly not a luxury. The parliamentary assistant has said that unprocessed sheepskins are not subject to this tax. If I am on a farm in the wintertime, and I buy a sheepskin coat with a canvas outer covering, there is no tax. But if I do not have a combination cloth and fur coat, which that actually is, but buy a processed sheepskin such as mouton—which is still a cheap coat—that coat is subject to the tax. As I understand it, the parliamentary assistant says it is only a utilitarian garment. Surely it is a utilitarian garment if a working girl in the city or a schoolteacher in the country who is walking to school has a cheaper fur coat.

Mr. Abbott: The member for Winnipeg North Centre.

Mr. Argue: I doubt that the member for Winnipeg North Centre has a fur coat; it is probably a camel pile.

Mr. Knowles: And I have had it for sixteen years.

Mr. Abbott: It looks like it.

Mr. Argue: I do not think the amount of money involved in exempting the cheaper line of fur coats would be very great. I noticed that while the tax on furs brought in some $3 million for the fiscal year 1950, the total revenue from excise tax amounted to $571 million. I wonder if the parliamentary assistant could give some reason why a segregation cannot be made allowing the mouton coats, processed lamb, rabbit fur, South American rodent and the opossum—those are the furs that come to mind at the moment—to be exempt from the tax. A lady can buy one of those coats for around $100. She can, of course, buy a cloth coat for that amount too, but why should she be forced to wear a cloth coat of similar value because there is an increase of twenty-five per cent in the excise tax? Is there not some way in which the cheaper fur could be exempt from this tax?

Mr. Sinclair: There is nothing more I can add to what I have just said. The hon. member mentioned the schoolteacher and the farmer's wife. If you go to the next level, the school principal or the wife of the chairman of the school board, where are you going to draw the line between the type of processed sheepskin, and the cheap fur and the more expensive furs? We have drawn the line at the lowest level of sheepskin, which is not called mouton or Belgian rabbit.

Mr. Argue: That is not a fur coat at all. That is a cloth coat with a skin lining.

Mr. Sinclair: The hon. member is much more of an expert in these things than I am. We are not changing the classification; all we are doing is changing the rate from 15 per cent to 25 per cent.

Mr. Coldwell: I would not object if the sheepskin were classified properly as sheepskin treated, not as fur. Probably that is the most satisfactory and the cheapest form of coat that can be bought, to resist the severe weather on the prairies. They are used by farm wives and by teachers and others who have long drives to make. The hon. gentleman mentioned a moment ago a fur coat of another kind. I have had a beaver lamb coat that I have worn for a good many years driving on the prairies. You simply cannot compare it with a cloth coat for warmth. Farmers and others who have to drive in the cold weather do not want to wear the short canvas coat with the sheepskin lining. Surely they are entitled to have a sheepskin coat, whether it is dyed or undyed. Women of course do not wear canvas covered sheepskin coats.

Mr. Graydon: The hon. member is not an expert on what they wear.

Mr. Coldwell: As the hon. member for Peel says, I may not be an expert, but I have a wife and daughter and I know something about clothes.

Mr. Fleming: About footing the bill, anyway.

Mr. Coldwell: Yes. If these sheepskins were classified, processed or unprocessed, dyed or undyed, as sheepskin, I do not think there would be as much objection to this particular tax as we have now.

Mr. Murray (Cariboo): In the Peace river country, where it is very cold, the school teachers wear muskrat coats and nylon stockings when it is 55 degrees below zero. Very rarely do you see a school teacher wear a coat that costs less than $400 or $500.

Mr. Coldwell: That may be true in British Columbia, but in many parts of Canada there were times when the teacher did not get $400 or $500 for a year's work.

Mr. Murray (Cariboo): The hon. member should return and become familiar with his people out there.

Section agreed to.

Sections 4 and 5 agreed to.

Excise Tax Act

On section 6—*Consumption or sales tax of ten per cent.*

Mr. Fleming: This clause, while it is brief, certainly outdoes any other provision in this bill in sheer iniquity at a time like this. This subject of the increase in the sales tax has been discussed on several occasions and I do not pretend that at this stage anything new is likely to be offered in opposition to it; nevertheless, Mr. Chairman, I do not feel disposed to let this occasion pass without again offering the strongest possible objection to this increase in the sales tax.

The minister has not made out a case for a sufficient increase in general taxation to cover the amount of money that he estimates he will derive from this increase in the sales tax; nor has he, apart from that first point, made any case for raising money by this iniquitous method.

Now, sir, we have already had no little discussion about the minister's budgeting in general; but surely, Mr. Chairman, what the minister had to say in pleading for increases in taxes to meet estimated increases in expenditure, and to balance his budget, and provide a surplus of $30 million, has been swept aside by the revenue and expenditure figures that have been disclosed for the first month of this present fiscal year. When we see, as we have seen, that the minister has a surplus for the month of April of $121,500,000, which is something vastly greater than the surplus for the month of April, 1950, the minister has no shred of excuse for seeking this increase in the sales tax.

The minister cannot deny that this is the most inflationary of all his budget proposals.

Mr. Abbott: He certainly does deny it.

Mr. Fleming: Then I wish the minister would give some reasons for his assertion, because there is nothing but his plain ungarnished assertion to back up the point that he is seeking to make.

This increase in the sales tax is going to go on snowballing as the things to which it applies pass from hand to hand, from the manufacturer or producer to the wholesaler, to the jobber, to the retailer, to the consumer; and it is not going to produce an amount of revenue commensurate with what it is going to cost the consumer. Figures have already been put on *Hansard*—I think I know them off by heart now—which establish conclusively that even in the simplest cases this tax costs the consumer just about twice what it yields to the government in revenue. You can find other cases in which the goods are passing through more than the hands of the producer, the wholesaler, the retailer and consumer, and also with respect to particular classes of goods, the amount that the tax in that snowballing or pyramiding process costs the consumer in mark-ups is far in excess of the amount that the government receives by way of revenue. In some of these cases it is more than double the amount of the tax. The government does not receive any more tax, but the consumer is going to be paying in these cases just about double what the government is going to collect out of it in taxes. The remainder goes to inflate the cost of living, and it will take more than assertion and mere denial, as the case may be, on the part of the minister to escape that fact.

Here we are with a cost of living reaching 182 points at the end of April, the highest in our history, and the minister persists in demanding from the house a twenty-five per cent increase in the sales tax. It will not be forgotten, I hope, that in addition to this increase in sales tax a whacking increase in the excise tax on many goods is being imposed as well. These taxes are cumulative. In fact, when you add the tax increase in section 6 of this bill to the tax increases imposed in some of the later sections, you have amazing increases which inevitably will have the effect of increasing very substantially the cost of many of the necessities of life.

Let no one go away with the impression that these taxes have not already had the effect of increasing the cost of many of the commodities to which they apply, and commodities which cannot be said, in a country like ours, measuring the standards of life by established and accepted Canadian standards, to be luxuries. I have before me some figures which I think may be of interest. Electric washers which cost $209 before the minister's budget now sell at $249. An electric iron which cost $14.50 before the budget now sells at $16.50. An electric toaster which cost $9.95 before the budget now costs $11.95. Is that a contribution on the part of the minister to beating down inflation in this country, to making it easier for people to meet the soaring cost of living? You see, the minister can only urge or contend that his increases in these taxes on these commodities, or on the other broad range of commodities to which the sales tax applies, make any contribution toward meeting the problem of inflation, if he goes so far as to say, "I do not want people to buy any of these things. I am going to make it so hard for them to buy these things that they will save their money." And he must go beyond that, and say that it is undesirable that people should have these things.

If the minister says that—and I would like to hear him say it openly and boldly, and not resort to mere general statements which have no evidence to support them—then I think the Canadian public will wish to examine the standard of life the Minister of Finance is proposing to prescribe for them. Have we reached the point where electric toasters are so beyond that scale of living which is regarded as justifiable in Canada that the minister is justified in making this whacking increase in the excise tax, and then this 25 per cent increase in the sales tax as well?

Already the increase in the sales tax has made itself felt. It has already contributed to the increase in the cost of living of the Canadian family. It has already increased to a marked degree the prices of many commodities that are, by all accepted standards, necessities of life. And I am told by people who are in business that this increase in the sales tax has also had a very disturbing effect on methods of doing business, and on the classification of goods in regard to various types of quality and price range. Because this 8 per cent sales tax has been in effect for a long time, it has become a normal even though a very heavy part of the normal cost process, in the production, marketing and sale of goods and commodities.

But the effect of this increase of 25 per cent, from 8 per cent to 10 per cent, added to the mark-ups, and the mark-ups on the mark-ups, and the mark-ups on the mark-ups on the mark-ups, has the effect in a great many cases of pushing goods of a well established classification as to quality and price into an entirely different price range, with the inevitable result that the advance in price to the consumer is going to outrun even the yield in revenue to the government, and the mark-ups in the various hands before they reach the hands of the retailer. That disturbing effect has already made itself felt in marketing with regard to a great many of the basic necessities of life to which this sales tax applies.

You will remember, Mr. Chairman, how in 1935 the late Mr. Mackenzie King, in the election campaign of that year, made the welkin ring with his denunciations of the sales tax, when from coast to coast he denounced it as "that iniquitous tax". You will remember his words, I am sure. It was only 6 per cent then. But in due course he increased it to 8 per cent—and that took place in the first session of parliament after that vitriolic denunciation.

But what is to be said today when, faced with a critical situation in Canada created by inflation, we see the Minister of Finance proposing another increase in the tax which, at its 6 per cent level, was regarded by the then leader of the Liberal party as an iniquitous tax. I say to you, Mr. Chairman, that there is iniquity written all over this provision in the bill for the increase in the sales tax.

I will go further and say that, in the face of the way in which business conditions and the cost of living have responded to this increased sales tax, and having regard to the way the cost of living has increased in the interval, and having regard to the sense of public outrage which has attended this proposal and, above all, having regard to the fact that the figures for one month—the month of April—concerning the revenue and expenditure of this country, these have knocked the props completely from under the estimate put before the house by the Minister of Finance as to estimated expenditures and receipts for the whole year. I say that there is no justification remaining now for the Minister of Finance to press this increase in the sales tax upon the people of Canada. And I say that if the government were not so arrogant, if the government were not so everlastingly touchy about any measure of losing face we would see the Minister of of Finance, if he had some realistic appreciation of the burdens of the people of Canada arising from inflation and the soaring cost of living, coming before the House of Commons—and I think the house would applaud him for what would be considered a commendable act upon his part—he would confess, "I think I made some errors. I think I underestimated the extent to which inflation in this country is increasing tax revenue; I think I underestimated the revenues which are going to be yielded by the existing tax. I know that this particular tax, above all others, is inflationary, and that it will abet inflationary forces, and that it will give them increased momentum; and therefore I ask leave of the house to withdraw this section of the bill."

Mr. Graydon: Repentance from the minister.

Mr. Fleming: I am convinced that it is nothing but that everlasting unwillingness on the part of the government to do anything which looks like a loss of political face which restrains the Minister of Finance today from rising in his place and withdrawing this iniquitous increase in the sales tax.

Mr. Shaw: If it is the desire of the Minister of Finance to withdraw this section of the bill I shall gladly refrain from speaking. Obviously however he has no such intention.

From budget day, April 10, to the present time, my colleagues and I have taken advantage of every opportunity to assail this proposed 25 per cent increase in the sales tax. Sometimes I think that had the government deliberately sought some method by which they could aggravate, annoy and anger the Canadian people, they could not have found a better method by which to accomplish that purpose.

During the debate on the budget members of the opposition advanced numerous arguments which, in my opinion, should convince anyone that the government should withdraw this recommendation. Is it not highly significant that no arguments have been advanced in defence of the proposition? In fact, in my opinion it is highly significant that such arguments have been made conspicuous by their absence.

Moreover I might assert that in the course of personal conversations with members from all sides of the house I have noted a good deal of agreement with respect to the principal characteristics of the tax. I indicated during an earlier speech that some rather strong words had been used when referring to the proposed increase. I said that the words vicious, iniquitous, infamous, insidious and pernicious had been used. As a consequence of developments since the budget date, as a consequence of the increased cost of living since our previous debate, I think those words apply with greater significance today than they did when uttered by hon. members. We have had no cause to change our position since we expressed that opinion on the excise tax resolution. We cannot for one moment feel that there is any justification for the government insisting upon applying this increase in tax. Certainly the revenue position as indicated by the hon. member for Eglinton and others would suggest that there is no good reason for the imposition of the tax.

We cannot for one moment believe that the government is justified in the light of the fact that the low income groups in the country are finding it increasingly more difficult to purchase the necessities of life. We see no justification for the government pursuing their policy of increasing the sales tax by 25 per cent. We are convinced that there are alternatives. The hon. member for Peace River has asserted that the corporation tax field offers a source of revenue which the government would be justified in using rather than to impose this 25 per cent increase in the sales tax.

After I spoke on May 1, issue was taken with my reference to the fact that the sales tax was in effect a poor man's income tax. The Regina *Leader-Post* referred to this matter editorially. The essence of their editorial seemed to be that a person who was receiving today an income up to the allowance exemption under the Income Tax Act certainly could not be considered as being a poor man. I sometimes think that it would be a good thing if certain persons who have incomes considerably in excess of the $2,000, which is the allowance for a married man without children, would try to get along for a while on an income near to or lower than the allowable exemptions under the Income Tax Act. It would be a very good experience for some people if they would get out and live with those people who are trying to get by on such incomes.

It is true that today $2,000 sounds like a good deal of money, or even the $2,400 which is the exemption for a married man with three children if he is in receipt of family allowances. I should like to point out something I have mentioned before, but I am bringing my figures up to date. I should like to give the committee the purchasing power today as compared with 1935-39, which is taken as 100, based on the present cost of living index. These comparisons are as follows:

Present income	Present purchasing power
$2,400	$1,318.68
2,000	1,098.90
1,500	824.17
1,200	661.38
1,000	549.45

No one, whether he happens to be an editor of the Regina *Leader-Post* or of any other newspaper, can conceivably argue that a person with a purchasing power within those brackets is not a poor man. Surely it cannot be argued with any effectiveness that such a person is not a poor man when it comes to meeting the present-day cost of living.

Let us consider the position of our pensioners, because it must be remembered that they cannot escape the effect of this sales tax increase since it applies to what clothing they must buy as well as to certain other commodities they need. Pensioners in Alberta receive a maximum pension of $50 per month. Two married people who are able to qualify for the maximum pension would receive a total of $1,200 per year. Taking the present cost of living index, that gives them an effective purchasing power of $661.38. But if they are receiving only the basic maximum pension of $40 per month, without the $10 per month bonus such as is paid in Alberta, those two persons would receive $960. Taking the present cost of

living, that would represent an effective purchasing power of $526.21 as compared with 1935-39.

Mr. Sinclair: What did they get in 1935 in the way of old age pensions?

Mr. Shaw: I am going to deal with that in a moment.

Mr. Knowles: They got $20 and the $40 they now get is worth only $22.

Mr. Shaw: It is quite conceivable that a man living in Alberta who is eligible for the maximum of $50 per month would have a wife who was under 70 years of age. All that couple would receive would be $50 per month or $600 per year, which would represent an effective purchasing power of $307.69 as compared with 1935-39, or $25.64 per month. Remember I am referring to Alberta where the maximum pension is $50 per month. If that same couple happened to live in a province where the man received only the basic pension of $40 per month, it would mean they would have only $480 per year which would represent an effective purchasing power of $263.73, or $21.97 per month.

When I came into the house in 1940 the basic pension was $20. We often speak in glowing terms of what we have done for our pensioners, but when you consider that in a period of 11 years they are getting only $1.97 more per month on the basis of a pension of $40, instead of speaking about what we have done for them I think we should speak about what we have done to them.

Let us not forget that under our pension act as it stands today all recipients must be 70 years of age. A basic pension of $40 per month represents an effective purchasing power of $263.73 per year or $21.97 per month. As I said before, it may well be that a pensioner has a wife to support. Let us consider this 25 per cent increase in the sales tax as applied to those persons.

Let us not forget at the same time that there are thousands and thousands of persons in this country who are working but who are not receiving very much more than old age pensioners.

When the resolution was before the house we took strong exception to the fact that the government was putting us in the position where we either had to accept the eight propositions contained in the resolution or reject them all. I took the position at that time that I was prepared to reject them all, and that accounts in part for my vote yesterday in connection with the six months hoist. I do recall that the Minister of Finance at that time laid great stress upon the fact that we would have the opportunity to vote upon each section of the bill. I assume that that is exactly what we are going to do.

I propose asking you to put the question to the committee in connection with each section so that we may have the opportunity of recording in unmistakable fashion our attitude toward the proposed 25 per cent increase in the sales tax. Because of the fact that on at least two previous occasions I have expressed my views with respect to this matter, I do not intend to take any further time now repeating my former arguments.

Mr. Abbott: My hon. friend is quite right. I think this is the time when it would be appropriate to have a vote on this particular section after the discussion is completed.

Mr. Coldwell: I do not think there is anything one could add to all the arguments against this tax that have been made in the house lately. I know of no new argument. I am merely going to say once again that I think this is an oppressive tax which affects those who can least bear it as well as those who can. During the budget debate I made the suggestion that if we were going to have taxes of this description, both excise taxes, as I pointed out a few moments ago, on what I believe to be necessities under certain conditions, and sales taxes, certain utility goods at least should be exempted from both the excise and the sales tax. I still think that something of that sort should be done. That is the reason why I suggested a few minutes ago that the classification should be sheepskin under all circumstances.

With respect to clothing a case might be made out for taxing expensive and luxurious clothing, but the clothing worn by the ordinary working people and children of this country, utility wear, should certainly be exempt from these taxes. While arguments have been made by many members on this side of the house against these taxes, I would also have liked to see some members supporting the government, who in many respects feel the same as we do about this matter, rise and express their views. I do not think it is a healthy condition in this country to have a government in office with such a large majority, and yet its supporters generally do not rise and express the opinions that I believe their constituents expect them to express, and indeed the opinions that I have heard some of them express outside the house from time to time. I think it would be a good thing if hon. members on the government side of the house would rise in their places and support the opposition on some of these measures that I am certain are as

obnoxious to them as they are to us. As I said, I think all the arguments have been made. I wish the minister would rise and say that, in view of the large surplus he obtained in April, he is prepared to withdraw this particular clause. I think we could then proceed with our business more expeditiously than we have been.

Mr. Abbott: As my hon. friend has rightly pointed out, there can be endless argument as to the particular type and weight of taxes. I think the pros and cons of the sales tax have been pretty thoroughly and effectively discussed in the course of debate at the resolution stage and at this time. There is certainly nothing I can add to what I said in my budget speech and in the course of the discussion on the resolutions as to why I consider that this tax is both necessary and desirable at this time, and there is nothing that I propose to add. I think it is quite appropriate that there should be a vote on this section which is the one that increases the so-called general sales tax from 8 to 10 per cent. When hon. members have completed the discussion, which I hope is nearing an end now, I shall be quite happy to have such a vote taken. I think it has been made quite clear by all members of all opposition parties that they are opposed to the increase.

Mr. Coldwell: The unfortunate thing is that in a situation of this sort so many members are absent attending committees.

Mr. Abbott: I appreciate that.

Mr. Coldwell: The veterans affairs committee, with its very large membership, is sitting, and also the elections act committee. That means of course that a vote in the house at the present time would not reflect the opinion of the house.

Mr. Abbott: I think my hon. friend is quite right that a vote in committee at a time like this, when a great many members are absent attending other committees, does not really indicate the total voting strength of the house or the total views with respect to the particular section, but that is the method we have of doing it. One can always pass the section on division. To make it quite clear, so far as I have been able to sense the feeling, every member of all three opposition parties is opposed to this increase. Certainly all those who have spoken have indicated that they are opposed. If it is the desire to take a formal vote in committee now I shall be very happy to have that done, or if the committee feels the sense of all parties has been pretty clearly indicated we can call the section and it can certainly be carried on division, whichever the committee prefers.

[Mr. Coldwell.]

Mr. Knowles: What is the feeling on your side?

Mr. Hees: The government has made it quite clear that it is going to put through this increase in the sales tax because it believes it has to have the extra money that this device will raise. To me the sales tax, as has often been said on this side of the house, is a bad tax, and I think all of us are most sincere in the reasons we put forward. We feel it is a bad tax because it imposes an equal burden on the poor man and the wealthy man in exactly the same measure.

I feel that the income tax and the corporation tax are eminently fair methods of raising money. The Minister of Finance believes he has to have the money which the increase in the sales tax will provide. My suggestion is that, instead of raising it by a method which I think the majority of people in the country feel is unfair, and which members of the opposition have argued many times is unfair, the minister should be willing to raise the money by a method which I think all members of the house and most people throughout the country would agree is fair, by an increase in the income tax or in the corporation tax, or both.

I do not think we have had a satisfactory explanation from the minister as to why increasing those taxes and not imposing the 25 per cent increase in the sales tax would not be a preferable method. Would the minister give us a short explanation of why it would not be preferable to raise this money, which he seems to feel—and perhaps rightly—that the country needs to raise at this time, by increasing the other two taxes?

Mr. Abbott: I am sorry, but I really cannot add anything to what I said in my budget speech on this matter. So far as the corporation tax is concerned, we had a very interesting, and I think very illuminating, discussion thereon following the speech made in committee by the hon. member for Peace River. So far as the choice between the personal income tax and the sales tax is concerned, I indicated in my budget speech that I felt under existing conditions an increase in the personal income tax would be inflationary whereas a tax on spending, which does not affect incentives, would not be inflationary. I do not want to traverse all that ground again. If my hon. friend will do me the honour of reading carefully what I said in my budget speech on this subject, and if he will review what I said in the course of the debate on the resolution, I think he will see that I outlined as clearly as I was capable of doing why I felt that it was desirable to spread the load in this way. The Minister of Finance has the unfortunate responsibility—

but it is his responsibility—of deciding what recommendations he will make as to how the total burden must be shared. I have indicated that. I sincerely believe that the way in which I have endeavoured to apportion the load this year is the fairest and best under the existing circumstances. If I did not think so, I would not have put it forward. I am under no illusion that imposing a sales tax or any tax is a popular thing to do, but I have the responsibility of trying to determine the best type of tax under existing circumstances, and that is what I have done. I have given the reasons for it to the best of my ability, and there is nothing I can add now to what I have said already.

Mr. Knowles: I find it difficult to follow the minister's line of reasoning when he suggests that an increase in the income tax would be inflationary but that an increase in the sales tax does not have that effect. As I see it this increase in the sales tax increases the cost of living. It increases it for the people in lower brackets where immediately there is felt the need for larger wages and salaries to meet that increased cost of living. It seems to me that anything that increases the cost of living runs the risk of helping along the spiral of inflation. On the other hand the income tax, particularly if it is applied on a graduated basis with the result that to some degree it is taken from those in the upper brackets, to a large extent cuts down luxury spending and does not have the direct effect in increasing the cost of living that the sales tax certainly has. I am unable to follow the minister in the reasoning that produced the sort of statement he made a moment ago.

I have one other thought to express, and I might as well do it while I am on my feet now. When we have urged as an alternative to the increased sales tax some other taxes such as an increase in the tax on spirituous liquors, for which the hon. member for Springfield voted when I moved an amendment some time ago, or when we have urged that there be increases in the corporation tax, the minister has taken the position that there are times when the point is reached beyond which taxes cannot be increased. His point is that the people concerned just cannot take any further increase in taxation. Well, if he is going to apply that argument to taxes on spirituous liquors and corporations, I would ask him if he does not think the point beyond which further taxation cannot be applied is already reached when the sales tax is at 8 per cent. From the fact that he is raising it to 10 per cent I take it he does not think so, but I believe it would mean something to the house and the country if we could have an assurance from the minister that it will not go any higher.

Mr. Abbott: I do not want to reopen the debate on the point my hon. friend has raised as to why in the circumstances I think an increase in personal income tax would be more inflationary than a tax on spending. My experience has been that under existing conditions an increase in the income tax means that those paying the increase—and I am referring particularly to the larger groups of organized labour—are not prepared to accept less take-home pay. In other words they feel that they should get a wage increase which would offset any additional tax. I am not going into any elaborate economic argument here, but I make the assertion that unless the over-all production of this country is increased taxes must and should decrease the standard of living in order that a place may be made for the additional defence effort. I have reiterated that time and again. The committee stage is not the time for me to repeat it, but I will say that this is the view of every responsible, competent economist or student of these matters, though I do not offer that as a justification. The tax program I have produced here is the one I believe is best designed, as far as that phase of a fiscal program can do it, to damp down these inflationary forces. I do not claim to be omniscient, as I said before; I may be mistaken, but that does represent my best judgment.

I have answered my hon. friend as to why we think a tax on spending, such as the sales tax, is less inflationary than an increase in the personal income tax or a lowering of the exemptions; because I believe the imposition of such an additional tax would at once result in fairly widespread demands for wage and salary increases to offset it. Under existing conditions a very substantial portion of any such wage increases would be made without any corresponding increase in production, and that is inevitably inflationary. I do not think I have anything else to add; I believe my views are pretty well known. No doubt my hon. friend and others differ with them, but there is really nothing I can add to what I have already said a dozen times.

Mr. Knowles: Does the minister not recognize that an increase in the cost of living makes workers feel that they need higher wages, and rightly so, just as readily as does a loss in take-home pay due to an increase in the income tax?

Mr. Hees: I think that is a very important point. The minister has put forward two reasons which I do not think hold water. One

is that wage earners are going to demand more money if there is an increase in the income tax. They are going to demand higher wages in exactly the same proportion if the cost of the goods they have to buy is increased by increasing the sales tax. So I do not think that argument holds water. Then the minister said we must decrease the standard of living by increasing the sales tax.

Mr. Abbott: No, I did not. I said if we did not increase production to make up for that $1,700 million defence effort, we must reduce our standard of living. I have said that a dozen times, both in this house and elsewhere.

Mr. Hees: You do exactly the same thing if you increase the income tax, because in just the same way a man simply does not have the money to spend; it is taken from his income, so what is the difference? My argument and that of other opposition speakers has been that it is much fairer to impose an income tax because the people in the lower income brackets do not pay as much, while those in the higher income brackets pay more because they are better able to pay. Is that not a fair statement?

Mr. Abbott: That is a matter of opinion. Perhaps it is unfortunate for the country, but at the moment my hon. friend has not the responsibility of being Minister of Finance. I can only repeat what I said a few moments ago, that I have put forward a program which I honestly believe is the best I have been able to devise. My hon. friend may be right; I do not know. I do not think he is, but I do not suppose either of us will ever convince the other.

Mr. Coldwell: I do not think anyone will disagree with the statement that if we are going to increase our expenditures in all kinds of ways, both for social security and for defence, we shall have to increase our production. We all agree with that. Our quarrel is with the form of taxation the minister has adopted.

Mr. Abbott: We are quarrelling about methods.

Mr. Sinnott: I have been waiting for some time to get in a few words. While I have been as opposed to this tax as any man in this house, we all know that in a very short time the government will have to dig up an additional $350 million to provide for the old age pensioners and so on. I am not a member of the government, but I suppose if they did not have a few backbenchers like me around the government would not be here very long. I have had several telephone calls from various quarters suggesting methods of raising money rather than through the sales tax. As I intimated before, in order to give people an incentive to work we should give them some income tax relief if they produce more than they produced in the previous year. However, the minister and his parliamentary assistant have not seen fit to adopt these suggestions.

Mr. Gibson: That is a pretty good idea, too.

Mr. Sinnott: The hon. member for Comox-Alberni is a large income tax payer, and when he approves the suggestion I do not think the idea can be too bad. However, in the past this government has made mistakes and has always been big enough to come back to parliament and admit them. If the Minister of Finance finds that the increase in the sales tax is not the proper thing to do, then I hope next session he will cancel that increase.

Mr. Shaw: Just so the record will be kept straight, may I remind the hon. member for Springfield that before the new old age pension scheme comes into force he will probably realize that there is to be a new tax imposed for the purpose of financing such a scheme. This increase is not designed for the purpose of financing any new old age pension scheme.

Mr. Sinnott: That is only your idea.

Mr. Shaw: You wait and see. I was on the committee.

Mr. McLure: Are all duties on imported goods subject to the ten per cent sales tax? This is one of the greatest injustices of the tax, and there are many injustices. The other day I happened to be getting some goods out of customs for an importer. The duty on the goods brought in from Great Britain amounted to fifty cents per pound. Then on top of that, as the man at the wicket said, you have to pay Abbott's tax of ten per cent. I rather objected to it, and I said I did not think they meant to go into all the crevices for this ten per cent. He said that was the way they interpreted the act, and I would have to pay it. I said that we would have to pass it on to the next fellow who handled these goods. I found that all duties were subject to this ten per cent sales tax.

Mr. Abbott: The general rule is that sales tax is on the duty-paid value of the goods, but, of course, there are some exemptions. Therefore, it would not apply to all goods, although they may be subject to duty.

Mr. Knowles: We disagree, the minister and I, as to this rise from eight to ten per cent. But there is one question that I asked which the minister has not yet answered.

Will the minister not agree that at ten per cent he has reached the maximum to which this sales tax should ever go?

Mr. Abbott: I have always refused to answer hypothetical questions about a rise in taxes. I think it would be most improper for any Minister of Finance to express an opinion in advance that any tax had reached the limit. I do not know what charges this country may face; I do not know what burdens may be put upon us. Whatever burdens they are, they have to be paid for. So long as I have the responsibility, or future ministers of finance have the responsibility, that duty is to try to apportion the burden as fairly as possible. I shall venture no comment as to the maximum level of any tax.

Section agreed to: Yeas, 42; nays, 28.

On section 7—*Hearing by tariff board.*

Mr. Fleming: Mr. Chairman, coming as it does after section 6 it is well that we should have in section 7 a provision that is bound in principle to receive the support of the house. I believe members will be glad to see the procedure provided in this proposed amendment in section 7 relating to the hearings before the tariff board. But I draw attention, Mr. Chairman, to the provision in the proposed new subsection 4 of section 115, which has the effect of limiting to six months the period within which applications for refund may be made. This smacks of the same kind of draftsmanship as we had the other day in a similar provision in the Customs Act dealing with an application for refund where a customs duty had been charged an importer at a higher rate than was proper. In that amending bill it was proposed that the period during which an application for a refund might be made should be reduced from three years to six months. As you will recall, there was a good deal of discussion and an amendment was introduced—in fact, two amendments before the house disposed of the bill.

Now, in this section 7 we have the same kind of proposal that no refund or deduction shall be made under section 105 as the result of any declaration of the tariff board under this section or an order or judgment under section 116 in respect of taxes paid more than six months before the date of the application to the tariff board for a declaration under this section. Mr. Chairman, while feeling that the section, apart from this provision, is improved by the amendment, I urge that the period of six months is unduly restrictive, and that the period within which an application for a refund may be made should be enlarged. I should like to see it enlarged to a year and a half, or certainly not less than twelve months.

Mr. Sinclair: In the present act, according to section 105 (5), a period of two years is provided in which to make application. This particular section only applies to appeals to the tariff board. The whole section, as the member has said, is one extending the rights of the individual. In the main act itself there is a continuing provision under section 105 (5) that there is a period of two years in which to claim other refunds.

The other point which the member raises is similar to the point raised on the Customs Act when it was before the house. An amendment was adopted giving the intention of the house that there should be a delay of six months before the provision became effective. The same provisions apply in this excise tax bill. I cannot move it under this section 7, but at the end of the bill I shall move an amendment similar to the one contained in the Customs Act, that this section shall not come into effect for six months. So that the member will have no illusions about this amendment, perhaps I should read it:

That subsection 4 of section 7 of this act shall be deemed to have come into force on December 1, 1951.

Mr. Fleming: This is not subsection 4 of section 7. It is subsection 4 of section 115 as amended by section 7 of the bill.

Mr. Sinclair: Of this bill; subsection 4 of section 7 of this bill.

Mr. Fleming: No. The subsection beginning at line 28 is not a subsection of section 7 of the bill. It is the proposed clause 4 of section 115, as amended by section 7 of this bill.

Mr. Sinclair: I agree; the reference to the main bill is the reference that the hon. member has just mentioned.

Mr. Fleming: Is the government not prepared to enlarge this period of six months? I think you will agree, Mr. Chairman, that six months is a very narrow and brief period of limitation. The decision of the tariff board may be given at a time when the individual concerned is incapacitated for some reason or other. He may be out of the country temporarily. I would urge that a period of six months is an unjustifiably short period of limitation to put upon an application for a refund, where in fact the tariff board has said that an excessively high rate of taxes has been applied or a tax has been applied to an article that is exempt. Under these conditions, it seems to me that the whole attitude of a government which has collected more taxes than it was entitled to, or has collected taxes where it was not entitled to them, should be one of anxiety to put things right. While the committee I am sure is

commending the general purpose of the amendment, it will want to see this narrow limitation on the period given to that praiseworthy purpose removed or relaxed, so that the period may be a more ample one within which to bring application for a refund.

I would urge that this period of six months be lengthened to not less than twelve months. There is no administrative burden cast upon the Department of National Revenue, surely, by lengthening this period from six months to twelve months. In a case like this surely we all wish to see right and justice done to a taxpayer who has been required to pay more than he should have, or to make a payment that he should never have been called upon to make, simply because the taxing officer who has had to deal with him has misread the law.

Under these circumstances, Mr. Chairman, I am asking for no great concession on the part of the government in enlarging this undoubtedly short period from six months to twelve months. The Minister of Finance is in the chamber. I urge upon him that the period of six months is altogether too short a period of limitation in a case of this kind. The taxpayer, in the situation I have described, should have no less than twelve months to bring application for a refund.

Mr. Macdonnell (Greenwood): May I address a word to the committee before the parliamentary assistant answers? Surely this is a reasonable request, and surely we need not be met with a blanket negation. After all, we got to the stony heart of the Minister of National Revenue the other day and we should not despair here. Surely what the hon. member for Eglinton has said is true. There is no earthly reason to be harsh in this matter. Six months is little enough, surely, unless there is some real administrative difficulty which, so far as I know, has not been disclosed yet. This is an eminently reasonable request and should be granted.

Mr. Sinclair: The Excise Tax Act and of course the Customs Act are quite closely related. Application for refunds would probably apply to both customs duties and excise tax paid on the same goods. The amending bill of the Customs Act which was passed here a little more than a week ago had this provision for six months. After all, it is not six months after the decision; it is six months before the time the application was made to the tariff board.

The hon. member for Eglinton suggests that perhaps the man who made the application and who paid the duty may be out of the country at the time. Surely the thing is of such importance to him that he is not out of the country neglecting his business completely. The period is much more than six months when you consider the application to the tariff board and the period after the ruling. Six months was approved in this house ten days ago in so far as the Customs Act is concerned. Applications very often are for both customs duties and excise taxes which are paid on the same article, and therefore there is an advantage in the period being exactly the same as in the bill which passed through the house ten days ago. It is the opinion of the department that six months is ample for anybody, six months not from the judgment but six months back before the time the application was made to the tariff board. That is an adequate time to file for refunds.

Section agreed to.

Section 8 agreed to.

On section 9—*Inquiries.*

Mr. Fleming: I am interested in the amendment of section 117, particularly the first subsection. It is to be observed that the limitations in the section as it now stands are eliminated in favour of a provision as broad as this: The minister may designate any person to conduct an inquiry or investigation in matters relating to the act, and any person so appointed has all the power and authority of a commissioner appointed under part I of the Inquiries Act. I ask what has given rise to the proposed amendments, and, in the light of its experience in these matters, in what way the department has found the present section unsatisfactory.

Mr. Sinclair: The effect of this amendment is to limit the carrying out of investigations to persons authorized by the minister, thus removing classes of persons or officers who were formerly empowered to carry out this inquiry by virtue of their office as specified in the act.

The other thing was that no authority was given, similar to part II of the Inquiries Act and the practice on inquiries varied from province to province. It was possible in one province for a person in contempt of inquiry to be sent to prison, and it is to make sure that there is a uniform practice in all ten provinces that this clause, which is again exactly similar to the clause in the customs bill amending the Customs Act passed here ten days ago, was incorporated.

Mr. Fleming: The parliamentary assistant has not grasped the point that I was raising about this. The terms of the present section 116 are, in many respects, narrower than the provisions of the new proposed section 117, subsection 1. The persons who may be designated as a commissioner under the present

legislation are limited to the deputy minister of the department, the assistant deputy minister, the legal officer or any other officer authorized by the minister from time to time. The effect of the substituted provision, the new section 117, subsection 1, is to enlarge that clause without limit. The minister may appoint any person. I am asking, what has given rise to the apparent feeling that the present class, as drawn from within the ranks of the department, is too narrow and that the minister should have power to appoint any person as a commissioner to carry out the functions which may be assigned to such a person under the act with the powers and authority of a commissioner appointed under part I of the Inquiries Act.

Mr. Sinclair: I think the hon. member has been reading old section 116, which specified the specific officers of the Department of National Revenue, but then there is this other phrase: "or any other officer".

Mr. Fleming: Officer.

Mr. Sinclair: A Royal Canadian Mounted Police officer, for example. Normally, such inquiries would not be conducted by the deputy minister. In the old days when the business of the department was comparatively small that might be so, but today these specific inquiries on various technical matters connected with the taxes on new products, for example, are going to be assigned to people who are qualified to conduct these investigations. The authority actually was there in section 116, but it is much easier to spell it out as it is now in section 117. Again this is exactly the same authority as was included in the customs bill of ten days ago. The two bills are pretty well parallel.

Mr. Fleming: The fact that it is in the customs bill is no reason why the point should not be raised here, or why we should be satisfied with anything less than a clear and ample explanation. The parliamentary assistant has indicated that there may be cases where, because of technical considerations, if I understood him correctly, there may not be an officer of the department with the technical knowledge which would qualify him to sit as commissioner in a particular inquiry or investigation. I suggest the committee will wish to be sure that this power of appointing persons without limitation is one which will be exercised with some degree of good sense. We do not wish provisions of this kind to be made occasions for the distribution of patronage favours hither and yon. I think hon. members would like to feel that, with the experience people in the department have in dealing with such matters, there are people in the department competent to act as commissioners in such situations.

Mr. Macdonnell (Greenwood): I should like to raise a question in connection with that. I was somewhat taken aback by what seemed to be the implications in what was said a moment ago by the parliamentary assistant. He spoke about people technically qualified, and by that I thought he implied that it would be natural, in these wide-open powers, let us say in connection with a technical matter, to appoint some entirely technical person.

I suggest that would be open to very serious question, because an inquiry is a matter which affects the rights of various people. I agree entirely with the hon. member for Eglinton that it may very well require a rather wide experience such as we are entitled to assume will have been had by senior members of the civil service. I suggest the parliamentary assistant might give us at least some indication of the kind of persons who are to be used for these purposes, because certainly I would deprecate the idea that someone who happened to have a considerable amount of technical knowledge on some subject should be designated for this duty, and also charged with the civil rights, let me say, of the person concerned.

Mr. Sinclair: In the past certainly no one but a legal officer of the Department of National Revenue or the Royal Canadian Mounted Police has been entrusted with such an inquiry. But I have also heard the charge made in the house—certainly in Ottawa—that the national revenue people are living in ivory towers, remote from business, and do not know the practical problems of the businesses they are taxing.

Mr. Fleming: That is the government.

Mr. Sinclair: No, it is not the government. The government certainly is in touch with the people every four years. The fact that we are in touch with them is amply shown.

Mr. Macdonnell (Greenwood): This is a serious discussion.

Mr. Sinclair: The suggestion is that these people in the national revenue organization are bureaucrats in ivory towers, remote from business.

Mr. Ferguson: You are not in touch with the people; you touch the people.

Mr. Sinclair: Touch their hearts.

An hon. Member: Their pocketbooks.

Mr. Sinclair: But in the House of Commons the charge with respect to bureaucracy and

ivory towers has never been levelled against members of parliament. It has been levelled against people in departments, who are charged by some businessmen with being remote from business and with living in ivory towers, so that they are remote from practical business developments.

There is no doubt that under this section most of the inquiries again will be conducted by legal officers of the department. But this does give the minister authority, if need arises, to designate other persons who are qualified to conduct an inquiry. I would repeat that we have similar legislation in connection with the customs tariff.

Section agreed to.

On section 10—*Schedule I repealed and re-enacted.*

Mr. Knowles: Mr. Chairman, in what way do you wish us to deal with section 10 and with schedule I, which is referred to in section 10? My reason for asking is that I do not want to let the section pass, only to find that I am denied the right to discuss schedule I. What I would like would be the opportunity to deal with some of the paragraphs in schedule I. Perhaps you could tell us the manner in which you would like the discussion to be conducted.

Mr. Fleming: The point raised by the hon. member is one which has been giving me some difficulty. If we dispose of section 10 before taking the schedule, our rights in respect of the schedule may be severely curtailed by reason of the fact that an acceptance of section 10 would have the effect of enacting the schedule.

Schedule I is four pages in length. I would ask that you call this schedule along with section 10, and call the schedule paragraph by paragraph. I believe this would contribute to an orderly discussion, because there are sixteen paragraphs in the schedule. The discussion would be confused if we did not take them in order.

Mr. Abbott: I believe it would be appropriate to discuss section 10 and schedule I at the same time. It is understood of course that, while the schedule is long, it simply substitutes "twenty-five" for "fifteen". That is the only change it makes. There are no new articles.

Mr. Fleming: Yes, there are three other amendments.

Mr. Abbott: It adds electrical appliances.

Mr. Knowles: That is the whole point.

Mr. Abbott: Beyond that, however, the effect of the schedule is to increase the amount from 15 to 25 per cent.

[Mr. Sinclair.]

Mr. Fleming: And there is another amendment in paragraph 3 as well.

Mr. Abbott: That is a minor amendment, adding the words "or apartment" in the general definition of electrical appliances. However, that is not a substantial amendment.

Mr. Fleming: We had experiences on the resolution stage, which should make us seek to arrange orderly procedure and to take provisions or resolutions seriatim. I suggest there would be considerable confusion if the whole of schedule I were taken as one matter. I do urge that we would have a more logical, a clearer and, in the end, a briefer discussion if the paragraphs in schedule I were called seriatim.

Mr. Abbott: It is not as complicated as that. There are two issues involved, the first of which is the increase in rate from 15 to 25 per cent, and then the inclusion of the group of household appliances. It should not be difficult, when discussing the section, to refer to those two points. However, whatever the committee decides is the more orderly way of proceeding would be satisfactory.

Mr. Knowles: I think the minister is oversimplifying what schedule I does. He has said it does only two things, the first of which is to change 15 per cent to 25 per cent in some cases, and—

Mr. Abbott: And a reduction of candy to 15 per cent.

Mr. Knowles: The second one to which he referred was the 15 per cent on refrigerators, stoves and washing machines; and he now adds a third one. I would point out that the increase from 15 to 25 per cent refers to a number of different classes of goods. While it might be acceptable to increase from 15 to 25 per cent in some cases, it might not be in others. I do suggest that we should consider that we are on section 10 and schedule I conjointly, and that we should take up schedule I paragraph by paragraph.

Mr. Abbott: I suggest that we can only vote on section 10 as a single section. That is consistent with the stand I took when we were in the resolution stage. I am quite ready to agree to have the discussion take any form that is most convenient to the committee, but if we are going to stick to the rules we should vote on section 10 as section 10.

Mr. Knowles: We are not in committee of the whole on the resolution, we are in committee on the bill. When we are in committee on the bill we have the right to take the clauses one by one, to take up the schedule by itself, and then consider the preamble and the title. When you get to the schedule you find that it is not just one

long sentence strung together by commas and semicolons. This schedule is a series of separate paragraphs that are numbered separately and that end with periods. I submit that in discussing the schedule it is our right to discuss it section by section, although it is immaterial to me when we discuss it.

Mr. Abbott: Let us not get into another of these long procedural arguments that take so much time. Would it not be better to take the schedule first and discuss it and then come back to the section?

Mr. Knowles: That is all right if we take it section by section.

Mr. Abbott: My hon. friend is saying that the committee has the right to take it section by section and I have not quarrelled with his statement.

The Deputy Chairman: Perhaps we should allow section 10 to stand and then take up the schedule.

Some hon. Members: Agreed.

Section stands.

On schedule I.

On paragraph 1.

Mr. Fleming: I assume that apart from revenue one purpose of the minister is to channel the productive capacity of the automotive industry into war production. Can he tell the committee whether there has been any result created in that direction since he announced this particular tax in his budget?

Mr. Abbott: I am not too familiar with that. I know that in March sales of new motor vehicle units were by all standards at an all-time high, being somewhere around 49,000 units. In April the sales were slightly lower at 46,300 units. I have not the figures for May. I would not put the purpose of the tax in exactly the same terms used by my hon. friend, but it is a tax on an article which does compete with war industry, not only for labour but for steel and so on. The combined revenue and other effects made it seem desirable that this additional tax should be imposed. As I say, I have not the May figures to indicate what the result of the additional tax has been.

Mr. Fleming: Am I wrong in thinking that one purpose of this increase in the tax of 25 per cent was to reduce the manufacture and sale of motor cars?

Mr. Abbott: It was hoped that it might have some such effect because the consumption and production were quite high.

Paragraph agreed to.

Paragraph 2 agreed to.

On paragraph 3.

Mr. Fleming: Referring specifically to subparagraph (a) of this paragraph, can the minister tell the committee what is the content of the proposed amendment? It is now proposed that the definition of electrical appliances shall be broadened. Previously the definition adopted was in terms of those adapted to household use, but it is now to be household or apartment use. What are the particular electrical appliances which were not previously taxed under the general description of those adapted to household use which are now going to be taxed under the description of electrical appliances adapted to household or apartment use?

I am not going to embark upon a repetition of the whole discussion we have had on the subject of the application of the excise tax to these commodities. Those covered by paragraph (a) were previously subject to a 15 per cent tax, while those covered by paragraph (b) were hitherto not taxed. The general effect of the two paragraphs has been to single out the industry engaged in the manufacture of certain named electrical appliances for a special kind of tax. I think that is discriminatory.

I should like the minister to state why the electrical appliance industry has been singled out for this discriminatory tax. The proviso at the top of page seven indicates another discriminatory feature of the tax. It states that the tax shall apply only to that portion of the appliance designed for other than solid fuels. Certain appliances will be subject to the tax while other appliances, such as stoves using a different type of fuel, will not be subject to the tax. That is necessarily discriminatory. It brings us back to this question: If the minister does need revenue, why should a particular industry like this be singled out for a tax which is not general in application but which in its result is highly discriminatory?

Mr. Sinclair: As far as the first point raised by the hon. member for Eglinton is concerned, the addition of the words "or apartment" in paragraph (a) is made necessary because of the new paragraph (b). In paragraph (b) the words "appliances adapted to household or apartment use" are used. The easy phrase would be "domestic use". However, in many apartments the refrigerator system is made up of one compressor in the basement with a refrigerator unit in each apartment. Obviously such an appliance would not be covered by the word "household". It would not be covered by the words "domestic use." The expression was expanded

to "household or apartment use" in paragraph (b), and for the sake of uniformity the same expression was used in paragraph (a).

Then as to why this special tax should be imposed. There are two reasons for this. The minister gave the first reason when delivering his budget speech, and I also emphasized that when I spoke. The primary purpose is to raise revenue, to make possible our defence preparations and to provide the domestic services of the federal government.

There was a second purpose, as the minister indicated. These taxes were intended to have a counter-inflationary effect where there was an element of competition with defence industry. The hon. member for Eglinton mentioned the automobile industry, but if there is one industry where there is a high element of competition with our defence industry, it is the electrical industry. This is true not only with regard to the use of materials such as iron and steel, but particularly so in the case of copper. I used a striking illustration of the Anaconda Copper Company and the amount of copper necessary to construct a tank or a bomber as compared to the amount used in an ordinary kitchen. In this particular instance we have real competition both in materials and in the type of labour necessary to produce the many electronic devices used in war.

Then with regard to the exemption of appliances designed to use solid fuels, may I say that these were exempted during the last war. Coal or wood stoves are used generally in farming and outlying areas. We followed the same taxation policy in the last war, although with higher rates of taxation. In connection with these combination stoves we determine the electrical content of the stove as distinguished from what you would call the ordinary coal or wood part. We are now carrying out exactly the same provision today as we did when a similar tax was applied during the war. This action was explained at some considerable length during the resolution stage.

Mr. Fleming: There is one special point. In raising it I do not wish to distract attention from the main feature here which is the question whether there should be a tax on these articles at all. In both 3(a) and 3(b) we have a provision which opens in general terms and then follows with a detailed enumeration preceded by the abbreviation "viz.". I notice that section 3(a) reads:

Electrical appliances adapted to household or apartment use, viz. . . .

[Mr. Sinclair.]

Then follows the enumeration, chafing dishes, coffee makers, and so on. In 3(b) we have a similar expression. It reads:

Appliances adapted to household or apartment use, viz., stoves, hot plates, grills and other appliances . . .

I think there is a point of interpretation that ought to be cleared up at this stage. Does the Department of National Revenue propose to apply this schedule with this effect, that the enumeration is not necessarily exhaustive, but if they can find anything that falls within the definition of electrical appliances adapted to household or apartment use it becomes taxable even though it is not one of the particular articles singled out in the enumeration that follows? The same question arises in 3(b). If these articles are simply set out here for the purpose of illustration or example one would have expected the abbreviation "e.g.". I have not seen the French version of the bill. It may be that it will throw some light on the question. As I understand it, "viz." is an abbreviation of *videlicet*, and it has not the same meaning at all as "e.g." or *exempli gratia*. What is the interpretation that the department is going to place on this expression? In other words, are the governing words going to be the opening and general words or are they going to be the specific enumerations which follow the general words? I can well imagine that no matter how carefully the draftsman may have sought to set out a very detailed enumeration, he may not have covered everything in the way of electrical appliances concerning which an attempt may later be made to apply the tax.

I have now been handed the French version, and see that 3(a) reads as follows:

Appareils et matériel électriques adaptés à l'usage de maisons ou appartements, soit couvertures; chauffe-plat . . .

Similarly in 3(b) it reads, "soit cuisinières". After the general words we have the one word, "soit".

Mr. Sinclair: The intention is to carry on the practice of the department up until now, and that is indicated by the use of the word "soit" with these specific articles mentioned here. If they are not mentioned they are not going to be covered, with one exception. If the hon. member will look at 3(b) there is one fairly general class, "stoves, hot plates, grills and other appliances when adapted wholly or in part for cooking". If some new method of cooking were devised then it could be included under this one omnibus section, but otherwise the items specified are the items on which the tax will be collected, and items not specified will not be taxed.

Mr. Fleming: Is that a solemn assurance from the parliamentary assistant on behalf of the government that this section will not be applied to any electrical appliance adapted to household or apartment use unless that particular article is specified in the detailed enumeration that follows "viz."?

Mr. Sinclair: That has been the practice of the department, and that will continue to be the practice with the one exception of this blanket clause in 3(b) as far as cooking appliances are concerned.

Mr. Fleming: To what other cooking appliances could that particular clause apply other than stoves, hot plates, or grills when adapted wholly or in part for cooking and when designed for using other than solid fuels? What appliances could that refer to?

Mr. Sinclair: As an example of development, you will remember that four or five years ago they brought out these little electric portable roasters which actually they advertised as complete outfits for small apartments. That type of thing is an example of development that may take place. We may well have a similar development so far as cooking stoves are concerned, and it is to cover that. Aside from that, the practice of the department has been that the article must be specified. If it is specified here it is taxed. If it is not specified here, then there is no 25 per cent or 15 per cent excise tax.

Mr. Coldwell: What is the significance of the words "adapted to household or apartment use"? Does that mean that restaurants, hotels and so on will be exempt from this tax?

Mr. Abbott: Yes, the article is part of the cost of production.

Mr. Coldwell: You consider that to be like tools of the industry.

Mr. Abbott: That is right.

Mr. Coldwell: They would be exempt from taxation.

Mr. Abbott: Correct.

Mr. Knight: The hon. member for Eglinton attacked the tax from the point of view of the manufacturers of electrical appliances. I should like to go to the other end and say a word for the consumer. I am opposed to this tax to the degree that it militates against the introduction of labour-saving devices in the home. I want to say a word particularly about washing machines under 3(b). It refers to "washing machines operated by electric or other power". So far as the words "other power" are concerned, I am thinking about manpower, human power. Unfortunately it is not manpower. It is womanpower in a great many homes, and that is what I am thinking about. I am thinking of the wife in the farm home, or in the city or town home for that matter. It appears to me that this is a drive against the installation of modern labour-saving devices.

In the province of Saskatchewan, with a widely scattered population, we have had considerable success in the matter of electrification. It has been slow but we have made a start. Many women are looking forward to the day when they can have electric lights, and when they will not have to push that handle back and forth for an hour or two every time they wash.

Mr. Gibson: Use that $65 million for that.

Mr. Knight: I think the government should be encouraging rather than discouraging the installation of such devices. I think taxation on such articles will be a bitter disappointment to the people about whom I am most concerned. I can see no single justification for this particular tax unless it is on the ground of the amount of steel that will be saved for the country in what is considered by many to be an emergency. I do not think the amount of steel that will be saved on that one item is going to be very great in relationship to the vast quantity of steel that may be needed. I can see no justification for this tax. As long as a woman will push that handle all day long in the heat of a little kitchen in order to wash her clothes, it is quite all right, but let her go get her husband to hook up her washing machine to a little gasoline engine, or let her use the electrification to which they have been looking forward for years, and the government comes along and says: All right, if you want to instal that particular type of machine you will have to pay for it as if it were a luxury. I think the washing machine item should be deleted from this particular clause.

Mr. Thatcher: Yesterday or the day before the Canadian Manufacturers Association met in Montreal, and the president made a statement that I thought was at least significant. He stated that so far as these appliances were concerned the slack in consumer demand was not being taken up by armament orders from the government. Mr. Holding, who is the president, made this statement:

> Yet except for a few selected industries such as the manufacture of airplanes and railroad equipment, I have seen little evidence that rearmament

production will take up the slack in the employment of labour, plant and equipment which will be released by the curtailment in production of consumer goods.

So I am beginning to wonder. Obviously we do not have this tax for revenue; at least that is not its main purpose, in view of the surplus we had in the first month. It cannot be designed to conserve steel and other materials, because we are not using for defence production the steel and other materials we are saving by reducing the manufacture of consumer appliances. In the light of those facts exactly where do we stand? Is it still necessary? I would like the parliamentary assistant or the minister to tell me whether in recent weeks any manufacturers have made representations to the department that they are going to have unemployment in their industries if this provision is continued.

Mr. Sinclair: Getting back once again to the primary purpose, that purpose was to raise revenue. In his budget speech the minister drew attention to the amazing rate of spending which had developed in recent years in connection with these articles. The example which sticks in my mind is refrigerators. The 1950 sales were double those of 1949 and three times those of 1948. I put the figures for automobiles on record previously, and the minister has said that the March sales of new cars amounted to 49,000 units. Everyone forecast that there would be a collapse in sales after the budget. Very early in April the hon. member for Peterborough West predicted a total collapse in automobile sales once these tax changes went through. In spite of the anticipatory buying in March by people who normally would have waited until April or May, the sales in April amounted to 46,300 new cars, so that is not much evidence of a collapse. Exactly the same thing is true as far as these items are concerned. The hon. member asks if these increased taxes, and I suppose he would also include the credit restrictions, have resulted in unemployment. He also asks whether the steel, copper and other materials which have been made available by the reduced sales—though as far as the government can see the sales have not been reduced very much—have been turned to war purposes. Well, war purposes or no, there is no surplus of either steel or copper in this country today.

To reply to the hon. member for Saskatoon, on the budget resolutions, the hon. member for Peace River asked whether this other power meant manpower, and I said it did not. The case brought forward was that of a farmer in Saskatchewan who has been operating a hand washing machine. He has his farm electrified and wants to buy a little motor and hitch it up to the old washing machine. Well, the Department of National Revenue will not go to his farm and say, "Now you have an electric machine." But if he goes to the store and buys a new electric washing machine, of course he comes under this tax.

Mr. Knight: Anyone in his right senses knows that you cannot hitch electricity to an old hand type washing machine. If there is some genius on the farm you might be able to get gasoline power on that washer, but everyone knows that electrification involves the purchase of a new electrical machine. I think the parliamentary assistant is over-simplifying the case.

Mr. Sinclair: I certainly am not over-simplifying that case. I have a very large rural riding, too, to which electrification is coming, and I am always amazed at the ingenuity shown by the farmers and fishermen in adapting things from the old manual processes to electrification. However, that is a minor thing.

Mr. Knight: They could live in sod houses, too.

Mr. Fraser: The parliamentary assistant mentioned that I had spoken about cars and said they would be a drug on the market. I believe he will bear me out when I say that most manufacturers of cars in Canada have those cars out in fields by the hundred, unable to get rid of them, and every car dealer across the country has used cars he cannot sell.

Mr. Abbott: Both manufacturers and dealers have been doing very well for the last four or five years. There was perhaps some anticipation of possible tax increases before the budget was brought down, and there might have been some inclination to stimulate manufacturers to load up the dealers. I would not know too much about that, but I do not think the situation is very serious as yet as far as either the manufacturers or the dealers are concerned.

Mr. Knowles: A few moments ago the parliamentary assistant indicated to the hon. member for Rosetown-Biggar that a distinction is made between those appliances which are used domestically and the same appliances used in restaurants, hotels and so on. I should like to know whether for the distinction to be made it has to be a different type of stove or washing machine, or whether it is the case that a stove purchased for the home is subject to tax whereas the same stove purchased for a restaurant is not.

Mr. Sinclair: The normal practice for a restaurant certainly would not be to buy the

ordinary type of stove adapted to household or apartment use. They would buy a stove of a different size, much bigger, and adapted to restaurant or other commercial use. The same would apply to a refrigerator. If the stove is of a type adapted to household use, the ordinary small household electric stove, and it is bought for use in a restaurant the tax would apply, because it would be a stove adapted to household or apartment use. The stoves and refrigerators used by ordinary restaurants and hotels are very different in character from those used in homes.

Mr. Coldwell: In a good many modern apartment blocks they have Bendix washers which are operated by putting a quarter in the slot, or something of that sort. Would they come under this, since they would be adapted to apartment use? On the other hand within perhaps a block or two of the apartment you may have one of these washeterias, with the same type of machine also operated by putting a quarter in the slot. The apartment house owner put in the machines largely as a service to the occupants of the block, while of course the other people are running a business. Would there be a distinction between those identical machines, both operated by money in the slot but one placed in the basement of an apartment and the other in a building next door called a washeteria?

Mr. Sinclair: The tax is levied when the manufacturer sells to the wholesaler. He does not know where the washing machine is going, whether it is going into one of these small washeterias on the main street or into an apartment. In the apartment, of course, it is obviously adapted to apartment use, the same as the refrigerator. In the case of the small washeteria it is a washing machine adapted to household use, and it pays the sales and excise taxes when the manufacturer sells it to the wholesaler. On the other hand some people make much larger washing machines which are not adapted to household use but which are used by commercial laundries, and of course they are exempt from the excise tax.

Mr. Knowles: Then the test is not who finally purchases the article but the way it is constructed, or what it is adapted for?

Mr. Sinclair: Yes, what it is commonly used for.

Mr. Knowles: Does the parliamentary assistant not fear that in this tax he is discriminating against those people who like to eat at home?

Mr. Fraser: If a person had something go wrong with his refrigerator and had to buy a new freezing unit, would the 25 per cent tax apply?

Mr. Sinclair: If the hon. member will look at paragraph 3 (b), at the end he will see:

—and complete parts thereof including coils, condensing or compressor units, motors, cabinets, boxes, evaporators and expansion valves.

They are all subject to the tax.

The Deputy Chairman: Shall the paragraph carry?

Some hon. Members: Carried.

Some hon. Members: No.

Some hon. Members: On division.

Paragraph agreed to on division.

Paragraphs 4 to 7 inclusive agreed to.

On paragraph 8.

Mr. Fleming: This is the paragraph under which the excise tax is increased from 15 per cent to 25 per cent on trunks, suitcases, baggage and luggage of all kinds. Mr. Chairman, it is surely a great mistake to base any tax on the assumption that luggage of all kinds is necessarily a luxury. Even if additional revenue is required I believe we must have some regard, especially in times like this, to avoid increasing the cost of things that are necessities of life. In certain cases luggage is undoubtedly a necessity. Now, I would have been quite prepared to accept without question the necessity for a tax on some of the articles enumerated in paragraph 8, if some serious attempt had been made to distinguish between those that are of utility quality and those that are of luxury quality. There is no attempt of that kind made here at all. I wish to record my feeling that there is a grave injustice being done here to a particular industry, the leather goods industry, when there is not the slightest attempt made to distinguish between those forms of goods which are luxuries and those which are necessities.

Mr. Macdonnell (Greenwood): I should like to support what the member for Eglinton has said. I have always felt that in the case of the tax on leather goods, there is no rhyme or reason whatever. In a good many of the other cases I think I can see some reason, but here it seems to me there is a clear case for making a distinction. Presumably it would have to be made on the basis of cost or something of that kind, but no attempt has ever been made to do it.

Mr. Jones: I agree with the two previous speakers, but I think there is a distinction made here. There is a distinction made in the case of articles specially manufactured for a customer, and in that case it would be the better class of goods. If you are a wealthy individual and can afford to have something

specially made, you are exempt from taxation. But if it is a necessity and you have to go to an ordinary store to purchase it, you are subject to the tax. I believe the section is wrong.

Mr. Sinclair: The distinction is so reasonable. If a doctor wants to buy a little black bag for his instruments or a travelling salesman wants a bag specially made to hold his goods, then he comes within this section and the goods are exempt from taxation. The tax is progressive so far as income is concerned, too. For instance, take the old age pensioner who travels to see his daugther. He buys a small cardboard suitcase, for say three dollars, and the excise tax he pays in that cost is less than 75 cents. On the other hand a rich man who goes down to Florida from Toronto to escape Toronto's winter probably has pigskin cases costing $500, so he has to pay a heavy tax under the twenty-five per cent rate. This is a good example. The higher the income group in which you are, the fancier your luggage and the higher tax you pay because of the twenty-five per cent rate.

Mr. Jones: The words "manufactured expressly for" should be removed, because a young man starting in business cannot afford to have luggage specially manufactured. He has to purchase it on the open market. If the exception were for suitcases and briefcases used for business purposes, then I could see the point. When the words "manufactured expressly for" are used, that excludes the man who has to buy the cheaper type of travelling case and briefcase. The man who could well afford to pay the tax in this case is exempted.

Mr. Drew: This item should not pass with the explanation that has been given. It will pass, there is no doubt about that. But this explanation is just as specious as the explanation that was given for the tax on electrical equipment. On the one hand, we are told it is for revenue, and on the other hand we are told it is to cut production. No real facts have been given to demonstrate that either is the case. In this particular case the parliamentary assistant to the Minister of Finance has given one of those wholly specious illustrations about the rich man carrying the big leather case. As a matter of fact, he will probably find that those who are doing the kind of travelling he is talking about have adopted other kinds of cases.

In this particular instance the provision is not fair. Those who are in a position to get any of these things specially made are exempted, and those who are not must go in and buy the ordinary manufactured article on which the tax is imposed. This is certainly going to pass, according to the attitude that is being adopted; there is no doubt about it. We see the same attitude right down the line: Who is going to stop us? But let us not pass this item with the idea that we are accepting the kind of explanation that has been given.

Mr. Browne (St. John's West): I should like to support the previous speakers. Upon looking over the list it seems to me that purses, wallets, billfolds, key and card cases, dressing and toilet cases, shopping bags, golf and other sport bags, expressly manufactured for a customer, are the height of luxury and should be subject to tax.

Paragraph agreed to.

Paragraph 9 agreed to.

On paragraph 10.

Mr. Fleming: Mr. Chairman, when the minister seizes upon things like fountain pens to increase a tax that was already discriminatory and high, and to advance that tax from fifteen to twenty-five per cent, I think it is a further example of failing to take account of reality. Fountain pens are capable of being divided into those categories that may be regarded as luxuries and those that are strictly and unquestionably necessities. As for the latter type, surely no one is going to say that they are not a necessity of life. Why should they be singled out for a discriminatory tax? They were singled out previously for a fifteen per cent tax, so why should they be singled out again for another increase to twenty-five per cent when there has not been the slightest attempt to work out any statutory distinction between those that are a luxury on the one hand, and those that are strictly utility and necessary models.

Paragraph agreed to.

Paragraphs 11 to 13 inclusive agreed to.

On paragraph 14.

Mr. Knowles: Perhaps, Mr. Chairman, upon looking at the clock you will admit that it is six o'clock.

The Deputy Chairman: Perhaps with unanimous consent we might complete the bill. There are only three more paragraphs and the other schedule.

Mr. Knowles: There are three other sections, Mr. Chairman.

The Deputy Chairman: But one is schedule II, and the other withdraws a former schedule.

Mr. Abbott: Perhaps we might take a few minutes after nine o'clock to consider these sections, Mr. Chairman.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

MOTION FOR SECOND READINGS—SENATE BILLS

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bills Nos. 324 to 332.

Mr. Knowles: One at a time, please.

Mr. Speaker: I will call the bills one at a time.

MAVIS ELIZABETH THOMAS WRATHALL

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 324, for the relief of Mavis Elizabeth Thomas Wrathall.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there is just a word or two I want to say on Bill No. 324. The last time these bills were up I asked that this one stand because the evidence had not yet been received. That evidence has now come to our desks, and I have read the evidence in this case. I have not heard that anyone else in the House of Commons has read it, and I draw attention to that. I take it that silence gives consent to the statement I have just made. Here we are, a court of 262 judges to pass upon this case, and it appears that only one of us has read the evidence.

I find that in this case there is one boy of four years of age. I find also that the husband has not been supporting either the wife or boy for some considerable time. That is authenticated by a question and answer on page nine of the evidence which reads as follows:

By Hon. Mr. Golding:
Q. Has he given you anything by way of support?
A. No, not one cent.

Then, another question:

By Hon. Mr. Kinley:
Q. Who supports you now?
A. I do; I am living with my parents, my mother and father, and naturally there is no room and board. I don't need that. I do all sorts of things to raise money. I consider myself a professional baby sitter, for one thing; last year I earned about $300 doing that. And I sell subscriptions to magazines, and I do all kinds of things to earn money.

I quote that bit from the evidence to indicate the position that this woman is left in, having to support herself and her four-year-old boy.

As for granting the divorce itself, the evidence does seem to point to adultery on the part of the husband. This is a case of course where the evidence was obtained by two professional investigators, but it does seem to me to be authentic evidence. As one of the members of this House of Commons called upon to consider this case I feel that we have no option but to grant it, but I feel very very sorry there is nothing that we can do to require this man to assist in the support of his wife and his four-year-old son.

Motion agreed to and bill read the second time.

IDA COURLAND RUBIN FLESCH

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 325, for the relief of Ida Courland Rubin Flesch.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I point out in connection with this case that at least hon. members can have the satisfaction of knowing that no children are involved. The wife, who is the petitioner for this divorce, when questioned as to what led to the situation that in due course brought on the divorce, seemed to have put it down to heavy drinking on the part of the husband.

This is another case where the evidence was obtained and presented to the Senate committee by two professional investigators. As a matter of fact, they were the same two investigators who presented the evidence in the previous case, and there is considerable similarity in the evidence. It does seem to be valid evidence, and yet as one who has now read quite a number of these cases at this session I cannot help but draw attention to the similarity of the evidence case by case.

This is another one where I feel that as a group of 262 judges we have no option but to grant the divorce, but it is an unhappy duty that devolves upon us.

Motion agreed to and bill read the second time.

YVONNE WINIFRED KATHLEEN WALKER ANDREWS

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 326, for the relief of Yvonne Winifred Kathleen Walker Andrews.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it has been my hope that, since this job of dealing with this case and others devolves upon parliament, and parliament has not yet found it possible to agree to get cases like this out of parliament to a proper court, we in this house should each do his job. I would hope that others

besides some of us over in this corner who have been studying these cases might feel it part of their duty to take this evidence and look into these cases and ascertain whether or not some of them should be granted.

Here again there is a child. I find that the woman, who is the petitioner in this case, is in financially difficult circumstances. Indeed, that is the reason for the delay on her part in applying for the divorce. She and her husband have been living apart for a number of years. She first applied to the Senate for divorce back in 1947. It appears that at that time she did not have enough money to pay the necessary fees to proceed with her divorce in the other place, and so the case was laid over.

She and her child stay with her mother. She is making only about $20 a week. I am glad to note that in view of her financial circumstances the Senate reduced by $100 the amount of the fees which they charged her on this occasion. The Senate was also good enough to grant the divorce, at least in so far as the Senate is concerned, in this year of 1951 on the basis of an investigation that took place back in 1946. That is a bit unusual in the other place, but they recognized the poverty of the woman as the reason she had delayed going ahead with her case. Yet, despite the financial difficulties that she faces, despite the fact that she has now to support both herself and her child, here is another case where there is no support for her or her child from the husband and father. The Senate ascertained that information, but of course they were not in a position to do anything about it. Again, I note that the investigation made back in 1946 was by two professional investigators. They are not the same two who acted in the other cases we have considered thus far tonight, but their names do turn up in cases further down on the list.

I regret having to admit that this marriage seems to have been dissolved because of the action of the husband, and we have no option but to agree to the divorce. However, so far as we are concerned I am sorry there is no way in which the husband and father could be made to provide financial support for his wife and child.

Motion agreed to and bill read the second time.

ELIZABETH COCHRANE AITCHISON LALONDE

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 327, for the relief of Elizabeth Cochrane Aitchison Lalonde.

[Mr. Knowles.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I hope hon. members will note that I have been taking these cases as they come, one by one. I would ask them to note, too, how often I have to comment that there is a child or that there are children for whom no provision has been made by way of support by the father. I forget how many times I have said that in the cases we have dealt with thus far tonight; but it applies again in this case.

This woman has a little girl three years of age. During the hearing in the other place they obtained from the woman the information that there is no support for her or for the child from her husband. At pages 10 and 11 of the evidence I find this:

By the Deputy Chairman:
Q. Did you get support for the child?
A. No.
By Mr. Greenblatt:
Q. He did not give her any money, then?
A. No.

I would point out that this is a case where no detectives or private investigators were called in. It is refreshing to find that, when so many of these cases are handled by private investigators, and there is such a similarity in them. One feels there is a little more authenticity when that is not the case.

In connection with this divorce the woman, the petitioner, obtained the necessary evidence herself on an occasion when she went to the place her husband was staying, in an effort to get some money from him to help her pay the expenses of their child's illness. I cannot help taking a moment to point out to the house what we are called upon to do. We are called upon in this case to decide whether this marriage should be legally dissolved, and we have no power to do anything with respect to this other phase of the matter.

Here is a man who not only provides nothing by way of support for his wife and child when they are well, but who refuses to provide any help when the child is ill. It seems to me this whole business is completely unsatisfactory, and that we should not be dealing with cases of this kind at all. If we are going to deal with them, then I urge we do so with a proper sense of responsibility, that we do it thoroughly, as is done in connection with other bills coming before the house.

It is passing strange that tonight we have thus far called four separate bills dissolving four separate marriages, but thus far it seems that no one else in the house has taken the trouble to read the evidence so as to make up his mind as to whether or not these divorce cases should be accepted. I say in respect of this case that the evidence seems to be conclusive. It was obtained, not by a

detective but by the petitioner herself. She got it, not because she was seeking such evidence but because she called on her husband in an attempt to get money to help out during the time of illness of their child.

On the basis of the evidence I feel we have no option but to give this woman freedom from this man. However, it is too bad nothing can be done about the failure of the man to support his wife or their child.

Motion agreed to and bill read the second time.

VIOLET TAYLOR CAREY

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 328, for the relief of Violet Taylor Carey.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker—

An hon. Member: Again.

Mr. Knowles: I hear a few comments being made. Perhaps the senior member for Halifax (Mr. Dickey) would like to speak to this case.

Mr. Robinson: Mr. Speaker, as there is other business to come before the house, if I might have unanimous consent I should like to move, seconded by the hon. member for Welland (Mr. McMillan):

That the name of Mr. Knowles be substituted for that of Mr. Croll on the standing committee on miscellaneous private bills.

My reason for offering the motion, Mr. Speaker, is that in these circumstances the committee would then have the benefit of the learning and the undoubted time the hon. member for Winnipeg North Centre has spent on these bills. I feel that it would be much better to have that work done in the standing committee rather than in the House of Commons. I have made my motion, but I realize I must have consent.

Mr. Speaker: Has the hon. member unanimous consent?

Some hon. Members: No.

Mr. MacInnis: On a point of order, this is not the time to make a motion of that kind. There is a time for such motions when routine business is called. Then, I wonder if the hon. member who offers the motion has ascertained from the hon. member for Winnipeg North Centre (Mr. Knowles) whether he is willing to substitute?

Mr. Robinson: I can assure the hon. member that I have the consent of the other member to retire from the committee, so that the hon. member for Winnipeg North Centre can take his place.

Mr. MacInnis: The hon. member who has made the motion may think he is very clever, but he is not clever at all. He is dealing with a serious matter; and if he does not know how to deal with a serious matter he had better not try to be either frivolous or facetious about it.

Mr. Robinson: On a question of privilege, I assure the hon. member that I was neither frivolous nor facetious. But I do feel very strongly, as I think most hon. members feel, that we have been spending a great deal of the time of the entire house on matters that might be dealt with more expeditiously elsewhere.

As I said on a previous occasion, there are other matters to come before the house in these short hours between eight and nine o'clock on Tuesdays and Fridays. These matters should have the attention of the house, and I feel sure hon. members would want to give more time to them. I assure you, sir, that my motion was made in no spirit of levity, but merely to expedite the proceedings of the house.

Mr. Ferguson: We have listened to this bickering back and forth. The hon. member for Simcoe East has made a rather good suggestion; but it seems to me that, as a member of the party supporting the government, if he would spend as much time advising the government to stop this repetition and nonsense that goes on here, year in and year out, regarding the heart strings, sorrows and griefs of people in the Dominion of Canada, then we would have a cessation of this nonsense. If the hon. member for Simcoe East would spend some time in trying to get the government to solve this problem and avoid this nonsense that is brought here every year dealing with the sorrows of the people of Canada, he would do a lot to prevent these matters being handled in this manner.

Mr. Speaker: The motion which has been moved by the hon. member for Simcoe East (Mr. Robinson) can, as the hon. member for Vancouver East (Mr. MacInnis) has suggested, be put only with the unanimous consent of the house. As there is not unanimous consent, I cannot put the motion.

Mr. Knowles: Mr. Speaker, I believe we are on Bill No. 328?

Mr. Speaker: Yes, Bill 328.

Mr. Knowles: Although neither the hon. member for Simcoe East (Mr. Robinson) nor I know the two people involved in this case, if they have the right to come to parliament to ask for the passing of this bill then they have the right to expect that their bill will be considered an important piece of legislation. To suggest that we are wasting time on bills because we take two or three or four minutes

on one bill is I submit altogether lacking in perspective as to the importance of our duty in connection with private bills.

I have only a word or two to say with respect to this case. There is one adopted child in this family whose care the mother is undertaking. There seems to have been, according to the evidence, about three years of misconduct on the part of the husband and there seems no alternative but to approve the bill. But I question whether we are doing our job as responsibly as we should when so many members are not taking the time to give consideration to cases such as this.

Motion agreed to and bill read the second time.

JULIA SAYKALY HAJALY

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 329, for the relief of Julia Saykaly Hajaly.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I was waiting to see if anyone else had read this evidence and cared to speak about this case. I suggest that if hon. members are tired of hearing me speak—

Some hon. Members: Hear, hear.

Mr. Knowles: I notice there is pretty general support of that proposition. If they are tired of hearing me speak to these divorce cases they can avoid that by studying these cases themselves and bringing their observations to the attention of the house. I submit that that is the way for us to deal with matters of this kind, so long as parliament insists on handling divorce cases, which I hope will not be much longer.

The two people involved in Bill No. 329 have one son five years of age. I want to say that it is to the credit of the Senate committee that in almost every instance, as far as I have read these cases, where there are children involved the Senate committee makes inquiry as to what is happening to them even though they may not be able to do anything about it. I have searched this evidence and to my amazement they do not seem to have asked any questions at all as to how this woman is financially situated or as to whether or not she is able to care for this child.

There is one other comment I want to make on the evidence given in this case. On other occasions when we have been discussing these matters some of my colleagues have been criticized, the hon. member for Saskatoon (Mr. Knight) in particular, for intimating that some of this business is done professionally. On one occasion the hon. member for Saskatoon objected that the name of the co-respondent was not given.

[Mr. Knowles.]

What he had in mind was that apparently the co-respondent is the same person in different cases. I am not going to read this evidence but I shall paraphrase it. I gave the undertaking some time ago that I would not put on the pages of *Hansard* any of the sordid parts of the testimony.

When the investigator in this case was asked whether he had actually seen the woman co-respondent his answer was that he had seen her several times.

Mr. Hunter: Mr. Speaker, I rise on a point of order. I believe the hon. member is performing a great service because he is opening up something that is quite important, that is that we have been passing these bills very casually. However, I do not like to see him spending time on matters which perhaps are not within the jurisdiction of this parliament. For instance, it has always been considered that property and civil rights are within the jurisdiction of the provinces and actions for alimony or maintenance and for the custody of children are therefore distinctly within the powers of a province and governed by provincial law.

Similarly, I think it should be pointed out to the hon. member that this parliament has the right to grant a divorce to any person for any cause whatsoever or for no cause. It has been the custom of this parliament to grant divorces only for acts of infidelity, but that does not mean that parliament cannot grant a divorce for any conceivable reason or for no reason whatsoever. When we talk about whether there are children concerned in an action I suggest, and I suggest it very seriously, that that has nothing to do with the matter. That would have nothing to do with this particular divorce bill. If the Senate committee on divorce decides to go into the question of whether there are children or not, that has nothing to do with the bill that comes forward. I suggest that any evidence as to whether there are children concerned is distinctly out of order.

I suggest also that any criticism or implied criticism as to the casualness with which the Senate committee have dealt with this matter is distinctly out of order because the Senate can grant a divorce on any conceivable grounds, just as this honourable house can.

Mr. Knowles: Speaking to the point of order that has been raised by the hon. member for Parkdale (Mr. Hunter), I wish to say that I agree thoroughly with some of the views he has expressed. I think he is stating the position correctly when he points out that, whatever may be the divorce laws of a province, parliament has it within its power to grant a divorce on any ground whatsoever,

but the hon. member is also correct when he says that in 999 cases out of 1,000 the divorces granted by parliament are on the ground of infidelity.

The hon. member is also correct when he says that we have no authority over property and civil rights and therefore have no power to obligate people, at least in so far as divorce is concerned, to take steps with respect to children.

The point I wish to make now is the same point that I have made on other occasions and with which, I think, Your Honour has agreed. Since we are being called upon in this House of Commons to decide whether Mr. and Mrs. A. shall be divorced, surely we have the right to get information which I feel, or which the hon. member for Parkdale or anyone else feels, is pertinent to the question and which should be known before any one of us makes up his mind whether to grant a divorce. It is on that basis that I have stuck to the matters referring to the individual cases that come before us.

There was a time when on second reading of divorce bills some hon. members debated the broad principle of divorce but Your Honour has ruled that when we are on these divorce bills we must stick to the particular case before us. I accept your ruling. We are now dealing with the question of whether or not Bill No. 329 should pass. I think before Bill No. 329 passes we have the right to consider anything relating to Bill No. 329 which any one of us feels is pertinent to the question as to whether or not this divorce should be granted.

As I was pointing out when the hon. member for Parkdale intervened, one fact that appears to be evident in this case is that the detective admitted that he had seen the face of the co-respondent on several different occasions. I shall say no more about this case. That carries with it an implication that I think is very clear, and it raises a question as to whether we should not look into the whole business of the way that we grant these divorces.

Motion agreed to and bill read the second time.

DORIS AUCLAIR GINGRAS

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 330, for the relief of Doris Auclair Gingras.

Mr. Speaker: Order. The hon. member for Parkdale (Mr. Hunter) raised a point of order, and the point of order is without doubt well taken. It is generally agreed that this house has no control over the question of property and civil rights, and therefore has no power to make any decree as to whether or not children should be supported. I doubt, however, if I can go so far as to prevent an hon. member from referring in the evidence to the fact that there are or are not children. On second reading of a bill I think an hon. member can refer to the circumstances surrounding the case. I do not think an hon. member should argue that because there are or are not children the divorce should or should not be granted, but I could not disallow a reference to the fact as to whether there are children.

May I also point out that in accepting the principle of a private bill the house does not, as in a public bill, accept the principle unconditionally. The principle of a private bill is accepted subject to the facts being proved before the committee to which the bill is referred. In that way there is a distinct difference between the approval of the principle of a private bill and the approval of the principle of a public bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there are two or three points with respect to Bill No. 330 that I should like to draw to the attention of hon. members. I am prepared to agree to this divorce although I am unhappy about it. I imagine, however, there are some hon. members who, if they had read the evidence in this case, would say that we should not grant this divorce. I point out that the husband and wife involved in Bill No. 330 lived together until as recently as February of this year. I point out also that the two children of the family, boys of fourteen and eight years of age, are in a boarding school, and that the father is supporting them. Therefore there is no problem so far as support of the children is concerned in this case, although it is a case where a home is being broken up, and I for one cannot help but take note of that. Even though adultery may be proved, I cannot help but take note of the fact that not only are we consenting to the breaking up of the married life of two people but we are depriving these two boys of the chance for a normal home. There is one other matter about this case that I should like hon. members to know. At page 12 of the evidence, when one of the detectives is appearing before the Senate committee, he gives his evidence as to how he got into a certain room in order to pick up the necessary evidence. He said that the man in the case got a bit excited and the detective tried to calm him down by using these words:

> Don't get excited, or I will bring your wife, who is downstairs, up.

Then the detective goes on to say: "We were only bluffing; she was not downstairs".

That is not the first time I have run across that kind of evidence in these cases. Not being a lawyer and not knowing precisely how these things are done, it makes me wonder what is the standard for the credibility of a witness when he admits on the witness stand that in order to get his evidence he said things that were not true.

Motion agreed to and bill read the second time.

GEORGES PAQUIN

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 331, for the relief of Georges Paquin.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I will take only a minute on this case although it is one which I wish the hon. member for Inverness-Richmond (Mr. Carroll), or some other member, had taken the time to read and study. It is a contested case and the man is the petitioner. They have seven children. Counsel for the wife, the respondent, at page 31 of the evidence was asked the following question:

Hon. Mr. Horner: Do you think there is any hope of bringing this couple back together, to live as man and wife in peace?

The answer of counsel was: "I think so." As I say, it is a contested case. I think perhaps I will say no more except to express the hope that when this case is before the standing committee on miscellaneous private bills particular attention will be given to it.

Motion agreed to and bill read the second time.

MARION AGNES KELSCH CLEGHORN

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 332, for the relief of Marion Agnes Kelsch Cleghorn.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask that Bill No. 332 stand. I do so for two reasons. The first is that I happen to know it is being contested. The second is that the evidence in this case has not yet reached us. Therefore I would ask that it stand.

Some hon. Members: No.

Mr. Knowles: Yes.

Mr. Speaker: If the evidence has not been distributed I do not see how we can proceed with the bill. Bill No. 332 will stand.

BAPTIST UNION OF WESTERN CANADA

Mr. F. E. Lennard (for Mr. Diefenbaker) moved the second reading of Bill No. 336, to incorporate the Baptist Union of Western Canada.

Some hon. Members: Explain.

[Mr. Knowles.]

Mr. Lennard: Mr. Speaker, Bill No. 336, an act to incorporate the Baptist Union of Western Canada, is in the same form as other bills of a similar nature that have been presented to this house in the past. So far as the terms are concerned, they are the same as for all incorporations of church organizations, and all of them have been in previous incorporations. The United Church was incorporated, the Pentecostal Evangelical organization was incorporated, and many others are in the same position. The petition was filed because the Baptist Union of Western Canada at present operates under four separate charters in the western provinces. These are referred to in section 1 of the bill, three of them being by special act and one being under a limited licence.

It has been felt for some time by the officials of the union that it would be easier to carry on their business if it could be done under one act applicable to the provinces where the work of the union is being carried on. In addition, the union has now extended its work into the Yukon and the Northwest Territories. It is felt that, by having one incorporation and having the head office in Edmonton, they can carry on their work to far better advantage. I recommend the bill to the house.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SECOND READING—SENATE BILL

Bill No. 337, to incorporate the Ukrainian Catholic Episcopal Corporation of Saskatchewan.—Mr. Knight.

MARIE LAURE JACQUELINE PATENAUDE RACINE

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 339, for the relief of Marie Laure Jacqueline Patenaude Racine.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I was hesitating again for a moment, hoping someone else had decided to read these cases.

An hon. Member: Not a chance.

Mr. Knowles: I hear an hon. member say "not a chance" and a while ago hon. members opposite wanted us to go ahead with a case in which we had not even received the evidence. I submit we are not doing a job when we do it that way. In this case there are two children, aged 15 and 14. They are in the care of the mother, who is the petitioner. There seems to be no option but to agree to the divorce, but it does seem most unfortunate to have to break up a home, particularly with children of that age.

Motion agreed to and bill read the second time.

MURIEL EDNA GLASS FRYER

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 340, for the relief of Muriel Edna Glass Fryer.

Mr. Stanley Knowles (Winnipeg North Centre): I am able to point out to the house, Mr. Speaker, that this couple had no children. I can also say this is another case in which no detectives were employed; the evidence was obtained by the petitioner and her brother.

Motion agreed to and bill read the second time.

EMMA LARONDE BELL

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 341, for the relief of Emma Laronde Bell, sometimes known as Emma DeLaronde Bell.

Mr. Stanley Knowles (Winnipeg North Centre): This case seems most unfortunate. This couple were married 28 years ago. Their son is now 25 years of age, so we do not have to concern ourselves about children here. However, though they were married 28 years ago, the husband has been living apart from his wife, and indeed living with another woman, for the past 17 years. Again I point out that no detectives were engaged in this case, that the evidence as to the man living with this other woman was supplied by a man and wife who lived near them, more particularly at a summer resort. It is an unhappy situation, but apparently the adultery was established and since it is our practice to grant divorces on that basis there seems nothing to do but to agree to this bill.

Motion agreed to and bill read the second time.

BIRUTE ELENA VAITKUNAITE AKSTINAS

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 342, for the relief of Birute Elena Vaitkunaite Akstinas.

Mr. Stanley Knowles (Winnipeg North Centre): I just point out, Mr. Speaker, that we are back again to the same detectives who appeared in two or three of the other cases we have dealt with tonight, and who provided the evidence in this case. I also point out that there is one child.

Motion agreed to and bill read the second time.

GEORGE KEITH HENDERSON

Mr. David A. Croll (for Mr. Winkler) moved the second reading of Bill No. 343, for the relief of George Keith Henderson.

Border Pipeline Corporation

Mr. Stanley Knowles (Winnipeg North Centre): I ask that this motion stand for one of the reasons I gave in the case of Bill No. 332. The evidence in connection with this bill has not yet come to our desks.

Mr. Speaker: Stands.

BORDER PIPELINE CORPORATION

The house resumed from Friday, May 25, consideration of the motion of Mr. Robinson, for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation, and the proposed amendment thereto of Mr. Herridge.

Mr. O. L. Jones (Yale): When this bill was under consideration previously I moved the adjournment of the debate. At that time I spoke in favour of the amendment, and I am going to repeat my reason for doing so. We in British Columbia, and by that I mean practically 95 per cent of the people of that province, have taken the stand that these pipe lines should pass through Canada. This particular company has not seen fit to incorporate in the bill a clause to that effect, and through the amendment we are seeking to have that provision inserted. I am sure if the sponsor of the bill would agree to incorporate a clause under which this pipe line would serve Canadian cities first, any objection on my part would be withdrawn immediately.

I pointed out also that we are now faced with a greater need than ever before to consider the conservation of our natural resources. Already in the United States, through lack of any sound conservation policy, they find themselves running out of many raw materials for which they are now looking to Canada. Unless we have a policy, and unless we check what is taking place, we also will find ourselves in the unhappy position the United States is in, having to come to Canada for pulpwood and other raw materials. So I advocate that as part of that conservation policy the government should step in right now and support the conservation of our gas and oil in Alberta. I feel that this would pay dividends, for the amount paid for our raw materials, whether they be ore, timber, oil or gas, by our neighbour to the south is very small compared to the value of those materials if processed in Canada. In addition, this cheap power we are going to provide the United States will assist our greatest competitor to become even more competitive, which naturally will react unfavourably upon our own industry. I strongly feel that we should process our own raw materials instead of exporting them at nominal prices. Already we have a top-heavy balance of trade in favour of the United

States, and that balance will be further intensified if we do not follow a policy of conservation.

I am not opposed to the United States obtaining some of our surplus gas, but I am opposed to that country having the first chance to use that gas. If we should run short, or if the expected amount should not be available, then Vancouver and other Canadian points would get none at all. There is no suggestion by those sponsoring this bill that they intend to serve any other Canadian point but Vancouver. As far as British Columbia is concerned Vancouver is just one point. We have a vast interior thirsting for this power and just as anxious to have it as Vancouver. I mention Vancouver because under this charter it is the only point in Canada this company intends to serve. I have already indicated the vast resources of the hinterland, the type of people living there, the climate we enjoy, and the new era that will dawn if we are given this power to develop our resources. I do not intend to stand idly by and watch this particular resource be sabotaged from under our feet. At least we can register our protest.

The main argument advanced by these companies for going through the United States is the lack of markets on the Canadian route. On checking a map of the route proposed in this case I find that in going through the United States it would serve only Spokane before reaching the Pacific coast. Calgary could be served by a short line at any time, and I believe a short pipe line serving Calgary would be a very profitable undertaking.

Mr. Robinson: I must admit that I am not very familiar with the geography of British Columbia, but am I not correct in saying that this pipe line will pass through the Kootenay district, one of the greatest industrial areas of the province?

Mr. Jones: You should know; you are sponsoring the bill. My answer would be no.

Mr. Robinson: Is not the Kootenay district a great industrial area?

Mr. Jones: No, Kingsgate. I am referring to the Okanagan valley, the Fraser valley and Kamloops, all those towns in the interior. This line will not go through the Trail area. It will go close to it, and probably will be piped in; I do not know. It is intended to go through Kingsgate, which takes it directly to Spokane.

The rail transportation costs for oil, for instance, from central Alberta to Calgary, a matter of 200 miles, is 65 to 68 cents per barrel. The Interprovincial Pipe Line carrying oil 1,150 miles to the great lakes carries it for 56 cents per barrel. I claim, therefore, that the loss of the Spokane consumers to the pipe-line company would be recovered by the gross of the British Columbia interior towns, particularly the valleys I mentioned and the communities that occupy those valleys. Furthermore, the towns of Nelson and Trail, and this big consumer to whom I referred, the Consolidated Smelters, could be served if the pipe line followed the route through southern British Columbia instead of going through the United States.

It seems to me we are entirely overlooking the potential value of the pipe line as a developing influence in our country's economy. We have stressed the importance of the money to be made by the sale of gas and oil, and not the wealth that can be made by utilizing that gas and oil in our own country to increase our own production. The government has been asking for more production, but will not channel the power to sources that could provide this extra production. I believe that the pipe line should be built, owned and operated by the government, but unfortunately that point has been settled. I believe it should be run as the Canadian National is run, and by the same company. It could have been added as another form of transportation to the already operating transportation system. Whether it is a railway, the T.C.A. or a pipe line should make no difference.

Since a pipe line is the only feasible means of transporting gas or oil to the Pacific coast, and possibly only one pipe line will be built, it follows that the company building the line will have a complete monopoly. This means that they will control not only the line but also the price to be paid by the consumer for the product. In the United States, where a similar condition existed, they have passed a law to remedy this condition. I should like to quote from the work of Mr. Sharfman, the interstate commerce commission, 1931, part II, at page 59:

"The acquisition of a practical pipe-line monopoly by the Standard Oil Company, together with the unfair methods pursued by that corporation in order to maintain its monopolistic position, led to the inclusion of pipe lines among the carriers subject to the commission's jurisdiction. Although the commission was clothed with authority, in general terms, over any additional transportation agency, the extension of jurisdiction was largely aimed against the abuses of monopolistic power in the petroleum industry rather than against the free operation of pipe lines as such. By 1906 the commission possessed adequate power to remove the flagrant railroad discriminations of which the Standard Oil Company had been one of the most notorious beneficiaries; the added control over pipe lines was designed to eliminate another potent

source of abuse which sprang from that company's dominant ownership of essential transportation facilities."

By the Natural Gas Act, 1938, it is provided that all rates and charges made, demanded or received by any natural gas company for the transportation or sale of natural gas, must be just and reasonable, and any rate which is not just and reasonable is declared to be unlawful (section 4 (a)). Discrimination is expressly prohibited, it being provided that no natural gas company may "make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage." Unreasonable differences in rates, charges, services, facilities, and in other respects between localities or classes of services are prohibited (section 4 (b)). The act provides for the fixing of rates by the federal power commission according to fair and equitable principles (section 5 (a)). It may act upon its own motion, or upon application of any interested persons, including state commissions which may be of opinion that rates or conditions in particular instances are discriminatory or unfair. By this machinery, gas pipe lines falling within the term "interstate commerce" are controllable.

At present there is no corresponding act in operation in Canada. I would urge that the government, for the protection of consumers, study this act with a view to incorporating it in our own laws. Naturally, I am concerned over the fact one company is going to obtain a charter to build the pipe line, although there are many applicants at present. I would suggest that the government should give consideration now to passing laws to protect the consuming public against any tendency on the part of such a company to exercise the monopoly it would have to the detriment of the people of my province. Naturally, the price would be based on the principle of what the market would bear. I consider this company, like the others who have applied for a charter, has evinced a desire for quick profit, and has put that above the interests of the Canadian people. I make no apology, therefore, when I place the interests of my own riding and my own province before the welfare of any particular company. I not only do so, but I would ask the members on the other side who are shouting, the members from the other provinces, to see the point the members from British Columbia are trying to place before you, that we are trying to build our own province now before it is too late. In a year's time it will be too late. We shall see the state of Washington going ahead and will realize what could have happened in British Columbia.

When I speak on this bill I want you to understand that I have nothing against the company, nothing against the directors, and nothing against the sponsor of the bill. I merely object to a bill being passed by a vast majority of people who do not know the conditions, and which would react to the detriment of the people I am representing.

On motion of Mr. Jones the debate was adjourned.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

EXCISE TAX ACT

The house resumed consideration in committee of Bill No. 294, to amend the Excise Tax Act—Mr. Abbott—Mr. Beaudoin in the chair.

On paragraph 14.

Mr. Knowles: Mr. Chairman, at six o'clock I asked that we defer discussion of this paragraph 14. My question really relates to the wording of the paragraph. I should like to know whether the word "except" in line two governs all the rest of the paragraph? It reads:

Clocks and watches adapted to household or personal use, except railway men's watches, and those specially designed for the use of the blind, and alarm clocks where the sale price by the Canadian manufacturer or the duty-paid value of those imported does not exceed ten dollars.

Now, are alarm clocks, which after all are no luxury, subject to the 25 per cent tax or are they excepted from it?

Mr. Sinclair: No; if their selling price is less than $10. If it is more than $10 it is subject. The ordinary cheap alarm clock is not subject to this excise tax. "Except" applies to all exceptions. It reads:

Except railway men's watches, and those specially designed for the use of the blind, and alarm clocks where the sale price by the Canadian manufacturer or the duty paid value of those imported does not exceed $10.

Mr. Knowles: That is the clear intention?

Mr. Sinclair: It is not only the intention, it is the practice. The only change here is changing from 15 per cent to 25 per cent. We are not making any change in the body of the description.

Mr. Gibson: Are railwaymen's watches subject to sales tax?

Mr. Sinclair: Yes.

Mr. Fleming: This raises precisely the same question we had in respect to earlier paragraphs in the schedule, and the issue arises here all the more clearly because of the exception that is made of alarm clocks costing less than $10 on the theory, presumably, that they are not luxuries, and that they are necessities so long as they do not run over $10. What about the cheaper forms of watches? Surely to goodness the same reasoning should apply to them. If there are grounds for excepting alarm clocks which are priced not over $10, then certainly by the

same kind of reasoning there ought to be an exception made of clocks and watches which are not expensive. I am waiting, Mr. Chairman, to hear some explanation of this discriminatory tax provision. We have had numerous examples already today, but it seems to me this one is presented by the language of paragraph 14 (a) in very acute form.

Mr. Sinclair: This exemption goes back actually to war taxation when we put on a 25 per cent retail tax on exactly the same items, and the cry was raised in the house and across the country: You are actually impeding defence in that you tax the cheap alarm clock that has got the workers up at three in the morning or at seven in the morning or at eleven at night, on the graveyard shift, and the women workers too. Quite a plea was made in this house, and quite a plea was made outside that cheap alarm clocks which were so essential to rouse the defence workers were an essential part of our defence industry. Because of that an exception was made, which again brings home to me the difficulty of making any exceptions in these tax rules, because the moment you make an exception, then the opposition beats you over the head and says everything else is discriminatory because you have made this exception. This exception dates back to the day when we had a 25 per cent retail tax, and actually dates back to war itself.

The body of the paragraph has been carried along with first of all the 25 per cent retail tax which then dropped down to the 10 per cent excise tax and now lifted to 25 per cent excise tax.

Mr. Fleming:. As far as I am concerned, the parliamentary assistant does not need to defend the exemption in favour of alarm clocks not over $10 in value. But what we have not heard from the parliamentary assistant is a defence of a tax on clocks and watches of the less expensive variety. What justification can there be for imposing a tax like this on all clocks and watches of lower value, and bringing that tax up from 15 per cent to 25 per cent, to make matters worse?

Mr. Ferguson: The people of the country will be very glad to know that by beating the government on the head the opposition has put some reason in it. On one point at least they are being reasonable on the tax situation after being constantly beaten on the head by the opposition.

Mr. Hodgson: I think the minister should reconsider the imposition of a tax on cheap watches because today many labouring men cannot afford an expensive watch. In addition to that, these cheap watches will stand more rough usage and wear than the expensive watch.

Mr. Fraser: In the part of the paragraph which reads, "or the duty paid value of those imported does not exceed $10", does that duty paid value include the import cost of the watch plus the duty?

Mr. Sinclair: Yes, that is right.

Mr. Fraser: It would be plus the duty.

Mr. Sinclair: Yes.

Mr. Fraser: That is only where it would be paid by the Canadian manufacturer?

Mr. Sinclair: Yes, that is right.

Mr. Macdonnell (Greenwood): The hon. member for Queens points out that what is going to happen is that everybody will be forced to carry an alarm clock. I really feel that the parliamentary assistant must give us some other reason than what was done during the war. After all, are we going to say that everything that was done during the war has to be continued for all eternity? Surely some reasonableness can enter even into questions of taxation. We have not had any yet on this particular item.

Mr. Sinclair: The obvious way to make it reasonable would be to put these alarm clocks back under the same item. Then everybody would be covered.

Some hon. Members: No.

Mr. Sinclair: As I recall it, the hon. member for Peterborough West raised this very question. The moment we give an exception such as this, then everybody else comes screaming that this is unfair to the other groups, which of course shows one reason why perhaps the department should be very reluctant to give these special concessions. But once again the change here is not a change in the body of the description that is here. The only change in this section is to change the tax from 10 per cent to 25 per cent.

Mr. Ferguson: If this government had done things during the war that it should have done it would not be necessary to do them now. Here it is six years after the war and they are doing things that they should have done during the war.

Mr. Fraser: When we were talking about alarm clocks some few years ago, I pointed out to the government that it was to their advantage, to the government's advantage, to make alarm clocks free of this excise tax because the workingman had to have an alarm clock to wake him up in the morning

so that he could earn his wage to pay income tax to the government to make the wheels go round. It was a concession, but it was to the government's advantage to exempt alarm clocks.

Mr. Ferguson: It takes alarm clocks to wake this government up.

Mr. Fraser: It would take a cannon to do that.

Mr. Fleming: I think there is more than passing significance in the last remark made by the parliamentary assistant. He says that "the moment we give an exemption then somebody else wants another exemption", which he concludes is the reason for not giving exemptions. I must say, Mr. Chairman, that these exemptions are not given by the government. Such exemptions as exist in the law of this land are such as are written by parliament. Surely parliament in studying what shall be taxed and what shall be exempt is entitled to proceed reasonably. When a proposal of this kind is made, surely the House of Commons is entitled to have some explanation as to why this particular commodity, namely, clocks and watches—and we are speaking of those of lower value—should be taxed.

All that we have had so far by way of any attempt at justifying the tax of 25 per cent on clocks and watches of lower values, so far as the parliamentary assistant is concerned, is just this, that an exemption was made in favour of alarm clocks during the war, and the general rule should be that all clocks and watches should be taxed. I say, Mr. Chairman, that all clocks and watches should not be taxed.

If the Minister of Finance will make out a case for the need of increased revenue, anything that can be classed as a luxury will, in the view of practically every member in this House of Commons, be a proper subject for the application of an excise tax. But, Mr. Chairman, that is no excuse whatever either for continuing the 15 per cent tax or increasing to 25 per cent an excise tax on clocks and watches when we are having regard to those of an inexpensive nature which are used by people who cannot afford more expensive watches. What the minister in effect is doing at this time, without even attempting to take the trouble to justify it before the house, is to soak those who must purchase these inexpensive watches with a 25 per cent tax. We know that it is a tax at the source, and by the time the article reaches the consumer the tax will be something like 50 per cent that he will be paying.

The Deputy Chairman: Shall the paragraph carry?

Mr. Fleming: No; surely we are entitled to a reply.

The Deputy Chairman: Hon. members in favour of the paragraph will say yea.

Some hon. Members: Yea.

Mr. Macdonnell (Greenwood): It does not carry, Mr. Chairman. I am still interested in it, because I say we are entitled to something more by way of explanation. I can understand that railwaymen's watches are excepted because, after all, the watch is a necessary part of a railwayman's equipment, just as alarm clocks are a necessary part of one's equipment to get up in the morning—although I am not so confident about the last item.

There must be other people in large numbers to whom a cheap watch is as important for their own personal use, as is the watch of the railwayman. I think we are left here without a proper explanation, except that it was done in wartime. Well, I could make a list of things which were done in wartime, which I am sure the minister and his assistant would back away from now.

Mr. Abbott: The explanation has been given a great many times, but I suppose there is no harm in my repeating it. In this schedule of the Excise Tax Act which we are now considering are grouped a number of items which are not necessarily luxuries, but which are less essential. The people who purchase those articles are taxed. In the past they have been taxed at 15 per cent, and they will now be taxed at 25 per cent.

As I have said time and again, the problem is to spread this burden among the people of Canada as fairly and equitably as we can, because they are the people who must pay it. One may differ as to whether this accomplishes our purpose. But this particular group of articles has been in the Excise Tax Act for a number of years. This year, as I explained in my budget speech, we decided to increase the rate from 15 per cent to 25 per cent. I can give no other explanation; it has been given time and again.

The Deputy Chairman: Shall the paragraph carry?

Mr. Fleming: No.

The Deputy Chairman: Those in favour?

Some hon. Members: Yea.

The Deputy Chairman: Those opposed?

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the yeas have it, and I declare the paragraph carried.

Mr. Fleming: On division.

Paragraph agreed to on division.

Paragraph 15 agreed to.

On paragraph 16.

Mr. Fleming: Mr. Chairman, I wish to say again on this item that while I am sure hon. members are glad to see this reduction from 30 per cent to 15 per cent, the reduction does not go far enough. The minister gave reasons in his budget speech for reducing from 30 to 15 per cent this tax on candy, chocolate, chewing gum and confectionery. He was obliged to point out at that time that by singling out this particular industry for a 30 per cent tax, which was imposed last September, great harm had been done the industry. The tax had been discriminatory. The reasons which have led the minister to propose a reduction from 30 per cent to 15 per cent in the tax, both in logic and in common sense must carry him inevitably to the conclusion that that tax ought to be done away with altogether.

The experiences in that industry have been dwelt upon in the house. I gave figures in an earlier debate as to the cost of production it was facing, even at the time the minister chose it for that heavy and discriminatory tax last September. The result has been a very serious loss of business in that industry in the interval.

I hope no hon. member will leap to the conclusion that by reducing this tax from 30 per cent to 15 per cent the minister will put the industry in a satisfactory condition, or restore the condition it was in before the 30 per cent tax was imposed last September. The fact of the matter is that production costs have continued to rise in that interval and, with respect to almost all the ingredients of the articles set out in paragraph 16 of schedule I, the cost of production has been rising, and represents a serious problem to those engaged in the industry, whether employer or employee. Production has fallen, and employment has fallen drastically in the industry.

I again urge, as I did at the resolution stage, that, having seen the error he committed in September last when he imposed the tax, the minister should go the full way to repair so far as he can the damage he did at that time to the industry, and eliminate this discriminatory tax entirely.

The Deputy Chairman: Shall paragraph 16 carry?

Mr. Fleming: On division.

Paragraph agreed to on division.

[The Deputy Chairman.]

Schedule I agreed to.

Section 10 agreed to.

On section 11—*Schedule II repealed and re-enacted.*

The Deputy Chairman: Shall we consider schedule II along with section 11?

Some hon. Members: Carried.

Schedule II agreed to.

Section 11 agreed to.

On section 12—*Schedule III amended.*

Mr. Sinclair: I have a minor amendment to offer to section 12, which varies exemptions so far as the sales tax is concerned.

Mr. Fournier (Hull): I move:

That schedule III be amended by adding thereto under the heading "Miscellaneous" the following:

"Articles and materials purchased or imported by a government of a country designated by the governor in council under Customs Tariff item 708, or purchased or imported by a Canadian government agency on behalf of such a government, for the construction, maintenance or operation of military or defence establishments in Canada and not intended for resale, gift or other disposition except as may be authorized by the Minister of National Revenue."

Mr. Sinclair: It will be recalled that in the Customs Tariff bill there was provision for British commonwealth and designated countries under the North Atlantic treaty to import goods for their own military uses free from customs tariff, provided of course that the same concession was extended to Canadian goods going to those countries. This is a parallel exemption, in so far as the sales tax is concerned. To use an example, if an American base in Newfoundland were building, we will say, a radar station, then either the material they bring in themselves for that construction or the material brought by a Canadian agency for them would be exempt from sales tax, as it is now exempt from customs tariff.

Mr. Macdonnell (Greenwood): The controlling words in the amendment are these:

That schedule III be amended by adding thereto under the heading "Miscellaneous" the following—

And section 12 reads:

Schedule III to the said act, as enacted by section 14 of chapter 50 of the statutes of 1947-48—

And so on. We have the first schedule and the second schedule in the copy of the bill I have, but there is no third schedule.

Mr. Abbott: We did not reprint the third schedule. It was not necessary, because the amendments are very simple.

Mr. Macdonnell (Greenwood): As I see it, without having before us the reprint of schedule III it is not complete. Will the

parliamentary assistant read schedule III as it will be with the amendment, because I have not the third schedule before me.

Mr. Sinclair: It is a very long schedule giving a list of goods exempt from the sales tax. All goods which are not mentioned in schedule III are subject to the sales tax. We have various sections in schedule III. Military equipment comes within this "miscellaneous" category, for instance.

Mr. Knowles: Is not the draft amendment to be looked at more closely? I appreciate what has been done, namely that schedule III has not been reprinted in the bill. But section 12 merely indicates the amendment it was intended originally to make to schedule III. However, the amendment now moved does not say where these words are to be inserted in section 12, which is now before us. It seems to me it has not been hooked up properly.

Mr. Sinclair: It is shown on page 40 of the Excise Tax Act under the heading "Miscellaneous".

Mr. Abbott: It says that in the amendment.

Mr. Sinclair: I have the act here.

Mr. Abbott: I think it will be made clear if the chairman reads the amendment.

Mr. Knowles: Should not there be added to clause 12 which is now before us something to this effect, "and also by adding thereto under the heading of 'miscellaneous' "? The draft as presented to us does not seem clear.

Mr. Abbott: The effect of the amendment will be to include it under the heading "miscellaneous". Perhaps that word should be added.

Mr. Macdonnell (Greenwood): I do not want to be too persistent, but I still feel that there is a gap in the wording. Section 10 reads:

> Schedule I to the said act, as enacted by section 4 of chapter 8 of the statutes 1950-51, is repealed and the first schedule to this act is substituted therefor.

When we turn to the first schedule we find there set out intelligently a list of articles. Then section 12 reads:

> Schedule III to the said act, as enacted by section fourteen of chapter fifty of the statutes of 1947-48, is amended by adding thereto, immediately under the heading "Religious, charitable, health, etc.," the following words:
>
> "Adrenocorticotrophin (ACTH); Cortisone;"

Mr. Sinclair: In the act we have the heading, "Religious, charitable, health, etc.," and then on the next page we have another heading, "Miscellaneous". The exemptions fall into groups and this new group comes under miscellaneous.

The Deputy Chairman: Perhaps I should read the section as it will read if the amendment is carried, which will be as follows:

> Schedule III to the said act, as enacted by section fourteen of chapter fifty of the statutes of 1947-48, is amended by adding thereto, immediately under the heading "Religious, charitable, health, etc.," the following words:
>
> "Adrenocorticotrophin (ACTH); Cortisone;"
>
> and by adding under the heading "Miscellaneous" the following:
>
> "Articles and materials purchased or imported by a government of a country designated by the governor in council under Customs Tariff item 708, etc.—

Mr. Knowles: If the words "and by adding under the heading 'miscellaneous' the following" appear in the section as amended, then I think the job is done.

Mr. Sinclair: That is the amendment moved by the committee.

The Deputy Chairman: Let us consider that that is the amendment moved by the Minister of Public Works. It is not on the copies that have been distributed, but I think it is merely a matter of arranging the words. The intention is as I have indicated.

Mr. Knowles: The way you have read it it is all right.

Amendment agreed to.

Mr. Fleming: Mr. Chairman, I should like to make a brief observation in connection with the addition of ACTH and cortisone to the list of drugs exempted from the sales tax under schedule III to the Excise Tax Act. At the present time only one comparable commodity has been exempted, namely, insulin. Radium is also exempted, and it is now proposed to exempt ACTH and cortisone.

Is the minister prepared to give the house some assurance that consideration will be given to extending the list of drugs so that exemptions may apply to other drugs used to relieve chronic sufferers from various diseases? I know the minister has had representations made to him. I and other hon. members made reference during the debate on the budget resolutions to prostigmine which is prescribed for those who have the misfortune to suffer from myasthenia gravis. There are other drugs to which reference could also be made.

The minister has taken a step which I think will commend itself to everyone, but I submit that he should give serious consideration to extending this list of exemptions to include other expensive drugs that are in common use by chronic sufferers from serious diseases.

Mr. Abbott: If my memory serves me rightly, I think I gave that assurance several times. I have no doubt that this list will be added to as circumstances justify.

Mr. Coldwell: I am glad to hear the minister say that again. He is quite right; he did say it the other evening. Radium could hardly be classified as a drug, but the minister is now proposing to add ACTH and cortisone to the drugs being exempted. But there are other drugs that are now well established as being useful to the medical profession in the treatment of chronic diseases. There are certain drugs that are found effective in giving some relief from multiple sclerosis and there are other drugs also effective in the treatment of other chronic diseases, such as the one mentioned by the hon. member for Eglinton.

Last night we heard a plea from the hon. member for Peace River on behalf of vitamin E. I do not profess to know anything about medicine or to be an authority on drugs, but I do hope that both the minister and the Department of National Health and Welfare will look carefully into this matter. Perhaps in another year they will be prepared to give consideration to this drug which many people believe to be most important.

I know of cases where the drug has been prescribed and has seemed to do a great deal of good. Since the hon. member for Peace River spoke yesterday I have looked through some correspondence I had earlier this year and I find that if the statements made by the physicians in London, the Drs. Shute, are anywhere near the facts it would seem that consideration should be given to adding this drug to the list. I have met these doctors myself and I formed a very high opinion of them. I believe that on the basis of the evidence produced the other night by the hon. member for Peace River this drug deserves more than passing consideration.

We know that at times the medical profession has been slow to use new discoveries and we know that at times a discussion of the kind that took place last night in this house has been most useful indeed. Similar discussions have been useful in debunking something that was spurious, and at other times have been useful in bringing certain things to public attention and obtaining recognition therefor.

From personal conversation which I have had with people who have been prescribed this drug it would appear that something like 1,500 doctors in this country who dispense their own medicine, who do not write prescriptions for drug stores, are buying vitamin E and supplying it occasionally. When a high percentage of the dispensing medical men use a drug it would seem to indicate its importance. But I rose primarily to say to the minister that I am glad that the list has been extended to this extent, and I am taking him at his word that in another year he hopes, as we hope, that other drugs will be added to the list to relieve suffering people of this country.

[Mr. Abbott.]

Mr. Blackmore: The hon. member for Peace River was unavoidably detained tonight. Otherwise he had intended to be here to ask that vitamin E be added to the list of tax exempt commodities. I should like to present that plea in his stead.

Mr. Abbott: I think I mentioned earlier that additional drugs would be given continuing consideration, but we felt this was as far as we could go this year.

Section 12 as amended agreed to.

On section 13—*Coming into force.*

Mr. Sinclair: Earlier this afternoon when we were discussing section 7 of the bill we indicated that we would move an amendment to section 7 to bring it in line with the amendment made in the house earlier to the Customs Act. Therefore the Minister of Public Works will move that the following words be added to section 13:

Provided that subsection 4 of section 115 as enacted by this act—

If you turn back to page 3 you will find it there.

—shall come into force on December 1, 1951.

That is six months hence.

Mr. Fournier (Hull): I so move.

Mr. Knowles: May I ask again whether the wording should not be "section 115 as enacted by section 7 of this act"? I think the phrase "as enacted by section 7 of this act" should be included in that wording.

Mr. Sinclair: That is what we had this afternoon, and the hon. member for Eglinton pointed out that actually the section which we were enacting was a new section. We had section 2 before but now we have 3 and 4, which are new sections. They are being enacted in this act so that the matter of specifying section 7 of this bill would be redundant.

Mr. Fleming: That is not the point raised this afternoon. It would be quite proper to refer in the amendment to section 115, subsection 4, as being enacted by section 7 of this act. The point I raised this afternoon in taking objection to the form of the proposed amendment was that it referred to section 7, subsection 4, of this bill. There is no such thing as section 7, subsection 4, of this bill. Section 7 has no subsections to it at all.

Mr. Abbott: I think that is perfectly all right, Mr. Chairman. The amendment can read:

Provided that subsection 4 of section 115 as enacted by this act shall come into force on December 1, 1951.

Mr. Knowles: As enacted by section 7 of this act.

Mr. Abbott: "As enacted by section 7 of this act". I am sure the Clerk will have it in regular form by the time it appears in *Votes and Proceedings.*

Amendment agreed to.

Section as amended agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. Abbott: Now, by leave.

Mr. Fleming: Next sitting.

Mr. Speaker: Next sitting of the house.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 296, to amend the Income Tax Act.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to make a few observations at this point. Of course it is obvious that the detailed discussion will be under the sections of the bill, but I should like to say a word or two about a point which arises many times in the bill. I refer to the practice, which seems to me to be growing, of retroactive legislation. I have had an examination made of the bill, and as it stands there are two cases where it is made retroactive to 1948, seven cases where it is made retroactive to 1949 and subsequent years, seven cases where it is made retroactive to 1950 and subsequent years, and twelve cases where it is made retroactive to the beginning of 1951. Let me say quickly that I am not laying great stress on the last twelve cases, and I also want to say that in a considerable number of other cases I think the retroactive feature is in the nature of a relieving provision.

Mr. Abbott: Every case, I think.

Mr. Macdonnell (Greenwood): Naturally I take no objection to those, but there are some —and I will not attempt to say how many at the moment—which I think are objectionable. I want to say a word or two about the question of retroactive legislation and to quote briefly one authority on it. The authority to whom I wish to refer is Professor C. K. Allen, sometime professor of jurisprudence in the university of Oxford. He says:

No rule of construction is more firmly established than this: that a retrospective operation is not to be given to a statute so as to impair an existing right or obligation, otherwise than as regards matter of procedure, unless that effect cannot be avoided without doing violence to the language of the enactment. If the enactment is expressed in language which is fairly capable of either interpretation, it ought to be construed as prospective only.

Then he goes on, and this is my precise point:

What is true of the construction of statutes is also true of their making. There is in all civilized states the strongest prejudice against retrospective or *ex post facto* legislation, since it is, in the words of Willes J., "prima facie of questionable policy, and contrary to the general principle that legislation by which the conduct of mankind is to be regulated ought, when introduced for the first time, to deal with future acts, and ought not to change the character of past transactions carried on upon the faith of the then existing law."

I want to point out that I think the evil of this kind of legislation is not merely the great danger there is that it does injustice to existing situations but also that I think it promotes carelessness in the drafting of legislation. If the legislative draftsmen have the feeling that if they overlook anything, or deal in a superficial way with anything, it is all right because they will cure it next year, the year after, or three or four years after, I think that is a very undesirable situation.

There is one other point I wish to make, though I do this with some hesitation and certainly not with the intention of being critical of any of our excellent civil servants. In reading legislation I have often wondered whether we are not slipping into a terribly complicated way of expressing ourselves. I realize that legal draftsmanship is a very difficult thing, that it has to be specific and exact; but with deference I do raise the question whether we are not falling into rather a bad tradition under which things are not said in a direct way but constantly tend to be said in an indirect and rather confusing way so that sometimes one rather feels one has to turn himself inside out two or three times before getting to the real meaning of the statute. That may be very good for the lawyers, but it is not good for the ordinary people who have to try to understand the legislation as they go along.

Those were the observations I wished to make. I understand that when we reach section 1 of the bill in committee we shall be able to raise the question of deferred depreciation which was dealt with by the minister in his budget speech.

Income Tax Act

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I only wish two or three minutes of the time of the house to speak on this bill. Perhaps this may be a little personal, but I hope the house will pardon me for just a few minutes. I want to deal, partly at least, with this excess profits provision, which was discussed at the resolution stage and will be further discussed a little later. I explained my position in the house on the excess profits tax amendment which was proposed by my group at the resolution stage, and my position is still precisely the same. I feel that corporation taxes have virtually reached their peacetime peak; but I want to take issue with certain newspaper editorials commenting on this position, particularly in western Canada. I have several in my hand. The first appeared in the Regina *Leader-Post* of June 1, and is headed "Thatcher kicks over traces". It says:

> It happens, however, that one of the C.C.F. members at Ottawa—Mr. Ross Thatcher of Moose Jaw—is a successful businessman. How he has been able conscientiously to tag along with his visionary socialist running mates has been one of the mysteries of the times. But the expected rift appears to have come at last over this specific matter of C.C.F. corporation taxation policy.

The Winnipeg *Free Press* of May 22 had an editorial along the same lines headed "Mr. Thatcher's heresy" which said:

> . . . this disagreement is in reality on a fundamental issue, whether or not the fact is yet realized by Mr. Thatcher. He is not quarrelling about some detail in the C.C.F. program. What he is calling into question is a fundamental premise of the C.C.F. party. Mr. Thatcher's heresy is thus a fact of very considerable political significance.

Another editorial in the Winnipeg *Free Press* of May 30 was headed "The C.C.F. split", and it says:

> Although Mr. Coldwell has attempted to soft-pedal his party's differences with Mr. Ross Thatcher, C.C.F. member for Moose Jaw, perusal of *Hansard* makes it clear that the rift is serious.

Those editorials, particularly in the Saskatchewan newspapers, go on at some length in a similar vein. I remember on March 15 in this house when the hon. member for Assiniboia (Mr. Argue) moved an amendment asking that the payment under the five-year pool be 25 cents a bushel. The hon. member for Prince Albert (Mr. Helme) differed with his party, but I did not see any newspaper reports to the effect that he was splitting with the liberal group. As far as the newspapers in Saskatchewan are concerned, at least, when a Liberal member differs it is a show of independence, or it is a show of spirit, or it is a matter of conscience, or it is refusal to be a rubber stamp. But when a C.C.F. party member differs with his colleagues, perhaps once in fifty times, it is a party split or a rift or a disagreement on a fundamental issue; or it is heresy, or kicking over the traces.

I want to say that this party is just as democratic an organization as the Liberal party, indeed much more so. My own leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), rose just after I differed some weeks ago and made this statement:

> One of the greatest strengths of a democratic organization is of course that there can be differences of opinion expressed freely and openly.

My party colleagues do not object if I differ with them once in a while. They may think I am wrong, but they have not tried to suppress me at all. I have heard the hon. Liberal member for Fraser Valley (Mr. Cruickshank) differ with his party on margarine. I have heard the hon. member for Temiscouata (Mr. Pouliot) differ with his party on numerous occasions. I do not think my constituents expect me to come down here and vote in a way I do not think is correct. For instance, I do not think they would want me to do what the hon. member for Springfield (Mr. Sinnott) did this afternoon; that is, say he was against a tax and then vote for it. That does not make sense to me. As I say, since coming down here I have tried to vote according to the way I saw the issue.

I am very proud of the C.C.F. party. I am proud to be a member, and I intend to continue to be a member. I think they are doing an excellent job in Saskatchewan despite what is being said in the Liberal press. I like their hospitalization plan, their crown corporations, their financial achievements, their labour legislation, and just about everything else they have done. These Sifton papers are so biased that many people are beginning to take what they read in them with a grain of salt. According to the Sifton papers everything the Liberal party does is perfect, but there is something wrong with everything the C.C.F. party does. That does not make sense, and I say editorial comments of that kind are unwarranted, unfair and at times even malicious. As a matter of fact I consider myself a very good C.C.F. member; I think I am a good deal further to the left than many of my colleagues.

Then there is another point. I am getting a little tired of hearing my good friends in the Liberal party claim that in order to be a C.C.F. member you have to be either broke or crazy. As a matter of fact some members of the Labour party in England are among the wealthiest people in that country. I resent some of the innuendos that have been thrown around in this house and in some of the newspapers of western Canada. I apologize for having been personal, Mr. Speaker, and I will not take up more of the

time of the house. For the benefit of the *Leader-Post*, however, I want to repeat that I have no thought of resigning from the C.C.F. and no one in this party has suggested that I should resign.

Mr. Donald M. Fleming (Eglinton): I should like to comment briefly upon several matters during this debate on second reading. In view of the understanding which I believe has been arrived at that the subject of depreciation will be discussed on the first section in committee, I say nothing on that point.

In introducing his budget on April 10 the Minister of Finance (Mr. Abbott) indicated that in devising his tax proposals for this year he had started from this premise, as he stated at page 1807 of *Hansard*:

> It is generally agreed, I think, that we have an excellent basic tax structure.

While there are limitations upon a discussion of the basic tax structure on a bill of this kind, I do hope an opportunity is going to be provided soon for consideration by the house of what I consider to be the quite inadequate provisions in our income tax laws in relation to exemptions. Certain exemptions there have been won by progressive degrees, but I think the list is quite inadequate. Having regard to the increased expenditure at the present time it may be that the minister will not be very receptive to suggestions for broadening certain exemptions and extending them to categories not now provided in the act, but I do hope an opportunity for considering such questions will be afforded before very long.

I am sorry that when the debate on the budget resolutions concluded the Minister of Finance (Mr. Abbott) did not have something to say on a matter which was touched upon by him in his budget speech, and was referred to by several members during the course of the debate. It is the subject of savings. At page 1803 of *Hansard* for April 10 the minister stated:

> There is also urgent need for a higher volume of new savings . . .

Further on the same page:

> The important thing is to achieve an increase in aggregate saving up to a level at least equal to the new capital investment which we shall have to make this year.

Now, others commented on this, as I did. I sought to draw the attention of the minister—

Mr. Abbott: Is the hon. member going to start the budget debate all over again on general fiscal policy?

Mr. Fleming: I do not know whether or not the Minister of Finance is looking for co-operation, or whether he is prepared to entertain any observations that may be made from any quarter of the house except his own. I indicated I had several matters which I proposed to bring forward briefly. I mentioned this matter of savings because of its vital importance, and because of the fact that the Minister of Finance, when the debate on the resolutions was closed, did not have anything to say on the subject.

Mr. Abbott: I am not raising a point of order. My only point is that there is not much use changing the rules here if we are to have a general discussion, on a bill which relates to the principle of income tax, on savings, which is an important part of fiscal policy. My only point is that a discussion of that is much more appropriate on the motion that Your Honour leave the chair to go into committee of ways and means. I mention it in the interests of orderly discussion in the house. It seems to me that we should stick to the principle of the bill before us.

Mr. Speaker: I understand the hon. member for Eglinton is making a brief reference to this matter. I believe he does not intend to enter into a lengthy discussion on the question of savings.

Mr. Fleming: Not at all, unless the Minister of Finance proposes to force me into it.

Mr. Abbott: I am not forcing anybody. If I wanted to take a strict view of the rules, I could raise a point of order and request that the hon. member be limited to a discussion of the principle of the bill before us. I do not take that stand. I am asking for the co-operation of the house in trying to have a reasonable observance of the rules.

Mr. Fleming: I am observing the rules. All I ask is that the Minister of Finance do the same.

I referred to his recognition of the importance of savings, Mr. Speaker, and I mentioned, as I did earlier, that the new taxes which the Minister of Finance is asking the house to vote, much of them in the present bill, will amount to $625 million. Last year, the total savings in Canada amounted to $645 million, which represented a decrease of thirty per cent as compared with the year before. Now, if there is not an expansion of national savings effort this year, it means that with these additional taxes the volume of savings in Canada will drop to a mere $20 million, and that would be calamitous.

I commend the statement made on this subject at the annual meeting of the

Dominion Mortgage and Investment Association in Montreal on May 3, by the president of that association, Mr. H. E. Langford of Toronto, who said:

> As we all know, inflation is the great problem we face. To overcome it, all the weapons available to us must be used. One of the most effective weapons is savings . . .

Then after giving some examples, he adds:

> . . . one of the major battles against inflation will be lost if the rate of savings is not maintained or even increased. The need of individuals for larger savings than ever before is readily apparent. Helping individual Canadians along this road will be profitable not only to them and ourselves, but will assist in the over-all struggle against depreciation of the dollar.

It is considerations of that kind, Mr. Speaker, that have guided some of us in what we have had to say, not only on this present measure but on other budget measures that have lately been before the house.

There is one other matter which I hope there will be an opportunity to discuss adequately on this bill. It does not arise in the bill, but it arises out of orders in council which have accompanied the bill. I refer to the matter of the increase in the percentage of deduction which employers are required to hold back from their employees out of wages or salaries on account of income tax. The attempt to increase these deductions to make them cover one hundred per cent of the tax is going to give rise to a multiplicity of claims for refunds. When people come to make their returns on April 30, and to take account of their charitable donations or their medical expenses, claims for refunds will arise. I believe that is a step too far, and it is going to create inconvenience for many people in having to apply for refunds and await payment of them.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the previous speaker sat down rather more quickly than I expected. I wish to make a few brief remarks on the second reading of this bill, because it is of great importance to the members of this group and the people of Canada, particularly in connection with certain aspects of the Income Tax Act, as we take a somewhat different view than many other members in this house. Now, Mr. Speaker, I believe we can agree with the late Mr. Justice Holmes in respect of the payment of income tax. He is described as having paid his income tax with alacrity instead of anguish because he said, "With this I always buy civilization." We can agree with that outlook in respect to income tax when fairly levied.

As I said before, Mr. Speaker, in speaking on the resolution preceding the bill, the C.C.F. group considers that the necessary revenue could be more fairly raised without the imposition of the surtax on the lower income groups. I am particularly speaking now of those married people with incomes of $3,000 a year or less, and single people with incomes of $1,500 a year or less. It is a basic principle with the C.C.F. movement that taxation should be based on the ability to pay. We take objection to certain aspects of this bill because we believe that principle is violated. Therefore, in what I say this evening I am speaking for this group, and expressing the considered opinion of the C.C.F. party to which I belong.

I wish to illustrate briefly our contention—

Mr. Speaker: Order. Probably I should bring to the hon. member's attention the fact that on the motion for the house to go into committee of ways and means, an amendment was voted upon which reads as follows:

> The house further regrets the failure of the government to exempt from the proposed twenty per cent defence surtax, the incomes of single persons up to $1,500 and the incomes of married persons up to $3,000.

