

Canada

Debates of the Senate

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE JEAN-PAUL DESCHATELETS, P.C.
SPEAKER

1968-69

FIRST SESSION, TWENTY-EIGHTH PARLIAMENT
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THE SENATE

Tuesday, January 21, 1969

The Senate met at 3 pm., the Speaker in the Chair.

Prayers.

[*Translation*]

TRIBUTES

DEATH OF HONOURABLE EDOUARD J. THÉRIAULT; RETIREMENT OF HONOURABLE SYDNEY J. SMITH, P.C., HONOURABLE NORMAN A. MACKENZIE, AND HONOURABLE CYRILLE VAILLANCOURT

Hon. Paul Martin: Honourable senators, before we proceed with the business of the Senate, I have a difficult task to perform.

Since we adjourned for the Christmas recess, we have lost a friend and a colleague in Senator Edouard Joseph Thériault. He was a man of duty who would sacrifice anything to serve.

Senator Thériault was born on May 10, 1901, in Hartford in the State of Connecticut. Though he was not born in our country, I should mention that his parents were Acadians and came from Nova Scotia.

[*English*]

Senator Thériault was born in Hartford, Connecticut on May 10, 1901; his parents, however, were Acadians from Nova Scotia. Senator Thériault studied at Ste. Anne's College at Church Point in Nova Scotia. He was a graduate of Dalhousie University, and a distinguished solicitor and barrister who was devoted to his profession. He was appointed prosecuting officer for Digby County in 1933, a position which he held under successive provincial governments. He was appointed a Queen's Counsel in 1948. His interest in political affairs was extensive, and was both provincial and federal in scope. He was Mayor of Digby from 1940 to 1944.

Senator Thériault did not have an opportunity of serving long in the Senate. He was able to attend only one or two sittings of the house before falling victim to a very serious illness which took his life during the recess. He was a distinguished man, an outstanding Nova Scotian and a dedicated Canadian.

[*Translation*]

I therefore wish to express to his wife and family our deepest sympathy.

Hon. Jacques Flynn: As mentioned by the Leader of the Government, Senator Thériault came to this house for only one day, the day he took the oath, and that was the only time I ever met him.

I remember going to shake hands with him after he entered the house.

The Leader of the Government has recalled his distinguished career. He mentioned his birth in Acadia and said that Acadia was proud of her son.

We certainly deplore that he was struck so soon after being appointed to the Senate and that he was unable to bring the contribution he certainly intended to and that we expected of him.

I join the Leader of the Government, and I am sure I express the feeling of all those who sit on this side of the house, in conveying to the family of the late Senator Thériault our deepest sympathy for the grievous loss they have suffered. I would also like to tell them how much we regret that we were unable to further benefit from the services of Senator Thériault.

[*English*]

Hon. John J. Connolly: Honourable senators, unfortunately I did not have the pleasure of knowing Senator Thériault in the way that the Leader of the Government, the Leader of the Opposition and many of my colleagues did. I regret that his period of service here was so short. I express to his family my deepest sympathy on his sudden and unexpected passing.

It has been appropriate, I think, not only to remark upon the passing of our colleagues, as the sad events occur, but also to refer to those colleagues who for one reason or another resign their place in the Senate. This has happened to two senators who were affectionately known to all of us.

I would first speak about our immediate past Speaker, the Honourable Sydney Smith. Frankly, I had hoped that he would occupy the seat adjoining me to the left for a long time and that I would have the pleasure of a close association with him after his distinguished speakership, perhaps even closer than I had before he became Speaker. It does all of our hearts good to think that the last time Senator Smith was here for a special

function in the Senate was the unveiling of his portrait in the chambers of the Honourable the Speaker. That was a very pleasant occasion for all of us although, apparently in his condition of health, very trying for him.

Senator Smith had a most outstanding career. I am always happy to point to the fact that he was born in Ottawa. But that did not deter him from becoming a distinguished citizen of the Province of Saskatchewan, where he contested a seat in the Legislature unsuccessfully. He moved on to British Columbia where he had a distinguished career in business and was a member of the British Columbia Legislature, beginning in 1949. He was summoned to the Senate in 1957. It is difficult to visualize the change in his demeanour between the years when he was here as a private member and the latter few times that we saw him. As a private member he was very active in the Senate, and he did a tremendous amount of work in connection with one of the most important of the international organizations to which we give our support, that of the Canada-United States Interparliamentary Group. He was, I think, one of the original persons appointed to represent this Senate at meetings of that extremely important body, and he did a great deal of work there through the years to foster good relations between legislators in the United States Congress and those in the Canadian Parliament.

Mr. Speaker, perhaps the crowning achievement of Senator Smith's career in the Senate was his work in occupying the chair which you now occupy, sir.

Mrs. Smith, who died while the Senator was in office, was a great help to him. Her death, I know, was not only a blow to him but to all of us. He remarried; and his second wife endeared herself to us very greatly indeed. We shall miss Syd Smith very much, and we shall miss the kind of contribution he made to the work of this chamber.

Honourable senators, during the Christmas adjournment we had another resignation, that of Senator Vaillancourt. To my mind, Senator Vaillancourt was one of the most distinguished sons who ever came out of the Province of Quebec. He became a senator in 1944. Before he came here he was active in the *Caisse Populaire* movement and in many other business enterprises. But it is of his charity and of his personality that I would speak, more than of his activities.

I remember the occasion when, on the visit of the Queen to Quebec, some considerable apprehension was expressed about possible demonstrations there, and precautions were taken regarding them. I can remember—and those who were here will never forget—Senator Vaillancourt coming into the Senate and talking about the Queen, about the Royal Family, the significance of that institution for this country, for the Commonwealth, for the world. I remember his saying that if there had been apprehension about the reception the Queen was to have in Quebec, it was caused by people who were there purposely to make trouble, it was not to be attributed to the people of Quebec as a whole. On that occasion, I think Senator Vaillancourt was expressing the true voice of Quebec, and it was to me a most moving and salutary kind of speech to make in the Parliament of Canada.

He was deputy leader of this house all through the period of Senator Ross Macdonald's leadership from 1957. When I had the privilege of leading here he was my deputy until his health failed, and I cannot thank him enough for his help and support.

Senator Vaillancourt is a gentleman of the highest standard, one to whom we would all give our trust. We will all miss him greatly because of his character and the kind of work he did here.

Hon. Jacques Flynn: Honourable senators, Senator Connolly (Ottawa West) has mentioned the retirement of Senators Sydney J. Smith and Cyrille Vaillancourt. Another senator has also retired, in compliance with the rule which has been in effect since 1965. I speak of Senator MacKenzie. On the day that we adjourned for the Christmas recess we had occasion to express our appreciation to Senator MacKenzie for his contribution, and our regrets at seeing him go.

At this time I merely wish to say that I concur in everything that Senator Connolly has said about our former Speaker, Senator Sydney Smith. On October 10 last we unveiled the portrait of the former Speaker, and on the same day it was announced that, in accordance with custom, he had been appointed a Privy Councillor. On that occasion we expressed to Senator Smith our affection, admiration and thanks.

Regarding Senator Vaillancourt, having known him more closely I would like to say a few words about him, and I think it is appropriate that I should express myself in French.

[*Translation*]

I became acquainted with Senator Vaillancourt when he was a member of the Quebec Legislative Council. Later on, I also met him in rather peculiar circumstances, while he was a special advisor to the chairman of the Wartime Prices and Trade Board, Mr. Donald Gordon. At that time, I was myself regional attorney for the eastern part of the Province of Quebec. Since that time, I often had the opportunity of meeting Senator Vaillancourt, of discussing with him, of learning about his way of thinking, his philosophy, and of appreciating his great and charming personality.

It would be superfluous to recall here his magnificent career, especially his contribution to the co-operative movement in the Province of Quebec. He was, from the outset, one of the main associates of the founder of the *Caisses populaires*, Mr. Desjardins. He was for a long period of time the leading figure of that movement, which represents nowadays an extraordinary economic power in Quebec. He can be rightly proud of his accomplishments in that field.

Here in Parliament, he was always that distinguished, kind, charming, understanding and loyal man we knew in Lévis and in the whole Province of Quebec and, as assistant leader of the Government, he did an excellent job. It was always easy for him to get the co-operation of all members of this house.

He has to retire on account of his ailing health. He can be sure he deserves many years of rest.

We all wish him an early return to health from a well-deserved rest among his family and numerous friends. He may be sure that here, in the Senate, we will never forget him.

[*English*]

Hon. Donald Cameron: Honourable senators, I should like to associate myself with what has been said about our distinguished colleague, Senator Sydney Smith, and particularly with what has been said about Senator Vaillancourt and my lifelong friend Senator Larry MacKenzie.

I shall not say very much about Sydney Smith, because what I would have said has been so well said by Senator Connolly (Ottawa West), but I should like to take this opportunity of paying a tribute to Senator Vaillancourt, who, so far as I am concerned, epitomized all of those values that we associate with the finest of French Canada. Senator Vaillancourt was always in the forefront of those who tried to benefit and improve their communities. In this respect he succeeded spectacularly. The *Caisse Populaire* is a monument to him. It reached its tremendous role of importance and influence in the Province of Quebec largely as a result of his foresight, vision and pertinacity. He was always kindly and courteous and was indeed the type of man we are always proud to be associated with in this chamber.

I first knew Senator MacKenzie when he was professor of International Law at the University of Toronto. Unlike so many of his colleagues here, I did not have the privilege of being one of his students, but I worked with him in many activities in the realm of international affairs, community development, and the universities. He made a tremendous contribution to building the great University of British Columbia which today has 20,000 students. I like to think that had he been president of that university during the last two years—those years of turbulence, unrest, and student revolt—he might, with his wisdom and sense of humour, have been able to quiet the more irresponsible elements among those who have been giving trouble in our universities.

I think of Larry MacKenzie in many ways but always as a great human person. During the drought years in Alberta from 1935 to 1939 I used to take him out to Community Life conferences to lecture on international affairs. He would hold a meeting in a place like Gooseberry Lake, in the heart of the dry belt and the only lake for miles around. Here he would sit around the campground and watch the alkali patch grow wider and wider in the hot sun, and here he would talk on international affairs. He had the great gift of bringing those affairs right down to the grass roots. He talked to farmers, hardware merchants and housewives, and he had the rare gift of making them feel that they were part of what was going on. When his lecture was over he would shove his old and battered canvas cap in his pocket, and go out and play ball with the rest of us. People in those communities still speak with warmth and affection of the contribution he made in those days.

At that particular time he was bothered by an ulcer. I remember one night, on arriving at the Macdonald Hotel in Edmonton after driving 250 miles over hot and dusty roads, I

said to him, "Larry, we need a drink," to which he replied, "Yes, and I know exactly what we will get." We walked over to a small corner store and each of us purchased a quart of milk, which each of us carried, swaggering through the lobby of the Macdonald Hotel. That is the sort of informality that I associate with Larry MacKenzie.

He was a man who had a tremendous rapport with his students. He was once photographed in U.B.C. football togs and wearing a mortarboard. Some of his colleagues were very indignant about this, charging him with letting down the dignity of the academic world.

Larry MacKenzie succeeded in large measure because of that huge, warm, human personality, and I was one of those who were very happy on his appointment to the Senate. He made a fine contribution here, and I know he would be the first to admit that he was sorry to leave this place. We have all benefited by his association with us; his membership in this house is one more fine star in his crown. We wish him many years of happiness and usefulness in the kind of active life he has lived in the past.

Hon. W. M. Benidickson: Honourable senators, I do not usually rise on these occasions, but events have happened since the adjournment that prompt me to say a few words now.

I formed a great affection for our former Speaker, Sydney Smith, but I think I should express on behalf of my wife and Parliamentary wives the great admiration that the members of the Parliamentary Wives' Association had for Marion—Mrs. Sydney Smith. I do so despite the fact that my early morning rest often was interrupted by telephone calls that the energetic Mrs. Smith initiated. She was deeply interested in the social life and the happy, helpful life of the ladies who are so important to us on Parliament Hill.

Senator Sydney Smith was a wonderful friend of us all. He loved the Senate and those of us in it; this became most evident. I pay tribute to him. He has chosen to retire, and in his retirement he will have the great comfort of having with him the new Mrs. Sydney Smith, whom we all admire.

Senator MacKenzie would not expect that I could make an adequate tribute to him. He has already received a flood of accolades from all across the country for his manifold and most catholic, widespread achievements. But I should like to mention his wife. Mrs. MacKenzie was one of those great ladies who participated here, as formerly, in everything good, with great vigour and excitement. She went to the ski runs of Ottawa, she attended the French language and the art classes of this community, and she supported our wonderful colleague in everything he did around this city. We all deplore the fact that they are going to their favourite city on the west coast.

I have a very special word for my colleague, Senator Vaillancourt. As a representative from this house, I went on two sad occasions to attend funerals in his beloved City of Quebec. On both of those occasions our colleague looked after his friends of the Senate in a most memorable and hospitable way. Everything that he had in his prestige, affection, and reputation in that city he gave to his visiting colleagues from other parts of Canada who had joined him on those two sad occasions.

Senator Vaillancourt, a deputy leader of the Government in the Senate, showed that he liked his colleagues here, and we certainly liked and admired him.

Hon. L. M. Gouin: Honourable senators, first I should like to say a few words about our former Speaker, Senator Sydney Smith. I believe it is enough to say that he was a perfect gentleman and that in this chamber he proved himself to be an outstanding Speaker.

To Senator MacKenzie, who was popularly known as Larry, I wish to pay a very special tribute. I have known him for more than 40 years and was exceedingly sorry when I shook hands with him at the moment of his leaving these Houses of Parliament for good. He was a great authority on international matters, and I believe that it was in this field that I first became acquainted with him. I sat with him on committees of selection for minor officers of the diplomatic service, and I met him again and again at the Canadian Institute of International Affairs.

Senator MacKenzie is a great Canadian and a great scholar, and to me he will forever remain a great friend.

Senator Vaillancourt extended friendship to me for many years. Of him I would say that he is a man remarkable for his devotion to popular causes.

[*Translation*]

I think I should go on in French in that particular case.

Senator Vaillancourt has always been exceptionally devoted to the common people. He was deeply bent on the advancement of social and financial conditions of labour classes.

He has been a true champion of co-operation. In that field, he made an indelible mark on the co-operative movement in the province of Quebec; because of that, he has made history in the field of social development in my native province during his very lifetime.

I thank him deeply for the affection he has always showed me. I will never forget the many conversations I had with him about national matters, about patriotism. He is a remarkable man. I have great admiration for him; indeed I hold him in veneration. I hope his health will improve.

[*English*]

NUCLEAR NON-PROLIFERATION TREATY

STATEMENT BY GOVERNMENT LEADER

Hon. Paul Martin: Honourable senators, shortly before Parliament recessed last month, my colleague the Secretary of State for External Affairs announced the intention of the Government to take immediate steps to effect Canadian accession to the Nuclear Non-Proliferation Treaty. Honourable members will be aware that during the recess, on January 8, Canadian representatives in London, Moscow and Washington deposited the instruments of ratification with the three governments which had been designated as depositories for the treaty when it was opened for signature last July 1. Canada thus joined Britain, Denmark, Ireland and Nigeria in this expression of confidence in the treaty, and faith that by providing leadership we might exert a favourable influence on other governments not yet fully committed to the principles of non-proliferation as expressed in the treaty itself.

For years Canadian negotiators have been working with those of other nations attempting to achieve the optimum reconciliation of divergent national interests which would halt the spread, the proliferation, of nuclear weapons and thus reduce the threat of world-wide nuclear catastrophe. Canada welcomed the agreement on a draft treaty which was reached at a special session of the United Nations General Assembly last June. Canada was among the first nations to sign the treaty. Our support for the basic objectives of this treaty has been unwavering, and the leadership we are attempting to give in ratifying this important treaty is fully consistent with our attitude since the beginning of negotiations. We hope that additional countries will recognize the importance of bringing the treaty into effect at the earliest possible date, and that all nations of the world will accept the obligations embodied in the treaty.

We recognize that this treaty is not a panacea for all the problems facing a world that threatens to become a nuclear armed camp, but we expect it to make a significant contribution towards controlling the dissemination of nuclear weapons. Its provisions and prohibitions represent important concessions by all signatories.

Articles I and II are the most significant operative sections of the treaty, which I propose to table. They prohibit nuclear parties—the countries now in possession of nuclear weapons—from transferring these weapons to other nuclear explosive devices, or control over them, to non-nuclear parties. These articles also prohibit the non-nuclear parties from manufacturing or otherwise acquiring such weapons and devices. These articles of the treaty are supplemented by certain security assurances which were approved by the Security Council of the United Nations on June 18, 1968. These assurances recognize aggression with nuclear weapons, or the threat of such aggression, as requiring immediate action by the Council and immediate assistance to the victim of such an act. At that time, Canada supported these assurances as the best that could be obtained and as an adequate basis for promulgation of the Non-Proliferation Treaty.

Article III of the treaty requires the non-nuclear parties to accept international safeguards on their nuclear programs. It binds all parties which export special nuclear materials and equipment to non-nuclear states to require that such materials and those used or produced in such equipment, be placed under international safeguards. This is intended to provide for verification that source and special fissionable materials are not diverted from peaceful purposes to the production of nuclear weapons. In my opinion, one of the principal benefits of this treaty is the world-wide system of safeguards which it portends.

Article IV guarantees and facilitates the right of non-nuclear parties freely to exploit nuclear energy for peaceful purposes. Many developing nations considered this to be their *quid quo pro* for surrender of their nuclear

weapons option, and signatories of the treaty have clearly indicated that they expect assistance on a preferential basis in the application of nuclear technology.

Article V establishes the principle that potential benefits from any peaceful application of nuclear explosions should be made available at the lowest possible cost to non-nuclear parties. The impossibility of distinguishing between nuclear weapons and "other nuclear explosive devices", which are also under prohibition, made it necessary for the nuclear powers to guarantee the availability of the benefits from such techniques.

Article VI confirms that parties to the treaty intend to negotiate in good faith on effective measures towards cessation of the nuclear arms race and towards nuclear disarmament. For reasons which I shall explain in a few minutes, we consider the implications of this article in the context of strategic arms talks to be one of the key considerations in bringing this treaty into force and in further progress of negotiations on arms control when the Eighteen Nation Committees reconvenes in March.

The treaty will enter into force when it has been ratified by the three depositary governments and 40 other signatories. Provision is made for its operation to be reviewed at intervals of five years during its current life of 25 years.

Speaking before a local men's group in mid-October, I expressed concern that the Non-Proliferation Treaty should not become a victim of the recent events in Czechoslovakia. Since that time, several more countries have signed the treaty, bringing the total to 85, and four countries have ratified. There appears to be growing recognition that, unless the non-proliferation treaty is brought into force soon, an increasing number of countries may conclude that it is in their national interest to "go nuclear". It is necessary, but disturbing, to acknowledge that only two of the "near nuclear" powers—Canada and Sweden—have signed the treaty. Such critical countries as West Germany, Israel, India, Japan, Australia and others have not signed because of dissatisfaction with the security assurances associated with the treaty and for a variety of other reasons. The case for Canadian leadership seems to me unmistakably clear. The Canadian Government is doing everything it can to ensure that this new step forward in arms control does not revert to a step backward into distrust and nuclear proliferation. The nuclear club has increased from one to five in less than two decades. There must be no new members.

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Not only must the dissemination of nuclear capability be proscribed; we must now undertake the obligation assumed by parties to the treaty to negotiate measures to halt the nuclear arms race. We have argued that a basic requirement in this regard is the initiation of strategic armaments limitations talks between the U.S.A. and the U.S.S.R. Without progress in this field, there appears to be little prospect of an effective NPT, a halt to nuclear testing or agreement on further arms control and disarmament measures. The NPT is but one step in the right direction. We must now bend our efforts to the limitation and eventual reduction of nuclear delivery vehicles, and the destruction of existing stockpiles of nuclear weapons. One of the most important arms control resolutions adopted by the session of the United Nations General Assembly, which concluded in December, called for talks on strategic arms limitations to commence at an early date. Within the Eighteen National Disarmament Committee and the UNGA, Canadian representatives must continue to build on the base formed by the Partial Test Ban, the Treaty on the Peaceful Uses of Outer Space and the NPT. These important accomplishments encourage us to hope that the security of nations can be assured, and that the objective of the United Nations in maintaining peace is possible of attainment.

I felt that I would be remiss in my duty if I did not call to the attention of the Senate the announcement made by the Secretary of State for External Affairs in the dying days of the session before the Christmas recess, and if I did not indicate the interest and the concern of this house in so vital a matter as this one.

Hon. Senators: Hear, hear.

Hon. M. Grattan O'Leary: Honourable senators, I have not had an opportunity to consider the statement just given to us by the Leader of the Government, and of course I have not seen the treaty itself. As the leader said towards the close of his statement, this of course is a step in the right direction, but I think it would be a tragic mistake if any of us in this house or in this nation or any other nation were induced into a state of euphoria by what has been accomplished, as given to us by the leader.

What we are doing here is giving our opinion that it would be a good thing to discontinue the spread of nuclear weapons, and that is a right opinion. However, honourable senators, if tomorrow we stop the spread of

nuclear weapons, there will still be enough nuclear weapons on this earth, many of them in the hands of hostile enemies, to turn this earth into a nuclear grave. Unless and until something is done to prohibit and to ban the production of nuclear weapons, wherever they are being produced, then we have very little to go on and little to hope for.

I am not clear from the statement of the Leader of the Government how many nations actually have signed this proliferation treaty, but I do notice—and this, as the Leader said, is very disturbing—that such critical countries as West Germany, Italy, Israel—

Hon. Mr. Martin: No, I left Italy out. I think I did inform the Leader of the Opposition about this, but I was wrong.

Hon. Mr. O'Leary (Carleton): Such countries as Australia and others were mentioned—the leader did not say who the others were. When we consider non-proliferation treaties or bans on the production of nuclear weapons by those nations which have them, leaving out China, then surely you destroy a great deal of the hope we might have of a treaty among the other nations. Their being left out of all these treaties means that nothing effective is being done for the purpose of safety, towards the banning of nuclear weapons. As recent as during the past two or three weeks, France and China both produced nuclear explosions.

I know nothing about the provisions taken to ensure that this non-proliferation treaty should be carried out even though all those nations have not signed it. We know why they have not signed it. This matter was discussed in a very intelligent way last year at the meeting of the Canadian-United States Parliamentary Group. It was shown there, that a lot of those smaller nations objected, and objected rightly, certainly with reason, to the building up of a "nuclear club" in the world, to putting into the hands of a few nations all the power, all the prestige, all the opportunities that might exist to destroy the world, and leaving the others out.

Honourable senators, I also noticed by the leader's statement that he has not said what are these precautions against the spread of nuclear weapons. I do not know how many honourable senators have read the recent study of the Krupp family, but in that book, Mr. Manchester, in a very ably documented chapter, shows that in West Germany today the Krupp family are engaged in nuclear testing and within two or three years West Germany will be able to prepare and use nuclear weapons. I have no doubt at all that this is much in the minds and hearts of the people of Russia.

This is the difficulty: I am afraid that statements such as this—none of us would oppose such a statement, and no one in this house or in any country, surely no civilized human being would want to opose a treaty such as this—and a treaty such as this raises false hopes.

I notice one paragraph in the leader's speech, which filled me with alarm. He said that if it is found that any nation is abusing this treaty, misusing it or abusing it, the Security Council will take appropriate action. When you look back at Czechoslovakia, when you look back to Hungary, when you look back to what happened the other day between the Arab Arabia and Palestine, does any reasonable person in the world think that the Security Council is going to act effectively in a case like that? The guarantees of the Security Council, as we know and as we have seen them over recent years, are not worth a tinker's curse. They, too, have lulled people into a false sense of security.

Let us support this treaty, of course, as we would support a proposition that the sun should rise tomorrow but for heaven's sake let us not come along and say that we have signed here a treaty, that we have given an example to the rest of the world, that this is a great thing for Canada and for civilization, a great thing for those who long for peace. What I object to is that this kind of statement does lull people into a false sense of security. We support them, but let us support them for what they are, a very small step towards the abolition of our destruction by nuclear weapons.

Hon. Mr. Martin: Honourable senators, I would simply wish to say to Senator O'Leary (Carleton)—I know that under this arrangement it is not possible to debate this question—that his statement may provoke a very considerable discussion and that we could deal with the matters which he has raised. I noted all of his arguments.

I am sure he will not think that I am disrespectful of him when I say that it can be shown clearly that they do not have the validity which his strong eloquence for the moment suggests.

Honourable senators, this treaty on the non-proliferation of nuclear weapons was tabled early in the session. I now table certain other documents representing the publications of the Government of Canada since the adjournment.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of the White Paper on Policies for Price Stability, 1968. (English and French texts).

First Annual Report of the Public Service Staff Relations Board for the fiscal year ended March 31, 1968, pursuant to section 115 of the Public Service Staff Relations Act, chapter 72, Statutes of Canada, 1966-67. (English and French texts).

Revised Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C. 1952, together with a copy of Order in Council P.C. 1968-2315, dated December 17, 1968, approving same. (English and French texts).

Report of the Department of Forestry and Rural Development for the fiscal year ended March 31, 1968, pursuant to section 25 of the Government Organization Act, 1966, chapter 25, Statutes of Canada, 1966-67. (English and French texts).

Revised Capital Budget of Central Mortgage and Housing Corporation for the year ended December 31, 1968, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, as approved by Order in Council P.C. 1968-2346, dated December 24, 1968. (English and French texts).

Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, as approved by Order in Council P.C. 1968-2347, dated December 24, 1968. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, December 25, 1968, and Wednesday, January 8, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Public Accounts of Canada, Volumes I, II and III, and an Abridged Version thereof, for the fiscal year ended March 31, 1968, pursuant to section 64(1) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Royal Commission on Pilotage (Chairman, The Honourable Mr. Justice Yves Bernier), Part II—Study of Canadian pilotage, Pacific coast and Churchill, dated October 1, 1968. (English and French texts).

Copy of a Study of Harbour Administration in Canada, dated September 16, 1968. (English text).

Report of the Department of External Affairs for the year ended December 31, 1967, pursuant to section 6 of the Department of External Affairs Act, chapter 68, R.S.C., 1952. (English and French texts).

Capital Budget of Polymer Corporation Limited for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with a copy of Order in Council P.C. 1969-8, dated January 9, 1969, approving same. (English text).

Copies of the Final Report, Volume I, dated November, 1968, prepared by D. Wm. Carr & Associates Ltd., for the Department of Indian Affairs and Northern Development and the Government of the Yukon Territory, entitled "The Yukon Economy—Its Potential for Growth and Continuity". (English and French texts).

Report of the Superintendent of Insurance for Canada—Volume III, Annual Statements of Life Insurance Companies and Fraternal Benefit Societies, for the year ended December 31, 1967, pursuant to section 9 of the Department of Insurance Act, Chapter 70, R.S.C., 1952. (English and French texts).

Report of Operations under the Municipal Improvements Assistance Act for the year ended December 31, 1968, pursuant to section 11 of the said Act, Chapter 183, R.S.C., 1952. (English and French texts).

Report on Activities under the Prairie Farm Assistance Act for the Crop Year 1967-68, pursuant to section 12 of the said Act, chapter 213, R.S.C., 1952. (English and French texts).

Report on Prairie Farm Rehabilitation and Related Activities for the fiscal year ended March 31, 1968, pursuant to section 12 of the Prairie Farm Rehabilitation Act, chapter 214, R.S.C., 1952. (English and French texts).

Report of Proceedings under the Trans-Canada Highway Act for the fiscal year ended March 31, 1968, pursuant to section 9 of the said Act, chapter 269, R.S.C, 1952. (English and French texts).

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the fiscal year ended October 31, 1968, pursuant to section 119(1) of the Bank Act, chapter 87, Statutes of Canada, 1966-67. (English and French texts).

Copies of Communique issued following the meeting of Commonwealth Prime Ministers held at London January 7-15, 1969. (English and French texts).

EXPORT AND IMPORT PERMITS ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-25, to amend the Export and Import Permits Act.

Bill read first time.

Hon. Mr. Martin moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

HAZARDOUS PRODUCTS BILL

FIRST READING

Hon. Paul Martin presented Bill S-26, to prohibit the advertising, sale and importation of hazardous products.

Bill read first time.

Hon. Mr. Martin moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION—CORRECTION

Hon. T. D'Arcy Leonard, with leave of the Senate, moved:

That the report of the Committee of Selection presented to the Senate on December 19, 1968, be corrected by adding the names of the Honourable Senators O'Leary (Antigonish-Guysborough), O'Leary (Carleton) and Quart to the list of senators nominated to serve on the Committee on Internal Economy and Contingent Accounts.

He said: Honourable senators, this is a motion for correction, not amendment, of the report. When the report of the committee left the committee room it did include the names of those three senators that have just been read—Senators O'Leary (Antigonish-Guysborough), O'Leary (Carleton) and Quart. However between the time the report left the committee room and was presented to the Senate on December 19 last, due to a clerical error those three names did not appear. I am sure honourable senators will agree that it is quite a serious mistake to leave off the names of those three senators, and I hasten to have that error corrected.