That question was decided this year, and I doubt if a debate on that matter should be revived at this time. I would not object to the hon. member making a brief statement, but I would not want him to enter into a long discussion on that.

Mr. Herridge: Mr. Speaker, you are quite correct. I only mentioned those facts in passing, and was not really discussing that question on this occasion. I wish to briefly illustrate our contention that large corporation profits are, in our opinion, a more just source of revenue than the revenue which is received or will be received from certain groups at this time. Since we last dealt with this question there has been increasing evidence in support of our argument. There is an accumulation of evidence in support of the point of view presented by the members of this group.

I am not going to speak at length, but I do just want to illustrate that point before proceeding to give my conclusions. I hold in my hand a clipping from the *Financial Post* of May 26. Whether we agree with the financial policies of the *Financial Post* or not, we do know it is an accurate and reliable report of business development, business profits and all things connected with business activity at this time. I think its records and its statistical information have been unquestioned. Throughout the years this paper has proven to be extremely reliable as a source of information with respect to business developments.

I notice in this paper some reference to the increasingly improved position of large

corporations in this country; therefore I intend to quote briefly from it. I am simply using this as a source of information. I am not quoting it editorially but as a source of statistical information because of its validity and soundness in supporting our arguments. This article says:

Canadian business had a good year on the average in 1950. The combined profit of 362 Canadian business firms for 1950 was up 23·8 per cent from their 1949 net. Over 69 per cent of these companies showed a higher net in 1950 than in 1949.

I want hon. members to just think of that when they are thinking of the requests for increasing the basic disability pension for veterans when next those requests come before the house. I am coming back into order, Mr. Speaker. I continue:

Further the combined financial position of these companies was strengthened. Net working capital of the 362 companies increased 18·3 per cent during the year and their net worth (equity of all shareholders) increased 9·1 per cent. Thus they improved their position for meeting the demands of the defence economy and for weathering any adverse economic conditions that may lie ahead.

The article goes on to say:

Some significant facts disclosed by the *Post's* study are:

(1) Total income taxes paid by 360 of these firms were 34·8 per cent higher in 1950 than in 1949. This reflects both the increased volume of business and resultant higher earnings and the increase of 5 per cent in the rate of tax effective after September 1, 1950.

(2) Shareholders received 22 per cent more in total dollar dividends in 1950 than in 1949. The percentage increase in dividends paid was only slightly less than the percentage increase in net profit.

(3) Despite the increase in cash dividends paid, shareholders of these firms received a smaller proportion of the net profit in 1950 than in 1949 (50·8 per cent vs. 51·6 per cent).

(4) There was a wide variation in results both as between groups and between individual companies within the groups.

(7) The net working capital position of the 362 firms was strengthened by 18·3 per cent in 1950, with every group showing an improvement.

(8) The combined net asset position of the 362 firms was increased by 9·1 per cent with all groups showing a higher net worth.

The article goes on to indicate that there was a great improvement in the percentage of profits and of business activity in 1950 over 1949, and that the prospects for this year are even better. That is our point, Mr. Speaker. We maintain that we can obtain a greater percentage of our revenue from some of these corporations, particularly the larger ones, than provision is made for in this bill. Something is happening at the present time that is quite unusual in Canadian business history, at least unusual until recent years. These unusual profits are being invested in real wealth, in plant, equipment, land, real estate, and assets of that sort. The large corporations of this country are investing their excess profits in a form of wealth that will be largely unaffected by future inflation. They are placing themselves in a very strong position with respect to the increasing inflationary period that may come in the future, while at the same time the general public is asked to curtail expenditure, particularly consumer expenditure, and, as a result of these savings in the purchasing of consumer goods, to invest either by savings in the bank or by the purchase of bonds.

We believe, Mr. Speaker, that this process is wrong at the present time; and that it is adding to inflation. We believe that these companies should be seeking new capital investment, and that the state should be getting a larger percentage of these excess profits in order to reduce inflation and decrease the burden on the lower income groups.

This great expansion out of profits in Canada at the present time in a form of wealth which will be largely unaffected by any future inflation is being carried on at the expense generally of the Canadian public. The result of that type of expansion, Mr. Speaker, is that more and more wealth is getting into fewer and fewer hands. If companies were required to carry on their expansion as a result of raising new capital the wealth would at least to some extent be more diversified and in a greater number of hands.

As against that, the worker is asked to save, and his savings are largely in the form of bank savings or in small bonds. He is being asked to save in a form that will be seriously affected by any inflation that occurs in the future.

What is the position of the low income groups at the present time? The people I am speaking of now particularly are married people on incomes of $3,000 or less, and single people on incomes of $1,500 or less. The cost of living is going up monthly. Nobody can deny that. The cost of food, the cost of clothing, the cost of shelter, the cost of living and the cost of the necessities of life to keep the human organism alive and working are going up all the time. In addition to that the cost of housing is going up. That is a very important matter so far as this lower income group is concerned, because it is within this group that we find the greatest need for housing in Canada at the present time. I hold in my hand a clipping from the *Financial Post* of May 26 which reads:

British Columbia

Building costs: Vancouver building costs have climbed about 25 per cent in the past year and are still moving upward. A survey by a New York firm of consulting engineers places the index at 171·2

in March, 1950, and at 203·8 in March of this year. Calculated on ordinary frame houses, the index takes into consideration costs of lumber, plumbing, wages and other key materials and services.

Before passing on I want to make a point. The cost of housing has gone up 25 per cent in Vancouver. People are often inclined to say that wages have gone up and have increased the cost of building. They have to some extent, but wages have not increased 25 per cent in Vancouver in the building trade in the last twelve months; this increase represents profits. This means that as against the position of the large corporations with excess profits to invest in the expansion of capital, plant and equipment, we have these groups with no reserves, with a greater difficulty to live from day to day, facing an insecure future, with this tax actually to some extent increasing their cost of living and no opportunity for expansion in any direction whatever.

In conclusion, what is the position from our point of view? Against what background do we in this group believe we should plan this Income Tax Act at this time on a fairer basis? Here we have the corporations with expanding profits, and the low income groups that I have mentioned with a lowering standard of living, to be further lowered by increased taxation. With democracy demanding equality of sacrifice, surely at a time like this when Canada is facing a very serious defence problem we should do all we can in the house to promote at least to some extent equality of sacrifice, so far as taxation is concerned. Therefore I move, seconded by the hon. member for Saskatoon (Mr. Knight):

That this bill be not now read a second time but that it be resolved that in the opinion of this house consideration should be given by the government to altering the provisions with respect to corporation income tax so as to levy graduated taxation on excess profits.

In conclusion I urge hon. members, when they consider voting on this amendment, which we are very much concerned about, to consider carefully those Canadians who are losing their lives in Korea, Canadians who are being wounded and other Canadians who are having great difficulty at this time to carry on because of the increased cost of living. I am sure if hon. members give consideration to those facts, and face this question fairly, they will realize they will be fully justified in supporting the amendment as an attempt to introduce to some extent into this taxation a measure of equality of sacrifice.

[Mr. Herridge.]

The house divided on the amendment (Mr. Herridge) which was negatived on the following division:

YEAS

Messrs:

Argue	Knowles
Beyerstein	MacInnis
Blackmore	Noseworthy
Bryce	Quelch
Coldwell	Shaw
Gillis	Stewart (Winnipeg North)
Herridge	Thomas
Johnston	Wright
Jones	Wylie—19.
Knight	

NAYS

Messrs:

Abbott	George
Adamson	Gibson
Anderson	Gingras
Applewhaite	Gingues
Ashbourne	Graydon
Balcer	Green
Bater	Gregg
Beaudoin	Harkness
Beaudry	Harrison
Bennett	Hees
Black (Cumberland)	Hellyer
Blair	Helme
Blanchette	Henderson
Blue	Henry
Boivin	Hetland
Bonnier	Higgins
Bradette	Hodgson
Bradley	Huffman
Breton	Hunter
Brisson	James
Brooks	Jeffery
Bruneau	Kent
Byrne	Kirk (Antigonish-Guysborough)
Cameron	Lafontaine
Campney	Langlois (Gaspe)
Carter	Lapointe
Casselman	Larson
Catherwood	Lefrancois
Cavers	Lennard
Charlton	Little
Clark	Macdonald (Edmonton East)
Cleaver	Macdonnell (Greenwood)
Cloutier	MacDougall
Corry	MacKenzie
Cote (St. Jean-Iberville-Napierville)	MacLean (Cape Breton North and Victoria)
Cote (Verdun-La Salle)	Macnaughton
Coyle	McCubbin
Crestohl	McDonald (Parry Sound-Muskoka)
Darroch	McGregor
Decore	McLean (Huron-Perth)
Denis	McLure
Dewar	McMillan
Dickey	McWilliam
Dion	Major
Drew	Martin
Dumas	Masse
Eudes	Mayhew
Fleming	Mott
Fournier (Hull)	Murphy
Fournier (Maisonneuve-Rosemont)	Murray (Cariboo)
Fraser	Mutch
Fulford	Nowlan
Garson	Pouliot
Gauthier (Lake St. John)	Prudham
Gauthier (Lapointe)	
Gauthier (Sudbury)	

Ratelle	Stanfield
Richard (Gloucester)	Stewart (Yorkton)
Riley	Stick
Rinfret	Tremblay
Ross (Hamilton East)	Viau
St. Laurent	Weaver
Sinclair	White (Hastings-Peterborough)
Sinnott	Whiteside
Smith (Queens-Shelburne)	Wood—129.
Smith (York North)	

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

On section 1—*Income from office or employment.*

Mr. Abbott: Although this has nothing to do with this particular clause, I want to confirm an understanding, which was arrived at when we were in committee, that by unanimous consent it will be in order to discuss depreciation.

Mr. Graydon: Mr. Chairman, I should like to raise a question with respect to income tax which is based upon an exemplary case which must have been repeated many times throughout Canada and which no doubt has come to the attention of the minister on previous occasions. I refer to a single lady who has looked after a maiden aunt who was aged and destitute and who would have been homeless if her devoted niece had not provided for her during the year. This single person maintained a home in which she kept her aunt and was able to claim relief under the Income Tax Act because she was maintaining a home in which she supported herself. In other words, she came under that section which provides:

> . . . a person wholly dependent upon him and connected with him by blood relationship, marriage or adoption . . .

In 1950 this single lady married. She still has a taxable income and still looks after her aged infirm maiden aunt. However, her claim for an allowance for a dependent has been disallowed. I understand that she could claim for a parent, a grandparent, a brother, a sister, a daughter or a sister training as a nurse, a brother-in-law, a sister-in-law or a child who is not legally adopted. It seems strange that these other claims can be made but a case which apparently is such a strong one must of course be ruled out under the present regulations and the law. Would the minister give some indication whether or not the government can adapt their policy so as to take care of what looks like a very worthy case such as the one I have just described?

Mr. Abbott: I will consider very carefully the facts which my hon. friend has presented. I did not want to interrupt him, but this question of exemptions for other than specified dependents in the act is a very broad one. I do not think it is strictly relevant to discuss it under this section. As I pointed out, it was arranged that we were going to discuss the subject of depreciation. However, I will consider the facts that he has put forward, and perhaps at an appropriate time before we finish consideration of the bill I will try to give him a considered answer on it.

Mr. Macdonnell (Greenwood): I should like to make a few brief observations on the question of depreciation which I think has an importance very great and perhaps different from what some of us thought at the time that it was originally brought forward by the minister. I will read briefly from what the minister said in his budget speech at page 1808 of *Hansard*. After speaking about the tremendous investment program facing us in the year ahead the minister said:

> What we need is a stiff financial deterrent that will affect particularly the businessman who is considering the kind of investment which is attractive, not because of its long-term soundness, but because it can be written off out of the expected high profits of the next few years at a time when he expects the rate of corporate income tax to be abnormally high.

Then the minister refers in a general way to the nature of the deterrent, and I want to read something that he said later because I think it is very important to have in mind that this is the type of thing the minister was picturing to us. I want to suggest that what this provision may do is to have results that are far enough off from the minister's intention unless it is very broadly interpreted, and indeed I think unless some changes are made in the regulations. The minister went on to say:

> The deterrent will particularly affect the businessman whose decision to make a capital expenditure is strongly influenced by the expectation that he can write off a large fraction of his cost . . . In other words it will compel the businessman to give primary attention to the long-term prospects of proposed capital expenditures and if outside financial participation is required lenders will also take this view.

What I want to draw attention to at the outset is that the whole tenor of this is that it is to affect big business, people who are wanting to go into business in a big way—

Mr. Abbott: My hon. friend is wrong about that. It is to affect everyone, big and small.

Mr. Macdonnell (Greenwood): I say the atmosphere that the minister created is rather of the big man. It is because it does affect the big man—

Mr. Abbott: That was completely unintentional, if that is the case.

Mr. Macdonnell (Greenwood): At any rate I am coming to the other aspect of it because what I want to ask him to consider particularly is that it affects the small as well as the big. It is that point I wish to emphasize particularly. I do not agree by any means with all that the hon. member for Kootenay West (Mr. Herridge) said a little while ago, but I agree very heartily with the fear he expressed that in the circumstances in which we find ourselves at the moment, and with the development of the defence economy, we may find it harder and harder for small men to originate small businesses or, as he put it, we may find more and more wealth passing into fewer and fewer hands. That is something that should not be disregarded.

I want to refer in passing to the regulations which will come up again. I point out also in passing that the purpose is really twofold. First of all it is to act as a bit of a damper on expansion, and second I presume it is to conserve necessary defence materials. That may be ancillary, but I think it is not irrelevant. I want to point out next that there is the greatest danger as the matter stands that it will be almost impossible for new businesses to start up, and I even suggest to the minister that it should be considered whether there may not be an exemption of businesses of a certain size. I am not prepared to dogmatize as to the amount, but I suggest very earnestly that we should try not to allow this to create a situation which will make it difficult, if not impossible, for new businesses to arise, because we are not considering something which is going to last for a month or a year. As now contemplated it will last for four years, and if we create a situation for four years which is going to make it, as I say, difficult if not impossible for small businesses to arise, or at any rate make it very much harder for them, I think that is a very serious thing and should be so considered.

I next want to bring to the attention of the minister certain specific types of cases which it seems to me will arise, and the problems of which I hope can be most seriously considered. I am not overlooking the fact that there is a wide range of exceptions, and that beyond the exception there is a discretion. I am not overlooking that at all, but having said that I wish to bring certain cases to attention which I think are pertinent, and in some cases urgent. I hope they will be considered on their merits, and that we may have an answer with regard to each of them.

[Mr. Abbott.]

First of all I wish to go back and read one operative clause from what the minister said in his budget speech. At page 1808 of *Hansard* he said:

> To provide this deterrent it is proposed to defer for a period of four years the right to charge depreciation on all capital assets acquired after April 10, 1951, excepting certain classes of assets defined in the regulations and certain additional kinds of assets when certified as eligible by the Minister of Trade and Commerce.

The types of cases I wish to bring up are these. The first is where a business was committed, at the time the order became effective, to capital expenditure. In other words, it was not a case of making a decision after the minister's speech, after the coming into effect. There was a capital investment commitment made before that. Second, there is the case of businesses which merely change the form of ownership after the order becomes effective. For example you have a single business which is turned into a corporation, or a partnership turned into a limited liability company, or the case of a man dying, leaving his business to his son and creating a situation where the business has to be sold. If the right to depreciation is gone in such a case we shall have a serious lessening of the value of the property. Finally I want to reiterate again what I said, that I hope special consideration will be given to the position of those wishing to start up small businesses, and on these points I should like to hear the minister's comments.

Mr. Abbott: On the points that have been raised by my hon. friend, first I should say that the regulations are being reviewed at the moment. I understand that the Minister of National Revenue, with the concurrence of myself and the Minister of Trade and Commerce, very shortly will be recommending certain amendments to these regulations in the light of the experience we have had in the three or four weeks since the original regulations were put in, in the light of applications which have been made, and so on. Among other things I might say that provision will be made under which the names of those given certificates of eligibility, together with the reasons for which they were given, will be published, probably in the official gazette. In any case that will be provided in the regulations.

Consideration is being given to the problem raised by my hon. friend of a change in the form of ownership, and I think probably the Minister of Trade and Commerce, the Minister of National Revenue and myself will be making some announcement about

that before very long. On the question of small businesses, it is pretty hard to say what a small business is. As my hon. friend knows, the rate of corporation income tax on the smaller businesses is very much lower than on the large businesses. It was 10 per cent; it is now 15 per cent. I do not think any serious hardship would be suffered by these smaller businesses if depreciation were postponed on the assets they may acquire.

I want to make it clear that this measure is not aimed at large businesses as such or at small businesses as such, but at all businesses. The main purpose of the proposal is to cause businessmen to defer less essential expenditures, and to be perfectly satisfied that the asset they are acquiring is one they are willing to keep for a number of years and which will be profitable for a number of years, so that on the expiration of the period during which depreciation is deferred they will still be in a position to make profits against which the capital cost allowances can be taken.

Mr. Macdonnell (Greenwood): I appreciate what the minister has said, but I would like to ask one or two things. The minister has indicated that changes are in contemplation. May I take it that when these changes are made an opportunity will be provided in the near future to discuss the matter again in the house?

Mr. Abbott: I cannot give any positive assurance as to that in the light of the probable sessional program. My hon. friend appreciates that these regulations are made under section 11 of the Income Tax Act, which provides for capital cost allowances. The granting of capital cost allowances is made by regulation, on the recommendation of the Minister of National Revenue. In strict theory he does not have to do so; but of course, as I explained, this is a matter for determination by regulation. Under the old act it was purely a matter of ministerial discretion; under the new act it is provided by regulation. I should hope that the regulations would be completed and perhaps tabled before the estimates of the Department of National Revenue are finished. Unquestionably at that time there would be an opportunity to question the minister about them, though I think perhaps a more satisfactory course would be to have that discussion when the estimates of the Minister of Trade and Commerce were under consideration, because it is by his department that the certificates of eligibility are being issued. The Department of National Revenue will have the responsibility of determining questions of fact such as when particular assets were acquired, and so on. I cannot give a positive assurance that the amendments, which I hope will be available within a few days, will be discussed, but I should think there would be that opportunity and certainly I would do what I could to provide a suitable time at which that discussion could take place.

Mr. Macdonnell (Greenwood): Purely as a matter of what seems a convenient practice, with these changes likely to be available in a few days, I take it that submissions could be made to the proper authority continuing this discussion, in the hope that some of the things we bring up now may be felt worthy of consideration. These regulations are not like the laws of the Medes and Persians.

Mr. Abbott: Oh, no.

Mr. Macdonnell (Greenwood): I take it they are flexible; that is the reason they are left in regulation form, is it not?

Mr. Abbott: That is it exactly. This is a new move. The government wants to make the regulations as reasonable as possible, to cause as little dislocation as possible and yet achieve the objective in view. The department is always ready to listen, and in fact welcomes representations from businessmen and others who may be affected, in order to ensure that the regulations are drawn as well as possible.

Mr. Macdonnell (Greenwood): That seems a very sensible way to deal with the situation. While I am on my feet I might as well mention one or two other points so they will be on record and those who are considering the regulations will have them before them. Another question that arises is the depreciation of used equipment and buildings which pass into the hands of new owners. Obviously there is a situation there. Then there is the question of the depreciation where the capital asset acquired has been used by a former owner, though some kind of safeguard would be necessary so it would be clear that the transaction was genuine. Probably it should be in the hands of the former owner for a period of twelve months, say. Finally there is the case where you have a business property on which the purchaser had an option to purchase dated prior to April 10. I am not going to delay the committee by dwelling further on these points. I am glad to know the regulations are flexible, and that these matters can be brought up and discussed further from time to time.

Mr. Abbott: As my hon. friend has indicated, this question involves a number of very complex problems. Those he has raised are being considered. It may be possible to do something about some of them;

in others it may not. We are proceeding in this, as in all other things, by a process of trial and error, by elimination, and by seeing what can and cannot be done.

Mr. Stanfield: I would like the minister to explain this deferred depreciation a little more clearly, because I have heard two or three versions. I imagine the correct one is that if you buy a new piece of machinery you lose four years' depreciation. Some people seem to think that when 1956 comes around they will get the four years' depreciation all at once, but I do not think that is right. Would the minister explain it?

Mr. Abbott: To put it shortly, this is pushing the whole period forward. Suppose an article was acquired in June of 1951. If this rule were not in force depreciation would commence in 1951. Instead of that the right to take depreciation or capital cost allowance is deferred for four years. After that four-year period the owner can take the depreciation he could have taken in 1951. In 1955, let us say, he can take the depreciation he could have taken now, in 1956 the depreciation he could have taken in 1952, and so on until the asset is fully depreciated. I want to emphasize that the right to depreciation is simply postponed; it is not taken away. So long as earnings are available after the expiration of the period, then the depreciation can be taken.

Mr. Stanfield: As I said during the budget debate, I think this is a very foolish change for the minister to make. I have a very high regard for him, but I believe he has made a mistake in this case. For many years the depreciation rate was 10 per cent, and everyone knew exactly what to expect and just what to do. Even in times of great crisis, even when our profits' tax had to go to seventy-five per cent, or say it did, as long as you had a steady rate of depreciation and knew what you were doing, business could keep on going along on a sound basis. But now, when you get fooling around with depreciation, and fooling around with everything, you get to a point where nobody knows what he is doing. I believe the minister was ill advised to change these rates of depreciation. He should have left it the way it was.

Mr. Abbott: I suppose we have been discussing depreciation, Mr. Chairman, but the clause itself does not relate to that.

Mr. Fleming: Mr. Chairman, the minister has given some indication to the house that the present order in council, which I believe is P.C. 1778 dated April 10, is now under review, and that certain amendments may be made to that order. I believe that that fact probably makes it all the more desirable, since the minister has not indicated the nature of the probable amendment—perhaps he is not in a position to do so—that any views hon. members may have concerning this measure should be put forward at this point, in the hope that they may receive consideration when the amendments to the order in council are being determined.

There are one or two aspects of the view put forward by the minister in regard to this whole subject that I believe deserve comment. The minister has stated that one of the objectives of the proposals to defer depreciation is to encourage business enterprises, where possible, to defer physical expansion of their plant and equipment. Now, I suppose every one of us will say that, so far as that will make a contribution towards conserving essential defence materials that may be in short supply, the purpose is worthy of support. Again, to the extent to which this measure may be intended to reduce postponeable expenditures and to increase savings, about which we were speaking earlier in the evening, I think the house would wish to approach the proposals favourably. On the other hand, Mr. Chairman, we have to assess the professed purpose that the minister has assigned in relation to the facts as we see them developing since April 10.

I am glad the minister has spoken as he has tonight in clarifying the issue, because unquestionably the words he used on pages 1808 and 1809 of *Hansard* of April 10, have carried the impression abroad that his policy was directed against new and smaller businesses. The minister tonight has sought to correct that impression, and to stress that it is of general application. Nevertheless, Mr. Chairman, the fact of the matter is that the weight of this new policy is going to be felt particularly by newer businesses, younger businesses and businesses which are in the course of expansion. They are going to be now compelled either to arrest their expansion or forgo what is a very important element in their financial plans, namely, depreciation. So we may say that a young or growing industry is the one that will feel the effects of this new policy most severely at the present time.

To that extent, any measure of this kind is necessarily discriminatory. This is not going to hurt any business that had the good fortune to carry out any needed expansion of physical facilities or physical plant prior to April 10. It is a matter of luck that some industries acquired their physical plant or assets prior to April 10, and will be permitted to depreciate them in the ordinary way, while other businesses, in the midst of expansion and the

growing pains of a young business, but which did not acquire the physical plant prior to April 10, are now going to feel the full weight of this new policy. This is a regrettable form of discrimination. It may be inevitable in measures of this kind.

Mr. Abbott: It is true of steel control, too.

Mr. Fleming: I say, it may be inevitable in any measure of this kind, but nevertheless the effect of it is discriminatory.

The hon. member for Greenwood raised the problem of the application of this new policy in circumstances in which it is, in effect, given a retroactive operation. The test which is laid down by the minister, and which found its way into order in council P.C. 1778, is acquisition of the particular assets by the taxpayer up to April 10. Now, sir, that word, itself, as a test presents no little difficulty. I am hopeful that the minister, having had the problem brought before him tonight by the member for Greenwood, is going to endeavour to do something to soften the severity of order in council P.C. 1778 with respect to those taxpayers who had entered into commitments up to April 10, but who had not then acquired the particular physical assets which would otherwise have been subject to depreciation.

Sir, there are not a few cases of that kind, where in the ordinary course the particular taxpayer has made a binding commitment prior to April 10, a commitment which had not been carried to the point where delivery of the physical asset had been made to him prior to that date, but where he is compelled by the nature of his commitment to proceed and to purchase the particular asset which would otherwise be depreciable for tax purposes. I am sure there must have been many cases of that type brought to the attention of the minister. I expect most hon. members in this committee have had some such cases brought to their personal attention. Now, those are cases of real hardship because had those particular taxpayers been aware in time, it is certain that in a great many cases they would not have entered into the commitment to acquire assets of the type upon which they are not now to be entitled to any depreciation allowance.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we shall give third reading to Bill No. 294, an act to amend the Excise Tax Act. Then we shall take up non-contentious matters for a change, Bill No. 344, an act to amend the Juvenile Delinquents Act, 1929; Bill No. 355, an act respecting weights and measures; and then three resolutions, one in the name of the Minister of Veterans Affairs, No. 13 on today's order paper, the basis of a measure to amend the Returned Soldiers Insurance Act; the second one will be No. 14 on today's order paper, standing in the name of the Minister of Mines and Technical Surveys, concerning the Canada Lands Surveys Act; then No. 12 on the order paper, standing in the name of the Minister of National Defence, concerning the National Defence Act. I think that will take all afternoon. If we do complete these, I shall have to look further into the order paper.

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

HOUSE OF COMMONS

Wednesday, June 6, 1951

The house met at three o'clock.

COMMITTEES OF THE HOUSE

BANKING AND COMMERCE

Sixth report of the standing committee on banking and commerce.—Mr. Cleaver.

DOMINION ELECTIONS ACT—CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. G. T. Fulford (Leeds) presented the second report of the special committee appointed to study the Dominion Elections Act, 1938, and amendments thereto, and moved that the report be concurred in.

Motion agreed to.

DOMINION ELECTIONS ACT—CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Mr. L. D. Tremblay (Dorchester) moved:

That the name of Mr. Hees be substituted for that of Mr. Fleming on the special committee on the Dominion Elections Act.

Motion agreed to.

QUESTIONS

ARMED FORCES—SERVICE HOSPITALS—FOOD COSTS

Mr. Balcom:

What is the current food cost per diem, per man, in (a) Royal Canadian Navy; (b) Canadian Army; (c) Royal Canadian Air Force; (d) active service hospital patients?

Mr. Blanchette: (a), (b), (c), $0.97; (d), $1.22.

PUBLIC SERVICE—MOTOR CAR ALLOWANCE

Mr. Balcom:

1. What allowance is paid to a government employee using his own car in government service?
2. Is allowance uniform for all departments?
3. Has allowance in such cases been increased, and when?

Mr. Sinclair:

1. Standard mileage rates

Nine cents per mile, in cases where convenient railway or motor bus transportation is not available; three cents per mile, in cases where convenient railway or motor bus transportation is available.

Note: The above are maximum rates. Departments may pay less if they deem it advisable.

Removal mileage rates

Five cents per mile, irrespective of the number of people transported, when an officer is moved from one location to another.

Northern allowances—mileage rates

Five cents per mile, when travelling to and from place of employment on assignment, or, under certain conditions, when going on leave, but not exceeding the amount that would be payable for transportation expenses if the employee and his dependents, if any, travelled by the shortest practicable route that would accomplish the journey at the lowest cost.

Special rates

Soldier settlement and V.L.A.

Eight cents per mile for the first 7,000 miles in each fiscal year; seven cents per mile for the next 7,000 miles in each fiscal year, except in the province of Ontario, where the rate shall be six cents per mile; five cents per mile for all mileage in excess of 14,000 miles in each fiscal year, except in the province of Ontario, where the rate shall be four cents per mile.

Trade and commerce—standards division

$4 per day, or proportion thereof—for systematic inspection work within one centre of population when carrying regular inspection kit and the necessary number of iron test weights.

$6 per day, or proportion thereof, or at the rate of nine cents per mile for actual daily mileage, whichever is the greater—for country itinerary inspection work when carrying regular inspection kit and the necessary number of iron test weights.

$6 per day, or proportion thereof, or at the rate of ten cents per mile for actual daily mileage, whichever is the greater—for systematic inspection work when hauling a two-wheel portable petroleum test tank.

Fifty cents per hour, not exceeding $4 per day, provided that when one or more inspections or calls are made the minimum daily payment shall be seventy-five cents—for incidental use of cars, which is neither systematic nor country inspection work.

Extra payment may be allowed at the rate of seventy-five cents per hour, or nine cents per mile, for overtime driving when such driving results in the elimination of hotel expenses.

2. Yes, except for special rates herein referred to, for soldier settlement and the standards division of trade and commerce.

3. The standard rate was increased April 1, 1948, from 7 cents per mile for first 2,500 miles, 9 cents per mile for next 2,500 miles, 8 cents per mile for over 5,000 miles, to a straight nine cents per mile.

FARM LOANS—NEWFOUNDLAND

Mr. Higgins:

1. How many applications for loans under the provisions of the Canadian Farm Loan Act have been made from Newfoundland?

2. To what agencies must applications be made for loans under the provisions of the Canadian Farm Loan Act from residents of Newfoundland?

Mr. Sinclair:

1. The Canadian farm loan board reports that a total of seventy-five inquiries for loans have been received from farmers in Newfoundland, resulting in twenty preliminary applications for loans, of which five are now formal applications.

2. Head office of the Canadian farm loan board, Ottawa.

DIVORCE EVIDENCE—COST OF PRINTING AND DISTRIBUTION

Mr. Knight:

1. How many copies of divorce evidence were printed at public expense during the period between January 1, 1949, and December 31, 1950?

2. To whom are such copies distributed?

3. Can a member of the public obtain a copy of this evidence in any particular case by applying for it?

4. What was the total cost of printing this evidence and of the paper upon which it was printed, between January 1, 1949, and December 31, 1950?

He said: I have been promised this precise information from another source, and I would be agreeable to having this question dropped, without prejudice to my being able to submit it on another occasion if necessary.

Mr. Speaker: Dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL PAYMENTS TO CROWN AND PRIVATE COMPANIES

Mr. Black (Cumberland):

1. What has been the total amount of moneys advanced, lent, or paid, to all private or crown companies, either as capital assistance or otherwise, by provinces, for (a) fiscal year ending March 31, 1951; (b) during the present year to date?

2. To what companies, and in what amounts, has capital assistance been granted for the above periods?

[Mr. Sinclair.]

DEPARTMENT OF EXTERNAL AFFAIRS—OFFICE FURNITURE, ETC., IN CANADA AND ABROAD

Mr. Diefenbaker:

What is the cost of (a) furniture; (b) carpets; (c) electrical fixtures; (d) all other equipment not included under the foregoing heads; (e) office furniture and fittings, which have been purchased by or for the Department of External Affairs, for use in (i) Canada; (ii) abroad, in each of the years 1949, 1950 and 1951, to date?

MOTIONS FOR PAPERS

CONSTRUCTION PROJECTS, HALIFAX

Mr. Balcom:

For a statement showing (a) a list of construction projects in Halifax, Nova Scotia, for which tenders were invited by the Department of Defence Production from April 1 to May 26, 1951; (b) tender number; (c) location and type of work; (d) names and addresses of those submitting tenders, and the amount of each tender; (e) names and addresses of those securing contracts, and the amounts in each case.

TRANS-CANADA HIGHWAY—AGASSIZ-HOPE, B.C.

Mr. Goode:

For a copy of all correspondence exchanged between the government of British Columbia and the federal government, during 1950 and to date in 1951, regarding the cost of opening a road between Agassiz and Hope, British Columbia.

Mr. Winters: This motion may be accepted, subject to the provision that we shall obtain the consent of the government of British Columbia before the correspondence is tabled.

IMMIGRATION—CORRESPONDENCE BETWEEN C.B.C. AND JOHN FISHER

Mr. Diefenbaker:

For a copy of all letters and correspondence which passed between the Minister of Citizenship and Immigration, or any official of said department, and John Fisher, Canadian Broadcasting Corporation commentator, during the months of March and April, 1951.

CAMPBELLTON, N.B.-CROSS POINT, QUE., BRIDGE

Mr. Brooks:

For a copy of all correspondence, telegrams and other documents exchanged between the Department of Public Works, the Department of Justice, or any minister of the government, or employee thereof, and the government of New Brunswick, or any department thereof since January 1, 1950, to the present time, in relation to the construction of a bridge between Campbellton, New Brunswick, and Cross Point, Quebec.

Mr. Fournier (Hull): We have no objection to the production of these papers after we have obtained the consent of the province.

Motion agreed to.

TRADE WITH CHINA AND RUSSIA

CANADIAN POLICY—UNITED STATES EMBARGO

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct one or two questions to the Secretary of State for External Affairs in connection with the matter he was discussing in his speech yesterday at the Canadian international trade fair in Toronto. Can the minister tell the house whether the United States embargo on trade with China is more restrictive than that which he announced yesterday as Canadian policy, and whether the Americans have imposed a total embargo on trade between the soviets and satellite countries and the United States, or whether the Americans are adopting the same policy as he indicated Canada is now adopting in connection with trade relations with these countries?

Hon. L. B. Pearson (Secretary of State for External Affairs): I was dealing with Canadian policy alone in that particular statement. In so far as strategic materials are concerned I believe that that policy is the same as the policy adopted by the United States in respect of shipments to soviet communist countries and to the people's republic of China. In so far as the policy of the United States on other than strategic materials is concerned, I am afraid that I am not in position to make a statement, especially without notice. I shall look into the matter and see what difference there is between our policy and that of the United States in that connection, if indeed there is any difference.

FIRES

OTTAWA ORDNANCE DEPOT—DAMAGE TO DEFENCE PROPERTIES—QUESTION AS TO INVESTIGATION

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to ask the Minister of National Defence to answer the question I asked on Monday last with regard to fires at the ordnance depot in Ottawa. There are some other questions which I should like to ask along the same lines which I feel are urgent. Why was not the fire that broke out at 5.30 on Saturday morning last at the end of the building opposite from the main fire reported to the press? Was stocktaking being carried on in the ordnance depot in Ottawa last week? Will the minister state whether he will give the Royal Canadian Mounted Police a free hand to investigate these fires, and also whether a public inquiry will be held? I think that is needed; in fact I know it is needed.

Inquiries of the Ministry

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, since the fire occurred, its causes and the damages therefrom have been the subject of very active investigation by army officials, including the army fire marshal, and the R.C.M.P., which are working in close co-operation. I should say that at a conference this morning the city of Ottawa fire department was good enough to send its chief at my invitation, and he also is co-operating. I have asked the Canadian Underwriters' Association to make available some experts and they are co-operating in that way. In addition to the army court of inquiry, such other inquiries will be held as are deemed necessary to arrive if possible at the origin of this fire.

The hon. member asked why was not the second fire reported to the press. I have no knowledge of the fact that it was or was not reported, or why it was not reported, if it was not.

Mr. Fraser: At the far end of the building.

Mr. Claxton: There was a second fire in area F that occurred at six o'clock in the morning. Before commenting further on this I think we should have the results of the inquiries which are under way and which will be pressed through to as full a conclusion as possible.

Before resuming my seat I should like to pay a tribute to the fire department of the city of Ottawa, and particularly to its chief. This fire began at about 9.40 at night and was reported by automatic signal to the fire department. The Ottawa fire department was on the scene just as soon as it could be, and the courage and skill and hard work of its members was the main reason why more damage was not caused. I should like to pay a warm tribute to the skill and trained experience, courage and hard work of the Ottawa fire department in doing such a superb job on that occasion.

I should like also to pay a tribute to the work of the armed forces, which at very considerable risk removed by hand highly inflammable and even explosive materials from buildings connected with area A where the fire occurred. Had these two agencies not co-operated as they did, had they not done the good work they did, the damage would have been much greater.

Mr. Graydon: May I ask the minister whether any corps of watchmen were on duty at that time, or was the department depending entirely upon automatic controls?

Mr. Claxton: All parts of the building are visited every fifteen minutes by members

of the corps of commissionaires or service personnel. The corps of commissionaires provides a service on the hour and on the half hour, visiting twenty-nine stations where they punch their clocks to record the fact that they have been there. That is supplemented by service personnel who visit fifteen different stations, distributed throughout the building, on the quarter and three-quarter hours, so that every part of the building is visited every fifteen minutes.

Mr. Graydon: How many would there be of that type of personnel watching for fires?

Mr. Claxton: There are quite enough to do the job. I have not the number, but it would be of the magnitude of ten or fifteen on duty throughout the night.

Mr. Fraser: How many officers would there be among the fifteen?

Mr. Claxton: One.

Mr. Cruickshank: I am not trying to be controversial, but I asked the parliamentary assistant to the Minister of National Defence a question the other day to which I should like an answer. According to the press, an immense building for ordnance purposes, the largest in the British empire, is to be built in the city of Edmonton under one roof. Is the minister's department giving consideration to having it spread among four or five buildings instead of under one roof?

Mr. Claxton: I think the information about the proposed ordnance depot at Edmonton has been exaggerated. A depot is proposed there, but it is not of that magnitude at all. It will be a depot for that command, and will be of the same type as other depots that have been or are being built across the country.

Mr. Cruickshank: I should like a direct answer. Rather than having it all under one roof and subject to similar fires, will consideration be given to spreading it throughout the immense west in several buildings?

Mr. Claxton: That of course has been given consideration from the point of view of economy and fire prevention, and consideration will continue to be given to that question.

Mr. Graydon: Too much concentration would be dangerous, would it not?

MILITARY ESTABLISHMENT AT LONDON, ONTARIO

On the orders of the day:

Mr. H. O. White (Middlesex East): Yesterday I directed a question to the parliamentary assistant to the Minister of National Defence. He took it as notice and was going to reply later. Can the minister answer the question now?

Hon. Brooke Claxton (Minister of National Defence): I have seen the question, but have not got the answer yet.

DECENNIAL CENSUS

REFERENCE TO QUESTION AS TO ORIGIN ON POPULATION FORM

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I should like to direct a question to the Minister of Trade and Commerce. Does the minister think the word "English" includes the word "Scottish"? The reason for my question is that when I came to fill out the census questionnaire I found under question 17 the heading "origin", and the various origins set out are "English, French, Irish, Jewish, etc." I should like to ask you, Mr. Speaker, particularly, and many others in this house if they do not think that some action should be taken to correct this. I hope the minister will be able to give me a more satisfactory answer than I think he will.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker—

Mr. Speaker: Order. I believe the hon. member for Vancouver East wishes to ask a question on the same subject.

Mr. MacInnis: If the Minister of Trade and Commerce will allow me, I wish to associate myself with the remarks of the hon. member for Greenwood in objecting to being included in the et ceteras.

Mr. Howe: I regret that this strange situation was just called to my attention a few moments ago. I shall be glad to obtain an explanation from my officials. As they are very competent officials, I am sure there is a good explanation, but at the moment I am not aware of what it is.

Mr. Macdonnell (Greenwood): Will the minister tell his officials I put myself down as Scottish?

Mr. Mutch: Some choice between "English" and "et cetera".

DEFENCE PRODUCTION

DISTRIBUTION OF CONTRACTS—SASKATCHEWAN

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): I should like to direct a question to the Minister of Defence Production. Has the minister noticed the latest release by his department this morning listing defence contracts over $10,000 from May 1 to May 15?

If he has, has he observed that once again there is not five cents for Saskatchewan? Will the minister give some assurance that consideration will be given to diversifying defence contracts so that other provinces will get their fair share?

Right Hon. C. D. Howe (Minister of Defence Production): Yesterday, for want of a better subject, I spoke on the distribution of defence and defence supporting contracts. I have a distinct recollection that according to the break-down prepared by my department, the prairie provinces were getting a very reasonable share of these types of contracts. If I am fortunate enough to reach my estimates this session. I shall be very pleased to put the break-down on *Hansard,* and I am sure that my hon. friend will be highly gratified at the value of the contracts going to the prairie provinces.

EXCISE TAX ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved the third reading of Bill No. 294, to amend the Excise Tax Act.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, before the bill is finally adopted on third reading I want to make a few comments, particularly with reference to section 6, which increases the sales tax from eight to ten per cent, and which is therefore in effect an increase in the tax of twenty-five per cent.

During the discussion the Minister of Finance (Mr. Abbott) was good enough to say that he agreed that it would be well for members of the house to have the opportunity of expressing their opinion on this bill, and particularly on section 6. Yesterday afternoon the Minister of Finance reiterated that opinion. At page 3730 of *Hansard* he said:

> When hon. members have completed the discussion, which I hope is nearing an end now, I shall be quite happy to have such a vote taken.

I drew attention to the fact that we were in committee, that a very large number of members of the house were unavoidably absent attending important committees of the house, and that therefore a vote taken under those circumstances would not reflect the opinion of the house. A recorded vote was taken in the committee, and there were forty-two in favour of section 6 and twenty-eight opposed to it, a vote of only seventy members of the house. The minister noted that himself and regretted that more members would not be able to participate in the vote when the house was in committee of the whole. Therefore I propose to move an amendment to the motion for third reading of the bill. I move:

> That Bill No. 294 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of reconsidering clause 6 of the said bill.

I believe that is in order at this stage. I had thought of moving that the section be deleted, but I thought if I did that there might be some discussion on a point of procedure, and in order to avoid any such discussion the amendment is worded as I have indicated.

I do not want to recapitulate all the arguments that have been advanced during the prolonged debate of this increase in the sales tax. I do want to say, however, that in my opinion it defeats to a degree the objective the minister said he had in mind at the time the budget was introduced—that is, of reducing the danger of inflation. I believe the increase in the sales tax, as in some of the excise taxes already adopted by this house, will mean increased prices for most articles and a renewed demand for wage and salary increases, as well as increases in the prices of certain farm commodities. After all, while some farm equipment is exempt from the sales tax, in many respects this tax does enter into both the cost of production and the cost of living in rural and urban areas alike. Consequently I believe that to a degree it will defeat what the minister said was one of the objectives he had in mind in some of the taxes proposed in his budget.

As I have said on many occasions, and in all parts of Canada where I have had the opportunity of speaking from time to time, in my opinion the sales tax is an oppressive and a discriminatory tax, because it taxes those who are often least able to carry any additional burden. It is true that a sales tax may be instituted for a particular reason, and under some circumstances potent arguments may be advanced to support it. Nevertheless the principle of such a tax is fundamentally unsound and wrong. Therefore we are opposed to that type of taxation, particularly at this time when it should be the care of this government to see that nothing is done to increase further the already high cost of living, which, as has been noted on other occasions by many speakers in this house, has now reached the unprecedented level of 182 as compared with the 1935-39 basic level of 100. Therefore I believe hon. members should have an opportunity to express themselves on this clause of the bill now before us for third reading.

I said I did not wish to go into all the arguments that have been advanced, and I do not propose to do so. By this amendment hon. members have an opportunity to ask the government and the house itself in committee of the whole to reconsider this bill with particular reference to section 6. In the amendment I am not suggesting that such consideration should bring about the desirable

result I hope it might have. It might result in quite the opposite, if a majority of this house so decided. But all hon. members should have an opportunity to register their opinions. I would hope that many hon. members supporting the government will take the view we are taking and so express themselves in connection with this sales tax.

I am not going to say more, because in view of the long debate we have had on this bill I think it is unnecessary to do so. I am moving this amendment in the hope that it will receive considerable support, and will bring about an expression of opinion of which the government must take heed.

Mr. J. M. Macdonnell (Greenwood): I should like to add just a word. As has been said by the hon. member for Rosetown-Biggar (Mr. Coldwell), this matter has been fully canvassed and there is no need to review it at any great length. This amendment is substantially the same as the amendment I moved on second reading, and it is moved for the same reasons. I would just reiterate what I said on second reading: that the arguments presented during the budget debate, when we also asked that this increase in the sales tax be abandoned, I think have been strengthened by the lapse of time. I understand the reason for this amendment, in that the mover wishes to have a recorded vote on this question, which presumably will be substantially the same as the vote in committee the evening before last.

Mr. J. S. Sinnott (Springfield): While I said yesterday that I disliked the contents of this bill, nevertheless when the vote was taken I was here, unlike one hon. member who mentioned my name yesterday but who dodged out when the final vote was called. However, I am given to understand that this increase will bring into the dominion treasury some $105 million this year and $125 million next year; and while I dislike the tax, governments have to dig up money somewhere.

The leader of the C.C.F. party (Mr. Coldwell) made a political speech and moved a political amendment. Last evening I was speaking to two people from England who had been sitting in the gallery here. They were amazed to hear us quarrelling about this increase in the tax on alarm clocks and such things. In England the tax on cars is 66⅔ per cent. If they want a waffle iron, an electric stove, a watch or an alarm clock, the excise tax is 100 per cent. They told me that we in Canada were living in clover, and that those who opposed these small increases in taxation which are imposed in order to obtain needed revenue should take a trip to England and see how things are going over there. I make this statement because our socialist friends are always pointing to England and to what they are doing over there. Why do they not point to the taxes over there before moving an amendment such as this?

An hon. Member: How are you going to vote?

Mr. Sinnott: I am going to vote for the bill, much as I dislike its contents, because, as I say, the government must have money. No one likes taxes; but if my socialist friends get any comfort from the way I vote, I am prepared to accept that responsibility.

Mr. George H. Hees (Broadview): Yesterday, while dealing with the increase in the sales tax, I suggested that if it was necessary for the government to raise more money, it would be much fairer if they did so by increasing either the income tax or the corporation tax, or both. In reply the minister had this to say, at page 3721 of *Hansard*:

> My experience has been that under existing conditions an increase in the income tax means that those paying the increase—and I am referring particularly to the larger groups of organized labour—are not prepared to accept less take-home pay. In other words they feel that they should get a wage increase which would offset any additional tax.

According to the minister, if we raise the money by increasing the income tax—a fair tax, based on ability to pay—that would be a bad thing, because the people would know what taxes they are paying, and would object to them. On the other hand, the minister feels that if we raise the money by increasing the sales tax—which is a bad tax, because it is a hidden tax, and bears equally upon the poor and the wealthy—that would be more desirable from the government's point of view, because the public would be unaware of the amount of taxes they would be paying, and would blame the increase in the cost of living on the retailer instead of on the government.

The minister said that if the money is raised by increasing the income tax, the unions would demand higher wages to make up the difference in their take-home pay, and that would be inflationary. Mr. Speaker, when the sales tax goes into effect, the unions are going to demand greater increases than they would if the income tax were increased, because under the sales tax the workingman carries a heavier share of the load than he does under the income tax. Therefore, I think it is obvious that an increase in the sales tax is more inflationary than an increase in the income tax.

From this I believe it is only possible to draw one conclusion, and that is that by raising the money which the government believes it needs, through an increase in the sales tax instead of an increase in the income tax, or the corporation tax, or both, the government is serving political expediency rather than a desire to impose the lightest possible burden on those who are least able to bear an increased burden.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, may I say just a word on this subject, in order to make my position quite clear. I intend to vote against the amendment, but I also believe that, while I am not speaking on behalf of the farm districts in others parts of Canada, the apparent spokesman for the government had no knowledge of the problem of the farmer or thought of the welfare of the people of Canada. I want to refer again, Mr. Speaker, to margarine.

Some hon. Members: Oh, oh.

Mr. Cruickshank: It is all very well for my friends from the maritimes to say "oh, oh". I want to make my position very clear.

An hon. Member: You want grease.

Mr. Cruickshank: If some hon. members in the back benches in that corner of the house in which I sat when I first came here have not the courage to get up and make a speech, they should not interrupt their betters. Mr. Speaker, to soften my remarks, may I state that I have had the privilege of being here longer than some members, but not as long as others. I have had the privilege of being here for about eleven years. I like every member in the house, and I hope they all like me. I respect their opinions, and I hope they respect mine. Irrespective of whether or not I agree with them, I realize that they are sincere in their beliefs. Even if a junior colleague from my own province should make irresponsible statements without the slightest foundation, reason, common sense or judgment, I respect his opinion. Incidentally, my province may be one of the junior provinces within confederation, but we do not consider ourselves a junior province in so far as good taste and good judgment are concerned. Mr. Speaker, I want to state to you, and through you to my colleagues, all of whom I respect, that I shall never divulge anything that occurs either within the secrecy of their home or on any other privileged occasion. I do not do business that way, because I do not have to do business that way in order to get a larger majority than I ever secured before. I can do that without the assistance of a member who took thirty days to neglect a promise to speak on my behalf campaigning all the time on his own behalf, while I had six meetings, and both of my opponents lost their deposits.

It has been suggested indirectly that I was disappointed that he did speak on my behalf. I believe, Mr. Speaker, it shows the supreme confidence that I had in the judgment of the people in the riding I represent that I was even willing to permit a member with apparently no idea of the welfare of Canada to speak on my behalf. I am asked by a very junior member from New Brunswick what that has to do with this amendment. I have forgotten what Brutus said or the minister of external affairs, but, come one, come all, if you want to interrupt me, knowing your names will not appear in *Hansard,* I am willing to take you on one or two at a time.

I want to make it quite clear that, while voting against the amendment I believe my colleagues and those who oppose me are sincere in their beliefs and are entitled to them. But, Mr. Speaker, representing as I do, a dairy district, I am entitled to the same consideration. I am sincere in what I am trying to put forward. I believe that this budget has not done justice to the dairy farmer. I may not be correct in that, but I sincerely believe it. I believe that, in the long run, the proposed excise taxes will not be of benefit to the people of Canada as a whole. I believe that the people of Canada will realize that, in the long run, the proposed legislation is not to their benefit, and it is definitely not to the benefit of the people I have the honour to represent. I have the honour to represent those people, Mr. Speaker, without referring to any conversation that I had with the Shah of Persia at the expense of the government. When I hear any remarks which I consider insulting to the great mass of farmers of our province, particularly the dairy farmers, I hope a correction will be made, from the source from which it should come, to the effect that they were not the expression of the policy of the government. Any man who insults the farmers of Canada and the dairy farmers that I have the privilege of representing should, I think, publicly withdraw any privileged statement made by the Shah of Persia or some deputy representative of Denmark or some other country. Denmark is a great country, I know. But my riding is a great dairying country, and we are proud of that fact. We make no apology to anyone for the way in which we conduct dairying in my riding or in my province.

I hope that I have had the last word in that connection, Mr. Speaker. I hope to say no more with regard to privileged remarks.

I do not think the present form of taxation is necessarily the essential one to cover the matter. But, all things being considered, I believe that the government which I have the honour to support have evolved what is, in their judgment, the best form of taxation to cover all the people of Canada, in the best interests of all. But I take exception to it when any member goes, shall I say, beyond all limits. There has been an interjection here, Mr. Speaker, referring to the member for Springfield (Mr. Sinnott). But I want to tell the hon. member for Coast-Capilano (Mr. Sinclair) that while the hon. member for Springfield was not a Rhodes scholar, he knows what is decency and what is not, and will not betray a confidence given at a private house or a private luncheon.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, having regard to the fact that on several previous occasions my colleagues and I have given reasons why we consider this increase in the sales tax unsound, unfair and undesirable at this time, it will not be necessary for me to recapitulate the arguments which we have thus far advanced.

Speaking in the House of Commons on April 10, the evening on which he delivered his budget, the Minister of Finance (Mr. Abbott) spoke as follows—I quote a short paragraph with reference to the sales tax, as reported at page 1813 of *Hansard*:

> I have therefore come to the conclusion that the sound thing to do from the economic point of view, and the fair thing at this time, is to increase the sales tax. I believe also that this is the choice that will be preferred by the great majority of our people.

We take the position, Mr. Speaker, that the twenty-five per cent increase in the sales tax is not sound. We consider it unfair, and we have advanced arguments giving our reasons why we so consider it. We are also thoroughly convinced that the majority of the people of Canada do not favour this tax at this time. We therefore stand together in support of the amendment submitted today by the hon. member for Rosetown-Biggar (Mr. Coldwell).

(Translation):

Mr. J. O. Gour (Russell): Mr. Speaker, I am not surprised that the hon. members of the opposition seized this opportunity to criticize our tax structure and more especially the new taxes proposed in the present budget. It is natural for them to criticize but they do it all the more willingly when they realize that by so doing they will reap political advantages. However, what never fails to surprise me is to hear these hon. members of the opposition, day after day, call upon us to furnish larger sums of money for various purposes, bonuses according to some, compensation according to others, or plain gifts, according to others.

I know it is their duty to seem like good fellows in the eyes of their constituents. It is all the easier for them, I admit, to ask that millions and billions be given away since they know full well that they are in no way responsible for such donations. Having voiced requests of that kind, they find it easy to criticize the government for suggesting taxes to meet the proposed outlays.

The budget calls for expenditures of more than three billion dollars. There are times when I would be inclined to envy their position. But I still prefer to be on this side of the house, where I can express my opinion sincerely, without attempting to derive any political advantage.

I am astounded to hear those hon. members criticize present taxes, since the official opposition is always demanding the expenditure of additional billions for defence, charging that we have not yet spent enough in this regard and that we should have spent four or five times as much.

The socialists would have us give more than Canada has or can possibly have within the next ten years. They want huge sums of money to be paid into pension funds of all kinds, bonuses, etc.

Our good friends, the Social Crediters, would like the government to build a printing bureau for the sole purpose of printing bank-notes, to be distributed to all citizens. After a quick calculation of the several amounts asked for by the opposition, I have discovered that we would need more than $6 billion to cover these expenditures, whereas the estimates provide for the levying of only $3 billion. In other words, if we were to accede to their requests, we would have to double the taxes the government now requires.

Just a few words about the additional two per cent sales tax. First of all, may I be permitted to remind the hon. members of the opposition that we dislike imposing taxes even more than they do, because we can derive no political advantage thereby. Tax increases go against us. Had it been possible not to increase the tax we would have been doubly happy. Tax increases help the opposition but not those who sit on this side of the house because such increases are not welcomed by the electors.

I know something about the matter as I am among the first to be penalized. As a merchant, I have to keep a heavy stock of goods. Part of these goods were already subject to an eight per cent tax. From now on another part of them will be subject to a ten per cent tax. Therefore my stock will be made up of certain goods subject to an eight per cent tax and other goods on which the tax will be ten per cent. This tax increase means that I have to protect a surplus of money against loss and fire. Five or six years ago, I paid taxes on certain goods I was unable to sell. In fact, the public does not pay more than before, because large quantities of goods are being sold at reduced prices. Then, let us not forget that when certain wares become out of fashion, they have less value. How much of those are sold below cost price? In such a case, the public does not pay the eight or ten per cent. The true businessman knows of no other country he would rather live in. Ask any businessman; he will tell you he prefers Canada to any other country.

I regret the hon. member for Fraser Valley (Mr. Cruickshank) is not here. I would have told him he is the best promoter of margarine in Canada. He is a great help to the newspapers and to the producers of margarine. I wonder why he insists on talking about it so often in this house. The Liberal government had prohibited the production and sale of margarine as long as it could and I was always pleased to support our leaders in this regard.

But now, the provinces control the production and sale of margarine, a second rate substitute, the nutritional value of which is not one-quarter that of butter. Those who wish to see the matter definitely settled should turn to their respective provincial governments. I blame the government of my province for not having forbidden the sale of that product.

Unlike some people, I do not claim that this foodstuff is not fit to be eaten. I objected to the sale of margarine because I represent what is almost exclusively a farming constituency.

Farmers do not make a fortune but thanks to the sound administration of this government they live decently. Those who are always clamouring for the removal of taxes should try instead to bring prices down by asking workers, farmers and businessmen to work a few hours longer than at present. On the other hand, we in the House of Commons who spend half our time arguing, at tremendous cost to the taxpayer every day, should avoid useless repetitions and get down to work.

This is only the second time I have spoken in the house this year, and I do so without preparation. If members enacted bills more speedily instead of making so many speeches to please their constituents, it would be less costly to the country and things would go much better.

(Text):

Mr. J. W. Noseworthy (York South): Mr. Speaker, I have already set forth my objections to the sales tax, and I shall not repeat them at length. However I should like to comment upon a statement by the Minister of Finance (Mr. Abbott) as it is reported at page 3731 of *Hansard* for June 5, where he said:

> I have answered my hon. friend as to why we think a tax on spending, such as the sales tax, is less inflationary than an increase in the personal income tax or a lowering of the exemptions; because I believe the imposition of such an additional tax would at once result in fairly widespread demands for wage and salary increases to offset it.

In the first place, I do not know of any group in the house that asked for an increase in the income tax at the lower levels. A number of alternatives were offered to the minister, such as an increase in corporation taxes, a graduated excess profits tax, and even an increase in income tax in the higher brackets. No group in the house has advocated an increase in income tax across the board as an alternative to the sales tax now under consideration.

Secondly, I challenge the minister or his parliamentary assistant, or any member supporting the government, to show where labour has gone to employers asking for any increase in wages because they felt they were bearing more than their share of income tax, or asked for an increase in wages on the ground that they were paying too much income tax. Ever since the government released its control on the cost of living, industrial workers have sought increases in wages to offset the increased cost of living. The government has been notified time and again by organized labour that, if it was willing to stop inflation and the rising cost of living, labour was willing to sit down and to iron out with the government the whole question of wage increases.

Every demand for wage increases since the war has been made on the basis of the increased cost of living, and I submit to the minister that the imposition of an additional sales tax will be one more incentive to organized labour across the country to ask for increased wages, thus increasing inflation. It is that, and not the fact that industrial wage earners have been called upon to pay taxes, that has been the cause of the demand for increased wages throughout the year.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I wish to make only a few brief comments. I intend to support the amendment of the hon. member for Rosetown-Biggar (Mr. Coldwell), because I consider the increased tax unjust, inequitable and unnecessary at the present time. If the government intends to pursue the policy that apparently it is now aiming at, a policy of combating inflation by the measures it is taking, by imposing credit restrictions in various forms and by increasing the cost of living, then the only assumption one who is not greatly versed in financial matters can come to is that the government intends to combat inflation by creating depression. And if it is not very careful there will be a depression on the government's doorstep within a very short space of time.

I certainly intend to vote for the amendment.

The house divided on the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Adamson
Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Bryce
Charlton
Coldwell
Coyle
Fair
Fraser
Fulton
Gagnon
Gibson
Gillis
Graydon
Green
Harkness
Hees
Herridge
Higgins
Hodgson
Johnston
Jones
Knight
Knowles
Lennard
Macdonnell (Greenwood)
MacInnis
McGregor
McLure
Murphy
Noseworthy
Nowlan
Pearkes
Poulin
Quelch
Shaw
Stanfield
Stewart (Winnipeg North)
Thatcher
Thomas
Tustin
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie—50.

NAYS

Messrs:

Applewhaite
Ashbourne
Balcom
Bater
Beaudoin
Bennett
Blanchette
Blue
Boisvert
Boivin
Boucher
Bourget
Bradette
Bradley
Breithaupt
Breton
Brisson
Brown (Essex West)
Bruneau
Byrne
Cannon
Carroll
Carter
Cavers
Chevrier
Clark
Claxton
Cleaver
Cloutier
Corry
Cote (St. Jean-Iberville-Napierville)
Cote (Verdun-La Salle)
Croll
Cruickshank
Darroch
Dechene
Decore
Denis
Dewar
Dion
Dube
Dumas
Eudes
Ferrie
Follwell
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
George
Gingras
Gingues
Goode
Gosselin
Gour (Russell)
Gregg
Harrison
Hellyer
Helme
Henderson
Henry
Hetland
Hosking
Howe
James
Jeffery
Jutras
Kent
Kirk (Antigonish-Guysborough)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapointe
Larson
Leduc
Lefrancois
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacNaught
Macnaughton
McCubbin
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Martin
Masse
Mott
Murray (Cariboo)
Mutch
Nadon
Pearson
Picard
Pinard
Pouliot
Proudfoot
Prudham
Ratelle
Richard (Gloucester)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robinson
Rochefort
Ross (Hamilton East)
Rousseau
St. Laurent
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne
Smith (York North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Thomson
Tremblay
Valois
Viau
Warren
Weaver
Welbourn
Whiteside
Whitman
Winters
Wood—138.

Mr. Casselman: I was paired with the hon. member for Portage-Neepawa (Mr. Weir). Had I voted, I would have voted for the amendment.

Mr. Browne (St. John's West): I was paired with the hon. member for Yukon-Mackenzie River (Mr. Simmons). Had I voted, I would have voted for the amendment.

Mr. Huffman: I was paired with the hon. member for Haldimand (Mr. Catherwood). Had I voted, I would have voted against the amendment.

Mr. Speaker: Is the motion for third reading carried?

Mr. Graydon: On division.

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

JUVENILE DELINQUENTS ACT

AMENDMENT WITH RESPECT TO DEFINITION OF "CHILD"

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 344, to amend the Juvenile Delinquents Act, 1929.

Mr. Fulton: Will the minister make a statement either at this stage or in committee?

Mr. Garson: I think it would be preferable to make it in committee. It is a very simple bill.

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

On section 1—*Child.*

Mr. Fulton: Would the minister please make a statement now?

Mr. Garson: Mr. Chairman, I think it is almost an act of supererogation on my part to attempt to add anything to the explanatory note in the bill. Under the British North America Act responsibility for the administration of justice is vested in the provincial authorities. Amongst those with whom they deal in that regard are juvenile delinquents, and to the end that they may deal separately with them, in a manner which is familiar to most of us, provision is made in the Juvenile Delinquents Act that children as defined in the act will be dealt with under its terms. The act defines a child as meaning any boy or girl apparently or actually under the age of sixteen years with the provision that, in any province or provinces as to which the governor in council by proclamation has directed or may hereafter direct, "child" means any boy or girl apparently or actually under the age of eighteen years. In certain provinces of Canada they have chosen to leave the age at sixteen years. In other provinces they have asked the governor in council to issue a proclamation raising the age from sixteen to eighteen years. In one of those, namely, Alberta, after having had some experience with the treatment of children as juvenile delinquents up to the age of eighteen, the authorities there are of the opinion that it would be in the interests of the better administration of justice to lower the age in that province from eighteen back to sixteen, and the purpose of the present amendment is to make that possible.

Mr. Fulton: Are there any provinces in which the age is not either sixteen or eighteen? Is there any province which has an intermediate age? It seems to me that is the only case which could give rise to any difficulty under this bill.

Mr. Garson: No. According to my information, British Columbia, Manitoba, Alberta up until the present time, and Quebec have had the age limit raised to eighteen. Alberta now wants to have it brought back to sixteen. No change has been made in Ontario, Saskatchewan, Nova Scotia, New Brunswick and Prince Edward Island where the limit is still sixteen.

Mr. Browne (St. John's West): I wonder if this act applies to Newfoundland. I did not have time to look over the list of statutes that have been made applicable to Newfoundland but in those that I did see there was no mention of this particular act being made applicable.

Mr. Garson: Speaking offhand in reply to my hon. friend's question, I apprehend that, under the terms by which Newfoundland entered the Canadian confederation, after the expiration of a certain time limit following that entry, certain laws of Canada become applicable to Newfoundland. I suppose that might include the Juvenile Delinquents Act, with the age at sixteen. If the province of Newfoundland wanted that age increased to eighteen it would be necessary to make representations to that effect.

Mr. Browne (St. John's West): The minister must remember that two or three months after April a proclamation was issued which specified the Canadian statutes which became applicable to Newfoundland at that time, and the same proclamation contained a list of Newfoundland statutes which were abrogated, but I had not understood that this statute had been made applicable. In Newfoundland we had a child welfare act which was administered by the department of public health and

welfare, and which I thought was still being administered by that department. Under that act the age limit was seventeen, and I am wondering if the minister has made any inquiries to see whether that is still applicable.

Mr. Garson: A distinction has to be drawn in most provinces, certainly in my own province of Manitoba, between the Juvenile Delinquents Act, which is a federal statute, and a child welfare act, which is a provincial statute. A child welfare act provides certain types of social welfare for the benefit of children. The Juvenile Delinquents Act is applicable to those delinquent children who would be dealt with in the ordinary criminal courts but for the special provisions in the Juvenile Delinquents Act under which they are dealt with by a juvenile court. I shall be glad to look into the matter for my hon. friend and advise him either privately or on the orders of the day. In Newfoundland they may not have wanted the Juvenile Delinquents Act proclaimed until they had set up a juvenile court in that province to administer it. That might be the reason.

Mr. Browne (St. John's West): The minister is not very familiar with the situation in Newfoundland. While we do not call it a juvenile delinquents act we have the same provisions in the act dealing with public welfare. I have tried to study this bill here this afternoon, and it seems to me the provisions are almost identical. The minister does not seem to be too familiar with the situation, so it would not be fair to ask him questions; but between now and third reading he might make some inquiries to see whether this act has been made applicable to Newfoundland or whether we are still operating under the old act.

Mr. Garson: I shall be glad to.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Some hon. Members: Next sitting.

Mr. Garson: I would undertake to give my hon. friend the information on the orders of the day if we could get on with this bill now.

Mr. Browne (St. John's West): Very well.

[Mr. Browne (St. John's West).]

Mr. Garson moved the third reading of the bill.

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

WEIGHTS AND MEASURES ACT

GENERAL REVISION—AUTHORITY FOR CLASSIFYING WEIGHING AND MEASURING DEVICES, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 355, respecting weights and measures.

Mr. Charlton: Is the minister not going to give an explanation?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Giving an explanation on second reading of this bill presents some difficulty, because no clear question of principle is involved. Rather the necessity for the bill arises out of the fact that there has been no general revision of the present Weights and Measures Act since 1873. There was a revision in 1914 having to do with one or two clauses dealing with the metric system, and a further revision in 1935 dealing with the short weight provisions of the act. These have been the only revisions since the act was passed originally. The result is that we have an act in force containing provisions not in accordance with present trade practices. In addition, the primary standards of length and mass were defined in this act, and we now have a more technically correct method of determining the primary standards of length and weight in the Length and Mass Units Act dealt with by this house a few days ago. Perhaps, however, I should say something about the general matters relating to weights and measures and the activities of the standards division of the Department of Trade and Commerce which administers this act.

The basic responsibility of the inspection service is to inspect and compare with the working standards all trade devices, whether they be scales, weights or other measuring devices, to ensure that they operate within specified tolerances. As part of the duty of ensuring the accuracy of measuring equipment there is a prior requirement on manufacturers to have trade equipment approved as to type before it can be sold for use in retail premises. When any particular piece of equipment has been approved and is manufactured, where practical it is inspected before release from the factory.

In addition to the statutory responsibility of annual inspections the weights and measures service carries out inspections at the

request of owners of equipment and does checking for unjust scales and for short weight practices. Hon. members will appreciate the difficulties involved in carrying out these inspectional duties, particularly in the matter of travel. Where there are large concentrations of population the work can be carried out on an economical basis, but beyond these the costs are high in relation to revenue. During the fiscal year 1949-50 an inspection staff of 109 travelled some 737,000 miles, calling at 141,000 places of business, where they inspected some 449,000 pieces of equipment. Spot inspections of 5,500 scales were made, and 55,000 pre-packaged articles were checked. For the fiscal year 1950-51, up to February 28, some 448,000 devices have been inspected, 11,300 scales have been spot checked, and 100,000 pre-packaged articles have been examined. For annual and request inspections fees are charged, and the revenue from these nearly covers the cost of operation of the service. For the fiscal year 1949-50 the revenue stood at $472,452.18 as against an expenditure of $512,539.74. Preliminary estimates for the fiscal year 1950-51 place expenditures at $547,486.41 as against revenues of $495,528.44. Consideration is at present being given to a revision of the fees. I might add that the scale of fees has not been changed since 1920 though the cost of operation, particularly in relation to transportation and salaries, has gone up a great deal since that time.

The service operates under the standards division of the Department of Trade and Commerce, and that division also has the responsibility of supervising the inspection of electricity and gas meters. It is rather interesting and rather a pleasure to be able to tell hon. members that the over-all revenue and expenditure from all three services is such that there is no net charge against the federal treasury.

With this background, perhaps I should turn to some of the more detailed reasons for the revision of the legislation. As I said a few minutes ago, the first weights and measures legislation was passed at the session of 1872-73, and with the exception of the 1914 and 1935 amendments to which I have referred, there have been no basic amendments to the original legislation. In view of the length of time that has elapsed, and the fact that there are many advances in manufacturing and merchandising techniques, it has been decided that this is a desirable time to review the legislative authority.

While the proposed changes do not materially alter the principles of the present legislation, the administrative changes which are desirable make it essential that the whole act be substantially revised. It is thought that this would be preferable to amending the individual sections. The act, therefore, has been completely rewritten, and although in many of the sections it is just a carrying forward of the provisions of the old act, some of the sections have been deleted because they were outdated. Many of the sections of the present act were aimed at covering the use of particular types of equipment, which in the normal course of administration or use, are covered by the general rules applying to all types. It is, therefore, felt that the special reference need no longer be continued.

To illustrate, for example, milk cans are singled out for special reference in the present act. The reference was to their capacity, the marking of their capacity and other requirements. The form of the sale of milk has been tremendously improved, and there appears to be no necessity for the special reference because this form would now come under the general requirements for static measures. For instance, a great deal of the milk is now sold by weight, and the can in which it is contained is nothing more than a container. The provisions having to do with weight now largely govern, and that provision as to the can or container is no longer applicable. I use that as an example only.

The act, in its present form, places the responsibility for inspection beyond what was originally intended, in that the responsibility is placed on inspectors to examine and compare all weights, scales and other devices which are presented to them, whether or not those devices are used in trade. Furthermore, it is beyond the capacity of any inspection staff to stamp measures of length and volume. These, as members will appreciate, are mass produced and government inspection is not possible. An alternative method which will provide some safeguards is being proposed. This method will involve a system of approved prototypes which will give the necessary control of the measures sold. It is desirable also that clear authority should be given to ensure the proper marking of trade devices. All trade devices should be marked to indicate that they are legal for trade or not legal for trade.

In the case of measures which are in many cases mass produced, a manufacturer will be able to submit a prototype and if it

meets the construction and accuracy requirements it will bear a mark which will indicate it is legal for trade. Those for which no prototype is submitted will, of course, bear no mark and consequently may not be used for trade purposes. It is considered also that the respective duties and responsibilities of manufacturers and importers of weighing and measuring devices, and dealers in those devices as well as traders using those devices, should be clearly defined. In the existing legislation there is a failure to draw the distinction in the duties between these different groups.

Then, there is a wide development in the pre-packaging of goods in the last number of years. It is a common practice now to sell goods, particularly groceries, in pre-packaged form. There is an appropriate provision to provide that where these pre-packaged goods are sold by weight or measure, that weight or measure must be indicated and must be accurate. There is one other difficulty that I might mention. As all hon. members are aware, federal legislation has been proclaimed from time to time as being effective in the province of Newfoundland. The proclamation of the Weights and Measures Act has been published, and the act is now effective in that province. Some of the standards of equipment in common use there do not meet the requirements in effect in other parts of the dominion. It would appear desirable, therefore, that there should be a provision enabling the governor in council to authorize a continuation of the use of certain of those measures and devices that are now commonly used in Newfoundland until such time as the necessary adjustment can be effected.

The matter of the penalties provided by the act caused some concern. They are quite inadequate in some respects. There is a great inequality as between penalties in the different sections, depending upon the time at which the penal provisions were passed. It is desirable that consideration should be given to revising those to the point where successful prosecutions will have the desired results, and not merely result in a very low scale of penalties out of line with the more recent idea of the value of the dollar. In addition to that, whilst relatively easy to uncover the offences, the requirement of proof was quite stringent in some cases and unnecessarily severe in others. The situation was that in the old act the penal provisions were not gathered together, and were not by any means uniform the one with the other.

Then, there is another change of some interest. The present act provides that penalties may be sued for, and one-half of the penalty paid to the person bringing the charge. I believe it will be generally agreed that that practice is no longer looked upon with favour by parliament, and that provision is being dropped. Similarly, there is a provision in the present act for the voluntary surrender of equipment, and the voluntary payment of a fine, with the consent of the minister. That section has not been used for a great many years, and it is intended to drop it as being undesirable. I believe all hon. members will agree that the question of the guilt or innocence of someone is a question to be determined by a court. That provision is quite out of line with modern thinking on the subject.

To summarize, Mr. Speaker, it will be seen that the new act is, in effect, a modernizing and tightening up of the legislation. It is designed to be of such nature that it will provide a proper administration in the light of current manufacturing and trade practices.

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

On section 1—*Short title.*

Mr. Browne (St. John's West): I wish to ask the parliamentary assistant if there was any reason for not following the practice followed in other bills of printing an explanation on the opposite page when sections are changed. Can the parliamentary assistant give some reason why that practice was not followed? Is there much difference between the former act and this bill?

Mr. McIlraith: Mr. Chairman, in principle there are no differences, but there are great differences in the language of some parts: For instance, the dropping of the definition of the primary standards of the yard and the pound, which were defined in terms of physical bars brought to this country in 1873. That definition has been dropped from this act altogether and put into the Length and Mass Units Act. Consequent upon that deletion, there are some 19 sections, some of which are dropped and others drastically changed in language, but only consequent upon that point. The changes are of that nature. They do not affect any point of principle.

Mr. Browne (St. John's West): I notice that two acts are referred to by the parliamentary assistant. He mentioned the revised statutes of 1914. I suppose that was carried on in 1927.

Mr. McIlraith: Yes.

Mr. Browne (St. John's West): He mentioned the 1935 amendment. Then there are two others mentioned in the headnote,

namely, those of 1937 and 1950. The parliamentary assistant did not mention those.

Mr. McIlraith: I wonder if the hon. member would mind indicating again the reference about which he was asking?

Mr. Browne (St. John's West): The head note of the bill gives the original act and the amendments. The parliamentary assistant said there was only one amendment in 1935. I notice that two others are mentioned in the head note. Were they important or were they trivial amendments?

Mr. McIlraith: I am afraid I have not the reference to the 1937 amendment.

Mr. Browne (St. John's West): 1937 and 1950.

Mr. McIlraith: I have not the 1937 amendment. I will send out for it. As to 1950, I might say that there was no amendment to this act in 1950. I do not understand the reference.

Mr. Browne (St. John's West): It is mentioned in the head note; 1950, chapter 50.

Mr. McIlraith: I am sending out for it.

Mr. Knowles: Just as a long shot, I would guess that may be one of those statute law bills that made this act effective in Newfoundland or something like that. There have been bills which did not specifically amend the statutes but which just made all the statutes applicable to Newfoundland or had some general application.

Mr. McIlraith: In any event, I am sending out for them.

Mr. Browne (St. John's West): These weights and measures that we have in Newfoundland to which the parliamentary assistant refers are to be continued, are they? I refer to the quintal, the cask and the tun which are not in general use in Canada. I presume they are going to be continued until they are altered by some proclamation.

Mr. McIlraith: Yes. That matter is dealt with in section 15 of the bill which provides as follows:

> Such weights and measures as the governor in council may designate may be used in the province of Newfoundland for such period as the governor in council may prescribe.

That section is intended to cover the point raised by the hon. member.

Mr. Knowles: May I point out that I have now looked up chapter 50 of the statutes of 1950 and I find it was the Regulations Act.

Mr. McIlraith: Oh, yes.

Mr. Knowles: While I am on my feet, may I ask a question with respect to this bill? I note that, in the explanatory notes, we are told that one of the purposes of this bill is to provide more practicable means of ensuring against short weight or short measure of pre-packaged goods. In the course of his remarks the parliamentary assistant said that modern developments for the pre-packaging of goods had made it necessary to have provisions that would take note of those practices.

There is a particular type of question about tinned goods that I should like to ask. I fully realize that a statute like this one, so far as its enforcement provisions are concerned, simply provides in the main that a tin must contain the weight or the measure that is stipulated on the outside of it. It has, however, been drawn to my attention a number of times—in fact, on certain occasions in my own home—that a housewife will purchase a tin of some sort of food—be it fruits, sea food or what have you—and that when she gets home and opens the tin, to her amazement she finds that it is only about half full, or even less than half. I have had such examples drawn to my attention.

On one occasion I was able to weigh the tin and point out to the person who drew the matter to my attention that the full weight was there. Is there anything that can be done about a practice of that kind? It is not general. I admit that most tins that one opens are full. But cases occur where the housewife feels she has been deceived. Merely to tell her that the full weight, as indicated on the outside of the tin, is there, does not get away from the fact that to her the tin was only half full. Is there anything in the bill now before us that relates to that sort of situation?

Mr. Browne (St. John's West): As to that point, may I say that I believe there is a practice in the land—there certainly is in Newfoundland—that a pound tin contains twelve ounces and a half-pound tin contains six ounces. Is the parliamentary assistant aware of that practice? That is with regard to lobster.

Mr. Knowles: In other words, the pound is shrinking like the dollar.

Mr. McIlraith: Mr. Chairman, perhaps I should first of all deal with the question raised by the hon. member on section 1, with regard to the 1937 statute. The reference there is to a provision for the recovery of penalties. It is a short provision to the effect that if the penalty does not exceed $50, it can be recovered on summary conviction. I think that has no bearing on any substantive matter.

Mr. Browne (St. John's West): No.

Mr. McIlraith: To deal with the point raised by the hon. member for Winnipeg North Centre, I presume he has seen section 26.

Mr. Knowles: Yes.

Mr. McIlraith: That section deals with pre-packaged goods. But I think the example he had in mind perhaps refers to a difficulty under the Meat and Canned Foods Act which is not dealt with under the Weights and Measures Act.

In other words, under the Weights and Measures Act the duty of inspection there is to see that the weight indicated on a pre-packaged article sold is accurate. That is, to see to it that, if the package says it contains twelve ounces, there are twelve ounces there.

Mr. Browne (St. John's West): And if it says it contains a pound, that there are sixteen ounces.

Mr. McIlraith: Yes; that is quite correct. There is this other legislation dealing with meats and canned foods, and relating to cans specifically, that has to do with the true and correct description of the contents of the can and so on. The difficulty the hon. member has in mind does not, I think, have to do with the true weight or measure. If it does not have to do with that, there is nothing in this bill governing it.

Mr. Knowles: I think I stated my position when I was on my feet before. I indicated that in cases of this kind the actual weight is there but that the housewife feels that she has been deceived. I know that I have been asked the straight question: Is there no protection for the housewife against that kind of deception, even though the practice may be legally correct?

A housewife buys a tin off the shelf. The information on the tin states that it contains a certain weight or a certain number of ounces. It does. However, she thinks from the size of the tin that she is getting that quantity of food. When she gets home and opens the tin, thinking that she will have enough for her family, she finds it has only half that amount. If there is nothing in this act dealing with the matter, is there something in the Meat and Canned Foods Act on that point?

Mr. McIlraith: Mr. Chairman, there is nothing in the bill dealing with that point. This bill has to do only with the accuracy of weights and measures, and inspections made for that purpose.

Mr. Knowles: Who administers that act?

Mr. McIlraith: The Meat and Canned Foods Act is administered by the Department of Agriculture and has to do with the quality of content, the size of cans, the mixing of products and things of that kind.

Mr. Knowles: Does it say anything on the point I have raised, namely that a manufacturer should not put out a tin that is only half full?

Mr. McIlraith: I do not know.

Mr. Knowles: Does not the parliamentary assistant think that the housewives of this country have a right to protection against that sort of thing. I would repeat that this practice is by no means general. Indeed, the general practice is the other way, and I am not casting any reflection against those who put out products in the proper fashion. However it seems to me that even the odd case of that kind should not be permitted.

Mr. Stuart (Charlotte): I might say that a few years ago we had some difficulty in connection with the Meat and Canned Foods Act so far as canned clams and canned oysters were concerned. These are both shellfish canned in bouillon. For many years there would be three ounces of meat, we will say for the sake of argument, put into the can, and the rest of the space would be filled with bouillon. When anyone bought these products from the grocers' shelves he would not know whether he was getting three ounces or four ounces of meat, the rest being bouillon.

When a revision was made a few years ago of the Meat and Canned Foods Act this situation was remedied. Today the quantity of solid meat in the can, is indicated on the label. There is no connection with the bouillon. In other words, you do not buy a large can filled with bouillon.

The hon. member for St. John's West referred to lobsters, and to cans described as pound cans containing only twelve ounces. I do not know about the condition in Newfoundland, but that could not happen in New Brunswick. Our cans are marked in such a way as to show the exact weight of meat in those cans. Canned lobster, hermetically sealed and otherwise, is marked with the exact weight of the meat. I do not know about the meat packing industry, but that is one regulation followed very closely in the fishing industry. The solid weight of meat must be in the can, regardless of size. This has much to do with giving the consumer full value for his money.

While I am on my feet I should like to mention a problem in connection with the sale of tobacco in Canada. I live on the international boundary and, so far as I can remember, in the United States they have

had a few brands of cigarettes and tobacco which have become popular. They were popular fifty years ago and have retained their popularity up to this time. As far back as I can remember there has never been a time when one could buy less than twenty cigarettes in a package. Those who have lived on the international boundary, and perhaps have smuggled a few cigarettes—the same as I have—will recall that one could buy only twenty cigarettes in a package, or a flat fifty, and that all pipe tobaccos were put up in pound, half-pound and two-ounce packages.

In Canada we have had almost every number of cigarettes in packages, ranging from five to twelve, fourteen, eighteen, twenty-two and so on. I have often wondered why there is not some regulation in that respect. Today if anyone buys a package of cigarette or pipe tobacco he will find that it may be one-sixteenth, one-twelfth or one-thirteenth, while another package only half the size will have the same amount of tobacco in it. To my mind that is a form of deception, and a matter which the department should look into with care.

As I have said, in the United States there has been a regulation in effect as long as I can remember, and I believe it existed before that time, whereby they have twenty cigarettes in a package, as well as the flat fifty, but I have no recollection of cigarettes having been put up in packages of tens and fives in the United States. They have the pound, half-pound and two-ounce package of pipe tobacco.

In Canada however there is a great conglomeration of sizes of packages—so much so that I believe the general public is being deceived on many occasions.

Mr. McIlraith: I do not know that I should enter into a discussion of the packaging of cigarettes. My understanding however is that the number of cigarettes in a package is always indicated on the excise tax stamp.

To return to the specific point raised by the hon. member for Winnipeg North Centre, the regulations under the Meat and Canned Foods Act provide in some detail for the content of certain sizes of cans. That covers however a specified list of products. So that to answer the hon. member's question with absolute accuracy one would have to know the particular product involved.

For instance the weight of apricots in a certain size of tin must be a certain amount. The difficulty he has mentioned could not arise in connection with that product. It may be, however, that there are other products not included in the schedule of the act.

Mr. Wright: Is there any regulation stating the amount of fruit as compared with the amount of juice or water which must be placed in a can?

Mr. McIlraith: Yes. That is found in regulation 25. A definition is set out as to the amount of solid fruit, liquid and the like.

Section agreed to.

Sections 2 to 8 inclusive agreed to.

On section 9—*Canadian measures of length; standard yard.*

Mr. McIlraith: In the French version I find that some change is required in subsection 3. The first two words in the French version as printed are "la perche". I am informed that a correct translation would be "le rod". A similar change would have to be made in the marginal note.

Mr. Lapointe: I move:

That section 9(3) be amended by striking out the words "la perche" and substituting therefor in the French version the words "le rod."

Mr. McIlraith: It would then read:

Le rod linéaire est de cinq yards et demi.

Mr. Knowles: S'il vous plaît.

(Translation):

Mr. Dumas: Mr. Chairman, the substitution of the word "rod" for the word "perche," as proposed by the parliamentary assistant to the Minister of Trade and Commerce (Mr. McIlraith), is most appropriate and will be well received by members of the corporation of land surveyors of the province of Quebec and all those interested in this matter.

The English word "rod" translated by "perche" has been in the French version of the Weights and Measures Act since 1873. Most English-French dictionaries translate the word "rod" by "perche".

It is therefore easy to understand why the word "perche" was used instead of "rod", although the word "rod" may be found in nearly all French dictionaries.

In order to avoid any confusion, since the word "perche" is used in connection with the French system of measurement still used in Quebec for measuring land in *seigneuries*, I should think it really logical to replace the word "perche" by the word "rod". Naturally, certain changes will have to be made in the tables which appear on pages 18 and 19.

In the table appearing in schedule III, page 18, the word "rod" must be written in in place of the word "perche" in the lower portion, as well as in the second table appearing on page 19.

The Deputy Chairman: Is the amendment moved by the Minister of Veterans Affairs (Mr. Lapointe) carried?

(Text):

Amendment agreed to.

Section as amended agreed to.

Sections 10 to 14 inclusive agreed to.

On section 15—*Newfoundland.*

Mr. Browne (St. John's West): I wonder if the parliamentary assistant approves of the phrasing, "such weights and measures as the governor in council may designate may be used in the province of Newfoundland"? They are in use now and in order to make them legal should we not say, "such weights and measures as are now in use in Newfoundland"? Would it not be preferable to have it that way?

Mr. McIlraith: I think not, because the legal situation at present is that there is a breach of the law in the use of the tub and certain other measures. Technically it is illegal to use them now and this section would grant authority to make their use legal.

Mr. Browne (St. John's West): Will the parliamentary assistant give an assurance that the proclamation making their use legal will come at the same time as the proclamation bringing the act into effect?

Mr. McIlraith: The situation is that they are now illegal. When this bill is passed they can be made legal.

Mr. Browne (St. John's West): Only by proclamation of the governor in council.

Mr. McIlraith: Only by designation of the governor in council.

Mr. Browne (St. John's West): Will the parliamentary assistant give an undertaking that the designation will be made simultaneously?

Mr. McIlraith: I do not think I should give it in that form because it might be mechanically impossible to carry it out, but I shall give an undertaking that they will not be withdrawn from use without adequate notice.

Mr. Browne (St. John's West): There will be no prosecutions?

Mr. McIlraith: Oh, no, there have been no prosecutions.

Mr. Browne (St. John's West): And there will be none?

Mr. McIlraith: No.

Section agreed to.

Sections 16 to 25 inclusive agreed to.

On section 26—*Pre-packaged goods.*

Mr. Knowles: I should like to ask about enforcement. I realize that this comes under later sections in the bill, but those later sections refer back to earlier sections. As an example, section 40 provides:

> Every person who violates subsection one, subsection two or subsection three of section twenty-two is guilty of an offence.

I do not find anywhere that the violation of section 26 is an offence. It is true that subsection 3 of section 53 states:

> Every person who violates any provision of this act or any regulation for which no penalty is elsewhere provided in this act, is guilty of an offence and is liable on summary conviction to a fine not exceeding one hundred dollars.

The parliamentary assistant may reply that that is the subsection which makes a violation of section 26 an offence.

Mr. McIlraith: Section 43 is the relevant section.

Mr. Knowles: Section 43 is in general terms. I point out again that under "offences and penalties" section 22 has been singled out as a section the violation of which is an offence. Why was section 22 singled out for special mention as a section the violation of which would be an offence, whereas section 26 was not?

Mr. McIlraith: Section 22 deals with the performance of contracts by weight, the rendering of services and that sort of thing, whereas the other section deals with the short weighting of goods, with specific things. I think that answers the hon. member's inquiry.

Mr. Knowles: I shall not labour the point, but, as I say, subsection 3 of section 53 provides that the violation of any provision or regulation of the act shall be an offence, to which I have no objection, but I am wondering why you single out section 22 for special mention and not other sections such as section 26? It may be that the answer is that section 40 is not necessary in view of sections 43 and 53, but I leave it to the parliamentary assistant.

Mr. McIlraith: I think the effective answer is that it is not strictly necessary. The hon. member will note that section 22 contains much wider language than the ordinary provisions in the old act. It is a point over which the legal minds in the department have worked but I am afraid I did not work with them. The hon. member will notice that section 22 deals with something a little out of line with the ordinary provisions of the act, that is, the performing of services and things of that sort.

Mr. Knowles: May we take it that a violation of section 26 is no less an offence than the violation of any other provision of the act?

Mr. McIlraith: That is right.

Section agreed to.

Sections 27 to 34 inclusive agreed to.

On section 35—*Powers of governor in council.*

Mr. Charlton: I should like the parliamentary assistant to explain subsections 1 (d), (m), (o), and (p).

Mr. McIlraith: Would the hon. member mind repeating the sections?

Mr. Charlton: Subsections 1 (d), (m), (o) and (p) of section 35.

Mr. McIlraith: Perhaps I could deal with them one at a time. Subsection (d) is just a matter of the tolerances to be allowed in weights. It is a necessary thing in trade because you cannot be completely scientifically accurate, and it is a matter of the tolerances to be allowed.

Mr. Charlton: What tolerances would be allowed?

Mr. McIlraith: If you spell it out, it becomes impossible to spell out the same tolerances for a type of scale used for weighing multiples of 100 pounds as you would for something used to sell in ounces. It is purely a matter of covering the mechanical problems to reconcile the accuracy in the ordinary industrial sense with scientific accuracy, and that depends on the size and type of the weighing device in use.

Mr. Charlton: On a 20-ton scale what tolerance would be allowed?

Mr. McIlraith: The tolerance allowed there is one pound in a thousand.

Mr. Charlton: Forty pounds.

Mr. McIlraith: Yes.

Mr. Charlton: Subsection (m) has to do with the weight of wrappers or containers of commodities sold by weight. What is allowed for the wrapper or container?

Mr. McIlraith: That covers the control of things like the sale of groceries where they are sold in a container. The trader is allowed to put a bag on the scale and fill it. For instance, if you are buying ten pounds of sugar bulk it provides that allowance for the paper bag is a certain specified amount. That is specified there, and it is a very fine thing.

Mr. Charlton: He can make no allowance for the paper bag?

Mr. McIlraith: If it is less than—

Mr. Charlton: If it is more than—

Mr. McIlraith: Let us state it the other way. He can make an allowance for the paper bag up to a certain amount specified in the regulations. There are regulations covering that.

Mr. Charlton: Subsection (o) has to do with the amount of error that may be tolerated in pre-packaged goods. There are a great number of pre-packaged goods sold in grocery stores today, cheese and many other commodities.

Mr. McIlraith: The reason for that is the change in weight due to temperature and humidity. Temperature and humidity can cause a slight change in weight. Let us take prunes. On a damp day prunes absorb a great deal of moisture, and on a dry day the moisture content goes down. The purpose of this section is to provide for the tolerances on different products.

Mr. Charlton: That is the very point. Is a grocer allowed to weigh his prunes on a very damp day?

Mr. McIlraith: No, because they would then not be within the tolerance. The whole thing is to set these tolerances so fine that they will not permit a trade practice of that kind. That is the very purpose of it.

Mr. Charlton: Subsection (p) deals with the exemption of pre-packaged goods. What pre-packaged goods would be exempted?

Mr. McIlraith: That is to provide for the situation where tolerances are set, for instance, on a product that comes under the Foods and Drug Act. If tolerances have been set under that act then we have authority to exempt such goods from the regulations under this act.

Mr. Charlton: Take canned goods, for instance.

Mr. McIlraith: If the specifications are set under the Meat and Canned Foods Act then this section gives authority to exempt that particular pre-packaged article from the provisions of this bill.

Mr. Knight: Referring to subsection 2, I should like to ask about the inspection staff. How many weights and measures inspectors are scattered across the country? Are they on the basis of population? How does one estimate the number of inspectors assigned to a town or city of a certain population? Is it on the basis of population or is it on the basis of the number of business places? How does it work?

Mr. McIlraith: There are about 109 inspectors on this work in Canada. The areas are defined taking into account population factors, the number of places of business and the geographical difficulties of travel. Where there are great distances to cover you obviously have to have more inspectors per unit of population than you would have in a thickly populated area.

Mr. Knight: Is the work of these inspectors confined to the inspection of the accuracy or lack of accuracy of weights and measures or have they any responsibility with respect to the giving of short weight on the part of stores and other merchandising people? Is it merely a case of establishing the accuracy of the tools, if I may call them that, which the storekeeper uses?

Mr. McIlraith: No, they do both. They not only establish the accuracy of scales used in trade—there are provisions for annual inspection and so on—but the same inspectors also investigate for short weight practices.

Mr. Knight: That is the point I wanted to bring out. It seems to me the inspector must have a pretty difficult job to keep track of all these businesses. There are so many places of business that it seems to be an almost impossible situation. What procedure should be followed by an individual when he finds he is being given short weight? I presume the procedure is that he keeps the particular item he has purchased, and upon which he has been short weighted, and then submits it for inspection. What does anyone do when he finds he has received fourteen ounces of prunes when he was supposed to get sixteen?

Mr. McIlraith: If he has a record and it is short weight, there is evidence right there that would warrant prosecution. If there is any suspicion a store is doing that, these inspectors can go out and do spot checking on their own and catch the practice in that way.

Mr. Knowles: They go out and buy the prunes?

Mr. McIlraith: Yes, they buy the prunes, if I may use that expression. Really the successful deterrent in this is that it is not known when the inspectors are likely to come in; and the unfavourable publicity resulting from successful prosecution for short weighting is also a great deterrent and is very effective.

Mr. Browne (St. John's West): Have there been many prosecutions?

Mr. Knight: I might mention a case within my own experience, where a grocery store put on what they called a sale. The price looked good, but when they got home one or two of the customers were curious enough to weigh the article and found they had been short weighted, so the advantage they thought they had gained had evaporated in that way.

Mr. McIlraith: That is the very thing it is intended the inspectors will be able to catch. That is one of the main purposes of the inspectors. As to the number of prosecutions, in 1950-51 there were ten; in 1949-50 there were four; and in 1948-49 there were sixteen.

Mr. Knight: Covering what territory?

Mr. McIlraith: That is for the whole of Canada except Newfoundland.

Mr. Knowles: Those prosecutions arose out of how many complaints?

Mr. McIlraith: Perhaps I can answer that in a little different way. In 1948-49 there were 766 warnings issued. In 1949-50 there were 724 warnings, and in 1950-51 there were 1,605. Those arose out of inspections and pre-packaged goods inspections totalling some 64,000 in 1948-49, 56,000 in 1949-50, and 108,000 in 1950-51. In addition there were 5,409 spot scale inspections in 1948-49, there were 5,498 spot scale inspections in 1949-50 and 11,397 spot scale inspections in 1950-51.

Mr. Knowles: For the purposes of this act what would be the definition of the word "warning"? What do you mean by a warning?

Mr. McIlraith: Perhaps I can best answer that by giving the practice. If the irregularity discovered appears to be very slight, one warning is issued. If there is a second irregularity there is a prosecution.

Mr. Bryce: Is there always a warning?

Mr. McIlraith: Not if the person concerned has a record, or if it is a flagrant case. If it is a very slight irregularity a warning is always given.

Mr. Browne (St. John's West): Then is the warning followed up?

Mr. McIlraith: Yes, by a spot check, usually within six weeks. That may not be possible in some of the outlying regions where there may be travel problems, but the standard practice is to have the second check within six weeks in areas where access is reasonably easy.

Mr. Knowles: When there are several hundred warnings given in a year and then only a handful of prosecutions, do we understand that all those warned were checked up again?

Mr. McIlraith: That is so; and that relates back to my remark about the fear of adverse publicity being the effective deterrent under this act.

Mr. Knowles: So that even this discussion today may be all to the good.

Mr. McIlraith: Yes.

Mr. Knowles: I note that section 35 (1) (k) permits the governor in council to make regulations respecting the fees to be paid for these inspections. Are these inspectors not appointed under the civil service commission?

Mr. McIlraith: They are, but the fees go into the consolidated revenue fund. Payment of the fees must be made to the inspector on the job at the time.

Mr. Knowles: Does that go toward his salary, or does he turn in that fee?

Mr. McIlraith: He turns in that fee. He is paid a salary in the ordinary way, like any other civil servant.

Section agreed to.

Sections 36 to 49 inclusive agreed to.

On section 50—*Using or selling falsified weight, etc., or breaking seal.*

Mr. Knowles: Would the parliamentary assistant tell me the meaning of the word "utters" in this section?

Mr. McIlraith: I must admit that though for some two years I did a good deal of prosecuting in my capacity as a practising lawyer, I was never sure of the origin of that word, which is to be found in a great many of the penal provisions of the Criminal Code.

Mr. Knowles: What did you think it meant?

Mr. McIlraith: It means something in the nature of putting forward, anyway. If you utter a forged cheque you put it forward.

Mr. Browne (St. John's West): If you put it forward it will not be a forged cheque.

Mr. McIlraith: It has to do with the putting forward of the article. That is not the legal or precise definition, nor do I think it is a very good one, I am quite frank to say. This is a common expression used throughout the Criminal Code. I had not anticipated any question on it or I would have taken the opportunity to inform myself a little better.

Mr. Knowles: I am as satisfied with the parliamentary assistant's explanation as he is himself.

Mr. Ferguson: When a member of the House of Commons puts forward his views, is he not uttering?

Mr. Fraser: Some are muttering.

Mr. Lapointe: Others are stuttering.

Section agreed to.

Sections 51 to 56 inclusive agreed to.

Schedule I agreed to.

On schedule II—*Canadian standards.*

Mr. Knowles: I have a technical question to ask, or perhaps it is a typographical question. If the parliamentary assistant and his officials will look at page 16 of the bill we are told:

> The standard unit of length for Canada is the yard, which is nine thousand, one hundred and forty-four ten-thousandths $\frac{(9,144)}{(10,000)}$ of the international metre.

It would seem that it was intended to put that numerical fraction within parentheses or within a set of brackets, but actually in the text before us only the numerator of the fraction is within the parenthesis marks. Should not the set of brackets be around the whole of the fraction?

Mr. McIlraith: Yes, they should. It is a question of printing, and I do not know that it can be corrected by amendment. Quite frankly I do not know how to get at the correction of it, but the bracket should be around the whole thing.

Mr. Knowles: I suppose if the parliamentary assistant is really stuck, I could telephone my friends over in the printing bureau and ask them to straighten the matter out. I would suggest that, in some way, it should be corrected in paragraph 1 and also in paragraph 2. In both cases, the parliamentary assistant agrees with me that what is intended is to place the entire fraction within the bracket.

Mr. McIlraith: Yes, Mr. Chairman, I shall raise the question with the printers and see that it is straightened out.

Schedule II agreed to.

On schedule III.

(Translation):

The Deputy Chairman: Is schedule III of the French version of the act also to be amended?

Mr. Dumas: Certainly, Mr. Chairman.

The Deputy Chairman: I understand that the word "perche" appearing in the "measures of length" table in schedule III is to be amended and replaced by the word "rod" In addition, the word "perche carrée" in the

"measures of surface" table in schedule III are to be amended and replaced by the words "rod carré". Are these amendments carried?

Mr. Knight: Would the chairman be kind enough to read these amendments in English?

(Text):

The Deputy Chairman: It has been moved by the Minister of Veterans Affairs that the word "perche" in the French version of the text which appears in the table of values of principal denominations of measures of length in schedule III be amended by substituting the word "rod," and that, in the table of values of principal denominations of measure, the words "perche carrée" be replaced by the words "rod carré".

Amendment agreed to.

Schedule III as amended agreed to.

Schedule IV agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time?

Mr. McIlraith: Now.

Mr. Knowles: By leave.

Mr. Howe moved the third reading of the bill.

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

RETURNED SOLDIERS INSURANCE ACT

PROVISIONS WITH RESPECT TO BENEFICIARY RESTRICTIONS, APPORTIONMENT OF INSURANCE, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Returned Soldiers' Insurance Act for the following purposes:

To strike out from the act certain parts that no longer apply due to the fact that the time of taking out new contracts of insurance has expired;

To increase the amount of insurance moneys payable under the policy at the time of death of the insured;

To reduce to some extent administration difficulties now found in the act and to bring the act more in line with the Veterans Insurance Act in the matter of beneficiary restrictions and particularly in the manner of changing of beneficiaries and altering mode of apportionment of insurance;

To remove certain restrictions respecting the payment of insurance benefits to the estate of the insured; and

To waive premiums on life contracts when the insured reaches his eighty-fifth birthday.

[The Deputy Chairman.]

Mr. Browne (St. John's West): Mr. Speaker, I understand the veterans committee is sitting now. The minister would not like to proceed with that matter now.

Mr. Lapointe: I do not believe there will be any objection. It is proposed that this bill be referred to the veterans affairs committee. If I can get it through the resolution stage and the next two stages, then the committee would be seized with the matter immediately.

Mr. Browne (St. John's West): It seems to me to be the sort of thing which the members of the veterans affairs committee should be here to discuss. Every member of the veterans affairs committee is out of the house.

Mr. Lapointe: As I pointed out, the bill which will follow this resolution will be referred to the veterans affairs committee, where it will be dealt with. The bill is rather a technical one, and I think it could be discussed more effectively in the select committee.

Mr. Macdonnell (Greenwood): However convenient and natural it might be to refer it to that committee, surely that does not mean that we practically cease to exist. Might it not be suitable for the minister to make at least a short statement before that action is taken?

Mr. Lapointe: I am sorry if I gave my hon. friend the impression that I was trying to do away with the house. Hon. members will recall that this Returned Soldiers Insurance Act was passed in 1920, and authorized the minister to enter into insurance contracts with veterans of world war I, certain widows of such soldiers, under terms and conditions provided in the act. The act was amended in 1930, at which time the date of August 31, 1933, was fixed as the final cut-off date for receiving applications for insurance under that act.

Now, the main purpose of the bill will be to remove certain difficulties in the administration of the act, and furthermore to bring the act more in line with the Veterans Insurance Act which followed world war II, and concerning which a bill was introduced in this house about a week ago. That bill has now been referred to the veterans affairs committee.

For instance, it is proposed to remove certain restrictions now placed on the insured respecting the change of beneficiary and the change of mode of payment of the policy proceeds. Under the present act such a change can only be made by a declaration of the insured endorsed upon or attached to the policy. Hereafter, those changes may be made by the insured in his will or by any other document satisfactory to the minister.

Under the act as it stands at the present time only the reserve in the policy is authorized to be paid where the insurance proceeds pass to the estate of the insured. Hon. members will recall that when I introduced the amendments to the Veterans Insurance Act a few days ago, they contained one section which removes that situation from that other act. We intend to do the same thing here. It is proposed that the face value of the policy will be paid where, under the provisions of the act, the insurance money is payable to the estate of the insured. There is also a disability benefit under the present act consisting in a waiver of premium and the payment to the insured of the insurance in instalments, in certain cases where the insured becomes totally and permanently disabled from a disability that does not entitle him to a pension under the Pension Act or to hospital allowances while receiving treatment from the department on account of a war disability.

In this case, as in the case of the Veterans Insurance Act, it has been found difficult to determine what was a total permanent disability; and it is intended at this time to remedy this situation by mentioning in the act that when a total disability has existed continuously for a period of one year, it shall meet the purpose of this section.

We also intend to place this act more in conformity with the Veterans Insurance Act by authorizing the payment of a sum up to $2,000 at the time of the death of the insured. Under the present act the limit is $1,000; and, as I explained the other day, the balance is paid in the form of annuities over a period of five, ten, fifteen or twenty years.

The same reasons which apply with regard to the other act apply in respect of this change in the Returned Soldiers Insurance Act.

In the amendments there will also be something to clarify the point with regard to qualification of members of the House of Commons and of the Senate to receive benefits under these contracts. The remaining amendments are of a minor and administrative nature and, as I mentioned before, are mostly meant to put it in line with the Veterans Insurance Act. Provision is also made to strike out those parts of the act that no longer apply owing to the fact that no new contracts are being entered into and also for certain amendments in order to make the act conform with the changes proposed in the bill.

Mr. W. J. Browne (St. John's West): I am sure that everyone here is pleased to know that these amendments are to be introduced and that they will mean an improvement to the Veterans Insurance Act. I had no idea, until I heard the minister speak the other day, that this law was in existence at all. I am sure that it will be gratifying, to all those in Newfoundland who are enlisting in the forces going to Korea and in the regular army, to know that it exists, and also that improvements are being made in it.

In reply to a question I asked the other day, the minister said that insurance was on an actuarial basis. I gather that there are some provisions here which are not usually accorded under ordinary insurance contracts. Some of them are of special interest to soldiers, and would not be given by the ordinary insurance company. I am sure we are all pleased to know that the amount which will be payable immediately has been increased from $1,000 to $2,000. Did I understand the minister to make a statement to the effect that the maximum amount allowable under this legislation will be $10,000?

Mr. Lapointe: The maximum amount for which the contract could have been entered into was $5,000. My hon. friend realizes, of course, that there are no new contracts entered into under this act. This legislation was enacted immediately after the first war; and as I mentioned previously, September, 1933, was the date line for new contracts. Now veterans of world war II have the benefit of the new act, namely the Veterans Insurance Act.

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

Mr. Macdonnell (Greenwood): I should like to ask the minister if he will give us some figures showing just what has been the extent of the operations under the Returned Soldiers Insurance Act which, I understand, affected the situation after the first war, and also what has been the extent of the operations of a similar kind since the second war.

Mr. Lapointe: I am sorry to say, Mr. Chairman, that I have not this information here today. I do not want my hon. friend to misinterpret my remarks, but again I expected that type of information would be asked for and be more easily given and explained in the special committee on veterans affairs, before which it has been the habit to call in officers of the department and those who are directly concerned with the administration of the act. I regret that I have not here today this information asked for by my hon. friend.

Mr. Macdonnell (Greenwood): I do not wish to try to make any difficulty, Mr. Chairman; but quite frankly, it seems to me a pity that all those who are familiar with this matter

happen to be in various committees at the moment. If the chairman would allow me to call it six o'clock, I should be glad. My feeling is that before the resolution leaves this committee of the whole there should at least be the opportunity for the people who are familiar with it to be here and to agree, as I feel sure they will, in exactly the course proposed by the minister. It is now almost six o'clock. I think I can carry on until six o'clock.

Mr. Fournier (Hull): May I make this suggestion, Mr. Chairman. The hon. member for Royal generally handles these matters. I understand hon. members want these bills to go to the committee.

Mr. Knowles: The committee have about six bills now.

Mr. Fournier (Hull): I am not insisting. But I would point out that the last time we had a resolution like this before us the hon. member for Royal said, "All right, it is to go to the committee", and it was not postponed. I think it is before the committee. But if the hon. member insists on his rights, he can do so. The minister says he has not these details, and that they can be given by officials before the committee.

Mr. Macdonnell (Greenwood): I think the word "insists" is a strong word to be used.

Mr. Fournier (Hull): Then I will withdraw it.

Mr. Macdonnell (Greenwood): It is just about one minute to six. In any event, all I am suggesting is that we should keep this resolution in committee here so that those who are familiar with the matter—including the hon. member for Royal and the others—will be able to have their day in court or their minute in court.

Mr. Fournier (Hull): They will have it, because these bills all come back here.

Mr. Macdonnell (Greenwood): At any rate, Mr. Chairman, I should prefer that those who are familiar with this matter should be here when it is dealt with.

Mr. Fournier (Hull): It will be six o'clock before my hon. friend gets through. He will speak longer than that.

Mr. Macdonnell (Greenwood): It will be six o'clock very soon. Of course, if the minister insists on cross-examining me like this until six o'clock, I suppose I can stand it. May I call it six o'clock, Mr. Chairman?

The Deputy Chairman: Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the Senate amendments to the Indian Act. I understand that there are some minor amendments to which the government does not object. Then we will go into committee of supply and consider the estimates of the Department of Resources and Development, the Department of Fisheries and the Department of Labour.

Mr. Green: In that order?

Mr. Fournier (Hull): The first one will be resources and development.

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

HOUSE OF COMMONS

Thursday, June 7, 1951

The house met at three o'clock.

NATIONAL DEFENCE

MILITARY ESTABLISHMENT AT LONDON, ONTARIO —SECURITY PRECAUTIONS

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, on June 5 the hon. member for Middlesex East (Mr. White) asked a question about increased security precautions at London.

At the 27th Canadian ordnance depot, London, the security guard now provided consists of twelve watchmen and four security supervisors. An increase of five watchmen was recently approved, and is being proceeded with.

At the subdepot at Hagersville there is a security guard consisting of ten watchmen and three security supervisors. An increase of eight watchmen was recently approved and proceeded with.

The answer to the second question is that negotiations are taking place with the province of Ontario for the purchase of land adjacent to the Ontario hospital in London.

JUVENILE DELINQUENTS ACT

STATEMENT AS TO NON-PROCLAMATION IN NEWFOUNDLAND

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday at the request of the hon. member for St. John's West (Mr. Browne) I undertook to state what the position of Newfoundland was in relation to the Juvenile Delinquents Act. I had suggested yesterday that the government of Newfoundland may not have wanted the Juvenile Delinquents Act proclaimed in force in that province. I find upon inquiry that this is the fact. We therefore have not proclaimed it, and as a result no part of this act is now in force in Newfoundland.

I think it is only fair that I should state what the Newfoundland government's present position is in this regard. I telephoned yesterday to the Hon. Leslie Curtis, attorney general of Newfoundland, who informed me then, and has since confirmed this information by wire, that the Newfoundland department of welfare has not asked the Newfoundland government to have the Juvenile Delinquents Act brought into force in Newfoundland, because the juvenile offenders section, being part II of the Newfoundland Welfare of Children Act, 1944, as amended, is for all practical purposes identical with the federal Juvenile Delinquents Act, 1929. Mr. Curtis states, moreover, that at this year's session a family court was constituted patterned after Quebec legislation, which court will shortly assume the functions of a juvenile court.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 358, for the relief of Marion Evelyn Peak Collins.—Mr. Winkler.

Bill No. 359, for the relief of John Brock Short.—Mr. Winkler.

Bill No. 360, for the relief of Joseph Duchesne.—Mr. Winkler.

Bill No. 361, for the relief of Eugenie Marjorie Ross Finley.—Mr. Winkler.

Bill No. 362, for the relief of Helen Marion Peacock Rondeau.—Mr. Winkler.

Bill No. 363, for the relief of Ruth Mary Halsey Shaw.—Mr. Winkler.

Bill No. 364, for the relief of Rodolphe Boisjoly.—Mr. Winkler.

QUESTIONS

MILITARY DISTRICTS—BILINGUAL OFFICERS—SERVICE EXTENSIONS

Mr. Balcer:

1. How many military districts are there in Canada, and where are they situated?

2. What are the names and ranks of the commander of each such district?

3. What officers are generals, brigadiers, colonels and lieutenant colonels?

4. How many French-Canadian generals are there in the Canadian army at present, and have any of them reached the retirement age?

5. How many generals and brigadiers in the Canadian army have reached or passed the retirement age?

6. Has General Eisenhower asked for a French bilingual officer for service in Europe? If so, what answer was he given?

7. Has General Morton, officer commanding the district of Montreal, received any service extensions? If so, how many, and for how long?

Mr. Blanchette:

1 and 2. The organization of the territory of Canada into eleven military districts was terminated in January, 1946. It was replaced by an organization based on five commands, each of which was further divided into areas, which number seven.

Questions

Command and Commanding Officers

(1) Western command—headquarters at Edmonton, Alta.

Maj. Gen. C. Vokes, C.B., C.B.E., D.S.O.

(2) Prairie command—headquarters at Winnipeg, Man.

Brig. R. E. A. Morton, D.S.O.

(3) Central command—headquarters at Oakville, Ont.

Maj. Gen H. D. Graham, C.B.E., D.S.O., E.D.

(4) Quebec command—headquarters at Montreal, P.Q.

Maj. Gen. R. O. G. Morton, C.B.E.

(5) Eastern command—headquarters at Halifax, N.S.

Maj. Gen. E. C. Plow, C.B.E., D.S.O., E.D.

Area and Commanding Officers

(i) British Columbia area—headquarters at Vancouver, B.C.

Brig. W. J. Megill, D.S.O. (Detailed to perform the duties of commander 25th Canadian infantry brigade replacement group. Col. E. C. Brown detailed to carry out duties of area commander).

(ii) Saskatchewan area—headquarters at Regina, Sask.

Brig. A. B. Connelly, C.B.E.

(iii) Western Ontario area—headquarters at London, Ont.

Brig. J. A. W. Bennett, C.B.E.

(iv) Eastern Ontario area—headquarters at Kingston, Ont.

Brig. G. Walsh, C.B.E., D.S.O.

(v) Eastern Quebec area—headquarters at Quebec, P.Q.

Col. M. L. Derome, O.B.E., E.C. (Acting).

(vi) New Brunswick area—headquarters at Fredericton, N.B.

Brig. G. E. R. Smith, C.B.E.

(vii) Newfoundland area—headquarters at St. John's, Nfld.

Brig. M. S. Dunn, O.B.E., E.D.

3. See answer to No. 2.

4. None.

5. Two major generals. One is on retirement leave; the other has had his service extended to 1952.

Two brigadiers. One retires June 15, 1951, and the other has had his service extended to 1953.

6. No.

7. Yes; he has had two extensions of one year each.

NATIONAL DEFENCE—CIVILIAN PERSONNEL

Mr. Macdonnell (Greenwood):

1. How many civilian employees are engaged in the Department of National Defence?

[Mr. Blanchette.]

2. What is the total cost of civilian personnel, including salaries, wages and all other expenses?

Mr. Claxton: Stand.

Mr. Macdonnell (Greenwood):

1. In how many locations in Canada do civilian employees of the Department of National Defence number more than (a) 10; (b) 50; (c) 100; (d) 500; (e) 1,000?

2. What are the names of the stations where there are more than 500 civilian employees located; who is in charge of each such station, and what has been his business or executive experience?

Mr. Claxton: Stand.

Mr. Macdonnell (Greenwood):

1. In how many different locations in Canada are civilian employees of the Department of National Defence stationed?

2. In what different types of employment such as office workers, mechanics, etc., are such civilian employees engaged, and how many are there in each category?

Mr. Claxton: Stand.

NATIONAL DEFENCE—SENIOR EXECUTIVES

Mr. Macdonnell (Greenwood):

1. (a) What are the names of the senior fifty executives in charge of civilian staff in the Department of National Defence; (b) which of these are civilians and which service personnel; (c) what is the military, and what is the civilian experience of each as shown in his file; (d) where is each such executive stationed?

2. Who of (a) the above named executives, and (b) the total civilian employees, in the Department of National Defence, are employed pursuant to the terms of the Civil Service Act?

Mr. Claxton: Stand.

Mr. Macdonnell (Greenwood): With respect to these four questions, all of which stand, I should like to ask the Department of National Defence to hurry along the answers as much as possible. If I remember correctly, the minister told us the other night there was certain information they could get within a minute and a half. I tried to phrase these questions so that it would only mean the obtaining of information readily available.

Mr. Claxton: I have heard the observations of the hon. gentleman. I can assure him that none of these questions can be answered in a minute and a half. I should think the least it would take for any of them would be a good many days, if not weeks; but we will bring them on.

COUNTY COURT FOR NEWFOUNDLAND

Mr. Higgins:

What steps are being taken to set up a county court in Newfoundland?

Mr. Garson: If I may answer this question orally, the constitution of provincial courts comes exclusively within provincial jurisdiction; therefore I think this is a question which more properly should be asked in the Newfoundland legislature.

APPOINTMENT OF FOURTH JUDGE TO NEWFOUNDLAND SUPREME COURT

Mr. Higgins:

What is being done with respect to the appointment of a fourth judge to the Supreme Court of Newfoundland?

Mr. Garson: I think this question might also be answered orally. No legislation has been passed by the Newfoundland legislature which would authorize the appointment of a fourth supreme court judge.

QUESTION PASSED AS ORDER FOR RETURN

CIVIL SERVICE SALARY INCREASES—J. A. LEFRANCOIS

Mr. Maltais:

1. How many permanent employees in the civil service have not received the salary increase granted by the government at the time of the recent salary adjustment?
2. How many, by departments?
3. Did J. A. Lefrancois, PW-CA3-438, attached to the post office of La Malbaie, Quebec, receive such salary adjustment? If not, for what reason?
4. How many employees in the same category did not receive an increase, and for what reason?

HOUSING

NEGOTIATIONS BETWEEN FEDERAL GOVERNMENT AND PROVINCE OF ONTARIO—UPLANDS AIRPORT

On the orders of the day:

Mr. Charles Henry (Rosedale): I should like to address two questions to the Minister of Resources and Development. The first question is: What recent negotiations have taken place between the federal government and the Ontario provincial government for the erection of 5,000 housing units in Ontario? The second question is: How many of these housing units will be erected in the Toronto area?

Hon. Robert H. Winters (Minister of Resources and Development): There have been negotiations recently between the government of Ontario and us with respect to housing developments in Ontario under section 35 of the housing act. The most recent discussions were held on Tuesday, June 5, between the minister of planning and development, Mr. Griesinger, and his officials, on the one hand, and myself and the officers of Central Mortgage and Housing Corporation on the other. In reply to the second question, I can only say that so far no specific proposals have been submitted by the government of Ontario, and I am therefore not able to give the hon. member information with respect to numbers of houses involved.

Mr. Coldwell: As a supplementary question, is the minister aware of the situation created by the removal of tenants from Uplands airport? If so, is he co-operating with the city of Ottawa in order to find these people the accommodation that is urgently necessary?

Mr. Winters: I am aware of the situation, and to the best of my knowledge everything possible is being done.

INDIAN ACT

AMENDMENT AND CONSOLIDATION—PROVISIONS WITH RESPECT TO BAND FUNDS—CONCURRENCE IN SENATE AMENDMENTS

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 79, respecting Indians.

Mr. Coldwell: What are the amendments?

Mr. Fulton: Could we be told what the amendments are?

Mr. Harris (Grey-Bruce): There are three amendments. The first is the insertion of a comma. The second is the substitution of the word "or" for "and". The third is to strike out an unnecessary "that".

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

383. Departmental administration, $381,223.

Mr. Croll: As this is the item under which we may have a general discussion, I should like to ask the minister to make a statement on housing at this time. There are a few of us in the house who want to discuss housing, and it is a matter of great urgency.

Mr. Winters: I am in the hands of hon. members on that point. I am prepared to make a statement on housing. I would hope that at this stage we would be able to have the full discussion on housing and deal with the items for housing in the estimates.

Mr. Fleming: There is a problem raised there. I think anything that will contribute toward the orderly discussion of this most important question will be desired and welcomed by the committee. There is no one item that presents as good an opportunity for that purpose as this first item. The last item in the estimates of this department relates to emergency housing. Therefore I think the first item is the one that presents the committee with the best opportunity, and

the earliest, for the discussion of this important question. I would ask, Mr. Chairman, that with your approval the discussion on housing in general should proceed now.

Mr. Winters: I have no objection. I think it might save time in the long run if we could consider that any discussion of housing would dispose of item 427 in the estimates, and a similar item under loans and investments. If that is the understanding, I am quite prepared to proceed.

Mr. Coldwell: Of course that could only be a tentative understanding. I would agree to a tentative understanding, but, between now and the time the last item comes before us, problems may arise that members may wish to present to the committee, and I do not think they should be precluded from so doing.

The Deputy Chairman: If the main interest of hon. members at this point is to discuss housing on the first item, which relates to departmental administration, perhaps the suggestion made by the minister could be dealt with, namely, to consider that the specific item pertaining to housing is also before the committee at the same time. Therefore when the general discussion is over on housing, I might be permitted to call the specific item relating to housing and ask that it carry. Is that agreeable to the committee?

Mr. Fleming: It is understood, then, that you will call those specific items, Mr. Chairman, when it appears that the general discussion on housing has reached its end?

The Deputy Chairman: I am trying to say that when the general discussion on housing is completed I will call the specific item relating to housing and ask if it is carried, so that we will not have a duplication of the discussion.

Mr. Knowles: Since we want to discuss housing I suggest that item 383 be permitted to stand and that item 427 be called. Then we can have our discussion on housing.

Mr. Winters: That is satisfactory.

The Deputy Chairman: If that is agreeable to hon. members I will do so.

Some hon. Members: Agreed.

Item stands.

Housing—

427. Emergency shelter administration, $250,000.

Mr. Winters: Perhaps I should begin with a statement about the present and future prospects for housing, and should say something about government activities in the housing field.

[Mr. Fleming.]

At the beginning of 1950 there were 59,503 houses under construction. In the course of the year 89,015 new houses were completed. In all, counting conversions, 91,754 were added to our stock of housing. There were 60,538 under construction on January 1 of this year. The total expenditure on these 150,000 houses that were under construction at one time or another during the year was about $836 million. Fifty per cent of the money came from the personal resources of the property owners. This represents cash investment both as equity in properties financed with mortgage assistance and full cash investments in properties purchased without mortgage financing. Institutional lenders furnished 25 per cent of the total, and other lenders 5 per cent; the remaining 20 per cent came from public funds either as loans or as expenditure by government on housing built on government account. There has been an increase in the proportion of new housing starts which contain some element of government assistance in the form of direct loans, joint loans or guarantees. In 1950, 47 per cent of all residential starts had such public assistance, as compared with 38 per cent in 1949 and 31 per cent in 1948. In units the comparison is 44,552 units in 1950, 35,354 in 1949, and 29,035 in 1948.

Canada has completed some 460,000 new units since 1944. This is an outstanding accomplishment which compares favourably with that of any other country in the world. But many more houses are still needed. The ratio of front doors to families has not improved greatly over the last several years. In the years 1939 to 1946, and again in 1948, the net family formation rate exceeded the number of houses built. In 1947 housing completions had a slight margin of about 4,000 units. In the last two years family formation declined and housing completions increased to the extent that we had a net margin of about 40,000 units.

Building costs which tended to level off in 1949 and early 1950 have been climbing steadily since last May. Cost increases, of course, make it more difficult for prospective home owners to meet the current equity requirements.

Last year the material supply situation for the construction industry was better than for many years. It is true that last summer, because of hydro and other construction programs, there were spot shortages of cement. However, almost right up to the end of the year there were no difficulties in supply except for a few spot shortages. Production of nearly all building materials reached an all time high in 1950. We expected that material difficulties which were spotty last winter would rapidly become

more general as the defence construction program got under way. There was the danger that houses would be started which could not be completed. I am happy, however, that as yet material shortages have not interfered as greatly with house builders' operations as was expected. Continued high level of production of most materials has maintained supplies to the point where, with a little shopping around and some substitutions, builders are able to meet their requirements. Some builders of larger projects are finding their production schedules hampered by difficulty in maintaining a smooth flow of material. Although the situation on materials is in general fairly satisfactory, there are some real difficulties. Steel sheets and pipe and other metal materials are very scarce. Even if there is an abundance of all other materials, a shortage of sheet metal for furnaces, or pipe for plumbing, can cripple our housing program.

Two other problems relating to housing development are present in most localities. The first is a shortage of serviced land. With today's costs, both in general administration and in land development, many municipalities have difficulty in finding ways and means to finance the servicing of fringe areas to provide land for residential building. In those cities where residential areas are developed there is the second and resulting problem of providing educational facilities. This problem is particularly onerous in the newly expanded suburban municipalities where the assessment roll is largely residential property and where the householders are for the most part young couples bringing up families. With today's costs, building, equipping and maintaining the required additional schools places a serious financial problem before municipal and provincial governments.

Through the first four months of 1951 housing activity has kept up pretty well to the 1950 level. New housing starts in municipalities of 5,000 and over, at 13,847 are only 1½ per cent below last year. Completions at 20,849 are up 18·7 per cent. On April 30 there were 33,943 houses under construction, or 2·7 per cent more than one year ago. Now, starts and completions in the first four months are not necessarily a sound guide to the year's performance, but it seems likely that in 1951 housing completions will come reasonably close to the 1950 mark. If those houses under construction at the beginning of the year, and those started before May 1 are completed, 1951 completions will be 85 per cent of 1950's but if the rate of new starts is maintained at near the 1950 level in May and June, we will come even closer to the 1950 mark.

In the first four months of this year 8,436 joint loans for 10,148 units were approved under the National Housing Act. This compares with 8,916 loans for 10,147 units in the same period in 1950. However, the loan approvals in April were fewer than in April, 1950. In April, 1951, 2,533 joint loans were approved in respect of 3,141 units, as compared with 3,198 loans on 3,639 units in April, 1950.

There are some real obstacles in the way of maintaining this level of housing activity. As well as the difficulties of an insufficient supply of serviced land, increasing building costs and a tightening of mortgage money, there is the possibility that the material supply situation will tighten. I spoke a few minutes ago about the shortage of steel sheets, pipe and other metal house components which is even now causing some difficulty. Even though there is every prospect of increasing the overall capacity of our construction industry, and notwithstanding the curtailment of some commercial construction because of the steel regulations and deferred depreciation, it may well be that house building will feel more general shortages before the end of the year. The defence program includes a substantial amount of new construction, and I think it unreasonable to expect that the construction industry can take the additional very heavy load of defence construction without a cut being made in other types of construction. It is likely that the house builder will be hardest hit when building materials in large quantities are channelled into defence construction. The probable curtailment of commercial construction will tend to reduce the competition to house builders. Perhaps the effect will be sufficient to compensate fully for the diversion of materials into defence construction.

As I said previously, Canada's accomplishments in the field of housing since the war rank us high among all nations in house production per capita. The standard of housing in Canada compares favourably with that of any other country. The housing shortage is general throughout the world, and in fact it is more severe in nearly all other countries than it is here. We sometimes hear it suggested that somewhere there is someone with an almost magic formula of new materials and methods which will produce the low cost house to end all housing problems. Perhaps some day there will be such a development. A method which would produce satisfactory housing under today's conditions at about half present costs, or say $4 or $5 per square foot, would provide a happy solution to many housing problems. Research toward this end is being carried on, not only in Canada,

out also in many other countries throughout the world, but as yet only minor advances have been reported. Most of the developments so far have been in the nature of improvement in methods and materials. These improvements have not resulted in lower costs, but rather they have tended to give us a better house at about the same cost. The standard of house demanded by the Canadian housewife—and it is the housewife who in large measure determines our housing standards—continues to show an upward trend. If Canadian householders were willing to accept housing of the standard and pattern of the 1920's, about 15 per cent more houses could be built for the money now being spent.

The degree to which our housing stock can be increased through the next few years will be determined to an important extent by how much we are required to commit to the defence program. Housing as a whole is a part of the civilian economy. There must be general agreement that substantial expenditure on defence preparations must be accompanied by a reduction of spending in other fields. However, we have stated that the government attaches a high order of importance to housing and will emphasize it to a degree second only to the direct defence program itself. We will continue to make every effort to see that housing is built in the areas where it is most needed.

In September, 1949, the National Housing Act was amended by the addition of section 35. This section provided a method by which all levels of government may participate in public housing. Central Mortgage and Housing Corporation may, pursuant to agreements between the government of Canada and the government of any province, join with a provincial government or its agent in projects for the development of land and housing purposes or for the construction of houses for sale or rent. Capital cost and profits and losses are shared 75 per cent by the corporation and 25 per cent by the provincial authority. It is left to the province to decide whether a part of the province's share is to be borne by the municipal government.

After section 35 was adopted, it was necessary for a provincial government to adopt complementary legislation before any agreements could be concluded. It was well into 1950 before any of the provinces were able to pass such legislation. During that year seven of the provinces—Ontario, Quebec, New Brunswick, British Columbia, Manitoba, Saskatchewan and Newfoundland—enacted complementary legislation. Nova Scotia followed suit this year.

[Mr. Winters.]

Although it was well into 1950 before agreements were concluded with any of the provinces, some worth-while progress has been made in one year's operation. Newfoundland was the first province to enter into an agreement with the federal government for housing under this section. A rental housing project of 140 units is now almost complete in St. John's, and a land assembly project to provide some 600 building lots is under way. In Saint John, N.B., tenders have been called on a project of 88 low-rental units and a land assembly project is under discussion. In Ontario activity to date has been limited to land assembly. Projects involving a total of over 600 acres are under way in London, Windsor, Ottawa, St. Thomas, Kingston, and Atikokan. There have been recent discussions between the government of Ontario and the federal government about the possibility of expanding operations under this section, and we expect that before too long we shall receive specific proposals from them.

Several proposals are under active consideration by the province of Saskatchewan. An agreement has been reached with the province of British Columbia in respect of a 200 unit low rental project at Little Mountain in Vancouver now out to bid.

I am not too sure how extensive the dominion-provincial program will be in the immediate future. All the difficulties inherent in the over-all situation are present in public housing projects. In addition to possible difficulties in the supply of labour and materials, there is the very serious question of building costs. I am not at all sure that today's costs will permit the construction of rental housing that is truly low rental in character. This may well have to be found by the partners concerned.

Section 35 has the merit of enabling the various levels of government to act together in a direct way to place housing where it is urgently needed. I believe it will be generally agreed that public housing under this section should normally be contemplated only in the larger centres of population. Although we are not pleased at the prospect of public housing projects competing with private builders and operators for available building materials, we are willing to consider any firm proposals the provinces may advance for housing projects under section 35, especially in areas where the defence program has aggravated the housing shortage. If it appears that a project can be completed in a reasonable time at not too excessive cost, we will be willing to proceed. However, it is not our intention to enter into projects under section 35 where occupancy

will be limited to those higher income families whose needs are normally met by private house builders. We wish to avoid entering into competition with the building industry especially in the range of economic housing.

The construction program of Wartime Housing Limited, the veterans rental housing program, and the houses constructed by Housing Enterprises Limited which were later taken over by Central Mortgage and Housing Corporation, have resulted in some 53,000 rental housing units being owned by Central Mortgage and Housing Corporation at one time or another. Over 30,600 of these houses have been offered for sale. To date, a total of 20,700 have been sold. Sales are running at a good rate, and I would guess that by the end of the summer at least 4,500 more will be sold. For the most part these houses are sold to veteran tenants. One hundred and sixty-four have been sold for removal from site, and 2,126 have been sold en bloc to municipal governments.

It is to be remembered that these houses are not sold in the open market but that the tenant has first opportunity to purchase. If a tenant is unwilling or unable to buy, normally he may continue to occupy the house as a tenant. There are a few cases from time to time where a tenant who does not intend to purchase is requested to move to another house owned by the corporation in the same area to make his house available to a veteran purchaser. Houses which have been rented and which become vacant are not rented again but are held for sale to a veteran applicant. The sales program is going very well indeed, and the corporation's position as Canada's largest landlord is being steadily reduced. The reduction in the corporation's real estate account is, of course, offset by a corresponding increase in its mortgage and sale agreement portfolio.

There are two items in the estimates dealing with housing. One—an item under loans and investments in the amount of $12,700,000—is to provide funds which may be borrowed by Central Mortgage and Housing Corporation under section 34 of the National Housing Act, 1944. This sum is required to complete housing projects under the 1949 veterans' rental housing program and a project at Deep River, Ontario; for financing permanent improvements to munition workers' houses now under sale, and for the construction of additional houses at Deep River. On April 1 there were 621 houses under construction in the projects still to be completed; permanent improvements were under way on 752 houses. A project which will add 200 houses at Deep River will be started under the 1951 program.

The other, an item in the departmental estimates for emergency shelter administration in the amount of $250,000, is to provide for administration costs and operating deficits in connection with emergency shelter projects operated by Central Mortgage and Housing Corporation, and to meet restoration costs connected with the closing out of emergency shelter projects. Considerable progress has been made in closing out projects operated by the corporation, universities and municipalities. We have every hope that 1951 will see many more of these projects closed or reduced.

It is difficult to forecast the prospects for housing in 1952 and 1953 with much certainty. Conditions have been changing from day to day, and the opinions of today may well be altered by the developments of tomorrow.

However, it is apparent that many of the conditions now present are unfavourable to an increased volume of housing. Indeed, the big problem may be to prevent the present volume from being decreased to the full extent of the unfavourable conditions we are now encountering.

Construction costs have increased about 15 per cent in the last year. This means that the same size house is now available only to individuals whose income is approximately 15 per cent higher than the people who bought or rented this type of house a year ago. I cannot see that increasing the level of National Housing Act loans to meet these higher costs would be a solution. Such higher loans would add to the pressure on housing costs. Furthermore, the higher the mortgage loan, the higher the monthly payment. It is for this reason that we have held firmly to our January 1950 level of lending values. Moreover, even under present conditions houses are being built and occupied to the full extent of available mortgage funds. It would seem prudent, therefore, to aim at spreading available mortgage money over as wide a number of new houses as possible, thereby encouraging maximum production. Although the high down payment is an obstacle and an initial hardship on the home owner who must himself finance the increase in cost, I believe it is better than encouraging him to assume debt service costs beyond his means.

Earlier this year increases in interest rates made lending institutions increasingly unwilling to lend money for mortgage purposes under the National Housing Act. It seemed to be in the interest of housing and the public generally to have the terms of this act remain operative. Accordingly, I announced the government's intention to increase interest rates, and I am hopeful that the increase to be permitted under the National Housing Act,

to which I referred earlier in the house, will assist in maintaining the flow of mortgage money at a good level. An amendment to deal with this proposal will be before the house shortly.

As I said earlier, it seems possible that in 1951 we will complete about the same number of houses as we did in 1950. However, current conditions may well reflect themselves most clearly in a reduction in the carry-over of houses under construction into 1952. I would not wish to hazard a forecast from this distance of what our 1951 carry-over will be.

The government recognizes the need for housing, and, as far as present circumstances permit, we are doing everything to keep house building at a high level. We will pay particular attention to the communities where housing is most needed. Because defence production is the main effort of the country today the government is anxious to do everything it can to meet the housing needs in defence production areas.

Mr. Fleming: Mr. Chairman, I am sure the committee will be glad to have this opportunity to debate the whole housing situation in Canada. It is anomalous, it seems to me, that this problem, which is still so serious, has received relatively little attention in the debates in the house at the present session. On two occasions the minister made statements containing announcements of change of policy on the part of the government, but they were made under circumstances which precluded debate. I think you will agree, sir, that this is the first occasion on which the house at the present session—although we have been in session now for something like four and a half months—has had an opportunity of expressing itself with regard to the housing situation in general.

The committee will appreciate the full statement which has been made by the minister this afternoon. The committee is glad to have information which, in the up-to-date form in which it was given to the committee by the minister, had not been previously issued in complete form in any of the publications under government auspices.

There are some features in the situation which are not altogether dark, Mr. Chairman. Nevertheless I think that the general tone and effect of the minister's statement today is such as to leave us with a rather gloomy outlook in regard to the possibility of meeting the serious housing situation that still prevails in Canada. There are several factors that, as I think the committee will recognize at once, inevitably present difficulties. The first of these is the shortage of materials. The minister has indicated that shortage of materials has not as yet been seriously retarding house construction. I do not know how general that experience has been. I think that a good many builders—certainly those in the larger civic areas where housing conditions are so difficult—have been experiencing difficulties on account of shortages of materials. I am disposed to think that the picture in Canada is not nearly as bright in that respect as the minister's statement this afternoon might have been taken by some to indicate. I do not think the minister has adequately recognized the problem that the builders of the country are facing with respect to shortages of needed building materials.

The picture as to building costs is likewise growing more serious. The daily bulletin of the dominion bureau of statistics of May 23 draws attention to the rise in the price index of general and residential building materials. It gives these figures:

> Wholesale prices of both general and residential building materials moved to higher levels in April, according to index numbers compiled by the dominion bureau of statistics. The index for general building materials advanced to 293·9 from 291·5 in March and 234·5 in April last year, and for residential building materials it rose to 287·2 from 282·6 in March and 227 a year earlier.

Just think what that means, Mr. Chairman, in terms of building costs. Since last we had an effective opportunity for debate on this question in the house a year ago, the costs of residential building materials has risen from 227 to 287·2. That is an alarming increase. Moreover that increase in the cost of materials has been paralleled, if indeed not outdistanced, by the rise in building labour costs. The situation with respect to the cost of building therefore presents a serious picture indeed, and it is not one which is likely to warrant any great optimism on the part of the minister or anyone facing this problem in its serious aspects.

Notwithstanding the increase in the cost of building materials and of labour costs, construction in 1950 in Canada—I am speaking now of the total volume of construction of all kinds—reached an all-time high. Figures which I saw this week have indicated that the volume of construction—these figures come from the records of construction associations—so far this year is likely to be above last year. Taking out of that the portion relating to housing, I think it is evident that there is very serious competition in Canada today for a quite inadequate supply of building materials, and in that competition housing construction is beginning to suffer, and will increasingly suffer from this point on in competition with other forms of demand for building materials

and building labour. On these various accounts, Mr. Chairman, I think it must be recognized that the housing situation still has to be measured in terms of critical proportions. It is no exaggeration to say that we still have a housing crisis in Canada.

The mayors of this country met in Montreal in February last at the annual meeting of the Canadian Federation of Mayors and Municipalities. At that meeting these municipal officials, the heads of their municipalities from coast to coast, people who are in the closest possible contact with housing problems in all their ramifications in all parts of Canada, said that housing is the No. 1 problem in Canada, still the No. 1 problem. They went on to express views with respect to the housing situation in Canada in which they indicated alarm over the situation as it has been developed.

That is the expression of a representative group than whom I think there is no group in the Dominion of Canada who are closer to this problem. We have similar statements as well following recent announcements on the part of the government as to changes in housing policy, which give expression to alarm as to the effect of these changes in government policy. I hope to have an opportunity of referring to them later in my remarks.

These are serious problems. These developments to which I have referred are developments that underline not only the fact that we have a continuing housing problem, but that that housing problem is likely to be reflected in reduction in the rate of construction, while at the same time the demand for housing increases apace.

It is evident that the government must give some thought to deciding what are the most important demands for available material. It is evident that it will not be enough for the government simply to be content to allow a situation of this kind—I am speaking particularly of building materials—to take care of itself, because in the competition that is going on for that inadequate supply of building materials housing is losing out, and the figures show that to be increasingly the fact.

Against that background what are we to say of government policy as it has been unfolded at this present session? I think it is fair to say there have been three stages of the development of government housing policy in the lifetime of the present parliament. The first, of course, was in the fall of 1949. We all well remember that the government had made unqualified promises in the election campaign about the measures that they were going to take to cure the housing problem. One might have thought that the people of Canada had had sufficient experience by that time of the way in which the government had failed to measure up to promises. Nevertheless, apparently the people of Canada took those lavish election promises at their face value.

In the fall session of 1949 we looked for at least a measure of performance of the promises. Well, you will recall, Mr. Chairman, that early in the fall session the minister made a statement in which great emphasis was put upon the fact that the government was going to increase mortgages by one-sixth, and this was going to be very effective in meeting the problems of those who did not have sufficient funds to make the down payment then required as between the prevailing cost of houses on the one hand and the amount available under National Housing Act mortgages on the other, and so with loud trumpetings this new policy was introduced and found its way into the act. You will recall that at that time some of us pointed out that if the government chose to do so it could largely nullify the effect of the lending provisions of the act by holding down the approved lending value of properties. After all, there is not much sense in talking about increasing the mortgages by one-sixth, if in fact you are working under the same total percentage of lending value and you set about to hold lending values down till they are quite out of keeping with actual increases in property values and prices. And, sir, that is exactly what happened.

It was not very long before the government undertook—and, if you please, deliberately—to reduce the benefits that they had held out to the people of Canada as likely to flow from the 1949 amendments, and by this new housing policy they deliberately held down lending values. You will remember that as of January 1, 1950, in effect the government through its agency froze lending values, and, from that time to this, lending values have, so far as the government is concerned, remained frozen, notwithstanding the continued increase in the prices of residential property and the increases in the costs of construction.

Well, that was the first step on the part of the government—and a very weighty step it was, too—in nullifying the effect of the 1949 amendment of the housing act. That, sir, had some other serious aspects to it, in this respect: that in Ontario the government of that province had previously been in the field of second mortgage loans in order to assist intending house builders in meeting that very serious problem of the spread between the mortgage allowed under the

National Housing Act and the prices at which houses were being constructed. As a matter of fact, the Ontario plan was much more favourable to house construction than was the federal plan, because the rate of interest in Ontario on second mortgages was just 3½ per cent, whereas the rate of interest applied by the federal government through its agency to the additional one-sixth loan under the 1949 amendment was 4½ per cent. But the government of Ontario, relying in good faith upon this bland assurance of the federal government, and upon the enactment by parliament in November, 1949, of the amendments to the act, had only one course open to it in this respect, and that was to step out of the field of second mortgages. Accordingly it did so.

Theoretically the dominion stepped in. But, Mr. Chairman, it just got its toe wedged inside the door far enough to oust the government of Ontario and its progressive plan of assistance, and then it proceeded to withdraw that foot by steady degrees. And so we have seen, in effect, a nullification—perhaps not a complete nullification, but at least a substantial measure of nullification—on the part of the government opposite of the intent of parliament as reflected in its enactment of amendments to the housing act in November of 1949.

That was regrettable enough. Surely that was a heavy enough burden to cast upon the people of this country. Particularly is that true when applied to the younger people setting up homes, who just have not had the opportunity in the face of the high cost of living, to set aside enough money to provide for that spread between the cost of house construction on the one hand and National Housing Act mortgages on the other.

The next backward step taken by the federal government, the next step taken by this government to nullify the enactment of parliament, to defeat the wishes of parliament and to break faith with the people of Canada in the light of the promises made to them during the election campaign of two years ago, was taken in February of this year.

Hon. members will recall the statement made by the minister on February 5, when he announced in the house that, effective at once, the federal government was withdrawing the one-sixth additional mortgage provision. Immediately that statement was accompanied by some veiled suggestions that the move was temporary. But if it is temporary, at least it has been in effect now for four months. Although hon. members have tried to drag a statement from the minister as to when this temporary policy will have run its course, they have been met with the stock and stale answer, an answer which has been worn to death in the house by members of the government who say: "That is a matter of government policy upon which announcement will be made in due course."

This announcement of breach of faith the minister made on February 5 has already been in effect for four months, and there has not been the slightest indication from the government opposite of any change of heart or any intention of bringing to an end this measure that they suggested, in a veiled way, was to be only temporary in its effect.

Mark you, that step was taken by the government opposite without the slightest consultation with parliament. They had no authority from parliament to tear up section 35 of the act. That was an enactment of the parliament of Canada. But the government opposite simply says, "We are going to reduce—"

Mr. Winters: I think perhaps I should correct the hon. member. Section 35 is not involved in this one-sixth arrangement at all.

Mr. Fleming: I misquoted the section; I am sorry. I meant section 4, but the number is not the important thing.

Mr. Winters: That is right.

Mr. Fleming: The important thing right now is that the government nullified the section without any consultation with parliament. There was no such thing as coming before parliament and so much as asking "by your leave"; none of that at all. The government simply said, in effect: We are stopping from this time forward the effect of the 1949 amendment of the act; there will be no more one-sixth additions to the loans. Why? It was not because parliament said they should stop; it was because the government said they should stop.

Is anyone going to rise in this chamber and say that was the will of parliament? I do not believe it is the will of Liberal members from Toronto. Nevertheless this government, not caring what had been said in parliament in 1949, and apparently not caring what they said to the people of Canada when they sought their votes two years ago, just decided that, notwithstanding the fact that parliament had enacted these new provisions in 1949, it would have the effrontery to step in and say: That enactment of parliament becomes a dead letter from this date forward, and will remain a dead letter until we, the government, decide that it shall be revived.

Mr. Chairman, is the House of Commons going to accept treatment like that from the government in respect of legislation it enacted

in good faith in 1949? If the house is prepared to see its legislation torn up and scattered to the four winds in that way, simply because the government decides to do so, then we are all of us just wasting our time here. It is only a waste of time for us to legislate if our legislation is thus to be nullified by the government opposite.

I said there were three stages to the development of government policy—or perhaps one might more accurately describe it as a retreat from government promises. The third step was taken on May 11 of this year. We know that from the time the National Housing Act was enacted in 1944 that act held out much of its effective promise through the simple fact that the rate of interest on loans was, while I will not say low, still very reasonable. It was a rate somewhat below the normal market rate.

There have been occasions on which the government has been asked, with a measure of justification, to reduce that rate in order to give greater encouragement to house construction. But whether the government was right or wrong in maintaining that rate through those intervening years, is anyone going to justify now the increase in the rate? It is true that the prevailing market rates on mortgage loans have risen; there has been a general increase in interest rates within the last four months. Unquestionably the mortgage market has been affected by that fact. But while this increase in the rate of interest on National Housing Act mortgage loans is not in my opinion going to be as serious in its effect upon house construction as the other step to which I have referred, nevertheless it is likely to have some effect.

It is not going to be, as I have indicated so far as my opinion is concerned, as serious in its effect as the step taken to reduce the lending value, to nullify the provision of the one-sixth additional loan, but nevertheless these are all going to have their cumulative effects.

What has been the effect of these changes in government housing policy, these retreats on the part of the government from its promises and from the intent of parliament? I have a Canadian Press dispatch of February 19 from Montreal, which reads:

> F. A. Mager, president of the National House Builders' Association, said today that Canada's housing shortage will get worse, not better, in the coming year. In his annual report to the association convention, Mr. Mager said curtailment of the National Housing Act by eliminating the "additional one-sixth loan" is an "alarming move." He said this will make down payments $1,000 more than at present on five-room houses, and $1,500 on six-room houses. "I say the greatest bulwark we can erect against the inroads of communism will be to extend the facilities of home ownership to an ever widening segment of our population," he said.

This step naturally was of great concern in the province of Ontario where, as I have already indicated, the government of that province, having been in the field of second mortgage loans, had vacated that field in favour of the dominion when parliament in November, 1949, enacted those loudly trumpeted amendments to the act. The grave concern of the people of Ontario was reflected in a statement made by the premier of the province in the legislature following the announcement of the minister of February 5 when he told this house in effect that the government had repealed an enactment of parliament with respect to the provision of the one-sixth additional loan. Premier Frost in the legislature, and I may say with general approval on the part of all parties represented therein, expressed his entire disagreement with the move which had thus been announced by the federal government. He said: "Of all things to be cut back, housing should be the last."

So far as I am concerned, apart from those things that must be done to meet the immediate and critical demands of the rearmament program—and I am speaking there of only the critical and immediate needs in that respect—certainly there can be no qualification whatever of the view here expressed by Premier Frost, a view that I am sure is shared by the people of Canada—

Mr. Benidickson: Why does he not restore second mortgages?

Mr. Fleming: —that of all things to be cut back housing should be the last. Here we are in June faced, I think, with a situation that is likely to be reflected in a further diminution of the rate of construction of houses, with higher costs of construction, and, so far as one can see in the minister's statement, no effective measures being concerted by the government to meet the situation. It is undeniable that right now there are thousands of families in this country who, if the one-sixth mortgage provision had not been withdrawn in February last, would have been prepared this year to take advantage of it but who, by reason of this backward step on the part of the government, have now been deprived of any opportunity of acquiring homes under present conditions. I think you are going to see, because of the elimination of that large and necessitous group from the effective market for new houses, a curtailment in house construction. You are going to see far more need with

respect to housing, far more distress with respect to housing conditions than has been the case for some time.

At a time like this with inflation going on and nothing effective being done by the government to stop it, with a moderate expansion in population, and with obsolescence always a factor in connection with housing, we are not likely, apart from effective and concerted measures, to see anything very significant done under present conditions to alleviate what has again become a growing problem. It seems quite evident to me that the first effective step that the government ought to take is to restore to its full vigor the legislation that parliament enacted in 1949 to meet just such a situation as we are confronted with now.

That is the first step, and it is a step that is long overdue. Let the minister come forward now and say that the policy announced on February 5, which was then said to be temporary, was in fact temporary, that it is at an end now and that parliament's enactments are going to be given their full effect and are going to be restored to full vigour.

Mr. Carroll: Does the hon. member say there is a special section of this act which has been torn to shreds or does he suggest that the whole act has been?

Mr. Fleming: I am referring to the 1949 amendments. The hon. member will recall the amendments parliament enacted in 1949, the most important one of which was to provide for the additional one-sixth on mortgage loans authorized by the act. That is the provision which the government nullified as announced in the house on February 5.

It seems to me, as I have indicated, that the first step the government should take now is to restore the 1949 amendments to their full vigour and effect. If I may say this in all frankness to the minister, I think that we all know that the minister has a co-operative attitude. He is not one of the ministers who are hard to get along with. He is the sort of minister who, we hope, will be able to co-operate fully with the provinces in working out schemes of mutual interest and advantage to meet housing conditions, particularly in areas where they are so acute.

The rate of growth in some of our urban areas in recent years, and even more particularly in recent months, has been little short of prodigious. The growth in greater Toronto, for instance, has been at a literally amazing rate, but the housing problem in Toronto has not grown any less severe even with the very extraordinary development of housing construction in the greater Toronto area. With the continuing influx of population into our larger centres, unless we have something more to look forward to than the statement made by the minister today and the barren results of these retreats in government housing policy, it will be necessary for this house to go on demanding on the part of the government some effective appreciation of the seriousness of the situation and effective action to meet it. What is required first of all is a sense of reality on the part of the government in appreciating the seriousness of this situation, and then courage to retrace its steps at least back to last February 5 and restore the provisions of the 1949 amendments.

Then, Mr. Chairman, I do not know how long the government can expect, in the face of these increases in the cost of construction and the cost of residential properties, to hold lending values to the terms of January 1, 1950. To that extent they are simply whittling down the lending provisions of the National Housing Act, quite apart from the one-sixth additional loan provided for by parliament late in 1949. It seems to me this house ought to sound a call to the government to stop nullifying the provisions parliament has enacted to meet this situation, and the government should recognize that this problem is beginning to develop even more serious proportions than have been apparent in recent months. The government should take prompt steps, in concert with the provincial and municipal authorities, to work out measures that will meet these needs where they are most acute today, but the first step must be the full restoration of the law enacted by parliament.

Mr. Thatcher: As an opposition member, like the hon. member for Eglinton I am afraid I am going to have to say a few sour things about this department. Before doing so, however, I want to thank the minister on behalf of the people of Saskatchewan for the co-operation he recently displayed when the provincial minister of reconstruction and social welfare was here discussing housing for Saskatchewan. The problem in that province is very severe; proportionately I believe it is just as serious as in Ontario. Several weeks ago our minister asked for 2,000 houses, I believe it was, under section 35. The Minister of Resources and Development gave him only 500; but he intimated that there was hope that we might get a few more a little later on. Thus I wish to tell the minister we do appreciate the gesture he has made.

At the same time I think most hon. members will be a little disturbed by some of the

statements made this afternoon by the minister. He made it fairly obvious that nothing will be done again this year to catch up on the backlog of housing; and as everyone knows that backlog is very substantial. I believe it was the hon. member for Eglinton who said that a short time ago in Montreal the mayors and municipal heads said that housing was Canada's No. 1 domestic problem. I remember reading the report of Mr. Mansur, president of Central Mortgage and Housing Corporation, a short time ago, and on page 3 I found this:

Effective demand for new housing, both home ownership and rental, has never been stronger.

The reasons for this situation are obvious. A short time ago it was announced that we were going to try to bring 150,000 people to Canada in the coming year. I want to say at once that I heartily support that policy, but surely if we are going to bring those people here we should build homes in which to place them. In addition there will be a heavy natural increase in population. Those two factors, and the defence program, have brought the housing problem to desperate proportions in many cities.

What has the government done to alleviate this abnormal demand for housing? This year it has taken a number of steps which will accentuate the crisis. The first step the minister announced was an increase in the down payment, under N.H.A., which today amounts to roughly 25 per cent of the purchase price. This means that if a working man wants to build even a small, five-room house he must have about $3,000. Not many years ago you could build a whole home for $3,000. With higher taxes and the higher cost of living, such a down payment virtually bars about 90 per cent of the people of this country from building homes. That is the effect of the provision, whether or not the minister wanted it that way. But this is not the worst feature of the present situation. For one reason or another—and I contend largely because of government policy—in many parts of Canada the insurance companies are refusing to make loans under the National Housing Act. They can lend their money in other ways and get higher returns. No doubt they are still making loans in the residential sections of Toronto, Ottawa and Montreal, but I know that in most parts of my own province and in many parts of western Canada and the maritimes the insurance companies are not making those loans today. Surely if that is the case the minister should take advantage of the provisions of the National Housing Act, which permit him to make the full loan where necessary. I earnestly plead with him to do so in those areas where the insurance companies are not making loans.

The government took another step this year that bewilders me. At the very time we want more homes, Central Mortgage and Housing seems to be cutting down its building program. I think it was the hon. member for Vancouver-Quadra who stated that the Fraserview project in Vancouver had been pretty well abandoned, and there have been other instances of that kind. What does this mean? It means that at a time when people are huddled together because of an increasing shortage of dwellings, at a time when we are bringing more than 100,000 immigrants into this country, at a time when we are trying to step up defence industry, instead of building more homes we are going to build fewer. The program just does not make sense to me. Why are we curtailing our program? Last February the minister said that was being done simply because materials were not available. At page 69 of *Hansard* for February 5 the minister said:

. . . starts at the 1950 rate are beyond the capacity of the house-building industry under present and foreseen circumstances. Building supply materials, and particularly products of steel, are in short supply, with the result that many builders and owners are unable to complete houses.

That was the reason the minister gave us last February, but a few days ago at page 3671 of *Hansard* I asked the Minister of Defence Production this question:

In view of reports that housing is being held up in many sections of Canada because of lack of materials, will the minister tell us what recent steps the government has taken to see to it that housing is given adequate priorities to obtain essential building materials?

The minister made this reply:

I have had no report that housing is being held up.

Both statements cannot be right. The minister whose estimates we are now discussing told us—

Mr. Croll: Would the hon. member read the second question and answer, just to give the committee the continuity?

Mr. Thatcher: Which?

Mr. Croll: The hon. member followed that up with a second question on the same page.

Mr. Thatcher: I will be glad to put the next question on *Hansard* also:

I should like to ask a supplementary question . . . Does his department give specific priorities to housing projects for the purpose of getting building material?

Mr. Howe: No, Mr. Speaker; there is no specific priority—

That is one of the points I am coming to.

—but certainly there is a working arrangement with my colleague the Minister of Resources and Development for priority assistance in building houses, where that assistance is required.

There is a working arrangement, but the Minister of Defence Production stated categorically that there is no special priority. I remember the Prime Minister telling us a short time ago that housing was to have a very special priority. I think he said it was No. 2, after defence. If there is any priority in housing today I have not been able to find any indication of it, nor have any of the builders in my particular riding.

We in this group are conscious of the needs of the defence industries. We think that everything should be done to facilitate and make the defence program a success. But we also say that in peacetime, while there is no major war, only defence industries of the most critical nature should be given priority over housing. Most of the houses which have not been finished to date are being held up possibly because they cannot get steel or cement. Surely it is sensible that the minister whose estimates we are now discussing should go to the Minister of Defence Production and demand that he be given the necessary priorities, so that materials can be made available.

This group has a number of specific recommendations that we would make to the minister in the hope that he would carry them out. One of the main criticisms that I have had in any talks I have had with the minister is that he is too prone to depend upon private enterprise to carry out his program. If he were more willing to go along with his own department, and with state-owned construction, we might make a little more progress. I cannot help but think of some of the promises my hon. friends opposite made in 1945. Here is one of the pamphlets in which they said:

New housing plan.

I am going to quote from it:

. . . more and better homes for hundreds of thousands of families. It means closing the present gap between our housing needs and the number of homes available.

Then they promised that houses would be available for a payment of as low as $13.82 per month. There are not very many of those in Canada today. Before the 1945 election every government spokesman promised that returning veterans would be given proper homes.

The C.C.F. program is fourfold. We suggest these specific points to cope with the housing crisis. First, let Central Mortgage and Housing Corporation or some other government agency immediately undertake a large-scale building program of low cost houses to be sold or rented to Canadians in the lower income brackets. Second, let housing be given a top priority for the obtaining of essential materials, second only to urgent defence projects. Third, let down payments and credit terms generally under the National Housing Act be relaxed to encourage private building. Fourth, in localities where insurance companies will not lend money under the National Housing Act, let the government step into the field and provide the total National Housing Act loan.

Mr. Chairman, the minister stated a few minutes ago that the amount of money which was available for housing mortgages was limited. Then surely the time has come for the government to increase the amount of money available for mortgages of that type. I believe this year we are spending $3·7 billion. I say that to meet this problem the government must find a little more money, not to spend heedlessly, but to invest in the health and comfort of our people, to invest in a way that cannot be measured in dollars or cents.

Mr. Johnston: Mr. Chairman, I wish to say a few words at this time concerning this subject. I do not intend to take very long. I want to say to the minister that since he has been the head of this department there has been a great deal more satisfaction in the construction of houses than there was previously. It is an important problem, and one in which I believe every member of this house should take his responsibility. It seems to me that, from a national point of view, there is nothing that could be developed in this country that would bring greater satisfaction, greater comfort to the people of Canada, than properly built homes. The idea of having the dominion government continue in the field of building homes is questionable. The hon. member who just preceded me thought that greater emphasis should be placed on socially constructed homes, as I believe he called it. I take it from that that what he had in mind was that the government itself should proceed with a much greater program for building homes.

I am not sure, Mr. Chairman, that that is a wise procedure. In the past we have had a great deal of experience with the government building homes. I must congratulate the present minister on getting out from under some of those difficulties. It is true that he has passed the buck to the provinces, and the provinces are going to find a great deal of difficulty with it if they embark on a large-scale home building plan. One of the greatest difficulties the federal government has had in building homes has been the proper supervision of construction. They

have had specific plans with detailed specifications drawn up, but invariably those specifications were not lived up to, solely because the inspectors who were employed fell down on the job. I have always recognized that the government could not personally supervise every house that is constructed across Canada. It is an utter impossibility. They must depend, therefore, upon the inspectors whom they appoint. I am sorry to say this, but I must say that I believe a great number of the inspectors were appointed more from a political point of view than from the standpoint of their ability. That is one of the reasons why there was such poor construction.

Mr. Winters: Oh, no.

Mr. Johnston: The minister will say that is not right, but if he looks over the record of some of his inspectors he will find it is so. I could mention some, but we do not want to mention names.

No matter who undertakes that job, whether it is the federal or provincial government, difficulty will be experienced in that same field. It seems to me that the plan that the government has announced it intends to follow in regard to the building of homes is going to make it much more difficult for the people to get homes, particularly the stand which the government is taking in the raising of interest rates. As we all know the rates have been increased. The government is going to assume twenty-five per cent of the loan and the lending company is going to be guaranteed against losses to the extent of twenty-five per cent. It comes to this point, Mr. Chairman, that when the national housing plan was started the lending companies had great difficulty in finding any field in which they could safely lend their money. During and after the war, especially in the west, a great many people who were in debt to mortgage companies managed to get out from under that burden. When the housing project started, that opened an excellent field for the lending companies. They could not have had a safer project because they were guaranteed against loss up to twenty-five per cent. In fact, I do not believe the lending companies have lost one cent under this plan. The government has lost a little, but not too much.

When the lending companies have such an assured protection that there is no possible chance of a loss, or extremely little chance as experience has proven over the last number of years, why should we be asked to give consent to allowing the mortgage companies to raise the interest rate from five per cent to five and a half per cent on their share of the loan? The other day when I was reading the *Financial Post*, my attention was drawn to this part of the article which appeared on Friday, May 18, 1951. The heading was:

Ottawa Raises National Housing Loan Rate to Five Per Cent

—Return to Lending Institutions to be 5½ per cent—
Only Slight Deterrent to Home Building

This was the part that I was attracted by:

Lending Institutions Tight

Prevalent opinion expressed by trust, insurance, and mortgage companies is doubt whether the scope of operations can be maintained at the high level of 1950, the higher return in interest notwithstanding. They point out that they are simply short of funds for the time being; that they have still heavy forward commitments from 1950 . . .

From that it would appear that the reason the mortgage companies want to raise their interest rates is not that the investment is not secure but that they are getting a little tight in their loans of money. They are not now anxious to lend in this field because they can lend their money in other fields and get a greater return. But mind you, Mr. Chairman, they were not so much concerned about that when there were no other fields available for them in which to lend their money at higher rates of interest. They were mighty glad to take advantage of this field and lend their money at 5 per cent, which was a mighty good rate of interest in anybody's language. Certainly when you compare that field of investment available to the mortgage companies with the field of investment available to the private individual, you find that they stand to have a great advantage. What field is there for the ordinary man in which to invest his money and get 5 per cent or 5½ per cent return? Certainly the government does not provide that opportunity. Even if the individual invests in government bonds he gets 3 per cent or less now, if he wants to cash those bonds. It seems to me that when we add that increased interest rate to the already high cost of building, the thing is getting out of all reasonable proportions.

We must recognize the fact that these builders of homes are faced with other problems in addition to that of increased interest rates. There is the cost of material. As has been pointed out, the cost of material has increased greatly. The home that we used to build, when this plan first started, at about $6,000 now costs in the neighbourhood of $9,000. The cost of labour has increased; and it has increased directly as a result of the increased cost of living, in respect of which this government has played a major part.

Then the down payment, as it existed in 1949, has been withdrawn. Just where is the ordinary man going to get the money to finance the building of a home? It just is not there. Under the present program which the government proposes to put before the house, they are going to make it that much more difficult for any private individual to build a home.

Mr. Shaw: It will be impossible.

Mr. Johnston: As the hon. member for Red Deer says, it is going to be impossible for him. Surely the government should be taking the lead in trying to induce home building. It should take that step by lowering the financial cost of construction as much as possible.

If there is a shortage of material—and without question there is such a shortage—then there should be a proper rationing system. If the defence program needs the first priority on those materials, it should get it; but I think that housing should come next. Priority should be given to home building. In my locality a great number of houses that have been started cannot be finished; and in some cases, the contract has been let but they cannot even be started because there is no cement available. You cannot get far in the building of a house if there is a shortage of cement. The government should do something to make Canadian cement available to our Canadian home builders. It is an odd thing that while you cannot buy Canadian cement in most of our large Canadian cities, you can buy American cement at about twice or three times the price of Canadian cement. You cannot build houses under the national housing plan or any other type of plan when you have to pay these exorbitant prices for materials.

I think the government should reconsider this proposal as to increased interest rates and delete it from the program. The government does not need that extra one-half per cent in order to finance its program. The mortgage companies do not need any increase in order to lend moneys out on this project, in view of the wonderful protection they have had up to this point. They do not need any increase in interest rates because their loans are guaranteed practically one hundred per cent. There is no other type of investment where you get such great protection. Surely that protection is worth a little bit of consideration.

I want to join with the hon. member for Eglinton in suggesting that the government reinstate that one-sixth down payment.

[Mr. Johnston.]

Mr. Knowles: You mean the additional one-sixth on the mortgage, not on the down payment.

Mr. Johnston: Yes, the additional one-sixth on the mortgage. It is exceedingly difficult, if not impossible, for people to start out without that assistance. I think that the minister is sympathetic and that he would like to see this done. But sympathy is not going to build houses. No matter how much sympathy may be expressed, it is not going to get these people a home to live in. I would suggest to the minister that he take into consideration the suggestions which we have made.

Mr. Croll: Mr. Chairman, I wish to join with the members who have already spoken in giving praise to the minister for the excellent job he has done in the department of which he has the honour to be the head. The minister's statement made today gave clear evidence that he has kept faith with the house and with the Canadian people. In addition to that, he is doing an imaginative and gratifying job in the field of housing, as his report today indicates. Despite the obstacles and the shortages, the high objectives set by the minister for the country have been realized. The year 1951, we are assured, will have as many house completions as did the year 1950. That is a real accomplishment. It is also heartening to know that defence production areas will receive special consideration.

I think the true significance of the minister's statement has not yet been touched on by the opposition. That was the invitation which he extended to the provinces, considering present conditions, to join with the dominion government under section 35 of the National Housing Act to undertake low-cost and low-rental public housing. Some agreements of significance have already been entered into for public housing in four provinces in Canada; but unfortunately that is all too few.

I think we must start by admitting from the very beginning that housing, like any other capital expenditure, is inflationary. We must also face the fact that housing is essential. It therefore becomes the government's job to reconcile those two aspects with respect to housing. After being in the doldrums for about twenty years, housing began to make real strides in this country after the war. The government, by a variety of legislative measures, stimulated house building in this country to the point where year after year the industry was setting new production records. Let me put some of these

on the record. In the year 1946 there were 67,000 completions, 57,000 net additions and 108,000 net family formations. In 1947 there were 79,000 completions, 71,000 net additions and 75,000 net family formations. In the year 1948 there were 81,000 completions, 73,000 net additions and 83,000 net family formations. In the year 1949 there were 91,000 completions, 82,000 net additions and 77,000 net family formations. In 1950 there were 90,000 completions, 81,000 net additions and 70,000 net family formations.

The minister has already told us that since 1946 the total of 414,000 new housing units have been built in this country. In the same period the new family formations have increased by 413,000. Therefore it is quite obvious that we have not been able to keep up with the current demand. In January, 1946, we started with a backlog of about 650,000 houses. As of January 1 of this year, we have a backlog of about 700,000 houses, so that we have a very long way to go yet despite the very encouraging and most excellent record as of this date. As a matter of fact, never before in the history of this country have we seen such a rush of new buildings.

I say that when in November, 1949, the government announced its program of public housing, as embodied in section 35 of the National Housing Act, it seemed to us that Canada was entering upon a new era of housing. It appeared that we were actually going places. Well, these high hopes have failed fully to materialize. They fell through in part for a number of reasons which are known to hon. members. First, there was the national housing interest rate which was outstripped by the commercial interest rates, with the result that investment funds of the insurance and the mortgage companies dried up to the point where the National Housing Act was in danger of becoming a dead letter.

Second, the government's decision to curtail capital expenditure was like throwing a pail of cold water on the entire building industry. The announcement already referred to in this house on February 5 as follows:

> Effective immediately, therefore, loans under the National Housing Act to homeowners will be limited to 80 per cent of lending values prevailing in January, 1950. The effect of this action is that the additional one-sixth provision is suspended.

—has had the effect of not only curtailing housing, but making it quite impossible for a great number of people to make the down payment. So much so that I think the government realizes that perhaps it has gone too far, and will have once again actively to encourage more building, particularly in the defence areas.

Third, the provinces and the municipalities failed to take advantage of the government's offer to finance as much public housing as they wanted. There was no limit. The government was open-handed. It was prepared to deal with all takers. I find it hard to understand that only four provinces have made any attempt at all to provide public housing under section 35 of the housing act.

And finally, as other speakers have already said in the house, the astronomical costs of building have had their effect. There was a rise of 15 per cent in the cost of building in the year 1950. The monopolistic attitude of the building supply industry lifted housing right out of the price range of the average citizen.

Whatever the reasons may be, housing cannot be permitted to decline in this country. The splendid beginning which we made in the post-war period has proved that the thing is possible. We can and we must continue to go ahead with housing for Canadians. The first move was to raise the National Housing Act interest rates from 4½ per cent to 5 per cent. No one regretted that or the necessity for it more than I did, because this country needs not just housing; it needs low-cost housing, it needs rental housing, and the National Housing Act, with its low interest rate and long amortization period, was designed to accomplish just that.

I regret extremely that the government was compelled to do it, but compelled it was. It was faced with the clearest possible alternative: houses or no houses; and on that basis the interest rate had to be increased. Nobody liked it, but if it had not been done and done quickly, then only the people of Canada would have been the sufferers. I think I can say, without any fear of contradiction, that even at 5 per cent the National Housing Act is still the best housing deal in Canada.

The government's next step must be to reconcile the two conflicting views which I have already indicated, namely, the essentiality of new housing and the desire to curtail capital expenditures. A new house is the most obvious example of capital expenditure; but we cannot say because it is that it is taboo. We have to realize that there can be such a thing as essential capital expenditure, and that we should encourage. I think the solution is within our hands. The solution lies within section 35 of the National Housing Act.

We have done public housing in this country. It is nothing new. We have built subsidized housing in this country. The minister said that we have already built

53,000 of them. We have disposed of 20,000 out of the 30,000 that were available for disposal. We have 10,000 more to dispose of. He expects to dispose of 5,000 this year and 5,000 at a later period. The building of these 53,000 subsidized houses has not cost the people of this country one red cent. We have not had one penny of losses.

Section 35 of the housing act makes provision for the most economical kind of housing that this country can undertake. With the dominion government, the provinces and the municipalities co-operating to build public low-cost housing we can stretch the housing dollar a very very long way. National housing building is fine for the people who can afford the down payment; but there are far too many people in this country who cannot afford the down payment necessary at the present time, but who still need houses. That is why section 35, the public housing section of the National Housing Act, is the instrument under which we can obtain low cost and rental housing.

What exactly does section 35 say? I am not going to read it. It provides that capital costs, profits and losses are contributed by the dominion government to the extent of 75 per cent and by the provincial governments to the extent of 25 per cent. In some cases the provincial governments have obtained a portion of the 25 per cent from the municipalities. But that gave to the provinces and to the municipalities a rare opportunity to build houses under this section of the act, because of the apparent advantages that are there.

Let me point out some of the advantages under the public housing section of the act. It permits the blending of houses of various sizes for families in various circumstances. There can be built multiple dwellings, apartments or single houses. One thing I would emphasize to the minister is that we ought not to spend a penny on emergency or temporary housing; we are far beyond that stage. That is a waste of money. We are here for good. Similarly, the houses we must build must be here from now on.

Then, so far as money is concerned, all hon. members have indicated the government can borrow money cheaper than an individual or any other organization can borrow it. Certainly we can get money cheaper than the loan companies are prepared to accept for the usual loan. In the past the government has been able to obtain money for less than three per cent.

Speakers from all sides of the house have talked about priorities. On such a government undertaking priorities and the allocation of materials could be arranged without any difficulty. As a matter of fact the hon. member for Moose Jaw quoted what had been said on June 4 by the Minister of Trade and Commerce, as it is reported at page 3671 of *Hansard*. The hon. member's question, referring to the Department of Defence Production, was in these words:

> Does his department give specific priorities to housing projects for the purpose of getting building material?

To that question the Minister of Defence Production replied:

> No, Mr. Speaker; there is no specific priority, but certainly there is a working arrangement with my colleague the Minister of Resources and Development for priority assistance in building houses, where that assistance is required.

If the minister is as powerful as the leader of the opposition says he is, he ought to have no difficulty at all in obtaining for us these priorities, when and if we require them. In addition to that hon. members have talked about the cost of building. The hon. member for Bow River who was a builder and knows something about this business has talked about the high cost of building. Well, there is no question that a great saving can be effected if the government gives out specific contracts for houses.

One other great advantage under this section is that we can locate houses where they are most needed; and in that way we should overcome the defence production need for housing at the present time. After all, public low rental housing in the last analysis is a choice between spending money constructively and wasting it on palliatives; it is a choice between using it to subsidize decent living and the opportunity for healthy citizenship and subsidizing demoralization, apathy and delinquency.

I have said the housing problem is becoming acute in places which are referred to as defence production areas. I mean by that places where war contracts have reactivated industry, and where those industries have drawn many thousands of workers to focal points across the country. There are many of them in Canada—Toronto is perhaps the most obvious. The others include Malton, Sorel, Edmonton and Vancouver—there are many others. If as some eminent statesmen seem to think, the international crisis may go on for five or ten years, then the need for permanent defence housing becomes apparent and overwhelming.

The public housing section of the act is flexible enough now to meet this or any other need we may require within the foreseeable future. As a matter of fact the government is doing something under section 35 of the act; the minister gave us a brief résumé of what is being done. Agreements have been

entered into with some provinces—I think they are four in number. I am informed that the following agreements have been entered into: St. John's, Newfoundland, on June 13, 1950, for 140 units, which have been completed; London, Ontario, on July 10, 1950, for 374 units; Windsor, Ontario, July 15, 1950, for 400 units.

Mr. Benidickson: The houses have not been built.

Mr. Croll: I am informed that this applies only to the lots. Agreements have been signed in respect of Ottawa, Vancouver, St. Thomas, Kingston, Atikokan, St. John's, Newfoundland, and Saint John, New Brunswick.

Mr. McIvor: And Fort William.

Mr. Croll: I do not find Fort William on the list.

Mr. McIvor: It should be.

Mr. Croll: The little that has been accomplished by virtue of the National Housing Act is good; but my point is, as has been indicated by the hon. member for Kenora-Rainy River, that no houses have been built, except in Newfoundland. The rest of these plans are on the drafting board. The people of this country need houses, not blueprints. Instead of these few units we are planning for this year the government should be sponsoring thousands of such units. This country could absorb 20,000 of them. As a matter of fact my own province of Ontario could absorb this year and every year 10,000 additional low-cost low-rental units. The rest of the country could use as many more.

The Ontario government can afford it. I have occasion to look up the financial status of that government; I do not bother going to Dun and Bradstreet, but I have seen their own statement. It appears that since 1948 they have had surpluses of $25 million each year. Housing is a good opportunity to invest a few dollars.

We have heard a great deal about one-sixth and the second mortgage. Ontario can stimulate building in the province by restoring that one-sixth or the second mortgage. That will provide for those who cannot afford a very large down payment at the present time. Here is a real opportunity for the government of Ontario to prove to the people of that province that they really mean what they have been saying about housing.

The hon. member for Eglinton quoted the premier of Ontario as saying: "Of all things to be cut back, housing should be the last". How heartily I agree with what he says. But I think he can do something about it. The opportunity is there for him to do it. I said before that the province of Ontario is in great need of housing, particularly defence housing, at the present time. By restoring the one-sixth they can once again activate housing and make houses possible for those working people who are finding the down payment so hard to make.

But it is not Ontario alone. I find it a matter of very great and deep regret that after the government put section 35 of the act into effect—we had been pleading for it for years in this house—no great advantage was taken of it by the provinces. They have not come through as expected. The dominion is putting up the lion's share of the money, but if there are no takers the people will suffer. I think they should know that. So because of world conditions, because of the rise in the interest rate, because of the increase in the down payment and because of the high cost of materials, we find ourselves at the present time with a golden opportunity in the field of low cost and low rental housing, particularly when the government can borrow cheap money, allocations if necessary, and priorities for all that is essential.

There are a few obstacles. One of course I have already indicated, the apathy of provincial and local authorities, and their reluctance to get into this scheme. The other difficulty is the cost of building supplies. That is a very serious difficulty. I want to say something special with respect to that because I think it needs saying. The building industry in this country is being strangled by a system of hoarding materials and setting prices by the building supply houses.

Mr. Blackmore: Hear, hear.

Mr. Croll: Price maintenance and gentlemen's agreements are flourishing in the trade.

Mr. Noseworthy: That is why we need price control.

Mr. Croll: We may have another way to deal with it. Price control did not stop these monopolistic practices.

Mr. Rowe: It started them.

Mr. Croll: No one denies that scarcities exist in the supply of some commodities. But what we have is a concerted effort among the building supply houses to keep materials scarce and prices high. They are keeping certain essential materials for their old or special customers, and they are not opening up new accounts. Today there is no free and fair competitive market in the building material industry. I have a clipping from the

Toronto *Daily Star* of May 23, 1951, which reads as follows:

> The composite index of the cost of residential building materials is calculated on a 1935-39 pre-war index of 100.

Summarizing the editorial: in 1945 the index had risen to 148·3. In 1948 it had risen to 217·5. In 1950 it rose to 256·3. In February of 1951 it had risen to 274·9, and in March of this year it rose to 282·6. The editorial goes on to say:

> Where will it stop? Is there no governmental measure that can decelerate or halt these increases?

Mr. Blackmore: Hear, hear.

Mr. Croll: I think it is high time that the government investigated this situation and corrected it. There is no room in a field as vital as housing for practices of this kind. The Combines Investigation Act could be profitably employed with respect to this particular industry.

Mr. Noseworthy: That would not do any good.

Mr. Croll: The need for housing, and particularly low-cost housing and rental housing, is almost unlimited in this country today. The supply of materials is limited. Therefore I think the government must see to it that building materials are not diverted to high cost and unessential housing. They ought to go where they can do the most good. Press reports indicate that in the first five months of 1951 contracts awarded for building were 89 per cent over last year. Housing did not hold up its end. Higher interest rates, higher down payments, higher cost of building have brought about a drop in housing starts which is already of some consequence, although not of major importance.

Building materials could not be better employed than in the type of public housing provided for under section 35 of the National Housing Act. Through public housing the same amount of materials can provide homes for more people than any kind of private building can. Public housing can build more homes. It can build them cheaper, it can build them better, and it can build homes at focal points across the country where they are most needed, in industrial centres where the growing population has far outdistanced present housing facilities, and particularly to meet the needs of defence production. I re-emphasize that I would not want any member of the house to have the impression from what I am saying that I am asking for something for nothing.

I have already told the house that we have long experience in public housing. We have not lost a penny. We built houses, we rented them, we sold them at a later date. We have not profiteered or profited from them. That is not our purpose. We have provided houses for people at a price they were able to pay. I felt some concern about one of the statements made by the minister when he did a little worrying for the private builders. There is a field for private builders in this country, but it is not in low-cost or low-rental housing. The private builder starts where public and national housing leave off. Private builders are not interested in constructing low-cost housing or rental housing. Their interest is in profits. There is not enough profit in the field of low-cost or low-rental housing for them. I do not think we should waste too many tears on the private builders. They have done very well in the last five years particularly; as some members of the house have said, their whole approach in the past has been for the government to take all the risks and for them to take all the profits. I think the time has come for the government to make a fresh appeal to the provinces and municipalities to do more in the way of public housing than they have already undertaken or contemplate undertaking this year. The cost of public housing to the provincial and local authorities is so little in comparison with the benefits gained that they cannot afford to hold back. What we need, defence program and inflation notwithstanding, are conditions which will enable more rather than fewer people to buy low cost housing or rent it at reasonable prices. We have on the statute books of this country excellent legislation designed to meet that problem; we have the will to do the job, and we have done part of the job. We need the co-operation of the provinces and municipalities, not to create a builders' paradise, which would not be in the public interest, but to meet this housing problem.

I re-emphasize that the need is for low-cost, low-rental housing for our people. I ask the minister in considering this problem to balance the requirements of defence, which must have first priority, with the social needs of the people, which must come very close to that first priority. People are making sacrifices now, willingly and gladly. Give them housing, and they will not have the feeling that the cost of defence is being thrown upon the shoulders of the poorest elements in our economy. Nothing we can do at the present time would raise the morale of our people, and reinvigorate and strengthen them, as much as the provision of thousands of these low-cost houses across this country, where people can see them and

live in them. I ask the minister to do everything he can to reactivate section 35. Some provinces are anxious to take advantage of that section; Saskatchewan and Alberta both have made inquiries. Alberta will not have any difficulty with finances. Saskatchewan has the will which sometimes is just as good as finances. In each case these governments are looking for the opportunity to provide housing for their people. I ask the minister to co-operate as he has in the past. One hon. member said the minister knew how to get along with other governments. To that statement I can only add "How true." So far he has had excellent relations with the provincial governments, in a field which is difficult. I ask him to continue that policy so that by the time we meet again next year we will have built thousands of these homes for the people of this country.

Mr. Noseworthy: I listened with a great deal of interest to the remarks of the hon. member for Spadina. It was my good fortune to have the occasion to discuss such questions as this with the hon. member when he was mayor of a very important industrial city, and also when he was a minister in a provincial government. I fancy—though this may be mere fancy on my part—that I detect a slightly different approach to this question by the hon. member today than his approach under other circumstances. In all friendliness I would suggest to the hon. member for Spadina that he have his speech printed in two parts; that he send the first half to members of the cabinet, and the second half to his riding. The first half might help members of the cabinet to realize the potentialities of the hon. member as a prospective minister. I certainly think the second half would meet with the approval of many voters in his riding.

Probably no one in this house is more aware of housing needs in Canada today than the hon. member for Spadina, and I was rather disturbed to find, at least in the early part of his speech, that he was so complacent and so completely satisfied with government policy. I was rather disturbed to find him so anxious to eulogize that government policy and to pass the buck of responsibility for housing to the provincial legislatures. After all, we had this housing problem with us for four years after the war before the government introduced section 35 of the act. The minister told us the provinces were not able to get the necessary supporting legislation until along in 1950. Considering that seven of the ten provinces have already passed enabling legislation I would say that on the whole the provinces have done much better in that respect than the federal government.

The housing problem resolves itself into two phases. In the first place there is a dire need for houses. The best the hon. member for Spadina could say about the achievements of the government in the matter of housing was that during the past four years they have succeeded in building about 100,000 fewer houses than new Canadian families required. In other words in that four-year period they have dropped back about 100,000 houses, which have been added to that backlog which existed at the end of the war. I do not think the hon. member's figures do justice to the government in that respect. The figures contained in the 1950 report of the Central Mortgage and Housing Corporation are different from those quoted by the hon. member, and indicate that as of the end of 1950 we still needed close to half a million houses. I am prepared to be a little more lenient in this respect than the hon. member for Spadina. I think the very best that can be said of the achievements of the government since 1946 is that they have barely kept up with the need for new houses arising from year to year. We still have just as much of a housing shortage today as we had at the end of the war. That is the first fact.

I was delighted to hear the hon. member for Spadina, in the latter part of his speech which I suggested should go out to his riding, disapprove of the minister's marriage to private enterprise; that he felt there was a place for the government to take action in housing; that there was a place for publicly financed housing, particularly in the low rental group. The truth of the matter is that the provision of low or even moderate rental housing is not a commercial proposition at all with today's building costs. It is impossible for private builders to provide low rental housing, or even moderate rental housing. It is this field in which there is a great need for houses today, and if that need is to be met it must be met by public financing.

The prospect for catching up on that backlog of half a million houses is not very bright. In the 1950 report of Central Mortgage and Housing Corporation it is stated on page 6 that residential construction is that part of the construction industry least able to secure building materials in periods of shortage. In numerous places in the report there is the suggestion that the shortage of building materials in 1951 is likely to curtail the building of residential properties. According to that report, the picture is not nearly as bright as

the one painted by the minister this afternoon. Even last year when, according to the minister, there was no shortage to affect housing, and when the department was advancing an additional loan of one-sixth of the basic mortgage, the net increase in houses was 83,000. According to the Central Mortgage and Housing Corporation report, the net increase in family and non-family households for the same year was 87,000. In other words last year, under those favourable conditions, we fell 4,000 short of keeping up with the new demands created during that year. We added an additional 4,000 to that backlog which had been piling up during the depression and during the war years.

Since that was the best we could do last year, what are the prospects for the coming year when we are faced with a defence program which will have first call upon our materials? It is quite evident that unless some priority is established whereby residential housing may secure building materials, we are going to add still further to that backlog. As a matter of fact, residential housing has never received its fair proportion of the men and materials available. According to the government publication, "Private and Public Investment in Canada in 1947," residential housing got only 34·3 per cent of the total construction expenditures; in 1948, 35 per cent; and in 1949, 34·8 per cent. Then, according to the corporation's report for 1950, the over-all share of men and materials that went into housing construction dropped back about four per cent as compared with 1949. This report indicates that housing construction is not likely to get its fair share of construction materials and labour in a situation such as that which faces us today.

I would suggest that one of the first steps in order to increase or maintain the building program, and to avoid adding still further to that half million shortage, should be a system of priorities for construction materials. I believe that is a must for the government. The second problem so far as housing is concerned is the cost of houses today. It places them beyond the reach of many thousands of our people, beyond their reach either to buy or to rent. I should like to refer to an article in the *Economics and Political Science* issue of 1949 which is entitled "The Economics of Low Rental Housing." This article is two years old, but the situation has not changed very much. The statement is made that the lowest income group, constituting 20·7 per cent of the population, could not afford to buy a house at all. The next group, 12·7 per cent, could not afford to own a house costing more than $3,000 or $4,000. That rules out one-third of our people who could not afford to own a house costing more than $3,000 or $4,000 two years ago, and who certainly could not secure any of the houses which are built at today's prices. There is practically one-third of our population for whom publicly financed houses must be provided if they are to secure houses. The next 20 per cent could not afford one costing more than $4,000 to $5,000. The next 12·1 per cent could not afford one costing more than $5,000 to $6,000. It is therefore quite evident that, at present prices, a large proportion of those who need housing accommodation—those in the lower income brackets —just cannot afford either to buy or to rent houses that are built even with government assistance at today's prices.

On page 11 of the report of the Central Mortgage and Housing Corporation I find that 4,311 housing units were provided through arrangement with builders and investors under what is called the rental insurance plan.

Mr. Blackmore: For what year was that report?

Mr. Noseworthy: For the year 1950. The average number of rooms in those 4,311 houses is four. The average rental is given at $70 a month. That is $70 a month for a four-roomed house. That is the average for 4,311 of these houses built across the country by investors and builders, through arrangements with the government. That price puts those houses beyond the reach of hundreds of thousands of those in the low-wage category.

As was indicated by the hon. member for Spadina, the need for low-rental housing is one of the great needs today. I think, as does the hon. member for Spadina, that the advantage which some of the provinces have already taken of section 35 of the National Housing Act is probably one of the brightest features of that report. In two of those projects at least the rental is based on 20 per cent of the tenant's income, in the case of unheated accommodation, and on 25 per cent of the tenant's income in the homes that were heated. That provides the legislative machinery necessary for solving the housing problem of those in the lower income groups. Certainly the minister should be encouraged to press forward with getting an increase in the number of agreements with the provinces, and in giving the provinces every possible encouragement to provide these low-rental houses on this basis.

Another difficulty in connection with our present housing situation is the matter of financing. When the minister introduced the measure by which an additional one-sixth loan was provided for builders he told us, in his own words, as reported at page 1295 of *Hansard* of 1949:

> We are establishing a pattern for long-term housing development . . .

Four months ago it became evident that the long term was instead a short term of about one year; for although that legislation remains on the statute books, the government has arbitrarily cancelled that feature of the legislation because it became the government's avowed policy to restrict building. I think it was made quite clear that the reason for cancelling this one-sixth loan was for the express purpose of curtailing residential building, in spite of the fact that we still need half a million new houses. It has been indicated by the minister himself and others, as well as in the report of the Central Mortgage and Housing Corporation, that the government was afraid that there would not be sufficient material available to build all the houses that would be started if that one-sixth mortgage loan still remained available.

Apparently the minister believes that if we are to solve the housing problem, we must be prepared to accept a lower standard of housing. I think he told us that if we could reduce by about 15 per cent the standard of housing that the Canadian housewife wants to live in, we would solve a fair part of our housing problem. I doubt if the Canadian people today believe that the only way Canada can work itself out of its present difficulty is by reducing living standards. The other evening the Minister of Finance gave us the same policy: the need for reducing living standards. I submit, Mr. Chairman, that we in Canada—even though, as the minister says, there is a housing shortage in all the countries of the world—have natural resources, in men and material, available for providing our people with houses, without lowering the standard of the houses with which our people should be provided. I suggest that the minister should restore that one-sixth loan in order to enable purchasers to make the necessary down payment on the houses that we are building.

There is another feature of housing financing that I should like to bring to the attention of the minister. Since he has raised the interest rate for finance companies the builders tell me—and as a matter of fact two of them told me this only today—that finance companies are still refusing to advance moneys for building under the National Housing Act; that it is still practically impossible to get those loans; that the 5½ per cent which the finance companies would get is still not sufficient to warrant their lending money under the National Housing Act. I should like a statement from the minister on that. I want to assure him that today there are builders whose applications were approved two or three months ago who were rejected because of the interest rate, and are still being rejected. I do not think the answer is a further increase in interest rates to mortgage companies, but I do think that the government has to take some measures. If they cannot get the mortgage companies to advance money at their rate, I think the government will have to lend that money in part directly under Central Mortgage.

It has come to my attention that a considerable amount of United States capital has been available for housing projects in Canada, or would be if those who would provide that capital could be assured that if the projects could be sold they could get the capital and take it back to the United States. At the present time the foreign exchange control regulations permit that, but the foreign exchange control board will give no assurance to United States investors that if they can sell their houses and the money is available they will be able to withdraw that money from Canada. I wonder whether the minister will also speak on that point.

Mr. Henry: Mr. Chairman, this debate enables one to discuss the housing problem under the minister's estimates. My first words are of congratulation on what the minister has done, particularly for housing in the Toronto area during the period 1949 to 1951 inclusive.

The figures of Central Mortgage and Housing Corporation make it clear that for the three-year period, including the years 1949, 1950 and 1951, there will have been erected in the city of Toronto and its immediate surrounding area no fewer than 25,000 new housing units. If one were to take those 25,000 new housing units and place them on lots of standard width, say fifty feet each, he would have 200 miles of new housing units constructed in this three-year period. This means a string of housing units which would go from the outskirts of Toronto easterly to Kingston. I think this illustrates that tremendous things have been done by this government in stimulating housing during the three years in question.

However, although much has been done about the solution of the problem, may I say to the minister that the need is still great

indeed in the metropolitan area of Toronto. We have five emergency housing centres located at Long Branch, Malton, Geco, Stanley Barracks and Lakeside Camp. There are no fewer than 1,010 families located in those emergency housing centres at the present time. These families comprise a group of 5,282 individuals, and only 545 of the 5,282 individuals are relief recipients. And too these individuals are in the centres for the most part through eviction proceedings, and through no choice of their own.

In a recent report of the welfare commissioner for the city of Toronto to the appropriate committee of city council it was said that with reference to those occupants of the emergency housing centres—and I quote the report:

> In most instances no other accommodation was available following eviction.

Some had more than one eviction. I think it is also important to place on the record with reference to the Toronto area that at a recent hearing before the new rental board for the province Mr. J. J. Wingfelder, deputy administrator of rentals in Toronto, gave evidence—and indeed it is most cogent. He said:

> The housing situation in the Toronto area is terrifying and has not yet reached its peak of seriousness.

With reference to rents Mr. Wingfelder went further. He said that Toronto is an area of highest pressure of rents for all of Canada.

My philosophy teaches me that the home is the backbone of the nation. In my view housing is the natural right of all Canadians. Private enterprise does not always keep pace with the situation, and government aid becomes a necessity.

I commend the minister and the government in that they have placed housing as second only to national defence in Canada. Toronto is an area where we expect to be, and we know that we will be, an arsenal of our preparedness program. It is gratifying today that before the orders of the day were called the minister stated that negotiations were now under way as between this government and the province for perhaps 5,000 housing units to be located in Ontario. We have heard and we believe that these negotiations have to do with 5,000 houses under section 35 of the act. Some will be for rent, and it is important that they should be low-rental houses. Some will be for sale. Others of those units will be apartment units. Let us hope that they can work out an arrangement whereby they will be low-rental apartments.

In the light of my remarks on the seriousness of the situation which exists I hope that the minister will bring to bear upon the provincial authorities the importance of locating in Toronto our proportionate share of the new housing units on the basis of our needs and our population. It will be a sad thing to me if the minister, in his negotiations with the provincial authorities, cannot give us at least 2,000 units in this time of crisis when we have over 1,000 families in these centres, which centres have been called terrifying.

The Deputy Chairman: Shall the item carry?

Mr. Green: No.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: We are considering item 427, emergency shelter administration, and item 565, dealing with Central Mortgage and Housing Corporation.

Mr. Green: Mr. Chairman, I should like to ask a question having to do with a project in Vancouver known as the Fraserview project. About two or three years ago the government undertook, through Central Mortgage and Housing Corporation, to set up this project which was to contain 1,100 homes for veterans.

The whole area which, as the minister knows, is in the city of Vancouver, was expropriated by the government against the wishes of many of the people who had homes in that area. Then the area was resubdivided. Portions of people's orchards and gardens were taken away from them; in some cases their homes had to be moved; and as a result they suffered a great deal of discomfort. Central Mortgage and Housing Corporation have gone ahead and I believe have finished about 600 of the houses.

Earlier this year it was announced that further development of the plan was to be dropped at least for the time being, with the exception of completing the installation of services such as water, sewers and facilities of that kind. The result is that we have this large area sitting there, all topsy-turvy, partially developed, the streets all changed, the parks—which were shown in the lovely plans put out by Central Mortgage and Housing Corporation—not put in. Indeed I think the project might properly be described as more or less of a mess. That is the description applied today by some of the people who have written to me asking that something be done to finish off the project.

There have been press reports to the effect that the lots upon which the homes have not been erected might be sold; of course this would mean that in some cases lots taken away from old residents will now be put on the market or turned over to real estate firms, or handed to the city for purposes of sale; the whole project will break down unless the housing corporation completes it.

We are told it has been held up because of the increasing costs, and I have no doubt that costs have gone up. But there seems to be very little prospect of their coming down in the immediate future, and I do suggest to the minister that where a project has been commenced and is well on the way to completion it is very poor business to let it drop when it has reached this stage. Not only is it very poor business, but it is most unfair to the people living in that district, including both the old residents and the veterans who have gone into the new homes which have been completed.

Moreover, it is unfair to the city. The city of Vancouver has co-operated throughout with Central Mortgage and Housing Corporation. I do not believe the minister can have any complaint about the way the city council have acted. But there they are, being criticized by the citizens; yet nothing can be done because the whole scheme is in the hands of the housing corporation. I do not think that is good enough, and I would hope the minister could arrange to have the project completed. In any event I would ask him to let us know what is to be done.

Mr. MacInnis: Mr. Chairman, I should like to say a word, and after I have finished the minister can reply to both the member for Vancouver-Quadra and myself. Before referring to housing in general I should like to refer particularly to the Fraserview project to which the hon. member for Vancouver-Quadra has referred. He gave a broad outline of this project in which some 1,100 homes were to be built. Of these I believe about 600 have been completed and the building of the remaining 500 has been postponed indefinitely. That is the last information I have had in the matter.

As the hon. member for Vancouver-Quadra has pointed out, it is unfortunate that the finishing of this project has been discontinued. It is unfortunate first, because of the great controversy that was created about the project when the land was taken over by Central Mortgage and Housing Corporation. Second, it is unfortunate because of the great need for homes in Vancouver. There was a great deal of vacant tax land in the area, as well as many private homes. The city of Vancouver turned over the tax land at a fairly reasonable figure to Central Mortgage and Housing Corporation, following which proceedings were taken to expropriate the private homes in the area.

There was great protest made when the homes of people who had been established for 25 to 30 years were taken away from them, and their lives upset. I supported the project and tried to make a case—I believe a case could be made—for what Central Mortgage and Housing Corporation was doing, in order to provide houses for the people of Vancouver, and of British Columbia generally, where there was such great need. But all the explanations and all the justifications we have made for the project went by the board when the government, or Central Mortgage and Housing Corporation, decided to discontinue building when the project was only half finished. The government has decided to postpone the building of the additional 500 homes, because of increased building costs.

I have a copy of a letter written by the chairman of the Vancouver housing association to the minister. She represented that, even if the cost of each unit should be increased by $1,000 because of increased building costs, at 3½ per cent interest and with thirty-five year amortization the increase in rent would only amount to about $5 per month. In view of the terrific need for housing in Vancouver, I suggest that involves a very small amount of money and should not divert the government from its intentions in that particular area.

Let me draw the attention of the minister for a few minutes to the housing situation in Vancouver at the present time. May I first tell him that there are still 2,000 veterans families with four or more small children still waiting after six years for suitable housing accommodation. The building of the 500 houses would provide homes for at least 500, or a quarter of those 2,000 veterans and their families. At the end of 1945 the emergency shelter administrator estimated that the shortage of houses in the city of Vancouver amounted to over 23,000 family units. Between 1946 and 1950, both years inclusive, approximately 14,700 housing units were started while the increase in the number of families—and the estimate is a conservative one—was 21,000.

I think the rate of building in Vancouver and British Columbia generally has been higher than in other parts of Canada, but despite the relatively high rate the shortage of houses has increased since the war by a further 6,300 units. Today instead of having a shortage of 23,000 units as we had in 1945 there is the shortage of 30,000, and the population of the city of Vancouver is increasing

every day. In addition the government is making strenuous efforts, and I believe with some success, to bring immigrants to this country many of whom will ultimately reach Vancouver. I think we are seeking trouble if we bring people here without having homes prepared for them and when we have not homes even for the people who are here.

Before I leave the Fraserview project, I suggest to the minister that he give the matter his most earnest consideration before finally deciding not to go ahead with it. I plead for that because of the controversy that came about as a result of expropriation and the hopes that were raised as to the development contemplated in that area, one of the finest locations in the Dominion of Canada.

I should like to give the committee the figures as to building progress in Vancouver and greater Vancouver for 1948, 1949 and 1950. Greater Vancouver of course takes in the surrounding municipalities. Dwelling completions in the city of Vancouver in 1948 amounted to 3,391, and in greater Vancouver 6,315. In 1949 completions in the city of Vancouver amounted to 2,748 and in greater Vancouver 5,599. In 1950 completions in the city of Vancouver amounted to 2,271, and in greater Vancouver 4,679. Dwelling starts, buildings started but not necessarily completed, in the city of Vancouver and in greater Vancouver for the same years are as follows: Vancouver in 1948, 3,297, and greater Vancouver, 6,442; in 1949, Vancouver, 2,161, and greater Vancouver, 4,465; in 1950, Vancouver, 2,034 and greater Vancouver, 4,442.

These figures do not include Central Mortgage and Housing Corporation building for which the figures for 1948, 1949 and 1950 are 586, 324 and 294 units respectively, all in the city of Vancouver. I am putting those figures on the record to show that the need for housing both in the city of Vancouver and in the greater area is increasing each year because we are falling further behind each year in the number of homes required. While the need is increasing the number of homes completed and the number of homes started have declined every year from 1948 to 1950. Something must be done. I agree that we must give high priority to our national defence program, but here again I think we are making the greatest mistake we possibly can make if we are going to put everything into the defence program and leave the provision of homes to private enterprise.

It has been demonstrated that for the last twenty-five years private enterprise has not been able to build homes for that section of the community which cannot finance homes for themselves. What is happening today? While low rent homes are what is required, it is much easier to get money to build a $15,000 or a $20,000 home than it is to get money to build a $6,000 home. As a matter of fact if we are going to deal with the matter properly I think there should be a maximum limit on the cost of homes, because two homes at $6,000 each are better for the community than one home at $12,000. I suggest that here is a situation that must be dealt with with the greatest possible energy because it is of the greatest possible urgency.

There is one other point I want to bring to the minister's attention. There is another project of 200 homes to be built in the city of Vancouver on the three-way principle under the National Housing Act. The last I heard was that there was a possibility the Little Mountain project would not be proceeded with. I would be very glad if when he speaks the minister would give assurance that this will be gone ahead with at once, and that the Fraserview project will also be completed.

Mr. Winters: In reply to the hon. member for Vancouver-Quadra, there is very little I can add to the answer I gave to the question he asked in the house on April 9, at which time I told him some 600 odd houses had been completed with another 450 or so to go. We thought the prices for those houses were too high, that there was too big a cushion in them for the contractors, so in fairness to the ultimate tenants who would have to pay the higher costs in terms of rent we let the completion of the project stand in abeyance. We realize that it is very important to complete the project, and we intend to do so. As soon as Central Mortgage and Housing Corporation feels it can get realistic bids for the completion of the remaining houses to round out the project, it will do so.

As for the Little Mountain project, it is out to tender now and it is expected that tenders will be received within the next two or three days. Neither the government of British Columbia nor we have yet seen the tenders, so we are not in a position to say what the costs will be or whether the government of British Columbia will wish to go ahead with it. That is the status of that project.

Mr. Murphy: I wish to take up only two or three minutes of the time of the committee. I listened to the statement of the minister this afternoon, and I was sorry that, like many other hon. members, I was not able to hear all the remarks of the hon. member for Eglinton, owing to the fact that I had to attend a committee.

In dealing with this subject I think we should localize some of our arguments, so for a few minutes I am going to speak of the situation as it exists in the Sarnia district,

one of the fastest growing areas in Canada, which I think every hon. member will agree is making a big contribution to our war effort. There, as we all know, we have the greatest oil refinery in the British empire, which is increasing its capacity by some 25 per cent. There we have the Polymer plant, which is also spending some seven and a half million dollars or so in an expansion program. There we have Canadian Oil coming in, with an eventual program which will cost some $20 million. There we have Dow Chemical, another industry which has contributed much to our war effort, with a $5 million project under way. Sun Oil has a thousand acres or more on which it plans to start a $40 million refinery when steel is available.

I appreciate the difficulties under present conditions, when we have the defence effort competing with the construction industry for available building materials, but I feel that the three levels of government must take steps to bring about a final solution to this problem, which certainly is acute in my area. Let me give one illustration. Just two weeks ago last Saturday night, at eleven o'clock, it became known that a home was available to rent. By twelve thirty some nineteen telephone calls had been received inquiring about that home. That shows how desperate the situation is in Sarnia. I heard what the minister had to say in regard to his chat with representatives of Ontario earlier this week, and I firmly believe there are certain districts in this country to which all levels of government must give special consideration, particularly districts which contribute so much to our defence effort. I believe all hon. members will agree that because of what we produce in Sarnia that is an area which is entitled to special consideration.

I have often thought we are a little slow, not only in this country but in other democratic countries, in carrying on research to find ways of building houses at a lower cost. It seems to me that today Central Mortgage and the loan companies have specifications higher than are necessary. Certainly in some areas they could be moderated, and I believe we will have to moderate those specifications to keep down the cost of building. Perhaps not many people realize what is required to even put up the walls of a house, or the strength of the lumber required to complete a home. I believe these requirements can be modified and costs brought down. It seems to me our research departments could do something, and maybe they are doing more than we think, to bring down these costs.

In our section of the country, and I think this applies elsewhere, we believe that since the new restrictions have been in effect the construction of homes has been retarded. In the first place the builder has not been able to obtain a big enough loan to permit him to sell the home with a reasonable down payment. We have not many people in this country today, particularly in my part of it, who can afford to pay $3,000 down on a home they could have obtained a year ago for something like $1,500 down. They are not yet in that bracket, and I do not expect they will be able to afford such down payments. The need for homes is so serious that governments should not delay considering ways and means of making houses available to those in the low income brackets. That might be done by increasing the loans, or in some way under section 35 of the act, under which the three levels of government make contributions.

Then the higher interest rates, which apparently are inevitable, will be an important factor in the construction and purchase of these homes. There was a day most of us can remember when people built homes to rent, for revenue. That day is gone, I think forever, and today we must make houses available, either for sale or for rent, to those in the low income brackets. I know materials are scarce. As an illustration, my son had intended continuing in the building business after a sojourn elsewhere, but gave up his plan because he could not get rock lath or cement. One dealer had a backlog of fifteen carloads of rock lath, which seems to indicate something wrong with either our production or our distribution. The same thing applies to cement and other materials. I believe the statements made this afternoon as to the increased cost of building were much too conservative. I do not believe we in this country or any other country can depend on those who are engaged in selling building materials in any form to promote research which might lower building costs. That must be done by the government, because today those who have anything to sell can sell it at any price they ask.

Now, Mr. Chairman, I am grateful for these few moments, because I have to go to a committee. I am going to make another point which I think will illustrate what I have in mind. Only a few days ago I was talking to one young man who had sold approximately three-quarters of a million dollars' worth of homes in the lower price field, that is between $8,000 and $9,000, during 1950. I was amazed to hear the hon. member who preceded me speak of homes being built for around $6,000. I wish we could build them for that amount in my area. You might build a three-roomed house for that, but

you would not get much more. This illustration probably is typical of what is happening in many parts of this country. Last Sunday this young man told me that in the two weeks previous he had sold one very poor home, in the newer part of Sarnia which was taken into the city, at a price of $5,200. That was the only sale he had made in two weeks. There are not many people who can pay the higher down payment required to obtain shelter over their heads. In conclusion, Mr. Chairman, I believe that the government today must accept a greater responsibility than ever before for housing the people who require shelter.

Mr. Gillis: I am only going to say a few words on this question, Mr. Chairman, as I too have a committee to attend. I listened to the minister's statement this afternoon with a great deal of interest, as I did the statement made by the last speaker. I thought that the minister's statement indicated the great extent to which the government has gone into the field of housing. I believe they have gone a long way since 1946. I might add that I do not have much of a housing problem in my constituency. We solved that problem some considerable time ago through co-operative housing and other methods.

The statement made by the hon. member who just spoke, when compared with what happened in 1946, indicates that the memory of some of the members in this house is rather short. In 1946 the housing field was wide open to the construction industry of this country, known as free enterprise. In that year the government had some control over the distribution of building materials, cement and so forth. A few of us in the house were urging the government to retain that control in the post-war period because we felt more supervision would be required in the sale and distribution of those materials during that period. Many of the hon. members to my right were demanding that the government get back to a normal way of doing things, the law of supply and demand. Slowly but surely the government obeyed that request and unravelled the mechanics of free enterprise. It was very much against our advice.

The statement the minister made this afternoon indicated to me that the government has gone some distance in maintaining the policy they suggested at that time, to the effect that in so far as possible or practicable they would take up the slack where free enterprise failed. The minister's statement definitely shows that they have done that to some extent. It is evident that the hon. member who just spoke has changed his opinion completely; he now demands that these materials should be controlled. But that is locking the door after the horse has been stolen. I cannot go along with him. For instance, in the field of housing the construction industry enjoys a rather secure position. They erect a building, and they are guaranteed against loss; money is made available to them. But they want to come in and exact the last pound of flesh.

We are told that an industry is being established in a certain section at a cost of $40 million, but the government is expected to provide housing for the employees. We are going to invent $40 million. We are objecting very strenuously to any excess profits tax. We are not going to contribute anything to the government in the field of taxation, except what we feel is right. But in and around that industry where hundreds of thousands of employees are going to be housed, we expect the taxpayers of Canada to provide the housing. This attitude puts the problem back further than it was fifty or sixty years ago. When the old industries like steel and coal were established in this country, they built houses and rented them to the employees at a nominal figure. After years on that basis, many of these industries passed the houses over to the employees at a very reasonable price. But modern industry is not taking any social responsibility. The social responsibility must be taken by the government, and by the taxpayers of Canada. Unlimited profits they must make, but they object to any suggestion of corporation taxes. Private enterprise must be allowed an open field in so far as profits are concerned, but the building of homes, social responsibility towards the public, that must be accepted by the government. We want government control to the extent of guaranteeing us profits and underwriting our losses, housing our employees, but that is as far as we want government responsibility to go. Do not touch us in the field of taxation. That is the position of the Liberals to some extent, and the Tories to one hundred per cent as indicated by their activities in demanding the removal of controls.

I merely wanted to make these few remarks, Mr. Chairman, because I listened to the minister's statement and I thought it was a very good statement. I believe the government had to go a long way in replacing free enterprise in the field of housing. It is a social responsibility which, in my opinion, develops with industry. I should like to leave this thought with the minister, that housing is one of the first requirements of citizenship.

I do not believe any person can be a good citizen until he drives his roots into the soil and owns a piece of land. I believe the best way to get that type of citizenship is under a co-operative scheme of housing. I do not believe the federal government is doing the right thing when they farm out to insurance companies and large contractors in this country the interest that they have in the building of homes. I believe that money should be made available to the municipalities across the country who plan the housing in the community, who set the taxation rate in that field and who must provide the services. I think that whole thing should be decentralized. Instead of handling the matter through those large financial organizations who have no responsibility socially, who do not want any responsibility to the people as such, except the making of money, I think that process should be reversed and that the municipalities across the country who are with the people, plan for the people, service the people, should be given the money necessary to provide housing in their own communities.

It sounded rather peculiar to me a few minutes ago to hear British Columbia members standing up in this chamber and telling the committee about the terrific shortage of housing there was in the province of British Columbia. British Columbia is the lumber province in Canada. If there is any place in Canada where materials should be available at a reasonable cost, from the hardwood floor to the cement, it is British Columbia. There is something wrong with our planning, Mr. Chairman.

There is no shortage of cement in this country, and there never was. Any time you want to pay an extra 25 cents or 50 cents a bag, and take your cement from the black market, you can get it.

Mr. Ferguson: Fifty cents a bag? A dollar a bag.

Mr. Gillis: May I say that you fellows in Ontario are a little bit easier to gyp than we are in the maritimes. It was American cement. There never was any trouble in getting it if you were willing to go on the black market and pay the price. In that field I say that there is a straight monopoly. That is the reason for the situation. There should be some government regulation in the field of supplying the basic materials. There is something wrong in British Columbia when there is a housing shortage. The answer is to provide for the necessary legislation when you are writing amendments to the National Housing Act.

At the present time there is in Nova Scotia a provincial housing act which contains a section that enables you to organize co-op. groups and finance the building of co-operative homes at a reasonable cost. I suggest that the National Housing Act should contain a simple provision on a national basis so that where men want to build their own homes it should be done on a national scale through the federal government; there should be a provision similar to the one now contained in the Nova Scotia housing act.

Low-rental housing will never be provided under the present act. The only way to provide it is to do so on a municipal level, through your municipal governments, under a subsidy arrangement with the federal government. If it were done in that way, it would not cost nearly as much money as it does today, with the exorbitant rates that are charged by the people to whom the government is farming out the taxpayers' money.

Mr. Ferguson: Mr. Chairman, in the last five years we have heard a tremendous amount of talk about shortages of this and shortages of that, when in reality the true picture is: just let us do a little less work, everybody. That is the true picture. The hon. member who spoke previously talked about British Columbia and why we should never have a shortage of housing. I am sorry that he is not now in the chamber, because I should like to assure him that, even in British Columbia, houses do not grow, irrespective of the amount of timber available there.

Briefly what is wrong in Canada today, in respect of all shortages, is that corporations are making tremendous profits. That is not the only reason. I am not going to flail the corporations for making tremendous profits. I am only saying that they do so. Evidence of that appears in the papers daily. We read that such-and-such a corporation's profits have doubled, that such-and-such a concern has doubled its capacity. The previous speaker said that the government had gone to a source to distribute money for the building of houses, and he intimated that was not quite the right source, in spite of the fact that the corporation is all set up to loan out money, that that corporation has a tremendous stake in the Dominion of Canada, principally in the life insurance business, in which people have invested millions and millions of dollars, and hope to get them back. Handling money for loan purposes is one source of making legitimate money. There is nothing wrong with that avenue of dispensing money. They probably make a better job of it than the government could, because the government is not set up to lend money by millions for housing. They would have to

take on more civil servants, something which we are all growling about today. We criticize the government for the tremendous number they are employing. We are all saying they are employing too many, and I believe rightly so.

The truth is that no building materials grow on trees. The truth is that houses will not grow on trees. The truth is that people do not want to work more than eight hours a day, and some are clamouring for shorter hours. That is the truth, and that is why you are short of houses. We are short of cement and we are short of plywood. What is the actual reason for that? Not that the gift of God has not been bestowed on the Dominion of Canada with respect to raw materials. I believe in short hours if there is not enough work to go around. If you can produce what you need for this country in four hours a day, I say: let us work four hours and give everybody an opportunity to work. But I also remember that the Bible says: Six days shalt thou labour and thou shalt rest on the seventh day. I do not think that meant that you shall work four days a week.

As the previous speaker said, what we have got to do is get back to normalcy. Normalcy in the Dominion of Canada is not clamouring for shorter hours. Normalcy is not clamouring for greater pay, or for shorter hours and bigger take-home pay. Let us be men about this matter in the House of Commons and face the facts. You all know in your hearts what the trouble is. It is that we are afraid to work. We are becoming a nation of leaners. Let the people in my constituency—and this applies to every constituency in the Dominion of Canada, particularly in the small municipalities—try to get an American corporation to manufacture something in our town. Try to get an English manufacturing concern to come here, so that Canadians can have the great art of working, and can continue to be carriers of water and tillers of the soil, not participating in the cream of the profits. They will go to the stockholders of the English companies and the American companies, and we will continue to shout about that condition. We are becoming thankful for the fact that we are able to work, let alone make any surplus profit.

That is what is wrong with the Dominion of Canada. The people of Canada are afraid to work; that is, the great majority of them are. There is here in the Dominion of Canada ten hours a day of work cut out for every man who is willing to do it for the same pay he is getting, not overtime. Let labour buckle down in all walks of life and, where it is necessary, increase their hours of production.

I have built houses within the last ten years. On one occasion I sold a house. The purchaser was in the furniture business. He had contemplated a trip to British Columbia to see his customers six months previously. He had to move. He was paying $15,000 or $14,500 for this house. He wanted the moving people to move him, his wife and family, on the Saturday afternoon so that they could settle to some extent and order his furniture, and so that he could take the late train on Sunday night for British Columbia in order to carry on his business. Everything was completed except the polishing of the floors by the painters. I asked the painters if they would mind coming back on Saturday morning. Oh, no, they would not come back Saturday morning to help that man, with three children and his wife to get partially settled in their house. They had worked their forty hours a week. The same three gentlemen I have in mind were on relief for five consecutive years; and I am confident that I will live to see the day that the same gentlemen are on relief again, depending on the taxpayers and the good old government. As one woman said to me: I am entitled to a pension; I am entitled to money from the government. I said: "Who do you think the government is? Where do you think they get the money?" She said: "I don't know and I don't care". There is the trouble with the people of Canada. You can spend day in and day out in this House of Commons, one man presenting his views and another one presenting his views, one man saying that labour is not paid enough and another telling them that their hours are too long. Other people are blaming the suppliers of materials necessary for construction. There is not a man, irrespective of what he says in the House of Commons, or the party that he represents, that does not know the truth in his own heart. It is that people will not work long enough hours to produce from the gift of God the necessities of life. That is the trouble; not that you are short of materials, that is, raw materials. You are short of the stomach to work, and it is pretty near time that labour and management got down to the realities of life, put their heads together and said that irrespective of what happens behind the iron curtain or in any other part of the world, we are going to face realities, and if necessary we will work ten or twelve hours a day. When the time comes that we can sleep in bed all hours we shall work

eight hours a day or four hours a day; but let us get down to it and stop the nonsense.

Mr. Beyerstein: Mr. Chairman, the subject of national housing has been fairly well discussed this afternoon; therefore I do not think it will be necessary for me to repeat any of the arguments that have already been advanced, consequently my remarks will be very brief at this time. However, I should like to say that I have had some experience in building under the regulations of that National Housing Act. I have been associated with a firm which in the past two or three years has built about 28 houses under the regulations of the National Housing Act, and I can truthfully say that my experience and my association with officials of the Central Mortgage and Housing Corporation have in all ways been very satisfactory.

I should like to take this opportunity to compliment Mr. Douglas, who is in charge of the Central Mortgage and Housing Corporation office in the city of Edmonton and the surrounding district should like to compliment him on the efficient manner in which he handles the affairs for the corporation in that district. I have always found him very co-operative, always willing to give advice and help with any problem, no matter how large or how small. I think I can also say the same for the insurance companies. The insurance companies with whom I have been mostly associated are the Canada Life Assurance Company and the Manufacturers Life. I have found them very fair to deal with as far as advancing loans under this act is concerned. I have found their inspectors to be very fair, and they always make a thorough inspection, which I would say is to the advantage of everyone concerned, especially to the person who is buying the house after it is completed. Therefore I can truthfully say that my associations under this act have been very satisfactory.

However, I did have some correspondence from some of my constituents, in which they asked a few questions which I should now like to ask the minister. I shall make them very brief, and I hope that he will find time to answer them when he replies to other questions. As I say, these questions arise out of correspondence from my constituents. In the past it has been the practice, I believe, for Central Mortgage and Housing Corporation to supply contractors with scarce materials such as cement, wiring equipment, plumbing materials and so on, in areas where there is a shortage. Is that still the practice?

My second question is this. What are the regulations in an instance where an insurance company refuses to make a loan under the National Housing Act? Suppose a party made application for a loan in an area where an insurance company was already in operation, and for some reason or other the insurance company did not feel that it should grant the loan, not necessarily because the party would not be entitled to the loan but for some other reason, perhaps. What would be the answer in an instance like that?

My third question has to do with the report regarding the curtailment of insurance loans. Is that just a temporary measure on the part of the insurance companies until they have the problem of interest rates adjusted?

These are the three questions which I should like to ask and I hope that the minister will be able to supply me with the information.

Mr. Winters: The assistance the hon. member referred to was in connection with veterans housing, under which Central Mortgage did provide material on a free issue basis. The corporation also did provide some assistance in supplying nails for a short time under ordinary operations of the National Housing Act. At the present time there is no such arrangement.

With respect to the operation of insurance companies and their failure to operate in certain instances, the policy of the government and the Central Mortgage and Housing Corporation is that direct loans are not normally made in an area which is usually or normally served by an insurance company.

With respect to the third question, the curtailment of credit on the part of the insurance companies, we hope it will be temporary and that when the amendment to the National Housing Act has been passed by the house to allow for the higher interest rate they will again be in the mortgage field just as they were formerly.

Mr. Knowles: Despite the applause which greeted the remarks that were made by the hon. member for Simcoe North I wish on behalf of the people of Winnipeg North Centre to deny his assertions, and I do so categorically. He made the statement that the real trouble in the country today is that our people are afraid to work, and do not want to work or have not the stomach to work. I have lived all my life either amongst the people of Winnipeg North Centre or amongst people like them. They are the industrial workers to be found in so many of our North American cities. The charge made by the hon. member for Simcoe North does not apply to these people.

An hon. Member: It sure does.

Mr. Knowles: Not at all, and the hon. member knows it. Not only are they willing to work and work hard, but they have worked across the years of their lives, excepting those days when depressions have robbed them of the chance to work. All they are asking, all we are asking for them when we ask for government responsibility in the field of housing and in other matters of social legislation, is that people who work and produce the wealth of this country, whether it be in the cities or on the farm, have a chance to get back and enjoy some of that wealth.

When we ask for proper housing in cities and in the rural areas of this country we are not asking for something to be picked off trees and given to our people. We are simply asking that the people of this country enjoy what is their right out of the abundance that they produce. It is that philosophy that lies behind the arguments in the field of housing that we have made from this corner of the house across the years, and it is that philosophy which underlies the National Housing Act so far as it goes.

A good deal has been said today, particularly by the hon. member for Spadina, about section 35 of the housing act. The hon. member for Spadina referred to it as one of the most important sections of that act, and in that I agree with him. Section 35 is that section of the National Housing Act which provides for agreements between the federal government and provincial governments on a 75/25 basis for low rental housing projects. As I say, I agree with the hon. member for Spadina as to the importance of that part of our housing legislation, and I share his hope that the minister will be able to persuade the provinces to take greater advantage of it.

I was indeed sorry to note that in the minister's comments today on the workings of section 35 he mentioned a number of provinces, but was unable to make any reference to my own province of Manitoba. There may have been some correspondence, and he may have been in touch with the officials of that province, but it appears that no project under section 35 is under way. I know the city council of Winnipeg has made representations to the provincial government urging that it take advantage of section 35, but as yet nothing has been done.

I would point out that possibly one of the difficulties facing the provinces is that of finding the capital with which to finance their 25 per cent of any of these projects. The hon. member for Spadina this afternoon referred to Alberta as a province which was able to go into this, if it wished to, because it has money; and he indicated that Ontario, too, has plenty of money. But that does not apply to all the provinces. It is perfectly true that it is no great burden on a province to suffer its 25 per cent share of any loss that may be sustained in the operation of a project under section 35; but, if I understand it correctly, as that section is set up, in order to get going at all the capital has to be put up in the first place. The federal government finds it much easier to obtain its 75 per cent of the capital than many of the provinces find it to obtain their 25 per cent.

I believe discussions have taken place between some of the provinces and the federal government as to the possibility of the federal government's lending that money to the provinces, it still being understood that the provinces would bear their 25 per cent share of any loss sustained. I hope when the minister speaks again he will tell us whether any consideration has been given to that way of making a more effective use of the provisions of section 35.

I was a little disappointed to hear one or two of the minister's comments this afternoon, when he was talking about these dominion-provincial agreements in the field of low-rental housing. If I understood him correctly he said something to this effect, that he was not sure whether low-rental housing projects, which were really low-rental in character, were possible under today's conditions, with particular reference to present high costs.

Well, low and high are relative words; but what struck me about that sentence from the minister was that it seemed to me that he was throwing cold water on these projects which are possible under section 35. I hope he listened carefully when the hon. member for Spadina was speaking, and that he realizes that his job in connection with section 35 is not to say anything that would discourage its use but, rather, to say everything and do everything that he can to encourage its use.

As has been said by other hon. members who have spoken, this is one of the most important parts of the government's housing legislation. It is just about the only part of it in which the element of subsidy enters. The minister will recall that when that section was first proposed the government really took a new forward step in this field, because it indicated its readiness to do something about low-rental housing even though to do so meant providing an element of subsidy.

Our philosophy about housing underlies all of that. We feel that just as it is part of the responsibility of the community as a whole to see that all children have the best

educational opportunities, so in this modern society of ours it is part of the responsibility of the community as a whole, through the governments they elect, to see that all the children, all the workers, all the people enjoy the benefits, not of slums, not of mediocre housing conditions, not of houses which are just roofs to exist under, but of proper housing in the best of communities, that can be planned by modern architects and engineers.

So I strongly urge that the government do everything it can to push the use of section 35 of the National Housing Act. I urge that consideration be given to the proposal that ways and means be found of lending money to the provinces to find that 25 per cent of the capital they must put up. I urge that consideration be given to changing that figure, if that is necessary. Perhaps 75/25 is not the proper relationship; maybe it should be 80/20, 85/15, or even 90/10. The government is into this business of being concerned about housing. It is a social responsibility and a national responsibility, and a good step has been taken. Let it not be nullified by apathy on the part of the government.

Another phase of the matter which was discussed today—and I shall take only a moment or two to speak about it—has to do with the question of the withdrawal of the provision for the additional one-sixth that was announced earlier this session. That has prevented many people from getting a sufficient loan to get started, and I do hope steps will be taken soon to restore to its maximum the amount of the mortgage that can be obtained under the National Housing Act. I know the idea was to restrict housing, because of certain shortages of building materials. Surely if housing is to be restricted it should be on some basis other than that of the size of the pocketbooks of those needing houses.

Then, with respect to another matter, namely the increase in the interest rate from 4½ to 5 per cent, I am afraid I cannot agree with the hon. member for Spadina, with the minister and with others who have expressed a similar view, that this might help the situation. It seems to me that what is needed in this field of building new homes is something of the same philosophy that the government has accepted with regard to homes for rent.

Here, too, the element of subsidy must enter, and I am satisfied that the day will come, because of our sense of social responsibility in respect of housing, that we will introduce an element of subsidy into the assistance we provide by way of help in building new homes. One of the ways that can be done is by making money available, not at the rate of interest which can be obtained by investors of private funds who invest their funds for making profit, but at rates of interest which approximate the actual cost of lending money.

I must not get into a speech on financial or monetary policy, but it does seem to me that what we should be doing is not raising interest rates that the National Housing Act permits to insurance and loan companies, but rather we should be lowering that interest rate, even if it means that the government itself, directly or through the Bank of Canada, must actually lend money directly for the building of houses. If the government lends money for that purpose at a rate less than the market rate for invested money it is true that will be to a certain extent subsidizing the building of new homes, but I submit that is every bit as good as subsidizing the production of gold and a lot of other things we subsidize in this country. In fact the providing of homes is one of our greatest national social responsibilities, and I urge consideration of that phase of the matter.

Several members who have risen to their feet tonight have indicated that they had to leave to go to committees, and there are indeed quite a few committees meeting. One who had to go to a committee before he could get a chance to speak was my colleague, the hon. member for Kootenay West. Just before he went he said there was one point that he would like to see given expression to in the course of the debate tonight. As a matter of fact it is a view I would be very happy to express myself, and I do so not only on my own behalf but on his behalf. He pointed out, as other members in the house have pointed out from time to time, the difficulty that people in small unincorporated communities, villages, and so on, have in getting the benefit of our federal legislation. This legislation is not only for the cities. It is not only for larger centres. It should be for all Canadians. If the insurance and loan companies do not feel that way about it, if they do not want to make their money available to help people to have decent homes in the rural areas and in small unincorporated communities, I submit there again the argument is strong that the government should step in directly. I make that plea on behalf of the hon. member for Kootenay West because he had to go to a committee, and I support it most strongly myself.

There is just one other comment I wish to make, and it relates again to something that the minister talked about in his remarks this afternoon. He referred to the fact that Central Mortgage and Housing Corporation at one time had some 53,000 rental units. He

indicated that some 30,000 of those had been offered for sale and that 27,000 had been purchased. I believe he gave some other figures, but that is enough for now. I take it that the reference in that statement is in the main to wartime houses that have been sold to veterans. I would have to admit from the large number who have purchased these homes that there must be many who feel satisfied with that program of the government.

I must tell the minister, however, that I am still receiving complaints about this program from various parts of the country. Earlier this session I drew to his attention complaints from the Winnipeg branch No. 1 of the Canadian Legion. I have since had occasion by correspondence to draw to his attention complaints from places like Brantford and Paris in Ontario, again from veterans organizations. Only two or three days ago I wrote him on behalf of another branch of the Canadian Legion in northern Ontario. I could mention other places, such as Regina, Fort William and other cities.

In all these cases the complaint is the same. Veterans who have been renting these houses for a period of time and have enjoyed the benefit of lower rent than they might have had elsewhere are being pressed by Central Mortgage and Housing Corporation to purchase these homes. In some cases when they are not able to purchase the homes they are occupying they find that other veterans come along and purchase them, and the veterans who are in them have to move elsewhere. It makes one wonder just how many of those who have purchased these homes did so under pressure. The veterans in these organizations in the centres I have named, and in other centres, feel that they are being treated unfairly in this respect. They hear a great deal being said about the desirability of low rental housing projects, about projects of this kind that enable people to live in quarters that they can pay for within their means. But here you have a program like that being upset by the policy of the government at the present time.

I agree with the hon. member for Spadina that these matters with respect to wartime housing and with relation to emergency housing only touch the fringe of the problem, and that our real effort should be concentrated not on them but on ways and means designed to build permanent housing for the people of this country, and let it be housing of a kind that our people really deserve.

Mrs. Fairclough: Mr. Chairman, I am sure from the remarks I have made previously on this subject it is well known how concerned I am about the housing situation in the city of Hamilton. In a local newspaper the other evening there was a dispatch from Ottawa claiming that the Minister of Defence Production has authority under recent legislation to assist companies to build houses in communities where defence contracts have produced an acute housing shortage. I have noticed at various times that in articles appearing in the press with reference to the housing situation in Canada, and in particular with reference to the communities where defence activities are producing a bad housing situation, the name of the city of Hamilton rarely appears. Two or three of the larger cities appear but in the city of Hamilton we have a situation that has developed over many years and, while I dare say it is similar to that which obtains in other centres, it is nevertheless aggravated by many factors.

I should like to quote from a very interesting report on housing presented at the annual meeting of the Canadian welfare council by a member of the Hamilton body. She says in part:

> . . . poor housing has been a chronic state in many parts of Canada for many years. With the first world war families began to crowd into the city areas and the need to house this influx was not adequately met before the onrush of the depression meant the doubling up of families who could not afford to keep up separate establishments. Besides, there was no money available for building, either for rent or sale. Then came the next war with its shortages of building materials on one hand and the rapidly growing number of new families on the other. Post-war has brought steadily rising costs and now again we are being faced with an increasing shortage of materials with a result that the gap between needs and available supply is widening rather than decreasing.

After some general comments she goes on to speak about Hamilton in particular and gives some very pertinent figures. She says:

> In Hamilton we have about 1,600 wartime houses with on an average of one coming free every month. On the waiting list they accept only veterans with children and on the list at the present time there are 603 families wanting to rent and over 1,000 wanting to buy. Here are a minimum of 1,600 families (for it does not include non-veterans) seeking what they consider adequate accommodation at a reasonable rent. Some are separated with all the loss of daily living together that means an impoverishment to both the parents and children, not to mention the possibility of the weakening of the tie between them and the beginning of a loss of responsibility. Some are living with relatives which can usually only provide a satisfactory solution for a short period of time. Such a situation is full of potential danger to the development of healthy families.

In reference to this lady's statement that a thousand people want to buy houses at the present time, I should like to go back to the day in this house earlier in this session

when the minister announced the curtailment of the loans of one-sixth. I recall that I was amazed and greatly concerned over what I was sure would happen; and today in our city an investigation is going on which has broken into the headlines of our newspapers, with rather pitiful photographs. The one I now hold in my hand is of two small children, I would judge about three years of age, tied to a telegraph pole. They live in a highly congested area where the street, and a very busy street at that, is the only playground. So they will not be run over by the traffic, their mother ties them to the telegraph pole every day when they go out to play.

A few moments ago the minister spoke about the action to be taken shortly in connection with raising the interest rates. This article also mentions that, and says that in the meantime advances on mortgages have been frozen, with the result that builders are starved for ready cash and will be starved until the move is approved, which the writer guesses will come up in the house about July 1. I should hope that whatever is holding up the cash advances on these mortgages might be dealt with expeditiously so the work can proceed. It is estimated by the builders in Hamilton that only about 300 units will be built there in 1951, with over 1,600 families needing homes immediately. Only 51 dwellings were started in January of this year. I do not have the figures for the subsequent months, but with the mortgage money being frozen for the time being I do not suppose they are very cheerful.

I have more articles and more pictures which I would be glad to send to the minister, though I dare say he gets them from every city in Canada. In his statement this afternoon the minister said:

> We will pay particular attention to the communities where housing is most needed. Because defence production is the main effort of the country today the government is anxious to do everything it can to meet the housing needs in defence production areas.

Whatever consideration is being given to making it easier for builders to build and for workmen to own their own homes, I do hope special attention will be paid to Hamilton. There we have this situation, that not only are all these people seeking homes but in some districts existing homes are actually being removed to make way for expanding industry. In one section 250 people are being put out of their homes for this reason. We have the loss of this housing accommodation, and we have all these people coming to Hamilton now to work in our defence plants. These industries are by no means at their peak; this is only the beginning. We have this backlog of housing, as I quoted from the report, which goes back even to the first war days, and the situation is being further aggravated by the destruction of existing homes. I cannot too strongly urge the minister to give special attention to this city, because I know that from Hamilton must come a large part of the defence production which may ultimately save this nation.

Mr. Winters: Perhaps I should say a word in reply to the hon. member for Hamilton West and tell her that though the situation is very difficult, and no one overlooks the seriousness of the housing situation in her city, I hardly think she was justified in remarking that she doubted whether 300 houses would be built in Hamilton this year. The statistics show that 433 houses were started in the first five months of this year as against 307 last year, and that in the metropolitan Hamilton area there have been 800 completions so far this year as against 485 last year. Houses under construction at the present time number 881 as against 806 at the same period last year.

Mrs. Fairclough: I did not know how many had been started this year. I am pleased to hear that the number is over 400, but even that is merely scratching the surface. We do have in Hamilton, or will have as soon as this trunk sewer on the mountain is finished, a large area which can be serviced very quickly. That is a situation which has not obtained for some time.

Mr. Winters: I did not mean to imply that the problem had been solved; I just wanted to say it was considerably better than the 300 the hon. member mentioned.

Mr. Adamson: I want to bring to the attention of the minister a problem which is causing a great deal of dismay in many municipalities. I refer to the rapid increase in municipal taxation. There is no question but that we need every house we can possibly build. There is no question but that we should have a greater house-building program. But there is another problem which is ancillary to the general problem of the construction of houses, particularly low rental houses and more particularly houses assisted under any government scheme; that is the servicing of those houses after they are constructed, through municipal taxation.

This is a terribly serious matter. Municipal taxation is different from any other type of taxation because it destroys the asset you have. If in one year the tax on your house is X units and it goes up to X plus 20, X plus

50 and so on until it gets to 2X units, the value of your house is considerably less than half its value before the increase in taxation. Under our federal and provincial system of government municipal taxation is caused by the essential services which must be provided by the municipality, such as schools, streets, lighting, sidewalks, sewers and all the other things that must go to service a house. They are as essential as the bricks and mortar, the floors and the roof that go to make up the house, and in my contention they should be considered part of the cost of building that house. Many communities have been ruined because a housing scheme has increased taxes through the necessity of building more schools, roads and the hundred and one other things that must be provided. The old residents in that community will then have had their investment impaired, and the value of their houses considerably lessened by the new housing project.

A year or so ago, Mr. Chairman, I suggested that in order to relieve the burden of municipal taxation, municipal taxes might be considered as a deduction of income for income tax purposes. I still think that was a good suggestion, and would have helped considerably. However, the problem we face today is that municipalities, both large and small, particularly in the province of Ontario, are confronted with a serious physical problem owing to the number of new dwelling houses that have been built. I wonder if the minister has considered any of the following things? First of all, when a new housing project is being built with federal assistance, is the community in which it is going stabilized, that is, is the ratio of industry to domestic houses such that tax increases will be equitably borne by both industry and domestic dwellings; does the community in which these houses are being placed have any type of town planning to ensure that the location of the new housing units will be maintained as a proper housing area and not become blighted through industrial development?

These things are very important, Mr. Chairman, not only to the individuals who live in these communities, but to the government to safeguard its investment. I should like to see some provisions in the housing act to the effect that only in properly planned communities would assistance be given. I am sure that in the long run this would be of benefit to all, because if you have an unplanned municipality and you have an addition of hundreds of houses, you are going to upset the equilibrium of that municipality. Then, instead of producing an asset, you may produce a great liability, a liability not only to the people already living in the municipality but to the very people you want to help. If a house is built in an unplanned district, the district might deteriorate and the investment of the home owner would deteriorate along with the district.

I hope, Mr. Chairman, that the minister will be able to do something in this regard, because I sincerely believe that a properly planned community is the best safeguard, not only for the government but for the home owner whom we wish to help.

Mr. Browne (St. John's West): Mr. Chairman, I am sure that everyone was impressed by the minister's statement this afternoon. It sounded to me as though the minister had been responsible for many improvements, and for increasing the number of houses through the facilities provided by the act. It came to me somewhat as a shock to hear the hon. member for Spadina state that the housing shortage is greater now than it was in 1944. There is now a shortage of about 700,000 houses. If that is so, then there is some truth in the statement of the hon. member for Eglinton that housing is the No. 2 problem of the nation. It ranks next to the question of defence.

If that is so, Mr Chairman, then I feel that perhaps this committee has not been giving the attention to this subject which it deserves. I cannot speak for any other community than the one I represent. I know the minister is familiar with that community. He has been there, and he has seen the problem for himself. I believe he will recognize that there is a problem in St. John's which is only being scratched at the present time. He spoke of 140 units, but I did not hear him say that they had been completed. I heard the member for Spadina say they had been completed. They were in the process of erection when I saw them in January, and I am glad to hear they have now been finished.

I do not know what arrangement was made for putting people into them. I understand that instead of being a low-cost rental proposition the houses will be rented for $40 per month. I do not believe that many of the poor people in the slum areas would be able to occupy those houses and pay that amount of money. I do not want to prolong this debate unnecessarily, but I would point out that one section of St. John's was destroyed by fire in 1892. The part west of the line where the fire took place is very old and has to be renewed. I believe the municipality is now tearing down some of those houses. We have three main problems down three, and one is slum clearance. The province has adopted something of that nature, but we have to have new houses in which people can live.

It seems to me that once before, Mr. Chairman, you prevented me from speaking about the terrible conditions in the slum area of St. John's. I must repeat that those are serious, and no honest man can feel happy about those conditions under which the people are living. I suppose there are places in this capital city of Ottawa where people are living in such conditions that we would be ashamed to let outside people know about them.

The Deputy Chairman: May I ask the hon. member to remind me of the circumstances in which I prevented him from discussing this matter?

Mr. Browne (St. John's West): We were discussing this subject before, Mr. Chairman, and I was speaking about the hardships of the people who live under poor housing conditions in St. John's. I believe the chairman thought I was harrowing the feelings of the members of the house, and perhaps might harrow the feelings of the people who live in those houses. I believe you should recall the incident, Mr. Chairman.

The Deputy Chairman: If you will pardon me, I do not. I should like to inform the hon. member that at the time I interrupted him when he was speaking about slum conditions in St. John's I did so because I considered he was not in order. In any event, I shall look up the matter. I do not believe the hon. member should say that at one time or another I prevented him from discussing a certain subject if he was in order.

Mr. Browne (St. John's West): The main point is that we have these conditions from one reason or another, and they ought to be removed. The question arises, whose responsibility is it? Is it the responsibility of the municipality, the province or the federal government? It seems to me it is a joint responsibility of the three forms of government. The minister has authority under the act to conduct research and investigation, I am wondering if he has been carrying on any investigations in the city of St. John's? It seems to me that city is so situate that we could have an ideal city there. An enormous amount of work has to be done before the city can be called an ideal city. I am wondering if the minister has been giving sufficient attention to the conditions as they exist there. The city is greatly congested. As he knows, the houses are mostly of wooden construction, built side by side, largely in long rows of ten, fifteen, twenty and perhaps even more than that, with narrow streets. A beginning is now being made to eliminate the worst places. I trust that some kind of plan will be devised so that, when houses are being constructed in the area which is being cleared, they will be of a different type and provision will be made for playgrounds and parks. That is one of the problems that I think should be a matter of study by the officials of the minister's department.

There is another problem that exists in Newfoundland about which I think the minister may perhaps not be aware. I do not believe there are many places outside of the cities or large towns, where a loan is being granted by the Central Mortgage and Housing Corporation. On behalf of one fisherman living in my constituency I made application for a loan to the Central Mortgage and Housing Corporation agent down there, and it was turned down. It might have been turned down for some other reason than that it was in a rural area. But I do not believe that any effort is being made by Central Mortgage and Housing Corporation to make these loans available to that class of person where he wants to build a house or where he wants to improve it or enlarge it. Only the other day a lady wrote to me to see if she could obtain a loan for the completion of the house which the husband had built. I consulted with the officials of the Central Mortgage and Housing Corporation and I was told that no loan was available for that type of thing. Yet I find in the act, under the section dealing with home improvement loans or home extension loans, that such a loan can be made. I do not know whether any regulation has been made to prevent it. But that is the information I obtained from the agent in St. John's and from the office here in Ottawa. It seems to me that more consideration should be given to the people who live outside the cities. The trust companies will not lend them any money; and if the federal government will not lend them any money, they are under a great handicap, and what they are really doing is contributing for the benefit of other people, because in paying taxes they are helping to make loans to people who live in cities. Surely the minister will give that matter consideration. But it seems to me that overriding all that—and it is the principal thing I have to say—if the problem is so serious and we are slipping behind, and have slipped behind another 50,000 homes in the past five or six years, the minister would be justified in setting up a commission to deal with this problem for some years ahead. We have had a royal commission on the arts and sciences. We have had a committee of this house doing wonderful work in connection with old age pensions which are going to cost the government hundreds of millions of dollars a year. We have had a royal commission on transportation. But was any one of those

commissions or committees concerned with anything more important than the housing problem in this country? I am sure the minister will agree with me that the housing problem should be tackled now. It should not be allowed to slip back, because it will slip back faster during these war years, or these years of tension, if we neglect it. I urge upon the minister that he not allow his colleagues in the government to give the matter of housing a place too far back when considering matters of policy.

Mr. Harkness: In his initial statement this afternoon the minister spoke with a considerable amount of satisfaction about the sales which had been made of wartime housing units. I can assure him that that is not a satisfaction which is shared by a considerable number of the veterans in Calgary at least, or by some, I think, in other places. Earlier this evening some reference was made to this matter, but I should like to deal with it from a slightly different point of view.

What is actually happening or what has happened in several cases in Calgary is that people who bought these wartime houses have now moved out of them and are renting them to other people at $70 and $80 and $90 a month. In the meantime, they have moved into other houses themselves which they have bought in some cases. That is the situation in at least two cases that I know of. Naturally that procedure makes for bad feeling amongst the many hundreds of veterans who are without houses, who were on the waiting list for some years, in some cases, waiting to get into one of these wartime houses.

The first question I should like to ask the minister is whether there is any means whatever that his department can put into effect to prevent this sort of thing from going on; I refer to the situation of a person getting into one of these houses, buying it and turning around and renting it to somebody else at a high rent; because in Calgary housing is extremely short, the people are desperate, and these high and excessive rents can be secured. It may be a thing which would be rather difficult to stop, but I would think that when one of these wartime houses is sold to the tenant who is in it, a provision could easily be put in the contract to the effect that there would be no what you might call renting it out at a high level. Surely it would be possible to put into effect some safeguard to prevent this abuse from going on. It is an abuse which I think causes an unnecessary amount of bad feeling.

In addition to that, I should like to ask the minister whether the tenants in these houses are being put out or whether there is any intention of putting them out if they have no other place to go. In his statement this afternoon the minister said that, as to tenants who did not wish to buy—and the ones who do not wish to buy are mostly those who just cannot raise the down payment with which to buy, they are in such bad circumstances—when the house they are in is sold they are put into another house owned by Wartime Housing. I should like to find out if that is always the situation. Amongst these people in Calgary who are in the position of not being able to buy their houses, there is certainly quite a strong rumour going around to the effect that if they do not buy them by October they are likely to be out of luck. The word that goes around there is: Make sure that you get your house bought before October or you are likely to find yourself out on the street, come next spring in any event. I should therefore be obliged to the minister if he will make a statement with regard to those three questions that I have asked. I should also like to say at this time that I think that this policy being followed by the government of getting rid of these wartime houses as rapidly as possible was probably a mistake, in view of the present housing situation. I should like to ask whether they intend to sell all those houses or whether there is any intention of holding a certain number of them to look after what we might perhaps call some of our neediest cases among the veterans.

Mr. Higgins: I have three questions I should like to ask, and the minister can answer them briefly. He told us he had built 140 new houses in Newfoundland this year, I believe. I wonder where they were built, or where the building sites were. Can he tell me anything about the demand, how great the demand is? Has the cost of building changed any? I refer to the actual cost.

The Deputy Chairman: Before the minister replies, may I be permitted to deal with the remark that was made a moment ago by the hon. member for St. John's West when he spoke of slum clearance and when he said that I as chairman prevented him from discussing that subject, on a previous occasion. The committee will recall that I rose at that time and said that if I had stopped him it was probably because I considered that while he was discussing slum clearance, he was out of order. I now have *Hansard* showing what happened at that time. It is found at page 2444 of volume III of the second session of 1949. The committee will bear with me. It is very important that this point should be cleared up. It reads as follows:

Mr. Browne (St. John's West): I should like to clear up a few points with regard to what my colleague has said about this section. It is rather

difficult to approach the matter in view of the answer just given by the minister. I would certainly ask his sympathetic consideration if the subject ever comes to his attention. I understand the minister has been in St. John's, and has seen the conditions prevailing in certain sections of the city. There is a historical explanation of those conditions.

St. John's was destroyed by fire in 1846, and wooden houses were built. In 1892 half the city was destroyed by fire, and the half that remained—which covers about 50 acres—is in a bad condition owing to overcrowding. During the first and second world wars, people went to live in areas known as Southside hill and Blackhead road. The area is really in a scandalous condition. No interest is being taken in these people. In two sections of the city at least there is certainly a need for a housing project. If I could describe truthfully the condition—

The Deputy Chairman: I must ask the hon. member to confine his remarks to the clause under discussion. His remarks must be strictly relevant to the clause.

Mr. Browne (St. John's West): Surely, Mr. Chairman, when we are speaking on a housing project we must say why it is that we need one. I hope the minister is not objecting to my drawing these things to his attention. He may have forgotten them in his hurried visit, but I am closely associated with them. I have been closely associated with these conditions for a great many years.

The Deputy Chairman: That cannot be done under this section. We are now discussing section 9.

Mr. Browne (St. John's West): The minister said it could. He told us that a slum clearance project could be considered under this section because it is a project arranged between—

Mr. Winters: No, Mr. Chairman. I think I should clarify that point. I said that slum clearance and this section could be regarded as complementary projects. But this section has nothing whatsoever to do with slum clearance as such. Slum clearance is covered under an entirely separate section of the National Housing Act.

Mr. Browne (St. John's West): Since the minister gave me that answer some time ago, I have read the section and I think the position is this.

Then he carried on, but he did discuss the matter of slum clearance again, and there was a point of order raised by the minister. Therefore, I say it is clear from the record that when I asked the hon. member for St. John's West not to discuss slum clearance it was because I considered that in doing that he was out of order.

When the hon. member for St. John's West reads the remarks that I have made following his this evening I hope that he will follow the only course which is proper in the circumstances.

Mr. Winters: The hon. member for York West raised one or two questions, and perhaps I should deal with them. His great concern was about town planning. I might say that is a great concern of the Central Mortgage and Housing Corporation as well. There is a town planning section in the act, and they have a town planning division in the corporation. Where projects are concerned, which I imagine is what the hon. member had primarily in mind, it can be taken for granted that unless there is adequate planning the project does not proceed. However, I should say that the main approach to the problem now is under section 35 of the housing act where the proposals and the planning come from the province, and it goes forward only on a joint agreement basis. However, we are very strong supporters of town planning, and we think that where possible it should be adhered to.

On the point raised by the hon. member for Calgary East, there are circumstances in which houses sold to veterans are in turn resold, and I would imagine that the rents charged are perhaps higher than would have been charged had the house remained in the hands of Central Mortgage and Housing Corporation.

For war workers' houses where they are sold to a civilian there is an arrangement under the agreement whereby if the purchaser retains occupancy for a period of five years he gets a preferred purchase right, which is an inducement and prevents that sort of traffic, you might say, that the hon. member had in mind.

Mr. Harkness: That does not prevent renting the house.

Mr. Winters: The fact of the matter is that he must have occupancy himself for a period to earn the preferred purchase price. There is no such arrangement, however, for veterans houses, and they can indulge in renting, as the hon. member has pointed out.

The sales program to which he referred has been going well. I think the hon. member asked whether or not there were cases where veterans were put out of a house and no suitable replacement provided for them. Central Mortgage and Housing Corporation knows of no single instance, and I know of no single instance, where a veteran was not re-accommodated within the project area, and there have been no major difficulties in that regard.

The houses made available for sale are those up to and including the 1947 program where the arrangements with the municipalities have permitted it, and where suitable arrangements have been made with municipalities.

The hon. member for St. John's East referred to housing conditions in St. John's and, as I understood him—and I did not understand him too clearly—asked whether the demand for houses in St. John's is still strong and what is the relationship between costs now and costs a year ago.

Mr. Higgins: Not only in St. John's, but throughout the province generally.

Mr. Winters: The demand for housing is of course still strong, and roughly speaking the costs now are about 15 per cent higher than they were a year ago.

Mr. Harkness: I should like to thank the minister for the answer he gave me to my questions, and to ask him also if there is any truth whatever in the story which is circulating very strongly that October is the deadline for people in those houses to buy them.

Mr. Winters: There is no truth in that statement.

Mr. Higgins: There is one other question the minister did not answer. I asked where these houses were built and where the building lots were said to be. Are they all in St. John's or in other parts of the province?

Mr. Winters: The project which the hon. member referred to is the Ebsary estate in St. John's.

Mr. Harkness: There is one other question I asked which the minister did not answer. Is Central Mortgage and Housing Corporation proceeding to sell all of these rental houses, or are they going to retain a certain number to look after what you might call the most needy cases of veterans needing rental houses?

Mr. Winters: I answered that, I think, only indirectly. I did say that up to and including the 1947 building program all the houses are being made available for sale, where that is permitted under the agreement with municipalities, and where suitable arrangements have been worked out with municipalities. Houses built for veterans since that time have not yet been made available for sale.

Mr. Harkness: How many houses would that leave since 1947 in Calgary which would still be available for rental purposes?

Mr. Knowles: Give it for Regina and Winnipeg as well.

Mr. Winters: Perhaps we can look that up and give it to the hon. members before we pass from housing altogether.

Mr. Noseworthy: Can the minister tell us whether there has been any change in the attitude of lending companies since the announcement of the increased rate in interest? Are they still reluctant to lend?

Mr. Winters: They of course are not in a position to lend now. The amendment has not been dealt with by parliament. We understand, however, from talks with them that, once the legislation is enacted, they will be in the mortgage field and will carry out their lending program.

[Mr. Higgins.]

Mr. Johnston: Could they not do it under the old plan? There is nothing to stop them from lending under the old plan?

Mr. Winters: The reason we had to seek an amendment to the act was that they were no longer lending under the old rate of interest of 4½ per cent. But we believe and we hope that they will return to a lending program at the new rate of interest, once this amendment has been passed.

Mr. Noseworthy: Can the minister say why lending companies with offices in Ottawa refuse to lend money to builders across the river?

Mr. Winters: I do not know the particular circumstances, but I would imagine the lending institutions are exercising their privilege of making loans to the best advantage, where they can.

Mr. Knowles: Are there any agreements pending between the government of Manitoba and the federal government under section 35 of the housing act?

Mr. Winters: No, there are not.

Mr. Knowles: Have there been any discussions as to possible agreements?

Mr. Winters: To my knowledge, sir, there have been no discussions since the discussions we had with them at the time we were considering changes to the act, which ultimately resulted in the passing of section 35.

Mr. Knowles: I take it from those answers that the government of Manitoba has not made an approach to the federal government. Is the federal government doing anything further to try to sell this idea to the provinces, such as Manitoba?

Mr. Winters: Well, in view of the responsibilities various levels of government have for this problem of housing, we do not feel it would be appropriate for the federal government to put on a strenuous sales campaign to induce a province to enter into any program that is primarily its responsibility. But we have, in various public statements, on very many occasions, said that section 35 was available to anyone who wished to submit proposals that would meet with the mutual satisfaction of all levels of government concerned.

Mr. Noseworthy: While the Minister of Finance is in his seat, perhaps he could assist the Minister of Resources and Development in answering a question I raised this afternoon. I pointed out that, to my knowledge, there is American capital available for building in Canada, provided some assurance could be given that if investments

could be liquidated within a given period of two or three years the original capital could be taken back to the United States.

I have before me the regulation of the foreign exchange control board which states:

> A non-resident who makes a new capital investment in Canada (other than in marketable securities) and records the investment with the board when it is made, is permitted under the policy followed by the board at present, subsequently to liquidate the investment in Canada and withdraw the proceeds from Canada.

But the foreign exchange control board can give no assurance that that policy may not be changed without notice at any time. Can either of the ministers tell us why that could not be done?

Mr. Abbott: Perhaps I should answer the question. It has been the policy of the board for a good many years. On important matters of this kind one can never and probably one should not ever give a positive assurance as to what might have to be done under other circumstances. My recollection is that even in the latter days of the war we allowed new investments of that kind—that is, post-September 1949 investments—to be taken out by the investors. But circumstances might be such that it would be necessary to impose very much more drastic exchange regulations. I do not contemplate for a moment that it would be, because the whole trend in recent years has been to relax. But the outside investor, of course, has to take his chances on it.

Mr. Harkness: I should like to ask the minister, following his reply concerning this business of people buying these wartime houses and then renting them at high prices and using the proceeds to build other houses for themselves, if any consideration has been given by his department to safeguards which would prevent that very abuse from taking place.

Mr. Winters: I have the figures for the houses that will remain in Calgary, and also in Regina and greater Winnipeg, if all the houses up to and including the 1947 program are sold. In other words these houses on the 1948-49 programs number: Calgary, 300; Regina, 147; and greater Winnipeg, 1,415.

Then, on the other point to which the hon. member for Calgary East referred, I would say that this is a matter that has been receiving consideration. It is known that what the hon. member has described as an abuse does take place. It is difficult to cope with when Central Mortgage and Housing sells a house to a veteran and gives him title. Normally one would consider the veteran is free to do with his property what anyone else would do with property acquired under a similar transaction. However, I can say that the matter is one of concern and consideration; but beyond that I have nothing to say.

Mr. Harkness: You have no answer to it yet, do you mean?

Mr. Noseworthy: Has the minister any information regarding the number of times that veterans who cannot buy their houses are asked to move, in this process of selling veterans' houses? My attention has been called to one or two cases where not only the first but the second house was sold, and the veteran had the idea that he had to keep on moving so long as the house he occupied was saleable. Is there any information on that point?

Mr. Winters: The instances concerning which we have immediate knowledge are very few. There are not more than two or three such instances. We would have to search the records for an accurate number. Anyway it is a very small number, indeed.

Mr. Knowles: Only two or three instances where the same veteran has had to move twice? Is that what the minister means? Surely there are more cases than that where the veteran has had to move because the house has been sold.

Mr. Winters: Two or three instances where he has been obliged to move once, and then the house to which he moved has been sold. I understood that was the nature of the hon. member's question.

Mr. Johnston: One case in particular in connection with the sale of veterans wartime housing in Calgary has come to my attention. I took this up with the government and I must say a very satisfactory settlement was made.

In general the complaint was that some of these veterans have been living in wartime housing the government decided should be sold. It now appears that some agents are coming to veterans who moved into these houses and are telling them that unless they are prepared to buy them right away they will be kicked out on the street. Those are the words that were used.

I understand that is not the policy of the department. It is my understanding that if these people cannot buy the houses in which they are living, they are not to be kicked out. In the case I brought to the minister's attention it worked out so that these people, after having been informed they were going to be kicked out if they did not buy the place, are now assured that they are going to be able to live in that house. I think there should be some regulation governing the

attitude of the inspectors who go around to the veterans giving them such information. It not only instils a great deal of fear in the people who are living in these houses but it gives the department a bad name because in these cases the department itself must take that responsibility. Is there anything being done by the department to notify these people now living in wartime houses, and who cannot possibly raise the down payment—I think it is 10 per cent—that they are not going to be kicked out, that they do not need to worry, and that as time goes on they will be given every opportunity to purchase the house if they can raise the down payment? It would certainly do a lot to relieve the anxiety of some of these people living in these houses.

Mr. Winters: I think that question was dealt with in reply to a question asked by the hon. member for Calgary East. I know of no instance in which a veteran was told that if he did not buy the house he would be kicked out.

Mr. Johnston: I drew a case to the attention of the department.

Mr. Winters: We have been informed at various times that people dealing with the sales program have been harsh in their language, and on investigation we have always found that they have never been quite as harsh as had been represented to us. Nevertheless in all instances Central Mortgage and Housing Corporation has been very anxious that there shall be none of that aggressive approach to the problem. They have cautioned their people. They have emphasized the element of good will, and I believe in the over-all picture they have been successful in achieving pretty good public relations.

Mr. Johnston: I want to assure the minister that I was not misrepresenting the case. I took it up with his parliamentary assistant and it was very satisfactorily settled.

Mr. Browne (St. John's West): Can the minister tell me whether they have made any study in the city of St. John's with regard to housing needs?

Mr. Winters: The problem in St. John's is well known to Central Mortgage and Housing Corporation. They have been over it a great many times with the Hon. Mr. Vardy, minister without portfolio in the Newfoundland government, who is responsible for housing. The local Central Mortgage and Housing Corporation officials are fully familiar with it, and I think that in brief the question can be answered in the affirmative.

[Mr. Johnston.]

Mr. Noseworthy: I did not get the minister's answer to my question. How many veterans have had to move once because the houses they occupied were being sold, and how many veterans have had to move more than once because the second houses were sold?

Mr. Winters: The answer is something that I can get only after having the records searched. We would not have the information available at the present moment. Would the hon. member be satisfied if I give him that information on a subsequent occasion?

Mr. Noseworthy: Thank you.

Mr. Blackmore: I have not been able to be present during the discussion, and I trust I shall not be repeating. However, so far as I can see, we seem to have got ourselves into a dead end street here and there in discussing the matter of housing and finding a solution. One of the difficulties appears to be that some provinces are hesitant about entering into agreements. Could the minister give the committee some sort of idea as to what seems to be the main reason or reasons why the provinces hesitate to enter into these agreements? It is granted that they realize that housing is their responsibility and that they are anxious to improve housing. The provinces must be just as anxious to improve housing conditions as anybody could be, and the same must be true of the municipal authorities. What seems to be the difficulty in the way?

Mr. Winters: I think perhaps the various provinces approach the problem in various ways. I of course would not presume to speak for them or to represent to this house what they regard their difficulties to be. I would imagine the hon. member has in mind particularly the province of Alberta. They are one of the provinces that did not pass complementary legislation to enable them to enter into arrangements under section 35 of the National Housing Act. We have had some discussions with them about participation under the act. They have their own views on how housing should be developed and what steps should be taken with respect to it. I certainly believe they have honest views. There is no question on that point, but the fact of the matter is that until recently they have not taken steps to qualify themselves for participation under section 35. Recently they did indicate an interest, and we told them that we would be very happy to receive specific proposals from them. However, I would imagine that before they can participate they would have to do something about their legislation.

Mr. Blackmore: There is no general statement that could apply to the majority of the provinces?

Mr. Winters: No.

Mr. Blackmore: They do not tell the minister they are afraid to take hold of the thing for fear they will be unable to finance it?

Mr. Winters: No, there has been no such general statement.

Mr. Blackmore: It seems to me in listening to the discussion and attending to it as far as I have been able to be in attendance—and I should like to congratulate the minister on the hopeful attitude he manifested in his original statement—that we are confronted with certain frustrations in our efforts to provide the housing that everybody desires to provide in this country. The first one is the indisposition of a number of provinces to enter into mutual arrangements satisfactory to the dominion government. Unless we can find out what it is that is deterring the provinces, it appears that this will continue to be a cause of frustration. Even after we find out what is the matter, we shall have to find some way to meet the difficulties with which the provinces are confronted.