Hon. Mr. Croll: Missing persons!

Motion agreed to.

REPORT OF COMMITTEE OF SELECTION ADOPTED

Leave having been given to proceed to Order No. 5:

The Senate proceeded to consideration of the report of the Committee of Selection which was presented on December 19, 1968.

Hon. T. D'Arcy Leonard: Honourable senators, I move, seconded by honourable Senator Fergusson, that the report of the Committee of Selection, as corrected by the motion of today, be now adopted.

Report adopted.

CANADA SHIPPING ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, December 19, 1968, the adjourned debate on the motion of the Hon. Mr. Langlois, for the second reading of Bill S-23, to amend the Canada Shipping Act.

Hon. Jacques Flynn: Honourable senators, this is a thick bill, consisting of 18 pages, and the sponsor Senator Langlois, when introducing it, indicated that it contained only urgent amendments to the Canada Shipping Act that could not await the further revision of the act, which he told us was presently in process.

I have gone through the bill several times and have discovered that it deals with some eleven different subjects that are really not correlated. Therefore, it occurs to me that this is a sort of omnibus bill in the field of

shipping. Of course, it will not stir the interest of the Omnibus bill—with a capital "O"!

This is properly a bill for committee consideration, because all the matters dealt with are really technicalities. For instance, it has been mentioned that the new feature that is introduced in the Shipping Act is the application of some part of the act to air cushion vehicles. This matter is dealt with in clause 1(1), which amends section 2 by the addition of paragraph (2a), and in clause 27. The sponsor has indicated that regulations were required for these new vehicles, that this application of the Shipping Act to air cushion vehicles, as long as they travel over the waters, is really only an interim measure, and that perhaps eventually we will have to enact special legislation for this new transportation system. In any event, as a result of this bill there will be some provisions of the Canada Shipping Act dealing with the operation of these vehicles. This is the first topic of the bill.

The second deals with the International Convention on Load Lines, 1966. This is an international agreement with respect to the loading of vessels, and under it the countries subscribing to the agreement have agreed to enact legislation to implement the provisions of the treaty. The provisions of this bill dealing with this matter are to be found in clause 1(2) and (3), and in clauses 8, 13, 14, 15, 16 and 22. These are really more in the nature of technicalities than those dealing with air cushion vehicles, and we can discuss them more efficiently in committee.

The third group of amendments is designed to enable landed immigrants to obtain certificates of competency as masters, mates or engineers, on the same footing as is presently the case for any British subject, and I think this is reasonable. These provisions are found in clauses 3 and 4 of the bill.

Fourthly, clauses 5 and 6 abrogate dispositions which are archaic and deal with the responsibility of those hiding seamen. This makes very interesting reading, opposite page 2, and following, sections 238 to 243, and sections 270 to 275 of the present act Those sections provide penalties for hiding seamen, and matters of that kind. I agree with the sponsor that these provisions are archaic and should be repealed.

The fifth subject dealt with by this bill is found in clause 7 which concerns regulations pertaining to pilotage. This clause provides that for greater certainty particular bylaws will be deemed to have been regularly adopted for another year, despite the fact that the Royal Commission on Pilotage indicated that those bylaws and regulations were entirely illegal.

It is interesting to see that the explanatory note reads:

> The Report of the Royal Commission on Pilotage expressed doubt as to the validity of certain bylaws made under the Canada Shipping Act by pilotage authorities.

I think that that is putting it very mildly since, if I am not mistaken, there have been two decisions of the Exchequer Court of Canada and one of the Supreme Court of Canada, that have unanimously said that such bylaws were entirely illegal, and without legal foundation. Of course this is an interim provision for the period enacted by subsection 3 of section 7.

Hon. Mr. Martin: I think Senator Langlois must be very familiar with those particular cases.

Hon. Mr. Flynn: Yes, he is, but I noticed that he did not speak at length on them when he introduced the bill.

Hon. Mr. Martin: You are encouraging him to do so now.

Hon. Mr. Flynn: When he closes the debate he may discuss those matters. In any event, it is easily understood that these provisions are needed. Section 7 provides at least that the proceedings before a court will not be affected as far as the rights of the parties are concerned.

The sixth matter covered by this bill concerns the application of certain provisions to vessels other than steamships. These are technical provisions, and they are made to apply to barges and vessels that are towed or that are not self-propelled. The same provisions concerning safety will apply to those vessels as are applicable to steamships.

The seventh matter dealt with in this bill is the enforcement of the installation of radio facilities on board certain vessels. This is a matter of safety and I do not think it raises any difficulties. We may receive further explanations of it in committee, but there is no doubt that it is in the interests of safety that these provisions are enacted.

The eighth matter concerns the prevention of accidents. This is really a simplification of

the provisions that now exists, and it is also, I think, in line with the new federal labour code dealing with safety matters.

Of the last two matters dealt with in this bill, the first concerns the pollution of waters. Sections 23 and 24 give power to the minister to take whatever measures are required to deal with the cargo or fuel of a wrecked vessel which may create pollution, constitute a danger to waterfowl or marine life, or cause damage to coastal property. The purpose is obvious, and it is a good purpose.

The last matter covered by this bill is contained in sections 25 and 26, which deal with the investigation of accidents to ships navigating in Canadian waters, or to Canadian ships wherever they may be. These sections will give more power to the investigators, and will oblige the masters or owners of ships to report on certain types of accidents.

Honourable senators, as I have indicated, this bill deals with many subjects, most of which are of a technical nature. It seems to me that the purposes of these amendments are excellent, but the bill covers topics that can be studied with greater facility in committee than in this chamber. It is my understanding that the honourable sponsor (Hon. Mr. Langlois) will move that the bill be referred to the Standing Committee on Transport and Communications, where officials from the department will give us all needed further explanation. It may be that the honourable sponsor wants to deal further with the subject of the Royal Commission on Pilotage, and I have no objection to that. On the other hand, he may well wish to have the departmental officials tell us more about that in committee.

Hon. Mr. Fournier (Madawaska-Restigouche): Honourable senators, I should like to ask a question of the honourable sponsor of the bill (Hon. Mr. Langlois). Can he give us more information as to air cushion vehicles? There seem to be two classifications, one of which includes vehicles that are air-propelled like airplanes, and another which includes water-propelled vehicles. Perhaps the honourable sponsor could clarify this matter for me, because it does seem to make a difference.

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable senator speaks now it will have the effect of closing the debate.

Hon. Mr. Burchill: May I ask the honourable sponsor of this bill (Hon. Mr. Langlois) one question. First, I want to say that I agree with the last speaker (Hon. Mr. Flynn) when he says that this bill should be referred to a committee, because it is a bill that the committee can delve into with profit.

I notice that section 24, which concerns pollution, provides that the minister may cause the vessel, its cargo or fuel to be destroyed or removed to such place, and sold in such manner, as he may direct. Are there not local authorities of the different harbours and rivers who have the power to fine captains who allow oil to be discharged from their vessels?

Hon. Leopold Langlois: Honourable senators, I thank Senator Flynn for his important remarks on this bill. I apologize if I left the impression that I considered this bill unimportant when I introduced it. What I meant to say was that this bill contained amendments that could not wait for the total revision of the Canada Shipping Act that will be forthcoming. We are dealing here with amendments that are very important, and some of them date back to 1966-67. It was felt that they had been delayed long enough, and could not be further delayed.

Senator Flynn dealt in detail with the various aspects of the bill, and I want to comment briefly on his remarks.

First he referred to air cushion vehicles. This is a new type of craft, and we are not prepared at the present moment to agree that it should be considered a vessel within the meaning of the Canada Shipping Act, or as aircraft. That is why we are introducing this temporary measure to cover the present situation, pending further development of these craft. It is possible that later on it will be decided to have special legislation dealing with air cushion vehicles.

Here I should like to answer the question asked by the honourable Senator Fournier (Madawaska-Restigouche). There is no distinction between the various types of air cushion vehicles according to their propulsion, whether they be propelled by jet, propellers or wheels. No distinction is made in this bill between the different types of air cushion craft.

This bill deals with the Load Line Convention of 1966 and amends the present act to bring it in line with the new convention. The present act contains provisions to implement the 1930 Load Line Convention, and the changes are minor and technical in character.

There is a provision in the bill dealing with the right of landed immigrants to take examinations for certificates as masters, mates and engineers. We are amending the law to extend this privilege, which hitherto was restricted to British subjects. Landed immigrants so certified will be allowed to act as mates, masters and engineers as long as they preserve the status of landed immigrants, unless for obvious reasons they lose such status by becoming Canadian citizens.

I now turn to the part of the bill dealing with pilotage regulations. As pointed out by the honourable Senator Flynn, the first report of the Royal Commission on Pilotage raised some doubt on the validity of some of the pilotage bylaws.

Hon. Mr. Martin: What is the year of that report?

Hon. Mr. Langlois: The first volume of the report was tabled last fall. The second volume was tabled only some two or three weeks ago.

As Senator Flynn pointed out, there have been three judgments, one by the Supreme Court and two by the Exchequer Court, along the same lines. As has been mentioned by the honourable Senator Martin, I was no stranger to these cases because my law office acted for the plaintiffs in connection with two of these decisions, one in the Supreme Court and one in the Exchequer Court.

Hon. Mr. Croll: Successfully?

Hon. Mr. Langlois: Yes, of course.

Following the filing of the first volume of the report of the Royal Commission on Pilotage, there were discussions between the Department of Transport and representatives of the pilots' organizations and the users of pilotage services across Canada. It has been determined that the representatives of the pilots' organizations and users of pilotage services across Canada would support remedial action to ensure the continuation of pilotage operations in the manner in which they are now being carried out. They wanted to continue the status quo pending action that could be taken on the implementation of the report of the royal commission, and they agreed to support any legislation to remedy the present situation which would be of a temporary character. It was at one time suggested that such legislation should last no longer than March 31, 1969, but there is no serious objection to extending it to cover the whole of 1969 with the proviso that the Government could further extend it if the situation warranted it. This, therefore, has been done with the agreement of those directly concerned with pilotage in Canada.

Senator Flynn then referred to the part of the bill dealing with the obligation of ships to carry radio telephone equipment and radio operators. As honourable senators no doubt know, Canada has in the last two years instituted a system of marine traffic control, which was first inaugurated on the St. Lawrence River. It is now essential for the operation of the marine traffic control service that all ships plying the waters of the St. Lawrence, or any Canadian waters where such traffic control exists, be equipped with adequate types of radio telephone equipment and carry on board qualified radio operators.

Hon. Mr. Fournier (Madawaska-Restigouche): Is there any classification of size of ships, how small and how large? What about pleasure craft, for instance?

Hon. Mr. Langlois: We are here dealing with commercial ships, not with pleasure craft.

Senator Flynn then referred to the prevention of accidents aboard ships. The purpose of this amendment is to apply to ships safety regulations comparable to those made under the Labour Safety Code.

I should now like to refer to the provisions concerning water pollution. The amendment in the bill empowers the minister to cause the removal or destruction of a vessel whose cargo or fuel is, or is likely to become, a danger in the sense that it is likely to cause pollution of the water, beach or any other shore property.

Various organizations have expressed a wish to make representations on the proposed amendment before the Senate committee to which the bill is to be referred. These representations came, among others, from the Shipping Federation of Canada, the Canadian Chamber of Shipping and the Chamber of Shipping of British Columbia. We have also been informed that presently there is a meeting taking place in Bermuda, attended by representatives of leading oil companies of the world and also a representative of one of the most important, Protecting and Indemnity Association of Great Britain. It is understood that the representative of this British Protecting and Indemnity Association will come to Canada some time in mid-

February and will be available to make representations before the committee. Also, it is quite possible that out of this meeting in Bermuda a scheme might develop which will provide adequate insurance to tanker operators to cover the risk of liability imposed on owners of vessels under the proposed Canadian legislation and to provide adequate guarantees for payment to interested governments, for the expenses incurred by such governments to prevent pollution or to clean coastal shore property fouled by oil escaping from ships.

The Canadian Maritime Law Association has also expressed a wish to appear before the committee and make representations on the proposed legislation. They have also requested that the hearing of the committee be postponed to some time in mid-February to allow them to prepare their representations. There is also another reason which might be invoked in support of delaying the hearings of the committees. It is understood that some parallel legislation will likely be introduced before the American Congress in the first few days of February. It might be of some importance, therefore, to wait until this legislation is tabled before considering the Canadian legislation, because I am inclined to believe that governments should endeavour to have comparable legislation regarding this world-wide problem of water pollution through disasters which occur to these huge tankers now plying international waters.

I hope I have covered the ground accurately and I have answered the questions which were put by honourable senators who have taken part in this debate. If the bill is given second reading, I will move that it be referred to the Standing Committee on Transport and Communications.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Langlois, bill referred to the Standing Committee on Transport and Communications.

[*Later:*]

Hon. Mr. Langlois: Honourable senators, I may inadvertently have given an incorrect answer to a question by Senator Fournier (Madawaska-Restigouche).

Senator Fournier asked me if a distinction was made between air cushion vehicles propelled by reactors and propellers. Since he mentioned air propelled vehicles, I thought the vehicles he had in mind were air cushioned vessels. On second thoughts, and remembering that, to my knowledge, there is no such type of craft propelled by propellers, I came to the conclusion that he might have been referring to the type of craft called a hydrofoil, which is not an air cushion vehicle, but one which is allowed to rise above the water level due to a special understructure, and which is propelled by wheels or propellers.

This type of craft will not be covered in the definition as outlined in the proposed legislation.

Hon. Mr. Fournier (Madawaska-Restigouche): Thank you.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

On the order:

> Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Smith (Queens-Shelburne), for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.—(Honourable Senator McDonald).

Hon. Paul Martin: Honourable senators—

The Hon. the Speaker: Honourable senators, as this order stands in the name of the honourable Senator McDonald, is it agreed that the honourable Senator Martin proceed in his stead?

Hon. Senators: Agreed.

Hon. Mr. Martin: Honourable senators, I of course ask for leave. I was hoping that over the recess all of us would have had an opportunity of examining in even more considerable detail than we have thus far the report of the committee, and I had understood that today a number of senators would be prepared to continue the debate. I simply want to say that it is not easy to arrange for the work of the Senate unless each of us takes an initiative in respect of matters about which each feels it is important to express views. Senator Cameron is now here. I would readily accede my place if he wishes to discuss now the report of the committee on our rules. I had understood the senator would be ready to go on. I would give him my place at once if that would be agreeable.

Hon. Donald Cameron: I am sorry, I am not prepared. I would be ready to proceed tomorrow, but not today.

Hon. Mr. Martin: Honourable senators, I have had the opportunity over the recess to re-read carefully the Fourth Report of the Special Committee on the Rules of the Senate, as printed in an appendix to the *Debates* of the Senate for November 28, 1968, beginning on page 652. It is a formidable document. It is also a most important and forward-looking document, one which contemplates an active, useful Senate.

No aspect of the Senate's work appears to have been overlooked in the report, and if its provisions are generally accepted a great deal of follow-up action will have been made necessary. The report clearly indicates that there has to be follow-up action with regard to the general character of our work, as presently constituted and as it will likely evolve in the future.

The schedule to the report, revising and bringing up to date the Rules of the Senate, which was adopted unanimously by the Senate, was in itself no inconsiderable achievement. I still wonder at the industry with which the committee, under its able chairman, Senator Molson—who, I understand, was an amiable but dedicated taskmaster—conducted its review of our rules.

I have had an opportunity of examining the press comments which have been made editorially about the committee and the content of this report. I have had very considerable correspondence from the Canadian citizens generally across the country about the work of the committee—not always in accord with what I think is a due appreciation of our purpose and our worth. However, this is all to the good, I believe, in enabling the members of this chamber at present, and others, to give consideration as to how to make the Senate an increasingly useful instrument of legislation and a more effective house of Parliament.

I have had a lot of experience with parliamentary committees, and I do not know of any committee which has worked harder or has produced more efficiently than this one. I congratulate all concerned in connection with the work done in the schedule.

We are shortly to have before us, in bilingual and in statutory form, a revised set of Senate Rules, comprehensively indexed. That consequential work is now proceeding by order of the Senate, under the direction of the Clerk of the Senate.

In its Third Report, also adopted by the Senate, the committee made a major contribution by streamlining and restructuring the committees of the Senate realistically and on modern lines. Tomorrow we are to begin the setting up of the necessary organization to make those committees function, when the new officers of the committees will be selected. Personally, I attach the greatest importance to the officers of these committees. On their shoulders will repose the primary responsibility for giving leadership to the work of the committee, taking the necessary initiatives which will be essential to complement our work in this chamber and to demonstrate our capacity in the area of scrutiny and of inquiry, as well as to enable us to discharge our responsibility with respect to legislation which we initiate or which comes from the other place.

With regard to the Committee on Foreign Affairs, I know that considerable preparation is under way now on work which will be placed before that committee in order to give it a consistent, continuing prescribed schedule of work.

I would hope, as a member of the Senate, that we could look forward to a similar result on the part of the other committees.

We will have some special committees. The committee proposed by Senator Croll to examine the whole question of poverty will soon be set up. The Special Committee on Science Policy is now deeply engaged in its assignment. These are all important aspects of the work of the Senate.

Standing committees will do important work, and I hope the load will be fairly evenly divided among them. Certainly, we will no longer have any committees in existence that do not meet. The Committee on the Rules of the Senate, headed by Senator Molson, recommended to us the abolition of those committees which have not been sitting over the years. The committees that have been set up will be functional and to them will be given considerable work, I hope, almost immediately.

The new Committee on Legal and Constitutional Affairs has now been established. The decks are cleared for action as new legal and constitutional propositions come up—as they inevitably must—for consideration.

I have high hopes for all of these committees, including the Committee on Foreign Affairs. I have high hopes for the work that can be done by the Legal and Constitutional

Committee, for the continued important work of the Committee on Banking, Trade and Commerce under Senator Hayden, the Committee on Finance under Senator Leonard, and the Committee on Transportation and Communications under Senator Thorvaldson. The other standing committees will be far from idle.

The Senate, in my view, must maintain the momentum which has been building up gradually over the last ten or twelve years. The machinery of the Senate has been modernized, in spite of what critics sometimes allege: what remains now is to put this program into effective operation.

A busy man is usually a happy and a useful man. The same goes for institutions. We should not merely await initiatives from the Government or from the House of Commons. We ourselves can take initiatives, as a group, as individuals, advancing our views as to what courses should be followed by this body to make it more effective. There is indeed much to do and, if I may put it this way, there is little time in which to do it.

Apart from the rules themselves, I should refer to some features of the Fourth Report which, if acceptable to the Senate, will require follow-up action. The first major recommendation in the committee's report is to the effect that all private bills should originate in the Senate and that discussions "be initiated with the House of Commons to the end that such a provision be made either by a change in the Rules of the House of Commons or by statute." This is a suggestion with which I am in entire agreement. If it is equally acceptable to the Senate, ways and means of communicating the Senate's views to the House of Commons will have to be explored, following the conclusion of this debate. I should think that we would not want to waste much time in doing this.

A second recommendation made by the committee is to the effect that a greater number of non-money bills might usefully be introduced in the Senate. The trend, from the statistical table given in the report, has clearly been in that direction and concerns the statistical studies made by Professor Kunz in his book which appeared in 1963 entitled *The Modern Senate of Canada 1925-1963—A Re-appraisal.*

The decision as to the house in which a bill will be introduced is of course, under our system, made by the Government. I can only say that, in so far as it lies within my power, I will endeavour to ensure that there is an equitable distribution of the legislative workload as between the two houses, and my colleagues in the Government share this view. In the result, the bills that we have been given the privilege of introducing or initiating here is consistent with the statistics of the last few years, and that will continue.

As to the recommendation of the committee that consideration be given to changing the concept of a money bill, I will have occasion to refer to that matter when I speak on the inquiry initiated by Senator Hayden. The recent instances mentioned by Senator Hayden a few days ago support the view that the practice has been tending—perhaps I should say "trending"—in the direction suggested by the committee. It may not be necessary to contemplate any formal action in this regard. My estimation is that the new concept mentioned by the committee will soon be established by practice—one of the three great streams of constitutional change—if indeed it has not already been so established.

The committee also gave consideration to the long list of statutes set out in Appendix A to its Fourth Report. I entirely agree that these statutes, many of which were enacted piecemeal, should be subjected to intensive scrutiny as a package by the Committee on Legal and Constitutional Affairs. I would hope that would be one of the first assignments that committee would be disposed to take up.

I agree also that the terms of the Canadian Constitution, including the British North America Act, should be similarly examined. It is true that federal-provincial discussions are now under way with regard to the Constitution; that we in the Government have been giving these matters some consideration over the last few months; that the provinces are likewise engaged in the consideration of these vital matters, as we know; and that the federal and provincial governments will be meeting shortly to discuss matters of constitutional import, as well as other problems which engage the attention of the two senior levels of government.

However, as an individual senator, I certainly cannot and do not take the position that the Senate is in any way inhibited from conducting its own independent survey in this field. The present discussions to which I have alluded are as among governments, but, whatever proposals may ultimately emanate from

these discussions, the concurrence of the Senate will be necessary before any constitutional change can finally take place. This is simply stating what is implicit in the British North America Act, what is the law. It is, therefore, both desirable and expedient that the Senate be fully equipped and prepared for considerations and suggestions. It is for this reason particularly that I welcome the establishment of the new Senate Committee on Legal and Constitutional Affairs. Whether or not the provinces and the federal Government engage in a discussion of this area does not in any way, in my judgment, affect the right of the Senate at any time to initiate examination and consideration of these matters.

I wish now to mention the several recommendations in the report which refer to joint committees, both standing and special. The committee left untouched the rules of the Senate relating to standing joint committees, which rules indeed could not properly be dealt with by the Senate unilaterally. It nevertheless recommended joint discussions with the House of Commons designed to ensure that requisite improvements are made.

The committee observed at page 656, that

> ... there is much doubt existing as to the proper functioning of Special Joint Committees: there is no clear guide, for example, as to the procedure to be followed by such Joint Committees, as to which House should bear the expenses incurred, or as to whether such expenses should be apportioned.

I think that anyone who has served on or appeared before a joint committee will agree with these observations. They reveal inadequacies which should be rectified and which can only be rectified by action taken in concert on behalf of both houses. I personally see no reason why the Senate should not take an initiative itself in arranging for the necessary joint discussions.

Also, the committee recommended quite strongly that from time to time

> ... select committees of the Senate should hold committee meetings in the Senate Chamber itself. In this way the public would have an opportunity to see the Senate performing what is undoubtedly one of its most useful roles—the examination in depth of the legislation submitted to it.

I happen to know this was a view held by the chairman. Long before the committee was set up I had an opportunity of discussing some of these matters with him, and this was a proposal he had in mind, and I strongly support it. I had talked to other senators about this proposal before the committee made its recommendation. There are some senators who understandably and properly are so dedicated to the traditions of this chamber that they find it difficult to accept the suggestion that committees should meet in this chamber. They feel that this chamber should be reserved for the consideration of bills in their first, second and third readings and, on occasion, Committee of the Whole, but that the general legislative character of the chamber should be observed. I can very well understand that viewpoint and dedication to tradition, but I think there is a very strong argument for the suggestion made by the committee that we might use this chamber for the meetings of committees. Of course they could not all sit here simultaneously. There are examples of precedents under the rules. I think that the Committee of Privileges and Elections must sit here. I know that in the United Kingdom, the Judicial Committee of the House of Lords always sits in the legislative chamber, as does one other committee.

I take it that one of the reasons why it is suggested that committees should be given the opportunity of sitting in the chamber is to fill a gap in our public presentation that I regret exists when the Senate is not sitting. When we are not here in general session the public oftentimes have the view, as they have with regard to the other place, that the Senate is not working, that the Senate is not engaged in useful consideration of matters concerning the nation. We know that is not the case. I think the suggestion of using this chamber when the Senate is not sitting is a good one, and as an individual senator I strongly support it. I endorse this proposal completely.

I do not say that the Senate should be a publicity seeker, as was suggested by one very experienced senator. On the other hand, much of the misunderstanding now existing concerning the functioning of the Senate would partially disappear if the public were made aware of how the Senate carries on its essential business. What is hidden under a bushel does not shed sufficient light.

As to the suggestions in the report at page 65 concerning party affiliations and caucuses—I want to congratulate the honourable senator on his now sitting in the front

row. I do not know whether I should draw conclusions from the fact that he is sitting in a place normally occupied by the Opposition, or whether I should consider it a further indication of his determination to remain excessively objective in all that he does. However, as to party affiliations and caucuses, I do not consider those observations to be in the nature of positive recommendations. I may be wrong in that, and I certainly do not quarrel with Senator Molson's right, and indeed the right of any member of the committee, to make those observations, but a fair reading of the language of the report impels me to the conclusion that those remarks were more commendatory than specific recommendations.

There may be some differences of view about the suggestions, and I believe that they could be dealt with as matters concerning the individual consciences of honourable senators. Certainly, in the short time I have been a member of this house, I have been impressed by the absence of unnecessary political controversy. I have been impressed by the general desire to be as objective as possible in these matters, but as a member of the Government, I would have to take the position that I have a responsibility of going to the caucus. However this is a matter for each senator to decide and I doubt very much whether it is for the committee to prescribe that no senator shall carry on that kind of avocation.

I agree with the general tenor and intent of the report. Like some other honourable senators, I would not want to be considered absolutely bound by every word or nuance of what is a document chock-full of ideas and views. It would be a counsel of perfection to expect every independent-minded senator to accept such a large package without some reservations.

With the foregoing in mind, I support the report as presented. I think it will enable us to do what Senator Molson said in his opening speech we should seek to do, to bring our machinery into line with modern day practice to the fullest extent possible. As a result of the committee's work we now have a new set of rules, and we have a new group of functioning committees that will begin their organizational work tomorrow. These are achievements in themselves.

During the course of this debate we may hear suggestions as to ways and means of improving upon the recommendations of the committee. In any event, the committee has been able to move with alacrity, and to act constructively and comprehensively. It has demonstrated to Parliament itself, to the Canadian public, and to those who wish to really examine what is proposed, that the members of this house are anxious to serve Canada in the most constructive manner possible. This is what is behind the recommendations of the committee.

On motion of Hon. Mr. Cameron, debate adjourned.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Hazen Argue moved the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

He said: Honourable senators, I am pleased at this time to move the second reading of a bill that provides for a reduction from 21 to 18 years in the age of eligible voters in federal general elections. It will be noted that this is a public bill in the name of a private senator. I believe I am correct in saying that this is the first bill of this nature in this session. There have been other public bills in the names of private senators presented on previous occasions, and I think they have made a contribution to the well-being of our country.

It may be that some significance can be read into the fact that this bill follows the excellent statement just made by the honourable Leader of the Government in reference to the new set of rules, and to the Senate itself and the way in which the Senate may be conducting itself in the days ahead. I hope that the Senate will undergo the fundamental changes that have been indicated by the leader, that it will become an action centre, and that we will roll up our sleeves and go to work. The Senate must demonstrate to the people of Canada that it is attending to the business of the country, not only by examining what the House of Commons does and giving consideration as to whether what it does is in the interests of the country—that is, acting as a chamber of sober second thought—but senators should also endeavour to use this chamber and its facilities in showing the Prime Minister, the Government, the House of Commons, and the people of Canada the way in which we, as a nation, should travel on particular issues.

My reading and study of the functions of the Senate leads me to believe that the greatest authorities writing about the Senate of Canada today are more inclined to emphasize that the functions the Senate should be performing by showing leadership and action where required than by displaying the more conservative approach, important as it is, of being almost exclusively the watchdog of the other place. While from time to time the Senate deals with the indiscretions of the other place, it does not do so on many occasions. I hope this bill is an indication, as has already been made clear by the leader, that this will be an action Senate.

I have known the Government Leader and watched him in operation for many years. I am a great admirer of his and am enthusiastic and impressed by his attitude, his statements, and the kind of outstanding vigorous leadership he is giving to all aspects of the Senate at this time.

While honourable senators will have opinions about this measure, for and against, I hope it will serve the purpose of indicating one of the issues with which this nation must deal, and also indicate what the Senate feels should be done on this issue now. There is no doubt whatsoever in my mind, nor do I think there is any doubt in any honourable senator's mind, that the trend in Canada and across the world is to reduce the voting age to as low as 18. It is the trend in the provinces. They are to have an important conference, to which the leader referred. The Province of Saskatchewan has a voting age of 18, Alberta 19, British Columbia 19, Quebec 18, and Prince Edward Island 18. There is pressure on the Legislature of Ontario to reduce its voting age to 18, and it is pressure being exerted by a committee of the legislature itself which made a recommendation to this effect about a year ago. The Tories may be slow at coming round to these kinds of ideas and they may need to be pushed, but unquestionably they are going in this direction.