The next question that seems to have developed before us is that the mortgage companies are hesitant about lending very freely in connection with the building of houses. I can understand why that should be. If taxation continues to grow, as was indicated very well by the hon. member for York West, certainly no prudent organization would risk very much capital in communities where taxation is going to increase as rapidly as it has been increasing. I know that in the community in which I dwell, which is an ordinary small town with about 2,500 of population, the taxation rate has become so great that people simply cannot support the taxation. Nevertheless there does not seem to be anything that the community can avoid. They say: We have got to have schools and we have to have certain other facilities. The demands for these are increasing and we just simply cannot avoid the expense involved. We simply have got to raise the taxation. Those who are charged with responsibility, school boards and other municipal officials, say: Heaven only knows where this thing is going to end. It seems to be getting worse. Therefore we are confronted with a problem which I presume is general throughout the dominion.

It is not likely that the mortgage companies will be more willing to lend money in future than they are now; in fact from the standpoint of ordinary reasoning it would appear that they will become less willing to risk their money. Can the minister see anything we might do to overcome the necessity of having the mortgage companies lend this money? For example, from the standpoint of plain, ordinary common sense I cannot see why in the world we could not use the Bank of Canada to lend money so people would have what they needed, at rates no higher than 2½ per cent. Can the minister see any reason why that should not be done? It just seems grotesque, does it not, that a nation like this should be prevented from developing adequate housing for its people simply because the mortgage companies dare not lend the money necessary? It is almost impossible to be reconciled to a situation so unreasonable. The hon. member for Winnipeg North Centre says the mortgage companies do not want to lend money. I do not blame them. I wager that if the hon. member had at his disposal all the facilities of an ordinary mortgage company, with all the responsibilities that rest upon it, he would not lend money either. What is the use of putting money into houses on which enormous taxation will be imposed, with the danger of losing those houses to the municipalities? Just common sense prudence, which I am sure the hon. member for Winnipeg North Centre is endowed with, would tell him not to do that.

Mr. Knowles: If I were head of a mortgage company I would not be the member for Winnipeg North Centre.

Mr. Blackmore: That is not answering the question. I have the highest admiration for the hon. member, but we must be realistic in these matters. He speaks as though it were in some manner reprehensible on the part of the mortgage companies that they hesitate to lend money. I do not look upon it in that way at all. The mortgage companies have money in trust, and it is their business to lend money to make money in order to discharge their responsibilities. Certainly no one with any responsibility at all will lend money when there is every chance of not being able to make money, and where in many cases it is likely they will not be able to get the money back, and may lose the whole thing.

This problem must be overcome. I am sure the minister can see there is a problem which amounts almost to complete frustration. I should like to know whether he has given any thought to what he can do about it. If he finds that he simply cannot overcome this difficulty let him come in and announce that fact frankly to the house, so hon. members

may participate freely in a discussion as to the best way out of the difficulty. Surely there is a way out. We have the ability to build houses in Canada. We can produce the necessary goods and materials, and we have the skilled men. I would like the minister to give this question some attention and give the house his reaction. We have two problems. One is the indisposition of the provincial and municipal authorities to participate, and the other is the indisposition of the lending companies to loan the necessary money. That indisposition is completely understandable, and in my opinion no way reprehensible.

Mr. Knowles: Every dollar they loan is guaranteed by the government. They do not lose a cent.

Mr. Blackmore: Then how do you account for their indisposition to lend?

Mr. Knowles: Because they want to make more money.

Mr. Blackmore: I am quite willing to undertake an argument with my hon. friends; I have never sidestepped a fight with the socialists in this house, but if the people whose business is lending money to make money are hesitating in doing so, there must be some good reason. Either they cannot make the money, or they have not a reasonably good chance of making it. I do not want to become involved in a lengthy discussion of that aspect of the problem. The simple fact is that if the mortgage companies are unwilling to lend money there is no conceivable reason why we should not use the Bank of Canada to make these loans. That is all there should be to it. If the minister is unwilling to risk using the Bank of Canada there must be something wrong with the minister or with the men who are with him in the cabinet. It is simply idle for us to come here year after year, as we have done since we started grappling with this problem after the war, and wring our silly hands and say this is a problem that cannot be solved. We are 261 men and a fine, effective woman; yet we sit here year after year doing nothing effectively to meet the problem.

I do not say we are not building houses; but it has been recognized quite definitely that we are not building them anywhere quickly enough. The minister and everyone else must recognize that. Well, if we are not building houses quickly enough what is to be done about it? It is not that we do not have the material or the desire on the part of the people. Certainly we have the skill to enable us to build houses, and those are the three determining factors which should govern. We have all the things that are necessary except the disposition to use the facilities that are at our disposal. If that is not the case let someone prove it. I think I can safely challenge anyone to prove that is not so, as I believe I can challenge anybody to show that we cannot use the Bank of Canada to build houses in Canada.

The next difficulty appears to be that we are running into shortages of material. I will grant that as the danger of war develops we may require more and more construction for military purposes, and we are likely to run out of certain materials. But has the minister canvassed the possibility of using certain kinds of soil in the construction of houses? I understand that this has been done successfully in Germany and other parts of the world. This may sound a bit crude, but when my folks came to Canada, and before that, we were building sod shacks, which were called "soddies". For the first six or seven years of my life I lived in a cabin with a sod roof and with the spaces between the logs of the walls daubed with mud. Let no one imagine I am advocating that we should have people living in log houses with the spaces daubed and the roofs covered with sod, but we would be far better off if thousands of people in this country could have houses even as good as that, and be sure they would not be kicked into the street. But we are not disposed to help them build such shelter; we are disposed to let our people go on suffering. Hundreds of thousands of people in this country today have no assurance that they will have a roof over their heads next year. Sometimes it is because they have children, and people who are renting houses do not want children in them. In most cases the people needing houses simply cannot pay the heavy cost of available housing, houses valued at $8,000 or $9,000. Are these people to be left without housing? Is there any reason why we cannot provide them with some kind of houses?

Now, then, has the minister done anything about probing into the possibilities of using other materials? I think I shall stop now before I have too many questions for the minister to deal with. I shall just summarize those three. The first one is, is there anything we can possibly do to enable the provinces to enter into these agreements? Might I say this, that I think the average provincial government realizes that if the cost of municipal government in the province goes on increasing at the rate it is now doing —and there seems no way of overcoming that increase—then the province simply will never be able to finance the building of the houses necessary within the province. I shall

wager that that is ninety-five per cent of the reason for the provinces hesitating about getting into the housing problem. Now that is the first question.

If that is the case, then obviously it is a financial matter again, is it not? No province has the ability to increase its financial revenues by a dollar, except by the development of industry within that province. It is absolutely limited in the matter of revenue, to its ability to raise money from its people by taxation. It must have assistance from some source, which can resort to other measures, if it is going to be able to enter into the housing business.

The second question concerned the matter of lending money. I should like to have the minister tell us what has been done in respect of securing an alternative to the mortgage company. If nothing has been done, why has it not been done? We are going on year after year doing nothing about it.

The third question is, What has the minister been doing in regard to materials so as to enable us to use soils, if need be, so the people can have houses they can depend upon? Will the minister deal with those three problems?

Mr. Winters: Mr. Chairman, with respect to the first question about what we can do to induce the provinces to participate under section 35, I think all I can say is substantially what I said before. We have told them collectively and separately that we would be glad to entertain specific proposals from them. Our legislation is clear. I believe it is understood by the provinces. Again, all I can say is that it is there if they wish to use it.

With respect to the second matter, the availability of mortgage money, in a detailed sense that of course is beyond my scope. It is something I would normally expect the Minister of Finance to deal with. The fact of the matter is that at the present moment the availability of materials for housing, and the availability of mortgage money to build houses, are pretty well in balance. The shortage of mortgage money was going to have an adverse effect on housing, in fact the mortgage companies had just about withdrawn from operations. We felt obliged, in the interests of the Canadian public, to take these steps which we think will keep the housing act alive, even though it means a slightly higher interest rate to the borrower.

When I mention the matter of materials, it brings me to the hon. member's third question as to what we are doing about finding materials that might be suitable for housing. The Central Mortgage and Housing Corporation has a research section which works very closely with the national research council on matters of materials. They are finding substitutes all the time, and approving them for one purpose or another. They are not a matter of great public knowledge, but the fact is that some progress is being made all the time in the matter of new materials and improved materials for housing.

Mr. Blackmore: Mr. Chairman, I appreciate the minister's answers. But the minister's answers, all members of the house will agree, amount simply to this. We face complete frustration on each and every one of those three points. There is not anything we can do about removing any one of these three difficulties in our endeavour to provide housing for this nation.

Mr. Chairman, I am prepared to grant that the minister is not to blame for any one of these three problems. But if the members of this house are going to face this thing like grown people, with realism, they have got to do something to help the minister. This is especially true of the members of the Liberal party. If they are going to discharge their responsibility to this nation, they have to do something about it.

Obviously, the facilities are at their disposal if they choose to use them. With respect to materials, the minister said we are conducting research and are making some progress here and there. My question is, why are we not getting the houses? I am sure the member for Spadina was not extreme when he pointed out we are not getting nearly enough houses. But what are we going to do about it? I believe that the discussion we have had this afternoon and tonight has indicated that just about one-third—I would not be surprised if we could say more than that, just about one-half—of the people in Canada simply cannot afford the housing which is being offered under the housing act. Look how serious that is. That means virtually all the people who really need houses cannot get them. Are we not going to do anything about this matter?

Mr. Fournier (Hull): Talk about it.

Mr. Blackmore: That is right, the Liberals are.

Mr. Fournier (Hull): You have been repeating the same thing for the last half hour.

Mr. Blackmore: That is just about what the minister has been doing. He certainly has been repeating frustration.

Mr. Fournier (Hull): You have not spoken about debt-free money yet.

Mr. Blackmore: That is right, and speaking of debt-free money in the presence of some members reminds me of one of the passages in the scripture, "cast not your pearls. . . . " I ask the Minister of Public Works to get up and tell us what to do about it. It is all very well for him—

Mr. Fournier (Hull): You never sit down long enough for me to make a statement.

Mr. Blackmore: I have been sitting down. I have not spoken today until now. I have listened nearly all afternoon. At a time when people are simply groaning under the burden of inadequate housing in this country, here we are going to finish this discussion once more apparently with nothing done. That is all there is to it. The interest rate is raised, and the government's aggregate assistance to the people who would build has been cut down.

Mr. Lesage: Write to your friends in the government of Alberta to do their share, and everything will be all right.

Mr. Blackmore: The government of Alberta can show the whole Dominion of Canada a mighty fine record—

Mr. Lesage: They are not coming under section 35.

Mr. Blackmore: If the hon. member wants to have a discussion on the matter of Alberta I shall give him the opportunity and make him look like two cents. This sort of silly, flippant, idiotic remark about the government of Alberta is just an example of general Liberal irresponsibility. It is irresponsible to make a general statement like that. It is made so the press will pick it up and make it look as if something was said. After all, the something that was said demonstrated that there was "nobody home" in the head of the speaker.

Now, Mr. Chairman, there is one more thing and that is this—I am not repeating nearly as much as the Minister of Public Works would have it appear. The ordinary individual who wants to build himself a home—a modest little home, one that he can afford—today has no facilities whereby he can do so. Throughout this country there are great numbers of people who build their own homes just as men used to build their own sod shacks and their own log houses. They would build their own homes and they would learn how to do the building readily if they could only get a loan and get the material with which to build the homes. To tell us in Canada that materials of the kind are not available is to be absolutely unrealistic; and every member of this committee knows that right well. There certainly are in this country materials which can be used for building; and the people, generally speaking, would use those materials and build the houses, if they could get the money with which to buy the materials. But we will not let them have the money because we say we have got to get it all from the mortgage companies and that we cannot lend it to them except under certain circumstances. We therefore have to go on facing complete frustration.

I do not propose to say any more about this matter just at the present time, Mr. Chairman. If the people throughout the country could realize and know how many times during the last hour and a half we have had from the Liberals all over the place calls of "carried, carried", and could realize how completely that indicates the utter indisposition on the part of those members to find a solution for the problem, I do not know what they would do. I suppose they would go and elect a Liberal government right away again, because they would not have any alternative.

Some hon. Members: Hear, hear.

Mr. Blackmore: They would have no alternative—I suppose I shall be out of order—because the Conservative party which faces them has exactly the same policy as the Liberals have, and the same ideas. There is not the slightest difference in the world.

Mr. Harkness: Say not so.

Mr. Blackmore: One does not have to say it. We are listening to it all the time. To say that there is no alternative as far as the Conservatives are concerned is quite obvious, and does not need to be said.

The Deputy Chairman: Order.

Mr. Blackmore: All right, Mr. Chairman. I just wish to make this point. If people could realize how completely irresponsible the great, big, overwhelming Liberal party is in this house with respect to this matter of building houses, they would be astounded.

The Deputy Chairman: Order. It appears to me that the remarks being made by the hon. member are not relevant to the item under discussion.

Mr. Blackmore: I can be relevant, Mr. Chairman, if relevancy is all that is necessary. I can speak right on this matter I am talking about, and I can say plenty more. The great question is this: When the members of the House of Commons go back to their constituencies, they will simply have to tell the people that nothing is to be done for housing.

An hon. Member: You take your chance.

Mr. Blackmore: Of course you take your chance. But the question is this: Will you get the houses? That is the thing that counts. Will you give the people that chance to have housing? The answer that is given by the Liberals is: No, we do not need to. Let them suffer. We do not care. We will not suffer. We Liberal members of parliament will be able to have houses. What do we care about the poor fellows down under who are getting too small an income to enable them to get a home? We do not care a button about them. They do not amount to anything at all. That is just the attitude of the ordinary Liberal. That is just exactly his attitude.

Some hon. Members: Oh, no.

Mr. Blackmore: That is the attitude.

An hon. Member: Oh, no, it is not.

Mr. Blackmore: The general attitude will be this: they will have to take it or leave it; we do not care.

An hon. Member: Oh, no, it is not.

Mr. Blackmore: Oh, yes, it is.

The Deputy Chairman: I shall have to ask the hon. member not to discuss what he considers to be the attitude of other members of the House of Commons. He must discuss housing.

Mr. Blackmore: I am certainly discussing housing from the standpoint of about 45 per cent of all the people in Canada who find housing completely beyond their reach. The number of people in every community in this country who are wondering how in the world they are going to be able to afford housing is sufficiently large to constitute a complete scandal in this nation. I refer to the people who are called upon to pay $75, $80 or $90 for an apartment, when the cost of that living apartment likely uses up more than half of their total income. They must have housing. They have no alternative. That is a serious problem.

The point is that up until the present time this parliament has not done anything effective about the matter of housing. It chooses to leave at least forty per cent of the total population of Canada with inadequate housing and to indicate to the country that it is not ready to do a thing about it. No matter what facilities may be available to it with which to do something about it, it refuses to use those facilities. It chooses to let forty per cent of the people go with inadequate housing.

That is all, Mr. Chairman. If that is not enough to fill with shame all the men who have responsibility in this parliament, then all I can say is that they just are not qualified to appreciate reality at all.

Mr. Noseworthy: Following up the discussion we have just heard, may I say that I notice by this report of the Central Mortgage and Housing Corporation that last year the corporation made 476 loans directly for the building of non-farm homes and 3 loans for the building of farm homes. I should like to know just what is the policy of the corporation with regard to the making of direct loans, both urban and rural, and just why it is that there were only three farmers in Canada last year who obtained loans from the Central Mortgage and Housing Corporation.

Mr. Winters: The reason there were only three loans to farmers is that there were only three applications.

Mr. Noseworthy: What is the policy with regard to direct loans? I refer to non-farm loans.

Mr. Winters: The whole policy underlying direct loans is that they will be made in outlying areas where lending institutions do not normally operate.

Mr. Ferguson: Am I led to believe that if farmers made application they would get a loan if everything was found to be correct, and that the only reason that only three farm loans were made is that only three applications were made? Were there not any made, of which some were turned down? It is quite surprising that only three applications were made, and that all three were granted, from all the farmers of Canada. Is that correct?

Mr. Winters: To the best of my knowledge and to the best of the recollection of the officials of the corporation, that is correct.

Item agreed to.

Mr. Black (Cumberland): What item is the chairman calling?

The Deputy Chairman: It was agreed that, instead of item 383, departmental administration, we would discuss the items relating to housing which are items 427 and 565. Item 565 has reference to Central Mortgage and Housing Corporation. Item 427 is the one dealing with emergency shelter administration. Both of those items have been discussed and carried. We will now revert to item 383.

383. Departmental administration, $381,223.

Mr. Black (Cumberland): I do not know whether the minister wishes to proceed with this matter tonight. It has been the practice

to have a general discussion on the first item, that of administration. The minister's department is an important one, which is asking in the estimates for more than $35 million. There are very many headings. I do not know of any of them that is as important as the one that was discussed all day and all night, namely, the item of housing.

When the department was organized with the minister in charge we in Nova Scotia and eastern Canada expected a good deal from him and from the department. As one Nova Scotian to another I say to him that I want to see him succeed in his effort and to make a success of his department. But there is a feeling in Nova Scotia that very little progress has been made in the activities that have been assigned to this department. I have a few items here such as the Chignecto canal and cheaper power for our part of the province. I doubt whether the minister has made an inspection of the Chignecto canal and whether he gave support to its construction when a very large delegation came here. It was rather enlightening to see the interest which the Minister of Transport took in the proposed St. Lawrence seaway. He accompanied a large delegation over the St. Lawrence river inspecting that part of the river in which the seaway is proposed to be built at a cost of hundreds of millions of dollars, and perhaps a billion dollars, which would give cheap power to central Canada when constructed. I do not say that I am opposed to that expenditure, but I would expect some compensating expenditures in my part of the country.

I should like to refer to the St. Mary's tidal power project, which was discussed in this house some sessions ago. The minister gave it his blessing at that time and said that he would see that it was investigated. Ever since that time we have been waiting for a report from the minister. It would create about two million horsepower or more and it would give us cheap power in eastern Canada. While they have cheap power and are looking for still cheaper power in central Canada we have had to meet increased costs of electric power in my part of Canada. The cost of power in that part of the country has increased by as much as one-third, 25 per cent and so on.

During the discussion of his estimates I should like the minister to make a statement on the results of the investigations of the St. Mary's tidal power project at the head of the bay of Fundy. If it could be constructed it would be very important to eastern Canada, and probably would warrant the electric smelting of the enormous tonnage of iron ore which will be produced in Labrador and which it is expected will be shipped largely to the United States centres.

We have also been disappointed with the progress made in the construction of the bridge over the strait of Canso. While this matter may not come directly under the minister's department, it has to do with resources and development. I presume he is working in close conjunction with the Minister of Transport and the government.

We have also been disappointed in the building and putting into service of the ferry steamship from Nova Scotia to Maine. We have had that promised to us and it has been delayed. Eastern Canada, and especially Nova Scotia, have every reason to be disappointed. There is also the question of the trans-Canada highway which we shall discuss in some detail when the item is called. We were assured that there would be large expenditures long before this in the construction of a trans-Canada highway which would give direct service to every part of Canada by the shortest practical route. In Nova Scotia nothing has been done up to the present. We shall get a further explanation from the minister. Perhaps he will make a general statement on that item when it is called, but anyway we shall expect direct information from him.

In Nova Scotia we have also been disappointed that no headway apparently has been made with the construction of the Blomidon national park. We were given assurance, perhaps not by the minister, but by his predecessor, that headway was being made in building this park.

Another important subject which has to do with resources and development is railway freight rates. I should like to have a general statement from the minister with respect to that as it relates to Nova Scotia. We are not satisfied with the situation there at the present time.

I shall refer to one other item before eleven o'clock, namely, the dispersal of industry and the construction of defence industries in the maritime provinces and the desirability of dispersing these large plants in this country. During the discussion of building houses it was pointed out how difficult it is, in fact almost impossible, to supply housing in the large centres of central Canada to accommodate the workmen required in those centres where as much as $100 million is being expended in a single constituency, which is more than is being expended in all of the maritime provinces under this heading.

As opposed to the dispersal of industry, people from central Canada are going to Nova

Scotia and eastern Canada all the time draining off our workmen. Just a few days ago a large mining concern from central Canada asked for 1,000 men from Nova Scotia, labourers, to supplement the 2,000 that they had already procured in Nova Scotia. That is just one instance. There have been scores of them. Scores of industries are drawing labour from the maritime provinces, and particularly from Nova Scotia, where industries of our own should be established under this heading with the assistance and encouragement of the government.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will go into supply and continue with consideration of the estimates of resources and development, and then take up the departments of fisheries, and mines and technical surveys.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF RESOURCES AND DEVELOPMENT

Housing—

427. Emergency shelter administration, $250,000.

Central Mortgage and Housing Corporation—

565. To provide for advances to Central Mortgage and Housing Corporation for the acquisition of land, the installation of services and improvements in respect thereof, the purchase of building materials and the construction or conversion of housing projects for veterans and for residents of Deep River, Ontario, under the authority of section 34 of the National Housing Act, 1944, $12,700,000.

80709—244½

HOUSE OF COMMONS

Friday, June 8, 1951

The house met at three o'clock.

HOUSE OF COMMONS

REFERENCE IN MONTREAL "GAZETTE" TO BANNING OF MAYORS AND REEVES AS MEMBERS OF PARLIAMENT

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I rise on a matter of public importance and a question of personal privilege. It has to do with a report appearing on page 11 of today's issue of the Montreal *Gazette* in which the banning of mayors and reeves as members of parliament is urged. I happen to be one. This suggestion comes from none other than the somewhat bewildered member for Assiniboia. He would deprive the electors of the right to elect or select people of their choice. He would proceed to use his dictatorial power to take away their democratic rights.

Some hon. Members: Order.

Mr. Speaker: Order. Presenting reports by standing and select committees.

SPECIAL COMMITTEE ON SOUND-AMPLIFICATION —CONCURRENCE IN REPORT OF STRIKING COMMITTEE

Mr. L. D. Tremblay (Dorchester) presented the report of the special committee to consider the question of a proposed amplification system for the House of Commons as follows:

The special committee appointed to confer with Mr. Speaker and with his assistance to prepare and report a list of members to compose a select committee of the house to consider with Mr. Speaker the matter of an amplification system for this house, begs leave to submit its report.

Your committee recommends that the said select committee will be composed, together with Mr. Speaker, of the following members: Messrs. Adamson, Bourget, Browne (St. John's West), Dumas, Graydon, Low, MacInnis, Robinson, Smith (York North), Stuart (Charlotte), and Viau.

The committee further recommends that five members will constitute a quorum of the said committee, and that the said committee should have power to sit when the house is sitting.

All of which is respectfully submitted

Mr. Tremblay moved that the report be concurred in.

Motion agreed to.

PENSIONS

DEFENCE SERVICES—PROTECTION OF RIGHTS OF PERSONNEL TRANSFERRING FROM ONE ARMED SERVICE TO ANOTHER

Right Hon. L. S. St. Laurent (Prime Minister): I should like to table copies, in English and in French, of an order in council passed yesterday under the Emergency Powers Act to provide that warrant officers, non-commissioned officers or men who are granted commissions, who leave one of the services for the purpose of joining another of the services, and therefore under the text of the Defence Services Pension Act become discharged, will not have their defence pensions interfered with by their so doing.

There are about 170 whom it is necessary to promote to special temporary commissions for the proper functioning of this special brigade which is being organized. Under the act the taking of those temporary special commissions would terminate their right under the Defence Services Pension Act; their contributions would have to be returned to them, and that would involve complications when their temporary commissions expire.

This is one of the provisions to be made in the bill with respect to which there is a resolution on the order paper as No. 11. We had hoped that that bill would be reached and passed in time to take care of this, but we are told that the delay in commissioning these 170 men is a serious inconvenience in the organization of the special force. For that reason, because of the urgency of the matter and the fact that it may be a couple of weeks before this statute could be passed and receive royal assent, the order in council has been passed so the commissioning may be done immediately.

Mr. Pearkes: Would the Prime Minister say whether any of these men have already reached Korea?

Mr. St. Laurent: This is not required with respect to the 25th brigade; it is with respect to the 27th brigade, which is now being organized.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 365, respecting Canadian Slovak Benefit Society.—Mr. Brown (Essex West).

Bill No. 366, to incorporate the Missisquoi and Rouville Insurance Company.—Mr. Gosselin.

Bill No. 367, to incorporate Co-operative Fire and Casualty Company.—Mr. Larson.

Bill No. 368, for the relief of Theresa Verna Brisson Humphreys.—Mr. Winkler.

Bill No. 369, for the relief of Dorothy Shapiro Ram.—Mr. Winkler.

Bill No. 370, for the relief of Ivy Grace Barnsdale Moore.—Mr. Winkler.

Bill No. 371, for the relief of Dorothy Chaffee Caduc.—Mr. Winkler.

BUSINESS OF THE HOUSE

MORNING SITTINGS ON AND AFTER MONDAY, JUNE 11

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on and after Monday, June 11, 1951, until the end of the session, the house shall meet at 11 o'clock in the morning of each sitting day and that, in addition to the usual intermission at six o'clock p.m., there shall also be an intermission every day from 1 to 3 o'clock p.m.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I feel sure that at this stage of the session there will be a tendency on the part of hon. members to support this motion, which has become customary at this time of the year. But I suggest that this is an appropriate occasion to review what has happened during the present session which calls for a motion of this kind, at this time, particularly in relation to the announcement made a few days ago that it is the intention to adjourn the present session until October and then, having met, prorogue for the purpose of having a second session this year.

When the announcement was made a few days ago I urged the Prime Minister (Mr. St. Laurent) to reconsider his statement—and it must be recalled that it was simply an announcement at that time. I did so in view of the fact that in the opinion of a number of members the legislation now before the house should be dealt with before this house rises. The explanation was given that it was desirable to defer consideration of the old age pension legislation until later this year. When that announcement was made, I said, and I repeat today, that I believe there are many strong reasons why that legislation should be dealt with before this house rises even for adjournment.

The passing of the old age pension legislation is not going to take very long. The members of this house have already indicated their desire to proceed with it as rapidly as possible. That was indicated in statements made earlier in the session. It was also indicated very clearly by the manner in which this house adopted, without debate and with every sign of unanimous approval, the request to Westminster for an amendment to the British North America Act.

Since the legislation dealing with universal pensions at seventy and over and the special legislation dealing with pensions from sixty-five to sixty-nine inclusive has met with agreement on the part of members of this house, I feel certain, and I am sure there is confidence in the minds of hon. members, that such legislation would be facilitated in every way. I can see no reason why that legislation should not be dealt with in one day, or in two days at the very outside. Therefore I see no reason why that legislation should not be dealt with before we rise for the summer.

I am not overlooking the explanation by the Prime Minister that the same plan might not be proposed were it not for the fact that other legislation requires consideration. He indicated that it was desirable to carry into effect by legislation those recommendations in the report of the transportation commission which the government is prepared to accept, and also indicated that it might be desirable this year to introduce legislation to implement some of the recommendations of the Massey commission.

So far as the recommendations of the transport commission are concerned, I concede that there will certainly not be complete unanimity in regard to the statutory interpretation of those recommendations. The same attitude will probably not be demonstrated as will be found when we are dealing with the recommendations in connection with the old age pension legislation. Nevertheless I am sure that if there is sufficient advance notice of what the legislation is intended to be, the members of this house will deal promptly and with very clear thought as to what they wish to have enacted into law when that legislation comes forward. That would not take very long, provided that hon. members have an opportunity in advance to consider the legislation. If the house is only adjourned for the summer, then it is possible, by agreement, to provide copies of the proposed legislation to hon. members and they would have a chance to consider it before we return here to examine it in the ordinary way in the house.

So far as the Massey commission report is concerned, I think that hon. members who have already read the report, or even have merely glanced through it, will realize that most of the recommendations are such that it will take some time to implement them. In any event, there are certain specific recommendations, one with regard to grants to universities and other specialized branches of education, and another with regard to the Canadian Broadcasting Corporation, which

obviously call for consideration, either within the next few days or at any rate certainly by the beginning of next year.

So far as grants to universities are concerned, I submit that all that the Massey report has done is to confirm the opinion that has been expressed here over and over again, that grants should be made to assist the universities without delay, if our higher education is not to suffer. That being so—

Some hon. Members: Order.

Mr. Drew: That being so, then it should be possible—

Some hon. Members: Order.

Mr. Speaker: May I suggest to the leader of the opposition that the legislation should not be discussed at this time, nor should the reports of the Massey or transportation commission.

Mr. Drew: I have placed before the house certain reasons why I believe the business of the house can be so facilitated as not to require a second session of parliament, where we would have a new speech from the throne and an extended debate, with time consumed in discussing matters which could well await the beginning of a regular session at the first of next year.

I come now to the necessity for a motion of this kind, a necessity which presents itself year after year. I know that members of the government do not welcome a statement along these lines, because it has been made before. The reason why we are going to be asked to sit at eleven o'clock every day and to sit every night—we are not opposing it, because we face a situation which has been forced upon us—is that there has been no direction of the business of this house from the day the house met at the beginning of this year. There has been no planning of the debates of this house. We have estimates brought up, they continue for a short time in debate, then that is stopped and they are revived some time later when a completely new debate starts. At the present time there are several departments which have been called, have been debated, then have been debated again after a short time, and will be brought before the house again.

I am quite prepared to concede that it has never been the practice in this house to follow the practice with regard to agreed schedule of debate which has been accepted at Westminster. One reason why we do not even approximate anything of that kind, one reason why members have no way of knowing in advance when any debate is to come forward, is that there is no attempt to plan in advance when important debates will come on. At Westminster—and, after all, we have patterned our course largely on their practice—they know a week or two weeks in advance when a debate is going to take place on any subject of major importance. The members are then able to plan their time accordingly. Members of this house certainly have demonstrated the fact that it is necessary for them to be away on a number of occasions, on duties that undoubtedly are connected with their service here; but when it is necessary for them to be away from the house on those duties it is also desirable that they be able to plan such other appointments with some knowledge of when debates will take place.

We could have disposed of all the business of this house before this time, and no such motion as this would now be necessary if there were some knowledge of when debates were going to come on. I know that it can easily be said that there are so many speeches made in the debate on the speech from the throne and on the budget, but one reason why many of those speeches are made is that there is a cynical certainty in the minds of many members of this house that the government is going to defer a lot of important items until the last, so that the very inconvenience of members may make it possible to rush through those items.

Some hon. Members: Oh, oh.

Mr. Drew: It is all very well for members on the other side who do not like a remark of that kind, and who make noises that do not find their way into *Hansard*, to pretend that they do not think that is so. But I know that most of them do think it is so, because they have said so to me in discussion from time to time. Every member of this house knows perfectly well that many items of great importance are kept until the end of the session so that the very pressure of the warm days that come in the month of June is likely to make it possible to hasten discussion on what otherwise might be at some times embarrassing subjects.

So far as this motion is concerned, this house can within the next few weeks do a great deal more business than will otherwise be done if the government is prepared to indicate the sequence in which it proposes to take up business, not one day ahead, not two days ahead, but a week or two weeks ahead. If that is done, members will know that they are going to have the opportunity to discuss a particular subject, and the business of this house will be facilitated.

On this motion we find the only appropriate opportunity to discuss the suggestions that have been made in regard to furthering the business of this house. I submit that

there is no occasion for a second session this year. Members of this house—

An hon. Member: You did not say that before.

Mr. Drew: In answer to a remark that I hear from one government supporter that I did not say that before, I did say that before. I am simply repeating what I said when this announcement was made. The members of this house are by now fully aware of the fact that this proposal has been generally accepted by the press throughout Canada, and doubtless by the people who have read that press, as a device to increase the indemnity of the members.

Mr. Cruickshank: I rise to a point of order, Mr. Speaker. I love to call the leader of the opposition to order. I have enough confidence in parliament and in my colleagues of all parties to believe—

Mr. Speaker: Order. Will the hon. member state his point of order?

Mr. Cruickshank: My point of order is this, Mr. Speaker. I do not think that the leader of the opposition meant, in all seriousness, the suggestion he made that we are here, irrespective of party, for what we can get out of it.

Mr. Drew: Mr. Speaker, *Hansard* will show quite clearly what I said. What I said was that the members must be aware that the press across this country and those who read the press have drawn the conclusion—

An hon. Member: You read only Tory papers.

Mr. Speaker: Order.

Mr. Drew: —or have drawn the inference that this is a device for double indemnity. After all, I find an editorial in the Montreal *Gazette*—

Some hon. Members: Oh, oh.

An hon. Member: What about the *Globe and Mail*?

Mr. Drew: Mr. Speaker, I am happy to refer to this paper, the Montreal *Gazette*, as one of the most responsible and most experienced publications in Canada. I see that on June 6 there was an editorial with the heading "A Case of Double Indemnity". Then in the Ottawa *Journal*—

Some hon. Members: Oh, oh.

Mr. Benidickson: The Toronto *Telegram*.

Mr. Speaker: Order.

Mr. Drew: In the Ottawa *Journal* of the same date I find an editorial under the heading: "Device for Higher Indemnities". Then in the *Globe and Mail*—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: Mr. Speaker, I must say that the attitude displayed by the government—and in this case I say the government because the hilarity greeting these references is being led by the members of the government—

Some hon. Members: Oh, oh.

An hon. Member: That is not right.

Mr. Warren: The hon. member is too modest.

Mr. Drew: Mr. Speaker, I can assure you that I am patient and that I have no intention of being diverted, by the interruptions, from what I propose to say.

On the same day I find an editorial in the *Globe and Mail* under the heading "The $240,000,000 Question", and it deals with the same subject. Lest there should be any thought that I am confining my remarks only to eastern Canada, I would point out that in the Calgary *Herald* on May 29, much earlier than this, I find an editorial under the heading "Double Pay for Half the Effort".

Mr. Benidickson: Bring out the Toronto *Telegram*.

Mr. Drew: Mr. Speaker, I said and I repeat that no matter what the intention may be, these and other papers—and they are not confined to those which have expressed any one political point of view—across this country have been interpreting this procedure as a device to have a double payment of indemnity simply by arranging for an adjournment and then having a second session.

I am prepared to support any proposal frankly placed before this house for the purpose of providing indemnities which will appropriately indemnify members who serve the various constituencies of Canada here in this House of Commons. But they should be discussed as indemnities and they should be paid as indemnities for a regular session each year. No matter what the intention may have been, at a time like this particularly we should not be left open, any one of us, to the suggestion that there has come from the government of Canada, at a time like this, a proposal that has as its purpose the payment of higher indemnities—

Mr. Cruickshank: Nonsense.

Mr. Drew: —under any device which does not state that that is the purpose.

Mr. Cruickshank: Mr. Speaker, again I hate to rise on a point of order.

An hon. Member: Sit down.

Mr. Cruickshank: No, I will not sit down.

Mr. Speaker: Order.

Mr. Cruickshank: The leader of the opposition is imputing motives. When he says, as I understand he is, that he is expecting any indemnity to be duplicated, whether it is qualified for or not, he is imputing motives on the part of the government or on the part of private members.

Mr. Wylie: It is too bad there is not a resolution before us now.

Mr. Speaker: Order.

Mr. Drew: I come to the remarks that were made after the Prime Minister made this announcement a few days ago. I was interested to hear the comment afterwards—and when I say "afterwards", I mean in this house—that this recognized the fact that membership in the House of Commons is a full-time job. It is a full-time job of representation of a constituency. But it was never intended to be a full-time job here in Ottawa; and there is a reason why it should not be. It was never intended that the members of the parliament of this country should be something in the nature of elected civil servants. It was always intended—and that was the genius of our system—that persons elected to parliament who are actively engaged in many activities in this country would be spending a considerable part of the time with the people of their own constituencies, and that during only a part of the year they would be representing their people here in the House of Commons, with the advantage of that intimate and personal contact in their own ridings which is denied if the members are sitting here most of the time. If this is to become a full-time occupation—that is, here in Ottawa—then we might easily reach the point where only those who could give up any other occupation or who were amongst that increasingly small number who are able to live on their accumulated means—

Mr. Cote (Matapedia-Matane): Tories.

Mr. Drew: —would be able to be candidates. They would be the only ones who could become candidates for election to this house. I suggest that the obvious reply to that might be that in the House of Commons in Great Britain the members are sitting there—with fairly extended adjournments, it is true —throughout the whole year. But you cannot compare the situation in a country the size of Canada with that in a country like Great Britain, where, week end after week end, the people can all get back to their homes with a fair measure of convenience.

Mr. Cruickshank: Like the members from Toronto.

Mr. Drew: Yes. It is suggested that the members from Toronto are in a favoured position.

Mr. Cruickshank: And from Guelph.

Mr. Drew: From Guelph, from Montreal and from Quebec. They are in a favoured position because they find it easier to get home, and an arrangement of this kind is particularly unfair to members from the maritime provinces, from the Pacific coast, and even from the Fraser valley.

Mr. Cruickshank: Hear, hear.

Mr. Drew: It is unfair to them because they are not able to move back and forth in the same way.

Mr. Cruickshank: We always come back, though.

Mr. Drew: The fact is that while this motion is being discussed is a good time to review the seriousness of the proposal that is being made, and its possible effect on the future of this House of Commons. If the members of this house are in fact to be called upon to sit throughout the best part of the year, as they have before, then many of them will have to revise their opinions as to their ability to carry on other occupations and serve their people with the continuing and intimate knowledge of the affairs of their own constituencies which over the years has been regarded as such an important part of the business of representing a constituency here in the Canadian House of Commons.

Mr. Cruickshank: Item carried.

Mr. Drew: I take this occasion, Mr. Speaker, to present these views in the hope that the Prime Minister will review the announcement he has made, and in the hope that the government will seek to plan the business of this house for the next few weeks so that we can deal with the old age pensions legislation, clean up the business, and then if necessary adjourn in order to meet for a short time to dispose of whatever other new business may come up in the meantime.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, as a member of a group that supported the Prime Minister's contention that another session was necessary this year I cannot sit here, in view of the speech which has just been made, without giving some of the reasons why we supported the arrangement that brings about the motion now before the house.

In my opinion the leader of the opposition was not facing facts in any of the statements that he made. He is well aware of the fact,

as are other hon. members, that the business now before this house, namely, the committee work, the legislation on the order paper and all of the things that we have to handle, will keep us going night and day perhaps into July, without touching the different pieces of legislation that he mentioned specifically.

While listening to him I thought the matter over, and I think he considered very lightly the reports that have to come before the house sometime in the future. My conviction is that if we deal with all the legislation that he feels we should deal with we would not get it all through and give it the consideration to which it is entitled if we sat here until September. For example, my thinking on the old age pension problem has led me to believe that it is going to take more than a month or two months to finalize that particular piece of legislation. The legislation dealing with universal pensions at seventy by right and the legislation dealing with the age group sixty-five to sixty-nine will go forward at the same time. Every province in Canada, with the exception of Ontario and Quebec, will have to raise additional funds in order to give effect to that legislation, if they are to accept the proposition that is being put forward by the federal government. What does that mean? It means that it is going to be necessary to have a dominion-provincial conference to determine where the provinces who have not the additional finances necessary to meet the obligation are to get that money. You cannot hold a dominion-provincial conference between now and the end of June, and that is the fact of the matter. That is what has to take place.

Ontario and Quebec may be ready to go ahead with it. Unfortunately, too many people in this house think in terms of their own provinces. In my opinion the old age pension legislation cannot be finalized before the October session. If the leader of the opposition is as anxious as he makes out that the old age pensioners should receive that money with equality as between the provinces, then he will have to agree that the only way to bring it about is to allow sufficient time to do a reasonable job as it affects the country as a whole.

The leader of the opposition mentioned the Turgeon report. It consists of at least 500 pages, and deals with one of the most complicated problems in this country, namely, freight rates. The adoption of that report means that for a long time we will be setting up machinery with regard to freight rates that will affect the economy of this country for a long time to come. It will affect the eastern and western part of the country to the extent that they will be able to find markets at reasonable freight rates within the rest of the dominion. It is a report that requires a long and detailed examination, and we would not be able to give it that examination if we sat through until September.

It is not good enough merely to glance at this report. Every hon. member has the responsibility of analysing it, of going through the figures and ascertaining for himself how it will affect the people whom he represents in this house.

Then there is the Massey report. It is a very technical report. It suggests the setting of the culture of this country for the next fifty years. It is something we badly need. We have not any at this time.

Some hon. Members: Oh, oh.

Mr. Gillis: My hon. friends can laugh, but I will challenge anyone in this house to show me where we have any such recognized thing as Canadian culture—

Mr. Martin: In Sydney, Nova Scotia.

Mr. Gillis: —or Canadian literature, or Canadian art. When I have finished my speech some hon. member in this house can get up and point out where we have any—

Mr. Speaker: Order. Perhaps a discussion on that question may be reserved for a future occasion.

Mr. Gillis: As I was pointing out, the Massey report consists of 550 pages. It will take more than the average member of this house to analyse it. It is a job that has to be done by technicians, librarians, research people and other who are familiar with that field. You are not going to be able to do that by the end of June and give it the examination that it deserves.

Then there is the seaway project. A billion dollars of the taxpayers' money is to be spent on that. It is a project that will affect Canada as a whole in different ways from province to province. If hon. members are earnest about their responsibilities, this is a project which they should examine very carefully, to find out whether we would get back any return on the investment that Canadians would be asked to make. In the items and reports that I have mentioned there are long range plans for Canada, and they are plans which will take a full session of this house if a proper analysis is made of them.

In my opinion the leader of the opposition was pressured into the statement he made, by newspaper reports and newspaper editorials. I hope neither the leader of the opposition nor members of the government

or any other members of the house will ever get into the state of mind where they are going to allow someone outside the house to mould their opinion on legislation for which the government has to take responsibility. My conception of the speech of the leader of the opposition was as I say, that he was pressured into that position by these newspaper reports. I do not think it is a responsible position for a person to take, especially one who at some time aspires to form a government in this country.

Mr. Drew: Mr. Speaker, on a question of privilege, I do not often have occasion to take issue with the hon. member for Cape Breton South, but I do want to point out that I objected to this procedure before any of these editorials appeared. I made my position clear at that time.

Mr. Cruickshank: No excuses.

Mr. Gillis: I was merely commenting on the position taken by the leader of the opposition in the house today, and his argument about having read those newspaper reports.

The other point I wish to make is one I do not wish to discuss at length now, because some time I think there will be a full-dress debate on the subject. I refer to this job of being a member of parliament, and its being a full-time job. I recognized that in 1940. It has been a full-time job for me since I entered the House of Commons. I think of members of the house who accepted the position on the basis of what it was in 1939 or 1935—that it was a place where one could come for two or three months to get away from his business, have a rest and make a lot of business contacts. The member who does that now must make up his mind whether he will work here or work somewhere else. I am doing now what I think every member of this House of Commons should do; and any member who has not the time to come here and sit eight or nine months if necessary, to do the business of the House of Commons—well, my advice to him is to go back to his riding, attend to his business and allow someone else to come here who is more interested in the welfare of Canada than he is.

I have no illusions on this question. Some of my lawyer friends around—I can understand why they would want to get back home, and I do not want to get into a personal argument; but if they want to keep chirping in and disagreeing, I am prepared to make an analysis of that position.

I commend the government for the stand it has taken at this time. It is the first time since I entered the house in 1940 that I have known what I was doing. There are a lot of members sitting immediately to my right who do not know what they are doing even yet. It is the first time a prime minister of this country has advised members of the House of Commons, well in advance, that he was going to try to clean up the immediate business of the House of Commons that could be cleaned up, as soon as it could be done, and has indicated that a large amount of important legislation that could not be dealt with at this time, and given due consideration, was to be allowed to stand, and that we would be called back here for the purpose of dealing with that legislation.

It is the first time since I have been here that I have known that I am going home and that I can stay there until October, and that I will come back here in October. In my opinion it is a good development; and I think that instead of the criticism, recriminations and accusations based upon assumptions, suspicions and editorials, the Prime Minister should be commended upon his honest approach to this problem.

The monetary aspect of this matter I will not consider. I am not mercenary. I demonstated when I came to the House of Commons that I was prepared to come here for $4,000 a year. I am still working full time for what I am getting, and I will continue to work full time for what I am getting. I do not want to run home and sell any hardware or anything else. I am anxious to stay here, and I am prepared to do so. I am not concerned about the monetary aspect of the matter. I know that perhaps the fellow who wants to run home at the end of June and stay there until next January might be able to make $12,000. But that aspect of it does not concern me at all, and I do not think it concerns the people of Canada.

I would point out to the leader of the opposition, on this question of monetary returns, that members of the House of Commons, in terms of business office hours and the hours of industrial workers, are working twelve months in six. There is no other group of individuals in this country that works until eleven o'clock at night. The trade union movement from which I come would scorn the attitude we take in the House of Commons with regard to hours, social conditions and recreation. They do not ask their employees to work for peanuts, and they do not want them to work all night, either. The average trade union leader in this country today is paid twice as much money as the average member of parliament, and he has a full-time expense account. The worker in a mine, a steel plant, or a textile mill does not want to place his representative in such a position that he has to lose sleep and deprive himself of recreation, or stay in

a cheap rooming house or a cheap hotel. He wants his representative to have the best.

There is one thing I am sure of, and that is that the people I represent will never say to the government: You are paying that member too much money. The story I have always got from my people is: "How do you get by on it?" That is the attitude they take. And I think that raising this monetary consideration, in a forum such as this, having regard to the position members of the House of Commons occupy, in one of the highest offices in the country that can be given, voluntarily, by the people in the ridings, is small potatoes. It certainly is not supported by the average Canadian citizen.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to place on record two reasons why the Prime Minister (Mr. St. Laurent) should be supported.

I have been surprised many times that there has not been some form of closure to cut out these long speeches, and so much repetition. I believe this motion will tend toward shorter speeches, fewer words, and greater thought.

The second reason why we should have morning sittings is that our volume of mail is nothing like it was in the last four months; therefore we have more time to sit in the mornings.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I do not suppose any member of the house entertains any illusions as to what will be the effect of the adoption of this motion. We are working hard now, with committees meeting as they have been, and the long hours all of us are putting in. This motion will mean an increase in those hours and an increase in the work, and it will make it increasingly difficult, for opposition parties particularly, to man the committees, so many of which are sitting at the same time. Nevertheless, I think all of us are prepared to accept any reasonable expedient for pushing ahead the business of the house and doing as best we can the work we were sent here to do.

We shall not complain of long hours, fourteen hours a day, or of hard work as long as we have the satisfaction of doing the country's business. But I commend my leader with all my heart for having today brought into the realm of discussion in this debate some of the things that were said in the house on Monday last, June 4, concerning the duties of members of parliament, the proper length of sessions, the method of proper organization of the work of the house, and kindred questions.

As you know, Mr. Speaker, I had hoped on Monday to have the opportunity to comment on some of the things that were said in that discussion, and I claim the opportunity as a private member speaking for myself to do so now. On that occasion the hon. member for Rosetown-Biggar (Mr. Coldwell) said, as reported at page 3668 of *Hansard*:

> The experience we have had over the last several years, particularly since the beginning of the war, clearly indicates that membership in this House of Commons can no longer be regarded as something in the nature of a sideline to a particular profession or business. Membership in the House of Commons today is a full-time position, and members must devote their entire time, sooner or later, to the business of the country.

Let those on the other side of the house who have been engaging in very noisy displays today indicate that they subscribe to sentiments of that kind, because those who have been noisiest in the chamber today will be the first to tell you outside the chamber that they are not here to spend twelve months a year sitting in this house.

Mr. Langlois (Gaspe): Speak for yourself.

Mr. Coldwell: That is not what I meant.

Mr. Fleming: The hon. member says that is not what he meant. I take his words as they stand and I say to members of this house that, in the light of the duties that are cast upon members, with long sessions, long hours and hard work, nobody can say that being a member of the House of Commons is a sideline for anybody in this house today. For anybody who takes his duties as a member of the house seriously, I defy anyone to say that his duties can be regarded, or are in their nature, or are regarded by any of us as a sideline to his particular calling in life. Any assertion of that kind just does not fit the facts.

Mr. Coldwell: Then it is a full-time job.

Mr. Fleming: No, it is not. There is a fine sample of the kind of fallacies with which the speech of the hon. member for Cape Breton South (Mr. Gillis) abounded this afternoon, and I am going to deal with some of them.

The hon. member for Rosetown-Biggar said on Monday last: "Membership in the House of Commons today is a full-time position." I entirely refute that statement, and I say to the house that if the time ever comes when the house accepts the view that membership is a full-time position you will thereby automatically be closing the doors of public life, of public careers, to a great many people who cannot afford to take the risks and insecurity of public life. What does it mean? It means that the avenue of public

service in the House of Commons will be open only to those who are possessed of independent means—

Mr. Rowe: Or are no good for anything else.

Mr. Fleming: —or those who somehow, by reason of not having family responsibilities, or not having—

Mr. Rowe: Any other job.

An hon. Member: Nonsense.

Mr. Fleming: This is realism. Membership in the House of Commons will be open only to those who are fortunate enough to be so independent financially that they can give twelve months a year full time to their work as members of parliament or to those who have no family responsibilities and can somehow get along on the somewhat meagre amount that is left out of the sessional indemnity after the expenses and cost of keeping up two establishments and the other financial burdens of public office are met. There is nothing that can be more anti-democratic in its conception than anything which will confine public life to people who are on the one hand possessed of independent means and are completely independent of any financial worries, or to those on the other hand who do not have the responsibilities that most of us have, and somehow can eke out an existence on what may be left out of the sessional indemnity.

Sir, the strength of democracy and the strength of this House of Commons is that there are in this house people drawn from all walks of life. Every aspect of Canadian life in every part of the country is represented in the house, and the strength of this House of Commons is to be measured also in terms of the sum total of the experience which 262 members sitting in the house bring to the discharge of their duties. That is the reason why the experience of members in this house, contributed through debates in the house, contributed through discussions in committees, is so vitally important to the functioning of democracy. If the time ever comes when members of parliament are expected to sever themselves entirely from their other callings and take these risks that go with public life, these risks to their whole economic future, then I say to you, sir, that we will have taken a retrograde step, and democracy in this country will pay for it.

What we must do in shaping the course of parliamentary affairs and parliamentary work in the future is to try to see to it that the doors of public life are not closed to people who, having family responsibilities and responsibilities in other respects, are nevertheless capable of making a most valuable contribution to public life in the House of Commons. If you shut off from public service people bearing these responsibilities, then make no mistake about it, democracy will pay the price in Canada.

How do we go about achieving that purpose? Let me say at once that I do not think the Prime Minister (Mr. St. Laurent) shares the point of view expressed by the hon. member for Rosetown-Biggar. It is true that the Prime Minister has never sat in the house as a private member, and he does not know from firsthand experience the problems that face private members. Naturally when one becomes a member of the government he gives his full time to his position, and the compensation is at least intended to bear some resemblance to full-time responsibility. But I think the Prime Minister has some knowledge of the difficulties faced by private members in trying to discharge their duties. I think he has an appreciation also of the importance of keeping the doors of public service open to people in all walks of life, regardless of their means.

I want to say this concerning the proposal to hold a second session. There is not one of us who relishes a protracted session into the summer with its heat; nevertheless I say to you, sir, that is preferable to coming back here in the fall to face a session then. Make no mistake about it. Experience cannot fail to be a sure guide. It should teach us that when we come back the debates will be longer than they would have been if we had continued into the summer. Nobody will relish sitting in July. Nevertheless I say that as between these two choices it is the preferable choice.

I go further and I say that, as to the broader problem of making public life, a public career or public service possible for people who have heavy responsibilities to bear outside this house, two sessions a year are no answer. Whether you pay one indemnity or whether you pay two, that is not the way to handle this problem. It is not a question of indemnity. It is not a question of two sessions a year, and I would not be speaking today if I were not prepared to make some concrete proposals that would enable—

Mr. Gillis: Will the hon. member permit a question?

Mr. Fleming: If the hon. member will not interrupt in the middle of a sentence, I shall be very glad to.

Mr. Gillis: It is hard to pick out your sentences.

Mr. Fleming: Whether or not the hon. member agrees with these remarks, as I have indicated I shall be glad to take his questions when I have finished the sentence or thought that I was just in the midst of expressing. I always welcome his questions and observations, as he well knows. But, Mr. Speaker, holding two sessions a year is not the way to meet this problem. I would not be speaking today unless I were prepared to make some concrete proposals with a view to meeting this problem, which is a problem for every member of this house, because I question very much whether many hon. members relish the idea of two sessions a year. We have had two sessions now for the last two years. This will make three years in a row. Once these things are begun they have a habit of sticking; and I am very much concerned over the effect that two sessions a year, carried on year after year, will have on the minds of many in this country who might otherwise be prepared to offer themselves as candidates for public office and who are capable of making a very effective contribution. Now I will be glad to answer my hon. friend's question.

Mr. Gillis: I was just wondering whether the hon. member could inform me if under the Ontario judicial system they have fall assizes.

Mr. Fleming: There are sittings of the Supreme Court of Ontario for ten months of the year, and I doubt very much if my hon. friend was unaware of that fact. If he possesses the fitness for public office which I have always considered him to possess I am sure he would know that simple and elementary fact without interposing such a question.

Mr. Gillis: The point I was making—

Mr. Fleming: I know the point you were making.

Mr. Gillis: —was that there might be a question of personal interest.

Mr. Fleming: Well, Mr. Speaker, that is a sample. I thought the hon. member would observe the rules that gentlemen in this house follow—

Some hon. Members: Oh, oh.

Mr. Fleming: —and would refrain from suggestions of that kind. If the problem of being away from home, from family and from other responsibilities for long periods of the year does not create difficulties for the hon. member I am sure it does for most people in this house. If it is a matter of self-interest to most of us in that we are separated from our families for long periods—and this applies to members from western Canada and the far east more than to most of us who come from central Canada—then I say there is self-interest in this for every member.

Therefore I say that the way to have the business of this house done without putting additional obstacles in the way of people giving themselves to public service and making a valuable contribution to this country is to so organize the business of the house that it can be done effectively, efficiently and within a proper time.

I said I would not be speaking today if I were not prepared to make some suggestions to that effect, and I do so because I believe the holding of two sessions a year is not the answer to the problem. The answer is to modernize our procedure and expedite our business so it can be done within a reasonable compass of time; and I am convinced that this is possible. I have some suggestions to offer. I do not pretend that these are the only suggestions that can be made, nor do I pretend that they are altogether new.

In the first place, I believe we can contribute greatly toward expediting the work of the house and the better transaction of our business if we revise the hours of sitting. It was common knowledge to those who were in the last house that the then prime minister, the late Mr. Mackenzie King, did not favour the idea of the house meeting earlier than three o'clock, p.m., under ordinary circumstances. It was hoped that when the present Prime Minister (Mr. St. Laurent) took over he would consider this question of the hours of sitting and try, with the general co-operation of hon. members and the size of the following he has in this house, to introduce some sanity into the hours of sitting. Here we are, sitting from three o'clock in the afternoon until eleven o'clock at night, the most absurd arrangement of hours imaginable. If the house would get down to some reasonable system, like starting at one o'clock in the afternoon and sitting until seven, we would pick up some time on our present total hours of sittings, and would transact a great deal more business than we do under the present hours. Every hon. member knows that by nine-thirty or ten o'clock at night many hon. members are fagged out, and we make relatively little progress in those late hours of sitting. It would also contribute to the health of hon. members; and I am sure that with better health and greater vigour we would do our work better and faster.

Then I think something could be done in regard to some of the specific debates. I believe if we introduced the sort of sanity I have suggested into the hours of sitting, our committees could meet earlier in the morning. At the present time we cannot call a committee meeting before eleven o'clock in the morning because we are sitting so late at night. If we had reasonable hours of sitting we would be able to get our committee work under way at a proper hour in the morning, and more work would be done because we would be fresher.

It seems to me we put the cart before the horse in this matter. At the time of the session when the committees are not sitting, our hours in the house are easiest. But toward the end of the session, when all the committees are sitting, when they not only overlap each other but overlap the sittings of the house, we bring in morning sittings. It is an impossible situation. The only time there is reason for morning sittings is in the early stages of the session, before we begin the work of the committees. That is when we have long debates such as that on the speech from the throne, which normally takes about three weeks; and the debate on the budget, though perhaps not so much that debate since it comes at a later stage of the session. There is no reason why we could not have morning sittings while the speech from the throne was being debated, because it consists of a number of set speeches. In that way we could pick up perhaps a couple of weeks of the time of the house.

Then I put forward another suggestion which has been put forward before, and I think something must be done to face up to it. It is the question of the use of the committees of this house for the transaction of much of the business that is done in the house at the present time, but which does not need to come before the house and can be done better in a committee. Much of the work done in connection with the estimates consists of trying to elicit information, often on a multitude of small points. That takes a great deal of the time of this house in committee of supply. We would not sacrifice any of our rights as members by referring much of that business to the committees, just as we do in connection with external affairs. We do not deprive any member of the house of his right to express his views on questions of policy which are properly discussed here, but information which is requested on the smaller details is obtained in the committee on external affairs to which the estimates of that department are referred. We save a great deal of the time of the house in that way, and consequently on the subject of external affairs we have a much more comprehensive and infinitely more orderly and constructive debate in the house than would be possible if it were interspersed with inquiries and discussions on a multitude of small details.

The same thing could be done with the estimates of the Department of Agriculture. If the Minister of Agriculture (Mr. Gardiner) would be content on his estimates to make some of his speeches or give some of his explanations to the standing committee on agriculture, which I believe has not met for several years, we could save days of the time of the house.

Mr. Bater: On a point of order, the hon. member just said the standing committee on agriculture has not met for several years. I would point out that we met on three or four occasions last year.

Mr. Fleming: I am very glad to hear the chairman of the agriculture committee say they met several times last year. I should think such an important committee ought to be meeting every session, since there is so much business relating to agriculture that could be usefully discussed there. I think it is a reflection on the way in which the machinery provided in this house today is being ignored in the transaction of public business that that important committee has met so seldom. It has not met this session. We have been in session here for over four months and it has not met. That is not the only committee. There are other important standing committees that are just covered with cobwebs and which could do useful service in reviewing estimates and assisting in the conduct of other aspects of business of the house if we would let them do so. Debates in the house would be infinitely better and more constructive in consequence.

Whether there is to be a fall session or not, it seems to me that the experience we are going through now is one that demands in a most imperative way that something be done to face up to this problem. There will be criticism about the length of individual speeches and of course there will be discussion about the time that is spent on particular subjects. It is easy for a large government majority to look at an opposition that is not numerous and to say, "These people are doing too much talking." If there were more of us the duties of the opposition would be spread over a greater number. I hope that we will soon have reinforcements for the official opposition so that the duty of speaking in this house will be spread over a larger number of members.

Surely it must be seen by now in the light of the experience that is common to all members of this house that to go on as apparently we are going to do for this third year with two sessions in a year simply means that we are not facing up to the problem. That problem is the modernization of the procedure of this house so that better work can be done in parliament in much less time.

Mr. Coldwell: Mr. Speaker, I rise on a question of privilege. The hon. member quoted my words of the other afternoon, but he entirely misinterpreted them. What I said was that I believed that experience had shown over the last few years that membership in the House of Commons had become a full-time position. I did not say that members of parliament should spend the whole year in Ottawa or in the House of Commons. If they are going to do the job for which they are elected, if they are going to discuss public questions in their own constituencies and elsewhere, they have not the time for very much else. That is precisely what I meant and that is precisely what I said.

Further, some hon. members of the house have from time to time been called upon to attend international conferences. I know that since 1945 all my autumns but one have been taken up with conferences relating to international and commonwealth affairs. Other members of the house have been called upon to do the same thing. Apart from obligations of that description, the business of this country and the business of a member of parliament is such that unless he gives his entire attention to his job it is difficult to see how he can fulfil the obligations of the position to which he has been elected.

Again let me say that I was not suggesting that members of parliament should sit here twelve months in the year. I think that no one within sound of my voice on that occasion could possibly have put such an interpretation upon my words. It is merely an interpretation by a legal mind of words that were not so meant.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I hope I understand correctly what the hon. member for Rosetown-Biggar (Mr. Coldwell) intended to say, and I rise just to make a brief comment on it. As I understand it, he is suggesting that the time has come when, if membership in parliament is not to be a whole-time job, at any rate it is to be an exclusive job. I hope I am interpreting him correctly. I am in one sense disinterested as far as this matter is concerned. When I left business, I left it entirely. When I had the misfortune to be defeated in June, 1949, I became one of the unemployed. Therefore, I am not speaking for myself in what I am about to say.

I feel that if we have reached the stage which I understand the hon. member for Rosetown-Biggar contemplates then I believe it to be a fact that a considerable number of men in this house, I would say at least thirty-five or forty, men whom we would dislike most to lose from this house, will not be able to continue. I believe that with all my heart. I say that irrespective of profession because some of them are farmers, some are doctors, some are lawyers and some are businessmen. If we accept the view of the hon. member for Rosetown-Biggar, if that is to be the settled situation, then a considerable number of men will not be able to continue to be members of parliament and they would not be the men we would miss the least.

Mr. A. Phileas Cote (Matapedia-Matane): Mr. Speaker, I have just returned from my riding which I had not visited since last September. I did not know that this thing was going to come up in the house. I listened to the speech made today by the hon. member for Cape Breton South (Mr. Gillis) and I gathered that he was using a mental argument. I should like to use a little bit of an emotional argument, and this may prove a surprise, not to the Liberal party but to the Tory party. I like the leader of the opposition (Mr. Drew). He is a nice looking gentleman. However, I asked my constituents, "Has George Drew any chance of getting anywhere in my riding even with the best candidate?" They said, "Well, not under present circumstances, because if the leader of the opposition carries on with this policy of the Tory party, of the big shots of Bay street and St. James street—".

Mr. Fleming: They are all Liberals.

Mr. Deputy Speaker: The hon. member should confine his remarks to the motion before the house.

Mr. Cote (Matapedia-Matane): I have a hunch that somehow the Tory party will be recognized as being the party of the capitalists and the bigwigs. I should like to pay a compliment to the Prime Minister (Mr. St. Laurent) for having introduced a motion which has had the effect of bringing together in marriage the leader of the opposition and the hon. member for Eglinton (Mr. Fleming). For the first time, in this session at least, they are in accord.

Mr. Fleming: I rise on a question of privilege. The hon. member is suggesting that the leader of the opposition and I are in accord for the first time on this question. That is

absolutely untrue. The leader of the opposition commands my confidence, and my loyalty as my leader.

Mr. Cote (Matapedia-Matane): I still have the convention in mind.

Mr. Fleming: Better get up to date.

Mr. Cote (Matapedia-Matane): Let us get down to brass tacks.

Mr. Brooks: Sit on one.

Mr. Cote (Matapedia-Matane): The hon. member for Peterborough West is not here. The Tories are against a second session to deal with the job that we have to deal with in parliament. May I suggest that twenty times during this session we have tried to promote legislation and estimates and the leader of the opposition and the Tory party brought up matters that they stated were emergency matters and they insisted on discussing another topic. That has happened over twenty times this session. Now the opposition is saying that it is the fault of the government that we did not make greater progress than we have made. I would suggest that they should have a sort of examination of conscience, and see how many days we have spent here, at the expense of the taxpayers, in discussing so-called emergency matters that were not emergency matters.

Mr. Drew: On a question of privilege, Mr. Speaker, I simply want to point out that, because *Hansard* goes out and because many who read it would know nothing about the hon. member except his name, I cannot let the statement that he has just made go unchallenged. He is well aware of the fact, as all hon. members are, that the statement he has just made is fantastic nonsense; and that far from there being twenty times, there have not been ten times or there have not been any occasions on which I have objected to the procedure, except to ask that the business of the house be properly organized, or on certain occasions I have made suggestions as to the subjects which should be taken up.

Mr. Cote (Matapedia-Matane): I would suggest, Mr. Speaker, that *Hansard* will speak for itself. I do not want to challenge the chief of the opposition (Mr. Drew) in this particular matter. But I know how many votes we have taken in this session. I know how many times the leader of the opposition rose in his place in this house and said, This is an emergency, and we had to discuss the emergency; and on occasion we discussed the same topic three times. I do not want to attribute all the blame to the opposition or to the Tories, because they do not count in our province. They do not count and they never will if they continue to carry on their policy in this way. Now the big shots of Bay street and St. James street say—

Mr. Fleming: Those are Liberals you are talking about now.

Mr. Cote (Matapedia-Matane): They say: One session. I thank the hon. member, the former president of the national association, for standing up and saying: Well, my God, and so forth. That is all right. But we are the representatives of the democratic people of Canada. That is why we are here, and because we are not representatives of St. James street or Bay street. Of course it is up to them to be here, although some like to play golf, if we have to stay here all the year round.

I agree with the hon. member who was a former capitalist. I hope he still is in case I need some money some day. Just a moment ago the hon. member for Greenwood (Mr. Macdonnell) said that it is impossible not to be here the year round. It is possible for these gentlemen to be here the year round when we have a session at $4,000. But how many can afford that across Canada? How many can afford to leave their business and be here all the year round except for two months in the year, I should like to know. The hon. member mentioned that it was the safeguard of democracy to have here a sort of representation of the stalwarts of the population. How can you expect to have that representation if you leave it to the hands of the gentlemen who have all the money? It was funny to hear the chief of the opposition who has a beautiful home in Ottawa, as has the Prime Minister—

Mr. Deputy Speaker: Order. I think the hon. member should confine his remarks to the motion before the house.

Mr. Cote (Matapedia-Matane): There is no reflection meant.

Mr. Deputy Speaker: I would ask the co-operation of the hon. member who has the floor in maintaining order in this house.

Mr. Cote (Matapedia-Matane): There is no reflection whatsoever on the chief of the opposition. It is a reflection on the Tory party of which he is the leader, and whose house has been given to him by the party.

Some hon. Members: Oh, oh.

Mr. Deputy Speaker: Order. I would ask the hon. member to confine his remarks to the motion before the house.

Mr. Drew: It goes slightly farther than that, Mr. Speaker. We are discussing public business and because the members of this

house are all in some way associated with that business it is necessary for me to correct *Hansard* and to state what I feel sure the hon. member well knows, namely that no house has been given to me by the Tory party, but that a group of citizens provided a house which is to be the house for the leader of the opposition from time to time. That has been publicly stated—and stated clearly—and I thought the hon. member knew it.

Mr. Cote (Matapedia-Matane): I will accept the correction made by the leader of the opposition. I accept it. I am glad that the correction was made by him.

Mr. Rowe: You should have known it before.

Mr. Cote (Matapedia-Matane): I say that if for other reasons the chief of the opposition is willing to stay here for twelve months during the year, that is his business. He has the full advantage. I should be glad if I could stay here for twelve months and look at him. But as far as I am concerned I want to tell the Tories that if, in my riding, they continue to carry on the policy of the big shots, they will never get anywhere in Quebec irrespective of the last congress they had in Montreal.

Some hon. Members: Carried.

Mr. Deputy Speaker: Order.

Mr. Cote (Matapedia-Matane): I am pleased to offer their support to the Prime Minister.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker—

An hon. Member: Here we go now.

Mr. Ferguson: —I often wish some of these great orators would get up and try to demonstrate whether they have much intelligence and try to say a few words on their feet rather than sit back sprawled out in their seats and interrupt people who are at least endeavouring to say something on behalf of those hon. members' constituencies as well as their own. There is one man who is frequent in his interruptions, but I have never heard him speak very intelligently on his feet on any occasion in the House of Commons, either for his constituency or for any other constituency across Canada.

This debate has been exceedingly interesting. I am going to try to speak just as a lowly individual member. I quite agree with the hon. member for Eglinton (Mr. Fleming) when he says that it will be a sorry day for the House of Commons when we lose the great asset which the people of Canada now possess in having men of diversified occupations, from all walks of life, sitting here endeavouring to administer the affairs of the people of Canada. That can only be made possible by people attending to whatever vocation they are carrying on in their home constituencies. If it ever becomes necessary for a member of parliament to devote one hundred per cent of his time to the House of Commons, we will no longer have a democracy or a democratic form of government.

All hon. members, with few exceptions, must undoubtedly agree with those words. We cannot have a democratic form of government unless people are in the position that they can seek and obtain information from people of all walks of life, through association in business. But surely the members of this House of Commons are not so antiquated and steeped in tradition that they cannot get together and smarten up the method by which we are endeavouring to carry on the people's business in the House of Commons. Surely we cannot let tradition hold us in such a vise that our own inveterate intelligence and knowledge, gained through bitter experience, will not serve the members of this house of all parties so that they may devise some method of expediting the service that we are trying to render to the people of Canada. I believe that what we have heard today will be of great benefit to all members of the House of Commons and, therefore, will be beneficial to the people of Canada.

I heard one hon. member, the hon. member for Cape Breton South (Mr. Gillis), talk about remuneration. Let us be frank about it. The rising cost of living affects all members of parliament. Members who, through their integrity, their intelligence and their willingnes to work, are at times able to make more money than are other members of the House of Commons, are justly entitled to whatever money parliament sees fit to pay members of the House of Commons for the service they render to the people, irrespective of their private income from other sources. Undoubtedly the public of Canada should be aware, as most of them are not, of the length of time that a member of parliament devotes to the duties that he is called upon to perform as their representative. A member of parliament's duties are continuous. You talk about sixteen hours a day. The duties of a member of parliament extend over twenty-four hours a day. He is on call twenty-four hours a day. He comes to the House of Commons around nine o'clock in the morning and opens his mail. He attends the afternoon session, and the session closes in the evening at eleven o'clock. He finally wends his way home and arrives there at twelve or twelve-thirty, if he is fortunate.

The people of Canada do not realize exactly what is involved at the present time in the duties of a member of parliament. There are the committee meetings. They do not speak of this, but members of parliament are on call all the time. Men and women call a member of parliament when he is in his own home supposedly on vacation, and inform him that some gentleman has been arrested for drunken driving, what can he do about it, or some lady thinks she is entitled to a pension. She is only forty-eight years old but her children have all grown up and she is no longer getting the widow's pension. Just because she has been receiving it and the children are grown up she thinks she is still entitled to it, and the member must conceive some method of seeing that the pension is continued to her.

The duties of a member of parliament and the requests made of him should be considered by the people of Canada. The position of a member of the House of Commons should be set on a pedestal as high as any position occupied by any man in the country.

We talk about an increase of twenty per cent in judges' remuneration because of the service they render. I will say openly in the house today that the members of the House of Commons are badly underpaid. They are badly underpaid for the services rendered. If any voter in any constituency thinks that he is going to get the kind of intelligence that he will need, not the kind that he wants, perhaps, but the kind that he needs for his benefit, he will have to pay more for that service.

There are men who have been talking and heckling in this house today who are very keenly pleased at the fact that there is another session in the offing in the fall and that they may replenish their depleted coffers. I am one of that group. I do not want to work for marbles, and I do not mind giving the best that I have in me in service to the people who sent me here, and I shall continue to do that, but I am going to be free to tell them that I am entitled to more pay. I am not going to beat around the bush about it as some men do.

What we need to do in this house is to show the people of the Dominion of Canada that in the position we occupy, or should occupy, we are representing all the people of Canada. By so doing we shall gain the respect for our position which is its due.

Mr. A. C. Stewart (Yorkton): I have a few words to say on this motion. With all due respect to the hon. member who just took his seat, I think his remarks exemplify what a member of the House of Commons could do. The hon. member's voice and expression are such that if he went into competition with Jimmy Durante I think probably he could earn a lot of money. That is a compliment to the hon. member. I understand that he also had a splendid record in other realms, and I am proud to hear from the hon. member in connection with the duties of members of parliament.

In spite of the press statements, the duties of members of parliament have been carefully outlined by the hon. member for Cape Breton South (Mr. Gillis), and the work of the forthcoming fall session has been outlined by the Prime Minister (Mr. St. Laurent). I do submit, however, that there is a waste of time in this House of Commons. I have sat in a house for as long as nearly twenty years. There is a waste of time in debates in this house. There are some hon. members here who have been here a long time who do not indulge very much in debates, but when they do get up they do say something. There are other hon. members who have been here a long time because they have looked after the people of their constituencies. But the matter of serving a constituency is not jumping up in the house on every conceivable occasion.

If we are to amend the procedure in this House of Commons before the next session rolls around I should like to have statistics before us showing the time actually occupied by some of the professional orators. If they had not taken up so much time we would have been through with all the business by now. Because they have been here a long time, owing to their being lucky or through being skilful enough to spend all their time on politics, and thereby get re-elected, they think that they should make the job of a parliamentarian a profession. That is not our duty here. For instance, yesterday we had motions on second and third reading of a bill that were almost identical. It had to be voted on twice. If the time taken in the house by certain members of the opposition were carefully calculated, and if we had it before us at the next session we might possibly consider changing some of the rules. Some of the suggestions of the hon. member for Eglinton could be very carefully considered by parliament and by the government.

The leader of the opposition objected to the statement being made that he was following the press. The leader of the opposition quoted from certain newspapers. I have read the two Ottawa papers and this paper from Montreal. There is no question in the world that they are nothing but Tory papers. I think they followed the leader of the opposition in their objection to the change that is proposed by the government. You cannot

pick up these papers and find properly quoted anything that a Liberal said. In my opinion they are nothing but Tory press and a Tory vehicle. I think they follow the leader of the opposition in their remarks criticizing the fact that members' indemnities are being raised.

With all due respect to the press—and I know some splendid fellows on the press—we do not find many members of the press elected to parliament. There are very few members of the House of Commons representing the press. In so far as the relative merits of the press and the parliament are concerned the people can judge. If there is any doubt as to the relative merits of the press and parliamentarians the ball game last night amply demonstrated who is superior.

In so far as the western members and the maritime members are concerned, the men who wrote these articles have not featured the actual position of those members. Not only have they left their homes, but they have to stay in Ottawa. Very few of them have been back to their homes during the whole of the session. For instance, two members from Saskatchewan have had to buy homes down here to get their young children at school and to keep them in their parents' care. Members from the maritimes and from Newfoundland are in the same position. They have to stay here. On the other hand, members from Ontario and Quebec can get home every week end—and some of them are very long week ends. They are also faced with something that possibly the press does not understand, and that is, that the closer you are to home the more difficulties you run into, and John Jones, his uncle and his aunt are on your doorstep, morning, noon and night, just as the previous speaker said.

Parliament is an institution. Following what the hon. member for Eglinton said I think we could shorten procedure in this House of Commons if certain members who have usurped the floor time after time, thinking that they are displaying ability and skill that are not possessed by other members, would refrain from jumping up on every conceivable occasion and taking up the time of the house in senseless debate.

I think that between sessions the cabinet might carefully consider overhauling some of the rules of the house. The session this fall will be an important one; important matters will have to be dealt with. Then, over and above the legislation to be introduced, we do not know what the war situation may be. Members would be subject to call if the war situation became worse.

[Mr. Stewart (Yorkton).]

Instead of being criticized in the house, I say the Prime Minister (Mr. St. Laurent) and the cabinet should be commended for having taken the stand they have taken. As has been said by the hon. member for Cape Breton South (Mr. Gillis), there are men working in factories, men working in mills in Hamilton and other places who, as unskilled labour, are earning more money than hon. members receive for their indemnity.

I disagree with what was said by the hon. member for Eglinton (Mr. Fleming) with regard to lawyers. The law societies in all the provinces, and the judges, are not required to sit during what are known as the long vacations. The long vacation begins on July 1 and, except for summary trials before justices of the peace, there are no court sittings until September 15. And, Mr. Speaker, the suggestion that we sit here another two months listening to some of the speeches such as those we have been forced to listen to in the last four months nauseates some of the western members and, I believe, the maritimers, as well. That is a fallacious suggestion.

We have heard about the terrific heat of midsummer in Ottawa. We have not had that heat yet this summer; but as for accomplishing any real work in the House of Commons during July and August, particularly with respect to certain bills that have not yet been placed before the public, and which our constituents have not had an opportunity to study—and in this I include not only the matter of freight rates, but also the other bills the Prime Minister has mentioned—the prospect is not very bright. We want to discuss those measures with our constituents so that we may have their views and work refreshed in the fall.

In my opinion the government is to be complimented upon arranging matters as they have been arranged. For simple party reasons, the official opposition should have acquiesced, as have the other groups, in the suggested change for this year.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, the last two speakers have made a real contribution to the debate. Anyone who will read their speeches carefully will see that they have pointed out many of the conditions facing members of parliament.

Morning sittings are distasteful to all hon. members; they are distasteful to members of the Social Credit group, because they constitute a heavy additional strain just when all conscientious members are pretty well worn down. But we know, as members of the Social Credit group, that in order to finish the business of the house we must

hold morning sittings; there is no use complaining about it. It is just part of what we have to take in our stride.

Governing Canada is an exceedingly complex and laborious task. This is true even in what might be called normal times; we are now in the most perilous of abnormal times. All this ought to be borne in mind when we are considering the problem of having a second session.

We are faced with problems of tremendous importance and of almost overwhelming intricacy.

As one example of the difficulty of governing Canada, look at our estimates. I do not wish to reflect upon anyone in the house, so far as his work here is concerned. In fact, I believe there is no one in the house upon whom reflection should be cast as regards using time. All one need do in this connection is consider the estimates. If the people of the country could see the big blue books of estimates members have on their desks, books completely filled with items, any one of most of which could occupy the time of the house for perhaps a week, and realize that members have to labour through those estimates during the course of a session, they would realize in part the problem facing us—and particularly the problem facing opposition groups who are expected to criticize adequately the estimates coming before the house.

There comes to my mind one item which hon. members will all have in their minds. I refer to the Department of Transport. The Minister of Transport (Mr. Chevrier) came before the house with his estimates, prepared and ready to discuss them, and days and days were spent by opposition members on the discussion of only the first item. We did not make the slightest progress during those days, so far as getting the estimates through was concerned—and yet I believe every speech made was well worth making and was a contribution to the debate. If hon. members proceeded to examine each item as carefully as they examined the first one in the Department of Transport, we could not possibly hold enough sittings in a year to cover the estimates.

One question is this: What are we going to do about these estimates, most of which are as important as the first item in the Department of Transport?

I should like for a moment to turn to the press. The leader of the opposition (Mr. Drew) has quoted from certain newspapers throughout the country. In my opinion the writers of the editorials the leader of the opposition quoted simply went off the deep end. They indicated they did not know anything like what they ought to have known about the conduct of the affairs of the House of Commons; otherwise they would not have made any such irresponsible statements as were read into the record this afternoon.

I think the time has come when someone ought to put our press to school, so that they would know something about the responsibility resting upon them. Anyone who reads almost any of the major newspapers of this country, on either side, finds himself reaching almost a state of disgust when he realizes the incompetency of the knowledge, understanding and thinking of the men who are writing these editorials.

Let me use one illustration: if members do not talk on the estimates, then according to certain newspapers they are weak, and are not doing their jobs; if they do talk, then they are wasting time and delaying the progress of the session! For some reason or other it seems there is scarcely a newspaper editorial writer in Canada who has been able to sense that fact, and to view the whole matter with equanimity and with a dispassionate soundness of thought. They do not seem to realize that everything they say has an effect upon the people, and has something to do with leaving the impression as to whether or not the House of Commons is a success.

As I said a moment ago, when we discuss the estimates we are accused of delaying progress; if we let them go through without criticism we are accused of being lax and negligent, so that we see headlines in certain papers condemning how the members have passed billions of dollars of estimates in one or two hours or one or two days! But all the members were trying to do was to get the estimates through so that the session could be finished in reasonable time. It is not that members do not want to discuss the estimates; under the circumstances they simply could not possibly take time to discuss them.

I suggest that every newspaper editor in the Dominion of Canada should obtain a copy of the estimates and then come forward with suggestions as to how the House of Commons can deal adequately with this volume of estimates in any length of session.

I am tempted to say something about the stand taken by the leader of the opposition, but I hesitate to do so. I did think, however, that after having been here as long as he has, and having been in public life as long as he has, he should have realized that a good many of the things he said would have been much better left unsaid. The position of

this group was well set forth by the leader of the Social Credit party on June 4 as recorded at pages 3668 and 3669 of *Hansard*. He agreed with the Prime Minister (Mr. St. Laurent) completely with respect to holding a fall session. If he were here today—and he is unavoidably detained—I believe he would say that he would agree with the Prime Minister with respect to holding morning sittings. Therefore this group is completely behind the Prime Minister not only in holding a fall session but also in commencing morning sittings next week.

Mr. Stanley Knowles (Winnipeg North Centre): Just before the motion is put, there is a word I should like to say bearing directly on the question before us. I for one promise to be strictly in order and to talk about the motion now before the house, which calls for morning sittings starting at eleven o'clock next Monday morning. The reason I rise is that I want to put in a word for those whom the passing of this motion will directly affect. I refer to various groups of employees of the House of Commons. For a number of these groups it means additional work and additional hours. For one group in particular—and I refer to the *Hansard* staff—it not only means additional hours and additional work but it also means additional strain.

All of us have contacts with the members of the *Hansard* staff. I am sure all members will realize the truth of what I am saying, and will realize that in former sessions there have been times when we have been unfair to them because of the length of time during which morning sittings were held, and also because of the fact that toward the end of the session the tendency is to have a day or so when we sit right through meal hours. There are two suggestions I want to make. The first is that in view of this extra work I think consideration should be given to something in the nature of overtime pay. If there is no other way in which it can be done, at least it can be done by granting pay for a week or so after the session ends, and in view of the extra work I think members of the *Hansard* staff would be fully entitled to consideration of that nature.

The other suggestion I wish to make is that this time—and indeed in all future sessions—we should avoid, unless there is some dire emergency, going straight through on the last few days without rising for meal hours. I make that plea not on my behalf, not on behalf of the members, but on behalf of the *Hansard* staff who find those days really more of a strain that we should expect them to undergo.

[Mr. Blackmore.]

What I have said about the *Hansard* staff applies to other groups, and I mention in particular the page boys. In view of the extra work we will be putting them to I think some special consideration should be given them. So far as they are concerned, I think we can leave it to His Honour, the Speaker, to find some way in which to make sure that they are compensated. I trust this will be done.

Mr. Deputy Speaker: If the Prime Minister speaks now he will close the debate.

Right Hon. L. S. St. Laurent (Prime Minister): I am not going to speak very long. One hour and fifty-two minutes ago I bowed to the Speaker, and as a consequence of that bow he put a motion moved by me reading as follows:

> That on and after Monday, June 11, 1951, until the end of the session, the house shall meet at eleven o'clock in the morning of each sitting day and that, in addition to the usual intermission at six o'clock p.m., there shall also be an intermission every day from one to three o'clock p.m.

In that hour and fifty-two minutes I have not heard anyone suggest that the motion should not be adopted. On the contrary, everybody has implied that it should be adopted. But notwithstanding that, there have been speeches that took an hour and fifty-two minutes on what the hon. member for Eglinton (Mr. Fleming) calls "kindred questions". Kindred questions are the explanation of the time that is taken in this house to transact the business that interests the country. The kindred questions were pretty carefully watched by the Speaker in this debate, and it is rather unusual that four or five times speakers were brought back to the matter that was before the house for discussion. It happens rather infrequently that in the discussion of these kindred questions the Speaker takes it upon himself to bring members back to the matter before the house.

I think that what has taken place here this afternoon is a very good explanation of why it becomes necessary at times to propose that there be three sittings a day in order to get through with the business that does have to be done. Those kindred questions are questions of considerable interest, but they are kindred. At the beginning of the session the standing of the parties was about 185 on this side and about seventy for all members of the opposition together. I have had a tabulation made of the time when kindred questions were under discussion in the budget debate and in the debate on the address in reply to the speech from the throne. On the budget 234 columns were taken by the 180 odd members of this party, and 331 were

taken by the seventy members of the other parties. On the speech from the throne 317 were taken by the Liberal members and 454 were taken by others. I am not complaining. I am merely stating why it is that there comes a time when, to get the business of the house proceeded with, a motion of this kind has to be made. I submit it for the consideration of the house.

Motion agreed to.

WEDNESDAY EVENING SITTINGS ON AND AFTER WEDNESDAY, JUNE 20

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on Wednesday, June 13, 1951, and every Wednesday thereafter until the end of the session, the sittings shall in every respect be under the same rules as are now provided for other days.

He said: Mr. Speaker, since this motion was inscribed on the order paper some hon. members have pointed out to me that they did not expect it, and that they had other commitments for this coming Wednesday. They asked if the motion could not be amended by replacing June 13 with June 20. If I have the unanimous consent of the house I would suggest that it be so amended, or perhaps that it merely be corrected, and that it be passed as if the motion read "Wednesday, June 20, 1951, and every Wednesday thereafter until the end of the session" instead of "Wednesday, June 13, 1951, and every Wednesday thereafter until the end of the session."

Motion as amended agreed to.

GRAIN

REQUEST OF WESTERN FARMERS UNIONS FOR INTERVIEW WITH GOVERNMENT

On the orders of the day:

Mr. P. E. Wright (Melfort): I should like to direct to the Prime Minister a question of which I have given him notice. Has the Prime Minister received a request from the farmers unions of western Canada for an interview and an opportunity to present a brief dealing with the marketing of western grain? Is the Prime Minister prepared to arrange an interview for the delegation?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member sent notice to my office that he was going to ask this question, and therefore I was able to check the dates. The answer is as follows: On June 4 I received a telegram signed by Mr. J. L. Phelps containing a request that the government receive a delegation which would, according to the telegram, represent provincial farm union executives of Manitoba, Saskatchewan, Alberta and the British Columbia bloc accompanied by additional farmers, for the purpose of presenting a brief. I am not aware of what the brief contains, but the request stated that the delegation wished to present matters of urgent and immediate importance to western agriculture. I had a reply sent the next day, June 5, which stated that owing to the pressure of parliamentary duties it would not be possible to arrange an interview with the government but that the brief referred to in the request for the interview, when received, would be brought to the attention of those of my colleagues the organization might wish to have consider the representations.

I may add that members of the government met representatives of the farmers' unions of Manitoba, Saskatchewan and Alberta on April 9. Again on May 2 members of the government saw representatives of the farm organizations of western Canada. The delegation of May 2 included representatives of the federation of agriculture, the three pools, the united grain growers and the farmers' union. As nothing new to my knowledge has arisen since the May 2 meeting, I could see no urgent reason for arranging another interview at this time with organizations which form only a part of the federation of agriculture. When I receive this brief, if matters not already dealt with appear to be involved, the question of trying to find the time to receive a delegation can be reconsidered.

Mr. Fair: If I might ask a supplementary question, in view of the fact that a very great wrong has been done to western agriculture—

Some hon. Members: Order.

Mr. Fair: —about which a delegation recently visited Ottawa, I would ask the Prime Minister if he will reconsider his decision.

Mr. St. Laurent: Mr. Speaker, I do not consider that a great wrong has been done to any section of the community. As far as the five-year wheat pool is concerned, as long as I am a member of the government it will make no further recommendation to parliament.

Mr. Fair: The steal still continues, then.

FISHERIES

NEWFOUNDLAND SALT CODFISH—MINIMUM PRICES FOR 1951 PRODUCTION

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I understand the conference between the

Newfoundland salt codfish association and the representatives of the fishermen has concluded. I wonder if the Minister of Fisheries is prepared to make a statement as to the results of that conference.

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member telephoned me this morning and said he proposed to ask this question. It has been reported to me that while agreement was not reached between the representatives of the fishermen and the merchants on minimum prices to be paid for the 1951 production of salted cod, there was no great difference between what the merchants were prepared to offer and what the fishermen considered to be the minimum they could accept. Agreement was reached to hold further meetings on a monthly basis throughout the season, and as the production and marketing picture clarifies it would seem likely that agreement on prices can be reached at a later date. I would point out that the chairman of the Newfoundland fisheries board, in calling this meeting, was simply providing a medium for the two groups to meet. The responsibility for decisions reached or not reached rests entirely with the fishermen and the trade.

HOUSE OF COMMONS

SPECIAL COMMITTEE ON SOUND-AMPLIFICATION —SUGGESTION AS TO PERSONNEL

On the orders of the day:

Mr. J. R. Kirk (Antigonish-Guysborough): On a question of privilege, Mr. Speaker, I should like to refer to the announcement of those members who are to serve on what is called the amplification committee. I observe that the name of an hon. member, in fact a member of the cabinet, who should be on that committee does not appear in the list. The hon. member to whom I refer is a graduate of the Massachusetts Institute of Technology, and is an electrical engineer. For a time he was associated with the Bell Telephone laboratories in New York, and more recently with the Northern Electric Company in Montreal. I am sure this must have been an oversight, and I now draw it to the attention of those who had to do with the selection of this committee.

POLYMER CORPORATION

INQUIRY AS TO CHANGE IN DIRECTORATE OR MANAGEMENT

On the orders of the day:

Mr. J. W. Murphy (Lambton West): In the absence of the Minister of Trade and Commerce I wonder if the parliamentary assistant would advise the house whether there has been any change in the directorate or company management of the Polymer Corporation that can be announced at this time.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): I will draw the question to the attention of the minister, and if there is any announcement to be made I will have it made as soon as possible.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

383. Departmental administration, $381,223.

Mr. Black (Cumberland): When the committee rose last evening I had been discussing this item and I do not propose to take much more time, though this department is extremely important to my part of Canada. When it was organized it held out great promise to Nova Scotia and the maritimes generally, and I think our members are very sympathetic to the minister and are disposed to co-operate with him in every possible way. We are voting a large amount of money to this department, some $47,775,575, which includes vote No. 565 having to do with wartime housing, under which we are to vote $12,700,000. During the course of this discussion I would like the minister to state just what he is proposing that will be of assistance to my province and eastern Canada generally.

Last evening, in the few minutes at my disposal, I mentioned quite a number of items about which our people are concerned. I recognize that some of those matters are not covered by the estimates, but they have to do with the resources and development of Nova Scotia and I took it for granted that the minister would be concerned with them. I was particularly discussing the dispersal of industry, which is of great interest to eastern Canada. Many representations have been made from all parts of the house with respect to expenditures made during the two great wars, and expressing the hope that due consideration or perhaps even special consideration would be given the outlying parts of Canada in the defence expenditures now being made. Not only was this view put forward by members in every part of this house; some senators expressed concern that more had not been done along this line. This does not come directly under the minister, I appreciate, but after all he is the minister directly responsible for the interests of Nova Scotia, and I look to him to take an interest in this. What has been

done up to the present has been very disappointing, but we are still hopeful that special appropriations will be assigned to eastern Canada. I noticed an announcement a few days ago that the enormous sum of $50 million was to be spent in constructing a chemical plant in Alberta. A few days ago I asked the Minister of Defence Production what was being done in Nova Scotia in regard to chemicals development, and he gave the encouraging reply that it was being considered but he could not yet make an announcement. I hope the Minister of Resources and Development will be able to make some announcement in this respect.

There are many other matters which are concerning the people of eastern Canada but I do not know that there is any necessity for me to refer to them on this occasion as no doubt other hon. members will do so. Other items of expenditure will be discussed in detail as they are called and I do not know that I need say anything more on this first administration item.

The Department of Resources and Development holds out great promise, or it did when it was organized, to the people of my constituency, to the people of Nova Scotia and to the people of eastern Canada. I look forward to hearing a specific statement by the minister as to just what he proposes to do under these estimates to assist this part of Canada.

There is still a considerable amount of unemployment and many of our people are being attracted away from home to central Canada. We feel strongly that this should not take place. It is the primary duty of the minister to see that employment is given to these people where their homes are and that they be not attracted away with their families following in due course. It is the primary duty of this department and of the government in general to see that there is a fair distribution of industry at a time when there is so much production in Canada. This should be done as quickly as possible.

It has been stated in the house that members from the maritime provinces are continually complaining. I do not think that that is a fair interpretation of the appeals we made during the last war and since, and are making at the present time. I think it is recognized by many who do not live in the maritime provinces that those provinces have not received proper consideration from this government and from some previous governments. We have the resources and the manpower and we certainly have contributed our part to the formation of Canada.

There would have been no Dominion of Canada had it not been for a statesman who came from the maritime provinces. There would have been no Dominion of Canada had we not formed part of it. Many people in Nova Scotia have been disappointed with the results, but I assure members of the house that we are still good Canadians and are going to play our part within the bounds of Canada. We make this special plea to the minister whose estimates are now before the committee, to the government in general and to the membership of the house, that more attention be given to the needs of our people in eastern Canada.

Mr. Higgins: Mr. Chairman, I have one or two comments I should like to make but I can assure you that they will not be long. They have to do chiefly with conservation. I believe the minister, and no doubt all hon. members, will agree that possibly conservation is the most important thing in Canada today. When we speak of conservation we think immediately of our forests and what has happened to them. Someone told me recently that as a result of carelessness last year enough timber was burned in Canada to build a city the size of Montreal. If that is so then very definite measures should be taken to ensure the future wealth of our forests.

I understand that when the white man came to this country there were nine inches of top soil. As a result of the destruction of our forests by fire and improper cutting that top soil is now less than six inches deep. That is a very serious matter. If our forests are not properly conserved our top soil will gradually disappear. Top soil is the most important soil in the country.

With all this I couple the question of the conservation of game fish. I am sure that the minister's department has this matter seriously in mind. I do not think I can approach this subject more strongly than the department is probably approaching it at the present time, but I do feel that those who hunt and fish should have instilled in them, and we should keep on instilling in them, the fact that they should not shoot any more than they intend to eat. They should not shoot simply for the pleasure of shooting. This applies to all types of game and wildlife. It applies particularly to game fish, and here I am not dealing with the fish that would come under the Minister of Fisheries. He has strong ideas on conservation and he has been showing a great interest in this matter during the past twelve months.

If it has not already been done, a special effort should be made by the department along these lines. Education should be carried on through the schools in order to reach

our younger sportsmen, and there should be some form of continuous public campaign. Not only do we need our wildlife, we also need the money that is obtained as a result of that blessing. I venture to say that a large part of the United States money that we obtain is obtained from those who are interested in hunting and fishing. If we are to preserve that heritage very definite steps will have to be taken to see that these resources are not depleted.

We have seen what has happened in other countries. We have seen various species of wildlife disappear. We have in this country streams which at one time carried great numbers of salmon but which today carry none. As I said, I am not going to speak strongly or at length on this matter. I am sure the minister's mind is clear on the subject, and I believe that he feels the same as I do. When you discuss the conservation of resources you are discussing a matter that touches everybody. After all, the resources of each province in this dominion are extremely vital. When we see any natural resources being made away with by any means, we get a little bit worried. I am sure the minister has not had the opportunity of studying the bill that is going to be put before the legislature in St. John's, Newfoundland; but it deals with a great many of these resources over which the minister here has control. I hope the minister will be in a position to tell me what stumpage on wood is being paid in each province of Canada this year. I should like those figures if I could get them. I have a special reason for wanting them. An attempt is being made to give to a corporation a large area of the province of Newfoundland at a stumpage rate of fifty cents. To me that seems to be an extraordinarily low price. It is a matter that comes within the minister's purview, I should think. I should like him to let me have a comment on this matter and, if he can, to let me have the stumpage that is paid in the other provinces that are cutting wood.

Item agreed to.

National parks branch—

384. Branch administration, $22,780.

Mr. Knight: I have a small but specific matter that I should like to bring to the minister's attention. It has to do with a national park, namely the national park at Waskesiu in northern Saskatchewan. Three or four years ago I had occasion to make some complaint on behalf of the people whom I represent in the city of Saskatoon and who, I may say, use this park as a summer vacation ground; and a fine vacation ground it is. At that time a great many people were using what are commonly called shack tents—a movable affair and semi-permanent, if I may call it that—which they took down and stored away in the fall of the year and put back again when they went back for the next summer. May I say that those people believed that they were receiving rather scant treatment on the part of the park authorities. They felt that they were being edged back from the lots which they occupied temporarily and that these grounds which they had previously occupied were being given to people who were willing to build cottages of a more permanent type. I want to pay tribute to the superintendent of that particular park. Since Mr. Strong has been there, we have found a decided improvement. The people for whom I was concerned previously have had little reason for complaint; and so far as I know they have not made any.

There was, however, one incident which happened this year and which was brought to the minister's attention, and as to which, in correspondence with me, he did not answer. Whether that was an oversight on the part of his officials, I do not know; but I am going to bring it to his attention again. To these people who had these temporary quarters an opportunity was given to get lots upon which they might build a little bit more permanent type of thing. There was a big demand for those lots, and the matter was decided by drawing certain numbers out of a hat. My correspondent tells me that there were only 70 of these lots available whereas there were over 100 applications for them. That is reasonable enough.

The point that I want to make is that these people, in whose interests I speak, have had these grounds for a number of years. This man in particular had the ground since the year 1928. When it came to settling as to who would get these sites upon which to build this particular type of cabin, the names were put in a hat. But the names were put in a hat by the general public as well as by the people who had previously occupied the grounds. His contention—and it is a contention which was totally overlooked, may I say, in the answer of the minister—was that these people who had occupied these grounds for a period of years—and my constituent had done so since 1928—had a priority over the general public. That was his opinion, and it is my opinion.

When this matter was brought to the minister's attention, he replied that he sympathized with my friend who had not been lucky in the draw of the numbers out of the hat and that my friend would have the opportunity again, when the numbers

were again put in the hat perhaps a year from now, to get ownership of some other lot in some other grounds somewhere else. That is not the point. That is evading the issue. The point is this. Should these people who have had those lots for years and years not have some priority over the general public? That is the question that I should like to bring to the minister's attention, and I should like him to tell me what he thinks about that particular situation.

Mr. Winters: In Prince Albert national park at Waskesiu, there was a need for further campsites mentioned by the hon. member, and a new area was opened up. The determination of who would have the privilege of occupying sites in the new area was made by draw, which seemed to be the fairest arrangement.

Mr. Knight: Mr. Chairman, might I interrupt the minister long enough to say that I do not agree with him when he says that it was the fairest arrangement.

Mr. Winters: That is a matter of opinion.

Mr. Knight: Does the minister think those lots should have been open to the public when people who had been there for ten, twelve or fourteen years had to submit to the chance of a draw as to whether or not they could get one of these lots?

Mr. Winters: If the hon. member had allowed me to continue, as he did not choose to do, I would have said that the people who have been there for the period of time he mentioned still have the right to remain where they are now and that these new areas are available to new people coming in or to anybody who wishes to take a chance on the draw to change from where he is now to one of the sites in the new area.

Mr. Brooks: I just want to say a few words on this item and to ask the minister a question. We were greatly interested last year in the opening of Fundy park in New Brunswick. I think we were the last province in Canada to have a park. Newfoundland was not part of Canada at the time that the parks were considered previously. We were indeed pleased that our park was opened in New Brunswick. I remember that in 1937 or 1938, I think it was, the parks were opened in Prince Edward Island and Nova Scotia. At that time and previously I had pressed in the house for the opening of a park in New Brunswick. I felt that it was unfortunate that so many years had passed before it took place, and that we lost a great opportunity of tourist trade over those years. There was, however, difficulty over a site between the federal government and the province, mostly, I think, owing to the fact that the province could not decide on a site.

I may tell the minister that there were some complaints. I should like to have the minister's attention if I may, while I am speaking. There was some complaint over the ceremony at Fundy park last year. I may say that I am not blaming the minister personally at all, because I know that, when he goes into a province to open a park or any other public institution, arrangements are usually made by those in the province. But he must have been struck himself, I think, by the fact that the opening of Fundy park was entirely a political matter. There was not one—

Mr. Winters: Not political.

Mr. Brooks: It was entirely political.

Mr. Winters: No, not political.

Mr. Brooks: There was not one Conservative who took any part in the function. The leader of the opposition in the province of New Brunswick was not even extended the courtesy of being asked to sit on the platform although there were twenty other members and officials and mayors of different cities and towns who were asked. Mr. Mackay, after he came to the park at the very last minute on that day, was asked if he would come up and sit on the platform; but the courtesy had not been extended to him previously.

I dislike interjecting a personal matter, but the Fundy park is a part of my constituency, just as it is a part of the constituency of the hon. member for Saint John-Albert, and I was not extended the courtesy of having an invitation.

Mr. Winters: If the hon. member will permit me to say a word to avoid a long debate, I should like to extend to him and to the colleagues of his party an apology. At the time of the arrangement I did not know that there had been that oversight but I learned of it since, and I was just as disappointed as he was. I am very sorry it happened. With regard to the remark about its being political, it was not intended to be political. I believe anyone who was there that day would support me in saying that there was no political complexion to any of the proceedings. I say again, I am very sorry that the members of the opposition concerned were not invited, and we shall certainly see to it that such a thing does not happen again.

Mr. Brooks: The minister just bears out exactly what I said at the outset. I was satisfied that the minister had no intention

that any discourtesy should be given to anyone. We look on our public park as something that belongs to all the people. There was considerable criticism in New Brunswick, and there is today, over the fact that this courtesy was not extended to members of opposition parties.

The minister says it was not political. Well, I listened to the speeches. I know that the chairman glorified the premier of the province and the premier glorified—

Mr. Winters: The leader of the opposition would have done that.

Mr. Brooks: —the Minister of Veterans Affairs. The Minister of Veterans Affairs came on and glorified the present Minister of Resources and Development.

Mr. Winters: I do not remember that.

Mr. Brooks: And so on right down the line. It was just a glorification of everyone. I was pleased to hear my good friend the hon. member for Saint John-Albert glorified, a man who had absolutely nothing to do with the park. He was not here in the house when the matter was brought up.

Mr. Riley: I have been here ever since the work started.

Mr. Brooks: I do not intend to elaborate this matter any further. I am satisfied that if the minister has anything more to do with matters of this kind in the province of New Brunswick he will see that courtesy and justice are extended to everyone. I have that confidence in him.

There is one thing that I should like to say about the park. We are indeed pleased to have it. It is a wonderful tourist attraction, but there is a complaint that there is no way of getting to it without great inconvenience. The money that has been spent has been justified except for the fact that the people cannot get there without travelling through clouds of dust. I know that a great many United States tourists who come into the province of New Brunswick start off for our Fundy national park. They have to breathe and eat dust for about fifteen or twenty miles. They come back disappointed and disgusted. It is certainly a great drawback. When looking into this matter I hope that the minister will provide a proper road through the park. I do not know whether it is his responsibility or the responsibility of the provincial government.

Mr. Winters: Provincial.

Mr. Brooks: I understand that it is provincial. After establishing such a splendid park in New Brunswick I hope that the minister will use his influence to try and see that the provincial government does something toward getting people there in comfort, and, as I say, without having to eat dust for fifteen or twenty miles.

Mr. Higgins: I notice that $10,000 was provided under this item last year for the province of Newfoundland, but no amount is provided this year. I believe that nothing has been done. Was the $10,000 spent that was provided last year? If so, what was it spent for? Why is nothing provided this year? Is it the intention to establish a park? If so—and I presume it is—has anything been done about deciding on the area? If so, what has been done? The minister has had this matter raised on several occasions. I feel it is about time that we had a pretty clear-cut answer on the matter.

Mr. Winters: Under that vote last year certain investigations of possible sites were carried out, but no park has been established. We have had no formal offer of an area from the government of Newfoundland, which is part of the arrangement under which any park is established, and no final steps have been taken toward the establishment of a national park in Newfoundland.

Mr. Higgins: Is the provincial government not anxious to establish a national park?

Mr. Winters: I of course cannot say whether the Newfoundland government is anxious to establish a park. They asked us to investigate certain areas, and officials of the department have done that.

Mr. Higgins: And the investigation is completed?

Mr. Winters: That phase of the investigation is completed, at any rate. A report has been prepared, and it is available in the department. I have not studied it yet myself.

Mr. Higgins: How long has that been completed?

Mr Winters: Since the first of this year.

Mr. Higgins: And no action has been taken?

Mr. Winters: That is right.

Mr. Riley: I was interested to hear the remarks of the hon. member for Royal with respect to Fundy national park and also with respect to the road, because some of the roads going through the county which forms part of my hon. friend's constituency are rather dusty. I realize at the same time that this is not a responsibility of the Minister of Resources and Development, although we in New Brunswick would like him to assume at least part of the responsibility. His department could very easily see that in the

interests of promoting this most splendid park which is located in my constituency—

Mr. Brooks: Not altogether.

Mr. Riley: —a gesture could be made by offering to pay at least half of the cost of the road leading into the park from my hon. friend's constituency.

I was also interested to hear my hon. friend's comment on the opening ceremonies. I was present at these ceremonies. I enjoyed them very much, and I am sure that he did as well. Perhaps we did not have the leader of the opposition on the platform—I thought he had been there. I am sure he did receive an invitation to attend the opening ceremonies.

Mr. Brooks: Yes, but not to take part.

Mr. Riley: Did my hon. friend not receive an invitation to attend the opening ceremonies?

Mr. Brooks: Since my hon. friend has asked me, yes, I did. What I was complaining about was that in the ceremonies themselves no invitation was extend d to the leader of the opposition or to anyone else except Liberals. In over twenty on the platform there was one Conservative who happened to be the mayor of Moncton, and it was generally understood that it was a very discourteous matter right through the piece.

Mr. Riley: It is all very well for the hon. member for Royal to say that he was not on the program. Neither was there any member of parliament nor any member of the legislature nor any member from the Conservative party. On the platform that day was the Minister of Resources and Development. He could hardly have been denied a place there. Then there was the Minister of Labour. He could hardly have been denied a place. The premier of the province could hardly have been denied a place.

Mr. Brooks: None of them should have been.

Mr. Riley: And members of the legislature from the county of Albert, who worked so hard to have the park there, as a matter of courtesy were asked to be on the platform. And I am very proud that the courtesy was extended to me, because the park was in my constituency.

Mr. Brooks: I rise to a point of order. I am sure the hon. member wishes to be correct. The park is also partly in my constituency; I do not know whether he knows that or not.

Mr. Riley: Mr. Chairman, if the park is partly in the hon. member's constituency, then I regret very much that I have not yet been able to visit that tiny corner of the park.

Mr. Brooks: That is hardly fair.

Mr. Knowles: You are making it worse.

Mr. Riley: No, I am not making it worse, at all. The hon. member for Charlotte was not on the platform, nor was the hon. member for Northumberland. The hon. member for Royal says that we must institute economies and save money; yet if the platform were built—

Mr. Knowles: How much did it cost to put you on the platform?

Mr. Riley: If the platform were built big enough to take in all the political parties, every member of every political party in New Brunswick, I am sure the hon. member for Royal would have some word of criticism.

What I would point out to the minister in regard to Fundy national park has something to do with the rate of wages being paid to the employees of the park. I notice that from time to time people are engaged in what are known as casual labour positions, which do not come under civil service commission regulations. I have had complaints from some of those people and from other interested parties in different parts of the province who, after visiting the park, have pointed out that there are workmen there in responsible positions, or positions which would scarcely be classified as labour, and who come within the wage rate which is known as the prevailing rate in any locality. They are working perhaps ten hours a day and getting sixty-five cents an hour.

Would the minister look into this and ascertain if there are not people working at Fundy national park at wages which hardly compensate them for the amount of responsibility they must take and the long hours they work to retain their positions. I know of one instance where an expert garage mechanic was employed to look after machinery. A good deal of expensive machinery is used in connection with the park, and maintenance work generally. After warning the department on several occasions, this man was forced to seek employment elsewhere, because of the low rate of wages. I hope this item will come to the minister's attention before the park is used to any extent this summer. I am sure the people in that locality would appreciate the minister's attention in the matter, as indeed I would.

Another matter which has been brought to my attention on various occasions may not come exclusively within the jurisdiction of the minister. However, it has to do with the post office in the town of Alma.

Mr. Winters: That is not in this vote.

The Deputy Chairman: If it is not within the scope of this vote, the hon. member cannot discuss it.

Mr. Riley: I shall save it for another occasion.

Mr. Higgins: Is it correct to say that the minister is prepared to establish a national park in Newfoundland as soon as the provincial government makes the land available?

Mr. Winters: I am not prepared to say at this moment that that is correct. The matter of establishing a national park is something that must be done by mutual agreement of the federal and provincial governments, the two major parties concerned. The purpose would be to set aside an area in a province for the use of all Canadians, so that they may enjoy themselves, and so that a certain area may be retained in its natural state in perpetuity.

We have had some discussion with the government of Newfoundland as to the desirability of a national park there. However it has not been finally determined whether an expenditure of money could best be made in establishing a national park in that province at this time. That does not mean to say that it is not the best way of spending the money, nor do I say that it is the best way. It is a matter we have to consider, and we must decide whether at this particular time there might be some other way or ways in which an equivalent amount of money might be spent to better advantage for the benefit of the citizens of Newfoundland and of Canada as a whole. The matter has not yet been finally decided.

Mr. Higgins: Is it because the provincial government was not prepared to spend the money on this project, and felt it could spend the money to better advantage in another direction, that nothing has been done?

Mr. Winters: I am not prepared to say in this house what is in the minds of members of the government of Newfoundland.

Mr. Higgins: To your knowledge.

Mr. Winters: I am simply saying that it is a matter of policy for the province of Newfoundland which has not yet been determined.

Mr. Dickey: Mr. Chairman, in the few moments remaining before six o'clock I should like to express a word of appreciation to the minister and the government for the decision taken recently to take over Citadel hill in Halifax as a national historic site. I believe the procedure of taking the responsibility for this property from the Department of National Defence and placing it under the historic sites and monuments board is a proper one, and one which has been welcomed not only in Halifax but throughout Nova Scotia.

Citadel hill, and Fort George, which is the fortification crowning Citadel hill, constitute in truth a most historic site. It is the central part of the old fortification dating back to the founding of the city of Halifax in 1749. The restoration and maintenance of the fortifications and work on Citadel hill will, I am sure, be of great interest and benefit to the whole of Canada. Not only is it an historical location, but it is also an extremely beautiful one, commanding a view of the city, the magnificent harbour and far out to sea.

Therefore I wish to express this word of congratulation and appreciation to the minister and to the government on behalf of the people of Halifax, who have had this matter at heart for many years. If anyone had any doubt as to the wisdom and farsightedness of the decision taken by the government in this connection, I am sure those doubts have been more than resolved by the findings of the royal commission which has dealt with this matter.

Mr. Winters: Mr. Chairman, before you call it six o'clock, out of deference to the hon. member for Saint John-Albert, and so that the reply to his question may be found near the question, for anyone consulting *Hansard,* I would say that the rates for the people he had in mind in the national park are established after consultation with the Department of Labour, and have regard to the prevailing rates in the area. The rates for the park are under revision now, and it is likely they will be revised before they are implemented this year.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

MOTION FOR SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved the second reading of Bills Nos. 332 and 343.

Mr. Knowles: Mr. Speaker, may I ask that Bill No. 332 and also Bill No. 343 stand for the reason that the evidence in connection with both of these cases has not yet reached us?

Mr. Deputy Speaker: Stand.

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 345, for the relief of Joseph Alfred Sabourin.—Mr. Winkler.

Bill No. 346, for the relief of Sarah Kamichik Coviensky.—Mr. Winkler.

Bill No. 347, for the relief of Yvette Marsan Valiquette, otherwise known as Marie Fernande Yvette Marsan Valiquette.—Mr. Winkler.

Bill No. 348, for the relief of Margaret Elizabeth McIntyre Williams.—Mr. Winkler.

Bill No. 349, for the relief of Mildred Ann Sinclair Allen.—Mr. Winkler.

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

Mr. Gagnon: On division.

Motion agreed to on division and bills read the second time.

GABRIELLE ROBERT MALLETTE

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 350, for the relief of Gabrielle Robert Mallette.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a brief word on Bill No. 350. I feel I should point out that of the cases before us tonight, a number of which we have already passed, this struck me as the saddest of those we are now dealing with. I shall not go into the details, although I could. I point out that there are two children, one boy eight and one boy seven years of age. The evidence seems to indicate that the husband has failed to support his wife or to assist her with the support of the children for some considerable time. I am happy to make the comment that no detectives were employed in connection with this case. The petitioner, the wife, was able to present sufficient evidence to the Senate committee herself as to her husband's misconduct.

The evidence indicates that the woman's income is only about $29 a week. It is a very pathetic situation on all counts. I am glad to note that the Senate committee reduced the fees that this woman has to pay for this divorce so far as parliament is concerned from the normal figure of $210 down to $75. I think I should also point out, although I have done it before, that the request made by the petitioner's counsel for the reduction of fees to that amount was made on condition that counsel submit a statement as to the fees that he would charge for the case. In other words it is an established practice in the Senate that when, because of the poverty of the petitioner for a divorce, the Senate reduces its fee, the lawyer must accept the rule of the Senate that his charges must be not over a certain figure. It is a very unhappy situation on all counts, but I feel we have no option except to agree to this divorce.

Mr. Deputy Speaker: Shall the motion carry?

Mr. Gagnon: On division.

Motion agreed to on division and bill read the second time.

MOTION FOR SECOND READING—SENATE BILL

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 351, for the relief of Archibald Kenneth MacLean.

Mr. Knowles: Mr. Speaker, might I ask that this bill stand, again for the reason that the evidence has not reached us.

Mr. Deputy Speaker: Stand.

FIRST CANADIAN REINSURANCE COMPANY

Mr. W. J. Henderson (Kingston City) moved the second reading of Bill No. 354, to incorporate First Canadian Reinsurance Company.

Mr. Green: Mr. Speaker, might I ask the sponsor for an explanation of this bill?

Mr. Henderson: Mr. Speaker, the purpose of the bill is to incorporate this company to carry on the business of insurance and reinsurance as is outlined in the title and in the bill. I might say that reinsurance is a common practice in the insurance business. I am told that the present intention of the principals is that their business will be along the line of reinsurance to begin with, and they will do business in all types of insurance save and except life insurance. The bill is drafted in the usual form and complies with the Canadian and British Insurance Companies Act. I understand it has the approval of the superintendent of insurance and I recommend that it be accorded second reading and referred to the banking and commerce committee.

Mr. Ferguson: Would the sponsor mind stating what the subscribed capital is and the capital set-up of the company?

Mr. Henderson: I believe the capital set-up is contained in section 7 of the bill. There can be no meeting of the directors until $100,000 has been subscribed in bona fide subscriptions, and no business will be commenced until $250,000 has been subscribed in a bona fide manner.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. John Decore (Vegreville) moved the second reading of Bill No. 356, respecting Canadian Pacific Railway Company.

Mr. Green: Could we have an explanation of this bill?

Mr. Decore: The purpose of this bill is to enable the Canadian Pacific Railway Company to carry out the terms of an agreement with the Alberta Coal Company providing for the purchase of fourteen miles of railroad recently constructed. As hon. members know, the Canadian Pacific Railway Company is incorporated by an act of this parliament and therefore comes under the dominion Railway Act, which requires that before a railway company may purchase or lease the railway of another company it must have the approval of parliament. The object of this bill is to grant the company this power.

Mr. Blackmore: Would the hon. member permit a question before he takes his seat?

Mr. Decore: Yes, when I am through. The line the Canadian Pacific Railway Company will acquire if authorized by parliament is a spur line recently constructed by the Alberta Coal Company connecting with the Canadian Pacific main line near Halkirk, which is somewhere between Calgary and Edmonton in Alberta. This spur line was constructed to enable the coal company to get its coal out by rail. The agreement which has been entered into by the coal company and the railway company is very much in the interests of the coal company. That company is not in the railway business and does not want to take over the responsibility of operating and maintaining this line. It will also enable the people in that area to open up a more or less new industry. As I have said, the coal company prefers to have this spur owned and operated by the Canadian Pacific Railway, with which it connects.

I therefore suggest, Mr. Speaker, that this bill be given second reading and referred to the standing committee on railways, canals and telegraph lines, where the circumstances surrounding the agreement and other relevant matters may be gone into.

Mr. Blackmore: Do I understand the coal company built the line and owns all the shares in it?

Mr. Decore: I am not sure who owns the shares of this line, though I understand the line is owned by the coal company. However, before the committee witnesses will be ready to give the answers to all these questions, and I believe that information can be obtained much more readily when the matter is before the committee.

[Mr. Henderson.]

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

BORDER PIPELINE CORPORATION

The house resumed, from Tuesday, June 5, 1951, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation, and the proposed amendment thereto of Mr. Herridge.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, from time to time in this house we have had debates with respect to oil and gas pipe lines. It may be thought strange that a maritimer should have something to say on this bill to incorporate this company, which is seeking permission to build and operate a pipe line. My reason for taking part in the debate is to express the opinion I have formed after listening to those who have spoken in opposition to this bill. One must consider the remarks that have been made. With one exception all those who have spoken on this bill have opposed it because they do not consider it in the interests of Canada first. The hon. member for Vancouver-Quadra (Mr. Green) has impressed me from time to time with his arguments on these bills, in which he has indicated that he is looking out for Canada first.

I am taking the stand that I oppose this bill on similar grounds. I have nothing against the hon. member who is sponsoring this bill. I know him as a good member of this house, and I had hoped that he would go back to his incorporators and have them change this bill by making the route all-Canadian, instead of having it take oil or gas to the United States. I try to look after the interests of Canada first, and with that in mind I believe we should ask ourselves what we are legislating for. In the closing days of a session, and indeed at other times as well, bills are brought hurriedly before committees of the house and adopted. Later, as has happened in other years, we find that certain bills should not have been adopted, because they were found not to be altogether in the interests of Canada first.

Many reasons could be given for taking that stand. I am going to give a few, which I hope may keep hon. members from voting for this bill. It is a great pleasure to be in this house and hear various hon. members from different provinces boosting—I could say boasting, but I think boosting is a better word—about the natural resources of their own districts and of Canada as a whole. The natural resources of Canada are something that any hon. member can be proud to boast about. These resources are barely scratched. The natural resources of Canada are great

indeed. Our production of agricultural products is one of the greatest in the world. Look at our forests. We can see at a glance that they constitute another great natural resource. Then we have minerals of all kinds. We have the finest fish that can be caught in waters anywhere in the world.

These are things that are worthy of consideration. In referring to our mineral wealth I am reminded of the gold rush to the Yukon in 1898, the greatest gold rush in the history of America. There have been other gold rushes, but the 1898 gold rush to the Yukon was the greatest that Canada or the United States had ever seen. The reason why so many made such great efforts to get to the Yukon was the hope that gold could be practically picked up from the stream. But they were all sure of one thing, that no expensive mining operations would be required.

Then came the discovery of oil in western Canada, particularly in Alberta and the oil rush is on today to that part of Canada. There is a rush also by different corporations to obtain, as it were, a complete monopoly in connection with the sale or export of this oil. In passing legislation of this type our first thought should be to see that the province that produces the oil is served first. Our second thought should be to see that the provinces adjoining are given an opportunity to use the oil to develop their manufacturing and other industries within the province. Then if there is a surplus it can be piped elsewhere to those other parts of Canada which require oil for the production of power and for manufacturing purposes. They should have the third right to the use of this great natural resource.

Why does this bill not contain a provision that the pipe line shall be routed through Canadian territory to British Columbia and the Pacific coast, to pass through Vancouver and other places? If that had been provided I think this bill would receive the support of the house because it would then be serving Canada first. If the pipe line were built in that way it would supply the Pacific coast. If there was a surplus it could easily be extended to the United States to serve our good neighbours to the south.

However, we find that this pipe line bill does not appear to be in the best interests of Canada. When speaking on the pipe lines some hon. members have referred to the Canadian Pacific railway. The Canadian Pacific railway served Canada first. When it was proposed to build that railroad from the Atlantic to the Pacific there was considerable difference of opinion among some of the most outstanding British, United States and Canadian engineers, some of them contending that it was impossible to build this railroad over an all-British route to the Pacific coast.

There must have been some men in British Columbia who have the same idea as the hon. member for Vancouver-Quadra (Mr. Green). At that time British Columbia had not entered into union with the rest of Canada and the people there stated that unless they received a guarantee from the railroad company that the railway would be built on all-British territory to the Pacific coast, they would not enter union.

An hon. Member: Is it?

Mr. McLure: This was carried into effect and that is the reason why today the Canadian Pacific serves Canada first and links up British Columbia as one of the provinces of the dominion.

An hon. Member: What about Maine?

Mr. McLure: Another route could have been chosen but how much better off are the people of Canada that some men insisted that this railroad should be built on all-British territory or, as we call it today, on all-Canadian soil from coast to coast. I have not sufficient information at my command to go into the further details of this bill, but I think our main reason for stopping its passage is that it does not serve Canada first. If it is to serve Canada first it must be built to the Pacific on Canadian soil. As I said a moment ago, if British Columbia does not require all the oil and there is a surplus it can be piped down to our neighbours to the south.

Another matter that I wish to make just a few remarks on is this. For many years we have been great sellers of foodstuffs and exporters of our raw materials. Here we have a raw material that we must not lose out on by exporting. The war brought to Canada an awakening; even if she had to suffer in two disastrous wars, at the same time Canada awoke and found herself ready to manufacture—something that was not done, except on a very small scale, prior to 1914. Canada can now be looked upon as one of the great, young manufacturing nations owing to the fact that we were forced into it. We have raw materials of every kind suitable for manufacturing. Why not manufacture that raw material into products that we need in this country instead of exporting the raw material and then bringing it back in its made-up condition, with our people having to pay five times the price they would have had to pay if they had adopted the principle of manufacturing their own raw materials into the products that they require?

Foodstuffs are a little bit different. We can supply our own people. But, on the other hand, the greater the manufacturing industries grow, the greater would be our home market for our own production of foodstuffs. In closing my remarks, I just wish to add this. We all believe that Canada is a great young nation. Canada today is progressing probably more rapidly than any other country in the world. While Canada may be small in population, in area it is the third largest country in the world. As I have already said, it has the greatest resources of any country in the world. Why not let us see that these resources are used for Canadians and for Canada first? Consider what it would do for men of labour. If this pipe line were going to be built in Canadian territory through to the Pacific, the men of labour would have the opportunity of building it. They would also have a further opportunity of seeing that it was kept in repair. Then last but not least, when that raw material would get to British Columbia, there could be large refineries that would employ a great number of men. Surely we in this house should look to the interests of the labourer, to give him more work, and to produce more comfort for him. The only way by which we can do that is by having pipe lines and similar things serve Canada first before they serve other nations.

I hope, Mr. Speaker, that others will follow me and speak against the passing of this bill, so that we will be assured that the interests of the labourers of Canada, as well as the best interests of all Canadians, will be properly served by having an all-Canadian pipe line route to the Pacific coast.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, this bill is to create a company known as the Border Pipeline Corporation. I believe that this company is actually sponsored by a group of people south of the border who have had a tremendous amount of experience in the construction and operation of pipe line companies. Undoubtedly they have gone to a firm of solicitors in this country and have had them prepare a charter to be presented to the Senate and the House of Commons of Canada. I believe that the solicitors must have instructed these gentlemen south of the border with regard to the powers of the members of the House of Commons and with regard to their duties towards the people of Canada, and have told them that it was not a one-way street, that it was not simply a duty that we owed to our guests and to the people desirous of coming to our country to utilize our tremendous natural resources. We must think not only of courtesy to people coming to our country from the other side, but we must also think of the security and the welfare of the people of the Dominion of Canada.

Bearing that fact in mind, the situation reminds me somewhat of that which would confront you if you invited people to come to your home for dinner, and when they arrived you found that they did not like the dinner you were serving and started to dictate the kind and class of food they would prefer rather than the type you were serving. Much as we desire development of our great resources by our friends to the south and much as we need their aid and experience, we still do not want them to criticize too severely the food that we are offering. As a matter of fact, in this case it almost seems that they do not want to eat at all unless it is something they can provide for themselves. They must learn that we are the host. We have the natural resources. It is our food, it is our table, and it is our home that they are entering. They must therefore be content with some of the food we are offering and with the terms on which we are offering it.

The duty of the members of the House of Commons is, wherever possible, to see that the resources of this country produce as much profit and welfare for the people of Canada as they do for the users in foreign lands. We want to use our natural resources for the development of our factories and the development of our labour markets. We certainly cannot do that if we hurry our resources by the shortest possible route from the source of supply to the foreign country to which we are shipping our natural resources.

It has been gone into fairly thoroughly that by transporting the natural resources such as oil to the users in not too extravagant a manner, over a sane and reasonable distance, we are creating employment for the people of the Dominion of Canada. That does not seem to be asking too much when you realize the offering we have to make. It is worth millions. It will make millions. Oil has made millions for operators such as the applicants for this pipe line charter, in various parts of the world. One oil-producing country almost produced the spark that set off the third world war. That gives an idea of the importance of this natural resource we have. We find the President of the United States walking very gingerly and talking in whispers in order not to offend an oil-producing country that is not quite as far advanced in its general operation of industry as is the Dominion of Canada. Yet the applicants at this time would almost have you believe that we are wrong in demanding that they at least transport this oil by an

all-Canadian route and agree to operate, with regard to running their pipe line, on identically the same basis as other applicants for charters are willing to operate. I cannot see that we are asking them to do something that is unusual or anything that might materially change their profits. I do not think there is any reason why they could not operate at a profit or that there is any reason that they might lose the money they have already invested in investigating the potentialities of this pipe line. We are not asking anything unreasonable on behalf of the people of Canada. We are asking for an assurance from the applicants for this charter that if it is granted they will have written into it the proviso that the pipe line or lines for the transmission or transportation of oil or natural gas, or artificial gas or liquid, or gaseous products or by-products thereof, shall be built entirely within Canada.

I do not know and I have not heard of any persons giving any logical reason why that should not be inserted in the agreement if this charter is granted. Too frequently in the past we have given away our great natural resources without due consideration of Canada. We have given those resources to foreign users. We have watched our population grow very slowly when it should have gone ahead at a rate at least twice as fast as it has progressed in the past fifty years. There have been times when we have wondered what we could employ our people at, and how we could utilize our terrific natural resources. Amongst the people in power there seemed to be an epidemic at times. Their desire was to get rid of those resources without due consideration to the coming generations of Canadians who would need them and who would be able and willing to develop them. We know that our forests have been denuded of the natural wealth which was given to us.

We now find ourselves in the position where the greatest nation in the world is willing to buy Canadian produced newsprint, not simply pulpwood, at a very handsome figure. The purchase of this newsprint goes a great distance towards balancing our economic condition with other great nations. We do know that it was not very long ago that our pulpwood was being shipped across the border to the south in tremendous quantities at very little income to Canada or Canadians. Through the foresight and determination of men in power in Canada a few years ago the tables have been entirely turned. Canada is still a producer of pulpwood. Canadians have built paper mills. Canadians by thousands are now employed in turning out the finished product, paper, and are shipping that product finished and complete ready for use to the vast paper presses of the United States at a very handsome figure, which means considerable and well deserved profits to the Canadian people.

If we did not have this tremendous paper wealth, which is almost exclusive to the Canadian people, just how much purchasing power would the Canadian dollar have in regard to commodities which we are forced to purchase in the United States? I believe I am safe in saying that we would be paying almost four, five or ten times as much on exchange as we are paying at the present time if it had not been for the perseverance and foresight of men in public life on matters pertaining to the vast wealth in the forests of Canada. We are not asking any more than these men asked in the past. We are simply asking that someone pay a reasonable amount, and that Canadians obtain as much of the profit as is reasonable from the discovery of oil in Alberta. The people who are desirous of obtaining this wealth should pay this amount.

It is unfortunate that the solicitors for this corporation, knowing the attitude of the members of the House of Commons—because they have expressed their opinions previously in the debates—did not tap their clients on the shoulder and say: "Let us hurry the assurance down to Ottawa that we do intend to run an all-Canadian pipe line, because the gentlemen in Ottawa apparently are determined. They are not going to bend their knee to your whim just because you would like it that way." This debate could have been avoided, and the great expense to the Canadian taxpayers could have been avoided, if that had been done. I do hope that the members of the House of Commons will have the fortitude to stand up and continue to block this charter until such time as the people who desire to use our wealth are willing to accede to our terms, which I do not believe to be unreasonable.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I enter this debate chiefly because I feel compelled to do so.

Some hon. Members: Oh, oh.

Mr. Higgins: The compulsion though, Mr. Speaker, is not, as some hon. members may suggest by their raucous laughter, from anything else but the conscience that I feel every hon. member has, because all we must do is look around at hon. members here this evening and see the obvious interest that is displayed in this matter. When one does that he realizes how their conscience must be pricking them steadily as we discuss this most important bill.

I am quite certain that all hon. members, when they attend here on evenings like this and see such an important measure being discussed, must ask themselves: What are we here for? Especially is that so after the discussion that went on this afternoon at such great length on the duties of the members of the House of Commons and the stipends they receive for the very arduous duties that they perform. Then I say to myself again this evening when an important measure like this is being considered: How very obvious the interest is among the hon. members who are listening to me now.

I now intend to deal with various phases of the matter. I expect that any matter that has been left over from former discussions will be considered somewhat repetitious, but I am sure that a good thing cannot be repeated too often. For that reason, if I do repeat myself, and certainly if I repeat some of the expressions of my colleague, the hon. member for Queens (Mr. McLure), who displayed this evening a world of wisdom in the excellent address he gave on this matter, I hope that I will be pardoned, because it is not often that I have the pleasure of hearing the hon. member for Queens talking at length as he talked this evening. We do not often get that pleasure. Having heard him this evening I do say that we should have it many, many more times, because he has contributed to the discussion and to the wisdom of hon. members this evening something that we did not have before, and something that certainly the newer members of the house did not have before. It is only when you have the wisdom of the ages given by the sages of the house that the younger members can possibly hope to embody what this thing means in all its moods.

Some hon. Members: Carried.

Mr. Higgins: Can you not bear with me a little longer? This bill to incorporate Border Pipeline Corporation was passed by the Senate in March.

Mr. Deputy Speaker: Order. May I remind the hon. member that we are discussing the amendment.

Mr. Higgins: Yes, Mr. Speaker. Well, I just wish to look at the actual title of the bill. I understand of course that we are discussing the amendment. But that amendment gets right down to the principle I should like to discuss in the house this evening, namely the principle of the conservation of natural resources. This is a matter we must consider fully, because, after all, it must be kept in mind that trees are a crop; they are cut down and grow back again. Wheat and other cereals grown by the farmers are crops that can be cut down. But there are resources such as oil and minerals that are taken out of the earth and are not put back. That is the end of them. Either they are used properly or they are lost forever.

If we are to use our natural resources we must be convinced in our own mind that we are using them for the benefit of the people —all the people, and not only a small section of them. The amendment, to which Your Honour has directed my attention, incorporates a principle which has been discussed this evening by two hon. members who have preceded me in the debate. That is the principle of using the resources in the first instance for the advantage of the Dominion of Canada itself. That is the principle I wish to discuss briefly. I must confess, in passing, that recent changes in government legislation, and changes in other minor things, including telephone books, where the word "dominion" has been dropped, have come as a shock to me. The word "dominion" is not nauseating, is it? Surely there is much to be said for the use of it; much can be said for the use of old things.

We must deal with what was in the Dominion of Canada when it was a Dominion of Canada—and just what it is today, we do not know exactly. We do not know whether it is a commonwealth, whether it is just Canada, or what it is. I do not know. Does anyone else know? I would suppose that both the hon. member for Simcoe East (Mr. Robinson) and Simcoe North (Mr. Ferguson) must take some responsibility for dealing with this pipe line situation. But the principle hon. members must keep in mind—

Mr. Sinnott: An all-Canada line.

Mr. Higgins: There can be no question about it that the hon. member for Springfield (Mr. Sinnott) has greater ideas about Canada and Canada-first than any other member in the house. He, for one, will be the first to agree that Canada must be for Canadians, first. I am sure he would agree with that. There can be no doubt that he is the type of Canadian who would always exemplify in Canada the principle of Canada for Canadians.

Mr. Riley: How could we help agreeing with you?

Mr. Higgins: I hope I am not aggravating hon. members.

Mr. Sinnott: They are just jealous.

Mr. Higgins: I should like only to repeat some of the exhortations I have heard this evening, that Canada must be for Canadians, and that Canada must first be served. I can see no argument against it; what argument could there be? One must consider that there are 14 million people in the country—

Mr. Gour (Russell): There are 15 million now.

Mr. Higgins: Well, what is 15 million people in a country like this today?

Mr. Gour (Russell): And they are nice people, too.

Mr. Higgins: Hear, hear. And certainly the 325,000 mentioned a little while ago are good people. But we must look forward to a country in which we would have from 50 million to 100 million people. And if the country with that population is to be served by the resources of Canada, then one of the most important of those resources should be preserved for Canadians.

There is no one in the house who has a higher opinion of our neighbour to the south than I have. I believe the Americans are a fine people, and that we can share our natural wealth with them. But certainly we can share it with them only when we have made certain that our own needs are assured. When that is done, then I am sure that even those who hold strong opinions in this matter would be prepared to share with them. In this I have no doubt the hon. member for Simcoe East would agree. But he does not want to deprive Canadians of their God-given rights; I am sure he does not. That is the last thing in the world he would want to do. And knowing him as I do, I believe I can say safely—that it is nine o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being nine o'clock, the house will resume the business it was considering at six o'clock.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

The Deputy Chairman: The committee was considering item 384.

Mr. Fair: Mr. Chairman, for the last forty-five minutes we have been discussing pipe lines, and associated matters. For a few moments I should like to discuss another matter of national importance, namely one of the national parks within my province. I refer to Elk Island national park, which is along the Yellowhead route, and which should have been developed rather than the one that is being developed. However, we will not argue about that at the moment.

During the last two years particularly we have had several thousand visitors at Elk Island park particularly on Sundays and holidays. Provision has been made for concerts at those times. Up to the present the concerts have not cost the dominion government anything, but those in charge feel that, in the near future, because of the continuing importance of the park, it may be necessary to make some arrangements to pay small expenses, when voluntary performers cannot be obtained.

On March 12 last the president of the Alberta music board, Mr. Richard S. Eaton, wrote to the superintendent of the national parks service, Department of Resources and Development at Ottawa. Perhaps in explanation of the position I could not do better than to read three paragraphs from this letter. It reads as follows:

> As you are doubtless aware, since the park has been developed to the extent that it may now be regarded as a summer resort available to many thousands of tourists each year, the facilities of the cultural activities branch of the department have been placed at the disposal of Dr. Love, superintendent, and on Sundays and holidays throughout the season, weather permitting, entertainment has been provided at no cost whatsoever to your department except perhaps bus transportation.

I might say that the Alberta music board has been set up under the cultural development act which is administered by the department of economic affairs at Edmonton. The letter continues:

> Up to now, the detail involved in arranging for the entertainment Sunday after Sunday has been in the capable hands of Miss Audrey Ladler, the secretary of the branch, and whilst there is no suggestion of any change being made, we are of the opinion that the time is ripe for your department to enter into an official agreement whereby the cultural activities branch—for a consideration—undertakes to provide satisfactory entertainment whenever required at the park.
>
> We feel that your estimates should contain an appropriation—the amount of which need not be very large—so that when the supply of volunteer entertainers runs out, Miss Ladler would be in a position to offer a small fee to ensure that each Sunday and holiday the public visiting the park is provided with a concert of some description. Whilst we are aware that in every community groups are to be found ready and willing to display their talent without remuneration, after a little while the person charged with the responsibility of making the arrangements finds that the source of supply has dried up and is unable to continue asking groups to do something for nothing.
>
> Our suggestion is that you include in the budget for Elk island park a sum adequate to provide transportation, at least one meal, and a small donation, to each group asked to perform in the park. Should you accede to this request, we feel confident that the task of the person in charge of arrangements will be made much lighter, and the calibre of entertainment will be improved considerably. At the same time, the prestige of your department will undoubtedly be enhanced by the fact that you are providing patrons with an organized schedule.

During the past summer a male chorus from my home town of Vermilion put on a concert there one day, and a week from Sunday a ladies' choir from the same town is entertaining at the same park. I have read

of other groups in surrounding towns lying between the park and Edmonton, and some in other directions, having promised their support to the program. I feel that because of the importance of Elk Island national park at the present time, and the large number of local and outside people who are being entertained there every Sunday and holidays and other days during the week as well, the minister would be doing a service to Canada by acceding to the request in this letter.

Mr. Bryce: I should like to ask the minister one or two questions about Riding Mountain national park. I have spoken about this matter before and have asked the minister to encourage larger camp sites there so that ordinary people can take advantage of them. The park is only about 150 miles from Winnipeg. It is an ideal situation for people from the whole area to come and spend a holiday at reasonable cost in these times of such high prices. I was not able to go there last year, but I intend to go this year. I was there two years ago. I had the idea from the minister in charge at that time that they intended to instal additional sewers and electric wiring along the lines of the camp site. I drew the minister's attention at that time to the fact that the use of coal oil lamps and other out-of-date lighting methods was very dangerous when so many people were visiting the camp sites. Would the minister tell me what extensions have been made there and what program is contemplated for this summer? Have you completed the highway through the park, running from Onanole through to Dauphin? Will you be able to accommodate more people this year than you could two years ago?

Mr. Winters: The electric wiring in Riding Mountain national park, to which the hon. member referred, is completed. It was completed last year. The road work to which he referred will be undertaken this year. There is quite a program of road construction in Riding Mountain national park. In reply to the last question as to whether or not we can accommodate more people in Riding Mountain this year than formerly, the answer is yes, we can.

Mr. Bryce: How many more streets?

Mr. Winters: There are about 200 new lots.

Mr. Fair: Would the minister comment on the remarks I made a couple of minutes ago?

Mr. Winters: I might say the matter brought to my attention by the hon. member is something I have discussed with the hon. member for Vegreville, and I have also had the representation to which the hon. member referred. We have of course put the facilities of the camp at the disposal of this music association, such as a shell, and have tried to assist this voluntary effort, which is a very good one, in every possible way. We feel, however, that we cannot undertake to pay their expenses to and from the park, but nevertheless we will do everything we can with the facilities at our disposal to encourage this voluntary effort.

Mr. Fair: I think the minister did not get my remarks correctly. I said the service was being rendered without any cost at the present time with the possible exception of bus transportation. The request made is, in the event that the supply of voluntary performers should run out, to enable those in charge of operating the program to ask somebody to come and be able to pay for their bus transportation, a meal, and possibly some donation.

Mr. Harkness: I think it is some five years ago now that I brought to the attention of the house and the then minister the fact that facilities in our national parks, and particularly in the parks at Banff and Jasper, were such that it required a fairly sizeable income to be able to go there to enjoy the parks. In other words, there was very little low-priced accommodation available. I made a strong plea at that time that some low-priced cabins should be erected. I think it was about two years later that some small move was made in this direction. Some buildings which had been used as army huts, or something of that sort, were moved into the park, and in that way a certain amount of low cost accommodation was provided. How far that has gone and how much low cost accommodation of that type there is in the parks I do not know. The first question I should like to ask the minister is what there is at the present time at Banff park particularly in the way of low-cost accommodation, cabins and so forth, where people with low incomes can afford to spend the night. I do not think the way in which this was done was particularly suitable, namely, the conversion of army huts. However, it was some help, though of course there was some complaint in Banff about the thing being done this way. I should like to impress upon the minister that a good deal more of this sort of thing should be done in our national parks. We should have cabins, which could be built at comparatively low cost, that would be in keeping with the natural surroundings. They could be built reasonably with these bark-sided boards; they would look quite all right and could be rented to people at low rates.

There is another side to this question of providing these facilities to people who are not wealthy. At the present time in Banff the building regulations are quite strict, so that it is impossible for people in the middle and lower income groups to build summer cottages or homes. The last list of lots of which I received a copy was dated May 25, 1950. The first ten or twelve listed give the legal description; the price of each lot is $650, and then the minimum value of the building to be constructed is given as $10,000. In other words, you cannot build anything costing less than that. Another group of lots in this list must have buildings costing at least $6,000, and there is one on which the building must cost at least $7,500. In other words, the very least a man can spend on a building is $6,000, and of course in addition to that there is the cost of his lot which he does not buy but leases. In other words, only comparatively wealthy people can afford to build houses in Banff. Of course buildings put up in places like that are used chiefly as summer cottages, and to some extent as ski lodges during the winter.

It seems to me these limits could be greatly reduced. The departmental officials say these restrictions are enforced so that only buildings which conform to the general amenities and conditions will be erected; but buildings that would conform to the other buildings in Banff, buildings which would be a credit to the park and which would not detract from anything there now, could be built for much less than these amounts. I would refer the minister particularly to a hut that has been erected at the ski camp on Mount Norquay for first aid purposes. This hut is quite a good looking building on the outside. It is in a rustic style, which is approved as far as Banff is concerned, and I presume was erected by the department. A building like that would be quite in keeping with the other buildings, and with the addition of a fireplace and plumbing facilities would be all many people would require for either a ski lodge or summer cottage. I can see no reason in the world why these minimum costs could not be brought down and the general appearance of the buildings governed by a regulation providing that they must be something along the lines of this ski hut, or such other specifications as may be approved.

In addition to the other question I asked, therefore, I should like the minister to tell me whether any consideration has been given this question of reducing the minimum cost which governs the buildings on these lots, and also what land is still available and will or may be opened up in the form of leased lots upon which people could build houses in Banff.

Mr. Winters: With respect to the matter of camp sites, a new area was opened last year at Summit lake which will enable campers to accommodate themselves either by tent or by trailer. Recently sixty low rental cabins were made available for occupancy at from $2 to $2.50 per day for a single person and an additional $1 for each extra person.

Mr. Harkness: Were those cabins or converted army huts?

Mr. Winters: Some were converted army huts. As to the housing standards in Banff, I think it important, and I think the hon. member will agree that it is important, to maintain a standard that will bring about buildings in keeping with the general high standards prevailing in the park. When all things are considered, when we consider the advantages residents of the national parks have, I think it will be agreed that they get good value for their money. The hon. member asked if it would be possible to extend the use of cabins such as the one built for first aid purposes. That was a one-room cabin costing in the vicinity of $2,000. It would be quite unsuitable for permanent occupancy, and I do not think we could contemplate the extension of its use for housing purposes.

Mr. Harkness: I indicated that I had in mind the exterior appearance of this first aid hut at Norquay, which is quite in keeping with the park standards. I said that with the addition of a fireplace and plumbing facilities it would meet the needs of many people. Of course it is a big hut, and if it were to be used as a summer cottage, I suppose it would be partitioned inside. A hut of that kind, in keeping with the general appearance of things in Banff, I should think could be constructed for $3,000 at the most, complete with plumbing, and probably for less because the cost of constructing it in Banff would be less than the cost of building it up on Mount Norquay, where it is situated. The minister has really gone around the question in the answer he has given. I should like to know if any consideration has been given to reducing these cost requirements and allowing people to build houses along the lines, architecturally speaking and from the exterior point of view, of this first aid hut at Norquay.

Mr. Winters: As I recall it, the hon. member said the minimum amount that could be spent on a house was something in the order of $10,000.

Mr. Harkness: I said the lowest figure on this list was $6,000, and up to $10,000.

Mr. Winters: The minimum permitted under the regulations is $4,500, which under present conditions would seem to be about

the lowest amount that could be fixed and still maintain the standards required in Banff national park.

Mr. Harkness: The official minimum may be $4,500, but I have not heard of any lots being opened for building purposes on which that was the limit. In this list there are fourteen lots on which the limit is $10,000. On one the limit is $7,500, and on ten the limit is $6,000. That is all there are, and I have not heard of any others being opened up for some considerable time. I wonder if the minister could tell me whether in the last two or three years any lots have been leased upon which a $4,500 house could be built.

Mr. Winters: A new subdivision is being opened near the station in Banff. I am not clear as to whether or not there are any houses on existing property now costing $4,500, but such buildings will be permitted on the new lots being opened up in that subdivision.

Mr. Harkness: At what price?

Mr. Winters: A minimum of $4,500.

Mr. Nowlan: Mr. Chairman, the minister has been dealing with parks that are already in existence and the administration thereof, but I should like to ask a question or two with respect to a park which has been discussed but which has not yet been created. The minister will know that in the branch of his department which deals with this matter there has been considerable discussion about the Cape Blomidon site in Nova Scotia. Some two years ago before a committee in another place a definite promise was given that this park would be established.

The minister knows this location and I think he realizes the advantages of establishing a park there. The highest tides in the world are to be found in this area. Slightly to the west at Annapolis Royal there is the background of the earliest settlement in North America. There is the history of the expulsion of the Acadians and all the historical background incidental to that particular locality.

I should like to ask what is the policy of the department with respect to establishing a park there? Is it merely temporarily discontinued or will the minister reconsider establishing a park there some time in the immediate future?

Mr. Winters: In dealing with this matter perhaps I should state at the outset that I know of no statement by an official of the department to the effect that a national park would be established at Blomidon.

[Mr. Winters.]

Mr. Nowlan: In another place.

Mr. Winters: By a departmental official?

Mr. Nowlan: Two years ago.

Mr. Winters: It did not come to my attention. At any rate, the matter of establishing a national park at Blomidon has been the subject of discussion, certainly in Nova Scotia, for a considerable time and has also been a matter of investigation. It is a matter in which I am considerably interested because I have spent some very pleasant hours at Blomidon looking over that magnificent scene and from where one can see a number of counties spreading out across the plain below.

The survey by the officials of the department reveals that the area in question does not conform to the standards laid down for national parks. Perhaps I should enumerate some of the salient requirements for a national park. They are as follows:

1. The area should be representative of the most outstanding type of scenic lands in the province.

2. The area should be of such a size as to provide a compact terrain adequately to support all forms of indigenous animals through all seasons and within the boundaries of the area.

3. The area should provide features suitable for recreational development.

4. It is preferable that the boundaries of the area conform to natural features such as height of land, rivers and shore lines.

5. Should only embrace as far as possible lands in the natural state.

6. Should not involve lands primarily suitable for agricultural use.

7. Should not disturb present settlement which is self-supporting on the lands involved.

8. Preferably lands still in the ownership of the crown.

9. Accessibility to centres of population or highways of tourist travel.

10. No excessive costs in construction of facilities required for the enjoyment of the public.

Dealing with the Cape Blomidon site on the basis of the above, it is an area unique in its natural formation but not entirely representative of the Nova Scotia seacoast and does not contain any other natural features such as inlets, lakes, streams or rolling hills as found typical of the general terrain of Nova Scotia. In so far as scenic attractiveness is concerned, it has only one feature of interest, its rugged precipitous shore line with views overlooking the sea and adjacent lands.

It is apparent from results of farming on lands now under cultivation that most of the land on the peninsula is productive. In the area under survey of about twenty-five square miles there are in the neighbourhood of 125 habitations in small communities such as Scotts Town and scattered farms, stores, schools, churches, sawmills, garages, service stations, etc. To include these lands in their entirety would result in considerable disturbance to people already established and apparently making a living.

To eliminate the lands now under cultivation from a possible park area would reduce land for consideration to about twelve square miles. This area would start from a sharp point at Cape Split and gradually widen at the eastern end at Borden Brook where the width would be approximately two miles. Such an area as described above would be of little use for preservation of wildlife in its natural state. Almost the entire coast line would be precipitous or bold rocky shore and, combined with the extremely high tides, would be of no use to the public for any form of recreation.

The conclusion that one must come to is that the area is not of the calibre usually considered for development as a national park inasmuch as the area is restrictive in size owing to the necessity of not disturbing lands now settled on and it has not the features for the usual all-round development for national parks.

Mr. McLure: Mr. Chairman, before we took recess at six o'clock I listened to a debate among the hon. member for Royal, the minister and the hon. member for Saint John-Albert. I was reminded of a story which with your permission I should like to relate to the committee. It is short and of the parlour variety. A noted English professor who had reached the limit in English culture employed a beautiful stenographer. One day his wife came into his studio and found that instead of sitting on her chair the stenographer was sitting on the professor's knee. She said, "John, I am surprised." He said, "I thought you had better English than that; it is I who am surprised; you are astounded."

I was surprised to hear the hon. member for Royal state that the opening of the Fundy park was rather a political opening.

Mr. Winters: No, that is not the case. I thought we disposed of that, Mr. Chairman.

Mr. McLure: I am not dealing with that. If the minister will possess his soul in patience I will come to the point.

Mr. Winters: I just did not want the hon. member to say that it was a political opening because I thought we had disposed of that point.

Mr. McLure: We will cancel that. I was going to say that I was pleased to hear the explanation of that meeting and the answer given by the minister to the hon. member for Royal. Where I was astounded was when the hon. member for Saint John-Albert went to work to make the minister's good explanation look as though it should be abolished. However, I really rose to deal with something else.

The minister visits our province quite frequently and I notice that he is booked to be there on June 11. I am sure that will be political because he is to speak in the by-election; that is, if the press report is correct.

Mr. Winters: When will the hon. member be there for that purpose?

Mr. McLure: I am not saying just now.

Mr. Winters: Is this the ace in the hole?

Mr. McLure: When the hon. member made his previous visit to Charlottetown and the island in general, I was astonished at him on several occasions. As one representative of that dual constituency, I was astonished that I never enjoyed from him even the courtesy of a telephone call. That circumstance made me believe that all his visits there were purely political like the one on June 11. However, that was not anything that was going to embarrass me, because probably the people he was associating with did not require me. I would, however, say this to the minister. There were several things down there in the interests of the constituency as to which, if he had had my information, he would have been saved some considerable trouble that is going to take place in the near future. But we will deal with that matter when we come to another item. What I want to deal with here on this item is historic sites. I want to say a word about an historic site in connection with the Rustico-Cavendish national park. As every hon. member in this committee knows—

The Deputy Chairman: Order. I must inform the hon. member for Queens that item 384 does not deal with historic sites but item 385 does.

Mr. McLure: Is this item not on historic sites?

The Deputy Chairman: No, not this one; the next one is.

Mr. McLure: The heading is "national parks branch".

The Deputy Chairman: Branch administration.

Mr. McLure: It is national parks and historic sites services, under branch administration, is it not?

Mr. Fournier (Hull): That is the next item.

The Deputy Chairman: Item 385 is the one that deals with national parks and historic sites services. Item 384 deals with national parks branch, branch administration. However, if the hon. member is almost finished with his remarks, and if he has unanimous consent, he may carry on.

Mr. McLure: With all due respect to the chairman, I cannot yet understand why this is not the first item: branch administration, national parks and historic sites services, the details of which are to be found at page 383. Where are we going to put in national parks? We were just speaking about them a little while ago.

The Deputy Chairman: The hon. member will not be surprised nor astonished if I tell him that that at page 383 appear the details of the resolution which is item 384, which relates to national parks branch, branch administration, $22,780. If the hon. member turns to page 384, he will see the details of item 385; and that item deals with national parks and historic sites services. But as we are now on item 384, historic sites should not be discussed. As I said, however, if the hon. member has the unanimous consent of the committee—

Mr. Winters: Let us carry item 384.

The Deputy Chairman: The hon. member will not forget that item 383, departmental administration, was carried this afternoon.

Mr. McLure: Then I take it that this is a misprint, Mr. Chairman, because we find that national parks were discussed this evening. If we leave historic sites, and go on to item 385, if I want to speak on that subject I fear that I will then be ruled out of order because it should have been discussed under item 384.

The Deputy Chairman: I can assure the hon. member that if he discusses historic sites under item 385, he will not be ruled out of order.

Mr. McLure: Will you assure me that, on the next item, we can talk as long as we like on historic sites? I refer to item 385.

The Deputy Chairman: Yes.

Mr. Higgins: Before item 384 is passed, may I ask this question? This afternoon the minister told me that a survey had been made. Can he tell me where the surveys were made, or in what areas the surveys were made?

Mr. Winters: The areas surveyed were the Salmonier area in the Avalon peninsula; the Placentia area in the upper Avalon peninsula between Placentia bay and Fortune bay; and the Bonavista bay area.

Mr. Higgins: Which area is given the preference? Or which area appears to be the best?

Mr. Winters: Of those four, the Bonavista area has a great deal to commend it. All areas have many features that would make them desirable for national parks. But of the four, the Bonavista bay area has the most to commend it.

Mr. Higgins: The Bonavista area has the best chance.

Item agreed to.

National parks branch—

385. National parks and historic sites services—administration, operation and maintenance, $3,153,594.

Mr. McLure: What I was going to speak about, Mr. Chairman, was an historic site in the Cavendish-Rustico national park of Prince Edward Island. Every member of this committee, if he has not forgotten it, knows that associated with and near to the national park is the home and birthplace of our great authoress, Lucy Maude Montgomery Macdonald, one of the greatest that Canada has produced. This authoress has done more for the advertising of Prince Edward Island in particular and for Canada in general than all the agencies of advertising with anything that has ever been put out at no expense to the province.

Her birthplace is quite near to the national park. At one time, as I understand it—and I raised this matter last year—it was in the possession of the federal parks; then by some kind of a shuffle it gradually came in under the government of the province. Both the federal government and the provincial government had a nickel so close to their eyebrows that they could not see the golden dollars of advertising beyond that this home would bring from the many people that came to Prince Edward Island. Then the provincial government offered this property for sale, and it was not advertised a great deal. Finally the birthplace of this great authoress was sold to a retired farmer, a fine gentleman. It is well that it went into his hands, because I am sure that if the government and the parks branch would communicate with this man they would be assured of getting this property back as a real asset to the national parks. I know that hundreds of people—yes, thousands—who come there are always anxious to come and see the land of Cavendish and also to see the birthplace of the great

authoress. I want the minister to take this matter under consideration and to see if something can be done with regard to getting it back as an asset to the national parks. Today I had several letters from the people in that locality asking me to bring the matter again to the attention of the minister.

Mr. Knight: I welcome very much and congratulate the department upon its development of the Prince Albert park at lake Waskesiu. At page 387 of the estimates there is an item which shows an increase of potential expenditure of over 100 per cent, namely, $442,125. I should like some explanation of this expenditure. I take it it is a large capital expenditure. Can the minister tell me what it is? My second question has to do with the hard surfacing of the road through that particular park. What is the status of that? I know it was begun; I wonder whether it has been completed.

Mr. Winters: I think that this question might more properly be asked under item 386, since it has to do with construction, but perhaps I should say that the increase is for construction of the road in the Prince Albert national park. The large increase is owing to the fact that we are going to do work there that should have been done last year. We did not have a vote for it last year, and we are now going to do the work necessary to finish that road and protect the work that was already done on it.

Mr. Knight: There is something there, and perhaps it is historic. I refer to the property of the late Mr. Mackenzie King. Can the minister inform me what has been the disposition of that particular property? It is a beautiful cottage that Mr. King used on occasion.

Mr. Winters: I have been told that just before Mr. King died he transferred that property to some other person.

Mr. Cavers: Since we are dealing with the matter of national historic sites I think that we in Canada have not given enough attention to preserving and in some cases restoring many of our national historic sites. Our neighbours to the south of us have derived great satisfaction from national and historic sites which portray much of their history and past events and which they keep in a proper state of repair. I would suggest to the historic sites service that some means might be taken to preserve and restore the building which was the birthplace of Sir John A. Macdonald at Cataraqui, Ontario. Sir John was Canada's first prime minister, and a great Canadian. I am told by persons who live in and about the city of Kingston that the building has fallen into disrepair and is in a very dilapidated condition at the present time. It would seem to me that it is in the national interest and quite fitting that some effort should be made to restore this site as a national historic site for Canada.

Mr. Herridge: I heartily subscribe to the sentiments expressed by the previous speaker, because I am always in favour of doing much more than we are doing at the present time to indicate our historic sites. Will the minister explain to the committee just how much money was spent last year in the preservation and marking of historic sites? How does the historic sites and monuments board work? It is a bit of a mystery to many people.

Mr. Winters: Last year $110,000 was spent on historic sites, their maintenance and marking. The national historic sites and monuments board assembles periodically in Ottawa, and reviews all sites that have been brought to its attention by interested parties. The board decides whether a site should be marked as being in the national interest; that is, whether or not that site is nationally significant in the development of Canada's history.

Mr. Charlton: Has the government ever given any consideration to a grant for the upkeep and repair of Chiefswood, just outside of Brantford on the banks of the Grand river, which was the birthplace of Pauline Johnson, the outstanding Canadian poetess?

Mr. Winters: No, Mr. Chairman; that has never been brought to the attention of the historic sites and monuments board to my knowledge.

Mr. Charlton: Yes, it has. I wrote to the historic sites and monuments board last year regarding it, and never had any word from them.

Mr. Winters: I shall look into it. I was not aware of that, Mr. Chairman.

Mr. Riley: Have the minister and his department settled on any policy in respect to the laying out of and making available sites for private summer residences in Fundy national park? If so, can the minister give me some idea as to the location of the sites, if there is more than one site available, and what restrictions may be imposed upon the buildings and the specifications for the buildings? I can assure him, before he speaks, that not many of us in the province of New Brunswick are able to construct a summer home to the value of $10,000, as was referred to by the hon. member for Calgary East a moment ago.

Mr. Winters: An area has been set aside on the shore of the park to the west of the

swimming pool, which will provide for 52 lots, but the regulations have not yet been established as to the type of dwelling that will be permitted to be built there.

Mr. Higgins: I think the minister will agree that the marking of historic sites is very important as an attraction to tourists. I understand that the historic sites board has been meeting in Ottawa fairly recently. Can the minister tell me what sites have been decided on to be marked in Newfoundland? In what way are they to be marked?

Mr. Winters: The historic sites and monuments board did meet in Ottawa. They made certain recommendations. I have not yet received the recommendations, and I have thus not had the opportunity of reviewing them.

Mr. Higgins: The minister does not even know how they are to be marked?

Mr. Browne (St. John's West): In an answer given by the parliamentary assistant to the Minister of Transport on May 30 to a question asked by my colleague from St. John's East regarding the demolition of a building at Fort Amherst, as reported at page 3543 of *Hansard*, he said:

> The department has referred the problem to the national historic sites and monuments board, and will abide by the recommendation and decision of that board.

This is a very historic spot, connected with Lord Amherst, who was commander in chief of the forces that conquered Canada in 1759. The two forts are named after two generals in the British army of that day, and are known as Fort Townsend and Fort Amherst. Is the minister in a position to make any recommendation?

Mr. Winters: That particular site did come before the historic sites and monuments board, but the recommendation has not yet reached me. However, pending developments, officials of the department have instructed that demolition work cease.

Mr. McLure: What is the annual operating and maintenance cost of Prince Edward Island national park? What are the revenues from concessions, rentals and sales, and also from the golf course?

Mr. Winters: I wonder if we could have another question while the answer to that one is being secured.

Mr. Drew: Mr. Chairman, I should like to raise a subject that I have mentioned on earlier occasions. I would go back to a suggestion I made before, and use it for the purpose of suggesting a somewhat different approach in respect of the preservation of some of these historic sites. I notice the minister in speaking of the sites referred to the marking of them. I must confess that in my view in many cases the mere marking of sites has relatively little effect, except for those who are actually living there and who know what the marking is supposed to indicate. People passing through simply see a stone, or some sort of mark, and perhaps know very little about it.

One of the points that could be borne in mind in connection with these historic sites is that many of them provide the possibility of a substantial revenue from any investment that is made. After all, at a time when we are urging economy, it is appropriate to suggest that the expenditures may be more than carried in many cases by the returns received.

I offer as an illustration the restored fort at Kingston, old Fort Henry, which is a very substantial source of revenue. That of course is administered by the government of Ontario, but it illustrates what I have in mind.

There is another place I should like to mention particularly, and I suggest that the minister himself may have a natural reason for sharing my view as to the importance of that site. I refer to the Bell property at the end of Bras d'Or lakes. I am not referring to it simply because it was the home in which Alexander Graham Bell lived during his later years, and actually did carry out some of his last experiments. I am referring to it particularly because at that point is undoubtedly one of the greatest collections of experimental models to be found anywhere on this continent. That is a collection which would be a challenge to the mind of any young Canadian. There, in a wooden building, near the old Bell homestead, is collected a complete set of Bell experimental models, from which the telephone was patented. There are also the early models of the tetrahedral kites which were the forerunner of the first aircraft built anywhere in the British empire at that time. There is there also the actual aircraft which was first flown anywhere within what was then commonly described as the British empire. There is also there a collection of experimental models of air propellers of all types, which show the earliest experiments in that particular field.

There is also a collection of models of gramophones. It is a matter of great historic interest that Edison and Bell were working at the same time on the gramophone, and that Edison just happened to beat Bell out by a matter of a few days or

weeks. There are also models of an extremely interesting device invented by Bell, and which he described as a parafoil, to be used for the purpose of attacking submarines in the first world war. I do not believe they were ever used, but they did constitute an extremely important development and provided basic knowledge for some of the later devices employed in antisubmarine warfare.

I mention this to indicate some of the actual working models which are part of the history of scientific development in this country, and which are distinctly Canadian. I do suggest the time is long overdue for the taking of effective steps to house these extremely valuable models, which could never be replaced, in a fireproof building, so that they may be a centre of attraction and stand as a challenge to the imagination of young Canadians.

Although my association with the province of Nova Scotia is not as direct as that of the minister, I might say that I urged consideration of the project long before I came to this house, because to my mind it was one of the most inspiring and challenging experiences I have had to see collected there in one place this evidence of the great inventive genius which was brought to full development here in Canada.

I believe the minister would be doing something which would bring splendid results if he were to see that these were placed in a collection in a manner somewhat similar to what has been done at Dearborn, in connection with the Edison models, and with a view to having them reproduced in photographic form for distribution in all the schools.

Mr. Winters: Mr. Chairman, I recall that last year in the discussion on the estimates I enjoyed and was greatly impressed by what was said in this connection by the leader of the opposition. Subsequently I spoke to the premier of Nova Scotia, who has close association with that part of the country, and of course has a particularly keen interest in it. He informed me he believed that most of the items to which the leader of the opposition has referred have since been removed from the site in question. He said however that he would bear the matter in mind and look into it. I can assure the leader of the opposition that I shall pursue it further.

Mr. Drew: I do not wish to extend the discussion, because I know the minister is interested in this subject. What he has said, however, impresses me with the need of taking some positive action. It would be most unfortunate if those models had been removed. Not only were they of immense historical value, but they are of immense value to Canada because they were produced in this country as the results of efforts made in this country. If they are being removed, or have been removed, then I suggest that steps should be taken to get them back if possible and have them housed in a proper building which would stand as a shrine for those who are interested in one of the greatest experimental and inventive geniuses this world has produced.

Item agreed to.

National parks and historic sites services—

386. Construction or acquisition of buildings, works, land and new equipment, $4,186,704.

Mr. Harkness: What is the program for the hard-surfacing of roads? It is $2,762,000 as against $528,000 last year.

Mr. Winters: This will take some searching through the records. There is quite a program of work on roads in national parks. The basis on which we have approached it this year is that a great many roads were graded last year, and we are taking the steps that are necessary to protect the investment by keeping the roads from deteriorating. This requires us to do a considerable amount of paving this year. If the hon. member would care to reframe his question and ask me about any particular park I can give him the information. Otherwise I will have to extract from the projects in each park and then consolidate it.

Mr. Harkness: I am not questioning for a moment the necessity of the surfacing. As a matter of fact I am only too delighted it is going to be done.

Mr. Winters: I know.

Mr. Harkness: There is no doubt there were many roads in the national parks which were getting into bad shape and which needed resurfacing quite badly. I will just ask one specific question. Does this include the surfacing of the road from Banff down to Radium?

Mr. Winters: Yes, it does, a distance of sixty-six miles.

Mr. Harkness: Then that is not the entire distance. That is just the section from the road junction at Castle mountain, now Eisenhower mountain, to Radium.

Mr. Winters: From Eisenhower junction to Radium.

Mr. Harkness: What about the road from Banff to the eastern limits of the park? Is any resurfacing going to take place there this year?

Mr. Winters: Just repair work on that; there is no resurfacing program.

Mr. Harkness: There are sections which need quite a bit of repair work, and I would hope that that would be done. Under construction of buildings, is there anything in this vote of $294,000 for the construction of low rental cabins that I was talking about earlier?

Mr. Winters: No, there is not.

Mr. Harkness: I would recommend that the minister have that included in his estimates for next year because it is one of the great needs of the parks. There is no question about that. What has been done so far has not even begun to meet the need for low rental cabins in the national parks. They have not really scratched the surface.

Mr. Winters: The matter is being borne in mind.

Mr. Harkness: As to the item of construction of roads, bridges and trails, is there anything provided for the construction of hiking trails in Banff national park, which could also be used in the winter as ski trails?

Mr. Winters: In this year's estimates, and in view of circumstances with which all hon. members are familiar, we are simply undertaking a program of maintenance of existing trails.

Mr. Harkness: The latter statement is manifestly wrong because this vote of $399,000 is for the construction of roads, bridges and trails. Therefore the matter of maintenance is not the only thing concerned. There is going to be nearly $400,000 spent on construction. The question of building hiking and ski trails is one which has also been brought up every year, I think, for the past six or seven years, and very little has ever been done about it. It is one of the things which would enable a lot of people who enjoy what is called cross-country skiing to do a great deal more along that line. The trails could also be used in the summertime for hiking. It has been represented to the department year after year that a great need would be filled, particularly as far as young people are concerned who cannot afford an expensive holiday, if they could go into the park and hike along these trails in the summer or ski along them in the winter. The cost would be comparatively small. It is a cheap operation and would only require a certain amount of clearing. It does not require a lot of grading and so on that is necessary in the building of a road. At the same time if log cabins or shacks, whatever you want to call them, were constructed at intervals along these trails people could use them for places in which to eat a meal, or if they had their blankets they could stay there overnight.

[Mr. Winters.]

An hon. Member: Spend more money.

Mr. Johnston: I should like to ask the minister whether oiling of the roads is included in this vote.

Mr. Winters: Yes.

Mr. Johnston: How much is spent on oiling roads and to whom is the contract let? I am referring particularly to Banff.

Mr. Winters: The oil is purchased on a tender basis, the contract going to the lowest tenderer, and the work is done by day labour.

Mr. Johnston: Is it in all cases let to the lowest bidder, and who has the contract or contracts for the oiling of the Banff park roads?

Mr. Winters: To my knowledge, in all cases the contracts are awarded to the lowest tenderer. Speaking from memory, the officials of the department say they believe that Imperial Oil received the contract for oil in Banff park.

Mr. Johnston: Is it not true that Brewsters do a lot of that oiling, or do they get it as a subcontract?

Mr. Winters: We have no knowledge of any such arrangement.

Mr. Riley: There is an item in the details of $338,500 for Fundy park. Would the minister give us some information as to approximately how much of this money will be used this year to pay for hard surfacing of roads within the park, and whether the building of any additional cabins for tourists in the present concession area is contemplated? While I am on that subject, I should like to congratulate the minister and the officers of the department on the splendid type of accommodation they have provided there for tourists. The reason why I am interested in knowing whether or not any additional cabins will be constructed is that I know the officials of the park must anticipate an increase in the demand for this type of accommodation this summer. They were highly popular during the last tourist season, and I think they will be even more popular during the coming season.

Mr. Winters: It is not planned this year to add to the twenty-nine cabins already available in the park. The amount of money for hard surfacing in Fundy park this year is $200,000.

Mr. Riley: How many miles of hard surfacing does the department plan to complete this year?

Mr. Winters: We plan to complete 12·5 miles.

Mr. Harkness: Looking at the details on page 387, I see that for construction or

acquisition and so forth in national parks there is roughly $400,000 for Banff, $569,000 for Jasper and $831,000 for Kootenay. Can the minister tell us what these respective sums are for? Apparently they are all for new building of some kind.

Mr. Winters: Those large items of expenditure are for the road programs in the three parks.

Mr. Harkness: They are all for roads?

Mr. Winters: Yes.

Mr. Johnston: Referring back to the question I asked a moment ago, the minister said a contract was let to Imperial Oil for the oiling. I then asked if there was any subletting of contracts, and I do not recall that the minister answered that question.

Mr. Winters: I thought I had answered it. I said we had no knowledge or recollection of any such arrangement.

Mr. Brooks: Last year I asked the minister the cost of constructing the golf course at Fundy park, and at that time he told me that construction was not completed. If he has the figure now I should like to have it. I should like to know also the cost of construction of the superintendent's house at Fundy park.

Mr. Winters: We do not have that information available this evening, but I will be very glad to send it to the hon. member for Royal at an early date, if that is satisfactory.

Mr. Brooks: You should take a leaf out of the book of the Minister of Agriculture. He always has an answer.

Mr. Winters: I had an answer, but not the one the hon. member wanted.

Mr. Black (Cumberland): I should like some information with respect to the acquisition of cars and trucks, for which an amount of $90,200 is provided this year. I should like to know how that is distributed. I am especially interested in this because a return was brought down this session showing that for the Cape Breton national park one truck was acquired in 1946 and fourteen more have been acquired since that time, making a total of fifteen. I would ask the minister if the purchase of fifteen trucks for the Cape Breton national park in the last four years is justified. In view of the fact that the construction work has been done on a contract basis it seems to me this is a large number of motor vehicles for the department to have there. I should like to know, too, how much of the $90,200 in the estimates for this purpose this year will be assigned to Cape Breton national park.

Mr. Browne (St. John's West): While the minister is looking up that information I wonder if I might make a personal explanation in reference to the incident which occurred yesterday and which caused Your Honour some inconvenience. When we were dealing with item 427 I made reference to a former debate on the National Housing Act and charged that I had been prevented by you from speaking on a certain aspect of the matter. I was absent from the house when Your Honour made a statement dealing with the incident in detail and quoting extensively from *Hansard* of that time. I have read your statement and find that my assertion was incorrect. It was made inadvertently and without any intention of reflecting upon your impartiality, which I hold in high esteem. Accordingly I wish to express my sincere regret for any annoyance and inconvenience I may have caused you, and would like to withdraw the assertion I made.

The Deputy Chairman: I should perhaps say to the hon. member that he has taken the whole incident with good grace, and I am very happy it has been concluded in this way.

Mr. Winters: In reply to the question of the hon. member for Cumberland, funds are earmarked this year for one jeep for Cape Breton national park. The records of the departmental officials indicate that about five vehicles were purchased last year for Cape Breton national park as replacements.

Mr. Black (Cumberland): And how many have been assigned to that park, under the machinery they have for administering it? What is the total?

Mr. Winters: May I send the hon. member that information?

Mr. Black (Cumberland): I would prefer to have it on *Hansard*. There is more information I would like from the minister with respect to this park. It would appear from a return brought down on March 19 that three contracts for highway and bridge construction have been given to one firm on a cost plus fixed fee basis. In 1949 the work was given the Fundy Construction Company, and the total expenditure was $413,101. For the following year, 1950, the expenditure was $467,434 and for 1951 the amount is $803,992. The total for the three years, if I have added it correctly, is $1,684,527. All this work has been awarded on the basis of cost plus fixed fee. Replies to questions asked at that time do not indicate the basis of the fixed fee. A certain amount of machinery and equipment was also rented. I would like to know how much equipment was rented and on what basis, and whether the rental

of equipment is covered by the fixed fee. Can the minister give the committee that information? All this work was given to one contractor, the Fundy Construction Company.

Mr. Winters: The basis of the contract is cost plus a fixed fee, as the hon. member has said, but that is arrived at in this way. The department calls for tenders to be submitted on the basis of rates for the rental of the equipment involved, plus their figure for the fixed fee. The contract is awarded to the contractor who submits the over-all arrangement that gives the best rental figure for the equipment involved and the lowest fixed fee. It is comparative and competitive.

Mr. Black (Cumberland): Would the minister state what was the fixed fee and what were the various tenders submitted to the department?

Mr. Winters: For which year?

Mr. Black (Cumberland): For the three years. I would like to have all the information. I understood the minister to say that this contract was let to the Fundy Construction Company because they submitted the lowest fixed fee. I would like to know what that fixed fee was for each of the three years.

Mr. Winters: We do not have that information available this evening, but I would be glad to give the hon. member any information he wishes with respect to any contract. I understand most of it is available in the public accounts, but I would be glad to give it to the hon. member privately, or make a return of it, or any way he wishes.

Mr. Black (Cumberland): I should like to have the information and I do not want it given privately because many people in Cape Breton are interested in this matter. I have been asking for the information and I am rather disappointed that I cannot secure it. I should like to know what equipment was rented by the department, and on what basis. I should like to know how much was paid for each vehicle and the total amount paid for each piece of equipment during the different seasons.

The Chairman: Shall the item carry?

Mr. Black (Cumberland): Not until we get some information.

Mr. Winters: We have the information of course, but it is not before me at the moment. I can certainly get it for the hon. member and I shall be glad to give it to him, either now or at a later date.

Mr. Black (Cumberland): I prefer to have it now. However, I want to make it convenient for the minister. Unless there is great trouble in securing it, I should like to have it now.

[Mr. Black (Cumberland).]

Mr. Riley: While the information is being sought I should like to direct the minister's attention to something I started to bring up this afternoon on another item but apparently I was out of order. I was referring to a post office for the Fundy national park. There is a post office just outside the park at Alma. They would prefer to have a new post office in Alma but—

Mr. Knowles: Order.

Mr. Riley: The self-appointed deputy chairman has called me to order, but I do not hear the chairman calling me to order.

Mr. Knowles: I rise to a point of order. Post offices are not under the Minister of Resources and Development.

The Chairman: I think the point of order is well taken; that matter should be referred to the Postmaster General.

Mr. Riley: I do not question Your Honour's decision or the decision of the self-appointed chairman, but I would like to point out that there is an item now before the committee having to do with the construction or acquisition of buildings, works, land and new equipment for national parks and historic sites services. In Fundy national park the Department of Resources and Development has constructed a number of buildings, including a home for the superintendent, an administration building, a community centre, a number of tourist cabins, a clubhouse, and several other pieces of construction. One of these buildings was rented or loaned to the provincial government for its school of arts and handicrafts.

I simply want to make the recommendation that the Department of Resources and Development make available or lend to the Department of Public Works or the Post Office Department a building which could be used as a post office. May I continue, Your Honour?

The Chairman: That is in order.

Mr. Riley: I am simply suggesting that there be made available a building that would blend in with the type of building already there so that proper postal facilities may be provided for the tourists who come there to visit Fundy national park each summer. This afternoon the hon. member for Royal said that I had nothing to do with Fundy national park, but I want to assure you that I am very much interested in it. A number of representations have been made to me urging that proper postal facilities be made available for tourists. As I stated, there is a post office outside the park but it is located in a small building not adapted to use by a large number of people. They tell me

that the roof leaks and the amount of rental that is paid to the owner is not sufficient to permit him to make capital repairs. Therefore I urge the Minister of Resources and Development to make some type of building available, or to persuade his colleagues and good friends, the Minister of Public Works and the Postmaster General, to see that proper facilities are made available for the people of that locality and the many tourists who visit there.

Mr. Black (Cumberland): May I have the information I asked for?

Mr. Winters: I will get the information for the hon. member.

Mr. Black (Cumberland): I would like the minister to arrange to have it put on *Hansard* following my inquiry. I would like to ask the minister what work is to be done under this item covering construction or acquisition of buildings. I notice in the details regarding Cape Breton Highlands park that $240,865 is in the estimates for the current year, which is a considerable reduction from the previous year. What is proposed to be done with this appropriation? In addition to that, there is an item covering maintenance amounting to $140,564.

Mr. Winters: Under acquisition and construction of buildings and works the following items are being arranged for:

Spreading crushed gravel from mile 36 to Pleasant Bay on Cabot Trail	$ 50,000
Completion of bridges at Clyburn and Effie's Brooks	25,000
Construction of oil shed at park headquarters	1,000
Construction of three picnic shelters	1,500
Construction of two-car garage for R.C.M.P.	2,000
Construction of parking area at golf clubhouse	1,000
Construction of forest telephone to Mt. Treney fire lookout tower five miles tree line	1,000
Construction of three toilets, three at western entrance and one at Lone Shieling	450
Landscaping grounds and thinning of trees at bungalow camp	1,000
Construction of three tool caches for fire fighting equipment	500
Construction of ten miles of fire trail	3,600
Development of camp grounds at Cheticamp river and Big Intervale	3,000
Construction of central building for low rental tourist accommodation	20,000
Construction of a sea wall and reconstruction of highway north of Presqu'ile and replacement of native timber cribs with steel cribs where necessary, between Corney Brook and the Rigwash	100,000

Mr. Black (Cumberland): How does the department intend to carry out work such as the surfacing of the road?

Mr. Winters: For the large projects we will call for tenders and issue contracts, while the smaller work will be done by the maintenance staff of the park.

Mr. Black (Cumberland): Will it be done on a contract price basis or, as in the last three years, on a cost-plus basis?

Mr. Winters: We will make the best arrangement we can. Considering the nature of the work contemplated, I think we will be able to get a fixed contract.

Mr. Black (Cumberland): Have any contracts been let up to the present for any of this $240,000?

Mr. Winters: No.

Mr. McLure: I want to ask one question. I see an amount for the Prince Edward Island park of $127,600. Is that for new equipment, new buildings or what? What are the details of that?

Mr. Winters: Of that, $110,000 is for hard surfacing and the remainder is for small maintenance jobs.

Mr. Black (Cumberland): In Cape Breton Highlands park how much mileage of the highway has been surfaced and what mileage has been paved up to the present time? I should like to know the cost per mile.

Mr. Winters: There has been none paved to date. About 70 miles have been gravel-surfaced.

Mr. McLure: Whereabouts in the park is that hard surfacing and wall to be built? In Dalvey, Cavendish, Rustico or where?

Mr. Winters: The project is the hard surfacing of the Dalvey-Stanhope road for approximately 4·5 miles.

Item agreed to.

Canadian wildlife service—

389. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act—administration, operation and maintenance, $311,092.

Mr. Higgins: I note that there is a decrease of $2,135. I presume that is because there would be no need for supervision of the sea birds in Newfoundland this year. Seriously, I want to thank the minister and the Secretary of State for External Affairs for the co-operation they have given in the matter of a request for the relaxation of the Migratory Birds Convention Act. I feel that when they have made this investigation that they expect to make in the next three years they will find ample evidence that there is no necessity for imposing any restrictions in the future,

having regard to the reproduction of the birds. In view of the fact that we have been rather successful in the request to the minister in this connection, may I ask him to give consideration, if he is not already doing so, to the introduction of red deer to the province. I think they might well be implementing the living standard of the people and they would also be quite a great tourist attraction. I do not know whether the minister has had the proposal put to him already, but I think it is well worthy of his consideration.

Mr. Winters: The introduction of red deer to Newfoundland would be something to be initiated by the province. We would of course be glad to co-operate with them. The maintenance and care of deer in the province of Newfoundland would be the responsibility of the province of Newfoundland.

Mr. Higgins: But the minister would be prepared to co-operate.

Mr. Winters: Yes.

Item agreed to.

Mr. Catherwood: Mr. Chairman, you did not call item "S" under 388. Will you permit a question under that item?

Mr. Winters: That "S" just means that it is statutory.

Mr. Catherwood: I was just going to ask the minister a question.

National parks branch—

388. (S) National battlefields commission (chap. 57, statutes of 1908, as amended), $100,000.

Mr. Catherwood: I wonder if the minister would indicate the nature of the expenditure under this item, and also where the $100,000 statutory amount will be expended? Would he also explain what is the relation between this item and the one under the battlefields memorials in the national defence estimates? Is there any connection between those two expenditures?

Mr. Winters: This is a vote that is administered by the national battlefields commission under the national battlefields act, which is the responsibility of the Minister of Resources and Development. The vote is made available to the national battlefields commission in Quebec which is responsible for the administration of the national battlefield area in Quebec. The bulk of the money is spent on maintenance operations. Some of it, of course, is spent on administration, salary of permanent personnel and all the normal expenses that go into operating that historic battlefield. It applies only to the Quebec battlefield.

[Mr. Higgins.]

National parks branch—

390. National museum of Canada—administration, operation and maintenance, $228,669.

Mr. Harkness: This is the item dealing with the national museum, which also was dealt with in the Massey report. I have only skimmed through that report lightly but the impression I gained was that it had given the government and preceding governments somewhat of a rocket over the national museum and the comparative neglect of it. I do not know what the government has in mind. I note that the expenditure last year was up considerably over that of 1949-50 and that it is down again this year. I think there is no doubt that our national museum has been neglected. The number of specimens that are in it is far too great for the accommodation that can be provided for them. They cannot be displayed properly, and little attention really has been paid to preserving in the museum a great deal of material of historic and other interest which it would be well worth our while in Canada to preserve.

I should like to ask the minister to tell us what his department proposes to do with regard to the national museum, and whether they have in mind any improvements whatever. I am prompted to ask that question particularly because, on looking over the details at pages 390 and 391, I do not see a single dollar in the estimates for the acquisition of new specimens of any kind. Of course they have far more specimens now than they can display properly. But the point is that more material should be added to that museum constantly. There is a great deal of material—and I am thinking particularly of a great deal of Indian material in western Canada—which is rapidly disappearing; and if steps are not taken to secure some of this material in the near future, it will be completely unavailable. A great deal of it has been purchased by private citizens in the United States, has been taken across there, and is used. In some cases it has been donated to museums there and in other cases it is in private hands. But in any event, a great deal of historic material of that nature has rapidly been disappearing and we shall soon be at the point where it will be completely unobtainable. I think it is well past time when steps should have been taken to secure distinctive collections of material—and that is just one example—from various parts of Canada and to house them properly in the national museum so that they will be available for our citizens more or less for all time to come.

Mr. Winters: I agree, of course, with a great deal of what the hon. member has

said. The committee may recall that when this item was before hon. members last year, I said I thought that the time had come to pay more attention to the development of the national museum. But in the meantime circumstances developed that made it necessary for all of us to devote most of our energies and what funds are available to the development of the defence program. The vote therefore was cut back as were all votes of this nature.

With respect to the acquisition of specimens, there is no designation set up for that purpose. But there are parties of various types of specialists—botanists, anthropologists, zoologists and so on—in the field who collect a wide variety of specimens and make them available for the general public in the national museum.

Mr. Harkness: In my remarks I had reference not to specimens of a botanical nature but rather to specimens of historic interest, folk lore interest, native cultural interest and so on. The acquisition of those things in most cases requires a certain amount of money. These things have quite an intrinsic value apart from their value as museum pieces, and the people who have them are not going to part with them for nothing in most instances, particularly the specimens which are still left in the hands of our native population.

Mr. Riley: To what extent does the minister have jurisdiction over the art gallery which is located in the national museum building?

Mr. Winters: None, Mr. Chairman; I have no jurisdiction over it.

Item agreed to.

Engineering and water resources branch—

391. Branch administration, $65,410.

Mr. Higgins: Has the minister or his department had a request for a survey of water powers in the province of Newfoundland? If so, what has happened about it?

Mr. Winters: We have had a request, Mr. Chairman, and we are conducting stream measurements in Newfoundland at the present time.

Mr. Higgins: Has there not been an outside commercial corporation employed to do that work as well? Does the minister know of that? Was there any necessity for such employment?

Mr. Winters: I cannot answer that, Mr. Chairman. There has been no outside commercial company employed by this department.

Mr. Higgins: I take it that the department would have been prepared to complete a full survey of water power if given the time.

Mr. Winters: The function of this water resources division in the field is to make stream measurements, including flow data, and accumulate information which will be available generally to anybody who is interested, and who might be concerned with the power potentialities or any other aspects of stream flow.

Mr. Higgins: How far has the department proceeded with the matter?

Mr. Winters: We have seven stations set up now and by the end of this summer there should be ten gauging stations in operation.

Mr. Higgins: Has the minister the locations?

Mr. Herridge: Can the minister tell me what this phrase means: "Including grant of $350 to the international executive council, world power conference"?

Mr. Winters: The item to which the hon. member refers is a membership in the international executive council of the world power conference. It is just the amount to cover the membership fee.

Mr. Knowles: While the minister is answering that question can he tell us what the next item in the details is for: "Membership fee, $77"? What do we belong to that we pay that sum of money for?

Mr. Winters: I shall have to get that information. This is another of these items on which I shall have to get the information. I refer to the location of the gauging stations on these streams.

Mr. Higgins: Would the minister know if the Hamilton river in Labrador has been surveyed?

Mr. Winters: There will be one in there this year.

Mr. Higgins: There is none there yet?

Mr. Winters: No.

Mr. Drew: In view of the fact that the minister has explained the department is making certain hydrographic surveys in Newfoundland, has he been consulted in regard to the provisions of the bill that is now before the legislature of Newfoundland, known as an act to incorporate the Newfoundland and Labrador Corporation Limited?

Mr. Winters: No, I have not been consulted.

Mr. Drew: Is the minister aware of the provisions of the bill under which certain

arrangements are made in regard to the development of water power in Newfoundland?

Mr. Winters: I have not read the bill and I am not aware of its detailed provisions.

Item agreed to.

Water resources division—

Water resources division, including the administration of the dominion water power and irrigation acts, and including grant of $350 to the international executive council, world power conference—

392. Administration, operation and maintenance, $585,926.

Mr. Knowles: Can the minister inform us now as to what we have joined?

Mr. Winters: What is that?

Mr. Knowles: Can the minister tell us what it is we are spending $77 on? It comes under the item that we now have before us, item 392.

Mr. Winters: We are on item 391.

The Chairman: We are on item 392.

Mr. Knowles: We are on item 392 and the amount of $77 appears in the details about half way down the page.

Mr. Winters: Yes.

Mr. Knowles: What is that, the rotary club, the Liberal association or what?

Mr. Sinnott: A C.C.F. union. That is union dues.

Mr. Knowles: Are they deductible for income tax purposes?

Mr. Winters: It is membership fees for people in the waterway resources division in the various engineering associations, the engineering institute and the professional institutes of engineers, and the like.

Item agreed to.

394. To provide for studies and surveys of the Columbia river watershed in Canada, $381,095.

Mr. Harkness: This item is to provide for studies and surveys of the Columbia river watershed in Canada. The people concerned are engineers and so forth. I see down below there is the sum of $79,000 for topographical surveys and $26,000 for bathymetric surveys, and $43,000 for drilling investigations. Then there is an item of $26,000 for other professional and special services. I wonder why it is that all these surveys are separate from the cost of the various engineers, technical officers and so on, who are part of the department. Has this been done by means of extra contracts, or what is the explanation?

Mr. Winters: Although this department votes money, the surveys are carried out by the Department of Mines and Technical Surveys, or the Department of Public Works,

Mr. Harkness: The money is paid to the other departments, do you mean?

Mr. Winters: Yes.

Mr. Harkness: Is that done on a contract basis, or do you just come to a private deal?

Mr. Winters: The other departments do it at cost for us, and we transfer the funds to them to carry out the work.

Mr. Herridge: Do I understand that on this item we must ask our questions of the Minister of Mines and Technical Surveys?

Mr. Winters: No. We will answer questions with respect to administration so far as we are able to and, so far as possible, we will answer with regard to details of work. However, I am sure my colleague the Minister of Mines and Technical Surveys will give all that information, if he is asked, when his estimates are being considered.

Mr. Herridge: This item is of great interest to British Columbia, and particularly my constituency. How long will it be before the studies will be completed, and at what points has drilling been undertaken on the Columbia with the idea of finding foundations for dam sites? What success has there been in drilling at these various points?

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Chairman, I had that information here until about ten minutes ago, but seeing that time was running out I sent it back to my office. However, I shall be pleased to supply it when my estimates are before the committee.

Mr. Winters: I can add that we contemplate the completion of the survey will take another two years.

Item agreed to.

Engineering and water resources branch—

395. To provide for studies and surveys of the Red river basin in Canada, $182,000.

Mr. Bryce: Would the minister tell us what has been done by way of work on the Red river. Is this being accomplished by the two governments, or only by ourselves? Is the American government co-operating with us in the work? I wonder if the minister

would tell us what is going on, so that the people in Winnipeg will know what is taking place.

Mr. Winters: A considerable amount of work has been undertaken by this department on its own direct account and in co-operation with other departments to accumulate data in the Red river valley, and the other streams and rivers that contributed to the disastrous flooding a year ago.

We have acquired a staff in Winnipeg under the direction of Mr. G. L. MacKenzie, who is on loan to us. He is chief engineer of the prairie farm rehabilitation administration. Temporary space was obtained in the district engineer's office at Winnipeg, and later permanent accommodation was obtained from the provincial government at 221 Osborne street north. Recruiting of staff proceeded as need arose, and at the present time Mr. MacKenzie has a staff under him of sixteen, all but three of whom are engineering or technical personnel.

The work initiated and virtually complete as at this date includes the hydrographic survey of the Red river from Winnipeg to the international boundary and north from Winnipeg to lake Winnipeg. Analysis of hydrometric and meteorological data, flood records, river slopes and aerial photographs was carried on concurrently. The assistance of the Department of Mines and Technical Surveys was obtained to complete precise levelling operations, and this department also conducted surveys to develop the controls in the valley as a further step to contouring the area. The full co-operation of the greater Winnipeg dyking board, the Department of Public Works, the prairie farm rehabilitation administration and the United States geological survey has been obtained. In this connection Mr. MacKenzie and two members of his staff visited the corps of engineers office at St. Paul and were able to have very useful technical discussions so that the methods of carrying out hydraulic studies and other details would be correlated. At this conference it was determined that the improvement in the United States section of the basin would create no material change in the river regimen within the reasonable future.

The actual survey work has consisted in taking cross-sections of the river generally at 1,000-foot intervals with lesser intervals being used at some of the sharp bends. Extra sections were taken above and below all bridges. These cross-sections consist of taking soundings in the river at 20-foot intervals and the topography of the banks for a distance of 100 to 500 feet beyond the top of the banks on both sides of the river. Information is also being obtained as to the nature of the bed of the river by means of probings. Certain cross-section information between Emerson and Morris was already available in the office of the district engineer, water resources division, at Winnipeg.

Information was secured regarding the hydraulic gradient of both the Red and Assiniboine rivers for various stages of water during this spring. Staff gauges were accordingly placed by Mr. MacKenzie's staff throughout the Red river from Emerson to lake Winnipeg and up the Assiniboine river to Headingly. The P.F.R.A. also established a number of gauges on the Assiniboine river from Headingly upstream.

Once the necessary surveys are complete, maps will be drawn on a scale of 600 feet to 1 inch with an accompanying profile on a horizontal scale of 1,000 feet to 1 inch, and most of the work during the coming year will consist in the preparation of plans and profiles from the information which has been gathered. The maintenance of one or two survey parties throughout most of the summer will be necessary to obtain additional data as the need for this information arises. Office studies will include investigation of possible river channel improvements, protective works, flood diversion schemes, storage or retardation possibilities, hydraulic elements and determinations of costs and benefits of various schemes or combinations of schemes. The prairie farm rehabilitation administration will be doing most of the survey work on the Assiniboine river. The dyking board has completed the Assiniboine river surveys within the city of Winnipeg. I think the danger is over for this spring.

Mr. Bryce: I thank the minister for his explanation.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Monday we will take up Bill No. 322, respecting the Canada post office. Then we will move to go into supply, and call four or five departments; and proceed with the estimates of fisheries.

Mr. Macdonnell (Greenwood): Are you not going to go on with the Income Tax Act this year?

Mr. Black (Cumberland): Might I ask the minister what departments he proposes calling on Monday?

Mr. Fournier (Hull): I can give the hon. member a list. There are nine departments that have not been called, and subject to a change of mind I believe I would call defence production, trade and commerce, veterans affairs, post office, and citizenship and immigration.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF RESOURCES AND DEVELOPMENT

National parks branch—

383. Departmental administration, $381,223.

384. Branch administration, $22,780.

National parks and historic sites services—

385. Administration, operation and maintenance, $3,153,594.

386. Construction or acquisition of buildings, works, land and new equipment, $4,186,704.

387. Grant to the Jack Miner migratory bird foundation, $5,000.

388. Grant in aid of the development of the international peace garden in Manitoba, $15,000.

Canadian wildlife service—

389. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act—administration, operation and maintenance, $311,092.

National Museum of Canada—

390. Administration, operation and maintenance, $228,669.

Engineering and water resources branch—

391. Branch administration, $65,410.

Water resources division—

Water resources division, including the administration of the dominion water power and irrigation acts, and including grant of $350 to the international executive council, world power conference—

392. Administration, operation and maintenance, $585,926.

393. Construction or acquisition of buildings, works, land and new equipment, $50,995.

394. To provide for studies and surveys of the Columbia river watershed in Canada, $381,095.

395. To provide for studies and surveys of the Red river basin in Canada, $182,000.

HOUSE OF COMMONS

Monday, June 11, 1951

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the name of Mr. Weaver be substituted for that of Mr. Conacher on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

POLYMER CORPORATION

ANNUAL REPORT TABLED—CHANGES IN MANAGEMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): I desire to lay on the table the annual report of the Polymer Corporation for the twelve months period ended March 31, 1951.

While I am on my feet I might answer a question that was asked last Friday as to changes in the directorate and management of the Polymer Corporation. Mr. E. J. Brunning, chairman and president of the corporation, due to pressure of other business finds himself unable to devote as much time as he has heretofore to the affairs of the corporation. He therefore resigns as president, but remains chairman of the board.

The board of directors accepted with regret the resignation of Mr. J. R. Nicholson, formerly executive vice-president and managing director, who leaves the corporation to accept a senior post in a large Canadian concern.

Mr. J. D. Barrington, who has been vice-president and general manager of Dominion Magnesium, Limited, and president of Light Alloys Limited, has accepted the position of full-time president and managing director of Polymer Corporation.

Mr. E. R. Rowzee, who has held the position of manager of Polymer Corporation, becomes vice-president and manager.

QUESTIONS

CANADIAN NATIONAL RAILWAYS—QUEBEC-ST. JOACHIM LINES

Mr. Maltais:

1. What is the amount of tolls or rental paid each year by the Canadian National Railways for the use of the Quebec railway lines between Quebec and St. Joachim?

2. What is the freight rate schedule between St. Joachim and La Malbaie?

3. What is the freight rate schedule between St. Joachim and Quebec?

4. Has the Canadian National Railways any record of the freight carried during the last ten years on the section of the Clermont and St. Joachim line? If so, how much freight was carried during this period?

5. Has the Canadian National Railways any record of the freight carried on the section of the St. Joachim and Quebec line? If so, how much freight was carried during the last five years?

Mr. Benidickson: The Canadian National Railways advise as follows:

1. The Canadian National Railways does not pay rental or tolls for the use of the Quebec Railway lines between Quebec and St. Joachim. Instead, and as is common to all interline traffic movements, revenues are divided on the basis of established divisions. Statistics are not available to indicate Quebec Railway's share of revenues derived from these interline movements, and to obtain them would involve a large amount of clerical work and extra expense.

2. Canadian National Railways' Murray Bay subdivision comprises the line between La Malbaie and St. Joachim, and the published rates reflect the regular basis of rates, which vary depending on the commodity or commodities moving. The distance from La Malbaie to St. Joachim is 63 miles, and the class rates are as shown below:

1	2	3	4	5	6	7	8	9	10
—	—	—	—	—	—	—	—	—	—
73	66	54	47	36	35	29	29	–	24

3. The distance over the Quebec Railway light and power line from Quebec to St. Joachim is 25·1 miles, and the class rates published by that line are reproduced hereunder:

1	2	3	4	5	6	7	8	9	10
—	—	—	—	—	—	—	—	—	—
31	28	24	19	16	14	12	14	–	11

In addition, the Quebec Railway Light & Power Company, as in the case of local movements over our Murray Bay subdivision, previously mentioned, also publishes commodity rates, and these vary depending on the commodity or commodities shipped.

4 and 5. It is not the practice of the Canadian National Railways to disclose tonnage and earnings figures which might react to its disadvantage in the field of competitive effort.

Questions

BONAVENTURE, QUE., COMMERCIAL WHARF

Mr. Courtemanche:

1. Was any work performed on the commercial wharf of Bonaventure, Bonaventure county, Quebec, between May and September, 1950?
2. If so, was the work done by contract or by day labour?
3. If by contract, what was the amount thereof, and to whom was the contract awarded?
4. If by day labour, who was the supervisor or foreman of such work?

Mr. Fournier (Hull):

1. Yes.
2. By day labour.
3. Answered by No. 2.
4. Aubin Bernard, foreman.

REPAIRS TO MARSHALL BUILDING, ST. JOHN'S, NFLD.

Mr. Browne (St. John's West):

1. What has been the cost of the repairs to the Marshall building in St. John's, Newfoundland?
2. Are these repairs being made under contract as a result of tenders, and what was the amount of the contract?

Mr. Fournier (Hull):

1. $133,507.27.
2. (a) Yes; (b) $117,410.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRIME MINISTER'S RESIDENCE

Mr. Hodgson:

1. What are the total expenditures to date on the residence of the Prime Minister of Canada for (a) landscaping or alterations to grounds; (b) furnishing residence, including cutlery, etc.; (c) total payment to architects; (d) amount of commissions or allowances paid, and to whom; (e) total expenditures on this property?
2. What is the estimated cost to complete work authorized for this property?

PRAIRIE FARM ASSISTANCE—SASKATCHEWAN

Mr. Wright:

1. What are the names and addresses of all persons employed under the Prairie Farm Assistance Act in Saskatchewan, during the year 1950?
2. What sum of money was paid to each person as (a) salary or wages; (b) sustenance; (c) mileage; (d) other allowances, and what was the nature of the work performed by each?
3. How many persons were employed (a) part time; (b) full time, in 1950?
4. What was the total sum paid to all (a) part time employees; (b) full time employees?
5. At what rate are (a) salaries or wages; (b) sustenance; (c) mileage; (d) other allowances, paid to common labour, foremen, all other employees, under this act?

MOTIONS FOR PAPERS

SOUTH SASKATCHEWAN RIVER PROJECT

Mr. Diefenbaker:

For a copy of all correspondence exchanged between the government of the provinces of Saskatchewan, Alberta and Manitoba, and any department of the federal government, relative to the South Saskatchewan river irrigation and power project, and a copy of all engineering or other reports concerning the feasibility of the project or with reference to surveys made since January 1, 1951.

[Mr. Benidickson.]

BONAVENTURE, QUE., COMMERCIAL WHARF

Mr. Courtemanche:

For a copy of all payrolls and a statement of materials purchased in connection with the repairs to the commercial wharf of Bonaventure, Bonaventure county, Quebec, from October 1 to December 31, 1950.

Mr. Courtemanche:

For a copy of the payrolls and a statement of materials purchased in connection with the repair work done to the commercial wharf at Bonaventure, county of Bonaventure, Quebec, from May to September, 1950.

SALOMON HENRY'S WHARF, ST. SIMEON, QUE.

Mr. Courtemanche:

For a copy of payrolls and a statement of materials purchased in connection with the repair work done to Salomon Henry's wharf at St. Simeon, county of Bonaventure, Quebec, from September 1, 1949, to February, 1950.

CROSS POINT, QUE., WHARF

Mr. Courtemanche:

For a copy of all payrolls and a statement of materials purchased in connection with the repairs to the wharf at Cross Point, Bonaventure county, Quebec, from January 1 to December 31, 1950.

XAVIER POIRIER'S WHARF, ST. SIMEON, QUE.

Mr. Courtemanche:

For a copy of the payrolls and a statement of materials purchased in connection with the repair work done to Xavier Poirier's wharf at St. Simeon, county of Bonaventure, Quebec, from September 1, 1949, to February, 1950.

PROTECTION WORK IN FRONT OF CHARLES A. FOREST'S PROPERTY, BONAVENTURE, QUE.

Mr. Courtemanche:

For a copy of all payrolls and a statement of materials purchased in connection with the repair or construction of protection work in front of Charles A. Forest's property at Bonaventure, county of Bonaventure, Quebec, from October 1, to December 31, 1950.

RUISSEAU LEBLANC, QUE., WHARF

Mr. Courtemanche:

For a copy of all payrolls and a statement of materials purchased in connection with the repairs to the wharf at Ruisseau LeBlanc, county of Bonaventure, Quebec, from April to December, 1950.

FAUVEL, QUE., WHARF

Mr. Courtemanche:

For a copy of all payrolls and a statement of materials purchased in connection with the repairs to the wharf at Fauvel, county of Bonaventure, Quebec, from May to December, 1950.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM SHERRIDON TO LYNN LAKE, MAN.

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

That it is expedient to introduce a measure conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct a line of railway from Sherridon to Lynn Lake, in the province of Manitoba, a distance of approximately 155 miles at an estimated expenditure of $14,725,000 and an average expenditure of $95,000 per mile. The measure will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith temporary loans may be made the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

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

Motion agreed to.

CIVIL SERVICE

QUESTION AS TO AMENDMENT OF SUPERANNUATION ACT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Will the Minister of Finance state whether the government is giving consideration to a revision or amendment of the Civil Service Superannuation Act? If so, is it intended to present the legislation at this session or in the near future?

Hon. Douglas Abbott (Minister of Finance): No consideration is being given at the present time to a revision of the act.

COST OF LIVING

CONSIDERATION BY BUREAU OF STATISTICS OF NEW BASIS FOR INDEX

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the light of press reports, I wish to direct a question to the Minister of Trade and Commerce. Is the dominion bureau of statistics working on a new basis for the cost of living index? If so, will labour and other interested bodies have an opportunity to make representations before any new basis is finally adopted?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The bureau of statistics is studying a revised basis for the cost of living index, and I shall be glad to suggest to them that labour be permitted to discuss the matter with them before it is adopted.

Mr. Fair: Will the minister also include representatives of agriculture?

Mr. Howe: I shall be glad to suggest that agriculture be consulted as well.

IRON ORE

QUESTION OF FREIGHT SUBSIDY TO STEEP ROCK IRON MINES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Will the Minister of Trade and Commerce state whether Steep Rock Iron Mines have now delivered the first five million tons of ore referred to in the agreement of 1942? If so, may we assume that the freight subsidy in connection therewith has ceased?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yes, Mr. Speaker, the delivery of the five million tons was completed last autumn, and there is no government subsidy in connection with the operation of the Steep Rock mine at the moment.

Mr. Knowles: In view of the minister's statement, will he indicate whether representations have been made to the government that the subsidy be continued or reinstated?

Mr. Howe: No such representations have been made.

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

The house resumed, from Wednesday, May 30, consideration in committee of Bill No. 322, respecting the Canada Post Office—Mr. Rinfret—Mr. Dion in the chair.

On section 1—*Short title.*

Mr. Rinfret: The discussion on section 1 has been along two lines. One branch of the discussion has been concerned with the operating details of the department, while the other branch has been concerned with the increased rates on newspapers. In connection with this latter branch, I should like to say that when we reach section 11 I propose to ask one of my colleagues to move an amendment to that section. This might simplify the discussion of section 1, and we can discuss the amendment on section 11.

Mr. Drew: Will the effect of the amendment be a reduction in the postal rates now indicated in that section?

Mr. Rinfret: That will be the effect of it.

Section agreed to.

On section 2—*Definition.*

Mr. McLure: Paragraph (c) of subsection 1 reads:

"Deposit at a post office" means to leave in a post office or with a person authorized by the Postmaster General to receive mailable matter.

Then paragraph (d) says that "mail" means mailable matter from the time of its deposit at a post office to the time of its delivery. How soon after it is received is it postmarked?

Mr. Rinfret: The postmark is put on as soon as it reaches the post office.

Mr. McLure: Paragraph (g) deals with "mail conveyance". This paragraph does not include motor trucks, so I presume that tenders will not include the provision that the tenderer must give assurance that he has a half-ton truck to carry the mail?

Mr. Rinfret: This is only a definition, and it brings the definition in line with existing methods of transportation now used by the post office.

Mr. McLure: The old tenders for contracts included a paragraph stating that no tender would be considered unless the person tendering had a half-ton truck in which to carry the mail. Now, that is no longer included?

Paragraph (k) says:

"Postage stamp" means any stamp or impression authorized by the Postmaster General for the purpose of paying postage.

I presume that would include postage meters. How are these machines operated? Are they owned by the post office, or by the firm putting them in, and what do they cost?

Mr. Rinfret: On the first question, the stipulations that are put in the demand for tender depend, of course, on the condition of the road. I do not believe there is any condition in any of our contracts that call for a truck of so many tons. A snowmobile might be called for if the circumstances of the road required it during the wintertime. I do not believe we put any restriction or qualification on the truck itself.

As to the second question, paragraph (k) covers postage stamps and postage impressions of all kinds, including those made by postage meters, postage registers and like mechanical devices. The meters are rented by the firm. The firm goes to the post office, deposits a certain amount of money, and the meter is wound up to the amount that has been deposited. When the meter is used it decreases down to zero; then the firm goes back to the post office and deposits a further sum of money, and the meter is again wound up to the amount of money deposited.

Mr. McLure: The firm does not get any commission on these machines?

Mr. Rinfret: No.

Mr. Hatfield: Who rents the machines, the Post Office Department or some outside firm?

Mr. Rinfret: Does the hon. member ask who rents them to the firms?

Mr. Hatfield: Yes.

Mr. Rinfret: An outside concern.

Section agreed to.

Section 3 agreed to.

On section 4—*Deputy postmaster general.*

Mr. Noseworthy: Mr. Chairman, can the Postmaster General tell me the percentage of postal employees now employed as temporaries as compared with the number of permanents?

Mr. Rinfret: The figure is twenty per cent.

Section agreed to.

On section 5—*Powers, etc., of Postmaster General.*

Mr. Drew: It would appear that this is the section in relation to which I should like to obtain some information from the minister. There has been some considerable amount of discussion in the house since the earlier part of the session—Mr. Chairman, I will wait for a minute or two until it is possible for me to hear my own voice.

The Chairman: Order.

Mr. Drew: As I was saying, there has been a considerable amount of discussion since the earlier part of the session with regard to the changed arrangements which have been made for the delivery of mail. I recognize that in a great many places the hardship which was experienced by the postmen in the earlier stages has been diminished to some extent by the gradual working out of the new system. On the other hand, I find that in some of the larger cities, and in fact in many communities across the country, there is still a good deal of objection to the change which has been made in regard to mail delivery and the carrying of the mail. It does not relate so much to the length of hours that the postmen are called upon to work, although that matter in itself is a source of objection in many cases, but rather to the fact that, particularly in the larger communities, a postman is called upon to carry a load of mail which was never contemplated in the early days when postal services were established.

Every one of us recognizes that, day by day, there is a tendency for periodical publications to increase both in size and in weight. Moreover, the people are having a larger number of periodical publications delivered to their homes by mail. I am sure that every one of the members has seen postmen carrying an enormous load of heavy material which is largely the result of this changed arrangement. I know the answer can be given that the instructions are so worked out that this should not be the case. The fact remains, however, that whatever the instructions are, and whatever the circumstances are, I have personally had representations made to me by many postmen in different parts of this country in regard to the weight of the loads they are called upon to carry. That is particularly noticeable in the more severe weather, and of course in those areas in which the weather is more extreme.

I certainly would be the last one in the house to argue against any step that will effect economy in keeping with efficiency. I am convinced, and have said so many times, that there are a great many places where large savings can be effected in the government service. Nevertheless, in certain types of government service, efficiency must not be jeopardized by any attempt at false economy. The postmen and the post office employees generally are not only part of our whole social structure but are also a vital part of our economic structure. In addition, they are almost a part of the households of the people whom they serve. I doubt if there are any working members of the community who are brought closer, day by day, to the people whom they serve. For that very reason it is essential that this great and important service—and one which the Canadian post office has every reason to point to with pride—should not be jeopardized, nor should the excellent morale that has existed in that department over the years be impaired, by any regulations which would leave an impression in the minds of the postal employees that the value and the importance of their service were not being adequately recognized.

I do not think that the Postmaster General will question the fact that many postmen have retired from the service during these past few months. Some have been compelled to do so because of their health. No matter to what extent the earlier complaints may have been diminished in some communities, I earnestly suggest that the effect of the present arrangement on the morale and on the efficiency of the service in many other communities be carefully examined.

Having said that, from the point of view of the postmen themselves who perform an immensely valuable service for every one of us, day in and day out, in weather of all kinds, I wish to refer to the other aspect of this problem, and it is one which has not been discussed at any great length during the present session. Efficient and frequent delivery of the mail is one of the essential requirements of our modern society, and is a vitally important function within our business and economic structure. Anything which would make it less effective for the purpose of carrying on our ordinary business transactions would indeed be a false economy.

While I do not wish to draw comparisons unfavourably as between Canada and any other country, those who have had occasion to use the mail in London, and, in fact, generally throughout the British isles, realize that to a great extent the mail is used over there in the place of the telegraph because frequent and prompt deliveries have made the use of the mail an efficient and effective means of immediate communication between business houses as well as between individuals. Reducing the service to one delivery a day is not only a question of economy and a question of its effect on the postman, important though that may be. It also has a marked effect on the value of that service to many business houses as well as to many functions of government at the national, the provincial or the municipal level. Over the years mail delivery here has become less frequent rather than more frequent. Yet in other countries, with the increased efficiency of the general social and economic structure, mail delivery has generally increased, both in number and in speed of deliveries.

I therefore think that this whole procedure should be re-examined and that the Postmaster General should reconsider the changes which have been made, not only from the point of view of the convenience of the postmen and of the postal organization generally, but also from the point of view of the efficiency of business throughout the whole of this country. This is particularly desirable at a time when business is to be stepped up through the addition of defence production to our ordinary civilian requirements. New burdens will be placed upon our postal service—new burdens which will have their impact upon the postmen and the postal employees generally—and also new demands for efficient service for the more effective carrying out of the business which is done in that way. For these reasons, Mr. Chairman, I strongly urge that the Postmaster General give this subject further consideration, and I can only hope that in this case the consideration may produce the same

satisfactory results which ensued from our earlier arguments in regard to the cost of postal delivery of newspapers.

Mr. Rinfret: I would not like the leader of the opposition to feel too certain that it was his recommendation that brought about this reduction. I have had some other people speak to me, too.

Mr. Drew: Mr. Chairman, the promptness with which the Postmaster General referred to something which I had not even indicated suggests that perhaps my arguments had very considerable force with him.

Mr. Rinfret: To come back to the reduction in delivery from two to one a day, there were two purposes to be accomplished by this measure. One was that of economy, and that is the one which for the most part the leader of the opposition has stressed. The other was the question of manpower. In reducing the deliveries from two to one a day we realized an economy of about 1,000 persons in the manpower field. At the outset, we felt that by making this change we could make a reduction of one out of every three men. That is to say, where three men previously served three walks and gave two deliveries a day, two men could serve the same territory by giving only one delivery a day.

We might as well face the cold facts. The service under the one-delivery system is not as good as that which was formerly given under the two-delivery system. Some of the residential patrons, who formerly received their mail in the morning, will now receive it in the afternoon. Somebody has to be at the beginning of the route, and somebody at the end. There would be a difference of several hours in the times at which various patrons on the same route receive their mail.

The complaints, however, were not from the residential patrons; generally speaking, they accepted the reduction in good spirit. It was mainly commercial or industrial concerns, who for one reason or another were located on a residential walk, who were chiefly affected. As I said before, we hoped to have made the change by making a reduction of one man out of every three. This was found to be impracticable. It was overburdening many of our letter carriers, and causing overtime. The procedure was modified in many areas and a reduction of one in four was instituted. I might say, however, that some offices have been able to fit in the one-delivery service with a reduction of one letter carrier out of every three.

A change of this kind cannot be put into effect overnight. There are so many ramifications, involving all kinds of changes in postal arrangements. Complaints were received, but in every case the complaint was investigated, and, where improvements could reasonably be effected, this was done immediately. The service did not involve greater travel by letter carriers, but it did involve additional loads. This was mitigated wherever possible by an adjustment of the routes, and also by having part of the load delivered to relay bundle boxes, stores and other places; we are supplying these relay bundle boxes as soon as they can be provided. In the meantime we are using stores and other places to store these bundles for the letter carriers. There was actually a certain amount of dislocation at the outset, but I do not believe this was any reason for not going ahead with the scheme.

I have received recently a report from the main letter carrier offices of Canada, and, with the exception of one or two trouble spots, the change is working out satisfactorily.

In cases where it is found by independent check that the letter carriers are working consistently more than the forty-eight hours a week, as corrected on the eleventh week to bring it to forty-four hours a week, steps will be taken to pay the letter carriers overtime for that additional period until such time as the walks can be readjusted and brought within the uniform five and a half day week.

One of the chief sore spots is Toronto. I will be perfectly frank and admit that the situation in Toronto is not as good as we could wish, but it is not entirely due to the establishment of the one delivery a day system. As a matter of fact, there was an inordinate increase in the amount of business in Toronto. The revenue for the month of April increased by $400,000 over the same month last year, or approximately twenty-eight per cent.

Mr. Adamson: I do not want to interrupt, but what was the total revenue?

Mr. Rinfret: Roughly $1,500,000. In addition many employees are leaving the post office to obtain employment in commercial and industrial concerns at a higher rate of pay than the post office is able to give, tied down as we are to specific rates and conditions. Improvements, however, will depend to no small extent on the department being able to obtain suitable replacements for employees who have either retired from the service on account of age, or have resigned, at the salaries and on the conditions of employment which we have to offer.

At this point I might mention that I have received a large number of letters from postal

patrons all across Canada, expressing appreciation of the adjustments made.

I wish to express a word of commendation to those employees, particularly letter carriers and city sorters, who have had to bear the brunt of this change. In most cases they have helped us loyally to put the change into effect, and I can assure the committee that it is the intention of the Post Office Department not to place any undue strain upon these employees. We shall in all cases make the adjustments as quickly as possible, but we do ask for reasonable co-operation and forbearance while the contingent adjustments are being made. I can give an assurance that we will do all we can to remedy any justifiable grievance.

To put the picture in another way, the post office cannot refuse to accept all business that is offered. When a street car gets overcrowded, the public have to wait for the next one. When the Bell Telephone have used up all the space on the circuit, patrons wishing a telephone have to wait, sometimes for months, before they can be accommodated. Stores which have sold out a particular line of goods simply say "sold out". Laundries and other organizations selling service put out signs indicating that they are unable to accommodate any more customers. The same holds true for railroads and aeroplanes. The post office, however, is expected to take on all comers, twenty-four hours a day, 365 days a year, no matter what the fluctuations in volume may be.

We have no magic formula by which we can foretell the problems of any particular period or provide necessary manpower at a time of shortage. At the present time, men are going out to the armed forces and to essential industries, and this has to be encouraged, not discouraged. All we can do is to save manpower wherever we can, and to cut out any frills. The reduction in postal deliveries was inevitable, and, unless the manpower situation eases, more restrictions may conceivably have to be considered. Everyone who has studied the basic facts will agree with the conclusions we have reached, but unfortunately most people want us to make the necessary economies, but at the expense of someone else.

Let me again make it clear, therefore, that the Post Office Department does not feel it necessary to apologize for its action in restricting service. It was brought about by conditions beyond our control. In regard to the change itself, individual mistakes and errors in carrying out the general policy will occur, and these are regretted. They are perhaps pardonable in a large and complex organization such as the postal service, extending as it does from coast to coast.

We can offer no rosy promises for immediate improvement. That will depend on conditions, but hon. members may rest assured that we shall spare no effort to give the most practical and efficient service which the resources at our disposal will permit.

Mr. Drew: Mr. Chairman, the illustration offered by the Postmaster General is, I suggest, rather misleading. He says that a condition under which there is an excessive use of telephones, or street car services, or even excessive purchases in stores, can be compared with this situation. If there is a crowding of telephone lines through excessive use of those lines, or if there is a crowding of street cars to such an extent that certain people cannot get on them, or if there is sell-out of goods in a store, necessitating a would-be purchaser waiting for another occasion, the result flows from the actions of the persons seeking to obtain that service. What happened in this instance is the result of action taken by the Post Office Department itself, not by those using the service. The cure, I suggest, is exclusively within the hands of the department. In the other instances the pressure comes about because of the number of people seeking to use the service.

Mr. Noseworthy: Speaking in reply to some of the observations of the Postmaster General respecting the situation in Toronto, I would say first that I was pleased to find that he is prepared to face the facts so far as that city is concerned and to admit that all is not well with the postal service in Toronto and district.

Through conversation with one of the managers of a postal station in Toronto over the week end I am informed that station managers are being flooded with telephone calls and letters expressing severe criticisms of the system as it now exists, and that this condition obtains to the point where life is almost unbearable for them. At the week end immediately preceding the last one there were five routes in the constituency of South York that were not covered. Last week there was one route, in the area in which I live, on which there were no deliveries on Tuesday or Thursday. Further, a daily newspaper from Hamilton, which would be carried as second-class mail, was not delivered daily; four copies were delivered on Saturday. Naturally the citizens are complaining of a service which obliges them to accept, in one day, delivery of four issues of a newspaper which should be delivered daily.

I was told by postal employees over the week end that in some of the Toronto stations neither the sorters nor the carriers have been able to keep abreast of their work. They are always behind, both in sorting and in delivering. It is obvious, therefore, that the situation in Toronto and district has not yet cleared up. It is not just a matter of having mail delivery at six or seven o'clock at night; rather it is one of having any mail delivery at all during one or two days of the week. This condition has arisen through the introduction of the one delivery a day system, which has come as a blanket order or blueprint from head office in Ottawa, without any effort to find out, through experiment in some of the larger centres, such as Toronto, just how the system would work out.

The blanket order was sent out across the country stating that the walks were to be telescoped so that one out of every three men was to be relieved, and this was done without the department having any knowledge of the disruption it would cause in the postal service. Not only has there been disruption in the system, but there has been a serious break-down in public relations. I believe in the past the Post Office Department has enjoyed as satisfactory public relations as any other department of government, but so far as my area is concerned, it has now sacrificed in large measure that satisfactory relationship.

In Toronto the change has resulted in the loss of a considerable number of permanent staff. The post office is finding it impossible to replace these experienced members with efficient help. I am informed that most of the help the department is now getting is sent from the employment offices, where the unemployed are given the choice of either taking a job with the post office or of having no unemployment insurance. The result is that not only is the Post Office Department getting inexperienced employees, but they are inefficient as well, and are thus slowing up the service.

I do not think anything can be done about retracing steps so far as the change is concerned. I am told that today it would be impossible for the Post Office Department to go back to the system of two deliveries, even if it wanted to. There is just not enough help available to reinstitute a system of two deliveries a day, even if the department so desired.

I was surprised to learn that the ratio of temporary to permanent employees in the Post Office Department is twenty per cent. An estimate I made in the Toronto area would indicate that the percentage of temporary to permanent employees is much higher than that. One of the complaints postal employees are registering is that they have been kept on for years as temporary employees, without being given permanent employment, with the result that they have become disillusioned. The whole feature of permanency, as applied to the section of the civil service connected with the Post Office Department, has been destroyed, and this has had a disrupting effect upon the entire service. The department is probably doing all that can be done at the present time; but the whole trouble lies in the fact that this system of one delivery a day was instituted by headquarters at Ottawa through a blanket order applicable across the country without their first having a proper study made, and without any effort on their part to find out before the order was issued just what the effect would be in a centre like Toronto.

The minister has stated that there is competition from private enterprise in the matter of wages, and he has stated also that a shortage of manpower exists; but these things existed all through the war. During the war there was a much greater shortage of manpower than there is today, and there was the same competition from private enterprise, but there was no disruption of postal service. We went through the war without any disruption of that most essential service. There were good relations between the Post Office Department and the public, and there was reasonable contentment on the part of the employees with their working conditions and pay. That has been disrupted because of the steps which have been taken, and I do not think the post office is going to be able to remedy this condition for a long time to come.

I think it unfortunate that this disruption has taken place. All that can be done is for the department to continue taking the steps they are taking. I understand that surveys are being made, but it will be some time before the data collected can be tabulated and the necessary steps taken to remedy the situation. If this idea of carrying employees of the department for years on a temporary basis—this applies to other departments as well—were discontinued and employees given a permanent status after a reasonable length of time, I think the situation would be eased somewhat.

The practice of the civil service carrying over fifty per cent of its personnel for years on a temporary basis is nothing but a cheap labour racket. That is all it is. There is no reason in the world why any department should carry such a high percentage of its employees for years on a temporary basis.

In view of the situation that has developed I think the Post Office Department will have to give serious consideration to increasing

the scale of wages paid to postal employees. Never a week goes by but members of parliament receive copies of the advertisements put out by the Post Office Department for letter carriers, porters and other inside help. As the minister has said, the department is not getting enough help, and certainly is not getting the efficient type of help that it needs. This is the result partly of the disruption which has taken place, partly of the adverse advertising which the Post Office Department has received within the last two or three months, and partly of the way in which those who are employed have been subjected to working hours that are longer than necessary over a long period of time without any assurance of overtime pay.

The minister's statement last week that these employees would be paid for their overtime has had and will have a favourable effect. But I still think that before the Postmaster General can put his department on an efficient basis, consideration will have to be given to increasing the salaries paid to postal employees. Otherwise he is just not going to be able to get suitable help to enable him to give sufficient and efficient service to the public.

Mr. Adamson: Mr. Chairman, I want to corroborate everything the hon. member for York South has said. Conditions almost identical to those he has mentioned exist in my district, except that they may be slightly worse. I am informed that last week there were no less than six postal walks which could not be serviced for days at a time, and that the postal authorities in Toronto had to ask members of their staff who were doing other things to fill in as postal carriers in order to have the mail delivered.

The delivery of mail transcends any dollars-and-cents consideration. You just cannot put it simply and solely on an economic basis. The delivery of mail is part of our economic and social life, and we cannot have it interfered with if the work of the country is to be carried on efficiently. Therefore we are faced directly with the following problem.

At the present time the Post Office Department is having great difficulty in getting personnel to handle its rapidly increasing business in the Toronto area and particularly in the suburbs as represented by the ridings of York South and York West. If men cannot be obtained to undertake this work—chiefly for economic reasons, although there are others as well—then we must be prepared either to increase the rates charged for the delivery of mail, or to have the Post Office Department operate with a deficit. There are no other ways out of the difficulty.

I have found the postal authorities extremely co-operative. Every day some member of the Toronto district postal office is in York West investigating a complaint or trying to iron out some frightfully difficult situation which has arisen. In practically every case they come to me, or to the ratepayers' association or to the industry which has complained, and say that because of the regulations they cannot make the change that is asked for. If the regulations are the cause of the slowing up in postal deliveries, then I suggest that consideration should be given to altering them.

As I say, this business of the post office and the delivery of mail transcends any purely economic consideration. The carrying of heavier and heavier loads by the letter carriers is something that must be remedied. I realize that the mail is there and that it has to be carried out; but when the volume of mail becomes so great that men cannot possibly lift it and deliver it, then something must be done. With all the good will in the world on the part of the minister and the department, unless extra help is made available that mail is going to remain undelivered. It is simply a physical matter; there is not the physical strength to do the job, and unless you make it attractive enough for people to undertake this work, the situation is not going to be remedied.

I have great sympathy for the Postmaster General and his employees. I know the problems they are facing, particularly in a district such as mine, which is growing at such an extraordinary rate. I want, though, to mention once more the matter of sub-post offices. In the several cases I have brought to the attention of the minister we thought we had all the arrangements made, but at the last moment they blew up in our faces, to use a common expression. It was impossible to get proper accommodation even after the postal authorities had toured the district. Presumably that is because the department could not offer people enough to induce them to undertake this work; and if that is because of the regulations, then the regulations should be changed so this work will be made attractive and people will undertake it. Large districts now are almost completely without mail service, or the only post office available is a considerable distance away. In my district, and I imagine this is the case around most large cities, transportation is a problem. As a result mail is now picked up perhaps once or twice a week, and collecting mail at a sub-post office is no longer a matter of a few minutes; you have to line up and wait for a half hour or more before you can get your mail. That situation is intolerable,

and I think something should be done, either through the civil service commission or the department itself, so that this work, which is just as essential as any other work in Canada, may be carried on efficiently.

Finally I would ask the Postmaster General if he can give me the wage scale in three principal classifications of employees, mail porters, postal delivery men and some other classification, in 1939 and today. Then I have this suggestion to make: that if we cannot clear up the situation through the present machinery, a committee of this house be set up next session so that the whole question of the Post Office Department may be gone into. Whether it means we shall have to pay more for the service, or that the post office will have to operate at a deficit, the facts should be presented to this parliament so that the people of Canada will know what they are facing. They should know whether the present intolerable conditions have come about because of the regulations, or because of inflationary pressure or for what other reason, and whether they will have to accept either an increase in the rates or be prepared to have the post office operate at a loss. These are technical problems which I believe should be considered next session by a committee of this house.

Mr. McLure: When the Postmaster General was making some remarks a little while ago he referred to men going into the armed forces. He did not say whether or not there was objection to this, but there is a question I want to ask in that connection. This morning I received a letter from a permanent civil servant, a railway mail clerk operating from Charlottetown to Sackville. On May 29 he enlisted in the active army for three years, with the understanding that he would go with the 27th infantry brigade. This man had fourteen years of service with the post office and three and one-half years in the last war, and here is his complaint. The operations branch of the postal department of Ottawa wrote the inspector at Charlottetown stating that the civil service commission had not yet issued orders that a civil servant may enlist in the armed forces; the civil service commission did not issue leave of absence covering the men who enlisted in the 25th until lately, and those who have enlisted in the 27th have not been granted this leave of absence by the postal department. His question is: Will he, by going overseas, have lost his job, and will he also lose out on his retiring allowance?

I do not know anything about this man except that he appears to be a genuine civil servant, and I should like to know whether the department issues these letters to men who sign up. It would certainly break down their morale if that is the practice. I believe this man and others in the same position should be given some satisfaction as soon as possible.

Mr. Rinfret: The answer to the question is contained in what the hon. member just read. The civil service commission has not yet given a clear directive as to what must be done.

Mr. McLure: Is the Post Office Department governed by the civil service commission in regard to men joining the armed forces?

Mr. Rinfret: Not only that, but also in respect to appointments.

With regard to the question I was asked a minute ago by the hon. member for York West, a comparison of salaries, for the sake of simplification I shall give the maximum salaries. In 1939 for carriers the remuneration was $1,500; in 1950, $2,628; porters, $1,500 and $2,496; clerks, $1,740 and $2,904.

Mr. Gibson: Will the Postmaster General tell me whether the $2,628 for mail carriers is the salary in the largest office?

Mr. Rinfret: Yes, of course.

Mr. Gibson: Why is there a differential in the salary scale between a town like Port Alberni and the city of Vancouver?

Mr. Rinfret: It is a question of revenue.

Mr. Gibson: One of the great difficulties we have had in Port Alberni is the obtaining of mail carriers. In the district we have one of the highest wage rates in Canada. The saw mills pay $1.40 per hour, so we have difficulty in obtaining letter carriers. Why should the revenue of the office be the standard for setting the remuneration of a man who is doing comparable work to that which is performed in a larger office? Is that a sound basis?

Mr. Rinfret: That is the only standard we have to go by. If we increase the salaries in one part of the country, we have to be prepared to do the same thing throughout the rest of the country. If we increase the salary scale for Port Alberni, we would have to be prepared to do the same thing for a similar office situated in the east.

Mr. McLure: I should like to ask one more question with reference to the answer I got to the last one. I do not think it is satisfactory. I want to send a telegram to this man; have I got to go back to the civil service commission and consult them about this employee? I believe the postal department should have some control in this matter; instead of a member taking it up,

the department should take it up. Surely this veteran is entitled to a straight answer so that he can try to get out of the army and get back to his employment, or so that he will know what is going to happen to him.

Mr. Rinfret: The answer to the first question is yes. The answer to the second question is that the hon. member can be assured that as soon as we get the necessary directive there will be no delay in the post office giving him his letter.

Mr. McLure: There will be no delay in receiving that from the commission; are we assured of that?

Mr. Rinfret: That will be a directive from the civil service commission, and I cannot answer that.

Mr. Herridge: I am pleased to hear the Postmaster General say that the situation is continuously being reviewed to correct mistakes. From what has happened, it is obvious that his department took hasty action without sufficient thought. I think it was unfortunate action, because it was taken in connection with one of the lower paid groups of employees. As the Postmaster General knows, it has caused a good many men to leave the service of the Post Office Department.

I had a few words to say on this matter on an occasion when we had the opportunity to raise grievances. But since that time I have had a number of letters from trade union organizations in the cities of Trail and Nelson, bringing to my attention the particularly difficult circumstances under which mail carriers work in that area. These two cities, Mr. Chairman, are situated on the sides of mountains. The mail carriers have to carry mail on routes which in many cases have grades of up to thirty per cent. In addition to that, in climbing from one street to another there are steps that are on a forty-five degree angle, and of such a height that they would reach from the base of the parliament buildings to the top of the tower. If the deputy postmaster general had to carry one of these sacks of mail up these steps we would get the matter rectified very quickly.

It is easy to make plans for level communities like Ottawa, but in that area we have particularly difficult conditions. I ask that the whole question be reconsidered so far as that locality is concerned. I realize the necessity for saving where possible, but the problem is so serious in my district that not only have labour organizations been writing to me, but elderly ladies, who have seen the postmen going along the streets, write to say that the Post Office Department is making poorly paid pack horses out of our letter carriers. I believe this shows that the change of route was made without sufficient consideration. I ask that the matter be reviewed in that district, because of the exceptional conditions under which these mail carriers work.

I should like to ask the Postmaster General by whose recommendation these changes are made in any given locality. At what level is that official? Who is responsible for the final decision? I am quite sure that no one who was directly informed as to the circumstances that exist in the cities of Trail and Nelson would have made the changes in the first instance. I believe there has been some improvement, but there is a necessity for more improvement if these men are to be treated fairly.

I should like to say a word in support of the remarks made by the member for Comox-Alberni, who at times does make some contribution to the debate in this house. In his remarks the Postmaster General indicated that a number of the employees were leaving his department because they could get higher rates of pay in industry. That is happening in the district I have the honour to represent, because there is a relatively high wage scale in that area. Lumbering, mining and smelting pay relatively high wages in Canada compared to those received by the letter carriers. This means that only the older men, who cannot obtain employment in the woods, mines or smelters, are going to apply for these positions. Older men who do this type of work will find it a greater burden than some of the younger men who have resigned because they were able to take heavier jobs. I believe that is going to increase the difficulties of the department; and in this connection I did want to bring to the attention of the Postmaster General the unusual and serious conditions in the cities in my constituency.

Mr. Wright: While I sympathize with these people in Toronto and other places who are only getting their mail once a day instead of twice, I want to say a word for some people in other parts of this dominion who were getting their mail twice a week and now are not getting it at all. In certain rural areas in my constituency, I believe four or five of these rural routes that were in operation five or six years ago are now closed. Only one route is operating today.

In those cases where rural routes are established, the courier travels from thirty to thirty-five miles, seventeen miles out and seventeen miles back. Quite often there was a rural post office serving the community

before the routes were established, and now that these routes have been discontinued the rural post offices have not been re-established. This leaves many people from fifteen to twenty miles from the closest post office.

The reason given for closing most of these routes is that people will not bid on the contracts for the delivery of mail. The contracts are usually let at from $700 to $750 for a year. That is not much of an income, and it is very seldom that these people can take on much other work. They have to attend to these routes two days a week, and they have to maintain equipment, either a car or a truck for the delivery of the mail. They have to deliver it in all kinds of weather conditions, winter and summer. The result has been that many of these rural routes are closed. Will the minister give us the number of routes in Saskatchewan that have been closed during the last five years, and the number of new routes that have been established?

Speaking earlier in the debate, one of the members said that the delivery of mail should transcend purely economic considerations. I believe that, and I believe that the people in rural areas, who live there because they must do so in order to produce the food for the rest of this dominion, are entitled to better mail delivery service than they are getting at the present time. I bring the matter to the minister's attention because I think a mistake has been made in the closing of the number of rural routes that have been closed in western Canada during the last few years.

Mr. Rinfret: On that point, I may say to the hon. member for Melfort that not one single rural route in Canada pays its own way.

Mr. Wright: I realize that.

Mr. Rinfret: And as to the post offices, the great majority of them do not pay their way. We are therefore giving more service than is justified by the revenue we are receiving.

On the question of the closing of post offices, it has been discovered that, with the increase of the rural routes, so few people were served by post offices in small towns—four, five or six—we thought it was good economy to serve everybody by the rural route rather than have the post offices remain open.

If, as the hon. member suggests, there are some of these rural routes that have been abandoned, if he will kindly send me the names of them I will see that the post offices are reopened.

Mr. Wright: I thank the minister for that. But again I want to point out that you cannot put the matter on a purely economic basis.

[Mr. Wright.]

Mr. Rinfret: We do not. That is exactly what I said.

Mr. Wright: Nor can you use the argument that you do not realize adequate revenue. The revenue for those routes may come from the city of Winnipeg, because it is from there that a great deal of the mail is sent which is received over these routes. You have no way of determining their value. Therefore I do not think it is fair to put the matter on an economic basis. The basis on which we should operate the post offices is the basis of service to the most people in the Dominion of Canada.

Mr. Rinfret: That is exactly what we do.

Mr. Wright: You are not doing it altogether. I should like to see you do it just a little bit more than is being done now, having regard to rural mail delivery.

Mr. Fair: For the last fifteen or twenty minutes, Mr. Chairman, I have been waiting to say what the hon. member for Melfort has just said. In that case it was Wright; now it is Fair and Wright. I hope the Postmaster General and his deputy will take notice of what the hon. member for Melfort has just said.

Mr. Rinfret: And what is fair.

Mr. Fair: And what is supported by Fair. During the early part of this sitting we listened to discussion of the difficulties in the cities. It is not my intention for one moment to oppose mail delivery in the cities once or twice a day. I am fully aware that this service is necessary; and I was sorry when the Postmaster General and his colleagues found it necessary to eliminate one of the services in many of the cities that had been receiving twice-a-day service. But I think the minister will agree that if it were not for the rural population in Canada there would not be any need for either towns or cities all across this country. They are there for the service of the rural communities. The sooner we recognize that fact, the sooner perhaps will better service be given to the rural communities in postal and other matters.

There is a problem, I believe, all across Canada with regard to rural routes being shut down at least temporarily. In my own case I have been dealing for some little time with the other officials of the department. I have not yet brought the matter to the attention of the Postmaster General or his deputy, and I am not doing so now. But apparently the practice has been that where contracts expire and tenders are called for again, if in the opinion of the officials administering the service, a tender is too high, they wait for a

while and again, in some cases after pressure is brought to bear upon them, call for new tenders. If those tenders still are too high, they let the matter drift, with the idea perhaps that somebody will be foolish enough to put in a tender on which he will lose money and still continue the service. That is one of the things to which I take serious objection. Where a tender is too high, I feel that at least the service should be continued until somebody is found who will put in a satisfactory tender.

In one case in which I am particularly interested I know that the tender put in is not too high, but because it is higher than it was four years ago the people on that particular route are obliged to go without service. That situation is now running into the third month. Yet when those people are attempting at the present time to take off last year's crop and to sow another crop for harvesting this year, they are compelled to go quite a number of miles for their mail. They are left without service simply because we must economize in the Post Office Department.

I understand that that complaint is general from the Atlantic to the Pacific in connection with rural mail routes. A little later on I will perhaps take this particular case up with the deputy minister, and later, if necessary, with the minister. I am not mentioning any names at the present time. But again I want to support the complaint that has been made by the hon. member for Melfort. The Postmaster General will hear from me a little later on unless service is restored in the near future.

Mr. Higgins: As the minister knows, the main post office in Newfoundland is the general post office in St. John's. The next important post office is known as the east end branch at St. John's. It is in connection with the operation of the east end branch of the general post office in St. John's that I want to speak for a few moments.

I have had a letter from a prominent newspaper man in St. John's; and in order that there may be no misunderstanding about the matter, may I say that it is a newspaper that supports the government. It is in connection with what he writes that I wish to speak; I want to draw the contents of his letter to the minister's attention. In his letter he states:

> Since we joined Canada the postal service has deteriorated. For example, the east end branch has been catering to a growing clientele . . . We are within eighty yards of that post office but have had to transfer our business to the general, a mile away. Why? Several reasons. One, mail dropped into the east end, even if for boxholders there, is sent to the general for franking and then returned to the east end. Think of the delay here; at least a day. The east end does not cash money orders, although it will sell them; and neither will it give out parcels. Air mails are sometimes not delivered until the next day if arriving at the general late in the afternoon. The east end is not open at night as it used to be . . . it is impossible to pick up mail after regular business hours. The other night, after I heard Mr. St. Laurent's message to the Commons, I wrote an article for—
>
> A Canadian company, a mainland newspaper.
>
> —and posted it at the general at 10.30 p.m. The caretaker said the air mail had been picked up for the next plane which was not going out until 1.30 or 2 a.m., and my letter would have to wait for the next plane, not before noon. Why the long delay between closing-off time and the departure of the planes? The airport is no more than twenty minutes slow driving, from the city, and midnight would be ample time to close off reception of mail. It must be emphasized, of course, that the present poor mail service is not due to the staff. They are the same as pre-confederation when we had a better distribution and the east end was open day and night, Sundays and holidays. The new order came in shortly after union and is the work of Ottawa. The carrier system has also been cut down to one delivery a day.

I will not go any further into the matter, except to emphasize once again that this branch serves not only a large part of the business community of St. John's, but also a considerable number of the outlying settlements. I feel that the minister is fully aware of that fact. I should like him to take the matter into consideration. I do not know whether he can give me an answer now.

Mr. Rinfret: I will certainly take the matter into consideration. As to what is right and fair, the number of rural routes that have been increased in the last four years is 237. The number of persons served is 65,000 more than it was in 1946.

Mr. Fair: May I ask the minister how many routes have been discontinued temporarily all across the country?

Mr. Rinfret: I have not that figure; I will endeavour to get it.

Mr. Brooks: I was going to ask the same question. I might add that I had a note here to make some remarks along the same lines as those made by the hon. member for Melfort and the hon. member for Battle River, but we in the maritimes have always had to take second place to the west. The greatest curse we have is our modesty.

It has seemed to me for some time that there was a peculiar situation in this country when in the towns and cities the people could get delivery of mail twice a day, and in the country districts many of them, as the hon. member for Melfort has said, get delivery of mail twice a week. That was the complaint that I wished to make.

Frankly, I wish to congratulate the Postmaster General on having changed the system to only one delivery of mail a day in the cities. In the past there has been very great discrimination all over this country so far as delivery of mail is concerned. There is no reason in the world why people living in a city or a large town should receive their mail both in the morning and in the afternoon, while the people living in the country districts receive it perhaps two or three times a week.

It is a difficult matter to keep people in the country and on the farms. The receiving of mail, the receiving of the daily papers, as pointed out by the leader of the opposition the other day, is an encouragement to people to remain in the country districts. I repeat that I heartily support the statements made by the hon. member for Battle River and the hon. member for Melfort.

I have a question with regard to the appointment of postmasters. I think some of them are called revenue postmasters in the smaller towns. Once a postmaster is appointed, has he the authority to appoint his assistants and helpers? Are they appointed by the civil service commission?

Mr. Rinfret: The other day we went fully into the system of appointment of postmasters. In some instances the assistants in the large post offices in the revenue division are appointed directly by the civil service commission. In smaller revenue post offices, recommendations are made by the postmasters, which are sent to us, and we either accept them or reject them, as the case may be. In all cases they are paid by the department.

Mr. Brooks: My understanding was that in some instances a postmaster was allowed a certain amount for the expenses of his post office, and out of that his salary came, and he also employed his help.

Mr. Rinfret: That has been changed in recent years.

Mr. Brooks: Anyway, I have had complaints from different sections that people appointed, sometimes not by the civil service commission but through the postmaster or in some other way, were not altogether satisfactory and efficient. The public have made that complaint. What supervision or check-up has the minister's department over these employees who have been appointed in this manner?

While I am on my feet I wish to ask the minister a question with reference to the delivery of mail to summer residents. The minister knows that in the summer a great many people go out from the towns and cities to summer houses, and there has to be a change in the delivery of mails. I know of some instances. I refer in particular to Kennebecasis island near Saint John, where in the wintertime there are only one or two families, but in the summer there are forty-five or more summer residents. The post office was closed. What provision does the minister's department make in cases of that kind?

Mr. Rinfret: In some places where there are a sufficient number of vacationers we do establish summer post offices.

As to the other question that the hon. member asked, our inspectors keep an official check on all these assistants as they go along.

Mr. Quelch: What basis is used in setting the remuneration of a postmaster in a small country point? I ask that question because several cases have been drawn to my attention in which the rates appear to be scandalously low. A year ago I drew the attention of the department to one small hamlet, namely, Lanfine, where they were advertising that they would have to close the post office unless they received an application for the job of postmaster. The reason they had such a great deal of difficulty in getting an application for that job was that they were paying actually less than $1 a day. Naturally it is not easy to get a man in there at that rate.

Then I have another point. In a larger village they are paying $83 a month, but out of that the postmaster has to pay rent for the building and the cost of fuel and light. It is not a living wage. I know that preference is given to veterans, and where a veteran is getting a fairly high pension he may be able to do this job and make a living. Surely we should be able to pay a rate which would make it possible for a postmaster to make a living out of the job, instead of using pensioners in the form of cheap labour.

I realize that the revenue from some of these points may be very small, but on the other hand, while these hamlets may be small they do provide a service for a large area, and it seems to me that there should be some minimum below which the remuneration should not be allowed to fall. What is the basis?

Mr. Rinfret: The question is threefold, as I see it. First of all, these small offices are paid in relation to revenue. Second, the revenue in each of these small offices to which my hon. friend refers is invariably below the salary that we pay to the postmasters. Third, the hon. member has referred to the fact that these postmasters have to pay for light, heat, and so forth. Over and

above the salary we do pay a rental allowance to cover these costs. Fourth, and most important, the job of these postmasters is not considered to be a full-time job. They are given a certain amount, not to cover the salaries on the basis of a full-time job—it is not an amount sufficient for them to live on—but something extra that we pay them to carry on part-time jobs. I think that is the answer.

Mr. Bryce: This may not be the opportune time to ask for anything, after hearing the complaints of various members, but I am really concerned about my constituency, because it is one which is growing by leaps and bounds, and has for the last few years. Postal services have not grown along with it. I should like to draw the minister's attention to the municipality of Charleswood, where they have no mail service. The people who are living in Charleswood have been used to mail service. They were the original settlers in Charleswood. Now we have gradually moved the people from Winnipeg into the suburbs, and they do not have that service. The minister's department was good enough to give me all the necessary papers in connection with getting the service, but things always seemed to crop up—perhaps they did not have a cement sidewalk, or something like that. I am wondering if it would be possible to have a rural mail service in that area. Perhaps it would not be suitable, but surely something can be done. I am asking the minister now if he would be good enough to encourage the general post office in Winnipeg to continue the survey of the district.

I have talked both to the minister and to his deputy about jumping-off places; but the jumping-off place three or four years ago is certainly not the jumping-off place today. While the department is studying ways of economizing it wants to maintain the old jumping-off place. I would ask the minister in all sincerity if he would have a survey of West Kildonan and St. James, and see if something cannot be done by way of supplying a mail service to Charleswood.

Mr. Rinfret: I shall certainly do that.

Mr. Gibson: Some discussion has taken place about remuneration for different sizes of towns. I can understand that a postmaster's remuneration should be on that basis, because, after all, a post office with a revenue of $20,000 does not entail as much administrative work as one with a revenue of $40,000. On the other hand, as was pointed out by the hon. member for Kootenay West, it is possible that in the smaller towns it would be even more difficult for the letter carriers. In those smaller towns sidewalks might not be in as good condition, and transportation facilities would not be as satisfactory. I do not think it is fair to assume that because the revenue of an office is down, the letter carriers do not do as much work as is done by the carriers in the cities. I know that a worker in a small saw mill will have to work harder than a worker in a large saw mill. The man in a large and efficient saw mill would have to do less work. I ask the minister if he would discuss this matter with a view to working out a proper basis for letter carriers.

Mr. Rinfret: It is not a question of discussing it with my officials, because they are convinced in the matter. It is a question of discussing it with the civil service commission and having its approval.

Mr. Gibson: You will consider doing that?

Mr. Rinfret: Yes.

Mr. Ferguson: Mr. Chairman, I wish all the people across Canada who voted Tory at the last election could be here to listen to the discussion in the committee this morning. They must be nodding their heads, in those forty-two constituencies which elected Tory candidates, and saying, "I told you so; I told you so." Certainly they must, when they realize the condition of the Post Office Department, and when it is proven, by fact and statement from one end of the country to the other, that it is inefficient, and that inefficiency now prevails. It must be a great laugh for those people who voted for the Tory party; there is no doubt about it.

We find a man volunteering to fight for his country, a man who writes, and properly so, to his member of parliament—and if those gentlemen behind the curtains will be a little quieter, I will proceed. We find a man who has joined the armed forces of this country writing a letter in which he tries to find out whether he is going to be penalized for daring to volunteer. And, according to the statement of the Postmaster General, all this is in the hands of the civil service commission. Instead of the Postmaster General being able to speak for the government and being in a position to say that a man who occupied a position in Canada, and who volunteered and is accepted in His Majesty's forces, will be able to return to the same position, and with the same seniority as he held before, it is referred to the civil service commission. We are told in the House of Commons today that this is left to the good graces of the civil service commission.

That is not so in all cases. We see that the commission, that great body of geniuses, is not consulted about appointments to smaller post offices. All that is passed on for political

plums and recommendations. But our soldiers do not receive the benefit of political plums. They must wait for the civil service commission to see whether they are to be properly remunerated if they dare to volunteer for service in the armed forces.

Well, any of those people in the forty-two constituencies that elected Tory representatives must be laughing at the people in all the other constituencies across this country. And I say this, that at the next election the people of Canada will remember. They will remember the laughter of the forty-two constituencies who voted for Tory candidates. They will remember where the government of Canada stood when it came to treatment of soldiers serving overseas. This is only the beginning of the proof of the fact that this government, in all its departments, is deteriorating at a speed the people will soon recognize.

The postal department is a monopoly, and all the people of Canada must rely upon it for the delivery of mail. What are we getting? We have the undoubted and proven fact that there is not any department in any kind of activity that is as lax and inefficient as is the Post Office Department. I do not blame the Postmaster General. He is a man who is trying to do his job. He is a man with ability, and he is doing a good job in his department—and one must recognize that fact when he considers the lack of foresight and planning shown by the government.

This lack first became clear in connection with immigration. The representatives of those forty-two constituencies have stated repeatedly on the floor of the House of Commons that we should keep pace with the growing demands of our country and of Canadians. We have pointed out that we need an increased population, and that we should increase our immigration to meet the required expansion. But we have heard members of the Liberal party state openly in the house that, while we should increase our population, they want to have it done in the natural way, and not through the importation of immigrants from foreign lands. We now see the fallacy of that teaching. We find ourselves short of labour in all branches of government, including the Post Office Department.

The Chairman: Order. This is a debate in connection with the Canada Post Office Act.

Mr. Ferguson: All right, Mr. Chairman; I have included the post office. I could go on for an hour repeating complaints, justifiable complaints, and listening to explanations from the Postmaster General as to why we have this mess under which people receive their daily papers only once in four days. They are not having the required two-a-day delivery in cities, so that they could cope with their general business, and so that they could continue to compete in international trade. This simply cannot be done in the larger cities, where the mail is dumped at offices and delivered to factories only once a day. It is impossible during one period of the morning to attend to the mail for the entire twenty-four hours. It must be broken up, not only for the convenience of delivery, but so that it may be handled intelligently by those who receive it.

In the great city of Toronto people are receiving their mail two or three days late. This is not a condition that has grown up in the last two or three years. It is one that has finally developed after ten years of Liberal administration, and the unemployment brought about by the Liberal government in 1939. Because of the war brought on by Hitler there was some prosperity, but now we return to this condition brought about by the mismanagement of the Liberal party.

Mr. Shaw: Section 5(b) refers to the authority of the minister in the matter of making appointments. I should like to ask the minister if it is true that postmasters of accounting offices are appointed through the civil service commission.

Mr. Rinfret: It is not a question whether it is an accounting office; it is a question of revenue. All appointments to offices having an annual revenue of $3,000 and over are made through the civil service commission.

Mr. Shaw: The minister has indicated that the compensation paid to postmasters in certain offices is determined by the revenue of the office; is that correct?

Mr. Rinfret: That is correct.

Mr. Shaw: Could we have the formula that is used? For example, I notice that the revenue of different post offices varies considerably. The post office in my own home town had a revenue of $18,000 last year, whereas another post office in my constituency had a revenue of $26,000. What formula is used in determining the salary to be paid to the postmaster? I am not referring to those two cases specifically, but to post offices generally.

Mr. Rinfret: There are thirty-four groups, and it might be simpler if I just placed this statement on *Hansard*. The statement follows:

SALARY RANGES

Postmasters (Revenue)

Yearly Revenue	Group	Remuneration	New Rates	Allowances
up to $ 142	1	$ 120	$ 132	Plus
$ 143 " 200	2	180	198	*(a)* Rent of premises.
201 " 300	3	300	330	*(b)* Staff for night and ward duty.
301 " 400	4	360	396	
401 " 500	5	420	462	*(c)* Box equipment.
501 " 600	6	480	528	*(d)* Insp. rural routes.
601 " 700	7	540	594	
701 " 800	8	600	660	
801 " 900	9	660	726	
901 " 1,000	10	720	792	
1,001 " 1,100	11	780	864	
1,101 " 1,200	12	840	924	
1,201 " 1,300	13	900	996	
1,301 " 1,400	14	960	1,056	
1,401 " 1,500	15	1,020	1,128	
1,501 " 1,600	16	1,080	1,188	
1,601 " 1,700	17	1,140	1,260	
1,701 " 1,800	18	1,200	1,320	
1,801 " 1,900	19	1,260	1,392	
1,901 " 2,000	20	1,320	1,464	
2,001 " 2,100	21	1,380	1,536	
2,101 " 2,200	22	1,440	1,596	
2,201 " 2,300	23	1,500	1,668	
2,301 " 2,400	24	1,560	1,740	
2,401 " 2,500	25	1,620	1,812	
2,501 " 2,600	26	1,680	1,884	
2,601 " 2,700	27	1,740	1,956	
2,701 " 2,800	28	1,800	2,028	
2,801 " 2,900	29	1,860	2,088	
2,901 " 3,000	30	1,920	2,160	
3,001 " 5,000	31	1,980 to 2,280	2,232 to 2,568	P.W.D. to look after accommodation.
5,001 " 10,000	32	2,280 to 2,580	2,568 to 2,904	
10,001 " 20,000	33	2,580 to 2,880	2,904 to 3,240	
20,001 " 50,000	34	2,880 to 3,180	3,240 to 3,576	

ASSISTANTS' SALARIES

		Only one at
Group 31—$ 900(60)	$1,260	
Group 32— 1,080(60)	1,380($120)	$1,500
Group 33— 1,200(60)	1,500($120)	1,800
Group 34— 1,320(60)	1,680($120)	2,040

NEW RATES

		Only one at
Group 31—$ 996(60)	$1,392	
Group 32— 1,188(60)	1,536($120)	$1,668
Group 33— 1,320(60)	1,668($120)	2,028
Group 34— 1,464(60)	1,884($120)	2,292

Mr. Shaw: By what method are members of the staffs appointed, and how is their remuneration determined?

Mr. Rinfret: The same method.

Mr. Shaw: What about hours of labour and compensation for overtime?

Mr. Rinfret: Where overtime can be checked, it is paid at the regular rate, but in the case of certain positions, such as letter carriers, where no check can be made of the time spent, usually we do not pay overtime. As I indicated last week, following the inauguration of the one mail service per day we are having official checkers go over the route. When it is found that any one route necessitates regular overtime, overtime will be paid.

Mr. Shaw: I was referring to employees in the post office itself rather than to the mail

carriers. What rate is used to compute the overtime paid in various offices, accounting and non-accounting?

Mr. Rinfret: It is computed on the basis of a forty-four hour week.

Mr. Shaw: Is the compensation paid for overtime the regular rate?

Mr. Rinfret: Yes.

Mr. Shaw: Is it simply a matter of the postmaster in a local post office reporting to the district office that such and such an employee has worked overtime; is it as simple as that?

Mr. Rinfret: Just about as simple as that.

Mr. Shaw: I want to get this perfectly clear. They are just paid the regular rate for overtime?

Mr. Rinfret: Exactly.

Mr. Knowles: Not time and a half?

Mr. Rinfret: No.

Mr. Shaw: I assume the rate of compensation would be arrived at by dividing the weekly rate by forty-four hours, and that would be paid for overtime?

Mr. Rinfret: That is correct.

Mr. McLure: Section 5 (1) (a) provides for the establishment and closing of post offices. I think the Postmaster General will agree that the closing of a small post office may be a serious matter. Two post offices were closed in my constituency, and if the department had come to me in the first place and asked my opinion they would not have closed them and then have had to reopen them. I believe the department's source of information is not sufficiently reliable to warrant the closing of a post office without first obtaining the viewpoint of those who represent the people.

Paragraph (c) (iv) provides for the payment of indemnities. I should like to know how the indemnity is fixed. Paragraph (e) provides for the removal of postal employees. The Postmaster General seems to have power to dismiss employees, and I should like to know whether such employees have any court of appeal to which they can go. I know of cases in other departments where men have been let out without a proper inquiry being made, with the result that they have lost all the money they had paid in. Men have been dismissed for some political whim, with the results I have mentioned.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. McLure: When the committee took recess at one o'clock I was asking one or two questions. Section 5(1)(h) provides that the Postmaster General may—

> —authorize agents to sell to the public postage stamps and stamped forms and envelopes and allow to such agents a commission not exceeding two per cent of the amount of their sales.

Last year in this connection I brought to the attention of the minister the breaking of the contract with the stamp vendor in Charlottetown. That man has given some fifty-one years of service in selling stamps to the people of Charlottetown and vicinity. Actually it is more than fifty-one years; on the basis of an eight-hour day he has given over seventy-five years of service, and now the department is trying to get rid of him. My objection is to the way they are breaking their contract with him so that he will not be able to make a living and will have to resign.

Over fifty years ago this man signed a contract with the Postmaster General for this concession. That contract is still in force, and I do not think it can be broken even under this bill, in which so much authority is granted the minister. How are they breaking it? I have no objection to meter machines, but at the same time the operation of these machines has reduced this man's earning capacity, since the department are not paying him on the postage sold by these machines, as they should according to the contract. They may say he is not selling stamps, but the postage issued by a meter is recognized by the department, and he should be paid his commission on that postage.

Here is the way it affects him. He has never made very high wages, and I went over the details with him so I could make a comparison over the last five years. As I said before, this man had an agreement with the Postmaster General calling for payment of a commission of two per cent on all stamps sold. Today there are probably thirty-five meter machines in the large business houses of Charlottetown. In 1945 Mr. Brown sold $135,630 worth of stamps, on which he received his two per cent commission. Then the meter machines were put in, and their number has gradually increased. This has reduced his sale of stamps to a little over $100,000. There is a difference of some $25,000 or more on which he has lost the commission, and in that way his salary has been reduced from an average of about $2,600 to about $2,000. In other words the department have reduced this man's earning power and benefited themselves by some $600 a year.

If they want to get rid of this man, why not give him a small pension for the rest of his days? Even at best they will not be long, and already the department owes him at least $2,500 which has been taken from him by breaking the contract. Suppose this man had not been efficient; suppose he had in some way broken the contract; how long would he have lasted with the department? I want the minister and those who are coaching him to understand this.

Mr. Rinfret: This is a repetition of last year, so I know it.

Mr. McLure: I want you to see the injustice you are doing to a good citizen of this country. This man puts in twelve hours a day, though I believe he has been given an extra half hour off recently. He has no dinner hour, no rest periods of any kind. If he goes out he must pay an assistant. If he wants one or two holidays a year he has to pay an assistant. He has given excellent service. A year ago he was honoured by the city on having completed fifty years of service without a demerit of any kind. I doubt if a score of people in the department have a record as good. Last year, according to the record, I was promised that some consideration would be given him. But there was a qualifying phrase—that he was not an employee of the department. According to these new regulations, however, I believe he is now an employee, so that excuse is washed out and consideration surely can be given to Aubrey F. Brown, the stamp vendor in the post office at Charlottetown. Suppose you do force him out and sell the stamps at the postal wicket; that will not be an economy measure, because it will cost the department twice as much. These men all work an eight-hour day, while stamps must be sold during twelve hours of the day. I want the Postmaster General to give me some statement to indicate that justice and fair play will be meted out to one of the best officials in the department—in Charlottetown, Ottawa or anywhere else. I hope the minister has thought of it in time to give some consideration to this matter.

Mr. Rinfret: The member for Queens referred to a matter before the recess at one o'clock which I think calls for an answer. He suggested that people were dismissed from the Post Office Department for political reasons—or political whims, I think he said—without any sort of inquiry. That might have been true years ago, but it is not true any longer. The circumstances surrounding the dismissal of any person for these considerations are inquired into by a board appointed by the Department of Justice. It makes a report one way or the other. The Postmaster General has no say in it, but has to follow the report of this board of inquiry.