I do not want in this chamber to say something I should not say and am not privileged to say, but I believe I am privileged to say this. If I am corrected I shall be very happy to change it, but my office contacted the office of the Leader of the Opposition (Hon. Mr. Stanfield) this morning to discover the official position of the Conservative Party on this important question. The answer received, which I hope I am relating correctly, was that the Leader of the Conservative Party in Canada, the Honourable Mr. Stanfield, thought it was a fine idea, and that a caucus committee of the federal Conservative Party, which has been set up as a committee on election questions, thought it was a fine idea. They explained that no official position had been taken by the Conservative Party, it is not in the official platform, but after having received this information, in my judgment Mr. Stanfield is showing real leadership to the Conservative Party and the people of Canada by the attitude he is taking on this important question.

I am not a recent convert to this idea. I believe that as a former member of the other place I was the first Member of Parliament in those earlier years to present such a private member's bill, as I am now doing in the Senate. This was some 15 years ago. At that time the opposition to it was very strong. When votes were taken the opposition was overwhelming, but that opposition has been falling away. Over the years fewer and fewer votes have been taken on the question, and now they avoid it like the plague. I forecast that if the Government of Canada on its own initiative—which could happen only because the Senate fails to deal with the matter—reintroduced such a bill, it would pass the other place unanimously. I further predict that when it arrived here, not as our bill but second-hand, it would go through all its stages in a day, or at most a couple of days. We have an opportunity to take the initiative ourselves now, to make a decision ourselves, and, when the debate has been concluded, stand up and vote on this measure and be counted.

I am glad that Senator Croll agreed to support this bill by seconding the motion. I hope he will find it possible, busy as he is, to make a contribution to this debate. He too is not a recent convert to this idea. While I am sure my research does not do him justice over the years, because I am convinced he believed in this many years before the reference I have in my hand, when a vote was taken on this question in the other place on March 15, 1955, I see the name Croll among the "yeas" in support of this measure. I might add that it gives me heart and courage, and leads me to think that Senator Croll and I are on the right track, to see on that list the name "Power, Quebec South". I think "Chubby" Power has set an example in political life that we should all study, which many of us would like to emulate as far as we can.

Hon. Mr. Martin: May I ask what year that was?

Hon. Mr. Argue: It was 1955.

Hon. Mr. Martin: In those days Senator Croll was progressive.

Hon. Mr. Argue: Senator Croll is always progressive. Sometimes he is so progressive that it causes me to shiver.

Hon. Mr. Flynn: I think it was immediately after that vote that Senators Croll and Power were summoned to the Senate.

Hon. Mr. Argue: Let us hope they carried on their radicalism. Senator Croll is radical. When I heard Senator Croll's speech on the strike at Peterborough I knew he had carried on the radicalism he displayed in the other place, because I thought that was a very advanced statement to make. I do not want to get on to another subject but emotionally I found myself agreeing with Senator Croll.

I do not think this is a party matter. I think the political parties are demonstrating that they are in full support of this kind of measure. As a matter of fact, only a year ago, just before the general election, there appeared on the Order Paper in the other place five bills supporting the reduction of the voting age to 18. Two of those bills were sponsored by Liberals, two by Conservatives and one by an N.D.P. So that the political parties are coming around in a fairly unanimous way, I suggest, to support this proposition. The reasons of course for asking that the voting age be reduced to 18 are many. Those of us who support this proposition feel that the current generation of young Canadians are the best educated and the best informed of any generation of Canadians to date.

We feel that through mass media, improved educational facilities and a greater awareness by young people of political questions, that we can entrust the important decision of casting a ballot to those who are 18 years of age and over. I have talked with those who have supported this kind of measure in the United States. Only a few of the states have the 18-year-old vote, or a vote lower than 21, but for a number of years Presidents of the United States have been endeavouring to get Congress to move on this question and have advocated an 18-year-old vote. President Johnson placed such a recommendation before the last Congress of the United States. Not so many years ago the Senate of the United States, by a majority vote, showed its support for the reduction of the voting age to 18.

Some who oppose this kind of a step may say that people do not reach their majority until they are 21, and that because young people are not legally of age in certain respects until they are 21 we should not be taking this particular step. I would suggest that perhaps we should be taking other additional steps. Perhaps now we should be doing what the United Kingdom is indicating that it will do, and that is to reduce the age of majority from 21 to 18 so that the contracts and the business arrangements entered into by young people 18 years of age and older will be legal and binding contracts of undertakings in every sense. While I am certainly far from being a lawyer, my understanding is that if a person of the age of 18 enters into a contract, then on reaching the age of majority he may repudiate that contract. If that is the case, as I believe it to be, it places young people in a most difficult situation.

I was raised in the country. I do not have to tell people that; they all recognize that I am still very much a country person. In any event, in the farming community young people of 18 want to undertake business arrangements; they have to undertake some. Many of them hold a Canadian Wheat Board permit, which is exceedingly important to the business of farming on the prairies. You have to have one or you cannot farm. Over the years thousands of young people have been making Prairie Farm Assistance payments, and properly so, because they farm on their own. They pay into the fund and have a permit, but when they come to ask for loans from the Farm Credit Corporation or some other body they are not entitled to such loans, not until they become 21. They can go to a bank and try to borrow money, but it is difficult. Their fathers have to try to negotiate a loan for them.

I think it would be a much simpler thing all round if we did a first-class job on this question and reduced the age of majority to 18 and, to this end, passed this particular measure which is designed to reduce the voting age to 18. Some will say, of course, that our young people are immature and irresponsible. They will say that the turmoil, confusion and dissension in our universities today is proof enough that those people are not fit to have the vote at age 18.

I would suggest that if all of us made a study of some of the issues involved in this kind of turmoil within the universities, we would find that the right is not all on one side, that there is a very enlightened effort being made today by students and by members of faculties to see that the universities are, in a real sense, taking into account the wishes and desires and the needs of the students as well as the opinions and the needs of the faculties and the administration.

Nobody wants to see excesses, and I deplore as much as anyone here the kind of excesses that one observes in some places at this time. But the very fact that our young people are active and aggressive and are advancing new ideas—ideas that are going to improve universities in the long run—is not an argument that they are irresponsible. On the contrary, it is an indication that our young people of 18 years of age and over are prepared and are capable of making responsible decisions when it comes to casting a ballot in a federal election.

I would hope that members will support this measure. When a young Canadian joins the armed services of this country, he or she is entitled to vote in federal elections. I can quote from statements made by many distinguished persons over the years in support of lowering the voting age. I quote from the House of Commons *Hansard*, July 14, 1960:

> There is a great deal to be said in the circumstances of today for the reduction of the voting age from 21 to 18, and most of the major arguments in favour of such a change were given by the hon. member for Assiniboia. The argument which I think must make the greatest appeal is that we do not hesitate as a state to call on young people to fight for our country and, if necessary to die for our country, as thousands under the age of 21 have done. We ask them to accept the supreme obligation of citizenship in this regard, irrespective of whether they are 21 or 20 or 19 or 18, so it seems to me that if we ask Canadians to take on that obligation the time has come when they should have the privilege of voting so they may do their share in determining the policies which might affect the situations in which they would be asked to share in this supreme obligation. I think young people of 18 or 19 or 20, as a result of the training they received in our educational establishments today, are quite qualified to use their judgment wisely and well in respect of the franchise as well as in respect of other matters on which we ask young people today to exercise their judgment.
>
> We do place obligations on and grant privileges to young people in many fields now, including the privilege of paying taxes. If we are going to ask them to serve in the armed forces and to pay their share of the expenses of government, I think the time has come when we should give them the privilege of playing their part in determining government policy.

The man speaking at that time was the Right Honourable Lester B. Pearson. This is an indication of the kind of thinking that supports the measure I have the honour to present today. I know that honourable senators will give this measure careful consideration before deciding whether or not to pass this measure. I would ask them to consider this question very sincerely, and to consider the position in which they will place the Senate if they pass it. We will be saying to the House of Commons and to the people of Canada that we are prepared to show some leadership on this question. If we pass this measure, I am 100 per cent convinced that the House of Commons will have to pass it. They would not dare turn it down. Think of the kind of publicity that the Senate would get. The passage of this measure will mean that this generation of senators will have reached over a generation of Canadians and joined hands with the youth of this country in saying that they, the youth, should share in the responsibility of deciding the kind of government we have in the future. If the Senate wants to do something for itself and something for Canada, I believe that this would be a good indication of that kind of desire. I would say to each senator, no matter what he or she may think of the bill, let us take a vote on it before too many sittings have gone by. Let us have enough sittings to have it thoroughly debated and then let us take a vote. Let us not kill it by refusing to vote on it or by adjourning the debate interminably and making a marathon debate which goes on indefinitely. Let us, within a reasonable number of sittings of this chamber, have this measure put to a vote and let the senators, by voting on this measure, demonstrate to the people of Canada whether they wish to show that they are part of a forward-looking Senate in this present century.

Hon. Mr. McElman: Would the honourable Senator Argue permit a question? He referred to President Johnson introducing or suggesting such a measure to the last Congress. Is he aware that this was done only at the stage when it could not possibly pass through the required legislative procedures?

Hon. Mr. Argue: I am not at all aware of that. I followed President Johnson over the years and I believe he sincerely was in support of this measure. I followed President Eisenhower on the same question and he supported the vote for 18-year olds. While it may have happened in one instance, I do not accept the inference that President Johnson supported a lower voting age only in such a way that it could not possibly pass, because I know that for many years he sincerely campaigned for a lower voting age.

Hon. Mr. McElman: Honourable senators, I have a second question on that matter. Senator Argue referred to the "last instance". That is why I raised it, because the measure could not possibly have passed.

I have another question. Senator Argue spoke of a concensus and majority view favouring this. Is he aware that as recently as a year ago, in October 1967, there was a referral of this question to the people of the Province of New Brunswick?

Hon. Mr. Argue: I am aware of that.

Hon. Mr. McElman: And that in 21 out of 22 electoral ridings in that province, the people of New Brunswick voted overwhelmingly against reducing the voting age.

Hon. Mr. Argue: I understand that the voting was something like two to one, opposed to granting the vote at the reduced age of 18. That does not particularly impress me. It does show that people over 21 in the Province of New Brunswick are not in favour of this being done in that province. If one had taken a vote amongst the male residents of Canada 50 years ago, as to whether or not the franchise should have been extended to women, I expect it would have been defeated by 10 to one. The very fact that the people of New Brunswick have had such a vote is an indication to me that support for the 18-year-old vote is gaining ground.

In my native province of Saskatchewan, if anyone dared to have a referral on the question as to whether or not we should take away the vote of those who now have the right to vote at age 18, I am sure that would be defeated almost 100 per cent.

Hon. Mr. McElman: I simply wished to know if the honourable senator was aware of this.

Hon. Mr. Argue: I was aware.

Hon. Mr. Macdonald: The honourable member indicated he had contacted the office of the Leader of the Opposition to find his attitude to this matter. Could he tell me if he contacted the office of the Leader of the Government to find out his attitude?

Hon. Mr. Argue: That is interesting. The answer is no. I have been searching public statements. I have searched everything I could get publicly in regard to the view of the Leader of the Government and I could not find anything opposed to this measure. I have been searching the statements of the Leader of the Government and, if I understand them correctly, it is something on which he wants to have advice. I think that is a commendable attitude, although personally I also like the attitude of the Right Honourable Lester Pearson, in the Parliament of that day. He was not able to present such a measure. I am convinced that the way to say to the Government that we want the 18-year-old vote is to vote for this bill.

Hon. Mr. Walker: Would the honourable member be good enough to tell me whether the Right Honourable Mr. Pearson, the former Prime Minister, ever introduced, sponsored, promoted or in any way supported the principle which my friend has enunciated?

Hon. Mr. Argue: I had thought of that. I think the question would be better put to the Leader of the Government. However, there were so many things that Mr. Pearson was able to get through, and so many things he was not able to get through, that I can understand how this particular item—although he supported it himself very firmly—might have gone by the board, in the kind of Parliament he had to deal with.

Hon. Mr. Walker: I have one more question. Would the honourable member perhaps tell us about the views of the honourable Leader of the Government in the Senate?

Hon. Mr. Martin: Perhaps the leader would be allowed to make his own speech.

Hon. Mr. Croll: I understood that Senator Argue was assuming that the statement of the former Leader of the Government was in

effect until a new statement was made by the present Leader of the Government.

On motion of Hon. Mr. Hollett, debate adjourned.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

INVESTMENT COMPANIES BILL

SECOND READING

Leave having been given to proceed to Order No. 11.

The Senate resumed from Thursday, November 28, 1968, the adjourned debate on the motion of Hon. Mr. Desruisseaux, for the second reading of Bill S-17, respecting Investment Companies.

Hon. Salter A. Hayden: Honourable senators, when I was considering speaking on this bill at this time, and I was talking to the Leader of the Government, he indicated that there might be an area this evening in the sittings when I could speak on it, as against my preference to speak tomorrow afternoon. I said, "That is fine, but remember, as you listen to me, you may be like a friend of mine who wrote a very lengthy letter, and at the end of it he apologized for its great length because, he said, 'I did not have time to write a short letter.' "

I am going to try to avoid that tonight; maybe the condensation will not be as great as it would have been tomorrow afternoon. In any event, I can assure you that it will not be like the telegram which an economy-minded man was preparing to send. He consulted an even more miserly friend who started to eliminate unnecessary words, and finally ended up with the address and signature, nothing else being necessary. I will not go that far.

This bill, having to do with investment companies, in principle and for the purposes for which it is designed, is commendable. I think you would say it is necessary, not in the form in which it has been presented to us, but as a basis upon which we can consider the question. I say that because even if you go back and read the report of the Porter Commission you will see they discussed the areas of investment companies, chartered banks, trust companies, near banks, acceptance corporations, etcetera, and also the regulations, the control, the guidelines or rules for investment in those areas. In their report they stated that there was still a gap in this field of investment companies that should be looked at and dealt with in some way in the matter of supervision, control or direction. This is what this bill proposes but, as I said to a friend of mine the other day, you would not think much of the advice of your dentist if you went to him with a toothache in one tooth and he recommended that all your teeth be extracted.

I feel there is a very necessary, justifiable and good purpose to be served by legislation in relation to investment companies. I also feel this is too complex, that it goes too far, and that in its definitions it goes beyond the ordinary concept of an investment company.

Having said that, let me get down to the meat of the bill. It proposes that Parts I and III shall come into force on proclamation, and Part II, which deals with certificates of registry, et cetera, shall come into force not sooner than a period of two years from the date on which the other parts come into force. I intend to approach this bill on that basis.

The definition of "business of investment" is, I think, far too broad for the ordinary concept of the business of investment. At the risk of repetition I should like to call the attention of honourable senators to the fact that "business of investment" is defined by section 2(1)(b) of the bill in this manner:

> "business of investment" with respect to a company means the borrowing of money by the company on the security of its bonds, debentures, notes or other evidences of indebtedness, and the use of some or all of the assets of the company for
>
> (i) the making of loans whether secured or unsecured...

That is one purpose. The other is the purchase of bonds, debentures, notes or other evidences of indebtedness of individuals or corporations; the purchase of shares of corporations; the purchase of—and why this one is put in, I do not know—bonds, debentures, notes or other evidences of indebtedness of or guaranteed by a government or a municipality; the purchase of real property other than that needed in connection with the operation; or the purchase of instalment sales contracts. This is the definition of "business of investment".

In paragraph (f), on page 2, honourable senators will find a definition of "investment company" in these words:

> "investment company" means a company
>
> (i) incorporated after the coming into force of Part I of this Act primarily for the purpose of carrying on the business of investment, or
>
> (ii) that carries on the business of investment and at least twenty-five per cent of the assets of which are used as described in subparagraphs (i) and (ii) of paragraph (b)...

Here I immediately run into a problem in that the honourable sponsor of the bill (Hon. Mr. Desruisseaux) in the course of his explanation indicated that to meet the test of being an investment company, and of carrying on the business of investment, the essential thing is for you to borrow money on the security of bonds, debentures, et cetera, and to use that money for the purchase of shares, bonds, et cetera.

As I read this definition I recognize, as a matter of law, that there is a difference between the proceeds of the sale of a bond issue—and in that way borrowing money—and the use of some or all of the assets of the company for certain purposes. The proceeds of the sale of a bond issue by a company may be less than the total of the assets of that company, because that company may also have made one or more issues of its shares, as a result of which it has assets in the form of the proceeds of the sale of the shares. Therefore, the definition in the form in which it is drawn has broader implications than I think have been discussed so far in the course of this debate. Whether or not that is so, the real question in issue and the area of protection sought to be covered by this bill is the use made of the assets of the company in investment rather than protection in relation to the borrowing of money on the security of bonds, debentures and so on.

A company which proposes to go to the public and borrow money on an issue of bonds, debentures or other evidence of indebtedness, must satisfy the requirements of the security laws in the various provinces of Canada. I am talking generally now; there are exceptions. The company must file a prospectus; it must satisfy the requirements of, for instance, in Ontario the new Securities Act, which is rapidly being adopted by other provinces in Canada. Therefore, from the point of view of the public who may be thinking of investing in the bonds of a company offering these bonds for sale, I would say there is a plenitude, and maybe even more, of protection in the information that must be supplied in the prospectus, which must be approved by the securities commission of the province, and which must be published in the sense that it must be provided to every person who is going to invest in and purchase some of these bonds.

Hon. Mr. Martin: May I put a question?

Hon. Mr. Hayden: Yes.

Hon. Mr. Martin: Is it not a fact that certain companies that may have been the provocation of this legislation were the subject of examination by the Securities Commission in Ontario?

Hon. Mr. Hayden: At this stage I would not say I cannot answer, but I would prefer not to answer my friend's question. I would say generally that some of the companies to which I think he is referring were provincially incorporated. The point my friend has missed is this. I am indicating that in my view this bill is designed to deal with the use to which the assets of the company are put after they have gathered in the money, whether it is in the form of the sale of shares or bonds. That investment, in the various forms spelled out here, is what this bill is designed to cover so as to protect the bondholders and the shareholders of the company in the use to which the assets of the company are put after the assets have come in and formed part of the company by the buying of shares.

My friend may have been referring to a number of very substantial failures in Ontario where money was raised from the public on the security of bonds and the proceeds of sale were used in the acquisition, in some cases, of shares, bonds and debentures of other companies, and in other cases of companies, and the money of the main company, which had come from the public, was ultimately dissipated through the use to which it was put.

The aim and design of this bill is to cover that end of the transaction. I think that is a reasonable approach, because under our securities law in the provinces, under the provisions relating to the sale of securities in relation to federal companies under our Canada Corporations Act, there is protection, and I would say ample protection. There may not

be protection to the nth degree. Maybe the resourcefulness of individuals will uncover avenues as a result of which you may have to make amendments, but that is something that may take care of itself.

I say the design of this is to cover the use to which the money may be put. When we come to that, my first problem is that I always regard bonds guaranteed by the federal Government or the government of a province as being at least a sufficiently good risk, and that if a company used money which it collected from the shareholders and subscriptions for shares and from the sale of its bonds to buy Government bonds, at least there could not be any charge that they were wasting or dissipating the assets of the company. Why that is included in it, I am at a loss to know. Maybe we will get that explanation when we go to committee.

I am addressing myself now to two parts of this bill. Part I, which runs through to section 8 and which deals with it, starts with section 3 and deals with the supervision of investment companies. Now, it creates certain prohibited transactions where certain relationships exist as between directors of the investment company and the companies whose shares or bonds are going to be purchased by this company. There is nothing new in that. You will find that provision in the Canadian and British Insurance Companies Act. You will find it in the Trust and Loan Companies Acts. So there is nothing new in making this provision, nor can any person quarrel with the provision that if a certain relationships exist as between directors and shareholders of an investment company and companies in which they are going to invest some of their moneys, then those transactions are prohibited. In Part I you have this prohibition of transactions by reason of certain relationships.

Now, the only other thing you have is the requirement that an investment company that meets the definition must file an annual statement with the Superintendent of Insurance. I think in the course of the debate that has gone on so far tonight there was a little confusion as between "annual statement" as used in this bill, and the assumption was that the "annual statement" meant the annual statement of the company which would be filed for income tax purposes and filed for corporate purposes and distributed to the shareholders. The annual statement, as especially defined in this bill, is the annual statement which the company must file with the Superintendent of Insurance each fiscal year in conformity with the requirements of this act and the forms that are prescribed. This is the annual statement. So there is not the problem of confusion as between the income that you state in your annual statement to your shareholders and the income that you state to the income tax people, and the statement of income that you furnish to the Superintendent of Insurance. His position is different. His job as stated in Part I of the bill is to assess whether the company, on the basis of its statement, is in a good financial position in the sense as to whether their operations are such that they can make their instalment payments on their indebtedness, that they can pay their interest charges, or whether they have a deficiency of assets as against liabilities. This is the job that the Superintendent of Insurance has to do. Under this part he is directed to examine these statements. If he needs any further information he has the power of inspection. He can send people in to inspect the books and records, and he can examine the officers of the company to clarify all these points.

Now, there is nothing new in that. These provisions you will find in the Canadian and British Insurance Companies Act. You will find them in the Trust and Loan Companies Acts. So there is nothing novel or new in this procedure; and I would not expect there would be in that requirement of an annual statement or in the power of inspection.

There was some confusion in the debate so far on another point, where authority is given to the Superintendent of Insurance to value and even appraise the shares or the real estate and, if he decides that they have a lesser value than the value as shown in the actual statement, then for the purposes of what he has to do and for the purposes of his report to the minister—that is the Minister of Finance—to reduce the assets that appear in the annual statement by that amount which he thinks is over value. This is for the purposes of the determination he has to make. It has no relationship to the accounting of the company for income tax purposes. This is for the purposes of his report to the minister and, if you will look at section 5(6), you will see that his job is to get such information as he thinks is necessary to enable him to ascertain the financial condition of the company and its ability to meet its obligations. This is all that Part I does; and there you are left in the air.

Remember, as I told you in the beginning, that Part II, which provides for certificates of registry and the machinery for the revocation or for the revocation and re-issue of those certificates with conditions, or for the cancellation of these certificates with certain consequences—that that Part will not come into force for two years. Therefore, in relation to what must be done under Part I, there is no sanction if you do not do it—if you do not have a certificate, and you are not required to have one, there is nothing they can cancel and so stop you from doing business.

Then, we move into Part III, which is the other condition, to come into force by proclamation. Part III is a general part, and of course immediately it becomes concerned with the cost to the Superintendent of Insurance and his department in the administration of the provisions of this act arising by reason of the inspection and other requirements. It provides a basis under which those administration costs will be assessed, and on which they shall be apportioned against all the various investment companies which are subject to this act. Thus, whatever that obligation is, it becomes a debt of the company and it must pay it.

There was some discussion earlier in this debate as to the arbitrary nature of that provision; but again I say there is nothing new in it. If you want to go back and find precedents, you can go to the Insurance Act, under which similar provisions occur for defraying the cost of administration on inspection, etc, in relation, among other companies, to life insurance companies under the Canadian and British Insurance Companies Act and the Trust and Loan Companies Acts. So, in that regard it is not stepping out of line in deciding that the cost of the administration should be borne by the companies that are subject to this measure.

As a matter of fact, I am very happy to see that, because in some cases and in relation to some aspects of fees that are charged for services in Canada, and in some of the provinces, the measure of what you are called on to pay, on the amalgamation of companies or otherwise, in my submission, bears no relationship to the administrative cost of doing the things that you are called upon to do or, in other words, the services you render. They are much more substantial, and when you find them being increased at a time when the department is more than paying its way on the original scale of charges, one is very happy to see them revert to this principle that it is the cost of administering this statute that is to be determined and assessed on this formula basis against the companies subject to the provisions of this act. True, it might work a hardship in some regard, because it might be some smaller companies or one or two instances where time has to be spent and a lot of inspection done, and yet all the other companies who are toeing the line are called on to pay the cost of doing it. However, the answer is that generally it is good for the business of those companies to have an orderly and honest operation. So, this is one of the items covered in Part III.

One of the other things that is covered in Part III is that there are penalties provided if directors or officers make false statements, if they resist the inspectors who come in, and all such things. This is in Part III, and there is no particular objection to that.

As I will develop later, the particular clause in Part III that is objectionable is clause 22. Really, that clause provides for the laying down of guidelines on investment policy and the percentage relationships between outstanding debt and paid up capital. All those things are laid down by regulation and must be followed by all the investment companies subject to the provisions of this act. I will have something further to say about that later.

If we only bring into force Parts I and III, except for educational purposes we have not accomplished much. The reason for not bringing Part II into force until a period not earlier than two years from the date of proclamation, I do not know at the moment, but I expect that will be clarified.

The only other thing I wish to tell you before I state some of my conclusions is that Part II is the part which provides for registration. Every company which is an investment company under this bill must procure a certificate of registry—in other words, a licence to do business. The way in which the minister controls such a company is by the granting or the withholding of, or the suspending of or refusal to renew the certificate of registry. There is nothing new in that. If you read the Canadian and British Insurance Companies Act you will see that it has been in force for a long time. If you read the Trust Companies Act or the Loan Companies Act, you will see this provision and this control. So, a certificate of registry is the method used, and I have no objection to that. I think it is a reasonable method of controlling the situation.

However, when you come to the sanctions and penalties, you find them in Part II of the bill. By Part II, if the superintendent reports that an investment company, after a full inspection has a deficiency of assets over liabilities, or is not in a position were it can carry on in the ordinary way and pay its obligations, the repayment of borrowed money, interest, et cetera, and he makes that report to the minister, the minister may act on that report.

First of all, he notifies the company and they have the opportunity to present their side of the case. Then, if the minister is not satisfied with the explanation, he may revoke their certificate of registry or he may revoke and reissue with certain conditions attached, the conditions being, for instance, that they have a period of one year, two years, six months, or whatever it may be, within which to cure these deficiencies that he has found.

Some of the deficiencies may arise because his appraisal of the value of the real estate holdings is less than the company's appraisal; or his appraisal of the value of the securities is less than the company's appraisal. But this is the basis upon which the control is exercised and the sanctions enforced.

At that stage, if the minister is not satisfied with the explanations and with the corrections which may be suggested will be made, then the company is deemed to be insolvent and proceedings may be taken by the minister or, on his application, to wind up the company under the Winding-Up Act; or proceedings may be taken, on the application of the minister, to proceed under the Bankruptcy Act, so as to terminate its existence and to liquidate the company.

This is where I begin to have difficulties in Part II, because, remember, that where a company borrows money on the security of its bonds, debentures, et cetera, there is a document called a deed of trust which spells out the terms and conditions upon which the borrowing is made and upon which security is provided, and it provides for events of default. If a default occurs under that trust instrument, then the trustee for the bondholders is entitled to go in and put in a receiver and take charge and manage the assets for the interest of those secured creditors.

In this bill it is provided in clause 26 that:

> Nothing in this Act affects any right or remedy of a person who lends money to a company to which this Act applies on the security of bonds, debentures, notes or other evidences of indebtedness of the company.

When you put those things together, certainly there is a line of rationalization required in order to get something practicable in the light of that situation. This is a matter of contract between borrower and lender, between a company and the people who underwrite and the people who purchase bonds; it is a matter of property and civil rights in the provinces, and I have my rights there, and this bill recognizes those rights by saying there is nothing in this bill which interferes with the rights of a person who lends money on the security of bonds, debentures, et cetera. I point out to you that the moment it is determined that the company is insolvent because there is a deficiency of assets, or it cannot pay its current obligations, then in other trust deeds that I have seen, and certainly in any application I have been a party to drawing, approving or amending—and I can tell you it has been more than two or three in the course of my lifetime in practice—this is one of the events of default. The moment there is that event of default, the superior right is in the trustee who puts a receiver in. That goes ahead of any interim receiver whom the minister may attempt to put in under the provisions of the Winding-Up Act.

When you are talking about the Bankruptcy Act, and when you are a secured creditor, you stand apart; and if any person in an inferior position wants to come in and take over the working out of this business, then he has to take care of you and your full obligation in order to do so.

In addition to that, why should this authority to invoke winding-up or bankruptcy be given without reservation to the minister? It may be that the creditors at that time feel that they would like the company to carry on and work out its problems under its directors. That is why I say I think an effort has been made to create a club that is so big that it would be like using an elephant to swat a fly. It seems to me that instead of all these provisions invoking the Winding-Up Act and the Bankruptcy Act, it would be better, when it is disclosed that this company is not solvent, to have provision similar to those in the Trust Companies Act and the Loan Companies Act under which the minister may in effect say: You cease to carry on business, and I may issue to you a certificate or a licence that is conditional, and for a period which may enable you to work out your problems, or which may enable you to make a sale of you assets at a better advantage to the creditors and shareholders.

After all, it is one thing to devise legislation to protect the public who put money into investment companies, against the squandering of that money, but we must also keep in mind that if you have reached the position where it would appear that some squandering has taken place, it is much better to try to work out a solution that will leave the most dollars to the creditors and shareholder, than to take a step that immediately and substantially depreciates the assets and any market for those assets.