Now, as to the other question asked by the member for Queens, it concerns the same matter that he brought up last year. This man is a contractor for the department and not an employee. The present act does not make him an employee. The hon. member has to decide whether or not it is a contract, because in part of his argument he said the man was receiving some sort of salary. He is receiving compensation on a contract. When we are acting with a contractor, we cannot give him any sort of pension.

Mr. McLure: That is quite right, Mr. Chairman. I did not say he was receiving a salary. He is on a commission basis. What I ask is that the department fulfil the contract, and not rob him of $500 or $600 a year which it is giving to someone who is making the meter machines. If he is not an employee you cannot deal otherwise with him, but are you not duty bound to live up to your agreement? It was entered into about fifty-one years ago. I should like to know whether or not you will give him the two per cent commission on all stamps sold, according to the terms of the contract.

Mr. Rinfret: I shall have to review the file. I have not looked at it since last year. I will see what I can do.

This morning the hon. member for Queens referred to a letter concerning a certain man, and I told him we were awaiting some directive from the civil service commission giving authority to permit this man to join the forces, and indicating whether he could come back to the service with the same priorities and privileges as he had. While the hon. member was on his feet, the department received the necessary directives, and we shall put them into operation immediately.

Mr. McLure: I thank you for that. There are several others in the same category, and I shall inform them all.

Mr. Hatfield: How many vending contractors do you have? Why should the Post Office Department not own and operate these vending machines?

Mr. Rinfret: That is the aim, and is one of the reasons why the number of these vending licences is going down all the time. I am sorry that I have not the exact number of licensees, but our aim is to restrict them as much as possible, so as to have all the operations under the post office itself.

Mr. Knowles: Mr. Chairman, I wish to pursue for a few minutes a matter that I

referred to on May 29. Before I do so I should like, as a city member, to support the plea that was made this morning by my deskmate, the hon. member for Melfort, and other members from rural ridings, for the best possible postal service in rural areas. I, for one, do not believe it is fair to judge a rural post office by the amount of revenue it derives from the sale of stamps. After all, it seems to me you have to take into consideration, particularly in western Canada, the amount of revenue that is taken in at Winnipeg, for example from the T. Eaton Company and other people, from the large volume of parcels and mail that is circulated in rural areas. If the mail order houses or some of the newspapers had to pay the actual cost of delivering their parcels or their periodicals to rural areas, the revenue from these sources at city centres would amount to a great deal. I want to support the position taken this morning by a number of members from rural areas. It does seem to me that this is one service we have to look at on an over-all basis. It is not a case of being able to ascertain whether or not each little district pays, but we are dealing with a service to the people of Canada. I believe it should be so regarded.

The matter I particularly wanted to pursue for a few minutes is one that I drew to the attention of the Postmaster General on the second reading of this bill. My remarks will be found commencing at page 3532 of *Hansard* for May 29. I refer to the case of mail couriers in the city of Winnipeg who work for contractors whose contracts are let under the provisions of the section with which we are now dealing, section 5, subsection 1, paragraph (o).

As I indicated on other occasions when I dealt with these mail couriers, the men who drive about in Winnipeg in what appear to be post office vehicles, picking up the mail from street letter boxes, are not employees of the post office at all, nor are the vehicles owned by the Post Office Department. These men are employees of the local contractor who contracted with the Post Office Department. Accordingly, the Post Office Department does not directly set the wages or working conditions of those employees. The Post Office Department has some indirect influence on the wages and working conditions of these employees, because the contractors are able to pay such wages and provide such conditions as they feel they can provide out of the amount of the contract.

To get down to the proverbial brass tacks, I should like to indicate to the committee some of the conditions under which these men work. May I point out that their numbers, particularly in Winnipeg, are few. In fact, the latest information I have is that there are about thirty-five classed as mail couriers, the men who drive these vehicles about, picking up mail from letter boxes and performing certain related services. There will be a similar number of them in other cities of a similar size, and more of them in the larger cities. In Winnipeg, these men work for a rate of 83 cents per hour. I have before me information, for some eight or ten other employers in the city of Winnipeg, as to the rates of wages paid to people doing comparable work. For example, I have the rates for civic employees driving trucks. I have the rates for the Manitoba Cartage Company, Canadian Pacific Express Company, the Coca Cola Company, Thomas Jackson Fuel Company, McCurdy Fuel and Building Supplies, Winnipeg packing plants and so on. All of these other firms are paying wages higher than 83 cents an hour, which is the rate paid to these Winnipeg postal couriers. One of these firms, it is true, has a starting rate that is less than 83 cents an hour but after six months that firm's rate is 86 cents an hour; and that is the lowest of all the rates. But the rate paid by these post office contractors—not paid directly by the government but by the contractors that get a contract from the Post Office Department—is 83 cents an hour. There are no changes in that rate for additional service. That is the rate at which they start and that is the rate at which they are paid, no matter how many years they have been doing this work.

These men get no overtime pay. It is not a case of their getting time and a half or double time. They do not even get straight time for overtime pay. They do not get pay for legal holidays. If they get a legal holiday off, there is no pay for it. If they are required to work on a legal or statutory holiday, they get only straight time. They have no sick leave. They have no pension plan, although there is some group insurance. They get no pay for the period of time between trips. Let me put it this way. In order to draw their eight hours' pay, these men are required to be actually driving eight hours during the course of the day. But they are not permitted to work that eight hours simply by going in at eight o'clock in the morning and quitting at five o'clock in the afternoon. They actually have to be on trips to an aggregate of eight hours. The time in between trips that they may have to sit around in the post office waiting for the next trip to be made is not paid for. These men tell me that many of them have to put in up to twelve hours on the job in order to get in eight

hours for which they get paid, and that at the rate of 83 cents an hour. They get one week's holidays with pay; and that same one week with pay is all they get, no matter how many years they may have been in the employ of the contractor for whom they work.

Again I may say that if one goes over the chart that I have here showing the rates of pay and the working conditions for comparable work in the city of Winnipeg of these other employees, on the score of holidays with pay and on every other score those working for the other firms do much better than do these men. They are doing an important work, an important service to the people of Canada. We depend heavily on the work that all our postal employees do. The handling of the mail is an important task, and what could be more important than picking it up from the street letter boxes and seeing to it that it gets to the central post office and so on? Yet the general public tends to think of them as post office employees and tends to assume that they get whatever conditions of pay and employment go with service in the Post Office Department.

When these employees complain about their rates of pay or their working conditions —for example if they bring the matter to the attention of a member of parliament and the member of parliament brings it to the attention of the Post Office Department—the immediate reply is: These are not our employees; they are the employees of certain contractors in the city of Winnipeg and it is to those contractors that the men must appeal for any improvements that they desire. On occasion the contractors have been impressed with the plight of their employees and have asked the Post Office Department for an upward adjustment in the contract so that they could pay better wages. The request of the contractor is not always granted, and the contractor does not always make the request. There are times when he just gives to the employees his own answer that nothing can be done about it. To the credit of the Post Office Department I want to say that I know of one or two cases in which they have increased the amount of the contract with the specific understanding that it would be used to improve the wages of the employees of the contractors. But the position of these employees, as to conditions of employment and wages, is forever lagging behind that of men doing comparable work.

One answer to this problem of an immediate nature might be for the department to agree to increase the amount of the contract in cities like Winnipeg or any other cities where a similar situation obtains. But that does not solve the problem on any permanent basis. It seems to me that the only solution to this problem is for the Post Office Department itself to take over this work of collecting the mail from the street letter boxes and the various delivery services that have to be made in bulk, by trucks and vehicles of one sort and another. Taking that work over would involve making these mail couriers employees of the Post Office Department. I feel that should be done so that these men can get proper wages for the work they are doing, and so that they can get sick leave, statutory holidays with pay, pension privileges, and the other rights and benefits that go with the doing of government work. After all, that is what they are doing. They are working for the government or for the people of this country. I think they should have that status rather than the status of being employees of private contractors.

I have taken this matter up with the Postmaster General a number of times by letter, as is obvious from the thickness of the file I am turning over as I speak. On one or two occasions the Postmaster General has indicated to me by letter that consideration was being given to the request that this work be taken over by the Post Office Department, and that these men be made employees of the Post Office Department. I should be glad to hear from him now what the result of that consideration is. I hope that it is favourable. I hope that action may be taken soon. If there is to be any delay, I certainly hope he will find some way to improve the wages and the working conditions of these men. I am satisfied, however, that in the long run the only satisfactory solution is for these men to come under the direct employ of the Post Office Department.

Mr. Rinfret: I suppose the inference to be drawn from the remarks made by the hon. member for Winnipeg North Centre is that, after all, our employees are not so badly treated, having regard to the fact that he wants these other people that he talked about to become employees of the postal department. I thank him for that nice gesture. I have taken the matter up. I have discussed it with my officials. I might tell the hon. member for Winnipeg North Centre that all new contracts have in them an escalator clause as to the question of salaries only. With regard to this escalator clause for salaries or wages, we are governed by the prevailing wages that are established by the labour department. As soon as the labour department tells us that the prevailing rate in such a district is so much, we insist upon the contractors passing on to the drivers this addition that we make to our contracts. That clause is in the new contracts. We are now working to get these old contracts—of which

Winnipeg I think is one—into line with all the others where the escalator will apply.

Mr. Knowles: I am glad to know that the matter is being given some consideration. I accept the comment that the Postmaster General made as to the inference from my remarks. It is certainly true that post office employees generally are dealt with much better than is this group of employees working under these particular private contractors. There is no question about it that they would be better off directly under the Post Office Department. But I am afraid that the suggestion that seems to be in process of being fulfilled will not solve the problem. This business of having escalator clauses and of referring to the Department of Labour to find out what the prevailing rate is always results in those affected by it lagging far behind. We know that from sad experience.

I am afraid I had better take a minute or two to give some of these figures just to show what is going on. At the present time these men are getting 83 cents an hour, which for a forty-eight hour week works out at less than $40, or around $170 a month. Thomas Jackson Fuel Company pays a starting rate of 85 cents an hour, and that moves up to 90 cents an hour. McCurdy Fuel and Building Supplies pays its truck drivers $1.05 an hour, gives them two weeks holidays with pay and time and a half and double time after certain periods of time for overtime. The rates for those working for the Winnipeg packing plants start at 95 cents an hour and go up after six weeks to $1.11 an hour; average earnings are $52 a week. All of these figures were in effect last July; in some cases they may now be even better. The Coca Cola Company pays a minimum rate of $55 a week and a maximum rate of $70 a week. The Canadian Pacific Express Company was paying its truck drivers last July a minimum rate of $198.57 a month and a maximum rate of $213.57 a month. The city of Winnipeg pays at one rate only, which is $195 a month. These city employees, employed as truck drivers, get one week's holidays with pay after the first year, two weeks holidays with pay after the second year, and later on that goes up to three weeks holidays with pay, and there are sick leave and other benefits that go with that service. In addition I would point out that civic employees doing comparable work driving trucks get time and a half for overtime and double time if that overtime goes beyond a certain point.

Against that these mail couriers are getting one rate only, 83 cents an hour. They get only one week's holiday with pay, and the only other concession is that there is a little bit of group insurance, no pension rights or privileges, no sick leave. They do not even get their uniforms; they have to buy them and pay for them themselves. I submit, Mr. Chairman, that the minister's reply to the effect that consideration is being given to introducing an escalator clause to all these contracts dealing only with the wage rates does not deal with the problem. I wish he would take what he treated as a compliment to his department a little more seriously than he has thus far, and that he would go the whole way and put these employees directly under his department.

Mr. Rinfret: That would mean taking over 13,420 contracts.

Mr. Knowles: Just a minute; there are 35 of these employees in the city of Winnipeg. I am talking about the couriers who pick up letters from street letter boxes. Does the minister mean to tell me that there are that many contracts for that type of work?

Mr. Rinfret: There is no difference between the courier who picks up the letters from the boxes and the other couriers who pick them up and take them from the station to the post office or from the post office to the rural districts. It would mean 13,420 contracts.

Mr. Knowles: All right; I would like to be shown that there are that many contracts; but if employees of 13,000 contractors are suffering conditions such as these, then it is high time that the Postmaster General did take them over.

Mr. Rinfret: I did not say they were all like these. What I did say was that there were 13,420 contracts altogether.

Mr. Knowles: Does the Postmaster General think that it is fair to leave these men working at these rates and under these conditions?

Mr. Rinfret: I have answered that.

Mr. Knowles: Is there no answer?

Mr. Rinfret: I have already answered it; I do not need to answer it a second time.

Mr. Knowles: I have asked the Postmaster General whether he thinks it is fair to leave these men under this wage rate and under these conditions.

Mr. Rinfret: I have already answered the hon. member for Winnipeg North Centre, and told him what I have done to correct the situation. He has made another suggestion. I will study it as I study every one of the suggestions that come from any hon. members.

Mrs. Fairclough: About three weeks ago I directed a question to the Postmaster

General with reference to payment for overtime work in the transition period on the inauguration of the new mail deliveries, and was subsequently answered, I think a week later, to the effect that payment for overtime would be made in cash. Since that time I have been talking to some of the carriers. Perhaps the minister will be good enough to tell me whether the information that I have is correct. I am now told that nothing will be paid until all of these walks have been checked, and that when they have been checked, if it is found that the man has worked six hours overtime a week during the checking period he will then be paid overtime for the period back to the inauguration of the new walk. Is that correct?

Mr. Rinfret: That is correct.

Mrs. Fairclough: What provision is there for the men, some of whose difficulties may be ironed out, and who probably would not show a great volume of overtime at the present time, but who have in the past, in the process of getting the new walk into some kind of efficient working order, put in a great deal of overtime? Are they to get nothing for the time they have put on this work?

Mr. Rinfret: As I said this morning in answer I think to a question put to me by the hon. member for Battle River, any walk that can be checked will be paid overtime. But unfortunately, if we are not in a position to check it, there is nothing much we can do about it.

Mrs. Fairclough: Of course this matter was talked about at great length at the time the changes were made in the deliveries, and these men were working for a couple of months under these conditions, carrying particularly heavy loads and working several hours overtime a day. There are a number of them who have a record in the city of Hamilton, for instance. A record was kept of these hours, and without putting a man actually on with every man every day to check I do not know what figures the department will take to arrive at the amount of overtime that was actually worked, because as conditions changed some of these men left the routes. Some of them have gone on to other jobs, and some of them have had adjustments made so that they are no longer operating under the conditions under which they were operating in March, April and May. There have been a great many hours worked. I quoted some figures in the house at the time I spoke to the minister in the house. I have them here, but I will not repeat them at this time. Can some consideration not be given to these men who, everyone will agree, worked many hours overtime in order to inaugurate this new system?

Mr. Rinfret: Again I wish to thank the hon. member for the inference that the situation is much better today than it was some weeks ago, because if these couriers are working less time today than they were, then the situation has been corrected to that extent. As to the other feature of the presentation of the hon. member, I am afraid there is nothing much I can do unless an efficient check is made of the routes.

Mrs. Fairclough: It seems to me the minister is very quick to put an optimistic slant on any statement made with reference to his department. I would not say the situation is corrected at all. I have a list here showing the overtime worked in the month of April, and for one week of the month of May. At that time, of course, the new routes were in operation, and some of the difficulties had been ironed out; but they are not cured by any means.

I do not think that because a man on a route has been efficient is any reason for saying that he has not suffered, or that he has not contributed to the efficient operation of a route at considerable cost to himself in both time and effort. I do not think it is proper for the Postmaster General to claim credit for his department for correcting a situation which has been corrected largely as a result of a man's own efforts.

Then, with reference to deliveries, I would say that on previous occasions I asked about the classification of walks as residential walks. Since that time many more complaints have come to me; I would mention one in particular which refers to Main street, Hamilton, within two blocks of the post office proper, which has been classified as a residential walk.

From memory I have made a list of some of the businesses operating in that area. There is the office of a large canning industry, there are several lawyers, a restaurant, a real estate office, a stockbroker, a coal merchant, a large trust company, the main branch of a large bank, the Bell Telephone Company, a hotel and a manufacturing jeweler. Those are only a few of them. Yet that walk is classified as a residential walk, and they have only one mail delivery a day.

Moreover, those who wish to pick up mail at the post office so that they may carry on business more or less in a normal way find that no boxes are available, and that they are unable to do so. It seems to me there should be some way of rectifying a situation

like that. If the mail delivery service is to be cut, then certainly there should be facilities at the post office whereby these people would be able to pick up their own mail and not have to wait until the afternoon, so that banking hours would be over before they received the mail coming to them.

Then there is one other matter I should like to ask about, and that has reference to mail going out from the House of Commons to various parts of the country, and the manner in which it is handled. On Friday, May 25, I wrote a letter here in Ottawa and posted it here in the House of Commons before five o'clock in the afternoon of that day. It was received on the following Tuesday, May 29, in Hamilton. I inquired about this delivery and was told that mail going from the House of Commons and different government departments is handled as second-class mail, and that this accounts for the delay.

If this is not so, then I suggest a check should be made, because apparently that is what has happened; a letter which I posted at five o'clock on Friday was received in Hamilton on the following Tuesday.

Mr. Rinfret: I shall most certainly check the latter part of the hon. member's statement. There is absolutely no foundation for the information she was given, namely that it was dealt with as second-class mail. All first-class mail is handled in the same way throughout Canada.

Then, as to residential routes, I have already explained to the committee that they can include as much as twenty-five per cent of commercial or industrial establishments. I have already said to hon. members that a complete re-survey is being made of all commercial and industrial establishments with a view to reorganizing the routes so that if, out of four or five different routes, we can establish a commercial route, we shall do so. But the services of the Post Office Department have to go on. We just cannot stop the machine, make the repairs and then go on after the machine has been repaired. We must make the repairs while the machine operates—and of course that takes a little more time than if it were stopped.

Mrs. Fairclough: Would a hotel be classified as a residence? Would the Y.M.C.A. or the Y.W.C.A. be classified as residences?

Mr. Rinfret: The hon. member is quite right when she says that about fifteen of the places she named are not residences. But we have to establish a certain standard, and we say that a residential route is one that may include up to twenty-five per cent of commercial or industrial establishments.

[Mrs. Fairclough.]

Mrs. Fairclough: I can understand what the postmaster is driving at, and I would have no quarrel if this were taking place in an outlying area; but when it is right in the very heart of the business district it is entirely different. If the route is being classified as a residential route because of that portion of it lying in a residential part, and removed from the centre of the city, then I urge that the part in the centre of the city should be placed on another route.

Mr. Rinfret: That is exactly what we plan doing.

Mrs. Fairclough: It is a great injustice to these people.

Mr. Gillis: I was glad to hear the Postmaster General say this morning that he realized there had been a good deal of difficulty and confusion in the swing-over in the postal department. I have already expressed my views about most of those things with which I disagree.

The minister said this morning the department was prepared to examine all complaints and to correct any situation where there may be a hardship.

Mr. Rinfret: If possible.

Mr. Gillis: Yes, if possible. I believe the minister will recall that he has been receiving a substantial amount of correspondence from the city of Sydney in regard to the business section of that city with a population of from 8,000 to 10,000, and which is three miles away from the main post office. Perhaps the deputy minister will be more familiar with the correspondence. Delivery has been cut to one a day. The city clerk of Sydney has written to me, and I have written to the minister and the deputy minister. To date, the city council are not satisfied with the attitude taken by the department. A letter to me dated May 18 from the clerk of Sydney encloses a copy of a letter written to him by the minister. They say the minister has not faced up to the problem, and they urge that two deliveries a day are necessary in that section. It would mean the addition of only one mail carrier, and this would not entail a very heavy expense. A large area in the city is affected.

I believe the city council of Sydney is making a reasonable request when they ask the minister to relieve the condition by adding another mail carrier to the walk for the purpose of making the additional delivery. I do not know whether the minister has re-examined the problem since he last wrote to the city clerk but, if he has, I would ask him to make a statement. If not,

will he look into the matter again and see if something cannot be done to remedy the situation?

Mr. Rinfret: To be perfectly frank, this is one matter I would have expected to discuss when my estimates are before the committee. I am not ready to give an answer at this time.

Mr. Gillis: Well, I thought I would bring it to the minister's attention so that he could give some thought to it. I hope the minister will do some more thinking about it, because he will hear more about it.

Mr. Higgins: Mr. Chairman, there is a veterans housing project in St. John's known as Tunis Court to which there is no mail delivery. Representations have been made to the head postmaster in St. John's but without success. I forwarded a petition signed by these people to the minister on May 4 and he promised he would get in touch with the head postmaster at St. John's. Nothing has been done and the residents are getting anxious.

Mr. Rinfret: This is another matter that should be taken up when the estimates are being considered.

Mr. Fair: When we were discussing rural mail routes earlier in the day the minister said he would give me the number of routes that have been suspended temporarily. I wonder if I could have that information broken down into the different provinces. Another matter I have been asked about is the cost of installing lock boxes in post office lobbies. Some people feel that the rates being charged are too high in comparison with the cost of installing them, particularly when other people are being served by mail routes without charge.

Mr. Rinfret: When I stated this morning that I would obtain information for the hon. member for Battle River I meant that I would have that when the estimates were before the committee. The information in the form in which he wants it is being collected. I have nothing before me with regard to the cost of lock boxes, but I shall have that information on my estimates.

Mr. Johnston: Before we drop this matter of post office boxes may I again direct attention to a matter which I have brought up on other occasions, although not while the present minister was head of the department. In most post offices where lock boxes are installed the outside doors of the post office are locked at six o'clock which creates a hardship for many people who have boxes, particularly those who are in business and who cannot get away until after six o'clock. Then again mail may come in by train late in the afternoon or toward the evening, be taken to the post office, distributed to the boxes, but again the outside doors are locked.

Where lock boxes are installed I cannot see any necessity to keep the outside doors locked. The boxes are all locked and the safety of the mail would not be jeopardized if the outside doors were to remain unlocked. When people are paying for their boxes they should have access to them. I join with the hon. member for Battle River in suggesting that the present rates for these boxes are higher than might be charged.

Mr. Rinfret: Wherever it is possible we have what we call a night lobby with direct access from the street. We have these night lobbies in new post offices, but the hon. member will realize that that would not be possible in all post offices.

Mr. Wright: Section 5 (1) (l) reads:

(l) establish and maintain a fund derived from moneys received from postal employees and pay out of the fund losses sustained by reason of the default or neglect of any postal employee or mail contractor in carrying out his duties in any matter relating to the Canada post office;

Could the minister give the present standing of that fund, how much was collected and how much was paid out last year, and what are the rates of deduction?

Mr. Rinfret: We have not collected anything from employees for several years. It was intended that the fund should grow and it has grown to a sufficient extent that we do not need to collect any more.

Mr. Wright: What is the amount of the fund?

Mr. Rinfret: I will get it for the hon. member.

Mr. Catherwood: I was pleased to hear the minister say to the hon. member for Melfort that post offices might be opened in rural areas where the routes were being discontinued. There is a feeling throughout rural Canada that some of the post offices are to be closed and I hope the minister will give serious consideration before the closing of any such post offices. Most of these post offices are located in general stores and form an important part of the community life.

Mr. Rinfret: This again is a matter for my estimates and if possible I should like to keep to the bill. When the estimates are up we will have all the information. In the meantime, I would say to the hon. member for Melfort that the fund stands at present at $300,000.

Mr. Wright: How much was paid out last year?

Mr. Rinfret: Could that wait until the estimates? I stated this morning that we were closing post offices when it was felt that the rural routes were providing sufficient service. In some cases the number remaining to be served by the post office might be only two, three or four persons. I do not think we could defend keeping a post office open with all the expense necessary to pay the salary of the postmaster, to pay the courier to bring mail from the station to the post office and so on, to serve two, three or four people. I think it is a good policy to close such post offices. As I said this morning, when a mail route is discontinued we will consider the reopening of the post office.

Mr. Adamson: Paragraph (s) reads:

Pay out of postal revenue losses resulting from fire, theft or forgery.

Then subsection 2 is headed "no liability." Those appear to be contradictory. Paragraph (s) is new, and I should like to have the minister explain it.

Mr. Rinfret: Losses from fire, theft or forgery may not result from malfeasance or misfeasance on the part of postal employees, and in that case the amount to be payable as compensation could not be properly drawn from the guarantee fund and it is therefore essential that such payments be made from revenue.

Mr. Adamson: That is, if a postal note is forged and improperly paid, the department pays the owner of the note from the general funds of the country and not from the reserve funds of the department?

Mr. Rinfret: Yes, if there is no misfeasance.

Mr. Noseworthy: I have two or three questions, and I do not know whether the minister wants to answer them now or on his estimates. In his report I noticed that last year there were about 44,000 full and part-time employees of the department. Can the minister tell me how many of those were employed through the civil service commission and how many were appointed outside the commission?

Mr. Rinfret: I believe that would be a proper question for the estimates.

Mr. Shaw: Would the minister put on record the regulations relative to the hours during which post offices may have their general delivery and other wickets open to serve the public? I find great variations in this regard. For example, in one town the office will be open at a certain hour, and in another town it will be open at a different hour. In one town the general delivery and other wickets will be closed at noon for an hour and a half or two hours, while in another they will be closed for one hour. In one town they are closed Wednesday afternoons; in another they are closed Thursday afternoons. There must be regulations in connection with this, and I would appreciate it if they could be put on the record.

Mr. Rinfret: There seems to be a general impression that service in thinly settled areas and the frequency of the opening of wickets are matters governed solely by the department. Actually attention must be paid to the hours when trains come in, and how frequently the trains run. We have to follow the movement of the trains, and for that reason we cannot draw up any such schedule as the hon. member requested.

(Translation):

Mr. Gagnon: I would like to know what is required of those places which would like to have a post office built. Is that decision left to the Postmaster General (Mr. Rinfret) or to the Minister of Public Works (Mr. Fournier)? What are the department's requirements?

Mr. Rinfret: No such recommendation is ever made by the Post Office Department unless a post office has a revenue of over $10,000. Beyond that, a priority is established according to the needs of the locality. Then, after discussion between the Post Office Department and the Department of Public Works, the construction of a building is decided upon.

(Text):

Mr. Noseworthy: Is not the question I asked the Postmaster General in order under subsection 1 (b).

Mr. Rinfret: The number of employees as at March 31, 1951, was 46,402, made up as follows:

Headquarters	985
Staff offices	15,436
Part time	634
District offices	565
Railway mail clerks	1,318
Mail contractors	13,440
Revenue postmasters, including semi, sub and seasonal offices	12,038
Full time assistants	1,355
Part time assistants	631

Mr. Noseworthy: Now can the minister tell us how many of those were appointed through the civil service commission and how many outside the commission?

Mr. Rinfret: The contractors, of course, are not appointed by the civil service commission. Of the revenue postmasters, as I have said before, those in offices where the revenue is more than $3,000 are appointed by the civil service commission and the others are

appointed by the Postmaster General. The proportion of the post offices with less than $3,000 is about 89 per cent, if I remember correctly.

Mr. Knowles: Can the Postmaster General give the exact figure of the number appointed under the provisions of section 5 (1) (b); how many of that 46,000?

Mr. Rinfret: That is exactly what I said. The post offices having revenue of less than $3,000—

Mr. Knowles: But what is the number?

Mr. Rinfret: They represent 89 per cent, and the calculation is easy enough to make. I have not made it, but about 1,200 would be appointed by the commission and about 11,800 by the Postmaster General.

Mr. Knowles: Does that have reference to contractors only?

Mr. Rinfret: No, that is the answer to your question.

Mr. Knowles: Those appointed under 5 (1) (b)?

Mr. Rinfret: Yes.

Mr. Shaw: In reply to my previous question the Postmaster General indicated something we all appreciate; that we must have some regard to when the trains arrive. But is there not some regulation to the effect that post office wickets may be closed for a reasonable period while the mail is sorted? Surely you are not going to permit wickets to be closed for perhaps three hours while mail is sorted which would normally require an hour. There must be some general rule governing that.

Mr. Rinfret: The rule is usually half an hour to an hour, depending upon the amount of mail arriving on the train, not three hours.

Mr. Shaw: Then I understand there are in Canada some post offices where the revenue is more than $3,000 and the postmasters are on a commission basis.

Mr. Rinfret: That is not right.

Mr. Shaw: Then let me approach it in this way. I understand this was the case until recently. I knew there was a move away from that, and I was going to ask how many postmasters in Canada are still working on a commission basis. I assume the answer will be that the change-over has been completed.

Mr. Rinfret: There are no such post offices. There may be some sub-post offices in cities.

Mr. Tustin: I would like to ask a question in regard to the closing of the lobbies of the post offices. For instance, usually the wickets close at six or six thirty, and a certain time is allowed after that during which the box holders can get in to get their mail. Is there any set time when the lobby doors must be locked, or is that up to the postmaster?

Mr. Rinfret: That ties in pretty well with what I have already told the hon. member for Red Deer. There is no set time for that. It depends, as I just said, on the arrival of the trains. We have to be guided by that.

Mr. Tustin: I do not mean the wicket where they apply for their mail.

Mr. Rinfret: The night lobbies will be open only after the post office proper is closed, and the closing of the post office depends upon the arrival of the trains.

Mr. Tustin: I do not think the Postmaster General understands me. Let me take my own post office in Napanee. Our trains come in around noon, at one o'clock and one thirty, and again at midnight. I am trying to find out if there is any set time when the lobby doors must be locked; that is the doors of the building. There are no trains coming in, and I believe the doors are locked at seven or seven thirty.

Mr. Rinfret: Under those circumstances the normal closing time would be six o'clock.

Mr. Tustin: That would be for the lobby and all?

Mr. Rinfret: Yes.

Mr. McLure: I do not fully understand paragraph (i), subsection 1 of section 5 which gives the postmaster authority to set up stamp vending machines. What is the difference in the commission paid to the people who run stamp vending machines as compared to meter machines? Some of these stamp vending machines must be making quite a profit, because you have to pay five cents for a four-cent stamp; for three 3-cent stamps, you have to pay ten cents. There is no change coming back from these machines. I understand they are established in hotels or wherever they can get a vending machine going.

This leads me back to the fact that you must be paying some commission, or is the machine just paying for its own operation? Paragraph (k) gives the Postmaster General authority to require any person to give security for the due performance of duties performed relative to the Canada Post Office. Now, I believe that puts my stamp vendor at Charlottetown in the category of a postal employee, at least with regard to his security. I should like some information on that as well.

Mr. Rinfret: As to the first question, vending machines are established for the convenience of the patrons. They do not get any commission. If my hon. friend has seen one of these machines, he knows that they will give two 2-cent stamps for five cents. They make their commission out of the sale to the public. If the public does not want the convenience of getting two 2-cent stamps for five cents, that is their business, not ours.

On the second question, this paragraph only gives the Postmaster General the authority to ask for security.

Mr. McLure: Who owns these machines?

Mr. Rinfret: The persons operating them, who buy the stamps from us. As to paragraph (k), that only gives the Postmaster General the authority to do that.

Mr. Noseworthy: I appreciate the answer the Postmaster General gave, and that his answer applied to paragraph (b) of section 5. I should like him to take note now that on the estimates I should like to know how many of those 46,000 employees are permanent.

Mr. McLure: Paragraph (n) of section 5 gives the Postmaster General authority to establish and alter the limits of postal areas. This gives considerable trouble to any member of parliament who represents a rural constituency, because when the postal department changes an established area we have a great deal of trouble. I should like the Postmaster General to say how he gets the information to establish and alter the limits of certain postal areas that have been in operation for years?

Mr. Rinfret: This paragraph (n) has to be read in connection with section 10. Section 10 says:

> The rates of postage on letters posted in Canada for delivery in Canada are:
>
> (a) On each letter for delivery within the postal area in which it is posted, . . .

The Postmaster General must have some authority to define an area, and this gives him that authority.

Section agreed to.

On section 6—*Regulations.*

Mr. Knowles: In connection with section 6, there is a comment I should like to make. Most statutes that come before us contain sections providing that the regulations to be made under such and such act are to be made by the governor in council. I do not find any such section in this act. When we read this section, it seems that the Postmaster General by himself may make the regulations spelled out in the various subsections. Has it always been the practice for regulations of this kind to be made solely by the Postmaster General? Does the Postmaster General feel it should be this way or would it not be for his own protection if it were necessary for them to be made by the governor in council?

Mr. Rinfret: All these are subject, of course, to the Regulations Act, and have to be published in the regular way. If the hon. member will look at the other side of the page, he will see that all these paragraphs with the exception of (s) are contained in the old act.

Mr. Knowles: These have always been regulations made exclusively by the Postmaster General, then, without reference to his cabinet colleagues?

Mr. Rinfret: That is correct, except (s), of course, which is new.

Mr. McLure: Paragraph (d) of section 6 refers to the establishment of rates of postage. Will the Postmaster General bring in his amendment under this paragraph or will he wait until section 11?

Mr. Rinfret: Paragraph (d) says:

> establishing rates of postage on any class of mailable matter for which a rate is not established by this act;

Section 11 does establish a rate, and therefore this paragraph excludes section 11.

Section agreed to.

On section 7—*Unlawful use of mails.*

Mr. Blair: Will the Postmaster General explain just what types of tickets for raffles and so on are prohibited? Where is the line drawn? I received a few tickets through the mail from one organization, and printed on the tickets were the words "Cleared for the purpose of complying with the law". Some really responsible people have been denied the use of the mails. Where is the line drawn?

Mr. Rinfret: The Criminal Code, I am afraid.

Mr. Blair: Would the minister mind explaining the sections of the Criminal Code covering lottery tickets?

Mr. Rinfret: There are a number of sections in the Criminal Code covering these various matters.

Mr. Blair: There are communities that are building community halls or war memorials, and some very responsible people have been denied the use of the mail by a ruling of the Postmaster General.

Mr. Rinfret: I am afraid it will have to continue to be like that. Tickets for all drawings that go through the mail, whether

they call them lotteries, bingos or anything else, for prizes worth more than $50, come within the classification of a lottery. They are denied the use of the mails. I understand that by doing so we are hitting quite a number of charitable institutions that we should be helping. But on the other hand, if we allow one of these charitable institutions to go through the mails, we will be flooded by a hundred rackets that should not go through the mails.

Mr. Noseworthy: Subsection 2 of section 7 provides for the setting up of a board of review nominated by the Postmaster General. Has the Postmaster General received any representations from public bodies asking that that board of review should be independent instead of being nominated by the Postmaster General?

Mr. Rinfret: I received some representation to that effect from the board of trade of the city of Toronto, yes.

Mr. Noseworthy: Has the minister given any consideration to that request?

Mr. Rinfret: I have given it consideration and I have discussed it with the officials of the department. Any independent board that might be nominated under the suggestion of the Toronto board of trade would, I suppose, be one board like the railway board or the air transport board or ones like that, which would again be a governmental body. It is felt that the authority should be left in the discretion of the Postmaster General.

Last year when this matter was broached, the request that was made of the department was not so much to have an independent board as to give the persons whose mail had been stopped an opportunity of explaining to somebody in the department the reasons why it should not be stopped. Last year I promised that this would be done. By introducing section 7 we are just giving effect to the promise that was made last year.

Mr. Noseworthy: For his own protection and in order to avoid criticism, would the minister not be well advised to make that an independent board? To me there does not seem to be any difference between appealing to the Postmaster General and appealing to a board appointed by the Postmaster General. To me that seems to be one and the same thing. I would strongly urge that consideration be given to the suggestion to which I have referred.

Then there was another request to the effect that there should be the normal right of appeal to the courts from ministerial action based upon the findings of a board of review. Has the minister given consideration to that question?

Mr. Rinfret: That is so. The brief of the board of trade of the city of Toronto also mentions the question of an appeal; but it was not felt that the discretion should be taken away from the Postmaster General. I realize that it is quite a heavy responsibility, but I think it is one that a minister of the crown should be ready to accept.

Section agreed to.

On section 8—*Exclusive privilege of Postmaster General.*

Mr. Knowles: I should like to say a word or two about the wording of section 8 (1). I understand as well as anyone else what this wording is intended to mean. I realize that we are following a practice that has come down as a bit of tradition. But it seems to me that we might make the wording in a section like this a little bit more appropriate to the situation. Just notice, Mr. Chairman, what it says:

> Except as provided in subsection two, the Postmaster General has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada.

The Postmaster General is a fairly capable fellow, but he is not as ubiquitous as that. I do not think we should have on our statute books a statute which seems to say that, as to every letter that is picked up anywhere in Canada, or any letter that is delivered, it is done by the Postmaster General.

Mr. Rinfret: Not himself.

Mr. Lesage: If the hon. member had been at law school, he would know different.

Mr. Knowles: The parliamentary assistant to the Secretary of State for External Affairs refers to law school. That is exactly my point. Professional lawyers do not stop to look at the meaning of the language they have been using—

Mr. Lesage: It is because we do look at it; that is why.

Mr. Knowles: They do not look at the meaning of the language they have been using across the years. We all know that what is meant by this section is the Post Office Department or the Canada Post Office. In fact, back in section 2 (1) (a) we have defined Canada Post Office in these words:

> "Canada Post Office" means the activities conducted under the direction and control of the Postmaster General.

Then a little later on we had section 3 which provided for the organization of a department to be known as the Post Office

Department over which the Postmaster General is to preside. But it seems to me that we should be realistic and factual in our wording, and that in a section like this, instead of saying that the Postmaster General collects, conveys and delivers all letters within Canada, we should say either the Post Office Department or the Canada Post Office. I like that phrase that has come into this act; I refer to the "Canada Post Office". I think it would be preferable if in this section the wording had been:

Except as provided in subsection two, the Canada Post Office has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada.

It is not a matter that is of sufficient importance for me to bother to move an amendment. But I suggest the idea seriously, not just in fun. I think the wording in our statutes should conform to the facts of the situation.

Mr. Rinfret: The same wording has been in the act since 1867.

Mr. Knowles: That is exactly the point and that is exactly the trouble. Certainly it has been there since 1867. I realize that. In the notes to the right it says that this section has been section 35, and that means no change has been made. That was good Victorian legal language back in 1867, but we do not mean that today. We do not mean that our good friend Edouard Rinfret is going to run around, collect all the letters and deliver them himself. Then why say that? We mean the department over which he presides. I think a change should be made. In fact, to bring the matter to a head, I will, despite what I said a moment ago, offer an amendment. I move:

That section 8(1) be amended by deleting therefrom the words "Postmaster General" and by substituting therefor the words "Canada Post Office."

Mr. Lesage: Mr. Chairman, may I read the section with the amendment. It would read as follows:

Except as provided in subsection two, the activities conducted under the direction and control of the Postmaster General—

Mr. Knowles: No; you had better go back to law school.

Mr. Lesage: It would continue:

—have the sole and exclusive privilege of collecting conveying and delivering letters within Canada.

It makes sense, does it not?

Mr. Knowles: I suggest that the hon. member for Montmagny-L'Islet had better go back to law school. I moved as an amendment that the words "Postmaster General" be deleted and that the words "Canada Post Office" be put in their place. That would make section 8 (1) read—and I read it before, if the hon. member had been listening—as follows:

Except as provided in subsection two, the Canada Post Office has the sole and exclusive privilege of collecting, conveying and delivering letters within Canada.

Mr. Lesage: Yes, but—

Mr. Knowles: If anyone wants to know what "Canada Post Office" means,—

Mr. Lesage: Read it now.

Mr. Knowles: —he does what one does with every other act. He looks back to what is usually section 2, the definition section.

Mr. Lesage: That is what I did. Read it.

Mr. Knowles: Looking back to section 2, to find out what that phrase means—

Mr. Lesage: That is exactly what I did.

Mr. Knowles: —one finds it is defined as follows:

"Canada Post Office" means the activities conducted under the direction and control of the Postmaster General.

Mr. Lesage: Yes.

Mr. Knowles: In other words, it means the Post Office Department; it means employees of the Post Office Department.

Mr. Ferrie: Do not waste the time of the committee.

Mr. Rinfret: It means activities. We cannot very well accept that amendment in the other section. It is not the activities that have the privilege. It is the Postmaster General.

Mr. Knowles: If the Postmaster General wants to leave the law reading that he personally is the one who is to run around and pick up the letters and do all the delivering I have no option but to leave it to him, but surely it is a ridiculous way to word the section.

Mr. Graydon: Had you not better bring in a judge?

The Deputy Chairman: The hon. member for Winnipeg North Centre has not sent the amendment up to me, but I understand he is doing so.

Mr. Knowles: Yes.

The Deputy Chairman: As I understand the amendment, it replaces the words "Postmaster General" with the words "Canada Post Office".

Those in favour of the amendment, please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those against it please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it. I declare the amendment lost.

Amendment negatived.

Section agreed to.

Section 9 agreed to.

On section 10—*Rates on letters.*

Mr. McLure: Paragraph (a) deals with rates of postage. There is an increase of 50 per cent, an increase from 2 to 3 cents. Let us hope that this service will get back on a revenue producing basis because of these increases, and that we may get back to the position we were in during the years 1946 and 1947 when the Post Office Department had a surplus of $10 million, $11 million and $12 million annually. When one looks back at the report of 1946 one sees a surplus of $11 million. Where has it all vanished? Now we have to raise the postage rates.

Mr. Rinfret: I am sorry to disagree with the hon. member, but there is not one cent of an increase in section 10. It is exactly the same as it was before, except that under the preceding law one part of the postage was charged under the authority of the postal law and the other part was under the Excise Tax Act. Under section 78 of the bill part IX of the Excise Tax Act is repealed but what was in the Excise Tax Act is incorporated in the postal act. There is no change in practice. It is exactly the same rate.

Mr. McLure: There is a change in the postage rate.

Mr. Knowles: Has there been any separate bookkeeping with respect to the excise tax and the rates of postage that have been charged since that came into effect?

Mr. Rinfret: Not for many years, anyhow. I do not know whether at the beginning there was any segregation, but for the past several years it has been all kept as revenue of the post office.

Mr. Knowles: The reason I ask that is that I remember when Mr. Ilsley first brought in that tax during the war he specified that it was a tax for general revenue purposes and not an increase in the postage rate. What has happened now is that what originally was a tax for war revenue has been built into the postage rates on a permanent basis.

Section agreed to.

On section 11—*Newspapers and periodicals.*

Mr. Rinfret: There has been quite a lot of discussion on this subject. One matter that has been brought up is whether or not the amount of $12 million which was paid last year in services was or was not a subsidy. I beg leave to disagree with the leader of the opposition, and I am very fortunate in having Webster on my side. The New International dictionary says a subsidy is:

> A grant of funds or property from a government, as of the state or municipal corporation, to a private person or company to assist in the establishment or support of an enterprise deemed advantageous to the public; a subvention. In practice subsidies are chiefly granted in aid of transportation enterprises, as to ship, canal, air transport, or railway companies, bounties on sugar being next in importance. A subsidy may be a simple gift or may consist in the payment of an amount in excess of the usual charges for any service, as in carrying the mails, or of funds to aid in establishing or maintaining a service or equipment larger or more powerful than the state of trade would warrant, as the building and keeping in service of vessels designed for use as cruisers and auxiliaries in war.

According to Webster the excess of what the Post Office Department has to pay for transportation on newspapers over what we actually receive would therefore be a subsidy. Therefore last year we gave a subsidy of $12 million to newspapers and magazines. Newspapers will claim that it was not paid to them directly. That may be true. They may have been paid for the purpose of the rural readers. That also may be true. It also remains true, Mr. Chairman, that never has any government given for the purpose an amount as large as the one that we did give last year, to wit, $12 million, and the rural readers have benefited to that extent. The year before the subsidy was $11 million; the year before that the subsidy was $11 million. It has kept on increasing all the time. It is felt that at some time or other, with the mounting costs that we have to bear in the department, something has to be done to bring the matter a little more in line with the situation. With the estimate that we have at the present time, the present year in which we are now engaged, unless there is some change, will bring us a deficit of some $14 million or $15 million on the second-class category alone.

I have already said that if we did not have a deficit we could reduce the postage throughout the four-cent rate area so as to bring it into conformity with other areas in Canada so that we could have a uniform rate of 3 cents throughout the country. But the surplus that we have on the first-class mail we have to apply to certain deficits that we have on certain other classes. I have already spoken of the $12 million deficit on the second-class mail. I have also referred, prior

to this debate, to the deficit of $2,250,000 that we have on third-class matter. The rate there has been adjusted. I have also referred to a deficit of $1,800,000 that we had on registration. That rate has been adjusted upwards. In all the various compartments where we had deficits we have tried to bring them in line with expenditures. In this instance, Mr. Chairman, we have a deficit of $12 million, and we are seeking from the newspapers only one-sixth of the amount, to wit, $2 million.

Some representations have been made to the effect that we have discriminated against certain classes of second-class matter. I should like to point out that last year the Post Office Department carried 158,004,560 pounds of mail. Out of this total, 66,355,674 were carried for dailies over 10,000 circulation and 3,480,407 for dailies under 10,000. A weight of 70 million pounds was carried for dailies, as against all the rest of the second-class matter.

Therefore the situation is that if we are to ask the people of Canada to pay two million dollars more in postal rates we have to divide the field in two, having on one side all the dailies, and on the other the weeklies, the monthlies, the quarterlies and all the others. That is the division made in the weight. After all, weight is what we have to reckon with. What we have to charge for is a service we give, and the service we give must be reckoned on the poundage we have to move.

Therefore in the department we have made a calculation of the various ways of making a separation between these two bodies. We figure that one million dollars should come out of dailies and one million dollars should come from the rest of the field. We have arranged our rates so that it would produce exactly that amount.

Mr. Drew: I do not wish to interrupt the Postmaster General, but when he says that one million dollars is to come out of the dailies, and another million from the rest of the papers, does he mean by that that the computation he now makes provides that there will be one million dollars paid in respect of the carrying of the daily papers and one million dollars in respect of other types of material carried in this way?

Mr. Rinfret: That is right. That would be only the increase, of course. The accusation of discrimination has been mentioned in respect of the various rates charged. There again I would point out to the committee that, in assessing rates for various newspapers or periodicals, we must take into consideration the strain being put on the post office by these various papers.

Dailies of over 10,000 circulation entail the highest cost of any class of publication. Many railway post offices could be discontinued if no dailies were in existence. The daily newspapers have to receive top priority at peak work-load periods.

Mr. Graydon: There might be a lot of institutions which would have to close if we did not have the daily papers.

Mr. Rinfret: One thing I am sure of is that I would not have a $12 million deficit, and I could pass that on to the rest of the population of Canada. The dailies come to the post office when the big rush is on. We must give them a priority, because they do not want to be delayed, nor do we want to delay them. They have to be on the market as soon as possible. With the weeklies and monthlies, on the other hand, the question of reaching the market one or two hours later is not of such great importance. Therefore, instead of handling this business at a time of peak load, we can deal with the weeklies and monthlies one or two hours later, when the rush is over.

Another question which arises in connection with the big dailies, and one which involves another strain upon us, is the fact that they are put to mail in the post offices which are the most expensive for us to operate.

I have before me the various considerations as they affect the dailies, the tri-weeklies, the semi-weeklies and the weeklies, the monthlies, the fortnightlies and the quarterlies. It must be realized that a monthly magazine comes to us only once a month, whereas a daily comes twenty-five times a month. We have to deal with the papers as they come to the office.

However, I believe the real test lies in the weights I have indicated, which show that the dailies, by themselves, constitute half the total weight we have to carry. Information has been put on record indicating what these increased rates would mean to rural mail readers. I believe it was the leader of the opposition who read into *Hansard* a computation he had made to show increases for those readers. He pointed out for instance that a daily of 32 pages with more than 10,000 circulation would pay under the old rate $2.34 whereas as the result of the bill, at the 4-cent rate, it would have to pay $6.24, or an increase of $3.90 on that one paper.

I have here a letter addressed by one of the leading newspapers, one which would

fall into the category to which the leader of the opposition referred the other day. This letter states:

Dear Postmaster: (or Rural Mail Courier)
For the first time since 1938—

And the name of the newspaper is set out—

—has made a price change in the cost of mail subscriptions. We do not call it a rate increase because we do not get the money. The new mail subscription rates for—

This newspaper.

—shown on the enclosed confidential rate card have been forced by the government's action in announcing a staggering increase in postal rates on newspapers.

Formerly the postage on a yearly subscription cost $2.34. Now it costs $6.24 a year.

This is exactly the same figure as was quoted the other day by the leader of the opposition.

Under the new postal rates announced May 21, the postage on a year's subscription has increased $3.90 since 1938; and only now is part of this increased cost being passed on to our readers.

I underline the word "now" because, according to this letter, this is to be put into operation on June 1, which is a date before the bill has passed parliament. I underline also the words, "part of the increased cost being passed on to our readers". It continues:

You will notice from the enclosed new rate card that in changing the yearly subscription price of—

This newspaper.

—to $10 per year we have taken this opportunity to increase your commission on yearly subscriptions to fifty cents each, and shorter terms, with the exception of one month, have been increased in proportion.

For a long time we have felt that your commission on mail subscriptions should be increased, but it was impossible to do it under the $7 rate.

The new mail subscription rates become effective June 1. In accepting new or renewal subscriptions on and after this date please be sure that every subscription is taken at the new rates given on the enclosed schedule. Enclosed also is a new rate card for public use. Will you please display it prominently in your post office.

Mr. Graydon: To whom is that addressed?

Mr. Rinfret: It is addressed, "Dear Postmaster or rural mail courier."

Mr. Graydon: But not to the minister? How is the minister reading it?

Mr. Rinfret: I just said that I received it with a blank piece of paper containing these words, "nothing like taking things for granted." Let us examine the situation of this newspaper. Last year it paid $119,000, partly under the one and a half cent rate and partly under the four cent rate for a more than fifty per cent advertising content. Therefore, the amount paid on each subscription was $3.91, although in the letter it is stated that the yearly subscription costs $2.34. They have 30,380 mail subscribers and last year they paid $119,000. Therefore the basis set out in this letter should not be $2.34 but rather $3.91, which indicates a difference of $1.57. According to this letter dated May 28—

Mr. Graydon: Not addressed to the minister?

Mr. Rinfret: It could have been and it would have received the same answer. I might say that the $2.34 mentioned in this letter would be the amount payable by a newspaper without any advertising content, but I do not know of any daily newspaper without an advertising content of 50 per cent or over. Let us examine what this particular newspaper will have to pay under the rates proposed in the bill. They would have to pay $59,203 more, based on the four cent proposed rate, which would represent an increase of approximately $1.94 and not $3.90 as has been suggested. The calculation is easy to make, $59,203 increase spread over 30,380 subscribers.

Mr. McLure: Are those figures for the *Globe and Mail*?

Mr. Rinfret: That is the name of the paper.

Mr. McLure: Has that paper only 30,000 subscribers?

Mr. Rinfret: Mail subscribers, yes.

Mr. McLure: That proves definitely that this bill is not aimed at the large metropolitan newspapers; it is aimed exclusively at the small ones.

Mr. Rinfret: I want you to know that certain newspapers are taking advantage of this increased rate to pass on to their rural subscribers some of their other charges like those for newsprint and other commodities and then they blame it on the Postmaster General.

If the situation were represented as it should be the increase to the *Globe and Mail* would not be $3.90; it would be $1.06 without taking into consideration the 50 per cent income tax they would have had to pay on the amount of the real increase. If the income tax were taken into consideration there would be an increase of only 53 cents. They have been asking their mail subscribers since June 1 to pay an amount which is much more than the net increase of 53 cents. What does the balance represent? It certainly does not represent an increase in postal rates.

Mr. Graydon: That might be just a paper you picked up off the street you are reading.

Mr. Rinfret: With the paper that is picked up on the street for reading there is a difference. It has been represented that $15.25 is paid by city readers. I do not know the exact arrangements, but I understand that a certain amount is paid to the boy who delivers the paper or to the newsdealer who operates newsstands. I do not know what the arrangement is now, but when the paper sold at three cents it used to be one-third.

Coming back to this interesting discussion, under the amendment that I am going to ask one of my colleagues to move in a minute the *Globe and Mail* will have an increase in postage of $32,366. Deducting from that the fifty per cent income tax that they would have had to pay if they had it, you arrive at an amount of $16,183. They are asking their mail subscribers to pay over $91,140; they are passing that on as being the result of the postal rates.

Mr. Knowles: Has the Postmaster General comparable figures for the Toronto *Star*?

Mr. Rinfret: I have not made a similar calculation because the Toronto *Star* has not sent any such letter to its mail subscribers.

Mr. Knowles: Does the Postmaster General know whether the Toronto *Star* is making a comparable increase in its subscription rate for mail subscribers?

Mr. Rinfret: We have not been advised in any way, shape or form. I shall ask one of my colleagues to move this amendment. Under this amendment we keep the four cent rate on the advertising portion of the newspaper, whatever it may be, but in view of certain representations that have been made to the effect that the news portion was entitled to some reduction we have reduced the rate to two and a half cents on the portion of the newspaper which represents news. Therefore, the rate will be two and a half cents for the news portion and four cents for the advertising portion. In that way the newspapers will be treated fairly according to the amount of advertising they carry. If a newspaper has 10 per cent advertising it will be charged 4 cents on the 10 per cent and 2½ cents on the 90 per cent. If on the other hand it has 60 or 65 per cent of advertising it will be charged 4 cents on the 60 or 65 per cent and 2½ cents on the remainder. That is the amendment I propose to introduce to that part of section 11.

Mr. Fournier (Hull): I move:

That subparagraph (i) of paragraph (a) of subclause (2) of clause 11 of Bill No. 322, an act respecting the Canada Post Office, be struck out and the following substituted therefor:

11. (2) (a) (i) with a circulation of ten thousand or more copies per issue, two and one-half cents for each pound weight or fraction thereof in respect of the portion that is not devoted to advertising and four cents for each pound weight or fraction thereof in respect of the portion consisting of advertising, and

[Mr. Graydon.]

Mr. Wright: How much will this amendment reduce the revenue from this type of mail in comparison with the original proposal here?

Mr. Rinfret: Approximately $190,000.

Mr. Wright: Will you still have enough revenue to cover the cost of this service?

Mr. Rinfret: Oh, no; not by a long way. The deficit is $12 million and this will produce approximately $1,800,000.

Mr. Wright: In other words there will still be a subsidy of over $10 million?

Mr. Rinfret: Yes. At present for every 8 cents we spend we collect only 2 cents from the newspapers or other periodicals, taking them all generally, whereas with this amendment we will collect approximately 3¼ cents for each 8 cents we spend.

Mr. Wright: I was asking that because some of these newspapers were quite alarmed at what they called a $65 million subsidy to western farmers over a five or six-year period, though at the same time they were being subsidized to the same extent.

Mr. Rinfret: I would not call $12 million equal to $65 million.

Mr. Wright: But the $65 million was over a five-year period.

Mr. Drew: Since the Postmaster General has been giving certain explanations, along with a speech on something which does not seem peculiarly related to the subject, I should think it might be well if we knew or had an indication of what the other amendments are going to be, in order to simplify the discussion.

The Chairman: Then this amendment will stand and we can have the next one.

Mr. Rinfret: The other amendment is to subsection 4, "Rate where letter carrier service."

Mr. Fournier (Hull): I move:

That subclause (4) of clause 11 of Bill No. 322, an act respecting the Canada Post Office, be struck out and the following substituted therefor:

11. (4) All copies of newspapers and periodicals referred to in this section, other than those referred to in paragraph (f) of subsection 2, that are addressed for delivery within the postal area of publication where there is letter carrier delivery service are subject to postage at the rate of one cent for the first two ounces or fraction thereof and one cent for the next two ounces or fraction thereof and one cent for each additional four ounces or fraction thereof to each separate address.

Mr. Knowles: May I ask just one question for clarification? I take it that with respect to the second amendment these rates apply to each individual copy of the paper?

Mr. Rinfret: That is correct.

Mr. Knowles: Whereas with respect to the first amendment it is a case of weighing the whole works?

Mr. Rinfret: That is right; and for purposes of clarification I might add that a double page of a newspaper weighs about one ounce. Therefore to make one pound a newspaper has to consist of 64 full pages. A 32 page newspaper is calculated at approximately one-half pound.

Mr. Knowles: Then one other question, still for clarification, with respect to the first of the two amendments.

The Chairman: Order. I think if we are to have debate in an orderly way we should take the first amendment first.

Mr. Drew: Is there any other amendment to section 11?

Mr. Rinfret: No, that is all.

Mr. Knowles: Then with respect to the first amendment, the one now before us, when will the computing be done with respect to the space devoted to advertising and the space devoted to news? Will it be at regular intervals, or what is the plan?

Mr. Rinfret: They are checked every day.

Mr. Knowles: So each issue is checked and the bill is made out specifically for that day?

Mr. Rinfret: I do not know whether the bill is sent out that particular day, but every issue is checked and the corresponding figure is established. I am told that most daily newspapers have credits at the post office, and the amount is charged to that credit every day.

Mr. Graydon: It is rather difficult to follow the ramifications of these amendments, so to clarify the situation I would like to ask a question. Does this amended section cover just daily newspapers, or does it cover magazines, weekly periodicals and all that sort of thing? If not, what do they pay, or is any change contemplated with respect to them?

Mr. Rinfret: The amendment is in relation to section 11 (2) (a). The position of magazines, weeklies and so on is not altered except to the extent that they may be affected by the second amendment to subsection 4.

Mr. Graydon: What will a weekly or monthly magazine pay by way of postage after this act comes into effect?

Mr. Rinfret: As I said before, the extent of the increase in toto will be $1 million. If a weekly has a circulation of more than 50,000 it will pay 3 cents for each pound; that is under paragraph (c). If the circulation is less than 50,000 and more than 10,000 it will pay 2½ cents, and with a circulation of less than 10,000 per issue it will pay 1½ cents for each pound or fraction thereof with the proviso that in cities of less than 10,000 the weeklies have free circulation of 2,500 copies. Does that answer my hon. friend?

Mr. Graydon: Partially.

Mr. Noseworthy: Has the minister figures showing the effect of this change upon the weekly magazines published in Canada, such as *Saturday Night* and magazines of that type?

Mr. Rinfret: There will be no change unless they are covered by the amendment to subsection 4, if they are delivered in letter carrier areas. Then instead of two cents for the first four ounces they will have to pay one cent for the first two ounces and one cent for the next two ounces. So far as weeklies, monthlies and all the others are concerned, the only difference it will make will be the amount of $1 million, roughly.

Mr. Wright: I should like to know under what class of mail the mail order catalogues are carried?

Mr. Rinfret: Printed matter at two cents for the first two ounces, and one cent for each additional two ounces. It amounts to about nine cents a pound.

Mr. Wright: I asked what class. Are they second class?

Mr. Rinfret: Third class.

Mr. Wright: Earlier the minister stated that the deficit under third-class mail was $2,250,000. Are you proposing any increase in those rates to cover this deficit?

Mr. Rinfret: No. I have already explained that under section 8, which has been adopted, the Postmaster General has the exclusive privilege of collecting and delivering letters within Canada. The rates for so doing have to be established by parliament. So far as second-class mail is concerned, such as newspapers, on account of the subsidy question it is better to have these rates established by parliament as it is a matter of policy. On third-class matter, such as circulars, catalogues, parcel post, registration and all the other fees, the rates are fixed by regulation by the Postmaster General.

As I explained before, for the year ending March 31, 1951, we had a deficit of $2,250,000

on third class matter. We increased our rates on the first two ounces from one cent to two cents, effective on April 2. We are hoping that with this increase this deficit will be wiped out.

Mr. Graydon: This afternoon the minister brandished, with considerable flourish, a letter which he said was not addressed to him. How he managed to get this letter out of the post office is a matter which I suppose will have to be left to conjecture. I was wondering how the Postmaster General could come into the house and read a letter which was addressed to someone else, not table it and not give any indication as to the source of the letter. He then based his argument upon part of that letter. I should like the Postmaster General to clarify that.

Mr. Fournier (Hull): The same thing was done by one of your members today.

Mr. Graydon: If the Minister of Public Works is now going to take as his example for the future what we in the opposition do, we welcome that because we should like to give him some good examples to follow.

Mr. Fournier (Hull): Very often the hon. member for Queens gives an example.

Mr. Rinfret: First of all, this is not a regular letter, but a circular letter sent to all postmasters and rural mail couriers who happen to have on their routes or in their post offices subscribers to the *Globe and Mail.* One of them, I do not know who it was, sent it to me with this little note attached: "Nothing like taking things for granted".

Mr. Graydon: The minister is a lawyer and he knows that that sort of thing would not for one moment be admitted as evidence in a court of law, yet a minister of the crown is attempting now to spread it over the columns of *Hansard.* I believe the minister ought to put himself in the same position as any other member. Does he take the responsibility for the accuracy of what he has read to the house?

Mr. Rinfret: I shall answer that question by asking the hon. member whether he denies that the letter was sent by the *Globe and Mail.*

Mr. Graydon: I do not happen to know, and my problem is that I do not believe the minister knows. I was not using the letter but the minister was, and that puts us in very different categories, if I may say so.

Mr. Rinfret: If the house wishes, I am quite ready to table the letter, and also this card which says:

Change in mail subscription prices due to increased postage rates.

[Mr. Rinfret.]

It then sets out the increase of $3 that the *Globe and Mail* has already requested. I am in the hands of the committee, and if the committee wishes me to table it then I shall.

Mr. Graydon: At best it is an anonymous letter. The minister has told us it is an anonymous letter.

Mr. Rinfret: No, I never said that.

Mr. Graydon: This enclosure came in it. Those people who are not able to understand the difference between a letter and an enclosure will have to work that out for themselves. In any event, the minister says he does not know where it came from; he does not know who wrote it. The only thing is that someone sent him that enclosure, and on that basis he attempts to argue a case. In all fairness, I believe the minister has some motive in this beyond what he has indicated—

Mr. Chevrier: Order, order.

Mr. Graydon: —in bringing a thing of this kind before the house. I would think the minister, who understands so completely the various ramifications of the law, would not bring in an anonymous letter with an enclosure and then base a flowery speech upon that very weak foundation. May I suggest to the minister that he has stepped beyond the margin of fairness in taking the position he has with respect to that. I do believe the house is entitled to know the facts. The minister does not apparently know what the facts are.

Mr. Rinfret: Mr. Chairman, I have in my hand now a letter with the heading "The *Globe and Mail,* Toronto 1, Canada: George McCullagh, president. To avoid delay please address to *Globe and Mail* and not its executive." This letter is signed by Ray Forrest, who is director of circulation of the *Globe and Mail.*

Mr. Graydon: May I ask to whom it is addressed?

Mr. Rinfret: I have already answered that. It is addressed, "Dear Postmaster or Rural Mail Courier".

Mr. Graydon: It is not addressed to the minister, and more than that it would be very easy for that circular letter to be composed by anyone.

Mr. Abbott: Give up. They won't deny it tomorrow.

Mr. Drew: Mr. Chairman, in the first place the amendment is only an amendment to a general section with which we have not

started to deal. I would suggest that we must deal either with the section as a whole or with the subheadings of the section. I want to deal with the impression which, intentionally or otherwise, the minister seemed to convey by what he said. I was interested in his reference to the figures I had given, and then he introduced this discussion on some circular which he has produced and for which he assumes the responsibility.

I would point out, Mr. Chairman, that what I said in regard to this matter can be found at page 3511 of *Hansard* for May 29. In view of what the minister has said, I am going to read the part which referred to the figures to suggest that it was a surprising interest that the minister showed in one particular set of figures I had used. This is what I said:

> A newspaper of over ten thousand circulation averaging 45 pages for each publishing day now pays $3 a year. Under the new rates it will be called upon to pay $7.64 a year.
>
> A newspaper of ten thousand or more circulation with an average of 32 pages for every day of delivery now pays postage of $2.34 a year. The new rate will amount to $6.24. A newspaper of 28 pages in this group which now pays $1.80 postage will pay $4.90 under the new rates. A newspaper of 24 pages which now pays $1.56 in postage will pay $4.19. An 18-page newspaper which now pays $1.36 will pay $3.62. A 14-page newspaper in this group which now pays $1.14 will pay $3.05 if these provisions are adopted.
>
> Then let us take newspapers with a circulation of less than ten thousand. A newspaper with an average of 12 pages and a circulation of less than ten thousand now paying 93 cents will pay $1.54. A newspaper with a 10-page average in this group, which now pays 87 cents, in future will pay $1.31.

I am extremely interested, Mr. Chairman, in the fact that the minister should have sought to convey the impression that the figures I had used had some relation to a particular newspaper. I would ask the minister if he disagrees with the accuracy of any of the figures I have now quoted; and I am sure he can answer because it is quite obvious that he has had these figures checked.

Mr. Rinfret: I said generally, Mr. Chairman, that the calculation of the leader of the opposition on any paper of any number of pages that he has cited there is based on the assumption that any one of the papers to which he refers would pay only one and one-half cents. I do not think there is any newspaper—any of the larger ones, anyway; let us put it that way —that did not pay let us call it a fine of four cents for having over 50 per cent advertising, as it used to be. All the large dailies have paid that four cents; and from the moment it passes the 50 per cent advertising content and pays the four-cent rate, then it cannot be claimed that any of the bottom figures cited by the leader of the opposition are right. I picked those 32 pages to which the leader of the opposition had referred and I, having seen it on this letter of the *Globe and Mail*, made the comparison between the two. The leader of the opposition had said that a newspaper of more than 10,000 circulation—

Mr. Drew: Give it for the Toronto *Star* as an example. You have checked it.

Mr. Rinfret: No, I have not checked it. I am sorry, but the figures would not agree. I am sure that the figure at the bottom would not be $2.34.

Mr. Drew: Mr. Chairman, I am not going to do more than to point out that the minister has obviously had certain computations made, and has made those computations on the basis of a statement I made. If he will refer back to that statement he will find that I referred to the 50 per cent advertising. The figures I have given are figures based on the rates set out in section 11, and they are figures which do not include the supposition that there is in excess of 50 per cent of advertising.

Mr. Lesage: There was.

Mr. Drew: Just a minute, Mr. Chairman. The reason is perfectly obvious. I also hope that the attitude of the minister toward this whole problem will be fully understood by the public and by those who are interested in the matter when he used the word "fined" in relation to advertising. Obviously in the mind of the minister people who advertise should be fined. He used that word.

Mr. Rinfret: I did not use that word in that way. I called it a fine, for want of a better word. I said "Call it a fine".

Mr. Drew: The minister used the word "fine". The fact is this. I referred to that very proposition and pointed out that, under the amendments now proposed, it was intended to remove that inducement to hold the advertising down to 50 per cent. I pointed out that this, far from being a fine, was an obvious inducement to the newspapers to retain the maximum amount of space available for news, consistent with the general attitude toward newspapers as a means of distributing news in this democracy of ours.

Before I proceed, I will simply ask the minister one question. Basing these computations on the figures in section 11 as now proposed, or as it was proposed without these amendments, and the provisions that existed at the time that I made these computations, and not taking this inducement provision in regard to 50 per cent advertising, does the

minister question that the figures which I have just quoted from *Hansard* are correct?

Mr. Rinfret: They might be ideal, but unfortunately they do not conform with the facts.

Mr. Drew: I asked the minister if, without any reference to the inducement provision with regard to 50 per cent advertising, the figures I used as reported at page 3511 of *Hansard* are correct. He can give an answer because he has had them checked.

Mr. Rinfret: Certainly I have had them checked. That is the reason why I say that these are facts. Whatever this newspaper was—or any other newspaper that the leader of the opposition had in mind—it in fact did pay something last year, and the figures that he has quoted are ideal. But they cannot conform with the facts; because every one of them has paid some part of their content under the four-cent rate.

Mr. Drew: Mr. Chairman, from the refusal of the minister to answer the question, it is perfectly obvious that he knows that the figures I gave were accurate and that they are accurate. As to the 50 per cent, that was not a fine. I wish that the minister would not try to divert the attention of the members from the real facts of this case by wholly imaginary diversions of this nature. There is a perfectly obvious reason why the 50 per cent was provided, whether it was sound or otherwise. That was, first of all, to offer the newspapers an inducement to retain for news that 50 per cent space, or as close to that as possible. On the other hand, there is the fact that every child of reasonably mature years knows that advertising is paid for and that if a newspaper is carrying a substantially increased amount of advertising they are finding some additional source of revenue to carry on the ordinary functions of the newspaper. That has nothing to do with the accuracy of the figures which I notice that the minister carefully refused to challenge, when I place it on the basis on which it was placed when it was put before the house.

Mr. Rinfret: I did not refuse to challenge it.

Mr. Drew: Mr. Chairman, it is a very interesting thing that the minister should be so emphatic with regard to one particular newspaper and should have so much information in regard to it, and at the same time should be so strangely disinterested in any other newspaper, although I had referred to a great number of other categories which obviously would refer to other newspapers across this country. It is extremely interesting that in the city of Toronto, where there are three large newspapers, he was not sufficiently curious to find out what the effect would be on a newspaper known as the Toronto *Daily Star* or on the Toronto *Telegram*, but only found occasion to examine the figures with regard to this one newspaper. I must confess that this situation indicates that the minister attaches more importance to that paper than some of his colleagues have, on some occasions, suggested they were prepared to give it. Perhaps his education is advancing as indicated by this attention. I would point out, however, that even if it was not a matter of interest to him in the case of Toronto, perhaps in the case of Montreal he might have been interested in finding out comparable figures with regard to *La Presse*, the Montreal *Star*, the *Gazette* and several other newspapers in Montreal. Then he could have given us a broad analysis of those figures, instead of simply taking particular figures out for the purpose of creating an impression which he sought to convey this afternoon. In so far as any individual newspaper is concerned, it will be able to deal with this subject effectively through its accounts. I was referring to the general items and to the figures of postage rates as set out in the bill as it was before the new bill was introduced. As the minister has pointed out, and as I pointed out when we discussed this before, there was of course a 50 per cent advertising rate, and only the Post Office Department and the accounting departments of these newspapers are in a position to inform this house as to what the percentage of advertising rate is.

In so far as these amendments are concerned, it would appear that in the first one, which is an amendment to section 11, subsection 2 (a) (i), there is a provision that newspapers with a circulation of 10,000 or more will pay two and one-half cents for each pound of weight or fraction thereof, in respect of the portion that is not devoted to advertising, and four cents for each pound of weight or fraction thereof, in respect of the portion consisting of advertising. What is happening here is that the Postmaster General is returning to the idea of offering an inducement of some kind for news space as compared with advertising space, something which was not covered by the bill now before us. As this would work out, if a newspaper had exactly 50 per cent news and 50 per cent advertising the net result would be that it would pay three and one-quarter cents a pound. What that works out to is something that will have to be computed, and which we cannot compute quickly here this afternoon. It is still a very substantial increase from one and one-half cents.

Mr. Lesage: Plus four cents.

Mr. Drew: I am sorry; plus what?

Mr. Lesage: Well, it was four cents when 50 per cent or more was advertising.

Mr. Drew: I am talking about what the provisions were in regard to ordinary circulation where the advertising did not exceed 50 per cent. And I would point out that this is a substantial increase from the rate of one and one-half cents which was in the act before.

Now in so far as the other amendment is concerned, which is an amendment to subsection 4 of section 11, it is something that would have to be worked out with certain examples before one would be able to determine exactly what the effect would be. In this respect, and with the new postal rates before us, before I refer to this amendment further I would ask the minister if he will tell me whether periodicals coming in from the United States pay the postal rates of Canada or the postal rates of the United States? If they pay the postal rates of the United States, are these rates higher or lower than Canadian rates?

Mr. Rinfret: United States publications have two ways of coming into the country. Some of them are mailed in the United States. When they are mailed there they of course carry United States postage which, at the present time, compares with the figures in the bill. United States rates are lower, but they are also considering an increase in their rates. The publishers of some magazines will send their magazines in bulk to some Canadian post office, from which they are mailed, and these of course are charged Canadian postage.

Mr. Drew: The situation would be then, with these rates which are now before us adopted, that publications coming in from the United States under the laws that would be then in force in Canada and in force in the United States would pay less than Canadian publications sent by the Canadian postal service within Canada.

Mr. Rinfret: That depends on the increase that they will have over there.

Mr. Drew: We cannot guess what they are going to do, and so far they have only indicated that they are considering the possibility of a 20 per cent increase in their postal rates this year, and that has not even come before congress.

Mr. Rinfret: That of course produces a deficit of $589 million a year over there.

Mr. Drew: When the minister says that, it brings me back to one question that I am asking. The minister said a good deal about a deficit of $12 million. I understand he is not suggesting that that $12 million deficit arises from the carrying of newspapers or periodicals.

Mr. Rinfret: Second-class mail.

Mr. Drew: Only of newspapers and periodicals?

Mr. Rinfret: Correct.

Mr. Drew: Does that involve newspapers or publications coming in from the United States? Let me ask this question. In view of the very large distribution of publications from the United States in Canada, has the minister had any computation made of the cost to the Canadian postal service of handling publications coming into Canada from the United States and paid for by postage in the United States, which goes to the United States government?

Mr. Rinfret: Most of the United States magazines are posted in Canada.

Mr. Drew: All right; I still come back to the question. Has the minister had any computation made of the cost of handling United States newspapers, periodicals, publications or other second-class matter, coming from the United States with United States postage paid to the United States government?

Mr. Rinfret: As far as newspapers are concerned, very few do enter Canada. The American newspapers are not in competition with Canadian newspapers to any great extent. A comparison might be made between United States magazines, and as to them, the great majority are sent here in bulk and posted in Canada. As to whether I have had a survey or a study made of that, the answer is no.

Mr. Drew: The minister says he has not had a computation made; therefore it is not easy to compare the rates. But he has given us the answer in regard to publications coming in, whether it is a large or a small percentage. I would point out that whatever number do come in from the United States, they are contributing to whatever the deficit is, so you must bear that in mind in examining these figures. It has not entirely arisen from the handling of our own newspapers and our own reliable periodicals.

I come back to the fact that there is one way in which added revenue could be obtained, and in the process of obtaining it the postal department would be doing something of very great advantage to the people of Canada, and that is, to place really high postal rates on crime comics, sex magazines and trash of that kind, which no Canadian

parent wants to see coming into his house if he can possibly avoid it. I would suggest there are ways of raising revenue from those publications which play no useful part in the functioning of our democratic system, and that in this way it would be made possible to extend perhaps greater advantages to those publications which perform a useful service.

May I refer to the suggestion that this is a subsidy to the newspaper. This is a provision by which the people of Canada can get newspapers at a rate lower than would otherwise be the case. I do not think for one moment that the Postmaster General believes that the newspapers across this country are going to absorb the increased postal rates involved in whatever amendments may be adopted. By virtue of the fact that a substantial part of their space is devoted to revenue earning advertising, undoubtedly the newspapers will charge some of the increase to that advertising. I am not in a position to say how it would work out; but one thing I am sure of is that in this or any other business the added cost is going to be added to the price ultimately charged for that thing the people are buying. This applies whether it is a newspaper, a pair of shoes, an automobile or a food item.

It would be well if we got away from the suggestion that provisions of this kind are simply subsidies for the newspapers which the people, after all, buy for purposes of reading.

While every appropriate measure should be taken to place our public services on a businesslike basis, it can only come with some measure of surprise that a postal rate which has stood so long at the figure which has been on the statute books should require suddenly to be raised to the extent it is now being raised in the amendment before us.

The Postmaster General has referred to the United States, and what is being done over there. I would point out that if in the United States they go ahead to provide increases, such as the Postmaster General has suggested are likely, it has been indicated that those increases will not be made at one time, but that they will be made in three stages. So that the course we are following is one which produces a much more severe impact upon those who will be using the newspapers.

One point the Postmaster General did not explain has to do with the effect of the change on the smaller newspapers, and what the advantage of these amendments will be to newspapers with a circulation of less than 10,000. That is I believe a matter of perhaps greater importance to many people who rely for their news upon the publications with smaller circulation. When the Postmaster General places so much emphasis upon the necessity for meeting these deficits, it is interesting to note that the government apparently proposes to adopt a very different attitude toward this type of distribution of news from the attitude adopted toward the distribution of news by radio. Because while the government is ready to accept the proposition that deficits are necessary in connection with the distribution of radio news, evidently a different attitude is to be adopted toward the distribution of news by the written word which, as I said earlier in my remarks, is a much more important means of conveying to the people, in a form they can remember and re-examine, those facts upon which the decisions in a democratic country can be made.

There is no use saying that in this instance the newspapers have advertising, because we know that our publicly-owned radio system also accepts advertising. So that there are sources of revenue in both cases.

It is not possible to make an exact computation in the light of the amendment suddenly placed before us. We can only wait. Certainly we welcome the thought that there may be any reduction in these postal rates which, in the end, the people will have to pay. I hope that when the computations are made it will appear that the results are more satisfactory than is suggested at first glance from the figures before me.

Mr. Noseworthy: Why do the publishers of American newspapers and magazines find it to their advantage to send them in bulk to Canada?

Mr. Rinfret: They have discovered that the publication reaches its destination more quickly in that way.

Mr. Noseworthy: It is not because it would cost more to mail them?

Mr. Rinfret: No; on the contrary it would cost less.

Mr. Black (Cumberland): The minister has mentioned several classifications of newspapers, according to circulation. What is the classification of semi-weekly papers, a number of which there are in Canada? Are they classified as weeklies?

Mr. Rinfret: For the first time in the history of our postal administration we have made a separate class for semi-weeklies, and have described it as bi-weeklies. Perhaps it would have been better if we had used the description "semi-weekly". They are set out in subsection 2 (b).

Mr. Black (Cumberland): Is the rate on the bi-weekly higher than on the weekly?

Mr. Rinfret: The rate is set out in the bill. Where there is a circulation of 10,000 or more it is three cents per pound; a circulation of less than 10,000 copies, two cents per pound. Then, for weeklies where there is a circulation of 50,000 or more copies, three cents per pound; where there is less than 50,000 but 10,000 or more, two and one-half cents; and where there is a circulation of less than 10,000 it is one and one-half cents. That is found in section 11.

Mr. McLure: May we take it for granted that the letter which was used in argument this afternoon was a letter that was not sent by the *Globe and Mail* to the minister? No one has yet found out whom it was sent to; but it came from somewhere, out of the blue.

I should like to have some figures with respect to smaller newspapers in smaller areas. We have heard a quotation this afternoon concerning one of the large daily newspapers. I should like to know what it will cost a newspaper with a circulation of 13,000, 8,000 of which go through the post office. It is a 16-page paper and it is guaranteed that the advertising will not be over 50 per cent.

Mr. Lesage: Would the hon. member give the proportion of advertising?

Mr. McLure: I said not exceeding 50 per cent.

Mr. Rinfret: It would be approximately three-quarters of a cent per paper.

Mr. McLure: How much would that be per pound?

Mr. Rinfret: With a 16-page paper it would be four papers to the pound.

Mr. McLure: This Charlottetown paper has a circulation of 8,000 going through the post office. At the present time they pay from $35 to $40 per day. So far as I can figure, with this amendment there would be part of it at two and a half cents per pound, some at four cents, some at four and a half cents and probably more. I have given the minister the information.

Mr. Rinfret: I am afraid the calculation is impossible. Any amount we could give the hon. member would be purely hypothetical because we do not know the advertising content of the paper the hon. member has in mind.

Mr. McLure: I told you exactly what it is.

Mr. Rinfret: The hon. member gave a figure of 50 per cent, but is that the actual advertising content?

Mr. McLure: It will never be over that, because it is a 16-page paper.

Mr. Rinfret: If it is below that figure there is quite a difference; if it is 45 per cent or 50 per cent.

Mr. McLure: It would not be very much below because they could not exist.

Mr. Rinfret: The fact that up to the present they have not reached a content of 50 per cent does not mean that they will not reach 40 per cent or perhaps 35 per cent.

Mr. McLure: I cannot understand why the minister cannot give those figures when he has given the figures for the *Globe and Mail*.

Mr. Rinfret: The *Globe and Mail* is the only paper that has raised its rates. I know of no other paper that did that. When I got that letter I made up the computation.

Mr. McLure: There is no use the minister losing his temper and wanting to fight. I am quite prepared to fight if he wants to; I will go all out with him. I am going to get these figures if we have to stay here for a week. If they can be made up for a big metropolitan paper, I am going to get them for this paper. This bill, this section particularly, is aimed at the smaller newspapers. The large newspapers have different methods of distribution. They deliver much of their circulation by truck and the post office does not get anything.

The smaller newspapers should not have to pay the whole shot. As I said before, I am referring to the Charlottetown *Guardian*, which has the largest circulation in Prince Edward Island. As their slogan says, they cover the island like the dew, and I do not mean Roderick Dhu. I will give the minister the figures again and perhaps it will not interfere with his meal hour to figure out what the new rates will mean. This paper has a circulation of 8,000 going through the post office for delivery throughout Prince Edward Island. It is a 16-page paper with advertising not exceeding 50 per cent because the readers would not permit it. In fact, they have had to refuse advertising.

Mr. Rinfret: That is exactly the point. The fact that it will not exceed 50 per cent does not enter into the calculation at all. Under the new amendment, those that have less than 50 per cent will pay on the four cent rate. In order to make an accurate calculation we must know the exact content. I am not going to give a hypothetical answer and then have a newspaper say that I have given a figure in the house when it should have been different.

Mr. McLure: Give an estimate.

Mr. Rinfret: I cannot.

Mr. McLure: The minister can give an estimate on the basis of 8,000 copies with 50 per cent advertising. If I had the information here I could figure it out myself.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. McLure: When the committee recessed, Mr. Chairman, I had been asking the Postmaster General to give me the facts and figures in connection with a certain newspaper. I need not mention its name because the minister has already referred to it. I gave him the particulars; 8,000 copies were going through the post office daily, with never more than 50 per cent of advertising and a paper of 16 pages. If the minister will tell me what it is already costing this paper for postage and what it will cost after this amendment I may be able to understand the meaning of the amendment. This newspaper is peculiarly situated, in that it is located in a small province and has a large circulation almost exclusively to our own citizens. Therefore they have to be careful to give them at least 50 per cent reading matter. I think I have made it plain enough so the Postmaster General can give me some idea of the comparison before I resume this debate.

Mr. Rinfret: Various other factors might enter into the calculation. The advertising material is not the only thing. There is the weight of the paper and the size of the paper which would also enter into the calculation, because they are not all standard. If the hon. member has reference to the *Guardian,* as I think he has, in the past on occasions that newspaper has sometimes gone past the 50 per cent mark. I would not like to put on *Hansard* a figure that could be quoted against me later on if the calculations proved to be inaccurate.

Mr. McLure: You need not make it the case of the *Guardian,* then. Why can you not put those figures on record? You know the advertising material does not exceed 50 per cent; we are giving you that in good faith. In a 16-page newspaper they would not be allowed to have 60 or 70 per cent of advertising. The odd day it might go below that; the odd day it might go a little over; but surely the minister can give me an estimate of what it would cost this newspaper per day. Would it cost $40 a day or $50 or $60 for the 8,000 copies that go through the post office? They are delivered to about one hundred postmasters throughout the country, where they are distributed to the mail couriers and box holders. Surely we can have something definite on it. How could the minister get all those definite figures in regard to the *Globe and Mail*? They did not give him as much information as I am giving him. He knows where this is coming from, and he did not know where the other information came from; or if he did know he did not tell us. Surely he can give me some kind of estimate.

Mr. Rinfret: I have already explained to the hon. member that I am not in a position to give an estimate. Even if I were I probably would not do so anyway, because every member of the house would ask for a similar estimate in connection with the newspaper in his own town.

Mr. McLure: I do not think that is an answer at all. Let us figure it out this way. With a circulation of 8,000, under the amendment it is two and a half cents per pound. You could easily figure that out because you told me earlier you figured four copies of a 16-page paper made a pound. This has 50 per cent reading matter, and in that case you charge four or maybe four and a half cents. Again I ask the minister in all fairness to give us an estimate. I do not see why he wishes to discriminate against a newspaper in my province. I know it has been the habit of the government to discriminate against Prince Edward Island in many different ways, even through the postal department. A few years ago, for example, when they were making some changes and putting in a head officer for each province, we were the only province left out. They tacked us onto New Brunswick. I have dealt with that matter before; but here we come to something that is of vital interest to my province. How much are you going to tax this paper? If you had left it as it was, I could figure that out myself; it was going to cost them from $93 to $102 daily and about $122 on Saturday. The situation is a little different now and I cannot figure out whether it is going to be more or less, because I did not get the real meaning of the amendment. But if the minister and his officers will not give that information, why are they withholding it? You have it, or if you do not you could easily figure it out. On behalf of my constituency and the people of my province I believe I am entitled to a fair estimate. The minister is not going to be held to it strictly. That is an excuse that will not hold water; so I am going to ask him again. The minister need not commit himself. If he were five dollars a day astray, what would the difference be? It might be

one way or the other, and surely he can satisfy me and the newspaper by doing that.

Mr. Rinfret: The hon. member made reference to a tax. We are not taxing any newspaper. All the Post Office Department is asking is that the newspaper pay a part of the transportation charges. It is a service for which we ask compensation, and that is no tax. I am sure that if the hon. member were still the owner of the *Guardian* he could make the calculation with the information he now has. I may add that the representatives of the *Guardian* were in my office and we discussed the whole situation. They were much less concerned when they left than when they arrived.

Mr. McLure: I might just say a word more. I do not believe, Mr. Chairman, that is a fair answer for the Postmaster General to make. I am not pleading for myself, and that ought to make it a stronger case. I am pleading on behalf of a newspaper that is worth while in the small province of Prince Edward Island. The same thing is true in other provinces. I am not arguing any particular case. I am just using this as an illustration to show that we should have some fair treatment. Really all the small daily newspapers are being discriminated against, and all the favours are going to the large newspapers in the big centres.

They talk about advertising. Suppose a newspaper in the city of Windsor put out about thirty or forty pages per issue. It could easily pay the extra four per cent, because it could go around to the big industrialists and get two more pages of advertisements. Who would notice two extra pages of advertisements in a fifty or sixty page paper? The newspaper would still make money out of it. I believe the *Guardian* or any other newspaper has the right to have the figures put before this committee just as the *Globe and Mail* had its figures shown here today. They were used to show how little it would cost the *Globe and Mail*. I thought if the Postmaster General had continued a little while longer he would have been paying them a bonus.

Mr. Rinfret: That is what we have been doing for years.

Mr. McLure: Well, you have not been doing it for us. This $40 goes a long way towards paying the help in your post office.

Mr. Rinfret: When it costs us $160?

Mr. McLure: I would ask you to give me those figures, and break them down. If you can show me where it costs that to deliver the *Guardian,* I shall drop the question right now.

Mr. Fournier (Hull): Still you would not be satisfied.

Mr. McLure: I shall deal with you a little later. You are guilty of the same thing, and you are not going to put it over me while I am a member representing the people down there. If there is no one else from Prince Edward Island who will fight our causes, I am going to do so.

Mr. Fournier (Hull): Until the 26th of June.

Mr. McLure: As I said before, I shall attend to you later. A big score is piling up against the public works, and that will not be such a happy position. However, we had better finish with the Postmaster General. Is he going to give me that information?

Mr. Rinfret: Mr. Chairman, the total postage costs compared with the total cost of operation of a newspaper range from 1·1 per cent to about three per cent. The total portion of the cost represented by postage, even if there is a sixty per cent increase in postal rates, means that there is an increase of sixty per cent of one per cent. Are we going to continue a discussion on this very small amount?

The Deputy Chairman: At this point perhaps I should say that I think the hon. member for Queens is under a misapprehension. I am just wondering if the hon. member is in order when he insists on finding out what the actual increase in cost will be for a certain newspaper. The amendments have been provided and explained. The rates are two and one-half cents and four cents. The hon. member will have to let the newspapers calculate the increase, or he will have to do it himself. It is a matter of mathematical computation. To follow this line of questioning would be tantamount to someone, when the Income Tax Act is before the committee, asking the Minister of Finance to calculate his income tax or that of some corporation about which he knows. I believe the hon. member for Queens should reconsider his position, because in my opinion he is not in order when he asks the minister to calculate the amount the newspaper will have to pay.

Mr. McLure: You think the amendment will do that?

The Deputy Chairman: The only point I was drawing to the attention of the hon. member was that I did not think he was in order in asking the minister to give him the actual increase or decrease for a particular paper. What we are discussing now is the advisability of adopting the clause as amended.

Mr. Fair: I should like to ask the minister a question on section 11, subsection 2, paragraph (c), subparagraph (iii) which reads as follows:

with a circulation of less than 10,000 copies per issue, one and one-half cents for each pound weight or fraction thereof, subject to the exception that 2,500 copies per issue may be transmitted by mail free of postage within a distance of forty miles from its known place of publication in the case of a newspaper or periodical published in a city, town or village with a population of not more than ten thousand persons;

If that means what it says in plain English, it would mean that a publisher living in a small town and publishing not more than 10,000 copies could have 2,500 sent out free of charge. Is that correct?

Mr. Rinfret: That is correct, and is a continuation of the practice. It applies to weeklies only, of course.

Mr. Black (Cumberland): Mr. Chairman, I like to agree with you, and usually do, but I do not believe your ruling on the question of the member for Queens is quite fair to him. It is a serious matter to his constituents, and a serious matter to all the residents of Prince Edward Island. When this bill was introduced, I understood the charges were so exorbitant they would put the newspaper to which the member for Queens referred completely out of business. The Postmaster General has modified those charges, and the managers of this paper are better satisfied than they were, which is natural. I would think that the Postmaster General should be able to give a reply to the request made by the hon. member for Queens. If he cannot reply in dollars, he should be able to give an indication of what additional percentage of postal charges will have to be borne by the Charlottetown *Guardian* under the proposed amendment.

The operators of that paper certainly deserve credit for what they have done in recent years. They have now not only to meet these increased postal charges but they have to meet heavy sales taxes and many other charges that have to be borne by all the newspapers of Canada. Personally, I think the Postmaster General should be able to indicate to this committee, and particularly to the hon. member for Queens, what additional percentage of mailing costs will be imposed upon this paper in Charlottetown with regard to whose circulation the hon. member for Queens has given definite information. They know what they have been paying in recent years. As I said at the beginning of my few remarks, the charges that were proposed would put the paper completely out of business. The operators made

that statement to me. Personally, I should like the Postmaster General to give much more definite information than he has given, so that the hon. member for Queens will have a better understanding of how these increased costs affect the paper in which he is directly interested.

Mr. Rinfret: Not any more.

Mr. Black (Cumberland): It is not going to cost the Charlottetown paper any more?

Mr. Rinfret: No. He is not interested in it any more.

Mr. McLure: Oh, yes, he is.

Mr. Fournier (Hull): I thought it was public works.

Mr. Black (Cumberland): I do not quite understand the remarks of the Postmaster General. I am quite sure that not only this paper but many others in Canada are anxious to know what additional costs will have to be borne by them. I say to you, Mr. Chairman, that many of these small rural papers are struggling today for existence, to meet the charges imposed upon them. They are performing an important public service in giving the news to their particular communities, and they are entitled to have more definite information than the Postmaster General has given to the committee tonight.

Some hon. Members: Carried.

Mr. Black (Cumberland): The Postmaster General refuses to give any further information?

Mr. Rinfret: I have already given all the information that I could on the subject. If I give any more information, it will be a very inaccurate "guesstimate" and I use the word guesstimate purposely. The amendment calls for a two and a half cent rate on the news portion and four cents on the advertising content. That makes an average of three and a quarter cents. If the hon. member wants to make the calculation, it is up to him to do so. It is only the newspapers themselves that can make the calculation accurately, in the same way as the hon. member for Queens is the only person—perhaps with his accountant—who can prepare his own income tax; and he certainly would not ask the Minister of National Revenue to tell him in advance what his income tax would be.

Mr. McLure: They would not accept it.

Mr. Black (Cumberland): The Postmaster General is planning on a material increase in his revenue. I would think that he should be able to give this committee the amount that he expects to get from the Charlottetown *Guardian*, in view of the figures that have

been presented to him. Then the hon. member for Queens and the other members of the committee would be able to appreciate the full circumstances, and they would be able to decide, in their own minds at least, whether a paper situated as is the Charlottetown *Guardian* will be able to continue. If it is not able to continue to operate as it has been doing, then I think these facts should be placed before the committee and that they should decide whether they are going to allow the Postmaster General to exact what I consider to be exorbitant additional charges, much too heavy to be paid by the ordinary newspaper serving the rural districts.

Mr. McLure: Mr. Chairman, is it in order to move an amendment to the amendment?

Mr. Knowles: You can always try.

The Deputy Chairman: If the hon. member wishes to move an amendment, I will consider whether or not it is in order.

Mr. McLure: There is probably no use in my going any further. The amendment has not been voted on yet.

The Deputy Chairman: Order. Perhaps I should make a suggestion to the committee. Since this section has four subsections and since two amendments have already been moved to two subsections of it, in order to make for more orderly debate perhaps I should suggest that we deal with each subsection separately. If the committee agrees to that procedure, we will carry subsection 1 and proceed to subsection 2 to which there is an amendment. Then if the hon. member for Queens wants to move a subamendment, we could then consider that. If that course is agreeable to the committee, we might follow it.

Mr. McLure: The amendment I wanted to move was to section 11, subsection 2 (f).

The Deputy Chairman: What I am suggesting is that we consider each subsection separately, so that when we come to subsection 2 the hon. member may then move his subamendment. Shall subsection 1 carry?

Subsection 1 agreed to.

On subsection 2—*Rates for newspapers and periodicals.*

The Deputy Chairman: There is an amendment to subsection 2. I understand the hon. member for Queens has a subamendment.

Mr. McLure: I can move the amendment now. In view of the absence of facts in connection with the matter, I have to deal with this amendment in a slightly different way, and it may not be so favourable to the minister as if he had given me his own figures. I wish to move, seconded by the hon. member for Lanark:

That papers having more than 90 per cent of their circulation within a radius of seventy-five miles and which deliver more than 30 per cent of their papers through the post office, be continued at the present rate.

That amendment will be of great benefit to many papers in a situation similar to that of the paper in Prince Edward Island. I hope it will get some consideration from members who want to be just and fair to a struggling newspaper in a small province.

Mr. Rinfret: Mr. Chairman, I believe the amendment is out of order as it changes the revenue that is contemplated under this bill.

The Deputy Chairman: Before I put the amendment, I think that I should tell the hon. member for Queens that it might be well to revise this subamendment. The subamendment must relate to the amendment. The amendment is to subparagraph (i) of paragraph (a) of subsection (2) of section 11 and the subamendment has relation to section 6 and section 11 (2) (f).

Mr. McLure: Section 11 (2) (f)?

The Deputy Chairman: Yes. The subamendment must have some direct relation to the amendment. As it is, I do not see how the subamendment can be linked with the amendment. The hon. member should let the amendment go through and move his amendment when the other one is out of the way. His subamendment must relate to the amendment which is before the committee. He should move his subamendment after the amendment has been disposed of, which would be considered separately.

Mr. McLure: The amendment which was moved this afternoon is to reduce the rate from four cents to two and one-half cents a pound. My amendment to the amendment is to reduce the amount again, so that they must be very closely related to each other. They both have the same object in view. If I knew the rules of the house as well as some other hon. members I would have my subamendment voted on.

The Deputy Chairman: I think the hon. member has omitted a word in his subamendment. If it is to be linked with paragraph (f) it should read as follows:

For any other newspaper or periodical, the rates prescribed by the regulations, provided that papers having more than 90 per cent of their circulation within a radius of 75 miles, and which deliver more than 30 per cent of their papers through the post office, be continued at the present rate.

Is that the sense of the amendment?

Mr. McLure: The amendment is to reduce the charges. While it does not specify it, its object is to continue the rates as they are at present. They cannot go any higher than that.

The Deputy Chairman: Yes, but I am in this difficulty. Amendments must be intelligible. They must be understood not only by the hon. member, but by the chairman and other hon. members as well. As it is now, it is certainly not a subamendment to the amendment to paragraph (d) (i). At this stage it is certainly out of order. If the hon. member would like to move it after the amendment that we now have before us is disposed of I think we could consider it.

Mr. McLure: Under what rule of parliament is it out of order?

The Deputy Chairman: There is a rule, which is very well known, that subamendments cannot be moved to amendments if they are not relevant. It is clear that this subamendment is not relevant to the amendment before the committee.

Mr. Carroll: Has not the Postmaster General brought to your attention the fact that apart from this question of whether the subamendment relates to the amendment, it is out of order for another reason altogether?

Mr. Knowles: On that point of order—

Mr. Dickey: The parliamentary assistant.

Mr. Knowles: My only interest in this matter, like yours, Mr. Chairman, is that it be looked at from a procedural standpoint. With regard to the point raised by the Postmaster General, which you were deferring until later, and which the hon. member for Inverness-Richmond has now raised—

Mr. Carroll: I do not think that the chairman deferred it at all.

The Deputy Chairman: Oh, yes, I did.

Mr. Knowles: Thank you, sir. May I point out that when this bill was first introduced there was not a resolution preceding it. In other words, it was not regarded as a money bill, if there was no resolution preceding it.

Mr. Carroll: The newspapers will be glad to hear that.

Mr. Knowles: On the question of procedure, all money bills that involve expenditure of money can only be introduced by a minister on a resolution in connection with which he states the approval of the Governor General. That was not done.

Mr. Rinfret: This is not expenditure; it is revenue.

[The Deputy Chairman.]

Mr. Knowles: That is exactly the point. The minister cannot have it both ways. He cannot claim that this is the kind of money bill which a private member must not upset, and now claim it is not a money bill; that he did not need to get the Governor General's recommendation. As far as that is concerned —and I am not speaking for or against the subject-matter of the motion—I am just saying that this is an ordinary bill; that it came in directly on first reading, and if it is in order to present it without the Governor General's recommendation, it is in order to try to change the cost provisions that are in it.

That is another question from the one you are dealing with now, Mr. Chairman. I agree with you thoroughly that if the hon. member for Queens is seeking to amend paragraph (f) of section 11, whereas at the moment the Postmaster General is seeking to amend paragraph (a), the thing to do is to decide on the amendment of paragraph (a); and then before you actually carry subsection 2 I know you will give the hon. member for Queens a chance to move his amendment to paragraph (f).

The Deputy Chairman: That is exactly what I proposed to the hon. member for Queens. I am not denying him the right to move the amendment when it is in order, but I say he is moving it in the wrong place and he is linking it to the wrong amendment. The amendment moved by the Postmaster General is to one section, and the amendment moved by the hon. member for Queens is to another section. Therefore let us deal first with the amendment that is before the committee. Let us dispose of that, and then the hon. member for Queens can move his amendment. I should like to read citation 364 of Beauchesne's Parliamentary Rules and Forms, third edition, which reads:

> Since the purpose of a subamendment is to alter the amendment, it should not enlarge upon the scope of the amendment, but it should deal with matters that are not covered by the amendment; if it is intended to bring up matters foreign to the amendment, the member should wait until the amendment is disposed of and move a new amendment.

I think the hon. member should be satisfied with that.

Mr. McLure: I will be. Will you as chairman advise me when the proper time comes, and I will move it then?

The Deputy Chairman: The hon. member has given me the text of his amendment. As he indicated his intention to move it to paragraph (f), when the time comes, I will put his amendment.

Mr. Fair: Before the subsection carries, may I ask the minister whether this bill pro-

poses any change in the postal rates on weekly publications of less than 10,000? If so, what is the change?

Mr. Rinfret: The regular postage prior to this bill on weeklies was one cent a pound, plus four cents a pound on more than 50 per cent advertising content. The proposed rate is one and a half cents.

Mr. Fair: It is moved up 50 per cent?

Mr. Rinfret: It depends of course on the advertising content of the weekly. The advertising content now is eliminated, but to compare one set of figures at one cent, plus four cents on the advertising content, with one and a half cents without advertising content, is very hard to do.

Mr. Fair: There is a change in the rates.

Mr. Rinfret: In the rates? Very little.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Fair: Mr. Chairman, the editors of some weekly papers have written to me protesting against any increase in their rates. I pass this information on to the minister, so that he will know about it.

The Deputy Chairman: Is the committee ready for the amendment? It is moved that:

Subparagraph (i) of paragraph (a) of subclause (2) of clause 11 of Bill No. 322, an Act respecting the Canada Post Office, be struck out and the following substituted therefor:

"11. (2) (a) (i) with a circulation of ten thousand or more copies per issue, two and one-half cents for each pound weight or fraction thereof in respect of the portion that is not devoted to advertising and four cents for each pound weight or fraction thereof in respect of the portion consisting of advertising, and"

Amendment agreed to.

The Deputy Chairman: Then, we have another amendment. This one is to paragraph (f), and is moved by the hon. member for Queens. He has moved that subsection (2) (f) be amended by substituting for the present words in that paragraph the following:

(1) Papers having more than 90 per cent of their circulation within a radius of 75 miles, and

(2) which deliver more than 30 per cent of their papers through the post office, be continued at the rate of one and one-half cents per pound.

Perhaps this might be the proper time to deal with the point raised by the hon. member for Inverness-Richmond, and commented upon by the hon. member for Winnipeg North Centre.

Mr. Carroll: I did not think I raised a point.

The Deputy Chairman: There is merit in the remarks of the hon. member for Winnipeg North Centre on the point. What struck me, and my reason for deferring consideration of the point until later, was the fact that in his remarks earlier the minister referred to these sums as not being a tax. It makes it difficult to rule an amendment out of order on the point that it would upset the plans of ways and means, and upset the revenue. Although I must say I have some doubts in the matter, since this is a charge by the government for a service rendered, and since it is in fact a matter of raising revenue, it could be treated as not being amendable in this way.

Mr. Graydon: If it was, there should be a resolution.

The Deputy Chairman: Nevertheless, I think the amendment could be accepted at this time.

Mr. Fournier (Hull): Question.

Mr. Knowles: Mr. Chairman, may I take a moment to—

Some hon. Members: No.

Mr. Fournier (Hull): He says it is in order.

Mr. Rinfret: He has maintained your point.

Mr. Knowles: Mr. Chairman, may I speak to you?

The Deputy Chairman: If the hon. member wishes to speak to a point of order, then I shall hear him.

Mr. Graydon: Don't argue the case when the judge is with you.

The Deputy Chairman: I have already accepted the amendment.

Mr. Knowles: That is fine; but there is one point I think should be looked into. I was going to call your attention, sir, to citations 449 and 450; however, you may look at them after this discussion is over. I might add that they support your ruling.

I was taking note of another aspect of the amendment. I have not a copy of the amendment offered by the hon. member for Queens, but I believe it is to the effect that the present rate be maintained. Once this bill is passed the previous rates do not appear anywhere. The words "present rate" will not then have any meaning.

Mr. Rinfret: In the bill.

Mr. Knowles: The Postmaster General says the present rate will then be the rate in the bill. In other words the hon. member for Queens in his amendment simply confirms the rates to which he objects. My point is that if he wants his amendment to mean anything he will have to realize that this is a brand new bill, and that he has to spell out in his amendment the rate he wants to apply to the kind of papers he mentions.

Post Office Act

Mr. Fournier (Hull): Question.

Mr. McLure: I said "the present rate". This bill has not yet passed. We are operating under the old rate. I do not think they are operating under the new one. The present rate is one and one-half cents.

Mr. Knowles: When this bill passes the one and one-half cent rate will not have statutory authority.

Mr. McLure: If the amendment carries—

The Deputy Chairman: Is the committee ready for the question?

Mr. McLure: However, if I am allowed, I shall insert the present rate of one and one-half cents per pound.

Mr. Fournier (Hull): Then the hon. member is amending his amendment.

Mr. McLure: I am not afraid of giving figures, even if the Postmaster General is.

Mr. Graydon: That fixes it, Chester.

The Deputy Chairman: Is the committee ready for the question? The question reads that there shall be substituted for paragraph (f) the following—

(1) Papers having more than 90 per cent of their circulation within a radius of 75 miles, and

(2) which deliver more than 30 per cent of their papers through the post office, be continued at the rate of one and one-half cents per pound.

Amendment negatived.

Subsection 2 as amended agreed to.

Subsection 3 agreed to.

On subsection 4—*Rate where letter carrier service.*

The Deputy Chairman: There is an amendment to this subsection, as follows:

All copies of newspapers and periodicals referred to in this section, other than those referred to in paragraph (f) of subsection 2, that are addressed for delivery within the postal area of publication where there is letter carrier delivery service are subject to postage at the rate of one cent for the first two ounces or fraction thereof and one cent for the next two ounces or fraction thereof and one cent for each additional four ounces or fraction thereof to each separate address.

Amendment agreed to.

Subsection 4 as amended agreed to.

Section 11 as amended agreed to.

Sections 12 to 21 inclusive agreed to.

On section 22—*Invitation of tenders where amount over $1,000.*

Mr. MacKenzie: Mr. Chairman, before this section carries I should like to make a few comments with respect to it, and also I would have them apply to section 23. I am interested in these amendments to the Post Office Act. However, I was sorry to find, upon reading the bill, that it did not make any provision which in my opinion was satisfactory for the settlement of the problem with respect to rural mail couriers of Canada.

My constituency of Lambton-Kent is typical, I believe, of those in western Ontario, in that it has many rural mail contracts. I believe that all told there are seventy mail routes in the constituency, with ten stage services, or probably eighty all told. Throughout Canada I believe there are about 5,200 rural mail contracts, in addition to some 7,500 stage and side service contracts. These refer to services from one post office to another, or from railway depots to post offices.

The average price paid for rural mail routes throughout Canada is $53.30 per mile per year, or pretty close to $54. The contracts in operation in the constituency of Lambton-Kent run at approximately $54, so that in that constituency they are almost the same as the average across the country. These mail contracts have been let for years under a system of public tenders, in which four-year contracts are awarded. The contract is renewed at the end of four years without calling for public tender if the courier is willing to continue the service at the same rate and if there is no serious objection to the service being given. This practice has been in operation for a long time.

Between 1945 and 1947 the cost of operating rural mail services increased along with the general cost of living. In March 1947 a special act of parliament was enacted which provided for the bonusing or subsidizing of mail contracts then in force. This was called, the Mail Contracts Supplemental Payments Act. That act was in operation for one year and then was extended for another year, so it was in operation from 1947 to 1949. Many of these contracts had previously been awarded at ridiculously low rates and they were adjusted to take care of the increased cost of operation. The new price was agreed upon between the post office officials and the contractor.

I would think that during those two years approximately 90 per cent of all the rural mail contracts in Canada were adjusted. When those contracts had expired at the end of four years of operation the subsidies or bonuses were incorporated in the new contracts. The new contracts provided for a larger remuneration than had been agreed to when the tenders were accepted. I think it is generally accepted among the rural mail contractors that that was one of the

best moves that had been made in many years on behalf of the rural mail couriers. It provided an equalization in the amounts received by rural mail couriers who were working out of the same post office.

I contend that the remuneration now paid to rural mail contractors was not arrived at by means of public tenders. These rates were arrived at by the post office officials. Section 23 permits the awarding of contracts for $1,000 or less without calling for public tenders. I am quite satisfied that sections 22 and 23 do not clarify the situation. They make things a lot more difficult in the way of administration than they were before. I am quite sure that in my own riding of Lambton-Kent this section 23 will not affect five per cent of the contractors, and I am quite sure that is true of the rest of the dominion. Only those with very short routes will be helped by this new regulation.

I have received many letters from rural mail contractors stating that they cannot carry on under the present rates as costs have gone up greatly since 1949. Many of these men want to quit. Five mail routes operate out of the town of Bothwell. Quite recently one route was put up for tender and was awarded to the lowest bidder at approximately $70 per mile. The other four routes operating from the same post office receive approximately $50 per mile. If rural mail contractors decide that they are going to give up their old contracts in an effort to get new ones, tenders will have to be called and new contracts made out. In my opinion that would cost the department a great deal more than would the re-enacting of the Mail Contracts Supplemental Payments Act.

I urge the Post Office Department to consider re-enacting that act, because it would be most satisfactory to the rural mail couriers. I know it will probably be said that if that is done there will be a lot of patronage, but candidly I do not believe that would be true. I know of no patronage in Lambton-Kent in the past several years in connection with the awarding of mail contracts. These contracts have been awarded and renewed and adjusted by the Post Office Department. There were no reactions during the time the Mail Contracts Supplemental Payments Act was in operation and I had no complaints that patronage was being practised in any way.

Section 26 provides that bids may be got from anywhere at all. This matter will probably be dealt with under the next section. I contend that the public tender system in connection with rural mail routes is antiquated and should be liquidated. If that were done we would not have the difficulties we have now in awarding contracts. Most people handling His Majesty's mail are on a salary basis. This is true of all letter carriers. Then why not rural mail couriers?

The rural mail system was established in 1908, the first service being from Ancaster to Hamilton. In 1909 it was put into general operation all over Canada. Conditions have changed greatly. Let us bring this matter up to date and adjust these contracts so that they will meet the present cost of operation. Then these people should be put under the civil service or on some permanent basis. If that were done we would not need to go through this process from year to year.

Rural mail delivery should be extended to all rural residents in Canada. There is a lot of free franking and I would suggest that we do something to curtail that and extend rural mail delivery to all rural residents in Canada. It would not cost much more and, as someone has said, the post office service contributes considerably to our social and economic development. It should not be curtailed in any way.

I urge again the Post Office Department to re-enact the Mail Contracts Supplemental Payments Act. It worked well before and it will work well again and in the end will give us better service and cost the Post Office Department and the taxpayers a lot less to run.

Mr. Graydon: I think there is one piece of information the committee should have if we are to intelligently discuss the advisability of adopting this section. As you know, Mr. Chairman, this provides that the Postmaster General may make a contract for rural mail carriage where the amount of the contract is $1,000 or less. I think it would be germane to a discussion of this question to have some figures which I have no doubt the minister is prepared to provide. Would he tell us how many contracts in Canada, taking the present rate as a basis, would come under this provision giving the Postmaster General power to award a contract to anyone he sees fit? In addition to the number of those contracts I would like to know what percentage that number is of the total contracts for rural mail carriage throughout Canada.

Mr. Rinfret: That would represent about 70 per cent in number and 32 per cent in value.

Mr. Graydon: Then may I ask another question which has been suggested by the hon. member for Cumberland. How many rural mail contracts are there in Canada?

Mr. Rinfret: As of March 31, 1951, there were 5,087. On the point raised by the hon. member for Lambton-Kent concerning increases to contractors, as the hon. member has said the effect of the supplemental payments act was that about 80 per cent of all mail contractors had received adjustments prior to March 31, 1949. In order to see whether the time had come to put a similar act in operation we made a calculation of the percentage increase that had taken place from April 1, 1949, to date. We discovered that in 1946, when the supplemental payments act was put into operation, there had been an increase of 37 per cent in the previous year. On the other hand we discovered that from April 1, 1949, to date the increase on proportionate tenders and proportionate routes has been only 17 per cent. I can assure the house that the department is keeping closely in touch with the situation, and if this percentage increase reaches any greater proportions no doubt we will have something to present to the house in the fall if necessary.

Mr. Graydon: Has the minister invited the suggestions or opinions of the organized mail couriers with respect to this amendment, and are they satisfied with it?

Mr. Rinfret: I do not know that there is any association of rural couriers.

Mr. Graydon: I have attended some of their gatherings.

Mr. MacKenzie: There is only one other point I would like cleared up. When the Postmaster General said this $1,000 provision would affect 70 per cent of the rural mail contracts, surely he was also taking into account all these side services, the short routes such as those from railway depots to post offices, stagecoaches, and so on.

Mr. Rinfret: It would affect 45·4 per cent of the rural mail contracts.

Mr. Graydon: If that is the case why did the minister tell me 70 per cent?

Mr. Rinfret: Seventy per cent of the total contracts.

Mr. Graydon: The rural mail contracts.

Mr. Rinfret: No, that is of all contracts. As far as the rural route contracts are concerned it would affect 45·4 per cent in number and 30·4 per cent in amount.

Mr. Kickham: Some time ago I placed on the order paper a resolution having to do with mail couriers which was not reached owing to the passage of time, so I should like to say a word now. I agree with others who have spoken that some changes should be made in the remuneration of our mail couriers. I do not want to take too much of the time of the house, but I should like briefly to go over the points set out in my resolution.

My idea was to place all mail couriers on the same basis, that of a permanent rate per mile. Since all mail couriers are performing identical services for the Post Office Department, I submit they should be placed upon the basis of equality, not only as between themselves but in comparison with other employees doing similar work for the government. This would eliminate the existing vagaries in the practice of tendering for contracts, which make every tender a competition. Often accepted tenders are so low that the contractors cannot make a living, with the result that the bondsmen must perform the service for one year before the contracts can be terminated.

My next point simply provided that the basic rate should be the present average rate. The next point was that the permanent rate should become effective on the expiration of the existing contracts. This would permit all existing contracts to terminate in accordance with their specified terms. My fourth point provided for an increase of 10 per cent. I would not insist upon that in any regulation the department might see fit to adopt. I would rather change that now to an increase over the average rate per mile now being received.

Many couriers have asked me to seek increases for them. They claim that their living costs have increased, together with the cost of equipment necessary to perform the service. I have had to tell them that no increases have been granted since March, 1949, on the termination of the supplemental benefits. The percentage increase would be a reasonable request, since the employees of all other departments have had their salaries increased. In my opinion there are far better grounds for increasing the rate of pay of the rural courier, who in performance of his duties must face the elements six days a week, and in the spring and fall often has to drive over very bad roads in stormy weather. In contrast to this, those employed in other departments have much shorter hours and perform their duties in well furnished and heated offices. This government has made successful efforts to deal with inequalities as they have appeared in our industrial and economic life. My sole purpose in rising was to bring to the attention of the government, in the most forceful way I could, the need for some adjustment. The purpose of the resolution was to bring to the attention of the government existing inequalities in the rural mail courier service itself, and to enable us to compare the insecurity

of the rural mail couriers with the security of other groups of employees engaged by the Post Office Department, who are afforded the security of sick benefits, pensions on retirement, yearly vacations with pay, while the rural mail courier is left to bargain with the department individually on unequal terms.

Now, Mr. Chairman, I feel quite strongly on this subject. Since I have become a member of this parliament I have had many requests on different occasions, and I have written to the Postmaster General directly. While the replies were always courteous and polite, nevertheless under our present act we could receive no relief for our mail couriers. There are many rural areas, Mr. Chairman, in which we are unable to provide daily mail service for the residents because of the regulation that there must be a minimum of four boxholders to the mile. I should like to see a change made in this regulation so that our farmers, fishermen, miners, lumbermen, the producers of our national wealth, would be placed on an equal footing with the urban dwellers in Canada. I am urging the minister to give this matter serious consideration. I believe the time has now arrived when a change should be made. It is difficult to convince the rural mail couriers who are serving the people of Canada honestly and well, often at great risk to their physical welfare, that now is an opportune time, when the Postmaster General is making some changes, to have these requests met.

Mr. Browne (St. John's West): Mr. Chairman, I notice there is a considerable change in the wording of this section from the old section 73 from which it has been derived. I believe the Postmaster General had a discretion before, but there was a provision which put an onus upon him. He could only conclude such contracts in special cases by private agreement when he conceived the public interest would be protected by such a course. I notice that those words have been omitted, and the Postmaster General has been given a free hand to make such contracts without any such binding stipulations as the old section contained. I should like the Postmaster General to tell us how he proposes to enter into contracts which are under $1,000. Will he proceed in the same manner as he does now for those under $200? Can he give us any idea of the routine which will be followed?

Mr. Rinfret: We shall proceed in exactly the same way as we are doing now for contracts under $200. As hon. members of the house will know, in awarding these contracts the Postmaster General is obliged to follow the amount ordinarily paid for services of a like nature under contracts made after inviting tenders. There is a condition attached to this section which makes it compulsory for the Postmaster General and his employees to follow the trend of the tenders, as we are doing now for contracts below $200.

Mr. Browne (St. John's West): Can you describe how you are doing that now?

Mr. Rinfret: We are asking persons to submit offers, we do not call them tenders, and when they are reasonable we do accept them. If they are not reasonable we reject them and go after some other offers.

I believe I have already dealt with the question raised by the hon. member for Kings. If we were to establish some sort of average throughout the country for rural mail couriers, we would have an extraordinary situation. People who are now above the average would be reduced to the average, whereas others who are below the average would be elevated to it. There is a special reason why some couriers are below the average. It is because their route is not as long; there might not be as many boxes; the hours of service might be different; the conditions of the road might be different; the general climatic conditions might be different; and the degree of competition might be different. All those questions have some influence on the amount of the tender. If we have an easy contract that can be performed for say $49, and on the other hand we have another contract covering difficult conditions making a tender of $71 necessary, the person that is contracting at $71 would be punished very severely if we were to make some sort of average between those two. The one having the contract at $49 per mile would benefit to a great extent for performing these services.

There was one other question which I should like to answer. We calculate that since 1946 the average prices for rural mail couriers have increased by about 30 per cent.

Mr. Coldwell: I wish to make a remark on these two sections. We are dealing with section 22, but section 23 is also involved to some extent. I understand that the minister and the department are having great difficulty, in some instances, in getting people to take contracts at current levels. I quite agree that often the tenders are of such a nature that the person who has a tender accepted is in reality performing a service for an amount far below what the service is worth. That should be remedied.

I just want to point out that, taking these two sections together, it really means that henceforth the Postmaster General will be able to award contracts of $1,000 or less without a tender. It seems to me that this is going

back instead of going forward. What we are doing is opening the door once again to more of the patronage system. Ever since the first war the disposition of this house has been to get away from the patronage system. I believe that if a contract involving $1,000 is to be awarded, then it should be properly advertised and tenders invited. I do not say that the Postmaster General or the department should always accept the lowest tender, but I think the ability of the person tendering to perform the contract has to be considered. I think that this is opening wider a door that this parliament has tried to close for a good many years, namely the door of patronage. I personally think that it would be better to leave the act as it now is and to say that any contract in an amount of over $200 should be advertised and that tenders should be called. I think that would be much more satisfactory to the house, even if we expected the Postmaster General at times perhaps to award a contract to one who was not necessarily the lowest tenderer. But I personally think that we have tried in the House of Commons to get away from the patronage system; yet here we are once again opening the door a little wider than it has been in the past. I should like to see the old amount restored in this particular clause. Just to test the feeling of the committee on this matter, I am going to move:

That clause 22 be amended by deleting the words "more than one thousand dollars" and by substituting instead thereof the words "more than two hundred dollars."

That really has the effect of restoring the act to its original form. I think we are unwise to open wide a door that we have been trying to close in this parliament over the years. I know that objection may be raised that there is something like cut-throat competition, which means that the couriers often take contracts for far less than the service is worth. But at the same time I think we in this parliament are wise to try to get away from patronage as much as we can.

Mr. Graydon: I was going to ask the minister a question in connection with subsection 1 of section 23. The procedure that was outlined by the Postmaster General, in answer to the inquiry of the hon. member for St. John's West, did not seem to me to be any too clear. It is perhaps my fault that that condition arose but, if I may, I should like to have the minister's assistance on the point. What actually is the procedure under that section, having in mind a comparable arrangement made previously under the $200 ceiling? First of all, the minister said, of course, that he invites offers. But I am greatly interested in knowing what kind of invitation is extended to these privileged people and, second, what the form of the invitation is when it is so extended to them. Those are the two things that I think are important at this stage.

Mr. Rinfret: The mail has to go through. We have inspectors in the districts and we have postmasters in the districts, and they make inquiries from the persons who might be interested—such as taxi drivers or others —or who could be interested, and they endeavour to obtain from those people some offer to do the job. The offer is then referred to our department of communications here, which looks it over. If the offer is reasonable and if it is in keeping with the prices prevailing for similar contracts of like nature where a tender is called, then it is accepted. But if it is out of all proportion in comparison with contracts where tenders are called, then we do not accept it at all.

As to the suggestion made by the hon. member for Rosetown-Biggar, when the act was originally passed in 1867 the amount of $200 represented 86·9 per cent of the contracts. The value of money has increased considerably; I think fivefold is not saying too much.

Mr. Graydon: Careful.

Mr. Knowles: It has decreased, you mean.

Mr. Coldwell: The value of money has decreased.

Mr. Rinfret: The value of money has decreased to a fifth of its former value. I think that $1,000 today represents approximately the same value as $200 in 1867. I now found that under the $200 clause only 17 per cent of the contracts are covered.

As to the other suggestion, that for those contracts below $1,000 we could ask for tenders and not accept the lowest, I think that would make a farce of the tender system. Under section 24 the Postmaster General is obliged to accept the lowest tenderer who offers sufficient security for the faithful performance of the contract. We therefore could not have one system of tenders for one class and another set of tenders for another class.

Mr. Coldwell: Does not that phrase allow you some latitude even now? The section reads in part:

. . . the contract shall be awarded to the lowest tenderer who has offered sufficient security for the faithful performance of the contract . . .

That does not mean financial security only.

Mr. Rinfret: It does to a certain extent.

Mr. Coldwell: Yes, to a certain extent.

Mr. Rinfret: For instance, we would not accept a drunkard as offering sufficient security. We would not accept as offering sufficient security one of our old contractors who had been dismissed for not performing his duties satisfactorily. There are also some other instances like that. For instance, there are the big contracts where a contractor must have quite heavy equipment. If a person is not sufficiently well off financially he could not, of course, offer sufficient security.

Mr. Wright: I know of cases where the lowest tenderer has not been accepted. I know of quite a few cases in rural districts where the lowest tender was considered too high and the route was closed. Under this clause 24 it would appear that they must accept the lowest tenderer.

Mr. Rinfret: On that question I would refer the hon. member to section 26.

Mr. Fair: May I ask the minister whether the department has any objection to reletting a contract that has expired now or during the past few months, if they get a price approximately 17 per cent higher than the old contract price? The minister told us that the increase has been, on an average, approximately 17 per cent since April 1, 1949. In many cases I believe the contracts expiring now have been of a duration of four years. I wonder whether any objection is taken to letting the contract again to the old contractor for about 17 per cent, 18 per cent or 20 per cent above the old contract price.

Mr. Rinfret: Under the new system, if the contract is below $1,000 I suppose that would be possible. If the contract is over $1,000, I do not think it would be possible; we would have to call new tenders.

Mr. Fair: I understand that perfectly. But in cases where tenders have been called, and where there have been one, two or three tenderers, I wonder whether there is any objection to letting the contract at approximately 17 per cent to 20 per cent above the old contract price. That is what I was trying to get at, and whether that procedure applies all over Canada or just to some sections.

Mr. Rinfret: As I said before, the average price or the price tag for a route is fairly well fixed up in the minds of our employees. Of course, they have had to revise some of their figures; but as far as tenders go they know now approximately what a route should call for.

Mr. Fair: I know the officials have got things in their heads; I think some of these should be moved out. That is what I am complaining about.

Mr. Rinfret: I know they are tough bargainers.

Mr. Fair: I am trying to get service for people in rural communities, because I think they are the most important people in the country.

Mr. Rinfret: At the present time under the existing set-up there is no authority for the Postmaster General to continue a contract except on exactly the same terms as the old contract, provided that he is satisfied the service has been satisfactory. Under the new system, as I said before, if the contract is below $1,000 there will be the possibility of revision, and when the clause passes it is my intention to deal with each of these cases; but over $1,000 there is still no authority in this bill by which I can do what the hon. member suggests.

Mr. Fair: I will make it a little more specific in order to get a specific answer. A man took a contract four years ago. It was for $500. The contract has now expired. The contractor wants an increase of $100 over what he previously tendered for. What will the Postmaster General do in that case when there is only one tender received?

Mr. Rinfret: At the present time, and until this clause carries, there is absolutely nothing I can do for him.

Mr. Fair: When the clause carries, what then?

Mr. Rinfret: Then I suppose the contractor will have to give us three months' notice of cancellation of his contract. We will re-examine the matter, and we hope to be able to arrive at some mutually satisfactory figure.

Mr. Fair: You have already fired him. He does not need to give notice. I am trying to get service. We had at least two country post offices that were closed when we were given rural mail service. This is my complaint. We had the post offices, which were closed, and we were given rural mail service. Now you have stopped the rural mail service because the man wants another $100.

Mr. Rinfret: I did not say that. I said we would probably come to a mutually satisfactory solution.

Mr. Fair: I will come to see the minister in a very short time.

Mr. Browne (St. John's West): Does the Postmaster General think that he is going to take on that responsibility? It would be

very difficult for him to attend to thousands of contracts. He will not be able to do that.

Mr. Rinfret: During the war under the supplemental payments act a hundred per cent of these contracts were covered, and yet the department was able to handle it.

Mr. Browne (St. John's West): That is what I was going to suggest. You should devise some regulations of a general nature and not leave it to a rule of thumb to be handled in each case.

Mr. Rinfret: I suppose the regulations will be developed as time goes on. I am not going to deal with every one of them personally. The section says that the Postmaster General may enter into contracts. It will be the officials of the department who will do that.

Mr. Browne (St. John's West): I am interested in seeing that the people get fair play. There is a great deal of suspicion that political patronage plays some part in the giving of these contracts. I would like the Postmaster General to have it so that he would be above suspicion.

Mr. Rinfret: There was absolutely no suspicion during the war while the supplemental payments act was in operation. I think it is only fair to say that the officials of the department conducted this without looking at any colours and they arranged the various contracts according to the merits of the application.

Mr. Browne (St. John's West): Why is the minister referring to what happened during the war? The war has been over for six years.

Mr. Rinfret: Because during the war we had exactly the same situation, and we were—

Mr. Browne (St. John's West): How?

Mr. Rinfret: We had the supplemental payments act under which payments were made to rural couriers. That was in operation from 1946 to March 31, 1949, under under which any courier could apply to the department for an increase, and the department would look at the figures to see whether an increase was justified; and if the increase was warranted the department would grant it. The power is the same today as it was then.

Mr. Browne (St. John's West): Is that act in force now?

Mr. Rinfret: No.

Mr. Browne (St. John's West): Why is the minister bringing it up?

[Mr. Browne (St. John's West).]

Mr. Rinfret: The principle is the same today as it was then. If the officials of the department were able to look at the various contracts on their merits at that time, they are the same officials that are here today, and is there any reason to suspect that they would not do it today as they did it then?

Mr. MacKenzie: I just want to support what the Postmaster General has said with reference to the years 1947 to 1949. I quite appreciate, and I am sure the departmental officials appreciate, that it is rather difficult to set a basic pay, because you have different lengths of routes, you have different numbers of boxes on the routes, and you have different conditions of routes. That is quite true, but the fact remains that from March, 1947, to March, 1949, it was in operation; it did give good satisfaction, and if you do not believe me ask the 2,500 rural mail couriers.

Mr. Graydon: The minister spoke about the regulations and the legislation known as the supplemental payments legislation. There was one grave objection to that from the standpoint of procedure, namely, that it unnecessarily tied the hands of the officials of the Post Office Department. What happened was this. No real publicity was given to the fact that these supplemental payments were available to the rural mail couriers. There are hundreds of rural mail couriers across Canada who did not know that there was a supplemental payment made or available. So bad was the situation at one time that I decided to write to all my rural mail couriers and tell them it was available. Immediately I got a great number of replies, and in all fairness to the officials of the department I must say that in most instances they received reasonable compensation for the amount that they should have received. But that did not cure the situation at all, because after the faces of the rural mail couriers had been ground down under this kind of legislation, which calls for the tender system, surely it was only fair that they should have been told by the government in some way or other that they were entitled to these bonuses if they applied for them.

To make matters worse, after a certain length of time had expired the law cut them off altogether from making an application for the bonus. If you were to take a census of the rural mail couriers for the last five years in Canada I fancy you would find a lot of people to whom the government owed money if the government had only allowed them to know that there was money coming to them if they made an application

for it. That is not a criticism of the officials of the department; it is a criticism of government policy that I think is inexcusable, and it was a shameful exhibition at the time in which it was done.

I only want to say this to the minister in connection with section 23. I realize his difficulties in connection with it, but I know that he has probably got in his mind the fact that if the tender system is removed —by the way it is only removed at the option of the government; it is not removed at the option of the individual. The government has held the trump cards ever since it was started, and they are continuing to do so. So long as they sit as a government they are going to be able to put their finger on a man in any section where they may want to have a rural mail courier, and no one will be able to do anything about it. On the other hand, if the government does not think the right person is doing the work, or if it thinks some change should be made, then it is free to open it up for tender. I can see, and I am sure other members in the committee must be able to see, that this opens the door to a condition of patronage I know no member is anxious to see in Canada.

I do wish to say that I am sorry there is not some provision which would be helpful in the act. If we are going to open up what looks like a patronage section and if we are going back to the dark ages in politics in connection with the appointment of rural mail couriers, then, in his own defence, I think the minister should have some provision in the act. He should have some kind of protection with respect to the awarding of these contracts. To my mind, it would appear to be a big responsibility because where patronage is not involved at all he will be suspected of patronage—and I do not want to have any such suspicion fall upon the minister.

Mr. Rinfret: How kind of you!

Mr. Graydon: If we are going to have a reversal to a medieval system of contracting, then, if it cannot be done out in the open while the contract is made, it certainly should be out in the open as soon as it is made. While post-mortems are not a great help, sometimes they save mistakes in the future.

I have no doubt the government is determined that this section shall pass, and undoubtedly the amendment offered by the hon. member for Rosetown-Biggar will not receive unanimous support from the government benches. It would have to have that support if it were to pass.

When contracts are awarded, how are we going to know each year when we come back to the session of parliament? Will there be a special report laid on the table of the house dealing with these contracts awarded behind closed doors, shall I say? Will we have the door opened in this way so that we will know what went on when these contracts were entered into? I suggest parliament is entitled to have that. It is only a fair and reasonable suggestion to make, and I suggest to the minister that it should be done.

I would close by stating that I am sure the minister knows, as do other hon. members in the committee, that I have been pretty faithful and persistent in my advocacy of a committee to deal with that part of the legislation dealing with rural mail couriers, as well as other parts of it. I believe when we come to assess the time taken up in this session in discussing amendments to the Post Office Act the government will have to accept a large measure of responsibility for the fact that the bill was not allowed to go to a special committee of the house, where it could have been dealt with. In view of the fact that this is the first amending bill since 1867, so far as this act is concerned, it seems to me there should have been an opportunity for much more debate and discussion than we are now given. I am more certain in my mind now that I was right when I asked for a committee than I was when I originally asked for it.

Mr. Rinfret: Replying to the hon. member I would say that while at the beginning it might have been true that many of the couriers did not know about the existence of the supplementary act, at the end 80 per cent of them were taken care of through an increase made by the officials.

Then, as to the hon. member's second question, I would reply that at the present time there is no procedure for tabling in the house the names of contractors under the tendering system. But when hon. members wish to place questions on the order paper they are free to do so, and I see no reason why that procedure should not be continued.

Mr. MacKenzie: Mr. Chairman, I have one further comment to make. My understanding is that there was a special act of parliament in 1947 which provided a supplement for mail couriers, and that it passed through this House of Commons. All members knew about it; and I am amazed to think that the hon. member for Peel did not know about it. If hon. members did not tell the post office authorities and have them tell the couriers, then they were not on to their jobs.

Mr. Graydon: I suggest the gratuitous lecture which has been read to some of us by the hon. member for Lambton-Kent must have been directed to someone other than myself. However, I do hasten to assure the committee that the great difficulty did not arise after the act was finally passed. If my memory serves me correctly, some of the greatest difficulties arose through the legislation by order in council under which the provision was originally instituted. When it was made in 1947, it came as part of legislation that was then being passed to take the place of order-in-council legislation of previous years. We had asked the government time and again to make these orders in council more public than they had been made. The rural mail couriers did not hear about it, and I think my hon. friend must bear some share of responsibility for that.

Mr. Stewart (Yorkton): Mr. Chairman, I do not intend to enter into any controversy which would hold up the passage of the bill. On another occasion, when we were discussing another section, I was ruled out of order when the subject of patronage was mentioned. However, I was surprised this evening to hear the leader of the C.C.F. attack the government and then move an amendment on the ground of changing from the $200 jobs, which existed when money was worth much more than it is now, to thousand-dollar jobs for hauling mail. In this way he has brought in the matter of patronage.

Well, I do not think I have the right this evening to go into the history of the C.C.F., so far as patronage is concerned. I would point out to the hon. member who has offered the amendment that, in so far as the Post Office Department is concerned, there are older Liberal members than I am in the House of Commons who no longer make recommendations to the Post Office Department, because they say those recommendations are never acted upon. So, as for patronage being practised in the Post Office Department, I suggest that what I have said is a clear indication that it is not. I know that condition is true in my own constituency.

However, as regards the hon. member's amendment, and its application to the subject of patronage, I suggest to the leader of the C.C.F. that he study the history of the only government in Canada that really practises patronage, and that is the C.C.F. government is Saskatchewan. The hon. member for Rosetown-Biggar will recall that when I was a member of the government of Saskatchewan we retained his services to act as head of a commission to bring in a report on the matter of patronage. He discussed patronage at the time—

[Mr. MacKenzie.]

The Chairman: Order. The hon. member may refer to patronage only as it applies to the Post Office Department.

Mr. Stewart (Yorkton): Then if I am to limit it to the Post Office Department, I cannot go very far. However, I will say this, that it might be very helpful to pass the bill as the minister has introduced it, and thus give a chance to those C.C.F. chaps in Saskatchewan who now have $5,000-jobs to live up to the platform of the C.C F. party, so that they may resign their jobs and apply for $1,000-jobs with the minister.

There are plenty of them, including defeated candidates and others, who have taken jobs in Saskatchewan, and—

Mr. Drew: Mr. Chairman, which section are we discussing?

Mr. Stewart (Yorkton): I did not think the leader of the Conservative party would object to a discussion of patronage because that party practised it in the past. I shall not go into the details of what has happened in Saskatchewan.

The Chairman: The hon. member may refer to patronage in connection with the Post Office Department, but not otherwise.

Mr. Stewart (Yorkton): In so far as the Post Office Department is concerned, the only suggestion I have to make is the one I made a minute ago. By passing this section we will simply permit the appointment to $1,000 jobs of persons who are now making $5,000 in Saskatchewan, many of whom were candidates for this house. The Postmaster General might consider that they had lived up to their platform. If they believe in it then they will cheerfully resign their present $5,000 jobs which were given to them at the expense of the taxpayers of Saskatchewan and will apply to the Postmaster General for these $1,000 jobs. At a later time I shall go into all the details of these 2,000 odd appointments in Saskatchewan.

Mr. Coldwell: I do not propose to enter into an argument with the hon. member for Yorkton whom I have known for a long time, but I want to say that as far as I am concerned I have always been opposed to political patronage. I am opposed to it now. If the hon. gentleman wishes to discuss Saskatchewan affairs, the place to do it is in Saskatchewan where I have no doubt he will be answered most adequately by those who have the responsibility of administering affairs in that province.

Mr. Stewart (Yorkton): Will the hon. gentleman say that patronage is not being practised by the government of Saskatchewan?

Mr. Coldwell: I am not responsible for what is being done in Saskatchewan, nor is this the place to discuss it.

Mr. Ferguson: I do not think this is the time and place to provide a cushion to sit on when we are defeated, which is something that will happen to a great number of hon. members in the near future. If the hon. member does not know anything more about the Post Office Department than he does about patronage, then he will not be employed. This is a most serious item and it should not be tangled up with patronage; it should be tangled up with the proper method of running the government. This particular item might lead to serious results. How much does it cost the government which is endeavouring in a small way to save public money to call for a tender for a rural mail route? It would cost next to nothing if they did it in a common sense, business-like manner.

Yet we find the government saying that they are going to leave this to the discretion of a man who is given the right to handle this amount of $1,000 of the taxpayers' money. He is to have the say about the competency of the man who is given the job. He is supposed to pick the best man to do the job. I remember a few years ago when I brought a certain matter to the attention of the department which took the proper action. A man who could not read correctly had been appointed as a rural mail carrier in my constituency. He would take a letter addressed to Mr. Smith and deliver it to Mr. Jones one mile away. I must say that when I brought this matter to the attention of the department they made a thorough investigation and found that my contention was correct, that the man was absolutely incompetent to carry the mail in that district.

An hon. Member: He may not have been a good Liberal.

Mr. Ferguson: I do not know whether he was a good Liberal or a good Conservative, he was certainly a poor mail carrier. I must say that the government officials recognized that fact and the man was relieved of his duties and a competent person appointed in his place. This is the thin edge of the wedge. It may be only $1,000, but I do not think this principle should be extended at all as it will lead to bad practices.

The human element will enter into appointments of this kind. This is so in municipal, provincial or federal government affairs. I think the minister and his officials have the best motives in the world for requesting this change, but I appeal to them not to take this matter out of the hands of competent Ottawa officials or civil servants and place it in the hands, not only of defeated Liberal candidates but I can think of defeated Conservative candidates whom I would not like to trust with so much power.

While I am here it is my duty, as it is the duty of every hon. member, to see that no temptation is placed in the wrong hands especially when it may involve the taxpayers' money. There is a possibility that inefficiency will creep in and will remain unnoticed for months and the people will suffer. That is exactly what happened in the case I brought to the attention of the department. People complained to the postmaster and they went to other people. One or two inspectors came up and looked over the situation, but it required action by a man who meant business. The department wrote to me and said that my contention was quite right and they admitted that this man was delivering one mail one-quarter mile, one-half mile or one mile beyond where it should be delivered.

I can see where this might be permitted in the case of small routes involving $500 or $600, and I would not care whether a Liberal or a Conservative got it. But I know the investigation would not be thorough enough. While I have the utmost respect for the small country postmaster, I do not think the responsibility of making such appointments should be placed on his shoulders. I can understand that in the case of $250 or $300 time might be saved by making a temporary appointment, but when you are going to appoint a permanent rural carrier I do not think this practice should be followed. I remember the old teaching of my father—save the pennies and the dollars will take care of themselves. That is what I am urging now. I do not want to hold up the bill, but if we do not hold it up on these items the consequences may be considerable.

Amendment (Mr. Coldwell) negatived.

Section agreed to.

On section 23—*Postmaster General may contract where amount $1,000 or less.*

Mr. Browne (St. John's West): I have an amendment to move to this section. I was discussing the old section 73, from which this section is derived, and I had drawn the attention of the Postmaster General to the following phrase in that section:

—when he conceives the public interest will be promoted by such a course;

I see no reason why those words which place a responsibility upon the Postmaster

General should be omitted from the present section, so I should like to move:

That section 23 (1) be amended by inserting at the commencement of the subsection the following words:

"When the Postmaster General conceives the public interest will be promoted by such a course he"

I submit that is a very reasonable provision, which places upon the minister a responsibility he does not have at the present time. Now he has carte blanche; and I hope he will be prepared to accept the amendment.

Mr. Rinfret: I have no objection to this amendment, which I believe is taken word for word from section 73 of the present act.

Amendment agreed to.

Section as amended agreed to.

On section 24—*Lowest tenderer to be accepted except for cause.*

Mr. Adamson: This is the section which provides that the lowest tender shall be accepted, except for cause. Generally in commercial contracts the last clause provides something like this: "The lowest or any tender shall not necessarily be accepted." I realize that in dealing with tenders it is good practice usually to accept the lowest, but in some cases there are tenders obviously too low, which in the judgment of the residents of the area cannot be successfully fulfilled. I wonder if the minister would consider some practice such as taking the mean of all tenders submitted on a mileage basis and eliminating those say 20 per cent above the mean or 20 per cent below. I know of one case in particular, the man who was servicing my own district, where the tender was so low the contract could not possibly be fulfilled; as a matter of fact later on the route had to be split into three. But because he was a reputable man the tender was accepted. The facts of the case were not sufficiently investigated, and there was considerable trouble on that route.

There is just one other point in regard to these routes. When that man took over the route there were some 600 people living on it. By the end of the first year that number had increased to something like 1,400, and the number of boxes had almost trebled. I would like the minister to give the formula under which the pay is increased as the number of boxes goes up. My first question is whether there is any method by which a tender which is obviously well below the mean is not accepted, and my second question is what is the formula for extra payments for an increased number of boxes.

[Mr. Browne (St. John's West).]

Mr. Rinfret: The answer to the first question is no. The answer to the second question is none.

Mr. Adamson: You mean if there are 300 boxes and that number increases to 600 the courier gets no more?

Mr. Rinfret: Not if there is no increase in mileage. If there is an increase in mileage there is an increase in proportion to the rate of the contract.

Mr. Adamson: I think that is most unfair.

Mr. McLure: When tenders are called and received, why does the department write to those tendering and ask them to lower their tenders? Do they write the same letter to all those tendering?

Mr. Rinfret: I refer the hon. member to section 26 on that point.

Section agreed to.

Section 25 agreed to.

On section 26—*Where tenders excessive.*

Mr. McLure: Well, I will ask my question again. Why is it that when tenders are called the department then writes to the men who have tendered, or some of them, telling them their tenders are too high and asking them to reduce them? I thought when tenders were called the department would accept one. I have in mind a case over which we had a lot of trouble, and I am going to name the route so the Postmaster General will know what I am talking about. This was the contract for Vernon Bridge rural route No. 2, which was held by a man named Sullivan for a number of years at the price of $960. His contract expired in 1950. Before it expired the department wrote to him saying the price he was getting was considered too high. Then the department asked him to tender again, though they knew that other contracts for the same mileage were being signed for as much as $1,150. Notwithstanding that they wrote telling him he was too high and wanting him to reduce his price. He did not reduce it, so once more they called for tenders. This time he was the only tenderer at $960, and they had no alternative but to accept that tender, which they did. They sent Sullivan a contract for four years at $960, and Sullivan signed it.

In the meantime a fly got in the ointment. The department wrote that there had been a mistake, that the contract was only for one year, and they sent Sullivan a new contract for one year at $960. This he refused to sign, because he had already signed a contract for four years at the same price. Then the funny

part of this thing took place. They called for new tenders again, and so it would not seem that they were calling for the same route again the department added an extra mile to it, dressed it up in a new costume and called for tenders. Naturally Sullivan tendered again, and someone else came into the picture with a tender some 30 cents a day lower than Sullivan's. The tenders were opened on December 29, 1950, and the contract was let on January 16, 1951; pretty quick work. That contract was with another man for four years, and for $1,020. They did not give this faithful courier a ghost of a chance, though on two or three different occasions he had obliged the department by carrying the mail during the war years when they could not get anyone else to do it.

Mr. Ferguson: I'll bet he's voting Conservative now.

Mr. McLure: If he is not, I miss my guess. Deals of this kind are going on all the time; and I am speaking now of my own constituency, which I know. I object to the department writing to a man who had the contract before and telling him his tender was too high last year, he will have to go lower, and as soon as he consents, then the department sends somebody out to see if they can get another tender at a lower rate. Now, that is not what we should expect from the department. One sees the tendency in every part of this new bill to give more absolute power to the Postmaster General. After a while it will become so bad it will be difficult to get people to carry the mail at any price. I think that is a question that should be looked into. For instance in my constituency, apart from the side districts, out of the seventy-nine rural contracts that are left fifty-two of them are below $1,000. They should all be let by tender, and more than three weeks should be allowed for advertising

Section agreed to.

Section 27 agreed to.

On section 28—*Guarantors.*

Mr. Black (Cumberland): May I ask the Postmaster General in how many cases in the past year the guarantors have been called upon for a refund?

Mr. Rinfret: There is no question of any refund, but in some instances the sureties have carried on the service. That is one of the reasons for having them as sureties.

Mr. Black (Cumberland): Do I understand the Postmaster General to say that in no case have the guarantors been called upon to make a payment because of the failure of the contractor?

Mr. Rinfret: I would not go so far as to say there is no case, but I do not know of any.

Section agreed to.

Sections 29 to 32 inclusive agreed to.

On section 33—*Increase or alteration of service.*

Mr. Pearkes: Would the Postmaster General not have authority under this clause to increase the amount paid to a contractor if there had been a substantial increase in the number of boxes along his route? Quite obviously, boxes which are scattered all along a route mean additional expense to the carrier. I would have hoped that something could have been done to influence the patrons to collect their boxes together at a suitable place. As one drives along a country road one can see boxes scattered every fifty yards. As the number of these boxes increases, so does the expense of the courier increase because he has to stop every few yards. Would this clause not give the Postmaster General an opportunity of increasing the amount of a contract where there had been a substantial number of boxes added, although there might not have been any increase in the mileage?

Mr. Rinfret: This is the old section 79, and it has always been interpreted as being based on a change in frequency and distance. The reason for interpreting it like that is contained in the lines following the one to which the hon. member was referring which reads:

> Where there is a substantial increase or alteration in the service required under a mail contract necessitating additional expenditure by the contractor...

I do not think it adds any additional expense for a contractor to have one or two more boxes. The fact that the frequency is increased or the distance is increased does mean increased expenditure. I do not think an extra box means extra expenditure.

Mr. Pearkes: I cannot accept that, because every time you stop a car and start it up again it takes more gasoline and it takes more time. If a certain interpretation has been given to that clause in the old act, surely now that we are having a new act we could have a new and more generous interpretation. The rural courier has a pretty tough time. The increase in the number of boxes in some areas is so great that many of these rural couriers are serving what amount to suburban areas. It is a question of stopping two or three times within a block. Every time the car stops and has to be started up again, it takes more of that man's time and takes more gasoline.

Mr. Rinfret: I appreciate the position taken by the hon. member for Nanaimo in trying

to give me more power than I have been requesting. It makes a difference with some other members.

Mr. Pearkes: I do not mind powers if they are used reasonably and intelligently.

Mr. Rinfret: Considering the possibility there is to use the additional powers that have been given to me—

Mr. Pearkes: I believe those powers are written right into that clause.

Mr. Adamson: That is exactly the point I tried to raise. Years ago in my own constituency there used to be two or three boxes where now there are as many as thirty boxes. Our rural mail man has to stay there for as much as a quarter of an hour to deliver the mail to all those boxes. Sometimes the mail is substantial, and all the time he has to keep his car running. Surely his time must be worth something. The car has to have extra capacity in order to carry the great volume of mail he has to put in the back of it. It is a much more expensive business than it was in the old days. I recall that the rural courier used to be through his job by midday or by one o'clock in the afternoon. Today he has so many boxes to look after he is not through before five or six o'clock. Surely if he were paid a certain amount to do half a day's work, even though the mileage is the same, there must be some formula by which he can be paid more if it takes him a whole day to do the job.

Many rural mail couriers used to have a half day's work to do, but now it is a full-time job. They used to be able to do other work, but that is precluded. I feel sure there should be some formula in this act by which the rural mail courier could be paid on a per box basis over a certain period.

Mr. Rinfret: Mr. Chairman, the section has never been interpreted in that way, but after listening to the arguments of the hon. member, perhaps it should be interpreted that way.

Mr. Pearkes: May I suggest one other reason for giving it a more generous interpretation. A few years ago we had a bonus system—

Mr. Rinfret: That is what I just said.

Mr. Pearkes: No, you did not say that. I am pointing out another reason why you could give it a more generous interpretation. A few years ago there was a bonus system for these rural mail couriers. Now that has been eliminated, and I believe this section gives an opportunity for a more generous interpretation than the old section.

[Mr. Rinfret.]

Section agreed to.

Sections 34 to 44 inclusive agreed to.

On section 45—*Transportation of United States mail.*

Mr. Higgins: Will the minister state how this section will apply to mails going to United States bases in Newfoundland?

Mr. Rinfret: I do not know whether this will cover the point that my hon. friend had in mind. This is a reciprocal arrangement and it is covered by the convention between Canada and the United States which reads as follows:

> The United States of America and the Dominion of Canada each grants to the other free of any charges, detention or examination whatsoever, the transit across its territory, by all trains that it uses for its own mails, of the closed mails made up by any authorized exchange office of either country addressed to any other exchange office of the same country, or to any exchange office of the other country.

Mr. Higgins: When did this convention come into force?

Mr. Rinfret: I have not the date here. I will try to get it.

Mr. Higgins: The point I am making is this. This is a brand new act which is being put in and it is going to be superseded by what has gone on before. I think you would have to amend that particular section.

Mr. Rinfret: This section 45 covers the regular international convention or agreement. Maybe what the hon. member has in mind is paragraph (s) to which I drew the attention of hon. members when we were considering section 6. That might be the question the hon. member would like to know about. That paragraph (s) flows from the declaration that was made the other day by the Prime Minister about the Newfoundland bases.

Mr. Higgins: Should it not go farther than the section shows there? What about civilians at those bases? Is that not to apply to them at all?

Mr. Rinfret: No. Civilians are covered by the ordinary postal laws.

Mr. Higgins: I mean civilians in the sense of wives of service personnel. Where do they fit in?

Mr. Rinfret: I think that section 6 (s) covers the whole point. If there are any particulars the hon. member would like to have, if he will call at my office, we can give him anything that he wishes. All the necessary authority is in the act at the present time.

Mr. Higgins: If the minister is satisfied, all right. I am far from satisfied that that

section is right as it is, but if the minister does not wish to amend it, I do not want it to be amended. I may say quite frankly, however, that I do not think it is right as it is.

Section agreed to.

Sections 46 to 74 inclusive agreed to.

On section 75—*Evidence.*

Mr. Adamson: I do not want to spoil this perfect holiday so far, Mr. Chairman, but I gather that the term "royal mail" is no longer applicable. The section reads as follows:

In any prosecution under this act evidence that any thing bears the words "Post Office," "Canada Post Office," "Canada Mail" or any similar expression is *prima facie* proof that the thing was established or authorized for use in connection with the Canada Post Office under the authority of this act.

I understand that the term "royal mail" now has no significance in Canada.

Mr. Rinfret: The hon. member will notice that the name of the act is "An act respecting the Canada Post Office."

Mr. Adamson: Yes. But this term "royal mail" is now an obsolete term in Canada. That is the point I am getting at.

Mr. Rinfret: Yes.

Mr. Adamson: I regret that.

Section agreed to.

Sections 76 and 77 agreed to.

On section 78—*Repeal.*

Mr. Knowles: Before section 78 carries, there is a word I should like to say. But before I say what I want to say on section 78, may I ask Your Honour to look back to the section which you called as section 53?

The Chairman: Yes. It is numbered "35".

Mr. Knowles: That is being corrected, is it?

The Chairman: Yes. There is a correction to be made.

Mr. Rinfret: It is "53" on my copy.

Mr. Knowles: I have two copies here, and it is "35" in both of them. I move an amendment that the "35" be changed to "53".

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

The Chairman: Shall the section as amended carry?

Some hon. Members: Carried.

The Chairman: Shall the title carry?

Mr. Knowles: Just a minute, Mr. Chairman. I want to say a word on section 78. I realize that it is unusual to get an amendment through around here, but I just wish to make a brief comment on this section for the repeal of various items of legislation now on the statute books, including part IX of the Excise Tax Act. The repeal of that legislation has to be looked at in conjunction with section 10 which we have already passed. Part IX of the Excise Tax Act which is now being repealed is the part of the Excise Tax Act which imposes taxation on the delivery of letters or post cards by post.

I wish to remind members of the committee that when the taxation in part IX of the Excise Tax Act was placed before the house, it was clearly stated that it was a tax for war purposes only. Some hon. members whose memories go back quite a few years will recall the days when the Liberals had a good deal to say about the restoration of penny postage, "penny" of course being used in the English sense of two cents. But when the war came there was brought into being the Special War Revenue Act which later became the Excise Tax Act, and in the early years one cent was added to the postage rate which was formerly on the penny postage basis. The first tax of one cent increased the rate for letters from two cents to three cents. Then in 1943, when Mr. Ilsley brought in his budget of that year, he announced a further tax, or in other words an increase in the tax on letters. The result of the tax of 1943 was that the rate on letters became four cents, two cents of which was postage and two cents of which was tax. When questioned about this matter on April 25, 1943, the Postmaster General of that day made it clear that this was a tax for war purposes and not postage. I should like to quote a bit from page 1851 of *Hansard* of April 5, 1943, which reads as follows:

Mr. Hanson (York-Sunbury): This means that the extra cent —

That is, the increase from one cent of tax to two cents of tax, making a total of four cents per letter.

—is an excise tax, not postage?

Mr. Mulock: That is correct. The postage has not been raised. But my colleague the Minister of Finance has required extra money for the war expenditure. It was estimated that something upwards of $8 million could be raised by an additional one cent on letters and post cards. It was not that the Post Office Department required more money for operating. In fact our surplus as shown in the report has increased substantially in the last few years, from some $3,250 to upward of $4,500,000, with every indication that it will be still higher, although the final figures for the fiscal year are not yet in.

The point I wish to make is that when the postage on letters was boosted first from two cents to three cents, and then later to

four cents it was made clear by the Postmaster General and by the minister of finance of that day that that four cents was not all postage; it was two cents postage and two cents tax for purposes of war revenue. Today, without much notice being paid to it, we have had laid before us a proposal which builds that two cents, which has been on during these years as a matter of tax, into the postage rate structure. It may be that increased costs make this change necessary. It may be that the idea of penny postage, in view of what has happened to the value of money, is gone. But I felt that before we passed this last section we should know what we are doing. We are changing the basis of our four cent postage rate from what it has been for years, two cents postage and two cents tax, to four cents postage—

Mr. Fulford: One cent—

Mr. Knowles: The hon. member for Leeds is saying "one cent". No; I thought that myself this afternoon, but I went to the library and looked it up, and found that the postage rate was two cents, and that at first one cent tax was put on. I cannot tell you precisely the year, but it was probably in the early years of the war. Then in 1943 when Mr. Ilsley brought in his budget of that year he had this as clause 1 in his resolution regarding the Special War Revenue Act:

> Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act and to provide:
> (1) That the excise tax on each letter transmitted by post be increased from one to two cents.

It was already one cent tax and two cents postage. It became two cents tax and two cents postage. It has been that way from 1943 to the present. What we are now doing is repealing the tax but raising the postage to the figure of four cents.

Section agreed to.

On the title.

Mr. Adamson: Before the title carries I want to ask the Postmaster General one question. I notice that in this bill nothing has been said about philatelists. I understand there is a special philatelic section of the post office. No mention is made of that section in this bill. Is that done purposely, or can the minister explain why? I understand that there is a special Canadian philatelic exhibition this summer which has the blessing of the department. I just want that one point cleared up.

Mr. Rinfret: It could certainly be covered by section five, which reads:

> Subject to this act, the Postmaster General shall administer, superintend and manage the Canada Post Office—

[Mr. Knowles.]

It could certainly come under that.

Mr. Adamson: It could?

Mr. Rinfret: Yes.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Mr. Knowles: Next sitting.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

He said: The object tonight is to call some new departments. I find that I am getting short—

Mr. Drew: If I may, just before the minister names the department, I should like to make this suggestion. I notice that in his reference to the calling of departments on Friday night the minister mentioned that nine departments were still outstanding and that he proposed to call four or five now. With the hope of avoiding any discussion on the calling of departments tonight, so that we may get ahead with fisheries, I would suggest that the minister call three tonight, and I would hope that in calling three there would be no debate at this time. This would leave an opportunity to raise any point that may have to be raised, because all the departments could not be called at one time.

Mr. Fournier (Hull): I see no objection to calling three, but you know on Mondays, Tuesdays and Wednesdays we have to make a formal motion to go into supply. Tomorrow we intend to move to go into supply again without calling any departments. If we call five tonight we would not call any tomorrow, but we would continue with fisheries, because we could not continue with fisheries tomorrow without making a formal motion. Let us say four, because I would like to bring in public works to please the hon. member for Greenwood.

Mr. Drew: All right.

Mr. Knowles: It is clear then, Mr. Speaker, that whatever happens tonight it is the government's intention to move to go into supply tomorrow?

Mr. Fournier (Hull): Yes, and to proceed with the estimates of fisheries.

Mr. Drew: All right.

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

DEPARTMENT OF DEFENCE PRODUCTION

76. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $5,000,000.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

449. Departmental administration, $513,280.

Item stands.

DEPARTMENT OF VETERANS AFFAIRS

535. Departmental administration, $2,208,070.

Item stands.

DEPARTMENT OF PUBLIC WORKS

335. Departmental administration, $475,765.

Item stands.

DEPARTMENT OF FISHERIES

140. Departmental administration, $281,298.

Mr. Higgins: It is rather late in the evening to start discussion, but if there is no objection I have some comments I should like to make. I make no excuse for speaking on this subject, coming as I do from a province that produces one-third of all the fish caught in Canada. The Newfoundland catch is roughly equal to that of the maritime provinces and Quebec, and the remaining one-third is made up of British Columbia and the great lakes fisheries.

Last year the marketed value of the dominion's fisheries, that is the entire fisheries of the dominion—I suppose I should now say of Canada—amounted to approximately $180 million. Newfoundland's share of this amount was not one-third, but one-sixth. The reason for the difference in the returns for the Newfoundland product and that of the rest of the dominion is that the other provinces catch a greater variety of fish, particularly the more highly priced varieties such as lobster, than does Newfoundland. Whilst Newfoundland caught approximately the same quantity of fish as the maritime provinces and Quebec, those provinces received twice as much in payment for their products.

An hon. Member: Better fish.

Mr. Higgins: Not a bit of it; don't let anybody tell you that. Quebec and the maritimes sell greater quantities of their fish fresh; whereas the product of Newfoundland is sold as a dry salted fish, and consequently it can be sold only in the lower priced markets.

It is true that in Newfoundland we are producing more and more fresh frozen fish; but for many years, until the market has been converted, Newfoundland will have to depend, in the selling of her fish, to a very large extent on the salt fish trade. And as this fish is sold principally to the countries in the sterling group, the question of the convertibility of sterling is one of the greatest, perhaps the greatest problem, in connection with fisheries in Newfoundland.

That is a problem which, as the minister realizes, will continue for years to come. I trust that those of us from Newfoundland who sit in this and in future parliaments will not have continually to be bringing this problem of convertibility to the attention of the present minister and his successors; because it is a problem which will continue for many years to come, before the fish trade switches to fresh frozen fish. As the minister is aware, and possibly some hon. members are not, the Newfoundland salt codfish trade has continued practically without interruption for some four centuries. Before Newfoundland joined Canada, she received preferential treatment from Great Britain in this particular connection. There is no question in my mind or, I am sure, in the mind of the minister or the minds of those associated with him in the department, that there is no better service Canada could render to its newest province than to see to it that this particular currency problem is looked after regularly.

When the minister made his statement with regard to convertibility, I joined with the hon. member for Trinity-Conception in saying that I welcomed that statement, in which it was pointed out that convertibility was being arranged for this year. While the arrangement has been made only to the extent of $4 million, I feel if it comes to the point where we have to arrange for an extra $2 million, we will not be knocking at a completely closed door.

There is no doubt about the fact that unless we in Newfoundland continue to make our sales of salt codfish to Mediterranean countries, and this sterling problem is satisfactorily handled, it will be a serious matter for our province—and serious not only for Newfoundland, but also for the maritime provinces and Quebec. It means that if we are not able to sell in these age-old markets we have had, and try to sell in markets in which fish from the maritime provinces and Quebec is being sold now, it will seriously interfere with their markets for that type of fish.

It is for that reason therefore I say that the maritime and Quebec members should not feel in any way jealous of what they may consider as preferential treatment, in

so far as the arrangement for the convertibility of sterling, for Newfoundland is concerned. Because without this arrangement for convertibility, and with Newfoundland challenging the markets enjoyed by the maritimes and Quebec, it would be catastrophic for all these provinces. That is why I say there should not be any real difficulty in so far as appreciating the problem is concerned, when the members from those provinces understand that situation.

It is generally admitted that Canada is one of the great exporting countries of the world. It may be of interest to hon. members to point out that the ratio of exports of Newfoundland to its gross national production is practically three times as great as that of the dominion as a whole. Newfoundland's ratio of export trade to total national income is 67 per cent, whereas the ratio of the dominion is approximately 24 per cent. Newfoundland's ratio of imports is about 85 per cent while that of Canada as a whole is 21 per cent. The over-all picture therefore indicates clearly how our export trade works considerably to the benefit of the country as a whole. As I have pointed out, and as has been pointed out by hon. members before, the great bulk of exports from our newest province is to countries dealing in dollars. Those dollars are American dollars, and they aid materially in the economy of Canada as a whole.

But the fishing industry, in so far as salted fish is concerned, because of the particular circumstances I have pointed out, does require preferential treatment, and will continue to need it for many years to come. The chief reason is that by far the largest percentage of the working force of Newfoundland is directly engaged in fisheries, and the money goes directly back to those people.

Then, we come down to the type of fish caught. There are three types, namely Labrador, shore and bank. As the name implies, the Labrador fish are caught in Labrador waters, while the shore fish are caught along the shores of Newfoundland, and the bank fish are caught on the Grand Banks.

In view of the higher cost of living, as it has been going up in the last year, and in view of the low prices which prevailed last year for fish, it appears to me that the fishermen will have to have an increase of at least from 30 to 35 per cent in the prices of their fish, if they are to get through successfully at all, even with a good average voyage.

With all due respect to the minister, and the hopes he expressed in his statement on May 17, particularly his belief that the prices are going to be good this year, I doubt very much whether they will be as good as he thought they would be. If they are going to be good, they are certainly not going to keep up with the increased cost of living. Consequently fishermen will not be any better off.

And this gets back to the statement made by the retiring president of the fisheries council of Canada at its sixth meeting in Ottawa in March last, when he said:

> The fisheries would seem to afford a great opportunity to Canadians to demonstrate the democratic way of life. Fishing is a noble, a wholesome, venturesome calling. It should bring forth the best that is in the fisherman and businessman, but I submit the industry will have failed in its destiny if the fisherman has not prospered and enjoyed a fair measure of the good things of life.

That should be the keynote of the fishing industry; it is the keynote, I am sure, of what the minister is trying to do, the keynote of what those associated with him in the department and in the fisheries council are trying to do—to give the ordinary, common fisherman a better share of the good things of life. I submit the only way the ordinary fisherman, as I know him, is going to be given a fair share of the good things of life is to have his catch sold in such a way that he will have a better return than he is getting at the present time.

This gets right back to what we have been talking about for some time. Newfoundland members have not been squawking unnecessarily; they have just been trying to make their point clear—and I believe the minister is aware of that. I believe I am justified once again in asking him that very, very serious consideration be given to setting a floor price for fish. I know the minister has given this matter consideration and I know he has had the advice of the prices support board. I know also that he is aware of a meeting that took place last week in St. John's between the fishermen and the salt codfish association. I understand that the minister stated the other day that there was not a great difference between the prices asked and what the merchants were prepared to pay. I do not know whether the minister is prepared to indicate what those prices are because if he is not I will be arguing more or less in the dark. The price that has been asked by the fishermen for the best grade fish I understand is around $12 per quintal, and I do not think that has been met. That would not appear to be an unfair price to ask. I am not saying that it is or is not, that is just what I am told.

This is not an altogether new problem. We have had price support for other commodities produced in Canada. Our friends from the west have seen their commodities subsidized extensively and I

believe there is still a hot argument as to whether proper payment has been made for wheat. We have had subsidies on potatoes and cheese and I see no reason why the same principle should not be applied to fish. In the brief submitted in 1944 by the United Maritime Fisheries, as a result of which the Fisheries Prices Support Act was passed, the following statement appears:

It is the view of our members that, if the fishery is to be reconstructed upon a basis that will provide freedom from want for the fishermen, some means must be devised to maintain fish prices on a parity with other commodities. If the price structure in other branches of food production is to be supported by a floor, it is equally necessary to make a similar provision for the fishery. It is well known that in the past the discrepancy between the prices received by the primary producer and the general commodity levels has been greater in the fishery than in any other branch of production.

The concluding paragraph of that brief reads:

We urge, therefore, that in order to ensure our fishermen a reasonable measure of security, a floor be established under fish prices on a basis which will put them on an equal footing with other producers.

I understand that Norway and Iceland, both of which are competitors of Canada in the sale of salt fish, have established floor prices. I believe that this information, which I obtained from a departmental publication, is correct.

I am not too well prepared tonight at this late hour and for a moment I shall leave fish and deal with another part of the fisheries that comes under the minister, our seal fisheries. As the minister is aware, there was considerable competition in sealing this year from the Norwegians and other nationalities. The killing date of March 13 was established many years ago by Newfoundland, which date gave the seals time to deliver their young. This year the Norwegian sealers came in without waiting for that date and the seals were killed before they had a chance to deliver their young. This was very cruel killing and it has been commented upon strongly by the Newfoundland press. In the Daily *News* of April 2 Captain Sidney Hill of the *Arctic Sealer* commented on this fact as follows:

A crime was committed, one for which there should be no excuse. I saw the crews of the ships sculping the whitecoats within a few hours after they were born. Many of these seals were not more than twelve pounds in weight. The Norwegian and other ships were taking seals and this forced all ships to do the same. There should be some international agreement made to prohibit the taking of young harps before the old Newfoundland killing date, March 13. It is a murder to take the seals so early and I cannot condemn the practice too strongly.

In the *Evening Telegram* of April 19 appeared a strong editorial headed, "The sealing industry imperilled." I shall not read it all, but there is one paragraph dealing with this type of slaughter which reads:

That is a matter of importance. The other damning aspect of this early killing is that the slaughter is perpetrated so soon after, or even before, propagation occurs, to the complete disregard of all the laws of conservation. It is asking men to engage in a barbarous slaughter. It is also asking them to disregard laws which have been made to ensure that species, no matter what kind, will not become extinct. Under such unregulated conditions it is futile to expect that the seals can long survive.

Item stands.

Progress reported.

RAILWAYS, CANALS AND TELEGRAPH LINES

PRESENTATION OF SIXTH REPORT AND CONCURRENCE IN RECOMMENDATION

Mr. F. P. Whitman (Notre Dame de Grace): By leave of the house, I should like to revert to routine proceedings in order to present the sixth report of the standing committee on railways, canals and telegraph lines. By leave of the house, I should like to revert to motions and move:

That the recommendation contained in the sixth report of the standing committee on railways, canals and telegraph lines presented this day in respect to the capital stock of Bill No. 321 be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will give third reading to Bill No. 322, respecting the Canada post office. Then we will move to go into supply and call one department, after which we will continue with the fisheries estimates. I believe we will have time to take up some small bills and resolutions. There is a resolution concerning an amendment to the P.F.R.A., and that will be first; then Bill No. 357 to amend the Criminal Code (race meetings) and Bill No. 338, to amend the Quebec Savings Banks Act. After that we always have the Income Tax Act.

Mr. Knowles: Those bills and resolutions will be dealt with, if at all, after we have been in supply on fisheries?

Mr. Fournier (Hull): Yes.

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

HOUSE OF COMMONS

Tuesday, June 12, 1951

The house met at eleven o'clock.

VETERANS AFFAIRS

BURNT OUT PENSIONERS—EFFECT OF APPLICATION OF OLD AGE PENSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, will the Minister of Veterans Affairs inform the house whether legislative or any other necessary steps will be taken to make sure that burnt-out pensioners over seventy years of age, when they receive the universal old age pension, do not lose the burnt-out pension or the treatment or hospitalization benefits they now enjoy?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, if my hon. friend will permit, I shall take his question as notice and look into the matter. I would rather read his question in *Hansard* before making a statement.

Mr. Knowles: That is satisfactory.

POST OFFICE ACT

MEASURE TO CONSOLIDATE, CODIFY AND AMEND EXISTING LEGISLATION

Hon. Edouard Rinfret (Postmaster General) moved the third reading of Bill No. 322, respecting the Canada post office.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to move, seconded by the member for Peel (Mr. Graydon):

That this bill be not now read a third time, but that it be referred back to the committee of the whole for the purpose of reconsidering section 11 thereof.

I shall make my comments after the motion is read.

Mr. Speaker: The hon. member may make his comments now.

Mr. Drew: I am presenting this motion in the hope that it will receive the same measure of consideration as was extended to other contentions that were put forward. The amendments introduced yesterday at the instance of the Postmaster General did relieve to some extent the postal charges on newspapers with a circulation of 10,000 or more. As I indicated at that time, it is not possible to say how satisfactory or otherwise this provision will be until there is an opportunity of examining its effect on newspapers that come within that category. In any event, the government has clearly indicated that this is as far as it is prepared to go. For that reason I am not directing my comments to that, although the purpose of this further consideration does embrace the possibility that these reductions will not be adequate.

I repeat what I said yesterday, that this is not a case of subsidizing newspapers. The provision for special postal rates for newspapers is primarily for the purpose of making newspapers available to those who cannot satisfactorily obtain them by other means. It is possible for persons living in urban communities to have newspapers delivered to their door, or to buy them on the street corners or in stores. In those areas where there are fast trunk highways, trucking has largely taken the place of postal delivery. Trucks carry newspapers for hundreds of miles, and they are then delivered in precisely the same way in the smaller urban communities as they are in the larger urban communities, that is, from door to door, through stores, or from street corners. The postal service is a facility extended to those who do not happen to live in areas in which these opportunities are ordinarily available, and it should be regarded in that light. The proposed postal rates on the large urban dailies were reduced to some extent by the amendment put forward yesterday by the Postmaster General and moved by one of the other member; that reduction to some extent relieved the situation. I will not extend my comments on that point but, as I said yesterday, I do not believe the reductions are adequate.

What I am particularly dealing with now is the fact that nothing has been done to relieve the situation in which the smaller newspapers, with a circulation of less than ten thousand, now find themselves. The statement has been made by highly responsible representatives of those smaller newspapers that these rates may put them out of business. That may or may not be an overstatement of the case. In any event, there have been indications of great concern right across the country about the effect of these increased rates on the smaller newspapers, which, it must be remembered, have not

available to them the advertising resources which are available to the larger newspapers.

I believe that further consideration should be given to section 11 with regard to the rates on the large urban dailies. I particularly think that further consideration should be given to the rates for postal delivery of those smaller newspapers for which no relief was afforded by the amendment introduced yesterday. It must be remembered that in many of the cases where mail service is the only way in which people can obtain these papers, the only papers immediately available to them are the smaller newspapers. The smaller newspapers form a vitally important part of our whole democratic process. In many cases they say that, under these rates, they will be compelled to stop delivery of their papers. Whether the Postmaster General agrees with that assertion or not, I submit that before this bill becomes law their contention should at least be heard. Such a hearing would not mean an extended delay of the consideration of this bill. It simply would mean that the bill would go back for further consideration of section 11, and that, with the indication already given by the government that they are prepared to give some consideration to this problem, those who represent the newspapers of Canada—both the large urban dailies and the smaller dailies as well as the weeklies—may have an opportunity to present their case before this matter is finally disposed of and these rates become irrevocable.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to add a word or two to what was said yesterday with regard to the setting up of a board of review under section 7 of the act. The question was raised, I think, by the hon. member for York South (Mr. Noseworthy), having been presented to the minister by the Toronto board of trade. I wish to refer briefly to the answer which the minister gave, to suggest that I think the situation is not satisfactory, and to express the hope that the minister may reconsider the decision which has been given.

As to the appointment of a special board of review, I need not detain the house by reminding hon. members what an important matter to any business enterprise or to anyone else is the use of the mails, and what a serious thing it can be if the use of them is refused, particularly in such a way as to draw attention to the fact that a business enterprise is under suspicion.

With regard to the appointment of a board, the minister's answer, as reported at page 3921 of *Hansard*, was as follows:

> Any independent board that might be nominated . . . would, I suppose, be a board like the railway board or the air transport board . . .

I must admit that if something of the kind were to be done, it would be like taking a steam hammer to crack a nut, because we do not want to have permanent boards set up to deal with matters which may seldom arise. I do not think that is at all a complete answer. If the minister wishes to give effect to the suggestion which was made, I think that it could easily enough be done.

As to the question of appeal, the minister brushed that aside lightly. He said, as reported at page 3921 of *Hansard*:

> The brief of the board of trade of the city of Toronto also mentions the question of an appeal; but it was not felt that the discretion should be taken away from the Postmaster General. I realize that it is quite a heavy responsibility, but I think it is one that a minister of the crown should be ready to accept.

It may be pleasant for us to know that the ministers of the crown are ready to accept responsibility, but sometimes we may think that they are ready to accept a little bit too much. I wish to point out that in the one case where, I understand—perhaps in some informal way—a board of review was set up, the members of the board were the chief executive officer of the department—that is, of the Post Office Department—the law officer of the department, and the director of administration. Without any disrespect to these gentlemen, and indeed without any disrespect to the minister, I wish to point out that such an appeal is really no appeal at all, and that we are just playing with words if we are asking members of the minister's department to review the action of the minister. It is not fair to the minister; it is not fair to the members of the department; it is not fair to anyone, and it does not make sense. I therefore venture to put this point forward and to suggest that, if no reconsideration can be given at the moment, at any rate the matter be kept before the minister for future consideration.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I should like briefly to support as strongly as I can what has just been said by the hon. member for Greenwood (Mr. Macdonnell). I think that his protest has point given to it by what happened last year on several occasions. I am not going to go over the long story of those occasions on which strong complaint was made about denying the

use of the mails to certain persons. The matter was discussed in this house last year.

The appointment of a committee may be some advance on the present state of affairs, but, Mr. Speaker, it is not a sufficient advance. If the committee is simply to be a departmental committee, no matter how conscientious or how capable the officials may be, it is still a departmental committee; and I do not see how the policy of the department could fail to have an influence on the minds of the members of such a committee.

If the minister is adamant in insisting that the committee take the form indicated in the bill, then I submit to him that the very least that ought to be done to mitigate the rigours of a provision of that kind is to provide an appeal to the courts, as has been suggested by the hon. member for Greenwood, and as has been proposed in the extremely intelligent brief submitted to the minister by the Toronto board of trade. After all, what reasonable objection can there be to allowing an appeal to persons who suffer this grave disability of being denied the use of the mails? Remember that this power in the hands of the minister, even under a committee, could be used with damaging effect on anyone's business and reputation. What possible objection can there be in a situation of that kind to allowing an aggrieved individual to go to the courts by way of appeal from the decision of the committee? For the life of me, Mr. Speaker, I cannot see why this objection should be taken by the minister and by the government to allowing any person to go to the courts in appeal against what he contended is an arbitrary and unjustified use of these broad powers conferred by the bill in cases of this kind.

I urge upon the minister that, before it is too late, provision should be made in this bill at least to allow an individual against whom this extremely wide power has been exercised to take his case to the courts by way of appeal.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I see no very useful purpose in referring this bill back to the committee of the whole on third reading for reconsideration of the clause dealing with newspapers generally. Most of us have some sympathy with the position in which the rural and small papers find themselves at this time; but we must not overlook the fact that in reality the newspapers of Canada—and the principal beneficiaries are the large newspapers of Canada—will soon be getting an annual subsidy of something in excess of $10 million.

As I understand it, the deficit last year on this particular business was $12 million. In other words, what the country has been doing is subsidizing newspapers, large and small, to the extent of some $12 million a year. Again let me repeat that when a short time ago this house voted $65 million as a compensatory adjustment to the farmers of western Canada for a period of five years, as my hon. friend points out, or $13 million a year, as it were, these newspapers were critical of the compensation granted to the grain growers of Canada. And here we are proposing to subsidize these newspapers to the extent of $10 million a year for a long period of time. We are simply substituting $10 million for $12 million a year. Consequently I think they have no legitimate complaint against what this house is doing at the present time.

Let me point out to hon. members that unfortunately while most of us are anxious to preserve a free press, the press is becoming less free all the time, because even many of the weekly rural newspapers are being bought up by powerful interests in this country. I need only to refer to the Thomson chain in this province which is buying up weekly newspapers and controlling them in the interests of, we will say, private profits rather than the dissemination of news and discussion of views. To my mind one of the great dangers in our democratic countries is the control by a few small groups of individuals of newspapers and news services with a mass circulation in the areas which they serve. That, I say, is a danger to our democratic institutions. If some people want to use the newspapers today as monopolistic news gathering and news disseminating services, then I do not think this parliament should subsidize to the extent we are subsidizing at the present time. Consequently, Mr. Speaker, in view of what the house is doing, namely, granting to them today by this bill a subsidy of something like $10,190,000 a year instead of $12 million which we have been paying for a long time, the house is being very generous indeed, particularly with the large daily newspapers. The bill also contains provisions designed to ease the burden of postage on the local small weeklies across the country. Consequently I think no good purpose can be served by referring this back to the committee for review.

Mr. Speaker: Is the house ready for the question? Is it the pleasure of the house to adopt the amendment?

Some hon. Members: No.

Mr. Speaker: Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Post Office Act

Mr. Speaker: Those opposed will say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

An hon. Member: A waste of time.

Mr. Casselman: It is not a waste of time at all.

Mr. Drew: Parliament is a waste of time to some members.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Adamson
Aylesworth
Black (Cumberland)
Blair
Brooks
Casselman
Catherwood
Charlton
Drew
Fairclough, Mrs.
Ferguson
Fleming
Fraser
Fulton
Gagnon
Graydon
Green
Harkness
Harris (Danforth)
Hatfield
Higgins
Lennard
Macdonnell (Greenwood)
McGregor
McLure
Murphy
Pearkes
Poulin
Tustin
White (Hastings-Peterborough)—30.

NAYS

Messrs:

Abbott
Anderson
Applewhaite
Argue
Ashbourne
Balcom
Bater
Beaudoin
Benidickson
Bennett
Bertrand
Beyerstein
Blackmore
Boisvert
Boivin
Boucher
Bourget
Bradette
Bradley
Breton
Brisson
Bruneau
Bryce
Byrne
Cavers
Chevrier
Claxton
Cleaver
Coldwell
Corry
Croll
Cruickshank
Darroch
Dechene
Decore
Dewar
Dickey
Dion
Dumas
Dupuis
Ferrie
Fournier (Hull)
Garson
Gauthier (Lake St. John)
George
Gibson
Gillis
Goode
Gosselin
Gour (Russell)
Gourd (Chapleau)
Gregg
Harrison
Healy
Hellyer
Helme
Herridge
Hetland
Johnston
Jones
Jutras
Kent
Howe
Huffman
Kirk (Antigonish-Guysborough)
Kickham
Kirk (Digby-Yarmouth)
Knight
Knowles
Lafontaine
Laing
Lapointe
Larson
Lefrancois
Lesage
Low
Macdonald (Edmonton East)
MacDougall
MacInnis
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
McCann
McCulloch
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McMillan
McWilliam
Major
Mayhew
Monette
Mott
Murray (Cariboo)
Murray (Oxford)
Noseworthy
Parent
Pearson
Prudham
Quelch
Ratelle
Richard (Gloucester)
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Riley
Rinfret
Robinson
Rooney
St. Laurent
Shaw
Sinclair
Sinnott
Smith (Moose Mountain)
Smith (Queens-Shelburne)
Stewart (Winnipeg North)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Thomas
Thomson
Tremblay
Valois
Viau
Ward
Warren
Weaver
Weir
Welbourn
Whiteside
Whitman
Winkler
Wood
Wright
Wylie—136.

Mr. Browne (St. John's West): Mr. Speaker, I was paired with the hon. member for Yukon-Mackenzie River (Mr. Simmons). Had I voted I would have voted for the amendment.

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

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

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

HOUSE OF COMMONS—COMMITTEE TO CONSIDER PROCEDURE—AMENDMENT, MR. DREW

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to employ this motion for the purpose of introducing an amendment, the first purpose of which is the raising of an issue which I believe is of major importance to this house, and which has been under consideration for many years.

I shall read the amendment which I propose to move, so that my remarks may be directed to it and hon. members may know precisely what I am moving. The amendment reads:

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"This house is of the opinion that appropriate steps should be taken for the appointment of a

select committee to consider with Mr. Speaker the procedure of this house for the purpose of making recommendations designed to assure the more expeditious dispatch of public business and to suggest any changes that may be desirable."

This subject has been under discussion for many years, and public funds of Canada have been appropriated for the purpose of obtaining information in regard to this subject and of making recommendations which the house was asked to consider for the purpose of producing the results contemplated by this motion. I have introduced the motion in the form of a recommendation that appropriate steps be taken, recognizing the fact that this purpose will be accomplished only if the government is prepared to take the initiative and introduce a motion similar to the motions which have been introduced in the past with this thought in mind.

Such a motion was moved in this house on May 21, 1940, by the then prime minister. The words were similar in effect, but they took the form of a positive motion to set up a committee, as was in keeping with a motion introduced by the prime minister. After considerable discussion of the subject on that occasion and an indication of general agreement in all parts of the house that steps of this kind were necessary, the motion was withdrawn, not because it was considered inadvisable to proceed with such a matter but rather because it was thought that changes of this kind could well be deferred during the period of the world war which was then in progress.

At a later date the Speaker of the house at that time, Hon. Gaspard Fauteux, proceeded to Great Britain, accompanied by Dr. Arthur Beauchesne, and considered the procedure in Great Britain as well as elsewhere. The Speaker presented a report to the House of Commons, which, as I know Your Honour will recall, related also to voice-amplification equipment for the chamber. That report was laid on the table on December 5, 1947, and was printed for distribution to hon. members as well as for general distribution.

The opening paragraph of that report indicates how long this subject has been under discussion and how general the agreement has been that steps should be taken to consider a revision of the rules and the acceptance of new procedures which would expedite the business of the house. I should like to read the first paragraph of the report, because it indicates the basis upon which the Speaker was proceeding. When I speak of this report as being the report of the Speaker, may I again remind hon. members that the Speaker was accompanied by Dr. Arthur Beauchesne, whose eminence and authority in the field of parliamentary procedure is unanimously accepted in this house, outside the house in Canada, and also beyond the bounds of Canada. We can recognize the fact that in presenting this report the Speaker had the advantage of advice from the man who is the most experienced of anyone in Canada in matters of this kind. The first paragraph reads:

Complaints have been made in the past few years that protracted sessions of parliament are caused by deficiencies in the rules of procedure. Criticism has been widespread and sometimes based on misconceptions. Several attempts to revise the rules were made during the last and the present parliaments, but they had no results. On May 21, 1940, the Prime Minister moved the appointment of a select committee to consider with Mr. Speaker the procedure of this house in regard to a more expeditious dispatch of public business and to suggest any changes that may be desirable. After a short discussion the motion was withdrawn unanimously.

As I have indicated, the reason the previous motion was withdrawn was that it was accepted that it was advisable to defer changes of this kind until the termination of the war. A number of speakers on both sides of the house indicated their strong support of a motion of this kind. On May 26, 1942, not speaking to this particular motion but in regard to the whole question of procedure in the house, Mr. Ilsley stated, as reported on page 2774 of *Hansard* of that date:

In my judgment parliament is more and more on trial, at the bar of public opinion. There is something wrong with this House of Commons. I am not reflecting on the house, and I do not know what is the cause. But there is something wrong with it.

Then on February 9, 1943, the present Minister of National Defence (Mr. Claxton), also speaking in the house in regard to procedure, had this to say, as reported on page 291 of *Hansard*:

Some of the criticism about the House of Commons and its working is just misinformed.

And later:

Other comment on the working of parliament results from the feeling that there is room for improvement and that we can do something about it so as to make parliament the great forum of the nation and a better expression of the national will.

And again:

If there is one answer to be made to the criticisms so far made about parliament it is that nobody seems to have studied and expressed why it is defective, if it is defective; what can be done to change it, what should be done, and when.

On the same day Mr. P. J. A. Cardin in this house, as recorded at page 280 of *Hansard*:

Our rules of procedure are obsolete. They have been framed after the rules followed at Westminster, but here we have not developed the methods and customs prevailing at Westminster. There is an urgent necessity for a change in the rules of the house, a change in our methods of procedure.

Then I find that on February 1, 1943, the hon. member for Rosetown-Biggar (Mr. Coldwell) had this to say, as recorded at page 60 of *Hansard*:

I was disappointed, however, to hear the Prime Minister say that he thought a revision of the rules of the house ought not to be undertaken during this period of war.

Then the hon. member for Rosetown-Biggar went on to review what he had seen in the House of Commons at Westminster, and the dispatch with which the business was completed there. He then continued with these remarks:

I have read the rules of some of our sister nations, New Zealand, for example, where the rules have been changed in comparatively recent years; and in my opinion if we would modernize the rules we could do very much in this house without interfering with freedom of expression or freedom of speech.

More recently, on June 25, 1947, the hon. member for Peel (Mr. Graydon) suggested twenty specific changes in our rules. Those changes, which are recorded in *Hansard*, indicated his considered thought from extended experience in the house as to ways in which the rules could be improved by the attaining of a more expeditious procedure in the House of Commons.

May I point out that the report presented by the Speaker on December 5, 1947, had a number of very excellent recommendations which have not been carried out, and which undoubtedly deserve consideration. After all, this report was presented to the house more than two years after the termination of active hostilities. Any reasons for deferring consideration of this subject that may have existed in May of 1940, when the then prime minister presented a motion similar in intent to the one now before you, had been removed, and we may very properly say that they do not exist today.

One of the recommendations made at that time had to do with a subject that has been under discussion on various occasions, not only during the present session but also in other sessions in recent years. It is to be found in paragraph 22 of the recommendations presented by the Speaker to the House of Commons. That paragraph reads as follows:

The House of Commons in the United Kingdom is now contemplating a combination of the public accounts committee and the estimates committee, making them a single committee to be called the public expenditure committee. There is great logic in that. The public accounts committee works on moneys already spent; the amounts considered in committee on estimates, before payments are made, eventually become items for the consideration of the public accounts committee. There should be no limitation to the jurisdiction of the new committee which ought to investigate anything it thinks fit with regard to estimates and regularity in the payment of expenses.

If there were no other specific recommendations in the report of the Speaker tabled in the house on December 5, 1947, that one recommendation contained in paragraph 22 would deserve consideration by a committee of the nature I am now proposing. May I emphasize the words of the Speaker, not quoted by him from anyone else, but his own conclusion. He said:

There should be no limitation to the jurisdiction of the new committee which ought to investigate anything it thinks fit with regard to estimates and regularity in the payment of expenses.

There are many other recommendations, intended to simplify procedure, to give orderly direction to the procedure of the house, to ensure that with the more expeditious dispatch of business in the house there nevertheless shall be the preservation of the rights of members with respect to motions such as those made on going into supply. All these deserve consideration; but let me emphasize the importance of the particular recommendation to which I have referred. We have a public accounts committee which is not permitted to examine accounts after March 31 of the year before the year in which the committee sits. After all, it is a useful committee and could be more useful for the purpose of checking procedure, ensuring a review of auditing methods, and the adoption of the very excellent recommendations of the Auditor General which are made year by year.

In a time of rapidly expanding expenditures, however, a review of past business more than a year old is of little advantage to the members of the house in determining whether the greatly expanded expenditures are in keeping with the demands for economy as well as for the very necessary purposes for which they are designed. If there ever was a time when it should be possible for a committee to examine expected expenditures, it is at a time when there is an enormous increase in the request of the government for money to provide the necessary expansion of our defence organization and equipment, which does, however, introduce many types of completely new governmental activities which will not be covered by the public accounts that can be considered in the ordinary way by the public accounts committee.

I would point out that when the Speaker recommended in 1947 that we should follow the practice being recommended at Westminster of combining the activities of the

public accounts committee and the committee on estimates, in that very recommendation he was emphasizing something which we should bear in mind. There has been a committee on estimates in the United Kingdom for a great many years. That committee deals with the estimates that are presented, and avoids a great deal of the discussion that takes place in this house, to which many hon. members, particularly on the government side, repeatedly object.

May I suggest to those members who are constantly objecting to the length of time devoted to the questioning of ministers with respect to the estimates before the house that if they do not want that discussion to take place here, neither do we. We say that the place for that discussion to take place, to the advantage of the business of the house and the people of Canada, is in a committee where departmental officials can be brought forward, where details can be explained in a much more businesslike way than in the House of Commons, and where a discussion can take place concurrently with the ordinary business of the house. Our experience in the house is that with the appointment of committees made up of representatives chosen from the different parties in the house, there is a very strong inclination on the part of members generally to accept the recommendations of such committees. I am confident that if we had a committee on estimates, in the majority of cases there would be little new discussion concerning the details, because the members here would know that other members in whom they had confidence had examined the estimates, had obtained the information and were satisfied. Where there was a difference of opinion indicated by the members of the committee, then the members here would undoubtedly be inclined to carry forward the discussion in that area in which there was a difference of opinion. I am satisfied that in most cases that would be the only area of continuing discussion in this house. The area of discussion in this house in regard to the estimates would, therefore, be substantially reduced. This would expedite the business, not merely by weeks but perhaps even by months, and it would be much better handled within a shorter time.

May I refer again, and certainly without any apology, to another subject that has been under discussion concerning a means of improving the conduct of business in this house, and most important business. I am referring to the appointment of a committee on defence expenditures. I repeat the suggestion, because I believe that this is an appropriate time to point out that we have had defence under discussion here not only since the estimates came forward but on the speech from the throne, on the budget debate and again on the different occasions on which the minister has made announcements prior to the introduction of his estimates. Those estimates are to be considered again. Many new events will have occurred, and a completely new debate will take place, and ought to take place. Then, if we follow the procedure we have followed, after another short discussion the estimates will be withdrawn, held back; new events will occur in different parts of the world, and new bases for discussion will arise. If, Mr. Speaker, there were a committee on defence expenditure, appointed by the parties in this house, and made up, I should imagine, largely of those gallant members on both sides of the house who have served this country in two world wars, there would be little inclination on the part of other members to question their recommendations wherever they were unanimous. We would doubtless find that the number of items on which there was a difference of opinion would be limited. There would be a discussion on those items. There would, of course, be a general debate on defence, but that general debate would take place with the advantage of an examination of the estimates before the members of this house engaged in such a general debate.

May I also point out, sir, that by procedures of this kind we could avoid two extended debates, one following the motion to approve the speech from the throne, and the other following the motion to go into supply after the introduction of the budget. Because of the fact we have no such committee, members are naturally inclined to range over a wide field. They do not know when they will have an opportunity of discussing any of these subjects at a later time. If they knew there was going to be an examination in the committee, and that committee reports were to be presented in regard to each of the departments, they would know that at that time they could make appropriate comments concerning any subject of general interest throughout Canada or of concern to their own constituents.

I feel sure that hon. members of this house know that in the United Kingdom, as a result of consideration of procedure in the house, they have avoided these two general debates which range over such a wide field. There is a general debate, not covering the extended period which it does here, on the motion

to approve the speech from the throne. But there is no general debate of a similar nature at the time the budget is introduced. The debate on the budget is a debate on that particular subject, and also on the subsequent bills that are introduced—which, I may say, are now before the House of Commons at Westminster.

I have only touched on some of the subjects that have been raised and some of the arguments that have been put forward, some of which have been put forward with even greater vigour by members on the other side of the house. I have sought to avoid anything of a controversial nature relating to any comments I may have made on other occasions during this session in regard to procedure, because I am presenting this motion in the earnest hope that it will be adopted. I hope that the earlier arguments from all parts of the house will be accepted at this time, and that we can have an examination of the procedure of this house, consistent with complete freedom of debate, to devise a method that will assure the more expeditious dispatch of the public business of Canada.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government, and I am sure most members, if not all members of the house, welcome at least the substance of the amendment moved by the leader of the opposition (Mr. Drew). Before declaring expressly that we should be glad to accept it, I should like to see the exact language that is used. The substance, however, is one which we welcome, and which I believe the whole house will welcome. I am taking it for granted that the leader of the opposition and the members of his party are making this suggestion in an earnest desire to bring about improvements in the manner in which the business of the house can be conducted, to the end that sufficient opportunity for careful consideration may be provided, but also that repetitions may be avoided of anything that might consume time without producing really beneficial results for the country at large.

I believe, in view of the announcement I made the other day, that this would be an opportune time to have a select committee to consider with Mr. Speaker the procedure, and to study all the suggestions that from time to time have been made in the house. The committee perhaps might not have its report ready for the opening days of the next session, but I think that during the next session, because of the fact it will be a session in which we shall ask the house to give priority to government business so that we may clean up the arrears and start with a fresh slate in 1952, we could perhaps resolve to adopt as an experiment some of these suggestions for the duration of the session. The experience we would gain might help the committee come to some conclusions for more permanent changes.

There has been, for instance, the suggestion that each day there be an uninterrupted sitting that would end around seven o'clock in the evening. We might possibly accept the suggestion that we start at one o'clock or two o'clock. Even if we started at two o'clock we would be losing only two hours of the normal week under the present rules, because there are four days when we sit for six hours, and there is one day when we sit for three hours. If we had five days when we sat five hours, it would make twenty-five hours instead of twenty-seven. If we accepted the suggestion made the other day by the hon. member for Eglinton (Mr. Fleming) to commence sittings at one o'clock, we would really be increasing the normal number of hours in the week, because we would have five days of six hours each, or thirty hours instead of twenty-seven. That is something to which consideration can be given.

With respect to the suggestion made about committees on estimates I would be happy, as I am sure would a large number of members in the house, if we could adopt a procedure that would function as does the procedure that has been adopted at Westminster. Hon. members realize, of course, that at Westminster there is a limitation on debate, and that a relatively short time is allotted for the consideration of estimates in their committee of the whole after the estimates have been considered in the committee on estimates. The committee on estimates does not attempt to range over the whole field of the estimates, but rather picks out one department or more and goes carefully into the estimates of that one department or more, the choice being made by the opposition. I think that procedure might be quite acceptable, and could at least be tried out here.

As to a committee on defence expenditures, we did not think that during this session such a committee would provide useful results, because the defence department and the defence production department are just getting under way and are obliged to devote a great deal of time to organizing. We know that, during the last war, the war expenditures committee was extremely helpful to the government as well as to the country; because I think that it is essential, in order to have support from the public, that there be such inquiries and such checking as do satisfy the public that their money is being properly expended. That procedure is of value to the

very existence of democratic institutions. On all those matters, if, without it being looked upon as too restrictive of the rights of members, we could accept the kind of arrangement that it has been found possible to carry out at Westminster, I think it would be highly desirable.

I have now had an opportunity of reading the language of the motion submitted by the leader of the opposition. I take it that the leader of the opposition does not intend this motion as one of no confidence in the government.

Mr. Drew: Oh, no.

Mr. St. Laurent: I take it that he intends it merely as an expression of the opinion of the members that there is room for improvement in our rules.

Mr. Drew: Just so that it will be a matter of record, may I say that I sought to convey that understanding. I sought to convey that it is not intended as a motion of non-confidence. It was for that very reason that I carefully refrained from anything that could be regarded as critical of discussion during this present session. I rather sought to place it upon the ground of reason and of argument, supported by the arguments which had been made over the years on this very subject.

Mr. St. Laurent: I am glad that the leader of the opposition wished to have that statement appear on the record. I take it, as I think we all do, it is merely that this opportunity is being used for the expression of the views of members of parliament on the possibility of improving our procedure. I know that there are precedents which indicate that after an amendment to a motion to go into committee of supply has been accepted by the house, a motion to set up the committee is then necessary, and, after that, a motion that the Speaker do now leave the chair, which is the usual motion on going into committee of supply. It is a new motion after an amendment has been carried.

Mr. Knowles: Citation 489, Beauchesne's second edition.

Mr. St. Laurent: "Now" is a new period of time. It may very well be that the house, though not prepared to accept the motion that was made three-quarters of an hour ago, and wishing to use it as an opportunity for expressing some specific views, would be prepared a little later on to accept another motion relating to another period of time.

In order to do something realistic about this matter, I think that consideration might be given to setting up, as we did in connection with the amplification system for the house, a small striking committee that would confer with Mr. Speaker to select the working committee that would then consider with him the suggestions that might be made with respect to changes in the rules. I should be happy indeed to see this amendment adopted, on the understanding that it is an expression of the views of the house; and if it is adopted, I shall then be glad to suggest—if that course seems to meet with the approval of the house—that we set up perhaps the same small striking committee we had with respect to the amplification system, to consider and to recommend a list of members to make up this select committee to co-operate with Mr. Speaker and suggest any changes that may be desirable in the rules.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think this amendment moved by the leader of the opposition (Mr. Drew) serves a useful purpose. We have had motions and amendments of a similar kind over the years since I have been here, and we have not yet accomplished what the leader of the opposition, and I am sure, other members of the house, wish to accomplish, namely, a revision of the procedures and methods of doing business in this house so that we can deal with matters more intelligently and more expeditiously.

I do not know whether we could adopt somewhat the same procedure as is followed in the mother of parliaments. With their long experience a procedure has been worked out which has, of course, the effect of largely limiting the right of the private member to participate in debates. We have never done that here. But the suggestion that a small striking committee be established to choose a committee to assist Mr. Speaker in a revision of the rules of the house, or in the consideration of a revision of the rules, is indeed a useful one, in my opinion; and I think that it should be put into effect.

I do not think that anyone wants to consider this matter as one of confidence or non-confidence. We are all interested in seeing that the business of the house is conducted efficiently, and, as far as possible, expeditiously. If this committee is to be set up to consider revision of the rules, I think that some consideration might be given to going over the citations and rulings in the various volumes we have; because some of them are conflicting; sometimes they lead us into difficulties on procedural matters, and a good deal of the time of the house is occupied in procedural discussion.

I am happy to hear both the Leader of the Opposition and the Prime Minister (Mr. St. Laurent) speak as they have spoken; and I can assure them that I thoroughly agree that

the time has come when a committee might discuss with Mr. Speaker the procedures and rules of the house. When the report is brought into the house, I hope that a better fate will befall it than that which has befallen similar reports in years past.

Mr. Solon E. Low (Peace River): I hesitate to attempt to speak today, because I may have difficulty in making myself understood.

Mr. Knowles: We are glad you are back.

Mr. Low: I feel I should say just a word about the amendment that has been moved by the leader of the opposition (Mr. Drew). I was on the committee which was set up in 1948 for the purpose of revising the rules of the house, along with the hon. member for Peel (Mr. Graydon) and the hon. member for Winnipeg North Centre (Mr. Knowles). We discussed at that time a considerable number of suggestions for streamlining the rules of the house and making it possible for us to get through the business with more dispatch. At that time, however, we did not bring back any recommendations to the house, because it was felt that we had not had enough time to go right into a study of the important things that should be done.

I have given a good deal of thought to the matter since that time, and it seems to me that there are five or six important things that we could do, and because there are these five or six important things that we could do to shorten the time of the session I feel like supporting the amendment that has been moved today.

I shall mention briefly what I do think. My own feeling is that we should give consideration first to some organization for setting a time limit on the major debates. The debate on the speech from the throne and the budget debate could be shortened considerably by agreement, by some form of organization that will indicate in advance the time when the vote will be taken. I understand that is done in Britain, and it has been quite successful. It might be tried here.

Consideration should be given to cutting down the time limit on speeches. I do think that if we could cut them to say thirty minutes it might induce some people to do a little more terminable thinking. Unfortunately, not all of us have had training in organization, and too many people fail to go straight to the heart of the problem in their thinking and their speaking, with the result that they go round and round, repetition becomes the order, and we do not get to the point where we can terminate anything at all.

I have always heard that it takes at least three hours to prepare carefully a five-minute speech, and that the longer the speech the shorter the time for preparation. That seems to be the case, all right, and some of the long speeches that we hear in this house would indicate that people had taken very little time to prepare them. If we had had a rule limiting the duration of a speech to thirty minutes we might do a little more preparing and more careful thinking.

I think we could consider too, Mr. Speaker, programming the work of the house for at least two weeks ahead, or possibly something in the nature of that time—ten days to two weeks; this would help the members to know what is coming up so that they could get ready for the debates and be thoroughly prepared. As I have already indicated, thorough preparation would do more to reduce the length of sittings than almost anything else.

Instead of having questions on the orders of the day every day we might consider setting an hour once or twice a week during which members might ask questions of the ministry, and, when that hour is up, go ahead with the regular business of the house whether the questions are finished or not.

Then we might consider a more orderly widespread use of committees to study the estimates. I think we have had quite unusual success in this respect in the external affairs committee. I ask hon. members to note that when these estimates are brought back into the house they will be passed with much more dispatch than almost any estimates that will be brought before us this year, simply because a complete and thorough discussion of them has taken place in the committee. Members of the committee have been perfectly satisfied, or at least they have satisfied themselves, about the proposals for expenditures. They have all the information they want, and when these estimates come back into the house, hon. members will find they will go through much more smoothly and quickly.

These are things that have been in my mind, Mr. Speaker, and I should like to see this committee set up. I should like to see it directed to get to work as soon as possible, with a view to doing the things I have suggested, plus a great many of those the hon. member for Rosetown-Biggar (Mr. Coldwell) and the leader of the opposition (Mr. Drew) have suggested. I support the amendment.

Mr. Gordon Graydon (Peel): I should like to say a word in connection with this amendment, because, with the members who have spoken, I have been working through the years to try to see if we could not do something toward streamlining the work of the House of Commons. It is not a very easy

job or a simple task. We must approach it with that idea in mind, because to speak of general principles is one thing, and to get down to details and to try to get all hon. members to agree is another. But that should not hinder us from making a very earnest and concentrated effort to see if it cannot be done at this time.

I want only to say this. There are three matters in which many of us have been interested in connection with committee work. One is of course the question of the hours of sitting of the house. I would not like to see the house reduce the number of hours of sitting. If we are to have a change, perhaps we might increase them, but make them more convenient for the members. I should think that sittings from one to seven, which I have suggested for many years, might be adopted by the house. It would be a sensible arrangement. It would increase the hours of sitting, but it would increase the convenience of hon. members immensely. It would leave the evenings open for committee meetings, if that were necessary, and it would not interfere with morning committee meetings.

On the question of the length of speeches, I do not know whether that is as serious an issue as I once believed it was. On the other hand it does seem to me that a thirty-minute limit might readily be put on private members generally without affecting their contribution, or affecting prejudicially the work of parliament itself. At one time I suggested twenty minutes, and I am not so sure that I would not be prepared to support and substantiate that position even at this time, because if hon. members would only try to see what can be done in twenty minutes it might be a very good contribution.

On the other hand, what strikes me forcibly is this. When I came into the house some fifteen years ago we had just $500 million of estimates to consider. That is all we spent. A number of hon. members who were here at that time will recall that I thought that was a scandalous amount of money for the Dominion of Canada to be spending. But you see what has happened in the years since. We have increased that to seven times what it was in 1936, and that has its reflection on the length of the sitting of parliament. Moreover, it has an important bearing upon what we do with respect to trying to fit that immense increase of work into our general day-to-day activities. I believe that those who sit on the committee should consider working out a scheme under which general policy would be discussed and decided in this chamber, in the presence of all hon. members; then, the mass of detail should be taken out of the chamber, so far as possible, and placed before committees.

As I said before, it is easy to speak in generalities. Nevertheless it is my view that that is one principle which should be followed. If I had any way of doing it I would tear out the present committee structure, because I think it is antiquated. What was good fifty years ago might not necessarily be good now. I would prefer to see the committee structure changed so that it would relate more closely to the various fields over which ministers of the crown have jurisdiction. In this way, when the estimates of a certain department were brought forward we could send them to the appropriate committee and, so far as detail is concerned, have them dealt with there. However, we would never allow matters of policy to leave this chamber.

This procedure I believe would be of great help, because then we would work in the House of Commons in a discussion of only broad policy, the detail to be discussed in committees. Wherever policy arose, it could be brought back to the House of Commons. Not only would this help tremendously in streamlining our work and materially shortening our sessions, but it would not leave such a heavy load upon those hon. members who take an active part in the work of the session. In addition, it has the distinct advantage of utilizing the vast capacity of the backbenchers, the private members. After all, it is my view that each member should bear his or her fair share of the load of legislation. I realize that it cannot be done on a basis of absolute equality, but we should try to approach that degree of equality so that each member, no matter where he or she may sit, would have a responsibility. I know when I say this that private members are anxious and eager to assume responsibility.

May I conclude by making a suggestion to the Prime Minister. I know, as I am sure he knows, that these suggestions have a habit of dragging along, session after session, with nothing being done about them. This time, when we are unanimous in wanting to do something, let us get the pilot committee started before the end of the present session. I suggest to the Prime Minister that on the first operating day of the fall session, which, I understand, would be the second day, unanimous consent should be sought to set up the committee, with the understanding that within two weeks it report to parliament as to the progress it has made. I should think that within three weeks a recommendation could be made to the house. Then, with such a recommendation before us, let us by way of trial and error, by way of

experiment, put into operation for the balance of that session some of those major recommendations made by the committee, so that we may see how they work. If they work well, let us make them permanent. If they do not work well, we can take out those parts which are not found suitable.

I make these suggestions in what I hope has been a constructive way, because no one is more anxious than I am that we make an honest effort to place parliament in a position to handle its business in a modern and efficient manner.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, as the fifth and only remaining member of the committee which met with your predecessor in 1946, I should like to say a word about the timeliness of the proposal made by the leader of the opposition (Mr. Drew). Only last night I was discussing with some of my colleagues a memorandum on this very subject. I believe I am correct when I say that in that memorandum there appeared every one of the suggestions thus far advanced by hon. members of various parties during the course of the discussion this morning.

It must be in the minds of all of us that the difficulty of reforming procedure lies not in the will of the house, not in the will of any party, or in the support we would receive from public opinion; because we realize that we are all of one mind in wishing to do something about the present conditions. Certainly the public would like to see us do something about it. The difficulty, however, is a genuine one, in that we would be changing things which have been in existence for a long time, and which, however badly they worked, still worked; and which, if we changed them, would almost certainly run counter to the views or interests, as they see them, of one group or another, or of individuals. The reason for this was made clear by the hon. member for Rosetown-Biggar (Mr. Coldwell). If we were to adopt the practice as well as the rules of the parliament at Westminster today hon. members would be astonished at the curtailment of their rights and liberties—because at Westminster they have very few indeed.

I am sure, however, that without going too far we could make some progress. The greatest single thing we could do, without, I am sure, any dissent, would be to arrive at some kind of timetable with respect to major debates. This would enable us to achieve the objective of the leader of the Social Credit party (Mr. Low), that of being able to announce a program at least a week if not weeks in advance. Because if, as they do at Westminster, we could rely upon having a debate on the address last six or seven days, and no more, then we could say that on the eighth day we would proceed with a definite item of business. Similarly, if twenty-three days were allocated to the discussion of estimates, as obtains at Westminster, then we could say that we would have two days to discuss external affairs, one day for agriculture, and so on, with the opposition groups indicating their preference as to the time to be taken.

That of course would require rationing, as well as a timetable. It would require acquiescence and agreement. It would also require —and I am sure this will be appreciated—a good deal of sensible and constructive leadership on the part of the house leader, which I believe we have, and a great measure of wisdom on the part of Mr. Speaker, of which there can be no doubt; with this it should be possible to have this constructive and desirable suggestion undertaken with all possible haste and with a real sense of fairness which would enable all of us to do in a better way the important job we are here to do.

Mr. J. H. Harris (Danforth): Mr. Speaker, I should like to place on record my approval of the suggestion made, and I am happy to learn that the Prime Minister (Mr. St. Laurent) and the government are taking it into consideration. My endorsement of the proposal is based upon an experience extending over some time in the House of Commons—at least for a year or two, anyway.

It is my opinion, sir, that members of the house should have some other vocations from which they draw their bread and butter, their daily sustenance, rather than having to rely wholly upon their being members of parliament. For this reason I am opposed to two sessions a year; I do not like that idea at all. I prefer to see members of the House of Commons conducting their private business affairs in such a way as to make it unnecessary for them to have to depend upon their membership in the house for a living. I hope that that condition will continue. Do not let us revert to making this an assembly of men and women who live on their indemnities. I hope that the shortening of the session, which is in the back of the minds of all of us in discussing this particular motion, will be such that we shall be able to get through the business of the house with one session in a year instead of two.

Perhaps that may seem unkind to many men and women who are here, but it is the way I feel about it. I hope that hon. members will appreciate that I am just speaking from the bottom of my heart as a private

member. I hope that these changes in the rules and regulations will be such as to allow the members to get back to the private business from which they derive their daily bread and butter.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, when this committee is set up I hope that one of its recommendations will be that members can get answers to questions. Going back over the last three years I can think of one question in particular that I have put to cabinet ministers and their assistants, but to which I have received no answer. During the debates in the house in connection with margarine I endeavoured on three or four occasions to obtain details as to the ingredients in a pound of margarine and what they would cost. For the last three years I have continued to ask that question on behalf of the farmers I represent, and I have not yet been able to get that information. If cabinet ministers and their assistants were prepared to answer questions, then we would be able to carry on much more efficiently. Only yesterday I tried to get a cabinet minister to answer an honest question; and I hope that when this committee makes its representations, one of them will be to the effect that we can have questions answered in an intelligent manner.

Amendment (Mr. Drew) agreed to.

Hon. Alphonse Fournier (Minister of Public Works): I move that this house do immediately resolve itself into committee of supply.

Motion agreed to.

Mr. Fournier (Hull): I move that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of supply.

FREIGHT RATES—REPORT OF ROYAL COMMISSION ON TRANSPORTATION—AMENDMENT, MR. ARGUE

Mr. H. R. Argue (Assiniboia): Mr. Speaker, before you put the motion there is a matter I wish to raise which I suggest is of extreme importance to most sections of Canada. I am concerned at this time with the apparent delay in implementing the recommendations of the royal commission on transportation, and I should like to point out the bad results which may follow, affecting, as they will, at least eight of the ten provinces.

The report of the royal commission was submitted to the government on February 9. During a discussion in the house on the report on April 5 the Minister of Transport (Mr. Chevrier) said that an interdepartmental committee had been set up to work out the amendments which would be presented to parliament implementing the main recommendations of the report. On April 24, and again on May 11, I asked the Minister of Transport on the orders of the day whether those amendments would be presented during the present session, and his answer was "I hope so."

On June 4 we had a statement by the Prime Minister (Mr. St. Laurent) outlining the government's intentions in reference to this report. As I understand it, the bill dealing with the implementation of this report will not be presented to parliament until the fall session. When it is presented to parliament a committee will be set up which will hear representations from interested parties. After that committee has listened to many representations over a long period of time something may be done toward implementing the report.

I want to point out to the house and to the government that while this delay is continuing, the railroads have applied for a five per cent increase and a further fifteen per cent increase in freight rates. In other words, before any action is taken by this parliament to bring about an equalization of freight rates we are likely to be faced with further large horizontal increases in existing freight rates. Since 1948 there have been four separate horizontal increases in freight rates totalling forty-five per cent. If the present applications for two separate increases are agreed to they will result in a horizontal increase since 1948 of some seventy-four per cent. In other words, the questions which the royal commission was to solve are likely to be further aggravated.

Mr. Speaker: I understand the hon. member is now discussing an application which is before the board of transport commissioners. That is a court of record and it has been ruled in the house on previous occasions that matters before the board of transport commissioners cannot be discussed in the house.

Mr. Argue: I realize that, Mr. Speaker, and I shall bow to your ruling. I referred to what was before the board of transport commissioners only to point out the great necessity of this government doing something soon toward implementing the recommendations of the royal commission on transportation.

There is another matter about which I wish to protest, and this is not the subject of an application to the board of transport commissioners. It is that the general inquiry into freight rates has once again been postponed. This general inquiry was first initiated as a result of an order in council passed by the

government on April 7, 1948. According to the report of the royal commission on transportation, that general freight rates inquiry must be proceeded with and completed before equalization can take place. I should like to read recommendation No. 5, appearing on page 125 of the report of the commission, as follows:

> The objective of equalization is something which can only be attained after considerable study by the board and by the railways. Undoubtedly many serious problems are involved, for example the effect that the proposals may have on railway revenues, on established industries and on trade and market patterns. All of these things are matters of the utmost importance. Having regard to the large number of rate changes which will be involved, the problem is one peculiarly for the board to resolve finally after the general freight rate investigation and after all parties who may be affected by the proposals have had an opportunity of being heard.

In other words, according to the main part of the report of the royal commission, equalization can be brought about only after the completion of the general inquiry. At the present time the general freight rates inquiry has apparently been postponed indefinitely. In answer to a question put by the hon. member for Vancouver-Quadra (Mr. Green), the Minister of Transport (Mr. Chevrier) said, as recorded at page 3028 of *Hansard*:

> I saw in the press report this morning that the board of transport commissioners had adjourned until September 10 its general investigation into freight rates. I do not know what the reasons are, other than those which I saw reported. I presume that the railways and the other parties concerned were not prepared to submit evidence until such time as the legislation concerning equalization had been studied by the house.

If the Minister of Transport is right as to the reason he gave for the postponement of the general freight rates inquiry, then presumably the board will have to postpone the inquiry to a date later than September 10, because the fall session will not start until the first part of October, and the Prime Minister (Mr. St. Laurent) has already said that before the house decides on what we are going to do with the legislation a committee of the house will be set up to hear representations by the parties concerned. In other words, we do not appear to be any nearer the solution of this perennial problem of discriminating freight rates than we were on April 7, 1948, when the government ordered a general inquiry.

During the period that the royal commission was considering its report and hearing evidence, we had three separate horizontal increases in freight rates. As the government has decided not to implement the report immediately it of course follows that the government has left the door open for further increases in freight rates. If we are to have our freight rates equalized so that the people of all provinces of Canada will be treated equitably, then the only way that can be done is for the government to implement the recommendations of the royal commission on transportation, and then for the board of transport commissioners not to postpone but to continue its general inquiry into freight rates which the royal commission says will be necessary before equalization can take place. For that reason I wish to move in amendment, seconded by the hon. member for Melfort (Mr. Wright):

> That all the words after the word "That" to the end of the question be struck out and that the following words be substituted therefor:
>
> "in the opinion of this house no further increases in freight rates should become effective prior to consideration by parliament of the government's proposed legislation arising out of the report of the royal commission on transportation."

I might say that the wording of the amendment is based upon the provisions of section 52 of the Railway Act, which allows the governor in council to amend or postpone the coming into effect of increases in freight rates. If the amendment were passed, all it would do would be to guarantee to people residing in eight of the provinces of Canada that there would be no further increases in discriminatory freight rates until such time as parliament had dealt with the royal commission report and the legislation based thereon.

I suggest that this is a reasonable request. I suggest it is the very least that the government should be prepared to do at this time. In looking over the revenue picture of the railway companies, I would say that there is no immediate need for the government to oppose this amendment. The railway companies certainly are in a good financial position at the present time and would not suffer if such an amendment were supported by the government. The latest report of the dominion bureau of statistics for May 30 has this to say about railway operating revenues in Canada:

> Operating revenues of Canadian railways in February this year totalled $76,545,419—a new peak for the month—as compared with $65,724,122 in the same month last year. Operating expenses rose to $72,084,579 from $64,854,156 a year ago, while operating income, which had shown a loss of $1,486,997 in February last year, rose to a credit of $258,037, the first for the month since 1946.

In other words, the position of the railways in February of this year was better than their position in February of any previous year as far back as 1946. Therefore I say again that the adoption of this amendment by the government would not in any way jeopardize the financial position of the railways, but at the same time it would guarantee

to the people in eight of the Canadian provinces that there would be no further increase in discriminatory freight rates until such time as the legislation based on the report of the royal commission had been passed by parliament.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Speaker: Order. Just before the house rose at noon, the hon. member for Assiniboia (Mr. Argue) moved an amendment which reads as follows:

That all the words after the word "that" to the end of the question be struck out and that the following words be substituted therefor:

"in the opinion of this house no further increases in freight rates should become effective prior to consideration by parliament of the government's proposed legislation arising out of the report of the royal commission on transportation."

When the hon. member for Assiniboia was speaking I referred to the fact that an application for an increase in freight rates was pending before the board of transport commissioners, and I ruled that the subject could not be discussed in this house while an application was before the board.

Mr. M. J. Coldwell (Rosetown-Biggar): May I just say a word, Mr. Speaker, before you make a definite ruling? If you will read the amendment carefully, as I have no doubt you have, you will note that it reads in part:

"in the opinion of this house no further increases in freight rates should become effective prior to consideration by parliament of the government's proposed legislation arising out of the report of the royal commission on transportation."

It does not refer to any application now before the board, but merely anticipates that applications may be placed before the board, not only the one which the newspapers say is now before the board but others, before parliament has had an opportunity of considering the report of the royal commission on transportation.

The governor general in council has the power, under the Railway Act, to oppose the coming into effect of any recommendation of the board. What we have in mind is that since we know, from what the Minister of Transport (Mr. Chevrier), the Prime Minister (Mr. St. Laurent) and others on the government benches have said, that legislation is to be introduced into this parliament soon, probably at the special session in the autumn, we ask, not that the board of transport commissioners shall not make a recommendation but that, if the board does make a recommendation on any application that may be before the board, such decision shall not become effective until parliament has had an opportunity of studying the legislation which the government proposes to bring down. We hope this legislation will remove some of the discrimination that is now implicit in any increase in rates that may be permitted because of an application by the railways.

I believe, Mr. Speaker, that the manner in which this amendment is worded does not refer to any specific application before the board of railway commissioners but is general in its character, and simply requests that the government do not permit any increases to become effective—the government having the power to prevent that—until such time as parliament has an opportunity of considering the proposed legislation which will arise out of the report of the royal commission on transportation.

Hon. Lionel Chevrier (Minister of Transport): May I be allowed to speak to the point? The leader of the C.C.F. party (Mr. Coldwell) is simply explaining the effect of the amendment, which to my mind is clearly out of order. The explanation which he has made of it does not at all strengthen the legality of the amendment. My reason for saying that is twofold. First, I have in my hand an application made by the Railway Association of Canada, dated December 21, 1950, for an increase in freight rates of something in the neighbourhood of five per cent. That application was heard but the decision has not yet been rendered. Therefore, this application is still pending. I have before me also an additional application made to the board on April 23, 1951, for an increase in freight rates dependent upon the forty-hour week which is to become effective soon.

Mr. Knowles: It is already in effect.

Mr. Chevrier: That is right, it became effective on June 1. This matter is now squarely before the board of transport commissioners, and I believe the hearings were begun today. There can be no doubt but that these two applications are *sub judice* and should not be discussed.

This amendment reads as follows:

"in the opinion of this house no further increases in freight rates should become effective prior to consideration by parliament of the government's proposed legislation arising out of the report of the royal commission on transportation."

These two applications are requests for further increases. The leader of the C.C.F. party says "Oh well, that is not before the board and all we want is to prohibit the effective date of the decision until after parliament has dealt with the recommendations of the royal commission". That is exactly the point. It is unconstitutional because it is an interference with the rights

of a court of record. My hon. friends might just as well say that a judgment of the Supreme Court of Canada should not be made effective because of amendments which the Minister of Justice (Mr. Garson) wishes to introduce. I believe that the house would agree that would be entirely out of order. The board of transport commissioners is a court of record. If we were to adopt this amendment, we would be interfering with the right of the board of transport commissioners to make increases effective on a certain date. As a matter of fact, the board might decide against the increase altogether, and this motion would be superfluous.

I, therefore, hold to the practice which has always been approved, that matters which are *sub judice* should not be discussed. I submit with deference that this amendment is entirely out of order.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the Minister of Transport (Mr. Chevrier) has had something to say about the effect of this amendment being to interfere with the right of the board of transport commissioners to put into effect any change in rates that might be decided upon. In reply, may I say that section 52 of the Railway Act gives to the governor in council the undoubted right to interfere along those lines. What my colleague the hon. member for Assiniboia (Mr. Argue) is asking in this amendment is that parliament give a directive not to the board of transport commissioners but to the government, bearing in mind the authority that the governor in council has under section 52 of the Railway Act. I submit that the point of distinction that is to be made is that the amendment as worded is not directed toward the board of transport commissioners in any way. It is not an amendment which says that the board of transport commissioners should not approve an application. It is rather an amendment which expresses an opinion of this house as to what the government should do.

May I also draw to Your Honour's attention the fact that back four or five years ago when there was before the board of transport commissioners an application for one of these increases—I believe it was the 22 per cent increase—an attempt was made in this house to discuss the question. The ruling of that day was that that specific application for a 22 per cent increase could not be discussed; but hon. members—and I recall in particular Mr. Walter Tucker among others who were here at the time, as well as members on this side of the house—were permitted to discuss the general question as to whether or not there should be any increase in freight rates. The hon. member for Assiniboia, in drafting his amendment, has clearly stayed away from the specific application that is now before the board of transport commissioners. In fact, when he says "no further increases" he is referring to some that might be made later and is simply asking that this parliament express its opinion to the government.

The other point I should like to make is this, Mr. Speaker. Surely there should be some way in which parliament, the highest court of this land, can discuss a matter as important as that of railway freight rates. Yet, as things have been going, applications to the board of transport commissioners for increases in freight rates are perennial. The railways are always over there before the board. The result is that the strict application of the rule, as has been suggested, would mean that parliament is practically precluded from discussing this important matter. I submit that that fact must be taken into consideration. I agree that parliament is confronted with the obligation not to discuss any application that is there. But I do think that parliament should be able to discuss in general terms the question of whether or not there should be any increases in freight rates.

I repeat, Mr. Speaker, that what this amendment is doing is not to express any opinion on what the board of transport commissioners is doing or is not doing. What the opinion of this parliament as to what this amendment seeks to do is to express the government should do; and it asks that the government should not allow any increase to become effective prior to the time that parliament considers legislation arising out of the report of the Turgeon commission. I believe the amendment is in order.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I think that the point that is raised by this proposed amendment does not produce the result that is suggested by the hon. member who has just spoken. It is all very well to say that this is simply an instruction to the government; but the fact is that the hon. member has indicated that the purpose of the motion is to express the view that a certain decision shall be reached by this house. This parliament, in its collective judgment, has set up a board of transport commissioners. That board of transport commissioners is set up for the purpose of determining freight rates and other matters of that kind. I have contended in the past, and shall contend at the time that this subject is before the house, that what we want is a more flexible and a more continuously-operating board of transport commissioners. Certainly I would very much regret to see any practice develop

which had the effect of slowing down rather than expediting the proceedings of the board of transport commissioners. We may or may not agree with them, but that is the vehicle we have provided to deal with a matter of this kind; and I do not think that parliament should provide what actually amounts to an alternative method. For that reason I shall oppose the motion.

Mr. Speaker: The purpose of the amendment has been clearly placed before the house by the hon. members who have spoken. The hon. member for Rosetown-Biggar (Mr. Coldwell) has explained that the purpose of the amendment is to present the view of parliament to the government in a general way, and not referring specifically to any application which is before the board of transport commissioners. The Minister of Transport (Mr. Chevrier) has pointed out that there is an application pending before the board of transport commissioners and that, in his opinion, this amendment must in some way refer to that application. The hon. member for Winnipeg North Centre (Mr. Knowles) has said that this amendment does not directly relate to the present application before the board but that it refers to increases which may from time to time be approved by the board. I would think that if it refers to increases from time to time, it would necessarily include the present application for increase. It is therefore difficult for me to see how the present application for an increase can be divorced from the words of the amendment.

The hon. member for Winnipeg North Centre has stated that he thinks there should be some method whereby parliament can discuss freight rates and other matters when they are before the board. That may or may not be advisable. A number of members may or may not agree with him. That matter, however, is not one which the Speaker can decide. That is a matter which parliament must decide if it feels inclined to do so. There is a citation in May's Parliamentary Practice, fourteenth edition, at page 430, which reads as follows:

> Matters awaiting the adjudication of a court of law should not be brought forward in debate.

Then in Beauchesne's third edition, citation 246 (c), it is stated:

> . . . it has been sanctioned by usage both in England and in Canada, that a member while speaking, must not:
>
> (c) refer to any matter on which a judicial decision is pending.

The leader of the opposition (Mr. Drew) has stated that a decision on freight rates is pending before the board of transport commissioners. He has certain views regarding the functions and powers of the board; but again that is a matter which parliament must decide. He has, however, expressed the opinion that the matter of freight rates is before the board and I think he would go so far as to say that the application cannot be separated entirely from the amendment.

I realize the importance of this matter and I sympathize with hon. members who would like to discuss this motion with respect to freight rates at this time. However, I am bound by the rules of parliament. It has been held that any matters before the board for discussion are *sub judice,* and cannot be debated in this house until a decision has been reached. I refer hon. members to the Journals of the Canadian House of Commons of 1923 at page 268, and *Hansard* of March 5, 1947, at pages 1051 and 1052. May I also refer to a ruling which I made when I had the honour of being Deputy Speaker of this house. In fact that is the reference of March 5, 1947. At that time I ruled "that any matter which is before the board for decision is a judicial proceeding within the meaning of the ruling which prohibits debating in this house matters which are *sub judice.* It is thus unnecessary for me to consider whether the process by which the board will reach its decision is administrative, quasi-judicial or otherwise. This question would be of vital importance only if the tribunal making the decision had not been designated a court of law by parliament".

I realize that the amendment which is now before the house is in general terms. Nevertheless I cannot see how the amendment could be adopted without referring to the application for an increase in freight rates which is at present before the board. In my opinion, this amendment, if carried, would inevitably have an effect upon the present adjudication. This is one of the reasons why the rule has been put into effect. In view of the foregoing, I can only conclude that the present amendment is out of order in that it would be bound to affect the adjudication by a body designated by parliament as a court of record in an issue which is now pending before it, which is contrary to the rule which prohibits discussion of any issue which is *sub judice.*

Is the house ready for the question?

HARRY ALLEN READ

Mr. J. H. Blackmore (Lethbridge): I rise to voice a grievance. My grievance has to do with a southern Alberta boy who entered His Majesty's armed forces of Canada during world war II. The name of this boy is Harry

Allen Read. He joined the R.C.A.F. as R-77867 and served his country well, rising in the ranks to become a warrant officer. He was chosen to form a part of the force making the very important attack upon Peenemunde on the night of August 17, 1943, an attack the success of which is believed by many to have changed the whole course of world war II.

Warrant Officer Read at present resides at 66 west 17th avenue, Vancouver, British Columbia.

I am informed by trustworthy authority that W/O Read comes of one of the best of families in Medicine Hat, Alberta. The family is a very wholesome, reliable one, and made their way by hard honest effort. They have never sought to get something for nothing, since they have been known in the area where they reside. The father was a railroader, and remained such until he was honourably retired. A sister won distinction as a trained nurse. Allen was a good, reliable boy and was successful in school. He had a splendid military record.

Before proceeding with this case may I hasten to state that the treatment of veterans generally at the close of world war II has been, in my opinion, incomparably superior to anything accorded the veterans of world war I. Whenever I have had any dealing with officials of the Department of Veterans Affairs I have found them interested, sympathetic, efficient and effective, manifesting diligence in following up to see that veterans are established with the best possible chance of making good.

The present Minister of Veterans Affairs will no doubt desire to improve conditions with sincerity of purpose, as did his immediate predecessor in office. The present minister will, I know, desire to eliminate, as far as may be, all possibility of miscarriage of justice to Canada's veterans. It is with the object of strengthening his hand in all his efforts to combat any forces or influences moving to curtail benefits to veterans, that I bring to the minister's attention the case of W/O Read.

My grievance is, that W/O H. A. Read appears to have been made the victim of a most regrettable miscarriage of justice involving (1) permanent injury to health and strength, with serious physical deformity; (2) constant and often severe pain; (3) gross indignities; and (4) mental torture; and that, moreover, it appears that the government has thus far neglected to provide W/O Read with financial compensation appropriate to the bare necessities of the situation.

[Mr. Blackmore.]

I desire to quote from an article appearing in the Medicine Hat *Daily News* of August 8, 1944. The article is entitled "Warrant Officer Allen Read portrays panorama of Sweden." I quote two short passages:

> . . . Warrant Officer Allen Read, who returned to his home Sunday after being interned for six and a half months in that country.
>
> W.O. Read's plane was brought down over southern Sweden and the crew was forced to bail out by parachute, following which they were interned at Falun, Sweden.

And again:

> W.O. Read will spend one month's furlough here before returning to Ottawa where he will receive medical attention for a spine injury received when he came down. He hopes to return to active service.

I cite these two quotations as an indication of the general soundness of the position which I feel called upon to take with respect to the treatment of Warrant Officer Read.

I now desire to read an excerpt from a letter from Mr. A. L. Smith, the former member for Calgary West, whom we all remember. This letter was written on March 1, 1951. It is written to Harry Read. I quote the following excerpt:

> As far as I am concerned you have been treated abominably and without your consent I am immediately sending this letter to Mr. John Blackmore, M.P. for Lethbridge. I do this because I think his son was with you in the ill-fated expedition and has since been killed, and Blackmore and I discussed your problem on numerous occasions.

The letter is signed by A. L. Smith. It will help to show that my complaint is not without at least considerable justification.

I now desire to read a letter from Mr. A. L. Smith to myself, dated March 1, 1951:

> John Blackmore, Esq., M.P.,
> House of Commons,
> Ottawa, Ontario.
>
> My dear John:
>
> I am enclosing herewith letters from this young chap Read, whose case I discussed with you on more than one occasion. I really do think this is a case where the D.V.A. should take some special action.
>
> However, I am leaving the matter in your hands, as you will see by the copy of letter that I have written to young Read.
>
> Yours truly,
>
> A. L. Smith

To set the record straight, it may be wise to give a brief explanation of the reference to my own son. My son, Winston W. Blackmore, referred to in the letter, piloted a bomber in the raid on Peenemunde, Germany, in which raid W/O Read also piloted a bomber, next to that of my son. My son gave his life in the course of the attack on Peenemunde.

It is reported to me, reliably, I believe, that W/O H. A. Read, R-77867, while flying over Sweden, bailed out at approximately

1,500 feet and, owing to the fact that the outer covering of his parachute was caught up in the shroud lines, he could not control his direction of landing, and therefore hit going backwards and rolled over four or five times.

I shall now ask the first of a series of questions:

1. What evidence can the government adduce to disprove the statements in this report?

It is reliably reported to me that after landing, W/O Read walked about four miles, with a painful leg injury, which was treated by a doctor in the small town to which he was taken, and that in full view of some one hundred curiosity seekers his bomb aimer had to assist him to rise, to sit down and to walk, and that his bomb aimer continued to help him around for a few days, after which he managed on his own. My second question is:

2. What evidence can the government adduce to disprove the statements in this report?

Again, it is reported to me, reliably, I believe, that up to March 5, 1951, never in the years before the war or since, had W/O Read been hospitalized or treated by any doctor for a fracture of any kind, or a spinal injury of any sort.

3. What evidence can the government adduce to dispute the statement in this report?

The three statements I have made thus far appear to constitute a serious arraignment of the government.

Again, it is reported to me, reliably, I believe, that W/O Read was invalided home from overseas.

4. Is this true?

5. If so, upon whose recommendation was the decision made to invalid W/O Read home?

6. And if so, upon whose diagnosis was the recommendation made?

7. And upon what evidence was based the diagnosis of W/O Read's case that resulted in the said recommendation?

May I draw to the attention of the house the fact that evidently this airman was considered unfit for service. He was invalided home. There is no evidence whatsoever that he received any effective treatment for the maladies or injuries that caused his being invalided home. If the government can produce evidence to the contrary, it would be well for it to do so. Otherwise it looks to me as though someone in the government who had to do with W/O Read has gravely offended this nation.

It is further reported to me, reliably, I believe, that after being invalided home W/O Read had to wait four months in England before there was space available on a ship, and then a further four months while awaiting posting for discharge at Ottawa, all this time suffering from a painful neck condition, and without any kind of treatment.

8. What evidence can the government adduce to disprove the statements in this report?

9. If the statements referred to in question 8 are true, who made the decisions upon which such apparent gross neglect was based?

10. Upon what principles of government policy were made those decisions referred to in question 9?

11. On what date did W/O Read first report for hospitalization after his discharge?

12. To what agency of the Department of Veterans Affairs?

13. Who was the doctor to whom W/O Read was turned over for diagnosis?

13(a). Who turned him over?

14. Was that doctor a psychiatrist?

15. If so, why should a man having had a physical injury be turned over to a psychiatrist?

Again, it is reported to me that on that occasion, as on previous occasions, no X-ray was taken of W/O Read's spine—which fact, if substantiated, is most astonishing.

16. Can the government adduce evidence to show that the statement in this report is untrue?

17. If not, how does the government explain such apparent callous neglect of ordinary common-sense precautions in dealing with a case such as that of W/O Read, who had suffered a physical injury while landing in a parachute after jumping from an aircraft fifteen hundred feet from the ground?

It is reported to me that in 1947, in Regina, W/O Read, faced with the task of caring for himself in his injured condition, as well as his wife and two little children, approached the Department of Veterans Affairs and begged for care and treatment, and some kind of assistance, but met with absolute refusal.

18. What evidence can the government adduce to disprove the statements contained in this report?

It is reported that W/O Read approached the Department of Veterans Affairs for treatment on at least three occasions in Regina, but was refused, under humiliating circumstances.

Harry Allen Read

19. What evidence can the government adduce to disprove the statements in this report?

It is reported that as late as April 15, 1951—almost seven years after his injury—although W/O Read had several weeks previously gone up to Shaughnessy hospital at Vancouver, seeking admission and treatment for his neck and back, he had been refused admittance by a certain doctor, although outpatient psychiatric treatment was available to him. If there is any truth in that report, then every member must realize that it is an absolutely astonishing situation. Here is a man afflicted with a physical injury who approaches a hospital, desiring to be admitted to treatment for that physical injury, and a psychiatrist has authority to refuse him admission to the hospital, but clears the way to give him psychiatric treatment, as an outpatient!

20. What evidence can the government adduce to disprove these statements?

It is reported to me that after many years of almost heartbreaking neglect W/O Read was finally, on May 17, 1951, admitted to Shaughnessy hospital for a spinal fusion operation, which the doctors decided to delay for some time to see if some physiotherapy might relieve the back pain.

Here is a man who has been abused for seven years and who has finally been admitted to a hospital for a spinal fusion which it would seem could have become necessary only through a serious physical injury to the spine, and which men all the way back through nearly seven years had refused to recognize, and stubbornly refused to conduct an examination of, which quite possibly would have disclosed the difficulty.

21. Does the government deny this report?

It is reported to me that, even at the late date of May 17, 1951, when W/O Read was finally admitted to Shaughnessy, he was classed as a 6A patient, thereby being denied allowances for his wife and children.

22. Does the government question the truthfulness of this report?

23. If not upon what grounds does the government attempt to justify this procedure?

It is reported to me that even as late as June 7, 1951, although W/O Read had by that time been transferred to the George Derby health and occupational centre, New Westminster, B.C., and was receiving something like fitting treatment, there had occurred no reclassification of this veteran patient to enable his wife and children to receive financial support.

24. Does the government deny all this?

[Mr. Blackmore.]

Once more, how does the government justify such delay in providing this tortured veteran with at least some small measure of peace of mind?

This is the first reference I have made in this house to H. A. Read. I may say that I have made attempts to obtain redress for this young man, but thus far those attempts have not been rewarded with adequate success.

I am bringing up this matter at the present time so as to give the Minister of Veterans Affairs time in which to probe into this serious case of Warrant Officer Read. I shall eagerly await his answers.

VETERANS AFFAIRS HOSPITAL AT SASKATOON AIRPORT

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I wish to bring to the attention of the house a matter which may be said to have local application to my own part of the country, but none the less it is of interest to me. Some time ago I addressed a joint question to the Minister of Veterans Affairs (Mr. Lapointe) and the Minister of National Defence (Mr. Claxton) concerning the proposed closing of the Department of Veterans Affairs hospital at the airport at Saskatoon, which is commonly known as No. 4. At that time the Minister of Veterans Affairs told me that the government was giving the matter further consideration and a firm decision would be announced in due course. It is because that decision has not been announced that I am tempted today to put upon the record some of the arguments why I think this particular hospital should not be moved to Regina or anywhere else.

Some time ago it was announced that the patients in this hospital would be transferred to Regina. A year or two ago—the former Minister of Veterans Affairs, who is in the house, will remember this—a similar move was under way, but owing to representations made at that time the hospital was continued at its present location. It was shown at that time that such a move would be injudicious and would create hardship for the friends and relatives of the men in that hospital. There are over a hundred of them and their homes are located in the districts served by Saskatoon. These men like to have their relatives able to see them with some facility and frequency.

The argument for closing this D.V.A. hospital at this particular time is that the buildings are needed for defence purposes. That is a good argument if it can be shown that the buildings are actually needed for that purpose. New buildings are being put up on the station. I have received notification

that some contracts have been let. I submit that an active treatment unit is and will be necessary at that point. If this building is not used for that purpose, another will have to be provided. I suggest that the government should retain the present building and erect additional buildings for whatever other purposes they may be required.

My next argument is that a fine staff has been built up at this hospital over the years. The representative of the Department of Veterans Affairs, Brigadier Klaehn, has taken a tremendous interest in it. He has justifiable pride in that particular institution. I think the staff consists of about 100 people, and I can break down that number. Is that fine staff to be sacrificed and dispersed? Apart from the doctors there are 20 nurses, 20 orderlies and 20 technicians and skilled workers.

These people are going to be needed at that particular point just a little later. We are told that when the university hospital at Saskatoon is completed these veterans will be moved there, but that hospital is not likely to be ready before early 1953. Where will this staff be at that particular time? We must remember that there is a shortage of this type of technician all over the country. They will be scattered and it will be difficult to assemble them again.

The members of the medical profession have expressed opposition to this change. Some of the representatives of the medical profession attended a protest meeting which was held in my city some time ago and which is referred to in the *Star-Phoenix* of May 25. They pointed out, first, that the loss of an active treatment hospital in this period of acute bed shortage would affect every institution in the province; second, that some of the active treatment cases could not be transported the necessary 200 miles to Regina and would have to be hospitalized in Saskatoon where the hospitals are already overcrowded. I need not mention the need for housing which would be affected, at least to some small degree, by the closing of this hospital. Another point that was brought up was that those who were taken to Regina would replace civilian sick in that city for whom places could not be found there.

The people were so concerned about this that they held a protest meeting and came to the conclusion that any such move would be bad from the point of view of civil defence. If Saskatoon were to be bombed this hospital would be necessary to take care of military casualties, but even in an emergency which did not affect us directly these facilities would be needed because Saskatoon has been designated as a reception centre for the surrounding district. Why should we close an institution which would be vital in the situation I have just described, but which of course we hope will not develop, either in the immediate future or at any time? It could happen here.

This protest meeting was attended by representatives of such organizations as the Saskatoon board of trade, the Saskatchewan associated boards of trade, the medical profession, the Canadian Legion and the general public. It was agreed unanimously that if this hospital disappears as such it would cost as much to convert the seven buildings into quarters and an air force hospital as it would to erect a new building.

It is not only the people in my own particular town who are concerned about this; the people throughout the whole district have expressed themselves in connection with this matter. The Prince Albert branch of the Canadian Legion sent assurances to the Saskatoon branch No. 63 of the Legion of its active support in opposing any move to close these hospital facilities. As to the Saskatoon branch of the Legion, I have here a copy of a resolution which was passed and sent to the Department of National Defence and the Department of Veterans Affairs. I also have a circular letter sent out by the patients under date of March 22, 1949. This was at a time when the original proposal to close the hospital was made known. The patients were very concerned. They had been accustomed to having their relatives come to visit them there. May I say these are all men who suffered injury through their contribution to the cause of this nation in the last war. They feared at that time that they were to be moved, and in a letter addressed to Legion branches, and indeed to members of parliament, they made a touching appeal to be allowed to remain where they were so that they could be available to their friends. They are asking now that no change be made in the present situation at least until the veterans wing of the Saskatchewan university hospital is completed when they could be moved there together with the staff which is in attendance upon them at the present time.

I should like to put on the record at least a part of the resolution which was passed by Saskatoon branch 63 of the Legion. It is as follows:

Whereas the closing of the D.V.A. hospital in Saskatoon will create a serious hardship on relatives and friends living in northern Saskatchewan who wish to visit veterans undergoing treatment in Regina general hospital, by reason of increased costs of transportation and loss of time in travelling the longer distance.

And whereas there is no alternative accommodation available in Saskatoon . . .

I am just reading a part of it so as to make my point and not take too much of the time of the house.

And whereas hospital accommodation throughout Saskatchewan is now taxed beyond its limits, which situation the closing of the D.V.A. hospital in Saskatoon will further aggravate;

And whereas the present staff of the D.V.A. hospital in Saskatoon, numbering 106, is composed largely of older veterans, many of whom will find it extremely difficult to secure employment of the type they can perform due to such ages and disabilities;

And whereas many of these employees own their own homes in Saskatoon or are purchasing them . . .

And whereas there is plenty of land available to construct such additional buildings as may be required by the R.C.A.F. station in Saskatoon;

And whereas it is not likely that the veterans wing of the university hospital will be ready for occupancy until late in 1953—

That is their estimate, and of course it can only be a guess.

Therefore be it resolved: This Saskatoon branch No. 63 of the Canadian Legion of the British Empire Service League strenuously opposes the closing of the D.V.A. hospital as additional accommodation for potential R.C.A.F. patients can be provided with very little expenditure by utilizing another available building outside the confines of the present R.C.A.F. station but adjacent to the present hospital, and we therefore urge that the present D.V.A. hospital remain in operation until such time as the veterans wing of the university hospital is ready for occupancy by veterans requiring remedial treatment, and we further urge that the proposed building of a veterans home in Saskatoon be proceeded with to provide accommodation, supervision and attention for veterans requiring veteran care (class 6) so that when the present D.V.A. hospital is closed such veterans may be assured of the care to which they are entitled in a departmental operated home.

With respect to the last reference to the need for a veterans home, that is something that I would urge upon the department and the government. It is a thing we have needed there for a very long time. In view of the representations that have been made by these organizations, by individuals, and by members of parliament of all political faiths, because I know that such representations have been made by them, I hope that the Minister of National Defence (Mr. Claxton) and his colleague the Minister of Veterans Affairs (Mr. Lapointe) may be successful in urging upon the government that the hospital be left as it is at least until these other circumstances, such as additional and necessary room, are cleared up.

FINANCIAL DIFFICULTIES OF FRUIT FARMERS OF OKANAGAN VALLEY

Mr. O. L. Jones (Yale): Mr. Speaker, I too should like to bring a grievance before the house, and I do so on behalf of the fruit farmers of the Okanagan valley. The grievance has to do with the difficulties they are having at the present time in financing, and particularly in raising mortgages or loans on their farms. I refer especially to the farmers who suffered heavy losses because of the frost a year and a half ago. Naturally these people, having lost a good deal of their assets, are not very attractive to the orthodox organizations for making capital loans, especially to the banks. I well remember that a short time ago the banks were advertising very widely throughout the dominion, particularly in our own province, to this effect: Visit your friendly banker; call on your friendly banker for assistance, aid or advice; lending money is our business; bring your problems to your banker; and so on. What they were trying to emphasize was: This is your bank; we are here to help you along.

I feel that the public were beginning to fall for that type of advertising and were really beginning to think that the bankers were nice friendly people. I feel that this policy brought a great deal of progress and prosperity to our dominion. The homes of the people, farms and farm buildings were improved. New equipment was purchased, and both town and rural areas showed the benefits of the new prosperity brought about through ability to borrow from the banks. Young people got married with the hope and faith that they had a friendly bank behind them for support. Farmers also felt that they had the added security of being able to deal not only with the banks but with the farm loan board which also showed a great deal of friendliness at that time. The board was even more generous than the banks, and it was meant to be. I feel its object is to build up our farm economy by financial assistance.

All avenues of capital loans functioned well in the few years of prosperity since the war, and to a certain extent during the war. To some extent the use of capital loans obtained through the farm loan board and the banks was the cause of our prosperity, but for sheer inconsistency the laws governing the granting of capital loans are a puzzle to me. Immediately people are really in need of financial help as they are today, of the friendly banker or a benevolent farm loan board, these very people draw right back into their shells and place a most unfriendly sign at the entrance, borrowers not wanted.

According to information I have just received from a very reliable source in my riding, loans are ten times more difficult to obtain now than they were a year ago. The house is fully aware of the disaster that befell the fruit growers of the Okanagan valley a year and a half ago as a result of frost damage causing losses running into millions of dollars. Some farmers were placed in the unhappy position of not being able to win even a smile from the friendly

banker, but they thought that surely they had a friend in the farm loan board.

The federal government had already refused direct financial assistance to rehabilitate these unfortunate victims of what to my mind was an act of nature beyond their control. I feel that individuals in our valley suffered as much as if not more than individuals suffered in other disasters of recent times, for example, the Fraser valley, Rimouski, Winnipeg, Cabano, and so on. In these latter cases the government did generously assist, but in the case of the tree fruit growers there was no assistance forthcoming from the federal government. However, these farmers were encouraged to believe, and the information they received led them to believe, that government agencies such as the farm loan board would soften the blow by relaxing their usual credit requirements somewhat. Even that hope is now dashed to the ground. My information is that the farm loan board is turning down applications for loans one after the other every week.

There may be cases where such action is warranted, but there are many good hard-working farmers who are urgently in need of money and cannot obtain it from the farm loan board. I am not discussing the banks because that is hopeless. I would ask the government to change its policy and instruct its agents in that area to make generous loans based on the character and the ability of the applicant rather than on his assets. I have told you already that they have no assets. They have not the asset requirements for a loan, and I have already explained why. The people there are seeking loans to re-establish themselves. The people seeking these loans are the finest types of citizens to be found anywhere in Canada. They will meet their obligations, as they have always met them in the past. Mr. Speaker, I appeal to the government, through you, to act at once by instructing the farm loan board to grant loans to these people on the basis of character and ability, in order to rehabilitate men of known skill and experience. These men have the skill of twenty or thirty years in the growing of fruit, and now they have no trees on which to grow fruit. I feel that rather than waste the money to establish newcomers from central Europe, who in many cases get fed up with the land and go into the larger towns, the government should lend money to these needy people. These people want to stay on the land, and the government should instruct the farm loan board to consider the application of these men on a different basis from that of the ordinary applicant for a farm loan. I feel sure that if the government will send out instructions to reconsider the applications of those turned down, they will re-establish a fine bunch of farmers on some of the finest farms in Canada.

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

56. Departmental administration, $208,564.

Item stands.

DEPARTMENT OF FISHERIES

140. Departmental administration, $281,298.

Mr. Higgins: Mr. Chairman, when we adjourned last evening I was discussing the subject of the Newfoundland seal fishery and what had happened during the past season, owing to a number of foreign ships entirely disregarding the sealing laws. A cruel slaughter had taken place, and it was in that connection that I closed my remarks. It is quite evident, Mr. Chairman, that the whole sealing industry is being gravely imperilled by what took place last year, and what may very well take place again in the years to come. It is for that reason that I hope the commission that has been set up, the north-west Atlantic fisheries conservation commission, discussed this topic at their last meeting in Washington a short time ago. The Canadian representatives on that commission are excellent men. I believe they are the deputy minister, Mr. Bates, Mr. Gushue of the Newfoundland fisheries board, and the past president of the fisheries advisory board, Mr. J. H. McKichan. I do hope that they have taken this matter in hand. The Norwegian representatives were present at the meeting, and I hope they discussed it, Mr. Chairman, because unless there has been some international agreement on this matter it appears to me as though Canada will have to step in quite strongly, otherwise not only are we going to have that happen again but we shall also have foreign trawlers coming in to the Grand Banks and imperilling the lives of Canadian trawler operators. For that reason, Mr. Chairman, I do say that if nothing has been done in the way of an international agreement, Canada should step in and take control of the waters in which our cod fishery and seal fishery are conducted. I trust the minister will refer to that when he speaks.

There is another angle on this fisheries problem to which I referred before on a couple of occasions, and that is the question of salmon conservation. When I refer to salmon conservation, I am referring to the Atlantic salmon and not the Pacific. In that connection, the annual report of the fisheries research board of Canada for 1949 at page 41, appendix II, has this to say under the heading

"Fish (Salmon) Management, by A. G. Huntsman". He is referring to the low catches of salmon in particular in Shubenacadie lake in Nova Scotia. This is what he says:

Apart from this, the stock of fish may be low, since natural stocks of salmon in southern waters both in Europe and North America have been lower during the past decade than ever before known.

That again is a very serious matter. I appreciate that the fisheries board have been taking a number of steps by way of distributing young salmon, but I believe they have to go further to the root of this matter and try to take care of it in a natural way. The suggestion I made before—I do not know whether the minister approved of it, but I am going to make it again—is in this form. I suggest that he take a river, particularly a river such as the Gander river in Newfoundland, and I suggest it for two or three reasons. It is a large river and covers a large stock of salmon. It is intensively fished by sportsmen and tourists. The approaches to that river are quite narrow, and very easily overseen. There probably would be about twenty fishermen fishing at the approaches to the river—I mean commercial fishermen. They take a very large amount of salmon. I feel, Mr. Chairman, it would be much cheaper for the department to subsidize these fishermen not to catch fish than it would be to operate a fish hatchery. It would be well worth the experiment for a year or two at the very most. Over three or four years you may have to pay a man the average value of his salmon catch. It might be about $400 per person per year, but I doubt very much whether it would go beyond that. The hon. member for Grand Falls-White Bay would be in a better position to describe the actual amount than I am, but I believe that would be the figure. If we say there are twenty of those fishermen at $400 each, that would be a very small amount indeed to pay for an experiment of this type. I would heartily recommend it to the minister for his serious consideration.

Another angle in connection with salmon conservation results is dealt with in the report from which I previously quoted at page 42. Mr. Huntsman is referring to young salmon and he says:

It may be possible to increase the numbers of native smolt—

As the minister knows and I imagine hon. members know the "smolt" is a young salmon, the next degree to a parr.

—that descend from the streams, by largely eliminating the eels that prey extensively on the parr in the streams. It is now concluded that there is no likelihood of selling the eels to offset part of the cost of capture.

[Mr. Higgins.]

Consequently, simple and cheap methods of catching and using them on the spot to enrich the comparatively barren streams are being sought. This is to convert the parr's enemy into fertilizer to increase its food.

I think that is a suggestion that is well worthy of consideration because, as the minister and his associates well know, one of the greatest enemies that the salmon has is this particular type of eel that attacks not only the mature salmon itself but the young parr and the young smolt in great numbers indeed. If some scheme could be worked out whereby these eels can be caught and made into fertilizer to enrich the streams, I think that would be a wonderful way indeed to handle the problem.

I have only one more general observation to make before I can get down to some problems that I want to put to the minister. As he himself outlined some time ago on three or four occasions, I believe, Canadians eat annually approximately ten pounds of fish per person as compared with a per capita consumption of 45 pounds annually by Europeans. That, Mr. Chairman, is just about the ratio in which fisheries problems rate with the government of this country as compared, we will say, with those of agriculture.

The fishing industry is the oldest North American industry, but the past century has shown a marked contrast in the development of fisheries and the development of agriculture in this country. As we all appreciate, agriculture has a huge national effort behind it. All we have to do is to look at the expenditures of the Department of Agriculture, and these various services—the experimental farms and the illustration stations—and we can see the truth of that statement borne out. But when we look at the fisheries, what do we find? It is the neglected stepchild of the government, unwanted and unloved. I will concede, of course, in all honesty and sincerity, that under the present minister and his department great steps indeed have been made with regard to the outlook for the fisheries and in the interest that is being shown in them by members of this parliament. Nevertheless, Mr. Chairman, the fisheries are not receiving the treatment they should receive from this dominion. As I say, I appreciate the work the minister and his associates have done but it seems to me that it is going to be a long haul before the fisheries are put in their proper position.

One of the great problems of the industry is one that the minister has been stressing on more than one occasion, namely the problem of conservation. I have already referred

to it briefly, and I referred to the international northwest Atlantic fisheries conservation convention, and the establishment of the international commission. I understand that at the next meeting it is going to make a decision, one way or the other, that either Halifax or St. John's, Newfoundland, will be the established headquarters of the commission. I do not want to miss the chance to put in a plug for St. John's. In this case I can do it in all honesty. Of the two places, I think that St. John's would be the more suitable. I do not know what the Nova Scotia members will say about that.

In that organization I understand that Canada, Denmark, Iceland, the United Kingdom, the United States and Portugal are at present members and that France, Italy, Norway and Spain have not yet signified their agreement to ratify the Atlantic fisheries conservation convention. That is the last information I have, but the minister probably has further information in that connection. As I see it, the importance of that commission, particularly in reference to the fisheries that we usually associate with the Grand Banks of Newfoundland, is indeed great; because the indications are that of recent years there is a serious depletion taking place on those banks. In that connection, I only recently read an editorial in the *Daily News*, a small part of which I am going to read, which strikes me as most important. Complaint was made of the great damage done to the fisheries by the wastage of young fish being caught on the Grand Banks and not being made use of. All these nations whose representatives are taking the fish are, as I say, or hope to be, members of this convention. This is part of the editorial from the *Daily News* of April 26:

> Reports from the Grand Banks of wasteful fishing methods have assumed serious proportions and indicate the urgency of bringing about sensible regulation as a means of conservation. The wastage of young fish taken in trawls has been described as little short of appalling and its continuation is bound to exercise harmful effects upon the resources of the Newfoundland banks.

The minister is well aware of the situation. He saw what fishing did on the American banks. He saw the tremendous damage that has been done to those banks by overfishing. I believe that, to all intents and purposes, they are almost useless as compared with their value in the past. Certainly we do not want to have that take place with regard to the Newfoundland Grand Banks which are so important to the economy in the whole of Canada in the matter of fisheries.

The last time that I was speaking on this matter, I believe that I referred to what somebody had written about the Grand Banks, to the effect that they were like a meeting of the United Nations in the daytime, there were flags of so many various types. The latest description comes only the other day. One of the skippers makes this comment. So great is the congestion on the fishing grounds that one Newfoundland dragger skipper recently had compared the banks at night to a well-lighted Christmas tree. It is therefore easy to see why measures must be taken, and taken quickly, if the heritage that we know as the Grand Banks of Newfoundland is going to be successfully preserved.

The other part of the editorial to which I referred is also important. In the editorial in the *Daily News* of April 26, with respect to the food for fish, it is stated:

> It is clear that the supply of animal proteins is failing to keep pace with demand and that fish will have to be consumed in far greater quantities in the future. But the supply of fish can also fall much below the demand if the principal ocean reserves are not carefully conserved and ratification of the Atlantic convention by all the countries concerned is the only common-sense and efficient way in which this can be achieved.

That is all I wish to say on the general subject itself. I now want to go into a few particular matters with the minister, in the hope that he may see his way clear to comment on them in passing. He made a broadcast on October 27 of last year over the C.B.C. station in Newfoundland, in which he made some pertinent comments on the fisheries which I want to draw to his attention and concerning which I want to ask him some questions. At that time the announcement had been made of price support for Labrador fish. This is what the minister said:

> We're arranging a plan to let the salt codfish association and NAFEL take in the fish from the fishermen right away. The government, through the prices support board, is giving a guarantee to the trade that will allow them to give to fishermen an initial payment of $7 per quintal on the genuine Labrador fish of either semi-dry or ordinary cure. Mark you, I want to stress that this is an initial payment. The merchants will take in this fish, will process and pack it for market at cost. They are anxious to help solve the problem and they have agreed to handle the fish at no profit to themselves.

Rightly or wrongly, that was understood to mean what the minister at that time said, namely, that there would be no profit of any kind to the merchants taking in that fish. I agree, Mr. Chairman, that that was contrary to the way business has to be done and certainly contrary to what most people expect, but at all events that is what the minister said. In an order for return to a question of mine which was tabled the other day, the department does give an entirely

different picture. The price paid for handling costs of these $7 a quintal fish is given. The question was:

What were the arrangements made with exporters or others for handling the fish produced by the fishermen?

The answer was as follows:

Merchants

The following costs, f.a.s. bulk per quintal, for the handling of the fish including labour, overhead, cartage, wharfage and shrinkage, by areas, were allowed: St. John's $2.43; Bonavista $2.07; Conception Bay $2.32; North of Cape Bonavista $1.92.

It might be simpler to put the small table on *Hansard*, as it is, because the minister has it already, if there is no objection.

Some hon. Members: Agreed.

Mr. Higgins: That is all right so far as Labrador is concerned. When the minister is replying perhaps he will tell me when it is proposed to make this extra payment to which he refers in his statement. I take it the initial payment is $7. Are the Labrador fishermen to be paid any more? That dealt with the Labrador fish. In the same broadcast the minister referred to the shore fish and he said this:

I'll turn now to the shore fish. Substantial sales have already been made by the exporters. There is, however, a higher production in the world at large, and export prices will be down somewhat this year. Our Department of Trade and Commerce is making every effort to keep markets open for our salted fish and it is looking forward to the removal of some of the obstacles that now stand in the way. In the case of shore fish, the prospects are much brighter than for Labrador, and we expect the fishermen to move this fish into the exporters' hands without delay. We will also expect merchants around the coast to give the fishermen a satisfactory price.

The Chairman: Am I to understand that the hon. member has the consent of the committee to have the documents printed in *Hansard*?

Some hon. Members: Agreed.

Mr. Mayhew: The statement to which the hon. member is referring is already on *Hansard* of May 21.