So I say that the methods that are proposed in Part II are not in keeping with the disease that you have to deal with. I think it is possible to devise a simpler, less complex, and more direct method of dealing with the situation when you are faced with the fact that the investment company is in trouble. Obviously, the people who have put their money there need protection, and they should be alerted at the earliest possible moment. My own view is that instead of waiting for an annual statement—which means delivery within two months after the end of the fiscal year, at which time the Superintendent of Insurance and then the minister may get an assessment of what is the financial position of the company concerned—possibly in the month following the month in which transactions which involve sale and subsequent investment occur, a return can be made to the Superintendent so that he can then assess the thing as it goes along.

Under the Securities Act of Ontario, and similar acts elsewhere, people who are classified as insiders are required to report in the month following the month in which they buy or sell shares of the company in respect of which they are in the position of being an insider. This enables you to keep your knowledge of the events and their results closer in time to their occurrence, and perhaps you can thereby recognize these things and stop them sooner.

These are just ideas that I am throwing out at this time, because I think that in principle the bill has a place in our financial structure. I think it can do a job, but that definition of "business of investment" is certainly not my concept of the business of investment, and I do not think it is the concept of most other people.

In the United States they have had for years a statute called the Investment Company Act, which is administered in conjunction with the SEC, and which defines "investment company" as any issuer which is, or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. That is the kind of definition I can understand.

Let us take, for instance, the position of a mortgage company. I think right away of RoyNat which was incorporated by special act some years ago, and which borrows money from the public and uses that money to lend on building operations and residential developments, and projects of that kind. I think that RoyNat—or any one of a number of other companies—will advance more money than the customary 75 per cent, but it has a basis of insurance for the excess, and a liquidation of that excess down to 75 per cent first, and then your costs come down as a result. A company of that kind would be an investment company under the definition here. In other words, it would be borrowing money from the public on the security of its assets, et cetera, and it would be lending on the security of property by way of mortgage. Yet, this in no sense would appear to be the kind of operation against which protection is needed at this time. The sort of thing we need to be protected against is that which involves what I call the mining of the public—the borrowing of money from the public and then using that money for various enterprises that are so uncertain and speculative that the only way in which they are able to carry on for any length of time is by subsequent borrowings, because the moment the momentum stops the whole thing falls to pieces. This is the sort of thing that can be seen from a study of the history of Atlantic Acceptance Corporation. One can see the difference between a mortgage company that borrows from the public and then lends out on various bases, and a company that borrows from the public and keeps on putting that money into enterprises that are only able to carry on in times that are exceptionally good, and only by the constant infusion of money.

So, the definition is, in my opinion, too broad. It even covers a company that follows the practice of liquidating its inventory in the eleventh or twelfth month of its fiscal year so that it is then in a position of having substantial cash which it invests perhaps in notes and short-term securities of some kind, and then goes back to building up its inventory for the next year. Companies of that kind are covered by this definition. Holding companies

are covered by this definition. Industrial companies that maintain a portfolio of investments representing 25 per cent or more of their assets are subject to the provisions of this statute.

It is true that there is provision in this bill that you must register and get your certificate, but if you show that while you do this you are not primarily engaged in investment, and that the investment that you do is incidental to the main purpose of your business, then you may get an exemption. Even with that exemption the minister can withdraw at any time; it can be changed. Why in those circumstances attempt to cover a broader area than that in which the problem exists? In the last few years we have had enough experience to know where the problem is in investment companies.

In my suggestion, the very simple way of dealing with it would be to have a proper definition, along the lines I have indicated, of an investment company with your exemptions. For instance, you may have an investment trust under a corporate name investing in shares and so on; they may borrow money or may use 25 per cent of their assets for this or the other investment purpose. Then there is the serious question whether they are not required to get a certificate of registry. It may be argued that it does not take too much effort to make the application in those circumstances, but that will contribute to the cost of administration, a cost which in the circumstances may not be warranted by the calibre, integrity and nature of the operations of these companies.

So, I think the definition has to be revised. I think exceptions have to be added to the even broad definition which I gave of an investment company as found in the Investment Companies Act in the United States. They have many exceptions, which seem normal and reasonable as I read them.

Let us get down to the real business of the meeting. What really bothers me is the power in section 22, which says:

> The Governor in Council may make such regulations as he considers appropriate to secure the establishment and maintenance of a sound financial structure for investment companies and, without restricting the generality of the foregoing, may make regulations pertaining to levels of paid-up capital and surplus, ratios of outstanding debt to paid-up capital and surplus, liquidity of assets and maximum permissible single investments or loans of investment companies and prescribing rules for valuation of assets and liabilities and relating to audit procedures to be followed in respect of such companies.

In my submission, this trenches on a concept I have had of the purpose of regulations and the limitation of regulations, which I have asserted many times in this house. I say you should not legislatively give authority to legislate by regulation. Over the years all governments in office have recognized this problem. For instance, the Canadian and British Insurance Companies Act outlines guidelines for investment by statute. These guidelines relate to the investment of the assets of the life insurance company or other classifications of insurance, in bonds, debentures guaranteed by governments, corporate bonds, the percentage of assets that may be invested in preferred shares meeting certain conditions, the percentage of assets that may be invested in common shares meeting certain dividend requirements, the percentage that may be invested in real estate, the amount of or limitation on the overall amount that may be invested in relation to any particular property.

Then there is the basket clause: if investments have been made and assets do not fit into one of those requirements they may still fit into the basket clause. This may reduce some of the rights under other parts, but here you have spelled out a whole dictionary of guidelines for these insurance companies. It is reasonable that that should be so because their income represents the premiums of the people who take out policies, and the purpose of taking out those policies is to assure themselves that on a given date when a certain event occurs that money represented by the principal of that policy is there unimpaired, unencumbered, available to be paid up.

Therefore, in the interests of the policyholders this spelling out of the kind of investment, the extent of the investment, by statute, is a good thing. It is Parliament which does this. This is not the Governor in Council on the recommendation of the Superintendent of Insurance, no matter how well informed he may be. It can operate like a yo-yo or an escalator—it can go up and down. The regulations are guidelines which will change with the change in economic level, or will throw up some solid basic character to the rules for interpreting whether there has been a good or a bad investment.

The Canadian and British Insurance Companies Act does not say, you may not invest

in XYZ Companies but you can invest in the ABC Company. It gives the classification and condition attaching to the bonds. There are various classifications, such as preferred shares, common shares, real estate, and they must fall in that category. If that provision is violated all that happens is that the Superintendent of Insurance makes a report to the minister that the assets are reduced by this amount, or if the assets are over-valued in the opinion of the superintendent he may call for an appraisal; he may make an appraisal himself, and if he finds that the appraised value is less for the purposes of that report to, I think, the Treasury Board, they are reduced.

If you are treading on the dangerous ground where you find, on the basis of the report of the superintendent, that the assets are less than the liabilities, then the minister can call a halt; he can refuse to renew the licence; he can put you on terms of renewal, that this situation must be cured within a period of one, two or three years. This is the way it works under the Canadian and British Insurance Companies Act.

Under the Trust Companies Act and the Loan Companies Act, while you have a similar provision, there is a limitation on the kind of investment which a loan company may make. For those who are curious it can be found in section 60. Roughly speaking, the character of the investment is similar to that in the Canadian and British Insurance Companies Act. There is an asset limitation of 25 per cent of the assets that may be invested in stocks et cetera. There is also a 5 per cent limitation that may be invested in income-producing real property. Other investments and loans are limited to 15 per cent of the unimpaired paid-up capital and reserves. Loan companies are authorized to receive deposits. One can understand the meticulous care taken in connection with the areas in which investments may be made. There are limitations to assure some satisfactory quality to the investments. In the Trust Companies Act and the Loan Companies Act there is a limitation on the borrowing that loan companies may make, limited to four times its paid-up unimpaired capital stock and reserves.

You can see that behind this the trust and loan companies are handling deposits, and they must carry on their business in such a way that they do not imperil or impair it.

Now, in the Small Loans Act you have provisions as to limitations on investments that a small loan company may make, and they are very brief. You are prohibited from investing or loaning money on real estate, and you are prohibited from taking deposits. You are permitted to loan or invest in notes or bills of exchange, and in all these cases you have the power of inspection. You do have the requirement of registration, a certificate of registry which gives the minister the control.

I indicated to you that I like the provisions under the Trust and Loan Companies Acts because it seems a more rational way of dealing with this matter rather than swinging a big stick, by proceeding with winding-up and/or with bankruptcy and immediately facing the conflict as you would have between federal and provincial jurisdiction, with the rights of secured creditors and their instruments of deeds of trust, which would entitle them to go into a superior position in control of these assets.

Section 72 of the Loan Companies Act says, if as a result of the inspection which the superintendent has made, and in his report to the minister he believes that the assets of the company are insufficient to justify its continuance in business, he shall make a special report to the minister on the condition of such company. Then it says:

> (2) Where the minister, after a reasonable time has been given to the company to be heard by him, and upon such further inquiry and investigation as he sees fit to make, reports to the Governor in Council that he agrees with the opinion of the Superintendent, the Governor in Council may, if he also concurs in such opinion, suspend or cancel the licence of the company, and the company shall thereupon cease to transact further business.

It continues:

> (3) The Minister may, during such suspension or cancellation, issue such conditional licence as he may deem to be necessary for the protection of the public.

The public have a large stake in it, when they have put their money into a company which has invested in various types of assets, and steps are being taken which will immediately and substantially depress their value; whereas, if you have a more orderly and rational method of approach, it may well work to the greater advantage of those who have money at stake.

Subsection 4 says:

> (4) Where the Minister deems it advisable, the said conditional licence may provide that the company shall, during the continuance of such conditional licence, arrange for the sale of its assets and for the transfer of its liabilities to some other company under the provisions of sections 86 to 89 inclusive.

When all those things have failed, then the last subsection of 72 states:

> (5) Whereupon the expiration of the conditional licence no arrangement satisfactory to the Minister has been made for such sale and transfer, and the company's condition has not been such as to warrant the restoration of the company's licence, the company shall be deemed to be insolvent.

This is more orderly and it seems to be a more rational way. I do not want to be taken as being totally critical of the method proposed in Part II. I think once it had been settled as to that gap which was indicated in the report of the Porter Commission that existed in the investment area and investment companies not covered by the Bank Act and not covered by all these other statutes I have referred to, once it was decided that that gap had to be closed somehow, then I think they went all out to provide the most drastic and arbitrary procedures that would bring to an immediate end those operations. But it has to be remembered that there are constitutional questions. It has to be remembered there are secured creditors that may have preferred rights and who cannot be stepped on regardless of their rights by invoking the Winding-Up Act or the Bankruptcy Act.

I am sure there is a more orderly way. I am not wedded to the suggestions I have made, but I think that somewhere in that area, when the minister, on the report of the superintendent, and after he has heard the company, has finally decided that this company is not in a position where it should be permitted to carry on, in the interests of protecting those who have their money in there, must decide the best way of going about the situation. I think this is the preferred approach; it would be a simple and a more reasonable approach, in my mind.

Honourable senators, I diverted. I come back to the regulations.

In the Canadian and British Insurance Companies Act we have provided by statute as to the area of investments and the limitations. In the Trust Companies Act and the Loan Companies Act we have provided a similar way; in the Small Loans Act we have provided the same way. If you would look at the Bank Act, you will see that we have put a limitation and a restriction on the nature and kind of investment that may be made by banks.

The question is, whether this is the approach, in relation to investment companies, that you should specifically in the legislation outline the areas as between bonds and preferred shares and real estate, or whether there is a better way of doing it.

Honourable senators, I do not want to appear vain; therefore, I will say that I can think of another way that should be considered. I am not saying that it is a better way—although in my view, it is.

Under the Canada Corporations Act, a company, once it is incorporated, is given broad powers of investment. If you look at section 14 of the Canada Corporations Act, you will see that the incidental and ancillary powers are very substantial. The most general one of all is found in section 14(1)(k), which gives power to invest and deal with the moneys of the company not immediately required, in such manner as may from time to time be determined. Then, they will have power to lend money in certain circumstances, to sell and dispose of assets, and take shares as a consideration.

This bill does not curtail or restrict any of those investment rights that they have under the incidental and ancillary powers. It does provide for certain prohibited transactions, which is not by reason of the nature of the transaction but by reason of the person with whom the transaction takes place. Therefore, we still have, under this bill, the power of investment. The way the power of investment is controlled under the Canada Corporations Act, and the way it must be proposed to put the limitations on this, is general regulations by the Governor in Council, which he may consider appropriate; and, therefore, what he regulates he can unregulate, and he can regulate again in a different fashion.

Where does this put the position of directors of the company? They become supernumeraries, if we have this. If there is to be any restriction on investment, in my submission it should be done by legislation and not by regulation, because it is substantive law and over the years it has been so recognized.

If the definition of investment company is going to continue as broadly as it is in this bill at the present time, and without any exceptions, then we do need some classifications as to investment.

Then what happens in the area of more speculative investment, where directors are knowledgeable and understand market conditions, or in the mining area, where they are able to appraise and value situations and prospects, where they are able to look at business operations and make projections and assessments in the normal course of events, and now, with the aid of computers, where they may go ahead a few years, and may buy accordingly? If the general economics level changes and lowers, by reason of a lot of extraneous circumstances which have no relationship to this particular investment company and its holding, the minister or the Governor in Council by regulation, can issue revised regulations and perhaps shut down the future for this company, by some requirement that their licence be withdrawn or by conditions being attached to it which rob the company of that speculative value or increment that may come in the future.

This is all legitimate operation, as anybody who has experience in the business and financial and industrial world knows. This is the way great companies develop; this is the way small companies become great companies, by their appraisal and their betting on their judgment—and I think this, in some measure, is what some of the public want. They want that opportunity. But if we take every class of investment company that is not covered by these particular statutes to which I have referred, and put them all into a mould where there are general rules, we will have to become very inventive and find some way of dealing with this area of investment companies, to cover that particular company, because the field would not exist if there were not a demand for it.

We are doing more and more each day in the way of full disclosure, both when companies are offering securities for sale and when we are dealing with listed shares, so far as exchanges are concerned. More and more the disclosure is becoming increasingly great, as it should, in the interest of the people who are putting up their money.

But one comes to a stage where the effect of restriction in investment, such as is encompassed by this bill, and by this clause 22, may be such that you shut off that area and that kind of transaction. It may have to find its level somewhere else, but I think we are trying to go too far to cover the ill that we know of. Certainly there have been bad operations, certainly there have been operations which have mushroomed, and have been able to mushroom only so long as they were able to bring money in and so long as they were able to tie that money up in various other enterprises; and the moment, at any level, that the due date was earlier than the date on which they had some more money coming in, then the whole thing collapsed, and in those cases the whole foundation of the investment collapsed.

That is the sort of thing against which the public should be protected. The ideal protection, once you settle on the formula, would be protection where we have the provinces as well as the federal authority in the field, because now, I suppose within limits, one can transfer ones operations from a federal corporation to which this bill applies to a provincial corporation, and it may be in some areas that this would permit a continuance of some operations of this kind.

Honourable senators, I may have spoken for too long, but I said when I started that it would be a long letter tonight and it might be a short letter tomorrow afternoon.

There is more that could be said in relation to this scheme or plan, but the purpose to be served by this bill, in line with certain statements made in the Porter Commission report, is a good one and is in some form designed to provide additional protection for the people who have invested money and whose money is being used for the purposes set out in this bill. But in all sincerity, I say, let us be realistic, let us use the normal methods and rationalization in dealing with this, and deal with a bill that is readily capable of being administered so that we protect where protection is needed, that is, on the use side of the money.

We recognize the ability and the quality of directors—we do not have to assume they are supernumeraries—and of the Superintendent of Insurance. I have the highest regard for him, but I have no assurance that he will remain forever the Superintendent of Insurance, in charge of the administration of this legislation, and we have to look at it objectively. Let us work out the kind of legislation that will give that protection as surely as we can provide it, which will be capable of easy administration and will not further intensify the possibility of loss to those who have money at stake, as against a simpler and maybe more direct method, in the interests of

creditors and shareholders of companies—they are the ones whom this legislation is seeking to protect.

It is not just the Government stepping in, as such, because we do have criminal law which at some stage would protect creditors and shareholders, but by the time you know enough so that you can invoke the criminal law, a great loss may have occurred and you are trying to pick up the pieces. But if you have a better and more regular method, one which occurs at stated periods during the year, whereby these transactions are assembled during the year so that the Superintendent of Insurance and the minister can keep them in perspective at any time during the year, then you have much more assurance that the bill is going to do the job it is intended to do, that is, protect the use of the money put in by the people.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Desruisseaux, bill referred to the Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 22, 1969

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

Prayers.

UKRAINIAN INDEPENDENCE DAY

ANNIVERSARY

Hon. Paul Yuzyk: Honourable senators, in view of the fact that January 22 is a very special day for all freedom-loving Ukrainians throughout the world, and particularly for over half a million Canadians of Ukrainian descent who have made notable contributions to the political, economic, social and cultural progress of our country, as well as to Canada's war effort, with leave of the Senate I rise to mark the occasion in this august chamber.

Today the blue and yellow flag of Ukraine is flying on the flagstaffs of the city halls of Toronto, Montreal, Winnipeg and other Canadian cities to commemorate the independence of the Ukrainian state, which was re-established by the will of the Ukrainian nation on January 22, 1918.

Last year the flag of free Ukraine fluttered in the breeze over the city hall of Ottawa, but this year it was forbidden, for Canadian protocol recognized officially the flag of Soviet Ukraine, which has the hammer and sickle on it to identify it with the Soviet Union. Soviet Ukraine is not a free and sovereign state.

The celebration of Ukrainian Independence Day should inspire not only Canadians of Ukrainian origin, but all Canadians of all origins to reflect upon our political and cultural heritage. It would doubtlessly give us a better appreciation of Canadian sovereignty if a comparison would be made with Ukrainian sovereignty.

It was the British North America Act of 1867, which had been drawn up voluntarily by delegates of several colonies, that established the Dominion of Canada. By this act Canada achieved a responsible and representative government based on democratic freedom for her citizens. In the subsequent years the Canadian Government gradually gained control over all external relations, achieving complete independence in foreign policy at the end of the First World War.

Canadian sovereignty was given final recognition by the Statute of Westminster in 1931. In 1947 the Canadian Citizenship Act made Canadian citizenship distinct from British citizenship. In 1952 a Canadian was appointed Governor General for the first time. This practice has become a permanent feature of that high office.

With respect to the Constitution we have only one sore problem, to find a method of cutting the apron-string which still ties it to the British Parliament. Thus Canada has evolved constitutionally from colonial status to independence, from an unknown entity to a leader among the middle nations of the world. From her early history she had been under the domination of British Imperialism. Today she is a free and voluntary member of the Commonwealth, NATO and the United Nations.

Having been part of the British oceanic empire, Canada won her independence through evolution, not through revolution, therefore without the shedding of blood in the struggle. In the meantime, she has assisted other British colonies to attain their independence, and speaks out in world forums for the cause of freedom and independence of peoples in various regions of the world.

Canada was able to gain her freedom and gradually her independence because she had been part of an oceanic empire. Although Britain had exploited her colonies economically, she brought to them civilization and the democratic forms of government as these were developing in the British Isles. When these colonies matured they gained control over their own affairs and proclaimed independence, mostly without bloodshed and with Britain's approval.

Ukraine's situation was different. She had the misfortune of becoming part of a land or continental empire. Tsarist Russia, unlike Britain which gradually developed a democratic constitution, was an autocracy with a totalitarian political system, employing terror as an instrument of policy to carry out the economic exploitation of subjugated peoples and their national territories. Ukraine, with her higher culture, civilization and democratic government, fell victim in the seventeenth century to a backward, tyrannical and ruthless Muscovite Russia. Under Russian tsarist domination, Ukraine's democratic freedom was crushed and she became a mere Russian province, deprived of her rights and even of her name. Ukrainians were forcibly subjected

to Russification and the Ukrainian language was forbidden by the decrees, ukazy, of 1863 and 1876.

The soul of the Ukrainian nation, however, could not be destroyed. From the exploited mass of peasants there emerged a great spiritual leader, the greatest poet of Ukraine, the immortal Taras Shevchenko, who advocated the dignity of the human being, freedom, truth, equality, justice and the brotherhood of man. His poetry spread like a prairie fire and was memorized by all Ukrainians. The spirit of Ukraine was revived.

When the Tsarist empire came crumbling down under its own overburdensome weight of tyranny, despotism, bureaucracy and inefficiency, the Ukrainians were the first to break out of the "prison of nations." Ukraine followed the course of self-determination. At first, the Central Rada of Kiev the Ukrainian Parliament, in September 1917, demanded a reconstruction of the empire into a free federation of autonomous republics. The so-called democratic Russian Provisional Government of Kerensky outrightly rejected this demand and upheld an indivisible, monolithic Russia. When the Bolsheviks seized power under Lenin they recognized the Ukrainian National Republic in December 1917 and declared, "Everything that touches national rights and the national independence of the Ukrainian people, we, the Soviet of People's Commissars, accept clearly without limitations and unreservedly." This evidently was duplicity, for when the Bolsheviks failed to take control of the Ukrainian Parliament, they set up what they called a "Ukrainian government" in Kharkiv and called upon the Russian Red Army to help conquer Ukraine.

It was under these difficult circumstances that the Ukrainian Parliament, in the name of the people, proclaimed the Fourth Universal in Kiev, the capital, on January 22, 1918. This act established an independent national democratic republic of the Ukrainian nation. A year later on January 22, 1919 the Ukrainian Parliament proclaimed the union of all Ukrainian territories, as sections had previously been under Austria-Hungary and other countries. Thus was established a united Ukrainian National Republic, which in reality restored the Ukrainian State of the Cossacks and the original state of Prince Volodimir the Great of medieval times. This year free Ukrainians are celebrating the fiftieth anniversary of the reunification of all Ukrainian lands within their own sovereign state.

The Ukrainian National Republic was a modern state modelled upon those of the western world. It recognized the highest principles of democracy—freedom of speech, press, religion, assembly, association and personal freedom. All minorities, including the Jews, were granted "national-personal" autonomy and representation in the government. The Ukrainian National Republic was the very antithesis of totalitarianism, despotism, colonialism and imperialism, and therefore has much in common with Canada.

The Ukrainian state should have received the recognition of the Western Allies, who unfortunately applied the Wilsonian principle of the self-determination of nations only to central Europe—Germany, Austria and Turkey. The principle of self-determination was not applied to the Russian empire. The communist regime continued the policy of an indivisible monolithic Russia under the name of the Union of Soviet Socialist Republics and crushed by force the many independent states that had emerged after the fall of tsardom, including Ukraine. By failing to support the new national states, the western powers allowed communism to win in the Russian empire, and the principles of Russian imperialism, colonialism and totalitarianism to continue on a larger scale. Thus, the U.S.S.R. emerged as the largest colonial power in the world and the greatest threat to western life, democracy and freedom. The western world could have prevented the restoration of Russian colonialism at the end of the First World War, by having recognized the freedom of the captive nations. Today we are facing the grim consequences: constant warfare of the cold war and the non-achievement of peace.

The acts of January 22, 1918 and January 22, 1919 are celebrated annually by the free Ukrainians throughout the world, including our Ukrainian citizens of Canada. These acts marked the victory of principles now written in the charter of the United Nations, of which Canada is a signatory. Free Ukrainians and the free people of all the subjugated nations of the Soviet Russian empire and its satellites will continue to celebrate their independence days and impress upon the western world that freedom is indivisible. The principles of the United Nations must be applied by all the other members, to the Soviet Union, which is a member, and self-determination, complete

freedom, sovereignty, and integrity of national territory must be also granted to the non-Russian captive and satellite nations.

The Canadian Government, legislators, and people must constantly re-assert their faith in the principles of democracy, justice, freedom, and independence, and at the same time proclaim sympathy for and a readiness to give feasible aid to all those nations which are still struggling for the realization of these, the highest principles of humanity.

Hon. Paul Martin: Honourable senators, I say on behalf of the Government that it recognizes that this is an anniversary which means a great deal to many Canadians of Ukrainian descent who compose this federation. Canada is rich because of its Ukrainian population. We acknowledge the great contributions Ukrainians have made to national development and cultural achievement. We are the heirs of a rich heritage of a great people.

In all our cities and on our farms are to be found Canadians of Ukrainian descent, with their folklore, their political orientations, their great appreciation of music and of poetry, and who remind us of men like Taras Shevchenko. We are indeed happy to have in the Canadian family people whose origins are those of the honourable senator who has just spoken.

The first Ukrainian came to Canada around 1880. His name was John Ilyniak. He was the first of some 700,000 Canadians of Ukrainian descent to come to Canada. I had the pleasure of participating in a ceremony in the Supreme Court of Canada when he was one of the first of nine persons to be given the first certificates of Canadian citizenship. He was the representative of a strong band of people who have come from the Ukraine. They have enriched our lives in every way.

Canada, as a member of the United Nations, has repeatedly re-affirmed its belief in the principle of self-determination. Whatever application this cardinal postulate of the United Nations implies has, of course, the wide support of the Canadian people.

This is a proud day for the honourable senator. I assure him that it is a proud day for all of us to be able to pay our tribute to a great people who are contributing to the Canadian mosaic.

Hon. Jacques Flynn: Honourable senators, it is indeed most appropriate that Senator Yuzyk should draw our attention to the fact that today is an important anniversary for the sons of the Ukraine. It is the anniversary of two memorable occasions. The independence of the Ukrainian State was re-established on January 22, 1918, and exactly one year later, on January 22, 1919, the Ukrainian Parliament proclaimed the union of all Ukrainian territories.

We know that since then the fate of the Ukrainian nation has been one of domination by the U.S.S.R. Because of that, Ukrainians throughout the world who have found a new home wish to recall these events. In Canada a very large number of sons of this proud nation have found here the freedom that is denied their brothers in their homeland. We understand and share their feelings, and with them we hope, despite the events in Czechoslovakia which may dim this hope, that democracy, justice, freedom and independence will triumph in a not-too-distant future, not only in the Ukraine but in all those countries beyond the Iron Curtain where the populations await only favourable circumstances to achieve their liberation.

Hon. Harry A. Willis: Honourable senators, may I remind this chamber that one of the first Ukrainian privy councillors and ministers of the Crown was the Honourable Michael Starr, who was one of the best ministers of labour Canada ever had.

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Hon. David A. Croll for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports 558 to 590, inclusive, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

INVESTMENT COMPANIES BILL

SECOND READING AND REFERENCE TO COMMITTEE RESCINDED

Hon. John J. Connolly moved:

That the order of the Senate of 21st January, 1969, for the second reading of the Bill S-17, intituled: "An act respecting Investment Companies", be rescinded;

That the order of the Senate of 21st January, 1969, referring the said bill to the Standing Senate Committee on Banking, Trade and Commerce also be rescinded: and

That the debate on the motion of the honourable Senator Desruisseaux, seconded by the honourable Senator Sparrow, for the second reading of the said bill be resumed forthwith.

Motion agreed to.

SECOND READING

Pursuant to the above motion, the Senate resumed debate on the motion for second reading of Bill S-17, respecting Investment Companies.

Hon. John J. Connolly: Honourable senators, first let me express my very deep personal appreciation to all of you for agreeing to this unusual procedure. Normally when a bill is read a second time it is not appropriate to reopen the debate. The fact that the events occurred last evening in the way they did and that I am in this position today, is my own fault. I did not realize that the honourable Senator Hayden was going to speak last evening. In any event, I thought the debate would have been adjourned to a future date. Had I felt that the bill might pass second reading, I certainly would have asked that the debate be adjourned on my behalf. I therefore appreciate the indulgence you have afforded to take part in the debate on this bill, which I consider to be of great importance to the Senate and indeed to the country at large.

Honourable senators, I do not think anyone would question the basic ideas behind Bill S-17. Investors in Canadian financial institutions, regardless of where they live, are entitled to assume that the companies in which they invest do not fall into the hands of persons or corporations who are incompetent or practice in a fraudulent manner.

In recent years there have been regrettable examples of this. Even if the organizations in question be subject to provincial jurisdiction, it matters little. Uneasiness in respect of such organizations develops among investors, and Canadian financial institutions as a whole suffer.

If there is a deficiency in the regulation of federal companies it should be remedied. Regulations applicable to federal companies when appropriate will be reassuring. Provinciallly incorporated companies, if they so desire, can subject themselves to federal regulations. This has been done in several instances. I cite, for example, what we did in the last session in connection with the Canadian Deposit Insurance Corporation Act, and what can be done under the Canadian and British Insurance Companies Act, which allows for provincially incorporated insurance companies to be supervised by federal authorities.

The clauses in the bill designed to establish confidence include the requirement for disclosure and supervision, the provision of adequate reserves and appropriate sanctions in the event of violation. In this respect I would agree heartily with what Senator Hayden said last evening in his very remarkable address on this bill. Bill S-17 is an attempt to reach this goal. It is not perfect. It can be improved. Since it has originated as a Government measure here, I believe that the Senate should do all it can to make it the most effective instrument possible. It must take into account financial practices and the requirements of the modern Canadian corporate structure. This structure is by no means uniform, nor can all segments of the industry be poured into the same mould.

With these preliminary remarks as background, the first criticism I make relates to the definitions of "Business of investment" in clause 2(1) (b) and "Investment company" in clause 2(1) (f). For reasons which I propose to outline, in my view these sections are too broad. They are too big a basket—they gather oranges and apples and onions and tomatoes. They seek to treat in the same manner financial institutions which are designed for completely different purposes, institutions whose markets vary widely and whose uses are divergent.

The chartered banks have the powers set out in the Bank Act. Trust companies have other powers specified by various statutes. Acceptance corporations are of another order. Personal loan corporations are designed for a special type of service. Some of these are regulated by federal statutes, some by provincial statutes. In my view the definition section in this bill should be more precise. If it is, the various types of companies to be covered can be controlled more effectively in the interest of the public, of the Canadian economy, individual industries, and indeed in the interest of investors. On page 379 of the Porter Report it is suggested that the legislation stimulate diversity in an area where diversity is the order of the day among financial institutions. Presumably, the commission thereby recognized not only the value of competition, but the importance to the economy of specialized corporate practices to meet the needs of modern financing.

I noticed in that impeccable source of information, the Ottawa *Journal*, last evening, a report of a speech made this week by the Governor of the Bank of Canada, Mr. Rasminsky. Speaking at a dinner held by the Montreal Regional Council of the Institute of Canadian Bankers, Mr. Rasminsky said:

> The degree of isolation which used to exist between channels for particular types of finance is rapidly breaking down.

The article goes on to state:

> Mr. Rasminsky said the current environment of the banking and financial system is one of increasing freedom from traditional inhibitions and legal restrictions.

The article further states:

> Mr. Rasminsky said the public stands to gain substantial economic benefits from a more efficient and competitive financial system—'provided what we are seeking is in fact more efficiency and competition'.
>
> But much will depend on the way institutions like the banks use their new freedom and powers.

Honourable senators, I should like to deal first with finance companies, acceptance companies, and "near banks", as the report of the Porter commission describes them. In searching for an appropriate name, the European term "merchant bank" seems to be more meaningful than any other for this particular type of institution. These institutions are well known in our credit-oriented society. Indeed, without them, enterprise and economic growth would suffer very considerably. Their principal business is the purchasing or discounting of commercial paper representing sales or leases, and the lending of money. Its assets are highly liquid, the average maturity of its receivables comparatively short. Substantial parts of its financing operations are carried through by the issue of short-term paper. By that I mean notes for a maturity of less than one year. The industry is a significant element in our economy. It can be compared to the place occupied by the chartered banks as the following figures disclose.

I have before me a table from the Dominion Bureau of Statistics, entitled "Business Financial Statistics", as at June 30, 1968, which I would, with leave, place on the record.

Hon. Senators: Agreed.

(*The table follows*)

D.B.S. "Business Financial Statistics"
June 30/68.

	Millions of Dollars Shareholders Equities	Total Assets
Royal	348	8042
Commerce-Imperial	332.8	7768.8
Montreal	235.6	6485.2
Nova Scotia	155.6	4749.2
*I.A.C.	135.2	1031.4
Toronto-Dominion	134.9	3989.1
*Traders	65.1	549.1
Banque Canadienne Nationale	61.4	1314.2
*Laurentide	48.6	173.1
Banque Provinciale	28.5	670.8
*G.M.A.C.	18.7	593.5
Mercantile	12.5	198.3

*Merchant Banks

Hon. Mr. Connolly (Ottawa-West): Perhaps the best definition of a "merchant bank" that I have been able to find is in Regulation 101-67 of the Ontario Securities Commission. Following this format, a merchant bank is:

> A company, its subsidiaries or affiliates for which a material activity includes,
>
> a) purchasing, discounting or otherwise acquiring promissory notes, acceptances, accounts receivable, bills of sale, chattel mortgages, conditioned sales contracts, drafts and other obligations representing part or all of the sales price of merchandise, and services,
>
> b) factoring, or purchasing and leasing personal property as part of a line purchase or similar business; or
>
> c) making secured or unsecured loans.

To make these general proposals as practical as I can, I would suggest that the committee consider the following steps:

1. Enact a Part IV, or otherwise, of this bill to apply only to merchant banks as defined in the regulations of the Ontario Securities Commission, which I have just cited.

2. Exclude merchant banks from the present definition section of Bill S-17.

3. Vest in the Inspector General of Banks the powers he now holds in respect of chartered banks, with appropriate applications to merchant banks.

4. Provide that the requirements in respect of capital investments applicable to chartered banks apply also to merchant banks.

5. Require that all loans and investments in excess of 5 per cent of capital and reserves be reported forthwith to the Inspector General of Banks, as recommended by the Porter Commission at page 385 of its report, and adopt the other recommendations in respect of credits or loans to directors, subsidiaries and affiliates which that Commission sets out.

6. Prescribe that merchant banks maintain reserves of, say 12½ per cent of their short term liabilities, i.e., those maturing within one year.

7. Direct that the credit of last resort for merchant banks be provided by the Bank of Canada or some other appropriate governmental agency, and that the amount of such credit of last resort be equivalent to the reserves each merchant bank must maintain.

8. Permit provincially incorporated companies to register as merchant banks provided they comply with rules governing those of federal incorporation.

9. Until enough experience is accumulated to enact a separate act, legislate here by reference to the Bank Act; i.e., set out the sections of the Bank Act which would be applicable to merchant banks. For the record, I would mention the following sections of the Bank Act: section 29, which deals with non-current loans; sections 60-62, respecting annual statements; section 63, as to shareholders audits; sections 64-68, concerning the powers of the Inspector General of Banks; sections 103-7, 152, 153, on returns; sections 139-140, dealing with inspection. It may be that minor changes would be required to apply these to merchant banks.

10. Amend any other sections of the bill which conflict with sections applicable to merchant banks.

Honourable senators, these ideas are neither revolutionary nor new, but they do recognize the value of federal safeguards. Merchant banks, as I have suggested defining them, are in fact near banks, though they lack many of the powers of the chartered bank, such as the taking of deposits, but in many areas of lending to commercial interests they are in competition with chartered banks.

The last revision of the Bank Act enlarged the areas of operation for chartered banks and brought them into closer competition with merchant banks. It has even been suggested that the competition by the chartered banks could in time eliminate merchant banks. Some of these new provisions allow unlimited charges on loans, which permit the banks to enter the area of lower grade loans, charging higher interest rates. An example of this is the consumer loans. Banks now can enter the mortgage field too, and can supply large capital for mortgage requirements.

There is another anomaly in the situation. Most merchant banks carry their credit lines in Canada with the chartered banks, and abroad with appropriate banking institutions. Thus the merchant bank is substantially dependant upon its principal competitor, and some of the credit lines they carry abroad are very great indeed.

If the situation were reversed the chartered banks would find it intolerable, yet for the merchant bank there is no feasible commercial alternative. The problems are intensified when Canadian merchant banks, because of lack of adequate facilities in Canada, are required to carry some of their credit lines with foreign banks. This is why I suggest that the credit of last resort for the Canadian merchant banks should be an appropriate governmental agency.

Section 10 of the bill permits the issuance of certificates of registry for a term not exceeding one year. With appropriate reserves comparable to those required by chartered banks, merchant banks should be entitled to a certificate valid for a period of ten years. Problems encountered by merchant banks in terms of long-term financing could be unnecessarily difficult with the requirement of a one-year certificate.

It is understandable that Section 22—to which Senator Hayden and Senator Phillips (Rigaud) referred—as to the powers to make regulations, in the light of the definitions given, should be so wide.

I have indicated that there should be some more precise classification of investment companies, with appropriate definitions and regulations applying to each class, as Senator Hayden also indicated last night. The suggestion I have made in respect of merchant banks would relieve the Governor in Council of some of the onus cast upon it by section 22. One suggested regulation would deal with the appropriate capital requirements for merchant banks. This is a subject of serious debate within the industry. Chartered banks are not subject to a regulation in this respect.

Perhaps if appropriate reserves are required of merchant banks, the same practices should apply to them as apply to chartered banks.

Since, in my view, the near bank industry is a major Canadian industry, I would submit that the Superintendent of Insurance has enough to do without assuming other duties within the banking industry. The Inspector General of Banks has responsibilities and facilities that are more appropriate. This consideration would become increasingly important if provincially incorporated merchant banks and similar institutions should decide to subject themselves to federal regulations.

Clause 5 of the bill requires investment companies to file certain statements and supply information. The Ontario Securities Act, for one, has much more elaborate provisions in this area. Federal requirements should be studied to assure that they are adequate, and if any precedents useful to the federal authorities could be derived from provincial requirements they should be considered. We should, of course, assure ourselves we are not simply adding to the paper work required by investment companies, regardless of how they are defined.

Section 8 deals with loans and investments within and between the subsidiary and related groupings, and with loans to directors, officers and shareholders. Certainly, there are practices in this area which are improper and which should be forbidden. Senator Hayden has shown that the controls available now are rather extensive. But within certain groupings, it may be desirable to have affiliates whose purpose is to provide financing for related organizations. The inspection suggested by the Porter Commission at page 385 in this respect could provide the protection which is required for the public.

I return to section 22. The onus cast upon the Governor in Council by this section could be well nigh intolerable. It could be intolerable for the officials, because of the diversity of financial institutions embraced by the definition section and the appropriate acceptable practices developed within each category of this very important industry. Section 22 could be intolerable to the various industries concerned. The discretion provided in the section is unlimited, and inappropriate regulations could retard legitimate and desirable development. No doubt the residual power of regulation must be vested in the Governor in Council, but too sweeping an authority would not be good. Until the categories of investment companies are clearly demarked, it is impossible to provide proper regulation. What might suit loan companies might not suit mortgage companies, or merchant banks, or trust companies.

At page 357 the Porter Commission report reads this way:

> ...the goal of protecting the public against loss can best be achieved with three basic legislative safeguards—adequate disclosure, competent supervision, and legal powers giving the authorities the right to force the correction of unsound or careless practices and to prosecute those engaged in fraudulent or criminal activities.

I would like to cite another example of a problem that arises as a result of the presentation of this bill in this form. There are many large enterprises in Canada that are prosperous, efficient and competitive. They are run by competent Canadian entrepreneurs. These men and these companies see opportunities for Canadian development in various fields.

Let us say that a parent company is a prosperous mining company, oil company or manufacturing company, if you will. It is well regarded, has access to the money markets and enjoys a high reputation. It is sufficiently endowed with assets to facilitate borrowing and to assure both large and small investors of the security of their investment. It sees opportunities, let us say, in the business of light industry, or in real estate development, or in merchandising. It could help develop an industrial park in an area of potential growth. It could erect a modern office building in a progressive city. It could install a shopping centre in an expanding urban area. There is no limit to the opportunities which it could use to accelerate economic growth in the country.

Normally, how does it proceed? It might well incorporate a real estate company. It might incorporate a manufacturing organization. It could set up a company to service hotels, restaurants, ships, aircraft and the like. Any one of these companies might and probably would be wholly-owned by the Canadian parent in my example.

In the language of the act, the parent would have a "significant interest" in each of its individual subsidiaries. Any one of its subsidiaries would have assets and prospects which would give it thoroughly acceptable

entré to the money markets. Any one of its subsidiaries could borrow on bonds, debentures or notes—the traditional ways to which the Governor of the Bank of Canada referred in his speech that I have already mentioned.

But there is a large pool of capital and assets and prospects behind all these subsidiaries that will not require capital at the same time. Some will require additional capital for expansion as circumstances, development and prospects warrant.

Rather than promote each individual subsidiary and have it seek its own capital requirements, the parent can adopt another device; it can incorporate a special subsidiary. The purpose of this subsidiary could be, and would be in this example, to provide the money needed by any of the subsidiaries. The security it offers is well known to the investing public. Usually the capital requirements in this type of case are larger than can be supplied by small individual investors. Institutions usually subscribe to such enterprises, and the amounts are usually beyond the reach of the small investor. Sometimes they reach the level of a half million or a million dollars, or more. Sometimes they are lower, but seldom lower than, say, $100,000.

I shall call this subsidiary the security subsidiary. It is, in fact, a financial intermediary between the operating subsidiary, on the one side, and the market, on the other. It thus becomes a most efficient device for borrowing money, for the marketing of money, for the industrial development to be conducted by any of the operating subsidiaries or, indeed, by the parent company. In fact, in current practice, as this idea has been used in Canada it has attracted and continues to attract more and more Canadian investment in Canadian enterprises.

Who can say this is not a worthy, effective, efficient and economic way of doing business? Is it not clear that time and effort and money are saved, not only for the parent and the subsidiaries, but also the end product of the subsidiary can and should be less costly to the general consuming public.

Under this bill the security subsidiary, in my example, is prohibited from doing for the operating subsidiaries what the operating subsidiary could do for itself, but at greater cost. The section which prohibits this is section 8(1)(c)(iii). And if the parent had recourse to the services of the security subsidiary, as I describe it, the bill would exclude such recourse under section 8(1)(b) of the act.

Honourable senators, I do not pretend that in this discussion I have done more than point to two cases which deserve not only the close attention of this chamber and its committee but also, in my view, amendment. If inflation is our main economic concern; if industry is to be more productive; if we are to promote innovation, invention and adaptation to new conditions in our economy; if our goods and services are to be sold in world markets; if, indeed, the cost of living of our people is to be held in check, then it behooves our parliamentarians and the men in our legislatures not to frustrate the effort of business to become more efficient and economic. Rather, it is our business as legislators to encourage every sound, modern business practice which promotes efficiency and economy. Other countries recognize this philosophy and, indeed, so must we.

The Hon. the Speaker: Honourable senators, as the motion adopted yesterday to refer this bill to a committee has been rescinded, I again put the motion for second reading.

It is moved by honourable Senator Desruisseaux, seconded by honourable Senator Sparrow, that this bill be read the second time. Is it your pleasure to adopt the motion?

Motion agreed to, and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Desruisseaux, bill referred to the Senate Committee on Banking, Trade and Commerce.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of the Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Paul Desruisseaux: Honourable senators, this debate stands adjourned in the name of Senator Cameron. With your permission I should like to speak in his place.

Hon. Senators: Agreed.

Hon. Mr. Desruisseaux: Honourable senators, the Fourth Report of the Special Committee on the Rules of the Senate was brilliantly

presented by the chairman, Senator Molson. It was my privilege to be one of those who served on this committee, and I found the work to be most interesting. The chairman and the staff worked hard, and most intelligently. They have all our respect, and have won our gratitude for what was accomplished in a relatively short time. I offer my congratulations to the chairman and the staff for the excellence of their work. They assured a thorough study of the rules, and the wants and necessities in respect to improving and expanding the work of the Senate in a more demanding Canada. The results are seen in the clear and constructive recommendations that are tabled in the Senate for its consideration.

Being a member of this committee was a most rewarding experience for every senator who had that privilege. The absence of a minority report, and the unanimous approval of this report and its consequential recommendations by the committee members, will, I am sure, be noted with satisfaction by all honourable senators. Having been a member of this house only since 1966, I was impressed by the discussion and the observations made when we sat as a Committee of the Whole.

One hundred and one years ago Canada underwent parliamentary surgery, so to speak, and had its great governmental reforms, which gave birth to our present House of Commons and Senate. At that time it was a most daring step, and approval of it was far from unanimous. We recall here the historical opposition to our Constitution made by over 20 members of Parliament who fought well, and sometimes savagely, and who carried their protests by way of petition to the Queen. The people at that time were indeed restless. I do not want to recount here the happenings of those few years, but it was a most daring step, even though the majority thought it was a most necessary one. The boldness of those who served Canada then has paid handsome dividends. Notwithstanding the extreme departure from its past at that time, the Constitution has served Canada notably, and all Canadians famously.

Historically, regardless of the severe criticism we are inclined to make at the present time, we have never known Canada so united, so progressive, and so ready and willing to improve the future of all its citizens. When we compare Canada with other well-administered and well-governed nations we must take pride in what has been achieved here, and what has so far been the result of the Canadian challenge. As we look into the future we see it becoming more thrilling and challenging.

We must welcome our present opportunities. We have a unique occasion to prepare for the realization of a truly smooth-running and streamlined Senate, which is capable of gathering basic government information and of influencing policies in so many important social, economic, and scientific fields that will short-cut the roads of the future, and secure the rapid advancement of Canada amongst the major nations of the earth. It should be less a matter of acquired prestige and pride amongst nations than the vivid giving of example of what should become common acceptance by all for their betterment.

Following the present trend, our Canada doubles its population every 35 years or so. By its second centennial, 2068, Canada should have a population of some 165 million, computing it on that basis. It is important that each should in his own field prepare what will be the best available system of government to meet the situation realistically. It is my belief that what we have before us is important, but it is in no way sufficient for the government of the future, and surely not for the next century. I am of the opinion that we should review and re-adapt ourselves and our governmental structures and working at least every 15 or 20 years and consider neither specific or necessary amendments in between. I believe this will become even more evident as our population increases and there are advances in social and economic development.

There are some who would fear changes, who believe that traditional and never-changing ways, rules and guidelines would serve us better. On reading history, witnessing so many fundamental changes in our lifetime, and observing the phenomenal advances in education, in all sciences and all fields of endeavour and achievement, I could not in a multiplied Canada within the smaller world support a position of stagnation in the name of stability.

I concede that fundamental changes must be undertaken with care and prudence. Having participated in a small and humble way in the work of the special committee, I believe that the recommendations made pass the test of whether they are an improvement over what we presently have. Furthermore, I am of opinion that an assurance should be

given that the suggested amendments would remain subject to review periodically to insure the continued betterment and improvement of the Senate.

The Senate has, of its own choosing, received the recommendations made by the special committee, which considers them to be an improvement over what we had in the past. The recommendations represent a step forward in the right direction so that we may be of greater service to Canadians and provide for their better welfare. Unless we can improve on these conclusions, and possibly be even bolder, the only choice open to me is to support, as I did in the committee, all the recommendations made by Senator Molson on behalf of the committee.

May I be permitted to add a few other observations. It is also my belief that some of the Senate customs based on tradition should be analyzed and possibly streamlined. There could be token traditional gestures, but we should now think of rendering all our sittings highly functional. We have much more to do and we need to find ways of eliminating some of the time-consuming customs based on the esprit de grandeur that do not now have much place in our democracy.

It is my belief that the Royal Assent procedure as it is now known should be discarded. It results in lost time for every member of both houses and for the senior officials involved. Its abolition would make no practical difference to anyone and no one would feel affected after the first emotional involvement based on maintaining forever old and revered customs. To me it would be more like the dropping of some unimportant brainwashing habits that no longer have a place in our thinking. Respect would be commanded by other means and through personal behaviour. For all I care, the custom of bowing from all parts of the chamber could also be dropped or be considerably simplified, without doing damage to our real feelings for the Throne or its representatives.

I would add that the prayer, as now written, is passé and should be revised. It too is time-consuming. We know that it could be revised to conform with the more modern procedures that we wish established everywhere, and that could be done by the religious authorities themselves.

I feel that the attendance of senators at caucuses is not too healthy a custom. To some it may provide a means of understanding direction to follow in appreciating the bills before the Senate, and to others it may be a real form of continued brainwashing. If it were dropped, in my opinion the Senate would feel healthier and more realistic.

It is my belief that senators could be used with great advantage as representatives in discussions with other countries. Senators could be used for the closer control and analysis of foreign aid and the avoidance of waste effort and expenditures in foreign aid. Foreign aid has become one of the principal activities of our government and the Senate should play its part in that field. I may on some other occasion deal with some of the present thinking in this connection.

It has been said that the Senate should consider having more bills originate in this Chamber. I agree with that too. I must here re-state that during the last session of the 27th Parliament, 42 per cent of the bills introduced in both houses originated in the Senate. I must restate here though that during the last session of the 27th Parliament 42 per cent of the bills introduced in both houses originated in the Senate, exclusive of the private bills and divorce bills as we know them. There are 102 members in our house, and 265 members in the other house. The attendance at all Senate sittings stands remarkably high. I believe it compares well with the other place, and very well with senates of other countries.

We have, I believe, fared well, although we have in the Senate less than 40 per cent of the representatives found in the other place. There is great wisdom here, but we find a disappearing quality—prudence. We have a cross-section of successful Canadians in all fields of endeavour. We are paid, as we all know, less than the members of the other place. We can accept it without emotional involvement, and we also qualify well by our attendance at the sittings. We do not speak having in mind the winning of a few regional votes, but for what we believe is in the real interest of a greater and more prosperous Canada. Is that not something for a country like Canada? Is this what some would like to see abolished or destroyed?

I am sorry we had to learn through the press about the progressive reports on the studies by the Continuing Committee of the Federal-Provincial Constitutional Conference, made up of civil servants representing the federal and provincial governments. This committee has prepared a series of reports

for use next month when the political leaders of the eleven governments resume the conference. These reports do not appear to have been circulated among the senators, at least I have not received them.

Hon. Mr. Martin: Nor has the Government authorized any publication. The Government will have to deal with that when it meets with the provinces.

Hon Mr. Desruisseaux: I have your point, and if you will allow me to continue I will make a statement in that connection. I have been informed that it is a confidential report, but the press seems to have been well alerted. It would appear from what I have read that the press have had easy access to this information. I need only point to what appeared in the Toronto *Globe and Mail* a few days ago.

Hon. Mr. Martin: What date was that?

Hon. Mr. Desruisseaux: I am sorry, but I failed to note the date. It was four or five days ago.

Hon. Mr. Langlois: What is the heading?

Hon. Mr. Desruisseaux: The heading is: "Senate Changes—One of the Issues for Conference".

Hon. Mr. Croll: The date was January 16.

Hon. Mr. Desruisseaux: There are a number of interesting things said about it. I can only add here, a bit humourously, that we should read the newspapers if we want to know the present thinking of the Continuing Committee of the Federal-Provincial Conference. I am not, mind you, against the diffusion of information, but it seems awkward to have to read the press to obtain partial knowledge of what goes on in such an important constitutional area of our governments.

Hon. Donald Cameron: Honourable senators, in participating in this discussion I first want to compliment Senator Molson and the members of his committee on having performed a most valuable and important task in giving the Senate rules a thorough overhauling. Their study involved a detailed examination of the British North America Act and a long list of statutes recorded in Appendix "A" of the Senate *Hansard* of November 28, 1968.

Before going into that I want to say to Senator Desruisseaux that I listened to what he had to say with a great deal of interest, and in some respects with a great deal of sympathy. The Leader of the Government (Hon. Mr. Martin) will recall that I spoke to him yesterday with some concern about not having any consultation about reform of the Senate with members of the Senate. It may be constitutionally correct that this matter should not be discussed with the members of the Senate, but if that is true I suggest that there is something rather wrong. I would like to have felt that the Government, any government, on a matter of such importance as this would have felt it incumbent upon itself to have had a session with the senators in camera if they wished, although I realize that in camera sessions in Ottawa are not what they are in some other places.

Hon. Mr. Flynn: It is an excellent way to get some publicity.

Hon. Mr. Cameron: I have somewhat mixed feelings with respect to some of the comments he has made about historical procedures. I think tradition has a place, and sometimes our life and our society is enriched and made more colourful by the preservation of these traditions. However, I sometimes feel that we are wasting too much time on some of the trappings of a bygone era, and I hope we will have an opportunity of discussing these matters in further detail at a later time.

In section 3 of the Fourth Report of the special committee reference has been made to widespread public criticism of the whole parliamentary process as it has existed up to the present time. I am one among many who have felt this criticism was justified, not in the sense of a criticism of the Members of Parliament who in the main are a hard-working lot and who put in much longer and more tedious hours in the discharge of their responsibilities than the people who criticize them in the community at large. Rather, the criticism, in my judgment, was justified on the basis that both Houses of Parliament were trying to carry out today's multi-billion dollar complex business under a set of rules designed for a much smaller and much less pervasive government. Fortunately, the House of Commons has agreed to a new set of operating rules which we believe will result in a much more business-like and expeditious dispatch of the public business.

One of the main results of reform of the rules of Parliament is the expanded role of committees in both the Commons and the Senate. These changes are going to require major changes in the physical arrangements on Parliament Hill. Some of these are as follows: First, we are going to require many

more and better equipped committee rooms than has been the case in the past. Second, we are going to require a greatly enlarged staff of qualified reporters to handle the proceedings of the committees. Third, we will require the appointment of qualified personnel with special qualifications in the subject matter of committees, such as external affairs, legal affairs, and so on. This will be almost a necessity. Fourth, if the committees are to be effective, senators must have more access to research staff for assistance in doing the quality of background work to make their contributions effective.

Reference has been made to the desirability of either more or possibly all private bills originating in the Senate. This argument has been going on at frequent intervals since 1868. On May 7 of that year, Sir Alexander Campbell presented a report which was unanimously adopted on May 12. This report recommended that more bills originate in the Senate. In 1874 a joint committee of the two houses was constituted to look into and report upon means whereby the two houses might collaborate more effectively in the dispatch of public business.

In 1879 Senator Miller, speaking in the Senate, noted some improvement in this matter and he again referred to the improved relationship in the session of 1880-81. But in the session of 1882 Senator Alexander was extremely critical of the lack of business coming before the Senate and the sending over of a rush of bills for Senate approval in the dying moments of the session. It seems to me I have heard similar complaints in much more recent times.

In 1908 Senator David moved a motion in the Senate to the effect that more work should be assigned to the Senate. In 1917 the Senate appointed a special committee to deal with the same matter.

In 1923 Senator Dandurand brought in a committee report which included this paragraph:

> Your committee further recommend that the distribution of all private bills, exclusive of divorce bills, be regulated by the Speakers of both Houses jointly, with the understanding that they will see as far as practicable that private bills, exclusive of divorce bills, be introduced one half in each House.

And so it went on for years, involving the consideration of such giants of the Senate as Senators Dandurand and Meighen.

I would like to support the idea that, while it may not be desirable to have all private bills originate in the Senate, certainly it is desirable that most of them should. In fairness, however, I should say, as Senator Desruisseaux has pointed out, that there has been a very substantial increase in the number of government bills originating in the Senate in the last three years. From an average of 18 per cent of the private bills originating in the Senate over the 12-year period 1957-58 to 1967-68, the percentage rose to 42 per cent in the latter year.

Reference has rightly been made to the Senate's investigatory role through the machinery of special committees and joint committees with the House of Commons. It is through this means that the Senate has done some of its most useful and interesting work. Senator Martin, in his initial speech in this house on September 18, referred to the important role the Senate has and can play through the work of its special committees. We have only to look at some of these committees which have contributed richly to Canadian thought and Canadian problems over the past 12 or 13 years—the committees on Inflation, Manpower and Employment, Land Use in Canada, Aging, the Joint Committee on Consumer Credit, the Joint Committee on Divorce, the Joint Committee on the Public Service, the current Special Committee on Science Policy and the coming Committee on Poverty; and if Paul Hellyer's "task force on housing" does not come up with some good and practical solution to that critical problem, I shall propose that we constitute or reconstitute the special committee on housing which I proposed in this house last March and which would have been set up had Parliament not prorogued.

I want at this time to give notice of one other committee which I think of vital importance to the welfare of Canada, which this Senate should set up and which this house is admirably qualified to provide. One of the greatest areas of opportunity to this country, of concern to us, among the areas of tremendously rich resources, is that of our northern territories. Therefore, I am serving notice now that I would like to see established a special committee of the Senate to deal with the problems of Northern Affairs and Development. These are all vital and important committees and they represent a mobilization of those talents which the Senate has in abundance.

Before I go on to new ground, I want to refer to one of the Rules of the Senate which so far the Rules Committee has not done anything about. Here I refer to the attendance rule, under which senators are checked into this chamber as so many reluctant schoolboys "who creep unwillingly to school." Do not mistake me. I have no objection to a record of attendance being kept as such, because the attendance record of this Senate has consistently run over 71 per cent at all times; but I do object to the deduction of $120 a day from a senator's indemnity if he misses more than 21 sittings in a year. In a time when the Senate met during a period of three or four months at the outside, this exemption may have been adequate, even generous, but in a time when the Senate has been meeting over 10 months, and in one session over a period of 14 months, this exemption is not enough.

Here I wish to emphasize something else which I consider important. Most members of this chamber had been very active in the public affairs of their home communities before being summoned to the Senate. In fact, one of the compelling reasons why they were appointed to the Senate was the contribution they had been making to the public affairs of their home communities and provinces. I hold the view that these men are better informed and more effective senators if they continue to discharge those public responsibilities after they come to the Senate. Most of these are non-remunerative but time-consuming services, such as participation in municipal councils, school boards, boards of governors of universities, and a whole host of similar public responsibilities. I consider it important that a senator should continue to participate in these activities, providing he does not do so to the neglect of his duties in the Senate, but I think it would be most unfair that in order for him to discharge those responsibilities it should cost him $120 on top of such other expenses as he may be put to when doing that work.