The Chairman: It is already on *Hansard*.

Mr. Mayhew: I am not objecting to its being put on, but I point out that it is already on *Hansard* of May 21.

Mr. Higgins: I do not think it is on *Hansard*. It was an order for return. It did not actually appear on *Hansard*.

The Chairman: Agreed.

[Mr. Higgins.]

Mr. Higgins: The table follows:

	St. John's	Outports
	$ per qtl.	$ per qtl.
Semi-dry to hard dry	2·02	1·73
Ordinary cure to semi-dry	1·75	1·49
Ordinary cure to hard dry	2·92	2·63
Ordinary cure to 40 per cent	2·20	1·91
Semi-dry to 40 per cent	1·46	1·17

I now continue with the minister's broadcast:

We would ask the fishermen to move the fish under our assurance that the prices support board will review the shore fish situation as the season advances. Should it happen that the fall in price to fishermen has been so great as to merit support action, the board would recommend to government that a deficiency payment be made on shore fish. I am confident that, with this assurance, the fishermen and the salt codfish association will be able to arrange a price that will allow the fisherman to move his fish into the exporters' hands.

I do not believe I have to argue with the minister on that, because I believe that statement means what it says; because in answer to the hon. member for Iles-de-la-Madeleine at page 2158 of *Hansard* the following appears:

Mr. Charles Cannon (Iles-de-la-Madeleine): I should like to direct a question to the Minister of Fisheries. In his statement to the house yesterday the minister said:

It is only under special conditions that government action under the support act should be contemplated. There is, in our opinion, no need for such special action at this time.

Will the minister tell the house whether this statement applies only to the 1951 catch or also to the 1950 catch?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member gave me notice of the question. I think it is quite apparent from the statement I made that I was referring to the 1951 catch. We have already given support to the 1950 catch in buying Labrador codfish. We have also agreed to make an investigation of returns to fishermen on shore fish for 1950. That investigation is now proceeding, and it will probably be July before it is finished. We are not going back on anything that we have promised to do. In my statement I was referring to the 1951 season.

Therefore I am going on the assumption that the minister is reviewing the deficiency in payments received by fishermen last year for their fish, and that some time next month the amount they should have received will be made up by the federal government. That I take it is what the guarantee means.

In connection with the fishermen not making their money last year, the minister has announced very little carry-over of last year's fish and suggests that they are starting off with a pretty good year in sight. That I agree with for the reason that the fish is sold. I shall read now from a speech of the president of the Newfoundland salt codfish association, delivered on February 13, 1951. One

extract from this speech is quite explanatory of what happened. This is Mr. H. V. Earle speaking:

> In the salt trade we can truthfully say that the position at this time is a great deal improved over what it was nine or ten months ago when we were faced with a very serious carry-over of fish of 1949 production. When some of us were in Ottawa a little later than this time last year, at the invitation of the federal government, discussing the problems facing the industry then, I can safely say that most of us thought the situation was desperate. Today, thanks to the splendid work of NAFEL, the position is very much better and there should not be the same problem to face this spring. It should be remembered that this was only brought about through drastic reductions in the prices of salt fish in the markets with the resultant hardship to fishermen and trade alike. In my opinion, in view of the steadily increasing competition from fish from other countries, we have no reasonable grounds to hope that prices will be much if anything improved during the approaching season.

That was in February and the minister may be better informed in the past couple of months, because he made a statement in May saying that the prospects looked very good for better prices. What I want to draw his attention to again is that it is quite clear that in the sale of that fish last year the fishermen did take very much lower prices than they normally would have, and that applied to merchants as well. In view of his statement I hope he will see to it that no loss will be occasioned to the fishermen or the merchants in that connection.

I have just a few more minor points. In my remarks yesterday I asked for a guaranteed floor price, and I said I thought it should be somewhere in the neighbourhood of $12. I knew that I had seen somewhere some reference to $12 a quintal. I now find it appeared in a special dispatch to the *Evening Telegram* from a fishermen's organization. The statement comes from a place known as Ireland's Eye. I imagine they have a pretty good eye and they are not so green. This is what the dispatch says. It is dated May 26, 1951:

> A meeting of the Ireland's Eye local of the Newfoundland Federation of Fishermen passed resolutions here this week calling for a floor price of at least $12 per quintal for shore fish, and also called for set prices on essential fishing equipment.

The formal resolution follows. I want to draw that to the minister's attention. That is the price that some sections of the island, at all events, feel should be paid.

There are only two other matters I should like to mention. First of all, on March 6, I asked:

> Has the government given any consideration to amending the Industrial Development Bank Act to enable the bank to make loans for fisheries development?

At that time the answer was given in this way:

> The Industrial Development Bank Act permits the making of loans for the processing of fish. Any amendment to this act to broaden its scope is a matter of government policy, and it is not the practice to forecast government policy in answering questions.

I do not know that the matter of government policy has been cleared up, but perhaps the minister would be prepared to make some further statement in that connection.

The last point I would raise is that old hardy annual, unemployment insurance for fishermen. I do not think I need go further into the arguments, because the minister must be familiar with them. The statement has been made on many occasions as to why unemployment insurance should be granted to fishermen, and he probably is familiar with all the arguments against it, as well. I raise the point now in the hope that he will be able to enlarge upon his reply to a somewhat greater extent than we have had thus far. I hope that when the minister has an opportunity to reply he will deal with these matters.

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Chairman, last night when discussion opened on these estimates I thought I might make a statement. However, the hour was late. It may be however that this is not the proper occasion for my making any lengthy statement with respect to the operations of the Department of Fisheries. I lean to the view that this is the time when hon. members from the different constituencies, who are particularly interested in fishing, might be in a position to ask any questions they have in mind, with the expectation of receiving reasonable answers from me either at once or after consultation with my officials.

I would hope that we might proceed with a discussion of these estimates by first having hon. members make their statements. Whatever questions they ask will be noted. Then, when I believed the debate had run its course, I would be in a position to answer those questions one by one, and in the order in which they had been asked. This would shorten the time. There would be no repetition of questions and answers, as we have had in previous years. However, I have no desire in any way to hurry through the estimates although, like all hon. members, I want to get away, and I certainly would not want to talk too much on my own estimates.

I shall answer some of the hon. member's questions at this time, although I found that in most of what he said he was either making

statements as to facts which do not require any reply, or statements which might be controversial—although I did not notice any of that kind in particular.

However, he did refer to seal fishing, and spent considerable time in discussion of that matter. This is an international affair. We have no control of the seas beyond the three-mile limit and, if the Norwegians so wished, they could fish seals outside that limit without committing any violation. I noticed that the hon. member laid emphasis upon the fact that the seals were caught and scalped when they were very young, perhaps only a day old. From the standpoint of conservation it would not matter whether a seal was one day or six months old. There would be no difference, although it may have a certain appeal when the statement is made in the committee that young seals are being slaughtered.

Mr. Browne (St. John's West): There is a vast difference between a seal one day old and a seal two or three weeks old. The difference is in weight. Therefore there is a difference in the capacity the ship can carry.

Mr. Mayhew: The hon. member has lost my point. I am talking about conservation.

Mr. Higgins: I believe I also said that seals were being killed before the young were delivered.

Mr. Mayhew: I regret the whole incident, and I wish to assure the committee that already representations have been made to Norway in the matter. I believe that before long some arrangements will be made whereby this practice will not continue. However, I would not like to be any too sure that the fishermen from Newfoundland do not engage in the same abuses. If we are going to say very much to Norway we would like to know that our own skirts are clear. My statement today is that we are making progress in connection with this matter of the slaughtering of seals before they are mature. This matter will probably be dealt with at a special meeting to be convened with the other countries concerned, particularly Norway. At any rate I can assure the hon. member that it has not been forgotten and is being attended to.

He also referred to salmon conservation. This matter, whether it refers to the east or west coast, is one in which the department is definitely interested. In Newfoundland this year we have spent a sum of money on stream clearing. Our program, known as the multiple stream development plan, applies to Newfoundland as well as to other parts of eastern Canada and to western Canada. Last year we spent $15,000 on stream clearing and fishways in Newfoundland, and this year we will spend about $30,000 on the same kind of work.

We find a ready sale for this species of fish, and I have said on many occasions in the House of Commons that we should be endeavouring to conserve and propagate such species as fast as we can. I assure the hon. member that in this regard Newfoundland will not be forgotten.

The hon. member asked whether there would be any further payment in connection with Labrador fishermen. Up to date, while we took in 150,000 quintals we have been able to market in the ordinary way some 100,000 quintals. The balance of it was given to different charities. Indications are that there will be a loss of about $327,000 in that operation—and it may be more. I said further that an examination was being made of the returns of fishermen, both from Labrador and shore-caught fish, and that these returns will soon be in. They are beginning to come in now, and they are being tabulated as they come. This tabulation should be completed toward the end of July, at which time we will be able to determine what the returns have been to the fishermen, and what further aid, if any, we will be able to give them.

I want to make only one other statement, which I think can be considered a statement of good intentions. As far as I am concerned, the fishing industry would not be of much interest if I did not have a keen desire to do something to increase the standard of living of the fishermen, no matter in what province of Canada they operate. They should have a standard of living which means simply having a little more than just enough to eat and a place to live in. They engage in an occupation which entails the maximum of gambling but which is of vital interest to this country. I am sure that those who sit behind me and represent other departments of government are just as anxious as I to bring about this result.

The hon. member spoke about unemployment insurance for fishermen. I think he will realize the difficulties that would be encountered in providing unemployment insurance for six or seven months in the year and having a fishing season of only three or four months. While the problem is difficult, it has not been neglected so far as thinking about it and worrying about a solution is concerned.

The hon. member referred also to the industrial bank. The question he raised has been passed on to the Department of Finance; this is something that rests entirely with the

industrial development bank and the Minister of Finance. Several parts of the fishing industry in the east and west have been helped by the industrial bank.

Mr. Pearkes: Mr. Chairman, I have a particular interest in fishermen and since my constituency joins that of the minister I imagine he is familiar with most of the problems facing the fishermen on the west coast. I was pleased to hear the minister indicate his keen interest in raising the standard of living of the fishermen. I am quite certain that he is sincere and I can say that his endeavours in that direction are appreciated by the fishermen of Vancouver island.

One of the most urgent problems, and something that will contribute to raising the standard of living of the fishermen, is the need of adequate safeguards from the storms and elements in order that boats and equipment may be protected. Many times a fisherman has to watch his boat all night when there is a storm and no adequate protection. That means that he must leave his house and family during what should be a period of rest. In his endeavours to raise the standard of living of the fishermen, I hope the minister will realize that it is essential for their ease of mind that they be provided with reasonable berthage and secure harbours in which to tie up their boats.

There is another matter which I should like to bring to the minister's attention and I am sure he will be able to give me an answer. Toward the end of February I wrote to the department and asked for information concerning the proposed revision of the halibut treaty. The deputy minister replied on February 28 that the halibut commissioner was in hospital, but that as soon as he came out I would have full information and the matter would be discussed. I do not know whether Mr. Clark has come out of hospital, but I sincerely hope that he is better.

Is the minister prepared to make a statement regarding the halibut treaty? During the past few years the season for halibut has been extremely short which has been detrimental to the industry, to the consumer and to the proper conservation of the fish. A short fishing season means that the fisherman must work long hours in order to catch his quota in a limited number of days. When the bulk of the halibut are caught in a couple of weeks the consumer across Canada is able to get fresh halibut only during that short season, the rest of the catch having to be put into cold storage. There is evidence from the biological side that it is not in the interests of conservation that the catch should take place during such a limited period. This is a matter of considerable concern to the fishermen on the west coast. They have asked for what is known as a split season and that the fishing season be extended. I do not know what has happened since, but at the beginning of the year the fishermen expressed concern over the fact that in the draft of the new treaty there was no provision for an adequate curtailment program. Can the minister state what progress has been made with the revision of the halibut treaty and whether any steps will be taken to provide a split season for halibut fishing?

Mr. Mayhew: I think the hon. member has one of the best fishing floats on the west coast which is located in Nanaimo.

Mr. Pearkes: That is only one.

Mr. Mayhew: I think that I was responsible for that being placed there when the hon. member was fighting the battle for freedom in the war. Several others have been built since. The first one that I know of was built in Victoria about 1935, largely at my suggestion when I was a member of the chamber of commerce. It was erected almost opposite my door. I believe that these floats are of great value to the fishermen and their number have been increased since that time.

If we were to go fully into the question of a split season for halibut we would have to get down the maps and go into many details for which I am afraid we have not the time at the present moment. A suggested treaty was drawn up by Canada after the meeting of the halibut commission last fall. Although that has been done, the Americans have not yet seen fit to reply to it, or have not had time to reply. I do not know what the reason is. However, we are engaged this year in what might be called a split season. After all, a split season means two seasons in one. This year we have divided area 2 and taken the part of area 2 where it has been said that the fish come in later and therefore we might be able to get an additional halibut catch. That area has now been set aside for later fishing with no limit, for a period of ten days in order that we may study the results of just what will happen in a case of that kind. I am sure, however, that hon. members will realize that in an operation of this kind the department is guided by the biologists, by what they say is there and what it will be safe to catch.

Mr. Browne (St. John's West): I should also like to say how pleased I was to hear the minister's expression of good intentions towards the fishermen. I have always believed he had those good intentions from

the first time that he visited Newfoundland. I believe he realizes the difficulties that fishermen in our part of the country have to face. When we see farmers from Saskatchewan getting up to speak in this house people say: "We are going to hear about wheat", and people are a bit bored hearing about wheat. When a member from Newfoundland gets up people say: "We are going to hear about fish," and I think people are even more bored hearing about fish. There is a big difference between the discussion of wheat and the discussion of fish. The people who grow wheat seem to make fortunes but the people who catch fish always seem to be in difficulties.

Mr. Sinnott: You never grew any wheat.

Mr. Browne (St. John's West): The fisherman very seldom becomes a wealthy man whereas the farmer very often seems to be surrounded with luxury. I do not intend to cast any reflection on the wheat farmers, but I do want to get the minister to maintain the good will that he has towards fishermen, especially the fishermen of Newfoundland who during the past year and a half have had such a hard time.

The minister was talking about seal fishery. I am not sure that I caught all his remarks correctly, but as I understood him he said that the Norwegian sealers were killing seals only a day old, and he was not satisfied that the Newfoundland fishermen had not been doing the same thing, that we had to have our own skirts clear before we could make any complaint about the conduct of the Norwegian sealers. He also made the remark that, so far as conservation is concerned, it did not matter whether the seal was killed when a day old or a month old, or words to that effect. Sir, it does, and I interjected to that effect when he was speaking. It makes a big difference because of the number of seals which the vessel can take.

The seal grows very rapidly, about two or two and a half pounds a day, so that a seal that is two weeks old weighs about twenty-eight pounds. I am not exactly sure of the number of pounds, but it has been the practice in our country for at least thirty-five years to have a date set when the sealers are allowed to leave port so that they will not get into the seals before the seals are a certain age, and then to have a certain date on which killing may begin. That has been in effect for thirty-five years. When the steamers come in with their catches of seals, as I have often seen them, the average weight would be thirty-five or forty pounds.

It can easily be imagined that a seal a day old is a very small thing comparatively, and I am quite satisfied that our fishermen would not dream of killing seals that age because they would not get any benefit from them. The benefit that the Newfoundland sealers get from the seals has depended on the weight of the fat. Up to a year or two ago they got no credit for the fur. They were paid according to the weight of the fat, and it would be absurd to kill seals when they only weigh a few pounds and not to wait until they have become much heavier and thus provide a much higher return.

In replying to my colleague, the minister said that the returns for the 1950 catch being obtained by the royal commission in Newfoundland and the fisheries prices support board here would be finished about the end of July. That seems to me to be a very long time for the fishermen to have to wait. I understood from the minister and his officials that at the latest these returns would be in by the end of June, and that they should be in a position to make a report within a couple of weeks from that time.

However, I do not intend to deal at any length with this subject because the minister has spoken on it and has given every encouragement to the fishermen of Newfoundland that they can expect to be treated fairly with respect to the 1950 catch. After being persuaded, probably by the Secretary of State, the government gave a guarantee for the Labrador fishermen, and decided that they would keep the shore fishery under review. I have no doubt therefore that they are keeping it under review, and the fishermen expect that. They were very disappointed, however, that when the Secretary of State attended the fishermen's convention in April, there was no statement forthcoming from him. When I asked him in the house if he had been present there in an official capacity he said he had not, and he would not give us any statement of his impressions of that convention, although I suppose it is the most important thing that has taken place in Newfoundland with regard to the fishermen for a great many years.

This year representatives of the fishermen were summoned to St. John's from about 200 localities to hold a convention. They held that convention, and there was no official pronouncement from the government to give them any encouragement with respect to what they may expect as a result of the investigations into the 1950 catch, or any guarantee of what they may expect for the 1951 catch. As long ago as 1833, the governor of that day made a rule that the merchants should, before a certain time in the summer, indicate to the fishermen what price they

were going to receive for their catch. The fishermen have no idea, and they should have a very good idea because costs of outfitting fishermen have risen. I have a letter here from which I should like to read one or two sentences. It is from a very intelligent and successful fisherman who says that the cost of fishery supplies has advanced considerably. The letter reads in part:

"Manila rope—"

Which is used very extensively by trap fishermen.

—which sold last year for 28 cents per pound is now 48 cents per pound. Cod trap twine last year was 80 cents per pound; now it is $1.02 per pound.

He wrote this letter on May 13. I do not know if any concessions in the budget would make any difference in these prices. The letter continues:

The price of other fishing essentials has increased considerably. Some are even double the 1950 price.

I have been constantly referring to the plight of the fishermen when this subject has come up for discussion in the house because the fisherman works at a great disadvantage. Unless he can get a fair return for his catch he becomes dependent on the government or he has to leave his home and seek work elsewhere. As a result of the poor fishing in 1950 many fishermen have given up fishing this year. Here is what this man says with regard to the 1950 catch:

To say the least they are disappointed and disillusioned. I am quite sure that not more than fifty per cent of those who fished here in 1950 will return to the fishery again this year. Also, the same attitude seems to prevail elsewhere as may be seen from the northern settlement which announced that they will not launch any boats unless the government guarantees a reasonable price for fish caught in 1951, and the fishermen owner of a schooner and three cod traps, whom a friend of mine found looking for a job at Fort Pepperell.

That is a United States base. Other fishermen have written to me along the same lines. These are men whom I am proud to know, and in whose opinion I have the greatest confidence.

Another gentleman writes that the fishermen's convention was disappointing, because there was no information given about the floor price for the 1951 catch. He said that if they had known what they were likely to get for the 1950 catch they would have gone home satisfied. Then he continues:

From what I can hear the fishing will be better this year anyway. I am going fishing again, but if I have to sell at a low price I expect at least there will be one on the doorstep of the fisheries price support board.

Then he says that they heard a lot about the prices support board during the talk about confederation, but it has not resulted in much benefit to them so far. He continues:

There will be a lot that won't be fishing this year. I heard some of the larger boats have a job to get sharemen, in view of what happened with the fish last fall. If we are let down this year, I fear it will see the end of the dried cod fishery.

These are very serious statements to be coming from a man of mature years, who I know is held in high respect by everyone.

Here is another letter from a man who is a justice of the peace as well as a fisherman. He says:

The cost of outfitting is so high that many of our young fishermen are giving it up and going to Greenland, Goose Bay, etc.

I feel that the minister is really sympathetic, but I have never felt sure that he realizes how important it is that the fishermen not only get a good catch but that they get good prices for the fish. An experiment is being conducted in the district of the Secretary of State by having some long liners out. I do not know why it is so desirable that an event of that kind should take place in the constituency represented by the Secretary of State. There are other places which I believe would be much more suitable. I would say there are places along the southern shore, which incidentally happens to be in my riding, which are really more suitable for an experiment of that nature. The southern shore is much nearer to the banks of Newfoundland than Bonavista. It would seem to me that long liners operating out of ports along the southern shore such as Ferryland, Cape Broyle and Renews would give very much quicker results than any experiment made from Bonavista. However, I am glad to know he is making an experiment with a drier in Bay Bulls.

Mr. Mayhew: That is in your district?

Mr. Browne (St. John's West): Yes, that is in my district, but it is nearer the banks. Any place which is nearer the banks means a quicker visit to the banks and a quicker return. The banks of Newfoundland have been famous for four hundred and fifty years. The fishermen from Spain, Portugal, Italy, France, England and the United States are coming there every year. These other places are really experimental. However, I am glad to know the minister is making that experiment with the drier. I feel sure that from a scientific standpoint the presence of the nine engineers he has mentioned may be a good thing in the long run. What the fishermen are concerned with now is what they can get from the 1950 catch, and what they can expect for their 1951 catch. I understand that no floor price has been set for the 1951 catch, but as the market promises to be

good there is every reason to hope that this year the returns will be better than last year. I want to impress upon the minister the desirability of getting those 1950 returns in as quickly as possible so that if he is going to make a payment, it will be made soon. I have every reason to believe he is going to make a payment to the fishermen because of the extremely low prices they received.

I have sent the minister copies of the returns of some of the fishermen. He has probably seen others, and in any event the fisheries prices support board has seen them. The board knows that after September the price of fish went down. The prices which the fishermen received for their catch were far too low. They were not able to do anything more than barely pay the expenses of the fishery up to that time, and the men had nothing upon which to live during the winter. Fish was selling at an average of $5 or $6 a quintal, which was a drop from the previous year of $13.45. It does not require very much imagination to know that the fishermen are up against it. I want to repeat that the fishery is the most important industry in Newfoundland from the point of view of the wide distribution of the returns when they are good. Fishermen are settled in various places all around Newfoundland, and therefore when good returns come in from the fishery they are spread throughout all those villages. Industry is concentrated; the mines are concentrated, and the paper mills are concentrated; but when the fishery gives good returns there is prosperity throughout the country. I believe the minister realizes that, and I trust that he will do all he can not only for the 1951 season but in regard to the 1950 season, so that the fishermen get the compensation which they need if they are to get a living wage from their catch.

Mr. Bryce: With your permission, Mr. Chairman, I should like to extend to the member for St. John's West an invitation to visit the prairies. I know that I can look after him if he comes to Winnipeg, and I am sure that some of my colleagues in this corner would look after him in Saskatchewan and Alberta. We would try to show him something of the trials and tribulations of the wheat farmer. Perhaps then he would not speak in this house of the wonderful money the wheat farmer makes. We will show him something of the fishing on the prairies. He may not know anything about that, because we do not have an opportunity of raising Cain with the Minister of Fisheries. So far as we are concerned, it is a provincial matter.

I hope the member for St. John's West will accept my invitation. I know that if he does he will not talk about the easy money that the wheat farmers are making, especially when we explain to him about the drought, hail, frost, rust and so many other things that I do not want to take up the time of the house to list.

[Mr. Browne (St. John's West).]

Item agreed to.

141. Information and educational service, $138,572.

Mr. McLure: Item 141 covers information and educational services. I notice there is a decrease in this vote of some $47,000. Evidently the department must have found that its policy was rather out of date. Some drastic change must have been made when they discussed the vote for it. I notice that there is one editor. I do not know what he can be editing now. He is at a salary of $4,000. Then four more information officers are added. The permanent positions have been increased from four to six, at nearly double the total salaries. I think there are a few items in this vote as to which we might have some more details. Possibly we could be told the reason why these expenditures are decreased. If so, let us hear from the minister.

Mr. Mayhew: The decrease here is because, as you know, there was pressure on us to cut down as much as possible. We have cut out one film or picture and we have reduced our advertising. There is a reduction there in the latter item of $15,000. There was an increase there of two information personnel. The total staff is down by four.

Mr. McLure: As to printing costs, have you cut out your advertising to a certain extent? I see that the printing costs there are three times what they used to be or what they were last year. The estimate for printing costs is $22,700 this year as against $7,700 last year. What new publications are being printed or are expected to be printed this year?

Mr. Mayhew: The items about which the hon. gentleman is inquiring are as follows: printing of the department's annual report, $3,000; processing of *Trade News,* twelve issues, $1,500; printing of *Canadian Fish Culture*, four issues, $2,000; pamphlets and booklets for school and general educational use, $15,000, and informational material $1,200.

Mr. McLure: There is another item there for films and displays. I notice quite a reduction in that item, from $119,000 last year to $64,500. What part of that campaign did the minister find out was not of any benefit to the department, causing him to make this

drastic cut? Was it in the form of the advertising or was it in the displays? Is it in those items that you are now reducing the costs?

Mr. Mayhew: We did not find out that any of those were not of use, but we found out that it was necessary to cut some place and we felt that we could probably spare those better than anything else. We therefore cut out three exhibitions, some films and some advertising.

Item agreed to.

General services—

143. Administrative expenses of the Newfoundland fisheries board, $35,366.

Mr. Browne (St. John's West): I should like to ask the minister if any fish was sold to Spain last year after Mr. Gushue's visit there. There was supposed to be an agreement made, but was the fish actually shipped?

Mr. Mayhew: No. No fish was sold to Spain.

Mr. Higgins: Why the decrease in that amount? We are on item 143, are we not?

Mr. Black (Cumberland): Item 142 did not pass.

The Chairman: Yes.

Mr. Higgins: Item 143 is not carried yet?

The Chairman: No, we are on item 143.

Mr. Higgins: I was asking the minister why there was a decrease in the amount?

Mr. Mayhew: The reason for the decrease here is that practically the whole staff except the board members has been switched over to the federal department. As the hon. member knows, the Department of Fisheries has arranged to transfer to trade and commerce the board's foreign representatives. They were formerly paid by this department and now they are paid by the Department of Trade and Commerce.

Mr. Black (Cumberland): You are making fairly rapid progress here, Mr. Chairman. I should like to say something on items 142 and 143. They are under the same general heading. Item 142 shows a large increase. Some of the other estimates are down. That one shows an increase of $91,348. I think we all agree on the necessity for extending the markets for the fisheries, from the standpoint of the producer and of the consumer in every part of Canada. There has been a general complaint that while Canada is a fish-producing country it is not a fish-consuming country in regard to its population. I therefore do not think that there will be much criticism of the minister for increasing the appropriations for marketing, if he is getting results. I should like to know what addition there has been to the staff in his department, and what their special duties are, having regard to this appropriation. I should also like to hear from the minister what results his department is obtaining from its expenditures and its activities.

Mr. Mayhew: At the present time we have the already-mentioned investigation going on in Newfoundland as to the price of shore fish and the returns to fishermen. We also have in Newfoundland the development committee under Sir Albert Walsh. We also have another development committee in Prince Edward Island. As to both of them, we are proud that they are going on and are happy to have them at work. They are working closely with the provincial governments, each representing a joint committee of federal, provincial and trade representatives.

Mr. McLure: The main part of that increase of $91,000 in item 142 or the whole of it is for salaries. There is no increase in anything else.

The Chairman: Shall the item carry?

Mr. McLure: No, not yet.

Some hon. Members: Carried.

Item agreed to.

General services—

144. Industrial development service, $25,000.

Mr. McLure: What is meant by technical services to fishermen and fishing industry? There does not seem to be any detail at all given here.

Mr. Mayhew: Probably I could read the explanation that is in the book here. In the statement of government policy issued by me on May 5, 1949, the following is included:

The federal government is continuing to expand its research work on the development of the fishing industry. It should also take special steps towards encouraging the application of these scientific results to industry particularly in those areas of the country where development has lagged and the standard of living of the fishermen has consequently suffered. Some of these areas are rich in resources and it is possible to raise the standard of living by improving techniques. The federal government should encourage the application of modern techniques by increasing its technical services to fishermen. It should also consider capital assistance where necessary. In these areas attention should be concentrated on the improvement in fishing methods, in the types of boats and gear, improvement in the shore

plants, in the layout of plants, in canning techniques in freezing and in smoking, and in special cases in the encouragement of the establishment of reduction plants. For the further improvement and development of our service during the current year, a position of director of industrial and development services was established, but up to the moment we have not been able to complete the arrangements for the filling of this position.

Where it is being spent this year is in the Bonavista area of Newfoundland. The two ships that we had down there last year were long liners. They were there last year, but they are there this year operating on a truly commercial basis. Last year they were exploring. This year we are endeavouring to see if they can fish profitably in that area.

In answer to the hon. member for St. John's West, may I say that they were sent to Bonavista because the largest number of fishermen was in that area and because the fishermen were farther away from the bank fishing. They had to depend more on getting their catch inshore. We were carrying on the investigation where the greater number of people could have the advantage of seeing the operation for themselves.

Another service that is going on at the present time is at Bay Bulls, where we are installing a drier for light salt fish. If that has as great success as the one that was put in at Fortune for heavy salt fish then I think we will have accomplished a very great deal in these experiments for the people of Newfoundland.

Mr. Browne (St. John's West): Did the department have two boats in the Bonavista area last year or one?

Mr. Mayhew: We had two boats there last year.

Mr. Browne (St. John's West): These are the same two boats?

Mr. Mayhew: They were doing more exploring than fishing.

Mr. Browne (St. John's West): I was aboard one of the boats and I must say that it was a very fine boat. If they were a little larger they would be better.

Mr. Higgins: What did the operations cost?

Mr. Mayhew: One of the boats down there this year is larger than the one we had there last year.

Mr. Higgins: What did the operation cost?

Mr. Mayhew: Last year it cost $18,000.

Mr. Higgins: Why the reduction to $25,000? Is that the reason?

[Mr. Mayhew.]

Mr. Mayhew: Is the hon. member referring to the total?

Mr. Higgins: The total vote last year was $50,000; this year it is $25,000.

Mr. Mayhew: We have not a director set up for this department, and it was one place where we could obey the commands of the Minister of Finance for some curtailment, and we thought it would be—

Mr. Higgins: It is the director's salary?

Mr. Mayhew: Well, the director's salary is some of it.

Mr. Gibson: I would think that they would be able to catch $25,000 worth of fish with these large boats; otherwise I am badly misinformed about the richness of the fisheries there.

Mr. Black (Cumberland): These items that we have been passing more or less overlap. I asked the minister a question as to the results of the marketing efforts of the department last year, and I had special reference to the production in Nova Scotia. Will he advise the committee what has been the increase or otherwise in the quantity of fish produced in Nova Scotia and marketed in Canada, or marketed in the United States or elsewhere, and what has been the relative value of production in Nova Scotia, say in the last two years.

Mr. Mayhew: At the moment I have not the figures for Nova Scotia separately: I have the figures for the whole east coast. In 1949, $28,927,000; in 1950, it was $32,764,000, quite a substantial increase.

Mr. Black (Cumberland): An increase in value. What about volume?

Mr. Mayhew: The volume was 675,197,000 pounds in 1949; 735,132,000 pounds in 1950. Therefore both the volume and value have had a substantial increase.

Mr. Black (Cumberland): I would like to have it for Nova Scotia if the minister could give it. Every part of Nova Scotia is interested in the fishing industry, some of the counties more than others. My county is not greatly interested, except in lobster fishing, smelt and shad fishing. If I could get these figures for the province of Nova Scotia later it would be all right. I do not want to hold up the estimates.

Mr. Mayhew: I would be very happy to get the figures for Nova Scotia for the hon. gentleman and other hon. gentlemen. If I am unable to get them before the estimates are completed I will at least see that they are handed to the hon. member.

Mr. Black (Cumberland): Can the minister make a general statement as to the

prospects for an increase in the markets for eastern Canadian production of fish, especially Nova Scotia, an increase in the volume of fish that can be sold in Canada or elsewhere, in the year 1951 as compared with say the last two years?

Mr. Mayhew: A little while ago I said that I did not think the minister should be making long speeches. Probably I had better say something generally on this subject. For the year 1950 there has been a general increase in volume, poundage, and dollars all the way across Canada, with the exception of Newfoundland, and there we have the difficulty of marketing to which I will refer later. But the volume both in quantity and dollars is only one indication. In volume this year we are crowding two billion pounds. In dollars we are crowding two hundred million for the industry. I am satisfied that in the year we are approaching, that is, 1951, both these records will be broken. That is certainly the indication at the present time.

In addition to that there is the more substantial measurement: the per capita consumption of fish in Canada has increased approximately one pound in the last year. I think that is more significant than the figures I have quoted to the committee. In my opinion we have not by any means reached the volume that we should be eating in Canada, but nevertheless it is a substantial increase. But what is even more encouraging is the fact that the retail merchants all across Canada are taking a greater interest in their own establishments. They are installing better freezing equipment and building better fish stores. They are putting in tile floors and are making their stores as attractive as you would a dairy. We should like to see more of that kind of fish store in Canada. There is no reason why anyone in Ottawa, or in fact anywhere else in Canada today, cannot get fresh fish of good quality. There are still a few stores which have not been modernized, and which at times may have some carry-over. But from all these directions there is clear indication of encouragement.

Perhaps it would be sufficient to say that, so far as Newfoundland is concerned, there has been a great improvement. A greater variety of fish is being sold. More people are turning to the frozen fish fillets and to fresh fish. Then, a large quantity has gone to the driers to which I referred. We hope to give greater encouragement to salmon and lobster fishing, and I believe that in a very short time Newfoundland will have a tidy and well-balanced fishing industry, in fact just as satisfactory a fishing industry as will be found in any other of the Canadian provinces. This is coming about, not gradually but rapidly, if one may judge by the number of people who are entering the fresh and frozen fish business.

I am not one who believes that the salt fish industry is ruled out of the picture. I believe we have to apply new methods to the marketing of salt fish; we have to have new techniques and have the fish put up in different ways. I believe that with this commodity we can give the working people of Canada and the United States the best possible value. We can give them the best possible breakfast with the smallest cash outlay, if I may put it that way. We have not convinced the people of that, up to this point, but I believe it will be done. I do not think I will see it, but perhaps it will come about in three or four years. I do not expect I will be here that long. However, someone will do it, and I am sure it will be carried on successfully.

Mr. Black (Cumberland): Mr. Chairman, I know all members are pleased with the encouraging report given by the minister. This is true particularly of those hon. members representing Nova Scotia and Newfoundland constituencies. I do not believe there ever was a time in our history when there was a greater scope for encouraging the production and marketing of fish. This arises from the very high cost of competing meat foods. I was informed this week that beef was selling at $37 a hundredweight on the hoof. The prices of fish to the fishermen have been notoriously low over the years—too low, I would say.

What has been the relative value obtained by the fishermen of Nova Scotia over the last few years? Satisfactory returns, above everything else, will encourage the fishermen to produce. There is an unlimited scope for increasing the market throughout Canada and also in the United States, if proper encouragement is given by the department to the supplying of fish in central Canada and American points, in proper condition. In the last two or three years what amount per pound has been received by the fishermen of Nova Scotia?

Mr. Mayhew: I am afraid we cannot answer the question as the hon. member would like to have it. However, there has been no falling off in prices of Nova Scotia fish. As a matter of fact the prices have been more stable in that province than anywhere in Canada.

With regard to production in Nova Scotia, I would say that in 1949 it amounted to 354,650,000 pounds, with a value of $17,951,130, while in 1950 there were 359,628,000 pounds,

to a value of $21,071,730. The fishermen had an increase of something less than $4 million.

Mr. Brooks: I have not heard anything about the fisheries of New Brunswick. While I am not from a fishing constituency I would ask what the situation is in that province. How has the Torquay agreement affected the fisheries of the maritimes? Are we retaining our market for salt fish in the West Indies? I notice that we have increased our trade with Cuba, and I am wondering whether that means that we have increased our market for fish. What kind of fish would they take from us in the Cuban and West Indian markets, and from what part of the maritime provinces does that fish come?

Mr. Mayhew: The fishing industry of New Brunswick has shown a substantial increase. In 1949 there was a production of 186,119,000 pounds, whereas in 1950 it was 239,318,000. My recollection is that the Torquay agreement has not affected the fresh fish industry, but it has opened some markets for the sale of canned fish.

Mr. Brooks: Is not Cuba a large market for salt fish?

Mr. Mayhew: Yes; but last year there was an upset in the West Indies market, chiefly in Trinidad, due to the operations of the Scottish co-operative society which made some sales there. I believe however that they may be unable to fulfil their contract. The result is that the market is proving fairly stable, so far as the maritime provinces are concerned.

Mr. Brooks: As I understand, we are gaining markets in Cuba and are not losing any of the markets in the British West Indies; is that correct? There have been some statements to the contrary.

Mr. Mayhew: So far as we can see at the moment, what the hon. member says is substantially correct.

Mr. Higgins: A few minutes ago the minister said that Canadians were eating one pound more fish per person per year. Has there been any increased consumption throughout the rest of the North American continent?

Mr. Mayhew: We have no figures, but our understanding is that there has been a corresponding increase in the United States.

Mr. Higgins: On December 6, 1949, the minister made a statement, which I believe he still adheres to, to the effect that if the people of North America would each eat one more pound of fish per year the fishing industry would hardly begin to meet the demand.

[Mr. Mayhew.]

Mr. Mayhew: I think that statement has been borne out by the facts because that is about the position we are in today. Most kinds of fish are in short supply rather than long supply.

Item agreed to.

Fishing bounty (chapter 74, R.S. 1927), $160,000.

Mr. McLure: I realize that this is a statutory item, but I understand it is customary to ask for information on such items. I should like to know what bounty has been paid in each county in Prince Edward Island, and the number of fishermen receiving the bounty?

Mr. Gibson: Politics.

Mr. McLure: I can tell the hon. member one thing; it is not independent politics. I would be on one side of the fence or the other.

Mr. Mayhew: Probably the hon. member will be surprised that I can give this information for the different counties. It is as follows:

	Number of men	Number of boats	Amount of bounty
Kings	128	104	$1,166.40
Prince	598	350	5,313.40
Queens	222	116	1,958.60

Mr. McLure: Is the bounty paid to oyster fishermen or just to regular hook and line fishermen?

Mr. Mayhew: The regulations provide, first, that he must be a British subject engaged in deep-sea fishing in Canadian vessels or boats for at least three months. He must have caught not less than 2,500 pounds of sea fish and have fished in a boat measuring not less than 12 feet along the keel, and with not more than three men, including the owner, who will be allowed as claimant.

145. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $500,000.

Mr. Gibson: How many seal skins were processed for the department and what was the total net profit?

Mr. Mayhew: For 1950-51 the net revenue to the Department of Fisheries was $558,532. If customs and excise duties are considered the revenue is $820,788.

Mr. Gibson: How many skins?

Mr. Mayhew: Twelve thousand, nine hundred.

Mr. Gibson: I should like to read into the record for the information of the minister a letter which I received from Paul Sam of

the Ahousat band. I know this Indian quite well and I do not know whether the minister has met him. If the Minister of Citizenship and Immigration were here I am sure he would be quite proud of the progress that is indicated as having been made by these people who are now capable of writing a letter of this kind. I remember Paul Sam's father quite well, and under our educational system the son has made considerable progress. This is addressed to me under date of May 22 and reads:

Dear Sir:

This is to inform you of the fur sealing issue now at hand, and which has come to a climax here in Ahousat.

About the 12th of this month a notification, by radiophone and by word of mouth, went out to seven of our seal hunters to appear in court on May 18 in Tofino, British Columbia.

It so happened that several of our boys had been out hunting seals for food as there has been a critical scarcity of salmon here on the coast all spring, and seal meat is a great medium for fish to us Indians as you know.

We were not interested in the fur seal commercially until a seal fur buyer—Mr. Stanley Roberts of Vancouver, B.C.—came to Ahousat some time first week of April.

This man Roberts had a seal buying permit from the fishery department and also from the Indian agent to reside here on the reserve for a few weeks.

With the scarcity of salmon this year for food and commercially, who would overlook $10 a skin for seals as that is the price given by Stanley Roberts? He had government tags for all seals bought, and these fur seals were inspected and O.K.'d by the fishery officer, Mr. Fred Shaughnessy of Tofino.

Incidentally, a very capable and efficient officer.

The seals were inspected and the money paid after that, but the funny part is that Mr. Shaughnessy never notified us of the confiscation of skins, and even the buyer doesn't know when they were seized. The buyer Roberts says that they might have been taken at Tofino from the s.s. *Maquinna* on the way down. There were seven hunters involved and 12 skins confiscated.

According to the statistics there are about 4,000,000 seals on the Pacific coast.

Is that about the right figure?

Mr. Mayhew: About 3 million.

Mr. Gibson: This is the Indian's point of view on this matter. The letter continues:

To feed these seals from January to June passing through British Columbia waters, require (roughly) one salmon while passing through our waters. That means that our fishing industry is out 4,000,000 salmon.

We will reduce that to 3 million.

Surveys by the fishery department, 15 years ago, have shown that one seal requires eight pounds of fish per day. So you see what a menace these fur seals are to our industry and also to our existence. Compared to the fur seal, the sealion and hair seal is just a handful and still the government has a bounty on the hair seal.

That letter is signed by Paul Sam and Philip Louie, the secretary of the association. The minister has stated what the revenue is and I presume it is a gross revenue because if these seals had been taken by our Indians we would have received excise and customs duty. There were 12,000 skins taken and we have a net profit of $820,000. The Indian's point of view is that if there are 3 million seals going through our waters and they eat one salmon apiece—they are there about 90 days—it will cost us about $3 million. I think that would be a very low figure. I would think it would probably be closer to $6 million. There is the fact that seals eat about eight pounds of fish a day. I think we could put it at $5 a ton, and that would be worth about $6 million, plus the $3 million for salmon which would amount to about $9 million that they maintain the seals take out by way of food. The Indian says that despite the fact that the government gets $820,000 in return the seal food is costing approximately $9 million. Even an Indian can figure out that that is a money losing proposition. When I first went up the west coast the Indians used to use seals as a regular part of their diet. I can well remember the great cast-iron pots. You could stuff a missionary in them. They used to be bubbling away at night.

Mr. Stick: Did they cook the missionaries?

Mr. Gibson: No, there were enough seals. We never had to eat the missionaries. As I say, the seals used to be a regular part of their diet. When I first went to Ahousat that small village produced about 1,000 sealskins every year. That was a part of their general livelihood. It was never the Indian who depleted our seals. I do not think the fisheries department has ever contended that it was the Indian who cleaned up our herds of seals. It was the white man with his very intensive exploitation of the seals in the Pribilofs who did that.

The Indian says that he is restricted to the use of a small canoe and a spear when he goes out to catch seals. That used to work very well in the old days when the seals were not molested by anybody. In those times they used to come into the inside channels, and the Indians could take them quite easily. It would seem to me that the minister might very well discuss this matter with the United States authorities because they must have the same problem. They have Indians around Neah Bay and along the shores of Washington and Oregon, and their Indians must make the same representations to their government that our Indians make to ours.

An hon. Member: And they vote.

Mr. Gibson: And they vote. I think probably our Indians are going to vote. That

is why I was so keen about having them accorded the right to vote. I have always said that I feel that people who vote get more consideration, but that does not apply to the present minister. I know that he is going to give this matter very serious consideration. I should like to think that he will recognize the fact that our Indians have some aboriginal rights. I think the Indian is the first one to say that probably a sufficient quantity of our seals should be maintained or protected, but when that whole herd of three million seals goes past they figure they have a vested aboriginal right in them, and I think it is a little too restrictive not to allow them to take any of them.

As a suggestion, I would say that when the minister discusses this problem with the United States authorities he might say to them: We have probably 1,000 male Indians out on the coast who originally had access to these seals. Suppose we give them the privilege of taking fifteen skins apiece each year.

Mr. Mayhew: Who would police them?

Mr. Gibson: After all, they would only have a permit to take fifteen skins so that is all they could sell. It would be reasonable enough.

Mr. Mayhew: Have you never heard of bootlegging?

Mr. Gibson: I do not think our Indians would go that far. It would seem to me that we would have a reasonable argument if we would say to these people: We recognize your aboriginal rights. With the great white father in the United States and the great white father here in Canada the Indians say that now they are not allowed to have any more interest in these seals. The government is getting $820,000 in taxes, and I am sure the Indian will look at that with a very jaundiced eye. It seems to me that some agreement should be reached with the United States so that our Indians, who have these aboriginal rights, will at least be able to get some of these seals not only for food but also for their value as fur. Nothing would be lost to anybody, and it would seem to me to be reasonable if that course were undertaken.

Mr. Mayhew: What the hon. gentleman is suggesting is that we give the Indians the right to pelagic sealing. That is something that we do not give the white man. We are trying to make the Indians real Canadian citizens and give them all the rights of Canadian citizenship, but surely they are not going to ask for greater rights than other Canadians.

[Mr. Gibson.]

Mr. Gibson: We allow them to fish salmon for food in the fall. You give them a permit for that.

Mr. Mayhew: We do not allow any pelagic sealing. We do not allow anyone to kill seals while they are in the water.

Mr. Gibson: You do not allow him to go and catch dog salmon in the fall either, but the Indians have certain aboriginal rights.

Mr. Mayhew: We are not taking any of those rights away from them, but I do not think this is the time to give them something different so far as sealing is concerned. They have a right now that no white man has. They can catch seals by certain methods, with a boat and harpoon, and some of them have done not too badly. I would not think that the hon. member would be serious in saying that they should be given the right to pelagic sealing.

Mr. Gibson: Of course if the contention is right that the $820,000 we get costs us $6 million in the form of salmon or other fish when the seals are going through, there may be no validity to that argument at all, but it certainly costs something to feed these seals.

Mr. Mayhew: That has nothing at all to do with Indians engaging in pelagic sealing. That is an entirely different question. In the only examination that was carried out it was found that the seals were living on squid and herring, and not on salmon.

Mr. Gibson: No salmon?

Mr. Mayhew: No salmon, although I think if they were hungry they would catch a salmon. I think we should know more about the habits of the seal, and we intend to find out more.

Mr. Gibson: After all, I do not think we are making any actual profit on this. I would not like to see the seals extinct, but on the other hand it seems to me there is not too much profit in the whole business. Besides that we are making a lot of bad friends among the Indians.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

Mr. Speaker: I notice that there are two pipe line bills on the order paper which are to be considered by the house in committee of the whole. Is it the pleasure of the house

that both of these bills be referred to the committee of the whole on the one motion?

Some hon. Members: Agreed.

INDEPENDENT PIPE LINE COMPANY—CHAMPION PIPE LINE CORPORATION LIMITED

Mr. J. W. Welbourn (Jasper-Edson) moved that the house go into committee to consider Bill No. 269, to incorporate Independent Pipe Line Company, and Bill No. 321, to incorporate Champion Pipe Line Corporation Limited.

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

The Deputy Chairman: First we shall consider Bill 269.

On section 1—*Incorporation.*

Mr. Green: Mr. Chairman, when this bill was before the committee on railways, canals and telegraph lines, the sponsor called various persons interested in the proposed company, including an engineer and financial authority. I believe the members of the committee generally were satisfied that the project is very much worth while. This group plan to pipe oil, as distinguished from gas, from west of the Edmonton area down through the Yellowhead pass to Kamloops, thence to Merritt and through the Coquihalla pass to Hope, and on to the vicinity of greater Vancouver. The committee was informed that at the present time there are only about 50,000 barrels of oil per day available in Alberta for shipment to the west, the balance of the production being required for shipment through the pipe line to the east and for local consumption on the prairies.

I believe the fact that there are only 50,000 barrels available for a west coast line is very significant. The market in Vancouver and surrounding area can absorb about 35,000 barrels per day. There would be a very small amount of oil left over for export to the United States, for storage purposes or for use in some other way. The point is that if this line were going through the United States first, obviously there would be no oil left over for the Canadian Pacific coast.

Personally, as a member from a British Columbia riding, I am strongly in favour of this bill. I believe that the applicants are putting forward a very worth-while proposition. They are committed to build their main line entirely within Canada, which of course is what we have been asking throughout the debates which have taken place in the last two or three years. There was one small amendment made to the bill in committee, and I would ask, Mr. Chairman, to have that read to us when we reach that particular section.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Head office and other offices.*

The Deputy Chairman: The amendment which has been proposed to this bill is to section 4, subsection 2. The amended subsection will read as follows:

The company may, by by-law, change the place within Canada where the head office of the company is to be situate.

Shall the section as amended carry?

Section agreed to.

Sections 5 to 11 inclusive agreed to.

Preamble agreed to.

Title agreed to.

The Deputy Chairman: We shall now consider Bill No. 321, an act to incorporate the Champion Pipe Line Corporation Limited. An amendment has also been moved to clause 4 of this bill, and the amendment is the same as the one we considered in the previous bill. Section 4, subsection 2, has been amended by adding the words "within Canada" after the word "place" in the first line. It now reads as follows:

The company may, by by-law, change the place within Canada where the head office of the company is to be situate.

On section 1—*Incorporation.*

Mr. Green: This bill also received the unanimous consent of the members of the committee on railways, canals and telegraph lines. One significant feature about the plans of this group should be pointed out, and that is that they propose to build a natural gas pipe line from southern Alberta to the Pacific coast by an all-Canadian route. They are prepared to build that line through southern British Columbia, over a route which they say is feasible, although last year other groups who were planning to go through the United States to the Pacific coast took the position that it would not be practicable to build a gas line through British Columbia. This year we have a group of responsible Canadian coming before the committee on railways, canals and telegraph lines and stating that they believe it is a feasible and financially sound proposition to build this gas line from southern Alberta through the southern portion of British Columbia to Vancouver. Any surplus gas would be sold to the United States, and no one has any objection to that, provided of course that Canadian needs have first been met.

I believe that the applicants for this charter are genuinely committed to building a

Canada-first route. Personally, I think they should be given every encouragement.

Section agreed to.

Sections 1 to 11 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bills reported, read the third time and passed.

Mr. McLure: Mr. Speaker, I think the sponsors of those two bills which have just been passed owe the hon. member for Vancouver-Quadra (Mr. Green) their fullest support in the future because these bills went through so rapidly.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Croll: You mean that he did not block them.

MOTION FOR SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 332, for the relief of Marion Agnes Kelsch Cleghorn.—Mr. Winkler.

Bill No. 343, for the relief of George Keith Henderson.—Mr. Winkler.

Mr. Speaker: Is it the pleasure of the house that both these bills should receive second reading at the same time?

Mr. Knowles: No, Mr. Speaker; one at a time.

MARION AGNES KELSCH CLEGHORN

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 332, for the relief of Marion Agnes Kelsch Cleghorn.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on two previous occasions when this bill was called, I asked that it stand because the evidence had not yet reached us. That evidence came to hand yesterday and such study as I have been able to give to the evidence convinces me, if I needed any convincing, that this is not the kind of business that this House of Commons should be dealing with at all.

The evidence in this case runs to 34 printed pages. I have read it carefully, but I confess that the more consideration one gives to this case, the more confusing it becomes. I discover that the case was contested before the Senate committee. I discover also that when the counsel for the respondent pointed out that the petition was in extremely general terms but that the case before the Senate was particularized as to the charge of adultery, on the basis of that statement a considerable portion of the time given to this case by the Senate committee was devoted to the question of whether or not there should be an adjournment of the case. If one goes through the evidence he finds the hon. senators repeatedly expressing the view that it looks as though the case will have to be adjourned so that the respondent can have the opportunity to subpoena the co-respondent whose name was not given until the first day's hearing in the other place. Finally, the Senate committee agreed that an adjournment was in order, and the case was adjourned for one day.

As one reads the evidence, when he comes to that point it looks as though the argument is fairly heavy on the side of the respondent. Then the next day, when the respondent's lawyer appears at the adjourned meeting, he reports that although he has tried to get in touch with the co-respondent in order to subpoena her to appear before the committee he has been unable to do so. She appears to have moved from the address he had for her. One does not know how hard he tried, but certainly he makes the statement to the committee that this person had moved and that he was unable in so short a time to get in touch with the co-respondent. As one reads the case, one finds that it comes to a very sudden conclusion. All through the book it looked as though there was a good deal to be said on the respondent's behalf. Then all of a sudden the case is closed and the Senate committee recommended that the divorce be granted. To be objective, I must say that against the respondent there are one or two references in the evidence to a sum of money being transferred in return for the case not being contested. That fact is not proved, but the references are there. All told, it adds up to a story of considerable confusion. If one takes the statements made under oath before the Senate committee, the evidence is contradictory. Certain detectives bring in evidence of adultery on the part of the respondent with a certain person who is named. The respondent himself under oath denies that allegation. So there it is—a state of confusion right down the line.

It is an odd case in that it is the wife who is suing for the divorce and it is the husband who is contesting the divorce. I want to say quite frankly and quite openly, Mr. Speaker, that my study of the case and my discussion of it with some other members around the house to whom I have talked about it, leaves me quite undecided. I do not know what we should do about this particular divorce case. I think it underlines clearly the fact that we are not a competent court to be dealing with these matters. Because of that fact I felt

that I should draw the particulars in this case to the attention of the house; and I suggest to hon. members that they consider seriously whether we are doing the right thing to continue to deal with these cases in parliament. In my view these cases should be transferred to a proper court.

Mr. David A. Croll (Spadina): Mr. Speaker, I too have read the evidence, although perhaps not as carefully as has my friend, the hon. member for Winnipeg North Centre. But I am less confused than he is. Thinking that the hon. member for Winnipeg North Centre (Mr. Knowles) would continue to be a divorce commentator again tonight, I thought that I would read the evidence in order to get at least a fair smattering of it. There is no question that the evidence is overwhelming. I am not going to read any part of it. The top of page 33 and other portions of it speak for themselves.

The hon. member made reference to the opportunity that was given to the respondent to bring in a witness, and the case was adjourned for some days.

Mr. Knowles: One day.

Mr. Croll: One day, in order to give the respondent an opportunity to bring in a very important witness. He was not able to do it. On the other hand it was suggested that the witness was available, and the argument centred around whether the witness was or was not available. The witness was not brought there. My point is that every opportunity was given to the respondent in this case to bring in whatever witnesses he could procure, and he did not bring them in.

As I have said, I think the evidence in this case is overwhelming, and if I can help settle my hon. friend's mind, this is a proper case for divorce.

Mr. W. F. Carroll (Inverness-Richmond): At the request of the hon. member for Winnipeg North Centre (Mr. Knowles) I had a look at this evidence. I suppose we should look at all the evidence that comes before us if we are to be regarded as a court; but I have not reached the same conclusion as the hon. member for Spadina (Mr. Croll) has reached on this matter. I have some reason for thinking why the hon. member for Winnipeg North Centre has been so confused. The case was tried on grounds that I do not quite understand at all, and I want to say that I have tried a good many divorce cases myself.

If I was trying this divorce case, Mr. Speaker, I would not feel convinced that the petitioner had overcome the burden that was put upon him; that is, to prove by convincing evidence that this respondent was guilty of adultery. The Senate committee may have taken a different view, but two of the senators who were hearing this case did on one occasion say that the evidence was not sufficient to convince them.

Many statements were made by counsel for the petitioner which, if it was necessary to show that, were not evidence at all. For example, he turned to counsel for the respondent and said: "Your client wanted to get a thousand dollars to call this case off." I am hopeful that that did not have any influence on the senators who were hearing this case. It does look to me as if during the whole of the proceedings the case was badly tried. There were too many statements allowed to be made by counsel for the petitioner which were not evidence at all. If there was a jury present it would have had a tremendous amount of influence upon their minds. All I am saying is that I am hopeful that it did not have the same influence upon the good senators.

I am not going to make any remarks about this matter at all. If the good people who tried this case in the other place feel there was a case made out then their consciences are clear. But in looking over the evidence I find one or two statements made by perhaps two of the senators which would indicate to me that they could not exactly overcome the idea that there was not sufficient evidence in this case. Perhaps it is none of my business, but what I want to say is that I would bring to the attention of the committee to which this bill will go the importance of giving it very serious consideration. I have no doubt that they always do that. They should give the respondent the opportunity of bringing from Montreal the witness that he attempted to get.

I want it distinctly understood that I am not talking on this case because I am against divorce as such. My opinions in that regard have been placed before this house on one occasion previously. I myself have tried many divorce cases, and granted many divorces.

Mr. Fulton: Will the hon. member permit a question at this point? He has referred to his reading and interpretation of the evidence before the committee of the other place. May I ask him whether in his opinion there were any signs or indications that there may have been collusion in this case?

Mr. Carroll: Well, I do not know; I could not say that offhand. Two or three things were said, but they would not be enough to satisfy the judges over there that there was collusion, or anything of that kind. The thing that surprised me was why the petitioner did not call this lady. That has given

rise in my mind to a suggestion that he perhaps could not get the evidence from her—I do not know. That is all I have to say. But I would like to see the committee to which this bill will go give it at least the most sincere and considered opinion and consideration that they are able to give it.

Mr. R. R. Knight (Saskatoon): I agree with the hon. member for Inverness-Richmond (Mr. Carroll) with regard to this case. I have read the evidence carefully, and it was more or less of a legal point between two lawyers. The hon. member for Spadina (Mr. Croll) has the advantage over some of us in that direction.

I can perhaps answer the question which the hon. member for Kamloops (Mr. Fulton) put to the hon. member for Inverness-Richmond as to whether there was any suspicion of collusion in this particular case. I of course am not qualified to judge, but I did notice that in this case a separation had been granted by the civil courts some years before the divorce action was brought. When the separation was applied for the question of adultery was not one of the reasons given for such separation. On the strength of that one of the lawyers did allege condonation in this particular case. I think that answers the question asked by my hon. friend.

Mr. Fulton: Very strong suspicion.

Mr. Knight: I am not qualified to go into this whole matter, but I want to point out that there was considerable doubt in the minds of some of the senators who adjudged this case.

In reply to the hon. member for Spadina, I would say that the acting chairman felt that an adjournment should be granted in this case if it were asked for. It was asked for, but I would point out to my hon. friend that the adjournment was for only twenty-four hours, or one day, and that the lawyer acting for that particular party felt that that time was not sufficiently long, nor did he feel that his client could afford on the spur of the moment to get the money to handle the necessary expenses.

The acting chairman also said—and this again is a legal point—that he thought the petition had been very poorly drawn. The Hon. Mr. Kinley is reported in the evidence as saying: "I suggest that the evidence is pretty weak." On that basis, sir, I think there is reasonable doubt in the matter. I would have said nothing about the particular case if it had not been for the statement of the hon. member for Spadina and the question of the hon. member for Kamloops. But as a matter of fact, I do want to draw the attention of the public to the cost of this bill and its mates. I have made some investigation into the cost of the printing of these particular bills and the evidence, and also as to the disposition of the bills and the evidence when so printed. This particular bill, and others like it, would appear to cost for printing, presentation and distribution somewhere in the neighbourhood of $125. I am informed this bill is one of 590 which have been passed from January 1, 1949, to the end of December, 1950. I am also told that some of these fees are decreased from the regular fee of $210 to the sum of $125. I was curious to find that the amount to which the fee was dropped was always $125, and I was told that that is the estimate of what one of these divorce cases costs by way of paper, printing, distribution and other details.

It is interesting to note the sum total of costs of this bill and others like it. I have here a statement supplied me by the Clerk of the House in which he has set down information which he, in turn, received from the Clerk in the other place. In answer to my question as to what was the total cost of printing the evidence, and of the paper on which it is printed, between January 1, 1949, and December, 1950, it is pointed out that the cost of printing and paper for evidence in divorce cases as taken from accounts submitted by the Senate for payment, January 1, 1949, to December 31, 1950, was $91,926.29. I suggest, Mr. Speaker, that that is a large amount of money to transfer to the waste-paper baskets, which I believe are their common destinations.

Then, as to distribution, it is interesting to note that a copy of this evidence is not available to the public; and I am glad of that. I notice however that twenty-five copies of the bill and the evidence pertaining thereto are preserved in the care of the Clerk of the Senate over a long period of time, presumably for the purpose of having it available for those who would require it. If the bill is not available to the public, then I cannot see the point of hiding away twenty-five copies of it. I cannot imagine how it could be of any use, if it cannot be given to the public. While this is not a large item, yet I suggest it is a large amount of money to be spent in this direction.

Mr. Lennard: May I ask the hon. member a question? Did the hon. member in the return receive any statistics showing what the applicant paid for appearing here?

Mr. Knight: Yes, I believe I have that. The parliamentary fee—and I should imagine that is the information the hon. member wants—payable on divorce petitions, under rule 140, amounts to $210.

Mr. Lennard: In each case?

Mr. Knight: Yes, in each case. In cases where it is shown to the satisfaction of the committee on divorce that an applicant is unable to bear this expense, the fees are usually reduced to $125. That is the sum I mentioned earlier. This decrease is made because, in round figures, it covers the out-of-pocket expenses. In a few special cases the fee has been reduced to as low as $75.

It might interest the hon. member to know that, of 280 petitions heard to date in the present session, in seventeen cases the fees were reduced to $125, in eight cases to $100 and in four to $75.

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

Mr. Knight: I love questions, if I can answer them.

Mr. Higgins: What is the average all-in cost of divorces?

Mr. Low: All-in?

Mr. Hatfield: That is the sixty-four dollar question.

Mr. Speaker: May I remind hon. members that the debate is assuming a general tone. The discussion would appear to be on divorce generally and does not relate directly to the bill before us. I have not stopped the hon. member, nor do I propose to do so. However, I trust the discussion will not go too far afield.

Mr. Knight: Thank you, Mr. Speaker. I thought that perhaps in the debate on second reading one might have a little leeway in the matter of general discussion, provided it had reference to the bill. As I said earlier, I have read the bill thoroughly and could discuss it for an hour if necessary. I thought the facts I was placing on record were of more interest to the house and country. However, in view of your admonition perhaps I should say no more about it.

Some hon. Members: Hear, hear.

Mr. Knight: What I have said is on the record.

Mr. Speaker: As I pointed out, I had no desire to stop the hon. member, but I would remind the house that the discussion should be pertinent to the bill. However, now that the hon. member has begun his speech, I feel he should be allowed to conclude it.

Some hon. Members: Question.

Some hon. Members: Carried.

Mr. Speaker: Has the hon. member for Saskatoon completed his remarks?

Mr. Knight: Mr. Speaker, as I indicated, I could talk for a long time about this case, but I do not think I have anything further to say for the record.

Hon. members may be interested to know that $10 is paid by the applicants in these divorce cases for the translating and printing of the bills. I take it from this return however that that does not cover the evidence. Six hundred copies in English and two hundred in French are printed, and I cannot see the necessity for that number. They are in stereotyped form, and perfectly uniform. In view of our advocacy of another type of court, I suggest that this procedure of having a court of 102 judges in the other place and 262 here who have to be supplied with all this evidence might well be replaced, and certainly more cheaply, by a court in which there would be less judges.

Motion agreed to and bill read the second time.

GEORGE KEITH HENDERSON

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 343, for the relief of George Keith Henderson.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I shall not detain the house for more than a moment, but I should like to ask a question of the sponsor. I know we are not in committee, but before going into committee I would ask him to answer a simple question. Can the hon. member tell me from what city the petitioner George Keith Henderson comes?

Mr. Winkler: I cannot tell the hon. gentleman that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I had not intended speaking on this bill but since a question has been asked and apparently no answer can be given I feel obliged to say that it should be given. The domicile of the petitioner in this case is Montreal while the respondent is living in the United States. The printed evidence here runs to 57 pages. I have read it, and I know one or two other hon. members have read it, and it appears to be most confused. The case was contested before the Senate committee and I hope our committee on miscellaneous private bills will go into it very carefully.

One reason for the confusion that exists is the fact that one wonders why it was contested. When a case is contested there is usually a motive, and that motive is generally quite clear. Many times the question of money seems to be involved, but in this case both parties appear to have plenty of money. They

already have a separation and have no desire to live together, and yet the case was contested. It would appear to me that the woman in the case is anxious to clear her name. Certainly she denies categorically under oath the charges made against her in the petition. I shall say no more, but I do hope that the committee will look into this case carefully.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

INDUSTRIAL LOAN AND FINANCE CORPORATION

Mr. Alan Macnaughton (Mount Royal) moved the second reading of Bill No. 335, respecting Industrial Loan and Finance Corporation.

Mr. Green: Would the sponsor of the bill be good enough to make a statement?

Mr. Macnaughton: The purpose of Bill No. 335 is simple and clear. With the consent of the house it is intended to change the name of the corporation from Industrial Loan and Finance Corporation to Community Finance Corporation. There is only one section to the bill which preserves all the rights and liabilities of the company.

The reason for the proposed change is that the present title is not a correct description of the type of business carried on. This company carries on a personal loan business under the federal Small Loans Act. There is considerable confusion owing to the fact that another corporation with a more or less similar name carries on a refinancing business. Consequently we are asking for permission to change the name to Community Finance Corporation.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SECOND READINGS—SENATE BILLS

Bill No. 351, for the relief of Archibald Kenneth MacLean.—Mr. Winkler.

Bill No. 358, for the relief of Marion Evelyn Peak Collins.—Mr. Winkler.

Bill No. 361, for the relief of Eugenie Marjorie Ross Finley.—Mr. Winkler.

Bill No. 363, for the relief of Ruth Mary Halsey Shaw.—Mr. Winkler.

MISSISQUOI AND ROUVILLE INSURANCE COMPANY

Mr. Henri A. Gosselin (Brome-Missisquoi) moved the second reading of Bill No. 366, to incorporate the Missisquoi and Rouville Insurance Company.

Mr. Low: Will the sponsor of the bill explain it?

[Mr. Knowles.]

Mr. Gosselin: This is the usual bill for the incorporation of an insurance company. Immediately after second reading I intend to move that the bill be referred to the standing committee on banking and commerce.

Mr. Green: Could the hon. member not give us more details than that?

Mr. Lesage: This is the usual bill asking for the incorporation of a company.

Mr. Green: We are entitled to an explanation of the bill on the motion for second reading.

Mr. Gosselin: The Missisquoi and Rouville Mutual Fire Insurance Company was organized in 1835 under a provincial act. It has been in business ever since in the county of Missisquoi. The head office was at one time at Phillipsburg, but it has been located at Frelighsburg for over 75 years.

Under the old act the company could be organized as a mutual company, and the company started as such and did business in that way until 1888, when it was organized to do business under the cash system. Later it took advantage of some clauses of the same act to subscribe a sustaining capital and such capital was subscribed and it has been doing business since as both a mutual and cash company under the mutual system and the cash system.

In order to do business in other provinces than the province of Quebec it has to obtain a licence and make a deposit in each province. As the business extended this has been found to be inconvenient and the company has asked for the present bill in order to satisfy its clientele, and to extend its business.

Similar bills have been granted to the Stanstead and Sherbrooke, which was organized in 1835 under the same provincial law and which followed exactly the same progressive steps as the Missisquoi and Rouville Company. This federal charter was obtained in 1940. The Mercantile, with head office at St. Hyacinthe, organized under the provincial law mentioned above, obtained a federal charter in 1939. The Wellington Fire of Toronto also obtained for the reasons given above a federal charter around 1939. The Waterloo, the Gore, the Perth and other companies in Ontario followed the same procedure.

A large part of the insurance business is reinsurance. The Missisquoi and Rouville reinsures a number of Ontario companies and cedes part of its insurance to these same companies. It will make it much easier for it to obtain reinsurance by having a federal charter.

The company is now carrying on business in British Columbia, in Ontario and Manitoba and in the eastern provinces, and it is felt that its business will be facilitated if it obtains a federal charter.

The management of the company will not be changed by obtaining a federal charter and will have no more power than it has under its present set-up, but the transaction of its insurance will be facilitated.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CO-OPERATIVE FIRE AND CASUALTY COMPANY

Mr. F. H. Larson (Kindersley) moved the second reading of Bill No. 367, to incorporate Co-operative Fire and Casualty Company.

Mr. Macdonnell (Greenwood): May we have an explanation?

Mr. Larson: Mr. Speaker, this bill is to incorporate the Co-operative Fire and Casualty Company. The people who are asking for incorporation are co-operatives spread from one end of the country to the other. I understand the financial set-up is very similar to that of the normal corporation or company. The bill has had the approval of the superintendent of insurance, and when it is referred to the committee the people who are interested in it will appear before the committee and give the details of the incorporation.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

MOTION FOR SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved the second reading of Bills Nos. 368 and 369.

Mr. Knowles: We have no evidence yet in these cases.

Mr. Speaker: Stand.

IVY GRACE BARNSDALE MOORE

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 370, for the relief of Ivy Grace Barnsdale Moore.

Mr. Stanley Knowles (Winnipeg North Centre): I should like to say one word or perhaps two—

An hon. Member: Three.

Mr. Knowles: —in connection with this case. The evidence has come to hand, and incidentally it makes it clear that there were no detectives called. In fact the only witness was the petitioner herself. The evidence seems pretty clear that her husband deserted her some time ago. In fact he went through a form of marriage with another woman in the United States. The Senate committee seems satisfied that that was sufficient evidence. One of the interesting comments that I ran across was to discover in the evidence this sentence: "The respondent was called but did not appear." When one reads the evidence one finds why the respondent did not appear. He discovers that the respondent is serving a term of seven years in the Ohio state penitentiary for bigamy.

Motion agreed to and bill read the second time.

MOTION FOR SECOND READING—SENATE BILL

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 371, for the relief of Dorothy Chaffee Caduc.

Mr. Knowles: The evidence in this case has not yet come to hand.

Mr. Speaker: Stand.

BORDER PIPELINE CORPORATION

The house resumed, from Friday, June 8, 1951, consideration of the motion of Mr. Robinson for the second reading of Bill No. 118, to incorporate Border Pipeline Corporation, and the proposed amendment thereto of Mr. Herridge.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I believe the last time this matter was discussed I had the honour of moving the adjournment of the debate. Some people are born great, some achieve greatness and some have greatness thrust upon them. In this particular case I think probably it was thrust upon me. I am on the third strike now, but I am very willing to accept whatever blame there is in this matter.

An hon. Member: There is no blame.

Mr. Higgins: As the hon. member very properly puts it, there is no blame. It is a very worthy object to engage in this debate in every way. I understand that four or five bills of a somewhat similar character have already been passed this session, and that their purpose is to take products from the same locality as is proposed by this measure. There is very little difference in these bills with one exception. The exception is involved in the word "but" in the amendment, and has to do with a clause in the amendment that is in the other measures but is not in this particular one. "But" is a very small word indeed. It has three little letters, b-u-t, but it makes a tremendous difference in the minds of members of the house who are opposed to this type of

measure. From talking with various members who are not in accord with the measure now before us, I am quite certain that they would be quite prepared to vote for it if it included the provision contained in the amendment and commencing with the word "but".

An hon. Member: They did not ask my advice.

Mr. Higgins: They did not ask your advice? That is not fair because I think everybody else has been asked about this matter, and if the hon. member has not been asked there must have been an omission in some way. I am certain that the sponsor of the bill would not want the hon. member to be passed over in any way.

Mr. Macdonnell (Greenwood): Siphoned off.

Mr. Higgins: Siphoned off. I must say that I have been trying to look at this thing honestly, and I can see no objection to including the amendment. Some hon. members have asked me where I come into the picture, and why I should be interested in a matter of this nature at all. This bill deals with oil, and we have an awful lot of oil, fish oil, in Newfoundland. I presume, as the Prime Minister (Mr. St. Laurent) stated the other day, we could call it a kindred subject. Oil is oil, although I doubt very much that we will ever have to construct a pipe line to bring our fish oil up here. But if there is a possibility of using such oil I would have very great pleasure indeed in asking parliament to adopt such a bill, and I certainly would include in it that it should be an all-Canadian route.

If somebody would guarantee that there would be sufficient fish oil used, then I would be quite prepared to introduce a bill and to ask that the measure include the policy of Canada first, which is the only objection to the bill now before us. I think, Mr. Speaker, that I cannot talk much longer because it is nine o'clock.

On motion of Mr. Higgins the debate was adjourned.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF FISHERIES

General services—

145. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $500,000.

[Mr. Higgins.]

Mr. McLure: Before the committee recessed at six o'clock, the hon. member for Comox-Alberni was speaking on this very important question. I did not desire to interrupt him in any way at that time, but I should like to learn from him the source of the information he gave the committee with respect to the destruction of salmon by the fur seals of the north. This is the most astonishing information I have ever heard with regard to fur seals. If his information had been that the fur seals were eating the whales and porpoises of the north, where the fur seals live for two and a half months of the year, then that would really be news. However, nobody knows where the fur seals come from or where they go. The only time they can be located is for two and a half months from June on, and then for nine or ten months they disappear. Nobody knows where they spend that period of ten months. I want to make a few remarks about this matter because it is a very interesting subject. Before doing so, however, I should like to ask the minister a question. What is the cost of machining, dressing and dyeing—I do not want anything for cartage, carrying charges or anything like that—of the different firms namely Martins of England, Martin-Schnaufer of Toronto, and the Fouke Company of St. Louis? If the minister will give me that information now, I shall proceed with the matter later.

Mr. Mayhew: I suppose the hon. member realizes that some of the skins go to the Fouke Company of St. Louis, some to Martins in London, and some to the new plant of Martin-Schnaufer of Toronto. Dressing and dyeing for the St. Louis company amounted to $165,620.60.

Mr. McLure: Can you give it per skin?

Mr. Mayhew: No, you would have to divide that by 7,210, and that would give you the answer. Dressing and dyeing for Martins in London amounted to $13,744.80. You divide that by 3,605 to get the amount per skin. For Martin-Schnaufer of Toronto, it amounted to $49,959.68, and you divide that by 1,203 skins.

Mr. McLure: I have not worked out that arithmetical problem, but I understand that the cost of machining, dressing and dyeing in these three plants is practically the same. I said a moment ago that this was an interesting item, especially to the Department of Fisheries, because it is one item on which they make a real profit. The government, through the Department of Fisheries, makes

one hundred and ten per cent on its investment. If all the departments were as good in business as the Department of Fisheries, the government would soon be paying off our country's debt. If the suggestions made to the government last year and the year before had been followed to the letter in 1950, I am quite sure the department would have made over two hundred per cent profit. As it is they are making one hundred and ten per cent profit, and if they are careful to see that these skins are properly processed I am sure they will make a great deal more.

According to the details given here the returns are not yet complete, but it is expected that the returns will total $1,141,169. It costs $445,000 to produce that $1,141,169. As I said a moment ago, if the Department of Fisheries will look carefully into this business and follow it through, there is no doubt that they could make two hundred per cent on their investment instead of one hundred and ten per cent. This processing is peculiar work and something that takes years of experience in order to produce a high-class article. I have mentioned already that there are three different firms in the business of processing sealskins into fur seal skins. There is a small company in the United States that we have not mentioned before but the government does not deal with them so we will leave them out of the picture. The three big concerns are Martins of London, England, Martin-Schnaufer Company of Toronto, and the Fouke Company of St. Louis. The other small firm is in Chicago, and it does a little of this work.

In my opinion the mistake that is being made, and I believe the trade shares this opinion, is that the article is not uniform. This is due to the fact it is made under three different processes. If one attends these auction sales the regrettable part of this business is immediately apparent. For instance, the Canadian skins are stamped "Canadian" and that is supposed to indicate the quality of them. If they are processed in St. Louis, in Toronto or in London, England, they still bear the stamp "Canadian". You thus have three different qualities of your own product on the market which brings three different prices. Just to demonstrate this may I say that at the last sale I attended on December 8, 1950, I found that there were 1,500 skins of the St. Louis dye. They sold for $82.68 on an average. At the same time there were 1,700 skins—you can check me to see if the amounts are correct—processed by Martin-Schnaufer Company the same type of skins, and they realized $61.02 on an average. There was a difference of $21 or more between these two groups. Now, that is too much to lose because it amounted to some $32,000 or $33,000 on that one lot of skins. Further on, in that same sale there were some black skins, and the black are the most profitable dyed ones at the present time. The market is clamouring more for the dark ones than for the safari and the matari. When these skins were sold at the auction sale on December 8, 1950, the Canadian-dyed machine skins brought $82.68 while the black skins of the St. Louis firm brought $135.53. I made a mistake in the first price. It was only $79.08 on an average. Here was a difference on our own Canadian product of $56.45 per skin. That is the reason I say to the minister and his officials that we should have, for our product or our share of the northern seals, a processing that is all the same.

If you want to sell them at a lower price, then process them in the plant that gives you the poorest article. But if the department wants to hold their trade and have a good article, then process them where you get the best article, stamp them "Canadian", and have only one fur of that kind on the market, with a "Canadian" stamp on it. It is strange to go into an auction room and find at these fur sales three different qualities of the same article, with the variation in quality all due to the difference in the processing system.

I am bringing this matter to the attention of the department because they might as well make two hundred per cent as one hundred and ten per cent. As I told them in 1946, a good many years ago, when they were not making any money at all on this article, they could realize a million dollars. I was rather scoffed at at the time for making that statement. We are now almost up to that, and I am sure they could easily make a million dollars profit out of the sale of these skins, even if the take-off is only small. It is unfortunate that our 1950 quantity of skins is not all sold yet. Am I right in that?

Mr. MacNaught: Yes.

Mr. McLure: They are not all sold yet?

Mr. Mayhew: No. There are 14,500 skins unsold.

Mr. McLure: They are not processed yet, are they?

Mr. Mayhew: They are in the hands of the processors.

Mr. McLure: Yes; and they are not likely to be processed before the fall, so far as I know. They will not be processed in time for the early sales. However, I do not object. I want the department to understand that I am British enough to say that I do not want to take any of the business away from a

British company. If the Department of Fisheries are satisfied to pay a quarter of a million dollars or more to build up a plant in Canada, that is a different consideration. Besides doing that, they are lessening the quality and the demand of the trade for a good article. I give this information to the minister as something which I hope he will look into. If he wants any further assistance, and if he thinks I can give it, I shall be glad to help him make two hundred per cent instead of one hundred and ten per cent.

Mr. Mayhew: I am grateful to the hon. gentleman for his advice. I understand that he has had a great deal of experience, especially in the fur seal business. I appreciate his remarks. We should be extremely pleased, of course, to make two hundred per cent rather than one hundred and ten per cent. It has been the policy of the government, however—and I think it is a fairly good one—that we have some competition in the business. I am satisfied that if all these skins were going to one place, even to London or to St. Louis, we might not get the best out of any of them. We think that it is wise to handle the matter in this way, even if there is for the time being some little loss.

As to saying that there should be one type of skin, I think that is quite impossible. Even from the Fouke people themselves, there is quite a variety. When there is nothing else but the Fouke skins at the auction sales, you will find quite a difference in the price per skin. The situation therefore is not just exactly as the hon. member described it. The price last year went all the way from $74 to $160 per skin.

Mr. McLure: I know that.

Mr. Mayhew: There is quite a variety and, as the hon. member says, it is the matter of quality.

Mr. McLure: That is not variety.

Mr. Mayhew: I beg your pardon?

Mr. McLure: It is quality and size that does that.

Mr. Mayhew: Yes; quality and size.

Mr. McLure: But the variety is all the same.

Mr. Mayhew: Only ten per cent of the skins we have go to the Toronto firm, and they are rapidly building up a high quality skin. I think that is the only place where we are really experimenting to try to build up an industry in Canada. When our estimates were up for discussion two years ago I remember that we were criticized for not endeavouring to establish an industry of this kind in Canada. We are giving some encouragement to a Canadian industry and they are beginning to do very well indeed.

Mr. McLure: I think the minister's argument defeats itself when the actual goods are sold. If they are putting up a quality of processing equal to the others, I do not think there should be $56 of difference in the price that the skins command on the same market. As I said a moment ago, however, I am satisfied if the department wishes to send them all there, wipe out their one hundred and ten per cent and make a loss; but the trade will not be satisfied.

Mr. Mayhew: The average price of the skins by Fouke was $82.68. That is in the December sale. The average for the skins from Martin of Toronto was $61.22.

Mr. McLure: I gave the minister those figures.

Item agreed to.

Field services—

146. Field services administration, $362,398.

Mr. McLure: Does the patrolling of the fishing areas come under this item?

Mr. Mayhew: That comes under item 147.

Mr. Riley: I want to say a word on this item of field service administration. It comes somewhat in the nature of criticism, but not too harsh, of the manner in which some of the field services are being administered in my province. From time to time I have had occasion over the past two years to make contact with the various officials in the province of New Brunswick, and the maritimes generally, and I cannot always say that the reception to my representations, logical and reasonable representations, and to my requests, has been all that I would want or that the people of my constituency would want.

I have no criticism to offer of the officials here in Ottawa, but I would suggest to the minister that he investigate the attitude of some of the officials in the field, and more particularly in the maritime provinces, toward the representatives of the people, the duly elected representatives of the people, who go to them seeking information which they are entitled to receive.

Mr. Fraser: The hon. member will have to come over to this side of the house.

Mr. Higgins: Will the hon. member permit a question? Is it correct that he is organizing a maritime bloc?

Mr. Riley: I suggest, Mr. Chairman, that you call the hon. member to order because

he is not speaking on the particular item on which I am speaking at the present time.

The Deputy Chairman: Order.

Mr. Riley: Some months ago I had occasion to address a request to the Department of Fisheries in respect to a weir licence, for which application had been made by some constituents of mine. It took me until the other day to learn that the officials of the Department of Fisheries, for some reason unknown to me, were not prone to divulge the information which I requested in connection with this weir application. I had made representations on behalf of two fishermen who wanted to build a weir at a certain location in the constituency of the hon. member for Charlotte. I knew that no previous licence had been granted for this weir site. I asked for confirmation of this from the officials of the department. I gathered that the officials here in Ottawa were exerting their best efforts to obtain that information, but for some reason unknown to me—I hope it can become known to the minister—this information was not available.

It came to me indirectly that these officials believed that there was already a weir licence granted for this site. I finally learned the other day that no such licence had been granted and that the site was wide open for any application. I hope that in the future the minister will be able to persuade his field men that as public servants they have a duty in respect to the public whom they serve, and to the member of parliament in any riding who represents the public within his constituency. I hope that when I seek information from the department in the future it will be forthcoming a little more expeditiously than it has been in the past.

Mr. Mayhew: If the hon. member would care to give me the information at another time—perhaps he does not want to say more in the house—I will be very glad to look into it for him.

Mr. Stuart (Charlotte): There are just a few remarks I want to make on this item. In years gone by when this item came up I stated my views with regard to the authority that was given officials of this department. I refer now particularly to young men who are taken into the department with no knowledge of the fishing industry, no knowledge of the conditions under which the industry is working. Apparently they take quite a lot of responsibility upon themselves, and they interpret some of the regulations to suit themselves, and they carry on in that manner. I have had cases brought to my attention. I want to mention one or two and I will resume my seat.

Only a short time ago a sardine canner of my county was building a new factory. They had built many to my memory. I would say that every one they have built to date is of two storeys. As officials of the department know, usually they have their packing room upstairs and their salting sheds and so on on the first floor. This particular factory was being built and the second storey was partly completed when a young employee of this department, who had been with the department for a year or a year and a half, drove over in his car and told them they would have to stop building and tear down what they had above the first storey. There was no co-operation. There was no reasoning with the chap at all. He just said: "You have got to stop; you can have only the one storey. You might as well do it now as at any other time". I know the foreman of the plant very well. I know he called the Halifax office and he told them that they were building regardless of what the junior inspector might have said.

I do not believe that action of that kind meets with the approval of this department, but it is the same old story that I have been bringing to their attention. There is too much authority given to junior members of the department. They are all young men, as I say, with no experience in the fishing industry, and they have the authority to go in and put the shutters on a man's fish curing plant or whatever it may be. You can investigate further but the onus is placed on the fish processor. He has to prove that everything is in order.

I do believe that there are members in the department who should have that authority, but I do not believe it should be vested in these young men without experience.

There is one other matter I want to bring to the attention of the minister. In the county of Charlotte there is an extensive sardine industry which has been carried on there as long as in any part of the North American continent. I know that there are weir privileges that have been in my own family for thirty or forty years. They are built each and every year, and they have been operating each and every year. In the last two or three years when you paid your licence fee to the young officer—it is only a dollar—he would take your dollar and he would give you a receipt, but he would inform you immediately that it was impossible to get a licence until they were ready to operate. I cannot find any regulations of that kind in the fish regulations here and I wonder where they get the authority to take that responsibility on themselves. It has created a lot of ill feeling

because the regulation that applies to one part of the county does not apply to another. The regulations that apply in Charlotte county may not apply in Saint John county under the same regulations here in Ottawa. I do feel that in employing young men on these particular jobs the fisheries department should be very careful to see that they are not power mad. From my experience I would say that a few of them, not many, when they find out they have this authority, do not hesitate at all to use it. I believe it is something that should be very carefully considered.

Mr. Riley: Harking back to the criticism which I offered of some of the officials of the minister's department a few minutes ago, I want to make it quite clear that that criticism was not directed to junior officials in the field but to the seniors.

Item agreed to.

Field services—

147. Protection branch; operation and maintenance, $2,435,661.

Mr. McLure: The minister has said that illicit fishing comes under this item. I should like to have some information with regard to patrolling in my own province. How many patrol boats are used to do the work in Prince Edward Island, and how many men are employed? Early in the winter I wrote to the minister about a very capable man, a veteran who had served in the army, and I received a satisfactory reply from the minister in which he said he would see to it that this veteran was placed back on the job he had been squeezed out of. However, as time went on I found this man did not receive the appointment, although appointments were made in Queens county which he could have filled. They were filled by men from Prince county. I say this was most unfair to the veteran in question. He has complained ever since that veterans do not get a square deal. I would ask the minister to look into the matter.

This veteran stated to me in a letter that he was squeezed out because in his patrol work, in connection with illicit lobster fishing, he captured too many of the traps and gear, thus bringing upon himself the displeasure of some people who thought he was too efficient in his work because, as a result of his efforts, they were being driven out of illicit lobster fishing activities, which go on continuously in my province, with the exception of the winter season.

I bring these three points to the attention of the minister, in the hope that, even if he cannot give an answer tonight, he will look into them and give some further information.

[Mr. Stuart (Charlotte).]

Mr. Mayhew: In Prince Edward Island we have four of our own boats on the service and three chartered boats. These are all two-man boats.

Mr. Kirk (Digby-Yarmouth): Mr. Chairman, I should like to refer again to a matter I brought to the attention of the minister and his department before. The first occasion was in December of 1949. I refer to a problem which has been in existence for some time, particularly in the southwestern section of Nova Scotia. I have in mind the diverse points of view as to the use of draggers and trawlers.

For a period of two years or so I have been receiving dozens of resolutions, and I can state accurately hundreds of letters, from people who are closely connected with the fishing industry, with respect to the use of draggers, and the alleged damage they are doing. I do not propose this evening to read many of these resolutions or any of the letters, but I should like to deal with the different points of view and to place on record as briefly as I can the views presented by those in favour of draggers and trawlers as well as the views of those who are opposed.

Those who oppose the use of draggers claim that they destroy other species of fish, and they refer particularly to lobsters. They claim draggers destroy large quantities of small fish, that the use of draggers damages the bottom, and thus indirectly damages the fishing industry. They claim that the draggers destroy fixed and set gear.

I should like at this point to mention only one resolution, a brief one which reached me recently from the municipal council of Digby. This resolution was moved and seconded by men who have been in the fishing industry all their lives. The resolution reads as follows:

Whereas the Fundy tides—

That is, in the bay of Fundy—

—are too strong to permit marker buoys to float at all times and

Whereas draggers operate at all times of the tide, this makes it extremely hazardous for fishermen to operate with "long line" or "trawl" for overnight or over-tide sets.

Be it further resolved that this board request the Hon. R. W. Mayhew, Minister of Fisheries, to have immediate regulations made to have all Canadian draggers (otter trawl) operate outside of the three-mile limit until such time as the preceding resolutions shall have been considered. By the adoption of the foregoing resolutions, the economy of this fishing area would be assured."

That resolution is similar to the one referred to by the hon. member for Annapolis-Kings about two weeks ago, when he made reference to a resolution passed by the affiliated boards of trade of the Annapolis

valley. He said at that time that he understood that a copy of the resolution had been, or was being, sent to the minister.

The opponents of the draggers also claim that they break up the herring and haddock schools. Then they bring up the matter of the twelve-mile limit for large Canadian trawlers, and the three-mile limit for all other trawlers.

On the other side of the picture those who are in favour of the use of draggers claim that if it were not for their use there would not be the great increase in volume there has been in recent years. They claim that in order to have continuity of supply we must have the draggers. They say that those who are in the fish business cannot wire their wholesalers or retailers a day in advance and say, "We are sorry, but the weather is bad and there will be no fishing boats out today. Therefore there will be no fish."

In other words their argument is that to have continuity of supply we must have the draggers which can fish in much heavier weather than the small boats. They state that it was only two years ago when the fishermen in the St. Mary's bay area were opposed to the use of draggers for flounders; yet today that opposition has almost completely disappeared.

Indeed, I have here another resolution contained in a wire which reached me only a few days ago stating that the trawl and gear fishermen of the St. Mary's bay area had made a request that dragger fishing be stopped, and then they qualified it by limiting it to haddock dragging, thus approving the practice in connection with flounders.

Those who are in favour of the draggers say that the proportion of small fish caught and thrown back is very low, varying between five and fifteen per cent, depending on conditions. They admit that the dragging brings forth rocks—and we know that it does, but they say there is no proof that this is damaging the fishing grounds, and suggest that the use of the dragger may have the same effect on the fishing grounds as do the plow and the harrow in agriculture.

They claim that set gear is not damaged, or if so only on rare occasions, because, under the terms of the licence granted, a dragger cannot go within half a mile of fixed gear, or of a boat using handlines.

Of course all this brings up a great many questions. In going through my constituency—and, as the minister knows, the chief industry of southwestern Nova Scotia is fishing; the production of fish in the counties of Yarmouth and Digby stands fourth and fifth respectively in Nova Scotia—one of the first questions which comes up is this: Is the twelve-mile limit fair? It is my understanding that the twelve mile limit is a Canadian law applying to large Canadian trawlers, and that under section 56 of our Fisheries Act they are not allowed to come within twelve miles of the shore. By the same token, draggers can come in from other countries and fish up to within three miles of our shores. I understand that the idea of section 56 when it was first promulgated was that it would provide protection for our own inshore fishing industry and would conserve our fishing grounds. Yet what we are doing today is reserving the area from the three mile to the twelve mile limit for draggers of countries other than Canada.

I am told by the fishermen that only a few years ago Norway endeavoured to set up a four mile limit, but this was opposed by the British government and brought before the international court at The Hague. In view of the problems that are being brought to my attention by those in the fishing industry and in view of the divergent points of view that exist I should like to ask the minister some questions which I should appreciate his answering before his estimates are finished.

In connection with the fishing limits, I should like to know whether the twelve mile limit is purely Canadian in nature, and whether draggers from other countries are allowed to fish within three miles of our shores. Is the trend toward the use of draggers and trawlers universal in so far as fishing countries are concerned? What is being done in other countries in order to protect inshore fishing grounds?

What results have been obtained by the biological research board concerning investigations as to the number of fish caught and thrown back and as to whether or not the fishing grounds are being depleted. Has there been an increase in the volume of the catch, and can that increase be credited to the use of draggers and trawlers? Is the department watching closely the situation as it affects these two large groups which have opposing points of view?

I realize, as do all the fishermen of southwestern Nova Scotia, that this is an extremely difficult situation, not only from the economic but from the social point of view. There are hundreds of fishermen who own small power boats and have $2,000, $3,000 or $4,000 tied up in boats, engines and gear. I realize that the problem is complicated further by the fact that out of 62 licences for trawlers and draggers granted in Nova

Scotia, some 38 have been granted in the counties of Yarmouth and Digby, 32 of these being in Digby county alone. It is from Digby county that most of the objections are being received.

I would appreciate it if the minister could clarify this situation before his estimates are completed, for the benefit not only of the fishermen but of the people generally. The people in that part of Nova Scotia are divided in their opinions but they are trying to arrive at a fair and objective decision as to whether or not the use of trawlers and draggers is in the best interests of the fishing industry and as to whether or not their use is going to be permanently injurious to those who are hand-lining from small boats.

Mr. Mayhew: Mr. Chairman, the twelve mile limit is set up by a regulation governing our own nationals, and has to do with boats over 100 feet long. That regulation can be amended only by this House of Commons. Personally I cannot see the justice of allowing people from other countries to fish up to the three mile limit when our people must stay beyond the twelve mile limit. It was put into effect for the benefit of the inshore fishermen.

I would ask the hon. member to read this pamphlet which was put out by the fisheries research board. If he does I think he will get answers to most of his questions. We are constantly studying the matter and are not losing any time on it. It is a most interesting problem. We are trying to reconcile two factions and it is not easy. You get that problem quite often in the fishing industry. Everyone who catches one type of fish feels that the other fellow is doing wrong.

Mr. Higgins: Can the minister state whether or not there is any worth-while depletion taking place on the Grand Banks?

Mr. Mayhew: I am told that there is no evidence of any depletion on the Grand Banks.

Mr. McLure: I should like to make a few observations about the lobster fishing industry in Prince Edward Island. Certain regulations have been laid down for the conservation of lobsters which provide considerable revenue for our fishermen. However, illicit catching and trapping of lobsters is going on continually in the province and this is liable to destroy the industry. I do not know what effort the minister is making to get proper officers to enforce the law, but I do know that he will find that poaching and illicit fishing is proving a real menace to our lobster industry.

[Mr. Kirk (Digby-Yarmouth).]

The parliamentary assistant will bear me out when I say that this illicit fishing begins immediately after the regular season closes. These people are unable to operate canning factories openly, so they can the lobster in shacks and the product that goes to market is not very good. In most cases when you open a can prepared in these small factories you are able to tell immediately that the lobster has been caught illicitly.

Is the department going to get after this illicit fishing and protect those fishermen who are not engaging in that type of operation? I know of one fishing community where the fishermen themselves do the patrolling. They watch over the fisherman to see that he leaves no gear out when the season ends. If he put out a trap he would be reported immediately. I think it would be an easy matter. I understand that you have aeroplanes flying over the sea to locate traps. Then you have your men on shore. These commodities are not all to be eaten right there. They have to be sold to the wholesalers and should be traceable. These people are ruining the lobster industry for the real fishermen of the province.

Mr. Mayhew: D-day for lobster poaching is the 10th of August, and there is going to be a fight. We expect to win the fight because we are going to use more boats, instructors and other people who know the job, to try to win the fight. It is not only lobster fishing in the province of Prince Edward Island and the maritime provinces generally. There is also poaching in the province of British Columbia from which I come. I do not know of any more despicable occupation than for a man to engage in that kind of poaching. We are spending large sums of money every year to protect the fisheries, and we are not going to be beaten by a few fellows who are trying to spoil the industry for future generations.

Mr. McLure: How many fines were collected in Prince Edward Island for illicit lobster fishing last year and how much gear was destroyed? There were quite a few men employed in patrolling, and they did not seem to get anywhere in what they were doing.

Mr. Mayhew: I cannot give the hon. member the answer to that question tonight. I am informed we have the information and I will get it for the hon. member some time before we finish.

Mr. Kickham: On the matter of poaching, speaking for the riding which I represent, there is no poaching at all. As evidence of that, last year there were nine fish guardians,

and eight of those were appointed to the constituency represented by the parliamentary assistant to the Minister of Fisheries, and one I believe for the constituency represented by the hon. member for Queens.

Item agreed to.

Protection branch—
148. Construction or acquisition of buildings, works, land and new equipment, $154,583.

Mr. Sinclair: Item 148 is exactly the same phrasing as item 150. To be quite sure that I am talking on the right item, I will speak on item 148. As you know, I represent a very large fishing riding. First of all I want to express my delight that for the first time in my time in parliament the estimates of the Department of Fisheries have not been brought up at the last minute. The minister has very wisely brought his estimates forward earlier in the session. In recent years the fisheries items were brought up in the last day or two, and members like the hon. member for Peterborough West would be calling "carried, carried".

Mr. Fraser: Oh, Mr. Chairman, the hon. member never heard me call that at any time.

Mr. Sinclair: I do not suppose there are more than a dozen members here who represent fisheries ridings. I am sorry that the hon. member for Lethbridge is not here tonight because he would always listen to us with great attention even on the last day of the session when we would be telling our story about fisheries. I must first compliment the minister for having arranged for the estimates concerning this primary industry to be brought up early for once.

The second thing I want to say—and members in this house know I am not one given to flattery; unfortunately I have a rough tongue—is how pleased the fishermen of my riding are with the progress the fisheries department has made in recent years, and not just under the present minister. When Frank Bridges was minister some years ago he put the fisheries department on a good footing by recruiting very bright young men from the army, air force and navy for the fisheries service, and lifting the department up to a high rank in the public service. I am proud to say that the present minister—and after all he represents British Columbia as well—has carried that work forward by bringing to the Department of Fisheries his ability in business administration which has made him one of the better known industrial figures in British Columbia.

Mind you, there was not the same great need for proper organization of the fisheries industry in British Columbia as there was in other provinces of Canada, but he has applied his industry to both the east and the west. That brings me to the particular point I want to speak about. I wish to discuss two dams. The first is the Capilano dam in my riding, and hon. members will understand my interest in it when they realize that the word "Capilano" is included in the name of my constituency. So far as this dam is concerned, I want to be on record as being entirely in accord with the stand taken by the minister. Most hon. members have been to British Columbia and to Vancouver, and those who have not are looking forward to their first visit. Vancouver is a great city. One of its greatest advantages is the fact that it has an extraordinary water supply from the Capilano and Seymour rivers arising in the mountains on the north shore.

We are seeking to build a larger dam on the Capilano river, and the sport fishermen are complaining that it will cut out a very small run of steelhead and cohoe salmon which are of use to sport fishermen but of no use to commercial fishermen. I feel, and most people in my riding feel, that the water supply to the lower mainland of British Columbia is of more importance than small sport fishing, and that the stand taken by the department is right. I know that they want to establish a small fish hatchery at the foot of the dam, but I think in fairness to the people of the lower mainland, and in view of editorials in the Vancouver press, the minister should make a short statement on the intent of the department to maintain a small sport fishery but not to stand in the way of Vancouver having an expanded water supply from the Capilano river.

The second thing I want to talk about is something I have talked about for five years, and I am especially sorry that the hon. member for Lethbridge is not here because in the last five years I think he is the only member who ever listened to me. I am talking about the Sakinaw dam. The minister is smiling because I even flew him over this little dam one day to show him how essential it was. There is in my riding a small fishing town called Pender Harbour, a town peopled almost entirely by the very best of all immigrants, Scots immigrants, men who observe the precepts laid down by my minister, the Minister of Finance, men who work long hours. They work from the beginning of the fishing season to the end of the fishing season, and now and again they start before the fishing season and quit after it has ended. They are eager producers. I know they go fishing afterwards sometimes because they are eager to produce, and as a

consequence, so far as the Department of Fisheries is concerned, they are what the hon. member for Prince calls poachers. All they are are eager Scotch producers.

This is my long speech. One year I make a short speech and one year I make a long speech about this little dam, and this is my long speech. Men from this little fishing town of Pender Harbour go to sea and fish off the coast of the riding of Comox-Alberni. They fish off the Queen Charlotte islands in the riding of Skeena, and they fish in Bristol bay off Alaska. They come back in the winter to rest with their families. In years gone by the loggers built a small dam on that lake which held the salt water out. The sockeye salmon went up there, and as you know they go to fresh water lakes. When the dam was there 16,000 to 20,000 sockeye were caught right in the mouth of the little fishing town by the old men, who used to go to the west coast out in the open Pacific, and the children who learned to fish there. It was very satisfactory fishing.

Then the loggers were finished, the dam went out, and there was no more fishing. To these Scotch fishermen it was a pretty easy process of rationalization that when the dam was there the fish were there and when the dam went out there were no fish. Therefore they asked me as their member to have the little dam restored. The cost of the dam is $2,000. Any one of these fishermen with his family could have put in the dam in two days because the trees are there. However, there are various property rights involved and they would have to consult this and consult that. So I turned to the minister—it was not this minister but the third one before him—and asked for this dam to be built to protect the area. He had an investigation carried out. I am not against college graduates. I do not think anyone in this house spent longer at college than I did. The minister sent these college graduates, biologists and so on to investigate, and one of them fell off a log into the water and lost his notes. We have had more graduates in there looking at the area, but they could not find the fish. To get back to the business of the dam, all we know is that when the dam was there the fish were there, and now that the dam is not there the fish are not there.

I realize I am being unfair to the minister now, but each year there has been $5,000 in the estimates to replace this dam, and each year there was some reason why it could not be replaced. I write back to some of my Scotch friends at Pender Harbour to tell them why this dam has not been replaced. They say: But Jimmy, you know that when the dam was there the fish were there; now the dam is not there, and the fish are not there. Phooey on the department. Then they say: The Minister of Public Works put up a half million dollar small boat harbour for these people farther up the coast; why not this dam?

The Indians own the land on either side of the site of the dam, so I went to see them. I am glad that I am making this speech early in the session, because if it were the last day of the session members on all sides would be shouting "carried". Instead, they are listening to me make this speech. We went to see the head of the Indian band, and there was the secretary, who was a Scotchman, and myself who is a Scotchman. If it had been white men who owned the land on either side, they would have demanded a heavy rental. The Indians said they would agree to take a a fee of $25 per year to permit the dam to be built. I am backing what the minister has done for fisheries in British Columbia; I am asking his support of this project in my riding because I have failed completely to explain to the fishermen in my riding why the dam has not been erected. Members in this house know that I do not fail easily with words. I should like the minister to put on the record the reason why, for the fifth year, the little Sakinaw dam has not been built.

Mr. Mayhew: Mr. Chairman, I did have an opportunity of flying over the Sakinaw river with the member for Coast-Capilano. I did see it, but with extreme difficulty. I cannot imagine how any of our officials could fall into it unless he fell parallel with the stream. I am sure that if he fell across it he would have his feet on one side and his head on the other. We sent one of our officials up there to try to find the salmon, but he came back and said he could not find them. He said that if there were any there must have been too many Scotchmen there with taking ways, because there were not many fish left.

The real reason for the failure to re-establish the dam is due to the fact that we have negotiated with the Indians for the last three years and have agreed on a price, but we are now waiting for the approval of the band. This approval has not yet come to us. We cannot go there and put a dam across this creek until we get permission from the Indian band. If the hon. member can use his good offices to secure the consent of the band, we shall have his dam built inside of six weeks.

Mr. Sinclair: I do not want to be unkind, but some months ago I was at a meeting of the band during which they gave approval. The Indians were very keen for it, because they were great beneficiaries of this dam.

But if that is all that is holding it up, I hope that next year I shall not have to make this speech which I have made for the last five years on the Sakinaw dam.

Mr. McWilliam: Under this item, Mr. Chairman, I wish to bring to the minister's attention the vital need for adequate protection of the smelt fishing industry of the Miramichi. To show the importance of this industry to the people of the eastern part of the constituency of Northumberland, which I represent, I wish to read into the record some statistics from the annual report of the department of industry and development of the province of New Brunswick. The smelt fishing industry of New Brunswick produced in the 1950 season 3,857,300 pounds of smelts. This amount was a decrease of 251,600 pounds as compared with the 1949 catch. While the quantity of smelts caught in 1950 showed a decrease, the landed value nevertheless showed an increase of $88,294. This decrease in quantity meant a loss of $35,224 to the fishermen.

The Miramichi bay and river produce the vast majority of the smelts caught in New Brunswick, and the drop of 251,600 pounds can be directly attributed to the heavy losses of nets and gear suffered by the Miramichi fishermen in December, 1949, and January, 1950. These losses, caused by unseasonable thunderstorms and a run-off of ice, were estimated to be $100,000. I can assure hon. members that this is a big item for the fishermen. In many individual cases fishermen lost their entire outlay on nets and gear, which had dire effects. Many of them were unable to re-establish themselves, so could not continue fishing for the remainder of the season. In some cases fishermen have been forced to give up smelt fishing entirely. Government assistance was requested from both the provincial and dominion governments. However, the governments held the view that the losses were a normal risk of the trade, and as requests had been received from numerous other localities in the maritimes and British Columbia for compensation for similar losses, it was felt that a precedent could not be established because it would have to apply to all parts of Canada.

Protection is vitally needed for the smelt fishing industry of the Miramichi. Another loss such as that suffered in the 1949-50 season could mean the finish of the smelt fishing industry in that area. The cause of the run-off of ice during the winter months, which carries the nets out to sea, is stated to be due to the washing away of the shores of Portage island in Miramichi bay. This widens the channel at that point, with the result that the former natural barrier no longer exists, and in the mild weather the tides carry the ice, and the nets, through the enlarged opening into the gulf of St. Lawrence. In many cases not only the gear and nets were lost, but the fishing shanties and in two or three cases the horses were also taken out to sea. On many occasions requests have been made that artificial barriers be erected to stop the heavy run-off of ice, thereby preventing the heavy losses in nets and gear which are being suffered each year by the smelt fishermen of the Miramichi. I again appeal to the minister and, through the minister, to the cabinet, that immediate action be taken to provide that protection which is so vitally needed.

As to a survey of the situation, my information to date is that the Department of Public Works made an interim report on the matter and estimated that the cost for the works required would run in the vicinity of one million dollars. Before further consideration could be given to the actual construction, the Department of Fisheries felt that, as the matter is so important, a complete survey should be made of the fisheries of the Miramichi. I understand that this survey is now being completed.

I realize that the minister and his department are fully cognizant of the difficulties experienced by the smelt fishermen of the Miramichi; and while it has been suggested in some quarters that it is doubtful that even the works proposed will accomplish the desired objective, I strongly urge—and I make a strong plea on behalf of the Miramichi smelt fishermen—that the minister take immediate steps, in conjunction with the Department of Public Works, in the matter of providing adequate protection for the Miramichi smelt fishing industry, which is the chief means of livelihood for many good Canadians residing in east Northumberland.

Is the minister in a position to make any statement at this time?

Mr. Mayhew: The department is extremely sympathetic to this project. When it was referred to the Department of Public Works, the estimate for doing the job was fairly high, we thought, and we ordered a re-investigation. In fact, at the end of the hon. member's own statement he set out the position of the Department of Fisheries. That investigation will go on until we get some final answer with respect to the matter.

Mr. Higgins: May I ask the minister if the Minister of Finance is responsible for the reduction of the amount of this item as well?

Mr. Abbott: He has the wholehearted co-operation of all departments.

Mr. Noseworthy: The Minister of Finance can answer that question.

Mr. Mayhew: The reduction here is in the boat construction program in the acquisition of equipment.

Mr. Higgins: It was for boat construction?

Mr. Mayhew: Yes. We are not slackening the service because we have been able to charter boats and in the past ten years have built up the fleet.

Mr. Sinclair: Can the minister make a few comments with regard to the Capilano dam?

Mr. Mayhew: I intended to say something about that matter when I was on my feet last time, but I was thrown in the Sakinaw creek. The position has been known to the department for quite a considerable time. The greater Vancouver water board wanted to put a dam across the Capilano stream in order to provide the city of greater Vancouver with a supply of water. We have had engineers and biologists in there to make a study of he situation. They recommended that, for the amount of fish of all kinds that was going up there, the cost of building a fishway over a three hundred and twenty-foot dam was away out of proportion to what the fish would be worth. They therefore recommended that a fish hatchery be placed at the foot of the dam or in that area. That would be used for the propagation of the steelhead which is the sport fish and the fish that the Vancouver people are mostly interested in because many tourists come there merely to engage in sport fishing of the steelhead. It has been responsible for a good many dollars being left with the city of Vancouver or with the merchants of the city of Vancouver.

We are therefore recommending that the hatchery be built. It is at a cost of $75,000, I think, for the building itself, with an annual maintenance cost of $15,000. The lawyer for the water board was in Ottawa recently. We told him our position and he seemed to be quite satisfied with it. But he has not yet returned home to Vancouver. I will be in Vancouver, I hope, this coming Saturday and will be discussing the matter further with the board and with the game department of the provincial government.

Mr. Adamson: Where is the dam going to be built on the Capilano? Is it going to be built above the canyon or below it?

Mr. Sinclair: In the canyon.

Mr. Mayhew: In the canyon, about three and a half miles from the mouth of the river.

Mr. Adamson: Below the suspension bridge?

[Mr. Abbott.]

Mr. Sinclair: Just above the suspension bridge.

Mr. Mayhew: Just above it.

Mr. Riley: I wonder if the minister will give us some information as to whether or not he has given any consideration to the re-establishment of a salmon pond in the vicinity of Saint John harbour. As the minister is no doubt aware, the Saint John harbour salmon is probably the most palatable—

Some hon. Members: Oh, oh.

Mr. Riley: —and the most appealing example—

The Deputy Chairman: Order. I will ask the hon. member not to discuss the quality or the value of the fish in the various sections of the country. I remember that in a debate in a previous session, this sort of discussion was allowed and it was carried on for quite some time on the merits and the value of the various fish in existence here and there all across Canada. If the hon. member wishes to speak to the item under consideration, namely "Protection branch—Construction or acquisition of buildings, works, land and new equipment", he will have to disregard the quality of the salmon taken at Saint John.

Mr. McLure: It is always well to do a little bit of advertising.

Mr. Riley: It is extremely difficult to be silent on this subject, Mr. Chairman, but I bow to your ruling. The harbour fishermen of Saint John, who take these fish from the waters as they come in from the bay of Fundy on the way up the Saint John river, have in recent years become somewhat concerned over the problem of preservation and conservation. On various occasions, I believe, I have made their representations known to the minister, but to date we have not had anything concrete in the way of evidence that the department intends to do something about the re-establishment of this pond. We had such a pond a few years ago, but unfortunately it was destroyed. Unless some measures are adopted in the near future to rebuild this pond or to find another pond in the vicinity of the harbour, we feel that we shall probably be faced with a considerable loss of revenue on the part of our fishermen; and above and beyond our fishermen, the world at large will be a great loser.

Mr. Black (Cumberland): May I ask the minister why his department puts four estimates of the same heading in different places, estimates such as: "construction or acquisition of buildings, works, land and new equipment", which are items 148 and 150 and

items 152 and 157, a total of $653,683. The minister should inform us what construction is proposed under each of these four items, and explain why they are placed in separate positions in his estimates in the items I have just mentioned.

The Deputy Chairman: I think what we should deal with now is item 148. It is the only item before the committee. The hon. member for Cumberland will notice that item 148 comes under protection branch; whereas the other item of construction or acquisition of buildings to which he referred, item 152, comes under the fish culture and development branch. It is always for a different branch. Therefore let us deal with item 148, which comes under protection branch and is for the construction or acquisition of buildings and so forth. Let us deal with this item now, and we can proceed to the other item.

Mr. Riley: Can the minister give me something in the way of a reply to my query?

Mr. Mayhew: I understand that some time ago they had a salmon pond in Saint John. It was destroyed and it was thought not advisable to build it again because it was interfering with some harbour works in Saint John itself. Not in my time has it been considered, but we shall be glad to take a look at it again and see if the situation has changed at all.

Mr. Riley: I would point out to the minister that where this pond was previously located such a thing did happen. Some harbour works that were going on did tend to render the pond useless, but in the vicinity of Saint John harbour, and in the vicinity of some of the coves of the bay of Fundy, there are ample locations for the building or the laying out of other ponds. Such a pond might also be set aside in Saint John harbour itself. I hope that in the interests of the fishermen in my constituency, and more particularly the fishermen in Saint John harbour itself, some real, active consideration will be given to this project.

Mr. Mayhew: This subject of the pond in Saint John has not been brought up in my time and the deputy claims it has not been brought up in his time. In reply to the hon. gentleman I said we would look at the matter again to see if the situation has changed. Possibly there are some other locations where it would be proper and right to do this kind of work. I cannot give the hon. member any other promise than that. Last year we did extend the hatchery in Saint John. When I was down there myself I did not think the hatchery was in very good shape physically and I suggested that we do some improvement on it. It has been improved and enlarged, and the other matter will be looked at as soon as we get a chance to do it.

Mr. Riley: I hate to differ with the minister or with the officials of his department. I know that this is something they cannot recall at the moment but I remember distinctly being in contact with one of the officials of the department and making the representations that were made to me by the fishermen who earn their livelihood by taking the salmon from Saint John harbour.

Mr. Stuart (Charlotte): There is one other matter that I want to bring to the attention of the minister. Perhaps it has been brought to his attention on many other occasions, but I have a suggestion to make. It is in connection with the size limit of lobsters in the maritime provinces. I am going to speak of the bay of Fundy area because I do not know the regulations that might be suitable in other parts of the maritime provinces. But I do believe that the department might well consider the idea of making a survey through their inspectors in the maritime provinces to determine for themselves the wish of the majority of the fishermen whether the size should be increased. I want to give a few examples of why in my opinion there should be an increase in the size of lobsters. The Conley Lobster Company, St. Andrews, New Brunswick, is the biggest exporter of lobster on the North American continent, and today they are selling in the United States of America about 95 per cent of the lobsters that they purchase. My contention has always been that you have to give the customer the kind of goods he wants regardless of whether or not you think he is right. Very recently I wrote to the manager of the company, and I want to put on the record the brief letter he wrote to me. He said:

> In reply to your recent letter regarding size limit of lobsters, we are enclosing this week's price card, together with one of March 19, which shows great discrepancy between one pound lobsters and select lobsters.
>
> However, this does not tell all the story, as we are now selling our excessive chickens for 35 cents which is below the current Boston market price, a copy of which I am enclosing. We are selling truck loads of chicken lobsters below the Boston price of lobsters as we are receiving more than we can handle of this particular size.
>
> W. L. Williamson

Two price cards were sent to me. I hold in my hand one for January 29, 1951, which shows select lobsters, which would be two and two and one-half lobsters, selling for 90 cents a pound on the American market; at the same time chickens, which are small one-pound lobsters, for 60 cents a pound. On

March 19 select lobsters were 80 cents a pound, and the chickens were 55 cents a pound. On April 23 selects were 75 cents a pound and chickens were 50 cents a pound. On April 2 select lobsters were 80 cents a pound and chickens were 55 cents a pound.

The market in the United States today demands a larger lobster than we are producing. I realize that in areas of the maritime provinces where lobsters are canned there may be some argument in favour of a smaller sized lobster, but I do believe that if you made a survey in the bay of Fundy area today you would find the fishermen very much convinced that the size limit of lobsters should be increased. I base that argument on the fact that a lobster that weighs a pound this season, worth 35 cents, if left in the water a year and permitted to shed its shell another year, would increase in weight to a pound and a quarter or larger and would increase in value by 50 per cent. In my opinion that is a very fine investment, and I would suggest to the minister and the officials of his department that they could get the information with very little trouble through their inspectors in the various sections where the lobster industry is carried on, to determine whether in the opinion of the fishermen there should be an increase in the size of lobsters.

I want to emphasize once more that the United States market demands a two or two and one-half pound lobster, and more than half of the lobsters we are producing are of the one pound or one and one-half pound size.

Mr. Mayhew: What the hon. member is saying is correct in theory, I think. It is a very controversial subject and one that would be very difficult to administer. We are having great difficulty now in getting the fishermen to catch only the size limit; we would have great difficulty if we increased it another two inches. Our difficulties would multiply.

Mr. Stuart (Charlotte): Does the minister find that difficulty in the bay of Fundy area?

Mr. Mayhew: I would not like to single out any. The only way I know of doing it would be to take a sort of Gallup poll in the district. We could investigate it in that way.

Mr. Stuart (Charlotte): The minister has referred to the idea of having a Gallup poll. I realize that in years gone by the Department of Fisheries has obtained information through inspectors in different sections of the maritime provinces. Those inspectors get in touch with individual fishermen. They make reports, and those reports would come to Ottawa. Decisions could be based upon them.

[Mr. Stuart (Charlotte).]

Mr. McLure: Last year there was considerable talk about the building of a fish plant at Hunter River in Queens county. Evidently, after all the advance propaganda in connection with it, this matter died out. I understand now that a promise has been made to Prince Edward Island that a fresh fish processing plant is to be erected in the fall. I have here a letter from the board of trade of Souris, Prince Edward Island, stating that their town is better situated than any other for this fresh fish processing plant. Is the department going to build that plant in the province?

Mr. Mayhew: The department does not build plants anywhere; that is left to private industry. The industrial development bank has helped fishing companies, but not the department, to build such plants. I understand that at the present time one is contemplated at Souris, Prince Edward Island. However, that would probably be financed with the aid of the industrial bank.

Mr. McLure: How much financial support would they receive?

Mr. Mayhew: I cannot answer that; the directors of the industrial development bank would have to answer it. The company would make application to the industrial development bank, and it would be done having regard to the value of the plant. I cannot say offhand what it would be.

Mr. McLure: Would they not have to have the recommendation of the Department of Fisheries before they could go to the industrial development bank?

Mr. Mayhew: Not at all.

Mr. McLure: They would apply as a private concern?

Mr. Mayhew: Yes.

Item agreed to.

Mr. Higgins: Mr. Chairman, items 150 and 151, I suggest, might be considered together, because they both deal with the same subject matter.

The Deputy Chairman: Is it the wish of the committee to consider items 150 and 151 together?

Some hon. Members: Agreed.

Field services—Inspection branch—

150. Construction or acquisition of buildings, works, land and new equipment, $114,475.

Fish culture and development branch—

151. Operation and maintenance, $693,844.

Mr. Mayhew: This is one of the services of which we are particularly proud at the present time. It has to do with the streams service,

predator control, modified hatchery production and oyster and clam culture. I am sure the hon. member would be interested in the oyster culture, because this item would be connected with the operation of the oyster farm of Prince Edward Island.

Mr. Catherwood: Would a proportion of this expenditure for fish culture and development be spent in connection with the inland lakes and rivers of Canada, in conjunction with the work done by the provinces?

Mr. Mayhew: None of this amount is for inland lakes and rivers. They do not come under this department, but rather under the provincial government.

Mr. Catherwood: There is no contribution in this item for the provinces?

Mr. Mayhew: No, not for inland lakes and rivers.

Mr. McLure: What is the production of oysters in the maritime provinces, particularly Prince Edward Island? What quantity of oysters is shipped to the United States? Are we still importing from that country? What royalties are collected by the department, and what are the rentals on leases?

Mr. Mayhew: In 1948 from Prince Edward Island there were 15,464 barrels valued at $123,115; in 1949 there were 12,326 barrels valued at $100,426; and in 1950 there were 16,104 barrels valued at $105,375. The bulk of that is sold in Canada, and some shuck oysters are imported from the United States.

Mr. Follwell: I know the minister has said that his department does not have control of inland waters. However, the federal government would have control, I should think, of the export of fish. There is one condition which is causing alarm to many fishermen, and that is that Americans are coming to Canada with tank trucks, taking live fish back and seeding American lakes. It seems to me the department would do well to see how many live fish are being exported. Is the minister in a position to make a statement regarding the possibility of licensing the export of live fish, so that this seeding of lakes and rivers in the United States would not reach the point where American buyers would be able to secure all the fresh fish they required from their own lakes, instead of coming here?

Mr. Mayhew: What type is the hon. member referring to?

Mr. Follwell: I am referring particularly to bullheads.

Mr. Mayhew: Conservation is purely a matter for the provincial government. We are ready to co-operate if there is anything we can do, but the responsibility is that of the province.

Mr. Follwell: Would it be within the jurisdiction of the department to control the licensing of the exporting of live fish to the United States?

Mr. Mayhew: I do not think this department would take jurisdictional responsibility without a provincial request. I do not know whether the Department of Trade and Commerce would have any authority to prohibit export.

Mr. Black (Cumberland): I should like to refer briefly to the culture of oysters in the Malagash district. Last year the information given to the committee was very disappointing. When the department undertook the culture of oysters in that territory it held out great expectations for the people who were directly interested. The department acquired certain beds and had them planted and cultivated, but up until last year the results have been most unsatisfactory.

I should like to know what further activities have been carried on up to the present time and what the results have been. There is a large acreage of foreshore there and at one time large quantities of high quality oysters were produced. There would appear to have been a gradual deterioration in production in the area.

Mr. MacNaught: The situation on these flats is a most difficult one as the damage from ice is considerable. Back in 1937 approximately nine acres of the shore was reserved in the Malagash basin as an experimental farm. Experiments were carried on much in the way they are carried on in the United States and Europe. Dikes were built in an effort to provide sufficient water when the tide was out in order to keep the young oysters growing.

The great difficulty we find is the lack of interest by the people in that area. We believe that oyster spat can be collected with proper concrete containers and young oysters can be grown there. Of course, later on they would have to be transferred to other areas. If that is done the chances of growing good oysters are considerable. But as I said before, the chief difficulty is the lack of interest on the part of the fishermen in that area.

The production of oysters along the Northumberland shore from New Brunswick down past Pictou has gone up during the last ten years. In 1936 the production was approximately one thousand barrels, and in 1946 production had increased to four thousand

barrels. The experiment to which the hon. member refers is going along slowly. It takes considerable time and expense to do anything on that foreshore owing to the killing of the oysters by ice in the winter.

Mr. Black (Cumberland): Do I understand from the parliamentary assistant that there is more than a possibility of successful cultivation of oysters in that area?

Mr. MacNaught: I believe that that statement is approximately correct. I would point out to the hon. member that this is an expensive type of propagation. We have to build dikes to keep the water in and of course the problem of silting must be contended with. We feel that there are possibilities there, but the great difficulty is the lack of interest on the part of the people in that area.

Mr. Black (Cumberland): The lack of interest to which the parliamentary assistant refers is due largely to the lack of success on the part of the department. The department undertook a certain responsibility in connection with the culture of oysters and they have not made a success of their venture. Therefore the people in the area are not interested. Do the experiments carried on indicate that there is a possibility of successful oyster culture in that area?

Mr. MacNaught: The only answer I can give my hon. friend is to read the last paragraph of a report which was prepared by one of our officials, and which is as follows:

> The more pressing problem is that of securing acceptance of what is now known. While it is true that new ideas are resisted by these farmer-fisherfolk, it is probably also true that the department has not given sufficiently wide publicity to its findings on this coast. In Prince Edward Island much the same problem was overcome by distribution of oyster farming circulars and by the holding of "field days" at which the latest culture methods were demonstrated. This latter method was the more effective. The time is probably overdue when the department should attempt something similar in this part of Nova Scotia.

Mr. McLure: What success has the department had in the culture of quahogs, or hard shell or cherrystone clams? There is a big demand for this product. Does it really take seven or eight years for them to reach the point where they are saleable?

Mr. Mayhew: I know Dr. Pritchard and Dr. Needler have been interested in this matter. I shall try to get more information for the hon. member.

Items agreed to.

153. Consumer branch, $55,490.

Mr. Riley: Item 153 has to do with the consumer branch of the Department of Fisheries. First of all I should like to express my congratulations to the minister on the very fine work that is being done all over the country by this branch in promoting the consumption of fish—

An hon. Member: What work?

Mr. Riley: —the different methods by which fish can be cooked and served, and generally by encouraging the population of our country to consume this very important natural product which abounds in our waters both inland and in the seas surrounding the country. I should like, however—and I believe I am in order when I say this—to deplore the absence of the different varieties of Atlantic fish from the parliamentary restaurant. I believe this is one place where the consumer branch of the Department of Fisheries might encourage the consumption of fish generally throughout the country by endeavouring to have the different varieties of salt water fish introduced to members of the House of Commons through their parliamentary restaurant.

In the past two years since I have been here I have occasionally had the privilege of eating some Gaspe salmon, but the main fare served to members in the parliamentary restaurant has been lake trout, Winnipeg goldeye—

Some hon. Members: Hear, hear.

The Deputy Chairman: Order. I think the hon. member should make his representations to the parliamentary restaurant committee. There is a committee on the parliamentary restaurant, and I think he should address his representations to the members of that committee.

Mr. Riley: May I not direct my representations to the consumer branch of the Department of Fisheries through the minister?

Mr. McLure: Yes, go ahead.

The Deputy Chairman: It is a matter for the hon. member to decide. We are now discussing an item which is entitled "consumer branch" of the Department of Fisheries. The hon. member has made his point in his remarks, and I am sure the minister will do whatever he can to convey to the authorities in charge of the parliamentary restaurant the message of the hon. member for Saint John-Albert. Beyond that point I think he should address his remarks to the committee on the parliamentary restaurant.

Mr. Riley: I take it that when the item in the estimates affecting the consumer branch of the Department of Fisheries is being discussed it is an opportune time to bring out the point that I was endeavouring

to make, that the best method of introducing the consumption of fish to the consumer of Canada is through their duly elected representatives in the House of Commons.

Mr. Stick: What kind of fish?

Mr. Riley: If I may not proceed, that is all I have to say.

Mr. Mayhew: I may as well say to the hon. member that the head of this branch went to the parliamentary restaurant after the press statements and made inquiries to find out if there was any truth in the statement that we were not getting proper fish, that the parliamentary restaurant was not buying the proper kind of fish. We found they were buying good fish but the facilities in the kitchen of the restaurant were not of the very best. If you want to order from the table d'hôte you will probably not get the very best, but if you put in a short order you will get a choice piece of fish. There again we can only go in and inspect these places to see if they are serving the fish properly. That is as far as we can go. We cannot tell them what to do. You yourself can determine what kind of fish you are going to eat in the parliamentary restaurant by asking for it. When there is enough demand for it they will order it.

Mr. McLure: In the details there is reference to a demonstrator and lecturer. Then there is reference to home economists. I should like to know what they do.

Mr. Mayhew: The home economists give demonstrations at various places in Canada mostly as to the cooking of fish. If the hon. member would care to come to the kitchen in the west block some afternoon we will give him a demonstration, and he will go home very pleased with it.

Mr. Riley: May I take it from the minister's explanation in reply to my question that if the hon. member for St. John's West were to ask for Newfoundland cod in the parliamentary restaurant he might have it, that if I were to ask for mackerel I might have it, or Saint John harbour salmon, or if the hon. member for Northumberland were to ask for Miramichi salmon or smelts he might have them?

An hon. Member: Or Saskatchewan whitefish.

Mr. Mayhew: If enough people ask for any species of fish they will be obliged to get them.

Item agreed to.

154. To provide for the destruction of harbour and gray seals, $30,000.

Mr. McLure: What is the reason for the decline in this item from $60,000 last year to $30,000 this year? Have you found that there are not as many harbour seals? I know that in Prince Edward Island they are greatly on the increase. This year, on account of the ice floes coming down from the north, you could pretty nearly say that the place was polluted with gray and harbour seals. For the protection of the smelt fisheries there I think we should still continue to have this bounty paid for the destruction of harbour seals.

Mr. Mayhew: There is a bounty on seals. Last year there were only enough seals killed to require $19,000, and we had $60,000 in the estimates. Because only $19,000 was used last year we have cut the estimate in two and put it at $30,000. I think that is the answer.

Mr. Higgins: The bounty is only 50 cents?

Mr. Browne (St. John's West): How much is the bounty?

Mr. Mayhew: Five dollars for pups, and ten for adult seals on the Atlantic coast.

Mr. Higgins: Where was the $19,000 spent last year?

Mr. Mayhew: In Nova Scotia $5,430 was spent; Prince Edward Island, $680; New Brunswick, $2,555; and British Columbia, $10,865. There was nothing in Newfoundland.

Mr. Higgins: Nothing at all?

Mr. Mayhew: No, they did not kill any.

Mr. Higgins: They certainly did.

Mr. Mayhew: They did not report it.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will proceed with the resolution in the name of the Minister of Agriculture concerning the Prairie Farm Rehabilitation Act; then Bill No. 357, an act to amend the Criminal Code (race meetings); then the resolution in the name of the Minister of Transport to authorize Canadian National Railway Company to construct a line of railway from Sherridon to Lynn lake; Bill No. 338, an act to amend the Quebec Savings Banks Act. I understand these matters are not contentious, but here is the one that comes next, Bill No. 296, to amend the Income Tax Act. We could conclude by taking up Bill No. 194, an act to amend the Emergency Gold Mining Assistance Act.

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

Supply—Fisheries

[The following items were passed in committee of supply]:

DEPARTMENT OF FISHERIES

General services—

140. Departmental administration, $281,298.

141. Information and educational service, $138,572.

142. Marketing and economic service, $170,788.

143. Administrative expenses of the Newfoundland fisheries board, $35,366.

144. Industrial development service, $25,000.

145. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $500,000.

Field services—

146. Field services administration, $362,398.

Protection branch—

147. Operation and maintenance, $2,435,661.

148. Construction or acquisition of buildings, works, land and new equipment, $154,583.

Inspection branch—

149. Operation and maintenance, $878,451.

150. Construction or acquisition of buildings, works, land and new equipment, $114,475.

Fish culture and development branch—

151. Operation and maintenance, $693,844.

152. Construction or acquisition of buildings, works, land and new equipment, $162,065.

153. Consumer branch, $55,490.

END OF VOLUME IV