Let me make one other point which the press frequently overlooks when speaking about parliamentary indemnities, as they frequently do. There are very few members of this house who would not be earning twice, three times or more than their current remuneration if they had remained in private life. And just for good measure, it should not go unnoticed that the American Congress has just raised the salaries or indemnities of their members to $42,500. In addition, American Congressmen are provided with staff, research and other services worth 20 times the value of similar services provided to Canadian parliamentarians. As a matter of fact, the quality of resources in the way of office facilities, equipment and staff which is provided by the Parliament of Canada for its members would compare unfavourably with most third-rate offices in the business world.

The Special Committee on the Rules of the Senate stated that their study had established the clear necessity for constitutional and statutory changes beyond the terms of reference of the committee in order to reach the objective of a modern and streamlined parliament. In this emphasis they were quite correct and it is hoped that their representations will fall on receptive ears in the centre of the parliamentary power structure—the Prime Minister's office. As a matter of fact, we have reason to believe that such matters are very much in the minds of those who will engage in the forthcoming Constitutional Conference next month.

You will recall that at the Constitutional Conference last year, Prime Minister Pearson referred to the desirability of reforming the Senate in such a way that it could perform its function more expeditiously and effectively. In the Speech from the Throne, opening this 28th Parliament, reference was made to the matter of Senate reform as one of the issues to be discussed with the provinces.

At this time I would like to emphasize that in the beginning the Senate was constituted and justified as a second arm of Government charged with the special responsibilities of guaranteeing the rights of minorities and giving some protection to regional needs and priorities. The Senate has some things to its credit in these fields, but I think an objective assessment of the Senate's role would indicate that historically we have not lived up to the expectations of the Fathers of Confederation. Not because of a lack of desire on the part of the Senate, but because of the manner of Senate appointments, it could not possibly deal effectively with those minority rights of language and customs and regional economic problems.

For example, since 1935 there has been no appointment to the Senate representing the viewpoint of the Government of the Province of Alberta. From 1943 to 1963 there was no appointment from the Province of Saskatchewan which represented the viewpoint of the provincial government of that period. From 1952 to the present time there has been no

appointment from the Province of British Columbia which represented the viewpoint of the government of that province. To say this is not to reflect on the excellent representation that has come from those provinces in those years, but in my judgment the alienation of the western viewpoint, which that situation represents, has weakened Confederation and has contributed in some measure to a feeling of disunity.

One could go on and expand on the feelings of the Province of Quebec, because it too feels that its role as an important minority has not had the consideration it deserves.

These are facts of life as Canada approaches a major constitutional discussion with the provinces, and all Canadians must recognize that we must strengthen all of those factors in our political life which make for unity, equity and understanding. Reform of the Senate will not alone achieve this purpose, but it could be a significant start in giving the provinces a feeling that they have a greater role to play in formulating the programs and policies that affect all Canadians.

In January 1958 I was asked by a well-known Canadian daily newspaper to give my views on Senate reform. I did at that time, and I think those remarks are pertinent to today's discussion, so I am going to give them to you, with some slight modifications made necessary by the lapse of time.

In the beginning of that article I dealt with some of the current myths about the Senate. In view of the fact that those myths are still being perpetuated by people who should know better, I am going to quote some of them.

First, there is the myth to the effect that all a senator has to do is to take his seat in the Senate once during the session, collect his $10,000—and now it is $15,000—and go off to Florida. It is true he may take his seat in the Senate once and go off wherever he likes, even to Toronto, but he does not draw his pay. If he misses more than 21 sittings of the Senate he is quite rightly docked, at that time $60 a day, and now $120 a day. Secondly, if he misses two consecutive sessions of the Senate, even because of illness, he loses his seat.

Then again, it was said by none other than my friend Norman Campbell of the Ottawa *Journal* on Friday, January 10, 1958, that:

> ...the Senate met for 15 minutes, examined Senator Pouliot's version of a new Canadian flag and then adjourned for the day.

Such things are frequently said. The clear implication there is that the senators then returned to their games of bridge, tiddly-winks or what-have-you. The truth was that that same day a committee of at least 25 senators put in an interesting and useful two hours examining, discussing and amending Bill L, dealing with the problems of the offshore boundaries and who owned the natural resources in the coastal waters of Hudson's Bay, Ungava Bay and a few other places. We could not have done our homework too well, because the proposition is not yet settled. That was the third meeting of that committee on that topic, and there have been others since.

Had he wanted to be fair, he could also have said that another group of senators spent some part of 40 to 50 days every session in some hole and corner basement rooms "enjoying" themselves in the Senate Divorce Committee. Thank goodness we are rid of that. Or he could have described the sessions of the Banking and Commerce Committee, the Committee on Trade Relations, or Transport and Communications, or any one of a number of others where honest, sincere and painstaking work continues to be done every year. But, of course, to admit such things would not be in keeping with the myth that the Senate is an expensive and useless appendage.

Then there is the myth that the Senate is inhabited by a lot of senile and decrepit old men—and women. Any adult person knows that chronological age has little to do with a man's mental age. Some men are old at 40, others are vigorous mentally at 70 or even 80. Two of the best speeches that I had heard in the Senate up to that time had been made by Senators Farris of Vancouver and Crerar of Winnipeg. They were 80. Their speeches were masterpieces of the spoken language; they were not read and they were delivered with style, conviction and vigour. Or, again, the participations of Senator Roebuck given extemporaneously and frequently, always examples of lucid expression and good form, yet at that time he was in his eightieth year. These are examples of exceptional and able men, but there are many such in the Senate.

There were at that time six women in the Senate, all of whom would fall into that comprehensive and gracious age bracket that we chivalrous men call "mature," but I can unhesitatingly say that the women members of the Senate are a credit to the women of

Canada and represent them in the red chamber with grace and distinction.

One other point worth repeating, before I discuss reform of the Senate, is that the Senate is one of the few places in an increasingly crude and abrasive world where courtesy and graciousness are the rule rather than the exception.

Hon. Senators: Hear, hear.

Hon. Mr. Cameron: Now to Senate reform. Yes, I believe that certain reforms would make the Senate a more vigorous, useful and respected place than it is now, and I give this opinion on the basis of limited experience and observation.

First, I believe there should be some other than a party basis for appointment. The former Liberal Government made a move in this direction or I, for one, would not be in the Senate, though I have always claimed to be a small "l" liberal. However, I believe there should be two types of senators—and I am quoting from what I wrote in 1958, and I wish to modify it later—those appointed from the political parties, from all parties in proportion to their voting strength, and those appointed for distinguished service in the arts, humanities, social sciences, science and public service. Being realistic, I think that the political appointments should predominate, because under our present party system the Government in power, which has the responsibility for governing, must have a core of people who share its views to take the responsibility of piloting the Government's legislation through the Senate.

My view at that time was that out of the 102 seats in the Senate, 80 should be divided among the party appointments, and that the remainder should be on a non-political basis. I am not one of those who deplore partisan and political views sincerely held and freely expressed. I think an injection of political partisanship in the Senate, so long as it is not overdone, adds interest to proceedings in the chamber, and I would be sorry to see a sterile neutrality.

That statement was made in January 1958. I would modify it today by saying that I think appointments to the Senate should be of three kinds: First, I would reserve 22 of the 102 places in the Senate for men and women who have distinguished themselves and made a contribution to Canada in the arts, humanities, business or public affairs, these appointments to be made regardless of party affiliation. Second, of the remaining 80 Senate appointments, 40 should be reserved to the federal Government. Third, the remaining 40 seats should be allocated on the basis of a proportionate population division by the provincial governments.

I recognize that the suggestion I am making with respect to the abolition of the time-honoured method of making Senate appointments is political heresy, and as such may lead to my excommunication and burning at the stake. However, I have sat in this chamber under both Liberal and Conservative governments and one of the things that has pleased me most in the Senate's approach to the dispatch of public business is how little part narrow political partisanship has played.

I am confident that a Senate constituted along lines similar to those I have outlined would not only appeal to the provinces, but no government would have undue cause to fear that the Senate would obstruct its program of sound legislation. It might improve it, but it would never obstruct it on a partisan basis.

In that same article I continued by proposing an age limit. We do now have an age limit in the Senate, and I think that this was long overdue. But, there are some aspects of the present regulations which, in my opinion need modification. I believe there should be an age limit for senators after which they retire on pension—and this is now in effect—or, if they die before that time, their widows should receive the pension. I think the widows are very poorly served in the present circumstances because it must be remembered that many senators—in fact, the great majority of them—gave up, either in whole or in part, earnings far in excess of the $10,000 that they were getting at that time, and the $15,000 that they are getting now, when they entered the Senate. Because of the average session of six to seven months then, and the average session of ten to eleven months now, they are not free to continue their regular employment or business, and they accepted the life appointment knowing that they were protected for as long as they lived.

I went on to say that the age limit should be 75 years, and that has come about. There are many senators who do not need that kind of protection, but we must have some arrangement that makes it impossible for this place to become a haven for none but the rich. It should be open to people of competence, regardless of their financial status.

My next point is still valid. I did not have very much support for it at the time I put it forward, and, in fact, some of my colleagues did not like the idea at all. The Special Committee on the Rules has suggested that senators should not attend the caucus. I am inclined to think the committee is right in that suggestion, and my proposal would help make up for that deficiency. I should like to see a sort of pseudo cabinet on the Government side in the Senate. This would be a group of men and/or women, each of whom would be a deputy for two or more departments of government in the other house. They would be men and/or women who worked closely with the cabinet ministers in the other place, and who would speak for them in the Senate. They would pilot through the Senate the bills received from their ministers in the House of Commons, and they would answer questions on those departments in the Senate.

One of the things that has concerned me during the years I have been a member of the Senate is the fact that the Leader of the Government in the Senate has a very heavy responsibility, because he is the man who has the duty of piloting all Government bills through the Senate. It is true that leaders of the government in the Senate—and this has applied to both political parties—have farmed out those bills to some extent, but I do not think such a procedure has achieved the purpose I have in mind.

The members of this pseudo cabinet would pilot through the Senate the bills emanating from their ministers in the other place, and they would answer questions on those departments in the Senate. To make sure there are lots of questions there should be a brief daily question period. Such an arrangement would make for more interesting work, and a better informed Senate.

Next I should like to see the Senate sit as a Committee of the Whole much more frequently, where in an informal atmosphere members could ask questions of ministers of the Crown, their deputies in the Senate, or other qualified people. If my memory serves me correctly, on only three occasions since I came here in 1955 has this house sat as a Committee of the Whole. The most recent occasion was, of course, when it considered the report of the Special Committee on the Rules, and at which time we had excellent discussions. The first of the three occasions I have in mind was when we discussed the famous pipe line bill. I see no denigration of the dignity of the Senate in its sitting much more frequently as a Committee of the Whole.

We achieve some of the benefits of this practice in the present committees of the Senate, such as those on Finance, Banking and Commerce, and others, but I would like to see the same informality and the same interplay of minds in many more areas of the work of the Senate than we are getting at the present time. Such an arrangement would have a tendency to reduce the number of set speeches—in this respect I have been as guilty as anyone—and would make for a more informal and, I think, more effective and interesting type of debate.

I should like to see the procedures of the Senate so modified that it would sit for five days a week when in session rather than the present three or, at the most, four days a week. By sitting five days a week, even though this would necessitate some committees sitting concurrently, it would mean that the Senate could dispose of the business before it, and then adjourn until more legislation was ready. I believe this practice was followed in Senator Dandurand's day, and I think it could be reinstituted to the benefits of all concerned.

There are among the membership of the Senate some of the leading corporation lawyers, financiers, and businessmen of Canada —men who in their private capacities are playing a vital role in Canadian business. It seems to me that here is a source of skill and talent which could be effectively used for many of the investigations that are carried out by royal commissions. On some occasions, senators have been members of inquiries and commissions, and they have discharged their responsibilities with credit to themselves and their country. Much more use could be made of the Senate for such purposes, and the Senate's value to Parliament and the country would be enhanced.

In conclusion I would say that I have long felt that the Canadian Senate could adopt some of the procedures of the Senate of the United States. In this respect I am thinking particularly of the distinguished committees of the United States Senate, such as those on foreign affairs, banking and commerce, and others. Under our new rules our eight main committees can be of the magnitude and importance of their opposite numbers in the American Congress.

We are passing through troublous times, and the elements of dissension within the

nation are much more serious than the average citizen is aware. This is a time for all Canadians, regardless of party, religion, ethnic origin, and vast regional disparities in economics and resources, to take the larger view, and to concentrate their minds and energies on working out practical solutions which will contribute to the enrichment of life and the unity of the Canadian people.

On motion of Hon. Mr. Leonard, for Hon. Mr. Croll, debate adjourned.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of the Hon. Mr. Argue for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. Malcolm Hollett: Honourable senators, we have been sitting here for a long time listening to wonderful addresses, and it might be wise for me not to speak at this time. However, what I have to say is short because there is very little to be said that has not already been said about this bill to amend the Canada Elections Act.

A majority of Canadian provinces have now lowered the age at which electors may vote in provincial elections, as I think was mentioned yesterday. In Alberta, British Columbia and Newfoundland it is 19 years of age; in Quebec, Prince Edward Island and Saskatchewan it is 18 years. Ontario, Nova Scotia, Manitoba and New Brunswick still require voters to be 21 years old by polling day. It was estimated last August that there are about one million persons between the ages of 18 and 21 who would be eligible to vote if the minimum age for voters in federal elections were lowered to 18 years.

During the past several years private members from all parties now represented in the other place have presented bills to provide that the minimum age of voters under the Canada Elections Act be 18 years instead of 21 as at present. These bills have either been talked out or referred to the Standing Committee on Privileges and Elections, but they have been warmly supported by members from every party.

To give honourable senators an idea of what the people of Canada think, in September 1966 a Gallup Poll reported that of Canadians questioned on the matter 48 per cent favoured lowering the voting age to 18. In April 1967, 64 per cent of adults polled by Gallup in the United States thought that those aged 18 or more should be allowed to vote in national elections. In 1958, in Canada only 33 per cent of the adult population wanted the age lowered, whereas in 1966, as I pointed out, 48 per cent favoured lowering the voting age to 18.

I would also point out that during the lifetime of the 27th Parliament nine public bills were introduced by private members to amend this section of the Canada Elections Act. Six were identical and the others provided that the minimum age for both candidates and electors be 18 years.

I should like to congratulate Senate Argue on the able manner in which he introduced this bill yesterday. I personally—and I speak only for myself—am in favour of this bill to lower the voting age to 18. I could cite many reasons, but I do not want to take up too much of your time. I was born in Newfoundland, the son of a fisherman and a fisherman myself. Long before I was 18 years old I had to work in a fishing boat to help keep the family going. That is also true today of young fishermen and young farmers. They have to work to live. Why should they not be given the right to vote at the age of 18 when they have been working long before that age, and working hard? They have to eat, they have to be clothed, and consequently they have to pay taxes, and I therefore think they should be given the right to vote.

I was overseas during the 1914-18 war and there were with me a good many boys, as I call them, who were 18 and even younger. Some of them got there under age by different ruses. At any rate, there were many who were 18, and many of them stayed over there. I think at this moment of a friend of mine and of yours, a member of this Senate. I refer to the honourable Senator Carter, who was overseas in the trenches with me way back in the 1914-18 war, and he was only 16 years of age. He and many other young fellows were there offering, and in many instances giving, their lives for you and me. Should not these boys have the right to vote? I am sure everyone in this house agrees that if they are expected and ready to fight for their country they should have the right to vote.

Today we have to look at this matter differently from the way in which it was viewed years ago when we were young men. In spite of the things we hear about the youth of today, it has to be admitted that the youth of today is better educated than we were when we were young, not only in mathematics, French and English, but in politics. They are better prepared to examine the problems of governments, both provincial and federal, and for that reason also they should have the right to vote.

I am sure you will all agree with me that if a young man is given a certain responsibility, in 99 cases out of 100 he will measure up to that responsibility. If young fellows of 18 years of age today are asked to consider whether they are in favour of something from a national point of view, or in favour of the government doing this, that, or the other, they will consider it more seriously and more effectively if they know they have the right to cast a vote.

We ought not to hesitate at all on this question. This proposal has been made on many occasions; it has been debated in Parliament and apparently viewed favourably, but for some reason or another it has not come about.

I assert that at the age of 18 every young man and young woman should be given the right to vote, and I hope everybody here will agree with me. In many European countries young people of 18 have the right to vote. Even in the U.S.S.R. they vote at the age of 18. I have here a whole list of countries in which the voting age is 18. If it works satisfactorily in those countries I am sure it would work in our country.

When I began I said that I did not intend to say very much, and I will not. I could speak for a long time on this subject, but what is the point? I agree that we should give our boys and girls the right to vote at the age of 18. There is nothing more to be said about it unless somebody comes up with an argument to show why they should not be given this right. I agree with it and I want everyone here to agree with what Senator Argue said yesterday. I understand he was in communication with the office of the Leader of the Opposition in the other place. I do not want you to forget that. It was the office of the Leader of the Opposition, and not with the Leader of the Opposition. At any rate, he got the impression that the Tories, as he called them, these old Tories, were agreeable. I, as one Tory, am in complete agreement with him. I hope when it gets around to you, that you will vote for this bill.

On motion of Hon. Mr. Willis, debate adjourned.

CRIMINAL CODE (HATE PROPAGANDA)

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, December 17, 1968, the debate on the motion of Hon. Mr. Roebuck for the second reading of Bill S-21, to amend the Criminal Code.

Hon. T. D'Arcy Leonard: Honourable senators, by way of a brief explanation, this bill was debated and came up for second reading on December 17 last. Senator Roebuck spoke to it and Senator Flynn made a few remarks. It is commonly known as the "hate bill". It has been before the Senate twice and was referred to committee, but because of prorogation once and because of dissolution the second time the bill was brought in again, and on December 17 last it received second reading.

Senator Roebuck then moved that the bill be referred to the Standing Committee on Legal and Constitutional Affairs. It was then pointed out to him and to the Senate that that committee had not yet been set up under the new rules. Consequently, Senator Roebuck then moved that the order for second reading and the order of reference to the committee be rescinded. The Senate agreed, and now the committee has been set up. I think the proper procedure is for me, on behalf of Senator Roebuck, to move second reading of the bill, and then it can be referred to the committee that has now been set up.

The Hon. the Speaker: Honourable senators, as the debate has been resumed, I will again put the question on the motion originally moved by the honourable Senator Roebuck and seconded by the honourable Senator Croll.

It is moved by the honourable Senator Roebuck, seconded by the honourable Senator Croll, that this bill be read a second time. Is it your pleasure to adopt the motion?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Leonard, bill referred to the Senate Committee on Legal and Constitutional Affairs.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 23, 1969

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

Prayers.

PRIVATE BILL

THE QUEBEC SAVINGS BANK—FIRST READING

Hon. Maurice Bourget presented Bill S-27, respecting The Quebec Savings Bank.

Bill read first time.

Hon. Mr. Bourget moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1968, pursuant to section 30 of the Government Organization Act, 1966, chapter 25, Statutes of Canada, 1966-67. (English and French texts).

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, January 28, 1969 at 8 o'clock in the evening.

The reason for reassembling at 8 o'clock in the evening rather than at an earlier hour is that our assessment of the requirements of next week indicates this will give us enough time to deal with the business at hand. In accordance with the usual practice, I would like to point out to the house what we conceive to be the business of the house for next week.

When the Senate resumes on Tuesday, we shall continue with the debate on the motion by Senator Molson for adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate. There are still, I believe, a number of senators who wish to speak on this motion.

The debate on the motion for second reading of Bill S-24, to amend the Canadian Elections Act, will be resumed.

We hope to conclude the debate on the motion for second reading of Bill S-26, to prohibit the distribution, sale and importation of hazardous products, and refer that bill to a committee. We shall be debating the second reading today.

I understand there are still some senators who would like to speak on Senator Hayden's inquiry, calling the attention of the Senate to certain sections of the British North America Act and the effect of such sections on the initiation of legislation in the Senate.

A debate on the motion for second reading of Bill S-20, to amend the Copyright Act, was adjourned in December until January 28. It is hoped that this debate can be concluded next week and the bill referred to committee.

There are two inquiries on the Order Paper for next week, one in the name of Senator Croll and the other in the name of Senator Macnaughton. I understand from Senator Macnaughton that we will proceed with that next week and that he has lined up some senators who wish to take part in the debate. It has been on the Order Paper for some time and we look forward to Senator Macnaughton's contribution.

Also on the Order Paper for Tuesday next is Senator Davey's motion for the appointment of a special committee of the Senate to consider and report upon the ownership and control of major means of public communication in Canada. I hope that it will be possible for Senator Davey to proceed.

The Special Committee on Science Policy will meet on Wednesday and Thursday. Senator Croll advises that he expects that the Special Committee on Poverty will hold its organization meeting next week.

The Senate Committee on Legal and Constitutional Affairs will meet to consider Bill S-21, an act to amend the Criminal Code. This is the bill dealing with hate propaganda. In addition I expect to have at least two Government bills introduced here.

I feel it would be desirable if the Senate did not sit on Wednesday next in order to give the committees a chance to catch up with their work.

I understand from the house leader in the other place that the house will not be sitting at least one day next week so as to enable its committees to catch up with their work. Therefore, I think it would be useful for us to

follow the same course so that our committee work can be pursued without interrupting our proceedings here.

Hon. Jacques Flynn: Honourable senators, I merely rise at this time to ask the Leader of the Government what he said concerning Bill S-20, an act to amend the Copyright Act. I think he mentioned that he hoped the debate on this bill could be concluded next week and that the bill would be referred to committee, which suggests to me that the Government is going on with this bill. If so, I suggest that is contrary to what had been indicated by the sponsor of the bill. It appeared to me the last time we discussed this bill that an agreement had been reached between the Government and some of the interested parties that this bill would not be proceeded with. Has there been some new development?

Hon. Mr. Martin: No. I think the Leader of the Opposition has correctly stated the situation. In the light of discussions that were under way, I did not feel that it would be desirable at this time to emphasize that fact. Your interpretation of the situation is correct; I do not believe we will proceed with the bill.

Hon. Mr. Urquhart: Honourable senators, may I add to what the Government Leader has said? It is not the intention of the Government to proceed with the bill, but the bill will stay on the Order Paper until a certain undertaking has been received from the record manufacturers, which they promised to give this week to the Minister of Consumer Affairs.

Motion agreed to.

POVERTY

APPOINTMENT OF MEMBERS TO SPECIAL COMMITTEE

Hon. Leopold Langlois moved, with leave:

That the membership of the Special Committee of the Senate appointed to investigate and report upon all aspects of poverty in Canada be increased to eighteen senators; and

That the committee be composed of the honourable Senators Bélisle, Carter, Cook, Croll, Eudes, Everett, Fergusson, Fournier (Madawaska-Restigouche), Hastings, Inman, Lefrançois, McGrand, Nichol, O'Leary (Antigonish-Guysborough), Pearson, Quart, Roebuck and Sparrow.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 558 to 590, inclusive, which were presented yesterday.

On motion of Hon. Mr. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to presentation of petitions:

Hon. Mr. Croll for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 502, for the relief of Donald John Brunet.

Resolution 503, for the relief of Norman Grant.

Resolution 504, for the relief of Harvey Lloyd Raves.

Resolution 505, for the relief of Ray Alexandra Boa Smith.

Resolution 506, for the relief of Daphne June Knapp McCullough.

Resolution 507, for the relief of Claude Lemire Marsolais.

Resolution 508, for the relief of Jules Trempe.

Resolution 509, for the relief of Mariette Smith Laporte.

Resolution 510, for the relief of Francis John Hayes.

Resolution 511, for the relief of Viola Rachelina Princi Campbell.

Resolution 512, for the relief of Jean Dorothy Bell Neilson.

Resolution 513, for the relief of Sheldon Allan Malley.

Resolution 514, for the relief of Marie Carmella Clairette Ratelle Souliere.

Resolution 515, for the relief of Caser Martin Leutschaft.

Resolution 516, for the relief of Colin John McNeill Bowie.

Resolution 517, for the relief of Janice Partington La Vallette.

Resolution 518, for the relief of Elizabeth Anne Ruta Smith.

Resolution 519, for the relief of Jean Guy Ladouceur.

Resolution 520, for the relief of Raymond Alexander Gordon.

Resolution 521, for the relief of Conchetta Maria Catazone Leakey.

Resolution 522, for the relief of Marthe Simard Dontigny.

Resolution 523, for the relief of Judith Anne Theobald Wyles.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Croll: Honourable senators, I move that these resolutions be placed on the Orders of the Day for consideration on Tuesday next.

Motion agreed to.

HAZARDOUS PRODUCTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill S-26, to prohibit the advertising, sale and importation of hazardous products.

He said: Honourable senators, I am sure that the title of this bill will sound familiar to most of you, especially the members of the erstwhile Senate Committee on Banking and Commerce, just as it did to me when first brought to my attention. The reason for that is that Bill S-26 is very similar to another bill, numbered S-22, which was introduced in the Senate on October 31, 1967, and which, after substantial amendment in committee, was passed by the Senate on January 31, 1968, approximately a year ago.

Hon. Mr. Choquette: Are there any changes?

Hon. Mr. Carter: I am coming to that matter.

Unfortunately, Parliament was dissolved before the previous Bill S-22 was given second reading in the other place. Consequently, it died on the Order Paper. Part of it is now being reintroduced in an expanded form in the bill we now have before us.

The similarity between the present bill and the former one posed a problem for me when preparing my presentation, because the principle and purpose of both bills were similar and had already been approved and passed by the Senate. My problem, therefore, was to decide how far I should go in repeating the arguments I made on presentation of that Bill S-22. I felt that, since this bill had already received a considerable amount of publicty in the press and over the radio and television, I ought not to take up too much time repeating what I had already said on a previous occasion, and which is available for perusal in the records of this chamber.

Although the two bills are similar, there are some very important differences. For example, Bill S-22 of the last session was entitled: "An Act to prohibit the sale and advertising of hazardous substances, to amend the Food and Drugs Act and the Narcotic Control Act and to make a consequential amendment to the Criminal Code". This bill is simply entitled: "An Act to prohibit the advertising, sale and importation of hazardous products".

Honourable senators will recall that the former Bill S-22 was in two parts. Part I banned outright the sale and advertising of hazardous substances, and Part II consisted of amendments to the Food and Drugs Act, the Criminal Code, and the Narcotic Control Act. The most important amendments in Part II of the former Bill S-22 were those which transferred the control of contraceptives from the Criminal Code to the Food and Drugs Act. Honourable senators will note that the present bill contains no reference whatsoever to contraceptive devices. I understand that the amendments contained in Part II of what was Bill S-22 will be contained and presented in a separate bill. The bill that is now before us relates only to Part I of what was Bill S-22, and this is in line with the transfer of administrative responsibilities which has taken place in the interval. The administration of legislation dealing with hazardous products now rests with the new Department of Consumer and Corporate Affairs. When Bill S-22 was introduced in 1967 that responsibility rested with the Department of National Health and Welfare. It is felt that control of products like contraceptives, which are related to health and welfare, should remain the responsibility of the Department of National Health and Welfare, and that is why they are not covered by this bill.

Hon. Mr. Thorvaldson: I suppose they are no longer deemed to be hazardous substances.

Hon. Mr. Carter: That is right—they are not hazardous products.

A comparison of the two titles shows that the scope of the present bill has been enlarged to apply to hazardous products, instead of hazardous substances to which the former Bill S-22 applied, and also to prohibit the importation, advertising and sale of those products. Because Part II of Bill S-22 of the last session is not included in the bill now before us, which is a separate act dealing solely with the control of hazardous products, there have been some consequential changes in wording. For example, the words "Part I" in former Bill S-22 have been replaced by the words "this Act" in the present bill. Although it is a separate bill, it will be easier to understand I think, if we regard it as an expanded version of Part I of Bill S-22 of the last session.

Honourable senators will recall that the old bill was given prolonged, detailed and careful consideration by the former Standing Committee on Banking and Commerce at three separate sittings. As a result of all that consideration the bill was greatly improved, and was reported back to the Senate on January 24, 1968, with a number of amendments which were subsequently approved and passed by the Senate. Most but not all of those amendments have been included in the bill now before us. In some cases there have been slight changes in phraseology, but the intent and meaning of the amendments remains unaltered.

With those preliminary remarks, honourable senators, I would now like to deal with the individual clauses. I think these can best be explained by a clause-by-clause comparison with the former bill.

In clause 1 of the present bill, the phrase "hazardous products" has replaced the words "hazardous substances" in the old bill. In addition to chemicals, glues, household cleansers, bleaches and polishes, which are generally classified as substances, the word "products" extends the scope of this bill to include such articles as matches, flammable textiles, mechanical toys, electrical appliances, lawnmowers etc.

It will be appreciated that before regulations can be made with respect to these kinds of articles, satisfactory minimum standards will have to be established. This will require the accumulation of a great deal of technical data and advice, as well as consultation with industry and scientific experts.

When clause 2 of the old bill was being considered in committee, Mr. A. L. Copeland, President of the Canadian Manufacturers of Chemical Specialties Association, presented a brief in which he pointed out that the phrase "or other disposition" in paragraph (a) would prohibit disposition of hazardous substances such as garbage by waste. To overcome this difficulty the committee amended paragraph (a) of that clause by inserting after the word "disposition" the words "to the general public". This amendment was accepted and passed by the Senate. However, this amendment is not included in the bill before us. I made inquiries and was informed that the amendment had been omitted because there was some difficulty in formulating a precise definition of "general public". For example, if a person advertised by certain literature through the mail to a special group such as doctors, there would be some question whether he would in fact be promoting directly or indirectly to the general public.

This problem of disposal is very important. For example, it could very well be that a shopkeeper or salesman could be left with thousands of dollars worth of fabrics which had been purchased for the manufacture of clothing, but because of its flammable characteristics it could no longer be used for that purpose and under Part I of the Schedule would be banned outright, even though it might be useful for another purpose. It may also be possible to solve this problem by means of a special regulation under clause 7. These are points that can be developed further when this bill is being considered with the Senate Committee on Banking, Trade and Commerce, as I propose to make such a motion when this debate concludes.

Paragraph (e) of clause 2 is consequent upon the transfer of administrative responsibility to which I have already referred, and the other paragraphs of clause 2 of the present bill are substantially the same as approved and passed in Bill S-22.

Clause 3: When the former bill was before the Committee on Banking and Commerce the committee amended this clause by adding, subclause 4, imposing a time limit. This amendment has been retained. Clause 3 is identical with that of the old bill which was approved.

Clause 4: When the former bill S-22 was being debated in this chamber Senator Hollett and some other senators raised the question that the wording of the clause did not ensure

that an inspector would be duly qualified for the duties imposed upon him by the act. This point was supported also by Mr. Copeland in his presentation to the Committee on Banking and Commerce. After a great deal of consideration the committee amended clause 4, as set out on page 749 of Senate *Hansard*, of January 24, 1968. In fact, all the amendments made in the Banking and Commerce Committee, and the excellent elucidation of them given by the chairman, Senator Hayden, in his usual outstanding manner, can be found in this same volume of Senate *Hansard*, pages 749 to 753, inclusive.

The amendment made in committee a year ago and passed by the Senate reads as follows:

> 3. Page 2: Strike out clause 4 and substitute therefor the following:
>
> "4. (1) The Minister may designate as a hazardous substance inspector any person on the staff of the Department of National Health and Welfare who, in his opinion, is qualified to act as an inspector.
>
> (2) A person designated an inspector pursuant to subsection (1) shall act for such time as he is employed in the Department of National Health and Welfare or for such time during the period of such employment as the Minister may specify."

Honourable senators will note that clause 4 of the bill before us differs considerably from the amendment I have just read. The original clause 4 in Bill S-22 simply followed the standard procedure which is commonly used in drafting legislation of this kind. As pointed out by Senator Hollett and others, the standard procedure in defining inspectors is not altogether satisfactory, and on examination it was found that the amendment proposed by the committee was also not entirely satisfactory, because it was not considered to be sufficiently flexible. It appears that under this legislation an inspector may be required to perform two different kinds of duties, the first one being the ordinary duties of inspection which would require a satisfactory level of technical skill and knowledge, the other being simply to perform the act of seizure of goods that are already known to be hazardous. For example, we know that jequirity beans are poisonous, and we also know that necklaces made of these beans had a fairly wide distribution before people became aware that they were dangerous.

Only a short while ago I read in one of the Ottawa papers that one of these necklaces had recently come to light after being in a family for a great many years. Supposing, for the sake of argument, a package of these necklaces or some other articles or substances of a similar nature came to light in a remote community where the people might not be very well informed about their dangerous nature. It would be necessary to seize these articles as quickly as possible. Since time is of the essence, it is obvious that the quickest way to have them seized would be to appoint a local policeman or the nearest R.C.M.P. officer as an inspector under this clause so that he could carry out the seizure. Perhaps the Banking, Trade and Commerce Committee will be able to give some better solution to this problem when this bill is before it.

I am told that the problem of devising a suitable legal definition for inspectors is a matter of some concern, and it might be that the best solution to this problem would be to pass a separate bill relating only to inspectors, their qualifications, powers, et cetera, to which reference could be made in legislation such as we now have before us.

Clauses 5, 6 and 7 are practically identical with the same clauses in the former Bill S-22, which were approved by both the committee and the Senate.

Clause 8 gives the Governor in Council authority to add to or delete from either Part I or Part II of the Schedule. This power was included in the old bill S-22, but there seemed to be a difference of opinion in committee as to whether there was also power to transfer a product from Part I of the Schedule to Part II of the Schedule and vice versa. The present wording is intended to clarify this point.

Paragraph (a) of clause 8 of the present bill is practically the same as the old clause 4 in Bill S-22, but paragraph (b) of clause 8 is new. It represents the additional scope contained in this bill by including such categories of goods that may be hazardous but which would not be included in the category commonly known as "substances". Subclause 2 of clause 8 is also new and self-explanatory.

Clause 9 is new, and provides for the setting up of a board of review to which appeals can be made with respect to substances added to either Part I or Part II of the Schedule. The procedure, as I understand it, is that the Governor in Council first makes an order that a substance or product be added to the

Schedule. After that is done, the manufacturer, distributor or a person who has the product for sale may request that this board be set up to hear any representations they wish to make as an appeal against the order of the Governor in Council.

When Bill S-22 was under debate Senator Roebuck inquired as to whether there was any provision or procedure whereby a manufacturer or salesman could submit a product to a department and have it certified in advance as to whether that product was or was not a hazardous product within the meaning of this legislation. As I explained to Senator Roebuck when concluding the debate on second reading on November 6, 1967, there is no reason why any manufacturer should not seek an opinion from the department as to whether his product was likely to be placed on Part I or Part II of the Schedule, or whether his method of selling or advertising that product was considered likely to contravene the provisions of this legislation, as such opinions are now given on request in connection with food and drugs and this practice had proved to be a very useful adjunct to the overall administration of that legislation.

However, I also pointed out that this would be an opinion only and would in no way be binding on the department, because if circumstances warranted the addition of a substance or product to any part of the Schedule, the administering department should not be inhibited in doing so, by any prior licence, opinion or other assurance that it may have given to the producer or distributor with respect to that substance.

Clause 9 also sets forth the duties and powers of the Board of Review, and requires a report to be made and published unless the public interest is better served by withholding such publication.

Clauses 10, 11 and 12 correspond to clauses 9, 10 and 11 of the former Bill S-22, and the wording is identical with these clauses as passed by the Senate on January 30, 1968.

Clause 13 is also a new clause. It deals with the trial of offences, and is self-explanatory.

Clauses 14, 15 and 16 correspond to and are identical with clauses 12, 13 and 14 of the former Bill S-22, as amended in committee and approved by the Senate. Clause 16 refers to subclause 2 of clause 3, which in turn deals with Part II of the Schedule listing the products subject to control. This clause comes into force on proclamation. I presume this is to provide time for the regulations to be formulated and proclaimed at the same time.

Subclause 1 of clause 3, which deals with Part I of the Schedule, made up of products of which the sale, advertising and importation are prohibited outright, comes into force immediately this bill receives Royal Assent.

The Schedule is divided into two parts. Part I, as I have already pointed out, sets forth the various groups of hazardous products, the importation, advertising and sale of which are completely prohibited under subclause 1 of clause 3. Part II consists of those groups of hazardous products the importation, advertising and sale of which are subject to control by regulation. The Governor in Council has power under clause 8 to add to or delete from either Part of the Schedule or to transfer from one Part to the other. The Banking and Commerce Committee practically rewrote sections 2 and 3 of Part I of the Schedule in the former bill, and these amendments have been retained in the present legislation. Both parts of the Schedule are therefore identical with the Schedule approved and passed by the Senate on January 30, 1968.

Honourable senators, the fact that Bill S-26, which we now have before us, is so similar to and yet in many ways so different from the former Bill S-22, has complicated rather than simplified my task of explaining it to you. To save time and avoid unnecessary repetition, I have refrained from making comments on those clauses and on the Schedule which the Senate approved as part of the previous Bill S-22 and which have been retained in the present legislation either intact or with minor consequential changes in wording. However, if senators wish to have further information on these clauses, I would refer them to the debate which took place on Bill S-22 and which can be found in Senate *Hansard* of November 1, 1967, pages 341 to 346, inclusive, and in Senate *Hansard* of November 6, 1967, pages 406 to 412 inclusive.

Senator Hayden's speech, explaining the amendments made in the Committee on Banking and Commerce, can be found in Senate *Hansard* of January 24, 1968, pages 749 to 753, inclusive; and the Minutes of the Banking and Commerce Committee can be found in Proceedings nos. 13, 15 and 22, dated November 22, 1967, December 6, 1967 and January 24, 1968, respectively.

When the former Bill S-22 was before the Senate a year ago, the question was raised as to whether this type of legislation was really necessary, in view of the fact that when emergencies have arisen in the past through poisonous products getting on the market the problem seems to have been dealt with satisfactorily through publicity and persuasion. In reply to this argument, I would refer honourable senators to the brief presented to the Banking and Commerce Committee on December 6, 1967 in connection with Bill S-22. On this particular point, Mr. Copeland had this to say:

> The association, though preferring a voluntary industry approach to the elimination of deficiencies which the bill is designed to offset, appreciates that it has been unable to obtain the voluntary adherence to the labelling code of all household products manufacturers in Canada who are not members of the association.
>
> The association, therefore, appreciates the need for legislation which will enable the establishment of regulations covering the proper labelling of hazardous household products; and also the authority to remove from sale those hazardous products which are improperly labelled according to regulations, providing that there be a right of appeal.

He then went on to point out that legislation alone will not be sufficient to solve the problem completely and that a program of consumer education will also be required. Such a program, I understand, is already in the process of being developed by the Department of Consumer and Corporate Affairs. Honourable senators will appreciate, however, that there is only so much the Government can do in this area because in the final analysis much will depend on the good judgment, carefulness and common sense exercised by each individual.

In his evidence before the Committee on Banking and Commerce on November 22, 1967, Dr. Crawford, Deputy Minister of National Health and Welfare, stated that the former Bill S-22 had been discussed with the members of the Dominion Council of Health on November 16 and 17, 1967. He went on to say, and I read:

> I do want to report to you that those members, consisting of the deputy ministers of health of all provinces, were unanimous in their opinion that such legislation was in fact desirable and required.

At that same committee meeting Dr. Crawford was asked how his department had dealt with the emergencies that had resulted from the appearance on the market of necklaces made from the poisonous jequirity beans and the plastic ice balls from Hong Kong which contained contaminated water. In reply to that question Dr. Crawford stated as follows:

> Well, we had to deal with the provincial departments on this. We telephoned and telegraphed and told them of the hazard which was in their shops and they dealt with it provincially. This is how we had to handle that situation. Of course it was a pretty time-consuming process.

Here, honourable senators, it should be stressed that this bill is not limited to hazardous products imported into this country, which are relatively few, but that its main purpose is to safeguard the public from all sorts of hazardous products now on the market, many of which are already manufactured in this country, and also to protect the public from those new hazardous products which will be manufactured in the future. It is therefore necessary for the authorities to be able to act swiftly whenever the necessity arises.

In my presentation of Bill S-22, I pointed out that in 1964 there were 720 cases of poisoning from a common bleaching preparation and 217 more attributable to a household drain and pipe cleaner. The latest grim statistics for accidents in the home in 1966 show that 757 resulted from falls, 561 from fires and explosions, 327 from suffocation, 275 from poisoning and 264 from firearms and other causes.

Honourable senators, the principle of this bill is to extend public safety. This principle is already embodied in the Food and Drugs Act, the Pest Control Products Act, the Explosives Act and the Atomic Energy Control Act. The bill before us is an extension of that principle in that it applies to products not yet covered by other legislation.

Since I introduced Bill S-22 a year ago, there have been a number of fatalities among young children due to glue sniffing. Glue is one of the products listed in Part II of the schedule, and will be controlled by this legislation; but this present bill is broad enough to include also such articles as defective electri-

cal appliances, lawn mowers and things of that kind. This legislation is urgently needed and I strongly recommend it to you for your support.

On motion of Hon. Mr. Fournier (Madawaska-Restigouche), debate adjourned.

INTER-PARLIAMENTARY UNION

FIFTY-SIXTH ANNUAL CONFERENCE IN LIMA, PERU

The Senate resumed from Tuesday, December 17, 1968, the adjourned debate on the inquiry of the Hon. Mr. Dessureault calling the attention of the Senate to the 56th Annual Conference of the Inter-Parliamentary Union, held in Lima, Peru, from 5th to 13th September, 1968, and in particular the discussions and proceedings of the meetings and the participation therein of the delegation from Canada.

Hon. Allister Grosart: Honourable senators, though I was not a member of the Distinguished Canadian delegation to the Inter-Parliamentary Union Conference at Lima, Peru, I am taking this opportunity to make a few remarks arising out of the report presented to us by our delegates who were there. I refer particularly to the reports that we had from Senator Dessureault and Senator Thorvaldson. I presume that in due course we will be receiving a report from Senator McDonald, who is temporarily absent from the chamber.

I should say perhaps that both Senators Dessureault and Thorvaldson have very distinguished records in the affairs of this conference. Both have on several occasions been leaders of Canadian delegations. Senator Dessureault has been additionally distinguished, being the first Canadian member of the Executive Committee of that organization.

I thought I would mention these accomplishments of our colleagues because reports I have had on this conference make it very clear that it was a most important conference and that the contribution made by the Canadian delegation, headed in this case by Mr. Grant Deachman, was a very outstanding one. In saying that, I am not just paying the usual compliments. There have been a good many reports indicating that the Canadian delegation made perhaps a greater contribution than any other at this particular time.

I particularly want to compliment the senators on the fact that they have arranged to have the report of the Canadian delegation published as an appendix to our *Hansard*. I say this because, in order to put the conference into proper context, I found that I had to read publications published in other countries. I am glad to say that the delegates from the Canada-United States Interparliamentary Group initiated this very useful way of reporting, giving a full report of their deliberations in our *Hansard*. I believe that Senator Macnaughton will within a few days add considerably to the report of that particular group.

I think it is important to mention these facts because it seems to me that one of the great deficiencies in the recognition of the work of Canadian parliamentarians in international affairs over the years has been the lack of reporting of what they have accomplished. It is regrettable, to me at least, that such conferences are not the subject of report and debate in the other place. Indeed, in many cases I find that the only report of these important international conferences and of the participation of Canadian delegations is to be found in the reports made by individual senators in this chamber. I deplore the fact that the ministries, the Governments over the years, have not themselves taken the initiative in drawing attention to the participation of Canadian parliamentarians in these conferences.

The report presented by our senators here on the IPU does not of course tell the whole story of the Canadian success at that time—obviously for reasons of modesty. However, I repeat that it is unfortunate that we do have to go to publications in other countries to find out what Canadian parliamentarians are doing.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Grosart: There is abundant evidence that the participation of Members of Parliament, from both chambers, is becoming an increasingly important and effective instrument in dealing with world problems.

If I may take a moment, I will put that in a broader context by saying that it is obviously a truism to say that to some extent in Canada we are victims of our history in this regard. For most of that history we were colonials. The conduct of our international affairs was, for most of our history, in the hands of European nations, first France and then the United Kingdom. Even our spectacu-

lar participation in two world wars was to quite an extent at arm's length from the people. We spoke of our troops going "overseas". The wars were "over there."

I think it is fair to say that in general our Canadian attitude may have been that expressed by Sir Winston Churchill in his famous phrase about "the New World coming in God's good time to the help of the old." There are reasons, of course, for the change—and I would call it a sudden change—in Canadian public opinion about the importance of Canadian involvement in world affairs. We know the reasons. They are easy to trace. In the forties there was that apparently inexorable movement of the Iron Curtain westward across Europe, a movement which I think we should never forget was stopped in its tracks by NATO. Since the formation of NATO not one single foot of new territory of Western Europe has gone behind the Iron Curtain, and I am sure the people of Czechoslovakia today fervently wish that the NATO front line had swung around their country from West Germany prior to some recent events.

It amazes me that we still have isolationists among us who tell us that our membership in NATO is merely a European involvement. They forget that those initials stand for North Atlantic Treaty Organization and that the front line stretches from Turkey to our Canadian shores. Another reason for the increasing Canadian awareness of our involvement in world affairs is Cuba. We woke up one morning to find that hostile nuclear missiles were located in an area close to Canada's own shores, where many Canadians have spent winter holidays and in an area where many Canadians have homes. Above all, there came to Canadians the realization that the cornerstone of our foreign defence policy today is the fact that if a war breaks out between the two most mutually suspicious nations in the world, who happen also to be the two most powerful, the battleground will not be the Low Countries, the Balkans or Belgium, the small countries of Europe, but big Canada.

I suggest that against this background it is worth considering the increasing importance of the role that parliamentarians can play and are playing in helping to solve today's world problems. Sometimes I seem to hear the people of Canada saying to parliamentarians, "Get into this international business; don't leave it all to the government; don't leave it all to professional diplomats." I sincerely believe that recent developments—and I stress the word recent—in the activities of Canadian parliamentarians in world affairs constitutes possibly a third channel of action and communication in this area. The first and second channels are, of course, government-to-government relations, and the professional diplomatic relations.

There are limitations, of course, to what parliamentarians can do, but I would suggest that there is also a very great potential which is only just being realized and which in the future will become increasingly more important and may even in time make a more important contribution to world peace than what is being done in the other channels. This is evident in reports such as we have had on the IPU. In my view that report is worth reading and re-reading because to those who have been at some of these international conferences it is amazing the extent to which the same basic problems are discussed and the same basic solutions arrived at.

As I have said, I regard these as a recent development. It is rather interesting to look at the history of these parliamentary conferences. The IPU itself is 56 years old but the conference on which we had the report and which we are discussing today was only the ninth in which Canada has participated since that long and inexplicable break of 33 years from 1927. I think we ceased to participate in 1927 and did not take up our membership again until 1960.

Hon. Mr. Martin: How old is the organization?

Hon. Mr. Grosart: The meeting which we are discussing is the 56th, and I presume these meetings have been held annually since then.

Hon. Mr. Dessureault: It was founded in 1889.

Hon. Mr. Grosart: The honourable Senator Dessureault tells us that the organization began in 1889. But to support my suggestion that the present level of Canadian interest is something very recent, I point to that long break. We were affected in those years by continental isolationism which is something to which Canadians living on this great land mass, close to our American neighbours, are always susceptible. We have over the years looked to the Monroe Doctrine as protecting us. We looked to the close territorial and eco-

nomic connections with the United States as protecting us. Yet, we see the possibility of the next world conflagration if, God forbid, it should happen, being between the United States and the U.S.S.R. and we know that we will have to look to our immediate neighbour for our defence.

A comment that is often made, and I do not think it is always an informed comment, is that no one knows how effective these conferences of parliamentarians are or what they accomplish. Are they just jaunts? Are they just visits? Are they just talk-fests?

Honourable senators, I think anyone who has been at recent conferences will agree with me that the trend is away from that. I do not know what the situation was years ago, but I do know that I have noticed the trend away from the social activity, the talk-fest, towards a determination to reach some conclusions. There is no better example of that than the agenda of this recent Inter-Parliamentary Union meeting.

As Senator Dessureault summarized the agenda in our *Hansard* of December 10 last, perhaps I might draw attention to the four main points, and on all of these there were very full resolutions passed by the Union.

The first deals with the inadmissibility of intervention in the domestic affairs of other states. We are told that when the IPU endorsed that resolution the parliamentary representatives of the Warsaw Pact countries walked out. I would like to hear more about that. I would like to learn whether they stayed out, and whether in the social contacts afterwards they explained why they had walked out. Was it on instructions from their governments? Had they any regrets?

I hope that every one of such Inter-Parliamentary conferences will pass similar resolutions, and if there happens to be present members of those or other countries who have been guilty of raw aggression, that they will walk out. If enough parliamentarians walk out of these conferences, they will eventually get the message back to their governments that parliamentarians all over the world find this kind of action detestable.

I think the converse of that is that one might hope our own delegations of parliamentarians coming back will be given a much greater opportunity to get the message through to our governments. I am sure the honourable Leader of the Government knows that I am not speaking of any particular government; this is a situation that has gone on for some time. I see no mechanism for parliamentarians reporting back to our governments the views and opinions of other parliamentarians around the world on Canadian policy.

Hon. Mr. Martin: Might I suggest, by way of a question: Does the honourable gentleman not think that the new Committee on Foreign Affairs might be one of the vehicles by which this could be done?

Hon. Mr. Grosart: I would entirely agree with the Leader of the Government on that. I was very interested to hear him give a broad outline of the program that he has in mind for the Foreign Affairs Committee. I would hope, of course, that the elements of that program would not be a mere extension of what we have been doing in the past. I am one of those who believe that in this area of foreign affairs a second chamber—I prefer that expression to "upper chamber"—has a special adequacy in dealing with foreign affairs. In this second chamber, generally speaking, we have the time, the detachment, and, as I have indicated and it is abundantly clear, the experience and the expertise. We also have that permanence of appointment, which is not necessarily a national asset in itself but which could and, I think, should be made a national asset. We all know the steps we would like to see taken in that regard, and I may have something more to say about that in a moment or two.

To revert to the point I was making, I hope that there will be recognition of the fact that these parliamentarians' conferences are not just some relic of the past. The interesting fact is that in the last year there have been three major expansions of this concept.

The first has been the establishment of—if honourable senators will excuse my French, because there is not an English version of the title—l'association internationale des parlementaires de la langue française. This is the organization of French-speaking parliamentarians which held its first meeting last year. Canada has taken a prominent part in that and will again be represented, I understand, at the next meeting, in the fall, in Tunisia.

Secondly, as honourable senators know, there has now been set up for the first time an Inter-Parliamentary Relations Branch, a part of the operation of the Offices of the Speakers. Mr. Ian Imrie is head of the

branch, Colonel T. G. Bowie is his deputy, and Miss Jean Macpherson an officer. I believe she was secretary to the Canadian delegation to the IPU and, from what I have heard, a very competent one.

The third development, which I understand His Honour will be greatly involved in, is a conference of Commonwealth Speakers, the first ever to be held. I understand that His Honour has sent out invitations to the Speakers of the various upper chambers to attend. We are all proud to learn that His Honour will be taking a very prominent part in that first conference of Speakers of the Parliaments of the Commonwealth.

I think another indication of the extent of parliamentary concern in international affairs is the fact that very recently, for the first time, we have had backbenchers taking off from Canada and other countries, and flying thousands of miles to show their concern over the problems of a comparatively small tribe on the west coast of Africa. I suggest this is a recent development and is one which is growing in importance. I hope that such action will be given greater encouragement, with more opportunity to report, and that in some way our parliamentarians will be given the ear of the Government.

Reverting to the resolutions I mentioned earlier, the next will interest Senator Lamontagne particularly, because the second of the four important items on the agenda was:

> Parliament's role in the elaboration and control of national science policy.

A very important point made in the resolutions is that individual parliamentarians have a responsibility in respect of the science policy of our governments. The conference was saying: "You cannot just leave science policy to the Government. It must be the concern of all parliamentarians". Parliamentarians must be concerned particularly in such matters as that to which the honourable Leader of the Government (Hon. Mr. Martin) referred the other day, the Nuclear Non-Proliferation Treaty. He brought it before us, as one of the Houses of Parliament, but I do not know to what degree it will be debated. Speaking for myself, I am sorry that it was brought before us in this rather perfunctory or casual way. Very often no attempt is made to develop debate on these matters. Perhaps this is our own fault in that we do not take advantage of the opportunity.

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The Nuclear Non-Proliferation Treaty is an indication of the continuing leadership Canada is giving in this broad field, but I have my own reservations about the haste with which Canada signed it. I would have preferred that we waited until all the depository powers had signed it. I have some reservations about the fact that we have tied our hands in respect to other nations in the matter of the civilian development of nuclear explosions.

Hon. Mr. Martin: I should like to tell the honourable senator that I fully agree with him. We should discuss this matter. I raised it the other day in the hope that we might have a discussion of it. One of the functions of the Senate, in my opinion, is that of discussing such treaties. I do not think the Government of Canada has concluded a more important international engagement in a long time, and there is nothing to prevent our having a full discussion on it.

Hon. Mr. Grosart: I agree with the honourable Leader of the Government. I am criticizing myself at this particular moment. I know that I should have risen to speak at that time, but I was not ready. The fault is mine, and I am criticizing nobody but myself. This is a matter I should have raised at that particular time, and I mention it now only in passing.

The honourable Leader of the Government is well aware, I am sure, of the civilian aspect to which I refer, but I repeat that I am convinced that the early Canadian signing, even though it may have a potential of some serious limitations in the future, is in keeping with the image of Canadian foreign policy for which the honourable Leader is entitled to a great deal of credit—the image of Canada taking the lead among the nations on anything that will promote peace.

I have very little more to say on these resolutions, but I should like to draw attention to the third and fourth resolutions which indicate, as I said earlier, that the discussions at these meetings of parliamentarians concern the most vital problems facing the world today.

The third resolution reads:

> Colonialism, neo-colonialism and new forms of racial, religious, political and economic discrimination.

I was interested in the adjective "new". I wondered what are the "new forms of discrimination," but when I looked into the resolutions I understood what was meant. They were referring to the monopoly control of world trade by the developed industrial nations. The manner in which it is being carried out is creating among the new nations a form of economic discrimination which, as Mr. Pearson, the former Prime Minister, said only yesterday, may lead within ten or twelve years to an international catastrophe. That was Mr. Pearson's comment on the conduct of this monopoly control that the Western industrial nations are intent on maintaining in world trade.

Canada has given some leadership in the field, but I regret the stand that Canada has taken in regard to preferences for the products of some of the developing countries. I know why we have taken that stand, but I know also that it has been misunderstood abroad. In spite of the reasons we and others have given, the developing countries continue to insist that in their view some form of trade preference is an essential part of the narrowing of that gap that threatens us with the catastrophe of which Mr. Pearson spoke.

The fourth main point in the resolutions of the IPU concerned the provision of aid to developing nations, and here I am again wondering if the message will be carried back to our own Government. I wonder what mechanism there is, for example, for this very fine delegation that attended this conference to come back and tell our Government once again that a very powerful, influential, effective, and thoughtful international body has said: "You must stop tying your aid." I wonder if the Government has been told that.

I am fully aware that there are two sides to this question. I know it would mean some considerable economic sacrifice to untie our aid, but the fact remains that every detached body that has looked at this problem has said: "The donor nations must untie their aid." I shall not go into further detail as to why we insist on tying our aid. I know that there is an escape clause because of the problem we face in respect of our balance of international settlements, but I would hope that the message from Lima, Peru, will be carried to our Government.

Honourable senators, I have said that I feel a second chamber such as this is in a unique position to make a contribution in this particular area. I mentioned the fact of permanence of appointments, and I conclude by saying that I hope those who have responsibility in this matter will so exercise it that this special feature of our tenure of office here will become a national asset, which it can be, and not a national liability, which it also can be and which some think it is. I see hope for developments—I will not say "constitutional developments"—which will in the very immediate future make the Senate, this House of Parliament, a body which has the respect and esteem of the parliaments of the world.

NORTH ATLANTIC ASSEMBLY

FOURTEENTH ANNUAL CONFERENCE AT BRUSSELS, BELGIUM—DEBATE CONTINUED

The Senate resumed from Tuesday, December 17, 1968, the adjourned debate on the inquiry of Hon. Mr. Aird calling the attention of the Senate to the Fourteenth Annual Conference of the North Atlantic Assembly held at Brussels, Belgium, 11th November to 15th November, 1968, and in particular to the discussions and proceedings of the conference and the participation therein of the delegation from Canada.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I hesitate a little to resume the debate after the speech we have just heard, because my topic is somewhat in the same vein—our external relations—as I intend to deal with our participation to the annual NATO assembly, held in Brussels from November 11 to 15 last.

It was only at the insistent suggestion of several of my colleagues that I agreed to be a member of the Canadian delegation to the meeting of the NATO Assembly held last November in Brussels. Those colleagues assured me that the meeting would have particular importance because of the events in Czechoslovakia and that therefore it could be a most useful experience. I must admit that they were right.

I would keep you a long time if I were to tell you about all the impressions and convictions I brought back from my trip. But, have no fear, I shall limit myself to those points I feel are essential.

As a preliminary remark, I should like to say that I agree with Senator Aird about the role played by the Canadian delegation.

It fulfilled its obligations brilliantly and I believe it created a strong impression on the delegates from the other member countries. This was due, in the main, to the members of the delegation, but also to the drive and the competence of the leader of the delegation, our colleague, Senator John Aird. The delegates were unanimous in praising the way in which he led their work.

I also share the feelings of gratitude expressed by Senator Aird to Mr. Peter Dobell, director of the Parliamentary Centre for Foreign Affairs and Trade. The help he gave the delegation contributed greatly to its efficiency.

Before dealing with the main themes of the deliberations of the Assembly, I should like to say a few words about the visit the delegation made to West Berlin where we were the guests of the local German authorities.

This short trip of less than two days nevertheless impressed me greatly.

I wonder how many Canadians know that Berlin remains, constitutionally or legally, in the same situation as it was at the time of the allies' victory in 1945, over 23 years ago. Berlin is still under military occupation by the four allied great powers: the United States, Great Britain, France and Russia. It is still divided in four sections where each of these powers maintain its own occupation troops. East Berlin is, of course, the Russian sector. Do people know generally that this is why only airplanes of the countries which have occupation troops there can go to West Berlin? Do people even know that Lufthansa aircraft, for example, cannot land at the West Berlin airport?

The wall, of course, is the main attraction for casual visitors. What strikes us is not mainly that dull wall but what it means to keep it there. When we remember the prospects for an easing of tension which appeared to be bright in the spring of 1968 and which the occupation of Czechoslovakia has so deeply shattered, the wall of shame should have been a warning to us and it must remain one against the illusion of a forthcoming détente. I am not suggesting that we should give up that objective. The pursuit of an easing of tension and the maintenance of a deterrent force are not conflicting objectives. What I am saying is that the maintenance of the wall is evidence that the authorities of the Warsaw Pact, of East Berlin more perhaps than Russia itself, are not ready to take a chance on an ideological confrontation between the East and the West, the essential requirement for a true easing of tension or at least for peaceful coexistence. This confrontation attempted in Czechoslovakia showed that after 50 years of bolshevism, in spite of scientific and even economic progress, the inborn love of freedom and the desire for liberalization, that broke out in Czechoslovakia and would truly like to reveal themselves in Russia and elsewhere, are the most serious threat to Soviet dictatorship and imperialism.

This brings me naturally to one of the most debated questions in the North Atlantic Assembly, i.e., the invasion or occupation of Czechoslovakia by Soviet military forces.

Was there to be seen in such an event a direct threat to NATO? In the opinion of all, such brutal action should be considered as a defensive reaction rather than as an act of aggression. As I suggested, it could be that East Germany, more than Moscow, wanted to nip in the bud the liberalization program of the Czechoslovak communist party. East Germany is obviously afraid of the comparison that her nationals could establish between their situation and that of their brothers in the Federal Republic. She did not want to be faced with a similar problem along her frontier with Czechoslovakia. Also, as may well be imagined, the Soviets look askance at a similar movement taking form within the party or within the Soviet cultural circles. But the fact remains that the aggression against Czechoslovakia has shown, according to the delegates' views, that Russia will never hesitate to resort to strength to achieve her ends, if she thinks there is no other alternative.

Therefore, those events have drawn closer together the members of the North Atlantic Alliance. Except for Canada who officially refuses to commit herself on account of her re-examination—I was going to say her alleged re-examination—of her defence policy and of her foreign policy, and for France who stays outside the integrated NATO forces, all countries seemed more convinced than ever of the necessity to maintain the alliance, to strengthen and to improve the efficiency of its military strength, by the light of the experience drawn from the events of August 1968.

The second subject of concern for the representatives is the increase of NATO's conventional forces in Europe. It is recognized that the superiority of the NATO forces in relation to the Warsaw Pact is only due to their nuclear striking force, and that the conventional forces of the Warsaw Pact countries are really superior, in number at least, to those of NATO. It is most important to remedy this inferiority which would enable the

East to make very important strategic movements that would not justify an immediate nuclear answer from NATO. Moreover, this danger would be increased if other countries were to imitate France and withdraw their troops from the authority of the NATO command. Here, it is nevertheless necessary to stress that the French forces, even if they no longer belong to the integrated NATO forces, are still cooperating with them, in particular in the Mediterranean where, as it is known, the Soviets have introduced a naval strength which represents a very serious threat to the Southern flank of the Alliance.

Incidentally, I would like to quote a NATO Bulletin dated January 16, 1969. This is what it says:

> At the meeting of the Committee of the Defence Plans, today—

—it is about the meeting of the Ministers of Defence of NATO members—

> —the decision has been made to approve the principle of an allied naval force, based in the Mediterranean area and which could be summoned on request. However, before such a force can be established, there are still many practical and political problem to solve. Five countries at least are likely to participate; Greece, Italy, Turkey, Great Britain and the United States.

We should note that France is already in the Mediterranean.

Consequently, the delegates showed concern about the possibility expressed by the Canadian government of simply withdrawing from NATO or, alternatively, of withdrawing its troops presently based in West Germany, under the European high command.

I do not think I am misinterpreting the Canadian delegates by suggesting that none of them seriously believes that Canada might withdraw from NATO. To do so would mean that this country has lost faith in the principle of collective security or—and this seems unbelievable for such an attitude would be totally cowardly and irresponsible—that we are gladly taking for granted that the United States would assume our defence. The idea has already been expressed that such was the reason that might justify our withdrawal from NATO. On the other hand, nobody will suggest that we can genuinely believe that any serious danger of conflict is now over.

Anyhow, if such were the conclusion reached by Canada following its reappraisal of its defence policy, we would certainly not be the only North Atlantic country to hold that belief. On the other hand, can we contemplate withdrawing our troops under the high command in Europe? Such a decision would imply that we cannot do otherwise. Apart from the fact that such a movement might be prejudicial to the other member countries, it would bring comfort only to the countries of the Warsaw Treaty; it is difficult to imagine, if Canada must maintain military forces, that she could thereby make a substantial profit. If we bring back to Canada the troops which are quartered in Europe, they will miss the opportunity to participate in the operations of the integrated force, which seems to me an obvious tactical advantage. On the other hand, Canada would have nothing more to say within the Command in Europe and would simply be militarily in tow of the United States.

The more we consider the statements of the prime minister regarding NATO, the more embarrassed we are, unless we come to the conclusion—and I have done so—that the Government does not consider seriously the possibility of withdrawing from NATO or repatriating its forces quartered in Europe and that it is only aiming at reviving public interest regarding the Alliance. Certainly a very large segment of our people, especially among youth, has very vague ideas about NATO and the meaning of Canada's participation in it. Asking questions may create a sound curiosity which may make it easier for the Government to come to the conclusion that NATO remains an alliance essential to the collective security of North Atlantic countries, and that Canada cannot get away from its responsibility of playing a part commensurate with her importance and her capacity.

If these are really the views or the tactics of the Government—and I think they are—I wish to tell them: For goodness' sake, stop procrastinating. Hurry up in the interest of security and make the decisions expected by the people.

[*English*]

On motion of Hon. Mr. Martin, debate adjourned.

EXPORT AND IMPORT PERMITS ACT

BILL TO AMEND—SECOND READING

Hon. Richard J. Stanbury moved the second reading of Bill S-25, to amend the Export and Import Permits Act.

He said: Honourable senators, the purpose of this bill is twofold, one to add the Canadian Dairy Commission Act to the list of acts to

be dealt with under the Export and Import Permits Act. The reason is that the Canadian Dairy Commission Act, already having been passed by the two Houses of Parliament, makes provision for the act now before us to be amended to provide for that addition. The second purpose is that the date of expiry of the present act is July 31, 1969. The term of the act has been extended on a three-year basis each time since 1954. The present amendment provides for the extension on a five-year basis, on the assumption that the necessity for an extension or a reconsideration of the act is unlikely throughout a normal period of a Parliament, and that time should not be taken to deal with the act unnecessarily.

Honourable senators, to go back for a moment to the first purpose of the amendment, the Export and Import Permits Act makes provision for three lists—the export control list, the import control list, and an area list.

The purpose of each of these is fairly straightforward. It gives the Governor in Council an opportunity to place on each of these lists items which are to be the subject of particular controls. Provision for those controls is often contained in other legislation, such as, in this case, the Canadian Dairy Commission Act. This is really an implementation of that act, just as many of the other amendments to this act are implementations of other acts.

Therefore, by this amendment, we are simply adding to the list already in the act—a list which includes the Agricultural Stabilization Act, the Fisheries Prices Supports Act, the Agricultural Products Co-Operative Marketing Act and the Agricultural Products Board Act—the Canadian Dairy Commission Act, giving the opportunity for support to be provided as is already provided for in the Canadian Dairy Commission Act.

That addition is the principal purpose of the bill. The second purpose, as I have said, is the extension of the term of the act for five years rather than the customary three years.

Hon. Mr. Flynn: May I ask the sponsor of the bill whether it is his intention to move that this bill be referred to a committee?

Hon. Mr. Stanbury: Honourable senators, it was not my intention to ask that the bill be referred to a committee. If it is the desire of honourable senators that it should be so referred, then it would be to the Banking, Trade and Commerce Committee.

Hon. Mr. Choquette: It is obviously noncontentious, and I do not think that we on this side would insist on its being sent to a committee.

Hon. Mr. Flynn: I am satisfied that the sponsor has given us a full explanation of the bill and I do not see any purpose in discussing it further.

Hon. Mr. Martin: Honourable senators, before we carry the motion, I would like to say I am sure that the Leader of the Opposition has been influenced in this view by reason of the persuasive way in which Senator Stanbury has presented his argument.

Hon. Mr. Flynn: That is what I said, except that I may not have said it in such nice terms. I accept the bill.

Motion agreed to and bill read second time.

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

Hon. Mr. Stanbury moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until Tuesday, January 28, 1969, at 8 p.m.

THE SENATE

Tuesday, January 28, 1969

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

Prayers.

THE LATE HON. M. WALLACE McCUTCHEON, P.C.

TRIBUTES

Hon. Joseph A. Sullivan: Honourable senators, I am quite sure that I express the sentiments of most honourable senators as I rise to speak on the great loss that has befallen this house.

If any man dies, I am the poorer, because I am involved in mankind. When the man was so deeply involved in mankind as was Wallace McCutcheon, the loss to his country is so much the greater for its harsh untimeliness.

As one of his closest friends for many, many years, as his doctor, I can truthfully say—and a doctor knows, because his life is a study of mankind—here was a great man. It was my privilege, as one of his pallbearers, to escort him to his last resting place. His monuments lie all about us. There are some who might not recognize them, because this is the sort of man he was. Most people knew him as the wizard of finance, but I knew him as a man. His death has come as a grievous blow, not only to the philanthropic charities to which he gave his all, but to this country, this Parliament, this Senate, where he inspired both admiration and affection. He was great both as a person, and as a public servant. Many of us will always have a sense of deep personal attachment to him. His time, his energy, his health have been his country's rather than his own.

In brief, Canada was his life and he established a claim to its gratitude beyond the reach of adequate recompense. His decision to enter the cabinet was a patriotic one, made at personal self-sacrifice. No one in the history of this country, in the Parliamentary life of Canada, gave up as much as did Wallace McCutcheon for the good not only of this Senate but for the whole of his country. The imprint of this supremely intelligent man remains upon many aspects of the lives of Canadians.

His sudden death had the drama of a man cut off in the prime of his career. When I was called he had, in fact, been working at his office in his home attempting to solve the medical conflict for the Board of Governors of the University of Toronto in a situation that had nearly become desperate.

A vigorous leader in any enterprise he undertook, Senator McCutcheon was forceful and his influence was widely felt. For all his formidable intellect, he was a warm and amiable man who delighted in pricking the pompous and puncturing the pretentious. His speeches were provocative and witty with a knowledge of economics and finance that far surpassed anyone in this country.

I remember once when I had Senator McCutcheon as a guest before an outstanding medical society he stated, "It would be good for all of us if we could give our ears a rest sometimes and use what lies between the ears." His annual reports in business were admirable essays in logic and rhetoric leavened with his pungent observations. Throughout his long and distinguished business career he insisted on the highest standards of intellectual integrity.

I know it is generally conceded that it is a matter of regret today that he was not given the opportunity to play an important part in the parliamentary life of his country when he was at the peak of his intellectual powers. His contribution could have been invaluable, as indeed it was throughout his life in whatever endeavour he turned to. His ready wit and nimble mind endeared him to his associates and elevated him to a position commanding respect. His capacity for hard work was recognized with admiration as he plunged into the task of mastering the intricate fields of Parliament as well as its procedural complexities. I am quite sure that it cannot be denied that at the time of his death he was the acknowledged master of finance in this country. He, indeed, was a casualty of the hard task of driving oneself beyond his own physical makeup and ability. He was a humble man of faith. His religion was never paraded but was manifested in his quiet faithfulness to his church.

We mourn the death of a great Canadian whose integrity of life, generosity of service and greatness of mind have strengthened and enriched the Canada he loved.

He was a family man. To Eva, his wife, that great and dignified lady, his admirable consort who has supported him in every moment of his life, and to his children, not only as their friend but as their doctor, I express my admiration and my deep and heartfelt sympathy. Dr. Wilder Penfield expressed it so well

in his address before the Empire Club of Toronto just recently, when he referred to Mrs. Wallace McCutcheon as a most arduous and formidable worker in the Vanier Institute of the Family in Canada.

We ask Almighty God to bless him and preserve his soul, and may perpetual light ever shine upon him.

Hon. Jacques Flynn: Honourable senators, I will add very little to what has been so ably said by Senator Sullivan.

Those who were present yesterday in Toronto at the funeral of our former colleague could easily evaluate the place he occupied not only in the community but in the hearts of very many. Represented there were people from all walks of life and all fields of human endeavour. This was as it should be, for Wallace McCutcheon was very active not only in business life and politics but also in education, the arts, social welfare and many other fields.

We know of his successful business career. Here in the Senate we were witnesses to the refreshing vigour he brought to Parliament, his unique forthright expression of his views.

Perhaps we are not as familiar with the man who was chairman of the Ontario Cancer Institute and who also founded The Princess Margaret Hospital; who was a member of the Advisory Board of St. Michael's Hospital, a member of the Board of St. Francis Xavier University and of the University of Toronto also, a member of the Senate of the Stratford Shakespearean Festival Foundation of Canada; Director of the Canadian Society for the Abolition of the Death Penalty; Honourary Vice-President of the Canadian Institute of International Affairs; Member of the Board of Management of the Victorian Order of Nurses for Canada; Director of the Royal Agricultural Winter Fair; Past-President of the Canadian Welfare Council, the Social Planning Council of Metropolitan Toronto, and the Community Chest of Greater Toronto; and Honourary Chairman of the United Community Fund of Metropolitan Toronto.

Wallace McCutcheon was strong and powerful, yet kind and gentle. He was brilliant and capable, yet humble and generous. Those of us who could count themselves his friends were indeed privileged. Through the years I sat with him in this chamber as his deskmate, and since that time, he treated me as a friend. He has gone at an age when he could still add to a very distinguished and useful career. He leaves a memory of a truly good and great Canadian.

To his wife and his five children go our deep condolences, and our assurance that we will not forget him.

Hon. Paul Martin: Honourable senators, I should like to add my voice on behalf of those who sit to the right of His Honour the Speaker to those who have paid a deserving tribute to the late Malcolm Wallace McCutcheon.

I was not a member of this house during the time he was a senator, but I knew him since university days. He was active and brilliant as a student. He gave distinguished service to his university, the University of Toronto, as a member of its Board of Governors, as Senator Sullivan has reminded us. Not only did he serve as an active member of the Board of Governors, but he was responsible fairly recently for the collection of funds for the university. He had collected funds for many worthy projects such as St. Michael's Hospital, the Community Chest, the Cancer Society and many others that will be identified with his name. He gained distinction as a master of finance and business, and one who touched the business life of Canada at many points.

I know that he was a diligent, an enterprising and active member of the Senate. He served his political party, in which he had great faith, with energy and loyalty. He sought the leadership of that party, and during the campaign displayed an independence of mind and judgment that brought him great credit and won him wide applause.

He was a Privy Councillor, having served as Minister of Trade and Commerce in the Government of Mr. Diefenbaker. He had hoped to be able to continue in public life. He resigned from this house in order to run for a seat in the House of Commons. That he did not succeed in that endeavour was not because he did not try, nor because he did not put forward vigorously the ideas that he espoused and in which he had a strong faith.

Senator McCutcheon was a distinguished Canadian, and this country will be the poorer for his passing.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Statutory Orders and Regulations published in the *Canada Gazette,* Part II, of Wednesday, January 22, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C. 1952. (English and French texts).

Annual Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1967 to September 30, 1968. (English text).

Copies of Order in Council P.C. 1968-2339, dated December 20, 1968, respecting the application of sanctions to Rhodesia. (English and French texts).

Copies of a Press Release, dated January 22, 1969, issued by the Department of External Affairs, announcing details of changes in passport requirements. (English and French texts).

Copies of a contract between the Government of Canada and the municipality of Canmore, Alberta, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Copies of correspondence, dated between January 4 and November 7, 1968, received by the Minister of Justice from certain provincial Attorneys-General with respect to the amendment of the Criminal Code. (English and French texts).

ADJOURNMENT

Hon. Paul Martin: Honourable senators, as you know, tomorrow will be devoted to the work of the committees. In order to enable them to discharge their operations we agreed last week that the house would not sit tomorrow. I therefore now move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Thursday next, January 30, 1969, at 3 o'clock in the afternoon.

In putting that motion, I made the preliminary explanation that I did because I hope it will not be interpreted that the Senate is not working or not functioning. That was the interpretation given last week outside this chamber. The Senate will be working through its committees tomorrow.

Motion agreed to.

NORTH ATLANTIC TREATY ORGANIZATION

MINISTERS' STATEMENTS

Hon. Jacques Flynn: Honourable senators, may I suggest that this is perhaps the time to put a question to the Leader of the Government (Hon. Mr. Martin). In view of the polemic going on between the Postmaster General and the Minister of National Defence, and the comment made by the Prime Minister about it, will the honourable leader tell us whether he supports the thesis or the anti-thesis?

Hon. Paul Martin: The honourable senator knows that I am not going to give him the reply that he wants.

INTERNAL ECONOMY

REMOVAL OF CERTAIN PUBLICATIONS FROM SENATE READING ROOM—PRIVILEGE

Hon. M. Grattan O'Leary: Honourable senators, before the Orders of the Day are called, there is a matter I should like to bring before the house, perhaps as a question of privilege. It concerns what has been happening to the Reading Room of this Senate. I am aware of the decision reached by the Committee on Internal Economy and Contingent Accounts to make certain changes which would involve a place of, let us say, rest or recreation, and I am in favour of that decision, but I am not in favour of what has been done to the Reading Room itself.

Since coming to this house I have had occasion to use that Reading Room nearly every day. I have used it even on occasions when this house was not in session. During the past week or two there has been committed upon that Reading Room what I can only characterize as an outrageous piece of vandalism.

Someone acting on somebody's orders went in there and removed a number of invaluable magazines and reviews. I will go over briefly some of the reviews, magazines and newspapers which were removed, by whose authority I do not know.

For example, one of the newspapers removed was the *Washington Post*, considered the second-best newspaper in the United States or in North America. The *Atlantic Monthly* has been taken from the racks, as well. The *Atlantic Monthly*, one of the magazines we have had for many decades, with a cultural distinction which honoured the American people, has been removed. *The Economist* has been removed, and I venture to say, honourable senators that any man in public life in this country, any man sitting in this house, should have some acquaintance with that publication, perhaps the most authoritative financial journal published in the English-speaking world or any other part of the world.

There is *Foreign Affairs*. We have been asked by the Leader of the Government, and quite properly so, to give more attention to foreign affairs, and yet from the shelves of our Reading Room there has been removed in the past two weeks *Foreign Affairs*. Who are its editors? Mr. McGeorge Bundy, one of the advisers of President Truman, and Mr. Kissinger, who has just been drafted by President Nixon to assist him in foreign affairs. *Foreign Affairs* is perhaps the most authoritative journal in the world or in North America regarding foreign matters and which in fact, gives a great deal of attention to the external policies of Canada. In fact, in its last edition there was a most enlightening article on Canada by a very distinguished Canadian. That is not all. *Harper's* magazine, one of the oldest and most respected journals in North America has been removed. *The Guardian* of Manchester, the bible of liberalism all over the world has been taken, and *The Nation,* founded by the famous E. L. Godkin, one of the great American editors. The *New Republic* has been removed. Can you imagine intelligent people engaged in public affairs, regardless of the political philosophies they may have, not studying *The Nation* or the *New Republic*?

The *New Statesman,* that brilliant organ of leftwing liberalism, and leftwing Fabianism, if you like, in Britain—it has been removed.

The New York *Sunday Times,* which somebody said last year, and I think with great truth, is perhaps the greatest university in the United States when it comes to educating the American people on the realities of life—and political life, too—has been removed.

We are all admonished often in this Chamber to think more of the Commonwealth, and rightly—and here is the *Round Table,* established more than a half century ago by Mr. Lionel Curtis—the bible of all those in the English-speaking world who really believed in the Commonwealth, containing informative articles month after month. It too has been taken down from the shelves of the Senate and has vanished.

The *Spectator,* one of the most respectable of English intellectual journals, has been taken down and cast away. The *Wall Street Journal*—not merely a financial newspaper but a great newspaper, with its editorials, I think the best published in the English speaking world—it has been thrown aside.

And what has been left? We have the *Chatelaine,* for the senators, and *Time* magazine of course, and Mr. Luce's *Life*. They are all there.

Six American magazines have been left, and they the least important, and five Canadian magazines, not too important, in my judgment.

I say, sir, that this is a piece of outrageous vandalism, that persons should go to the Reading Room of a house such as this and cast out the papers and the magazines I have mentioned here.

But more than that. Where is the *Queen's Journal*? Where is the *Canadian Historical Review*? Where is the *Dalhousie Review*? These—the few papers that remain in Canada giving intelligent discussion of public affairs—are all taken away and have vanished. And we are left with what—the *Reader's Digest* and *Chatelaine*!

This, sir, I say is an outrage against the members of the Senate. I do not know who authorized this, but I do suggest—and I will make a motion on it if it is necessary—that the committee which authorized this outrage should be called back and made to reconsider their decision. This is the least that should be done.

Some Hon. Senators: Hear, hear.

Hon. Mr. O'Leary (Carleton): Honourable senators, I mentioned this to certain senators, when I found out about it, and they said, "Well, we have access to the Reading Room of the House of Commons."

Actually, I know the Reading Room of the House of Commons, I have known it for fifty years, and it never at any time compared with the Reading Room of the Senate. The Reading Room of the Senate was a reflection of the intelligence and public interest of this house.

To think that this should happen today, and that the happening should be at the whim, if you like, of a senator or two senators or three senators, is not good enough.

Respectively, I demand that you, sir, take occasion to see just what happened there, and why it happened, and who made it happen. I am in favour of a place of rest and refreshment. But, sir, I am in favour of intellectual sustenance and refreshment, too. For myself I could be much happier with a glass of Black Label in my hand, if I had a good magazine as well.

Hon. Paul Martin: Honourable senators, I shall direct the remarks of the honourable senator at once to the Chairman of the Internal Economy Committee, who is absent this evening because he is ill.

Hon. Mr. O'Leary (Carleton): I am sorry to hear that. I am not attacking him.

Hon. Mr. Martin: I will draw the honourable senator's remarks to the chairman's attention at once.

Hon. Mr. Langlois: May I ask the honourable senator if they removed the *Ottawa Journal*?

Hon. Mr. O'Leary (Carleton): No, sir. The Ottawa *Journal* is still there. I made occasion to find that out. That would be a complete disaster.

DELIVERY OF NEWSPAPERS—PRIVILEGE

Hon. Gunnar S. Thorvaldson: Honourable senators, on a similar question of privilege, I do not think this occasion should pass without referring to what I deem to be another outrage that has been committed upon honourable senators, and that is the discontinuance of the delivery of newspapers in the rooms of senators.

It seems to me that if there is one thing that parliamentarians need, it is to keep up with the news. I do not know the reason for this, whether it is an economy drive or something else. If it is an economy measure, it is certainly misplaced. There is no doubt that every one of us has the financial means to make private arrangements to have newspapers delivered to our rooms, such as the *Gazette,* the *Globe and Mail,* the *Journal* and the *Citizen.* But it simply means that each of us has to go to this tremendous trouble—at infinitesimal expense, I must say—of ordering our own newspapers for our rooms. Surely things have not come to such a pass with the finances of this country or the financial allowances to this body, that it is necessary to discontinue the delivery of newspapers to the offices of senators.

STATIONERY SUPPLIES—PRIVILEGE

Hon. Donald Cameron: Honourable senators, while we are on housekeeping matters, may I draw attention to a very minor matter. Having listened to the impassioned plea of Senator O'Leary (Carleton), with which I thoroughly agree, my complaint may seem ridiculous. I would like to know who is responsible for ordering the supplies which senators are given by way of letterheads, envelopes, scotch tape, carbon for typewriters, etc.

On the average, four out of five rolls of scotch tape have had to be thrown away after taking off one or two strips. The quality is so poor that it should not be placed in any office. Something should be done about this. Furthermore, the envelopes supplied to senators are so flimsy and thin that one can see through them and read the contents. Most of the time the gum does not stick and this is the reason for the demand for scotch tape. Much of the time the carbons for typewriters are so bad that they are not usable.

Whoever is responsible for ordering supplies should take a look at these matters.

Hon. John M. Macdonald: Honourable senators, I am not chairman of the Committee on Internal Economy, but I am a member of it. Since the chairman of the committee is not here, I might say a word or two.

I listened with great interest to Senator Grattan O'Leary on what is happening in the Reading Room. With all due respect, I think I was in that Reading Room as much as he or any other senator. I may say to honourable senators that three-quarters of those newspapers or magazines were never opened from one month to the next. If anyone were to read them all, he would do nothing else throughout the day or the week.

As far as newspapers are concerned, certainly we all want to read them, but I think it is no heavy burden on senators to arrange for their own newspapers. Furthermore, if any senator feels that he cannot go over to the House of Commons Reading Room and read a magazine there, then let him buy one at any retail outlet, or subscribe to them himself.

I see no reason why the Senate should be under the obligation of providing him with his reading matter. As for the honourable Senator Cameron, scotch tape and envelopes are too trivial to be bothered with!

EXPORT AND IMPORT PERMITS ACT

THIRD READING

Hon. Richard J. Stanbury moved the third reading of Bill S-25, to amend the Export and Import Permits Act.

Motion agreed to and bill read third time and passed.

HAZARDOUS PRODUCTS BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, January 23, the adjourned debate on the motion of Hon. Mr. Carter, for the second reading of Bill S-26, to prohibit the advertising, sale and importation of hazardous products.

Hon. Edgar Fournier: Honourable senators, tonight seems to be the night for disillusionment and confusion. I must say that I, too, am confused at the moment. However, I was pleased that this bill, an act to prohibit the advertising, sale and importation of hazardous products, was sponsored by a senator from the Maritimes.

We in the Atlantic provinces have very much in common. We start to work very young. Education for us is a ticket to expatriation. Deception is part of our life. Poverty is our standard of living, the sea and forest our paradise. We sell our best food—salmon, lobsters and oysters—to central Canada. We are satisfied by eating cod fish and sardines. We are understanding and easy to please. We respect our opponents' opinions. We are the jacks-of-all-trades, masters of none. We can "bug" anything—and Senator Carter has shown that ability by "bugging" Bill S-26 on Bill S-22!

The honourable senator did a very fine job of explaining the former Bill S-22, and I might say that Bill S-26 is quite similar. In his remarks he mentioned confusion, and at one point admitted that he himself was also confused. I can understand that very well, because Bill S-26 is complex and needs a great deal of explanation as it now stands. At least, it does to me.

Apparently there is some problem or confusion with respect to the differences of meaning between the words "hazardous substance" and "hazardous products". I cannot see any difference there myself. To me it could be anything from a rotten egg to a contaminated Christmas turkey. Therefore, I say that these things should be clearly defined.

There is also the problem of defining the duties of an inspector, a problem which this bill seems to have inherited from Bill S-22. With that bill there were long definitions, there was lots of talk, and a lot of water went over the dam in an attempt to define the duties of an inspector. The inspector probably should be a scientist in order to understand these hazardous products and be able to define their contents, and so on. This question is still not settled with Bill S-26.

At one point it was mentioned that there was need of a great deal of consultation with and advice from scientific experts before regulations could be established to govern these hazardous products. Here again we have the situation in which we are going to vote for a bill, the regulations of which will not be known until some indefinite time in the future. I certainly do not agree with that idea. When we pass a bill it should have the regulations in it. We should be able to see them when we have the bill before us, because, not knowing what the regulations will be, we do not have the whole picture. The regulations could quite easily change the whole picture, the whole face of the bill. When we have a bill like this in the future, let us have the regulations with it. I make that very strong recommendation.

There is not much that I can add to what I have said, but I say again that I praise the honourable Senator Carter for the fine job he has done in explaining the bill. I say that sincerely.

One point which interests me more than all the others is the question of glue as a hazardous product. We often hear about school children sniffing glue. This bill apparently will do something about that situation—at least, we think it will do something about it. However, I am quite sure that it will not be effective. We have already had LSD and marijuana; we have had alcoholism—and you remember the days of prohibition. We have had all kinds of rules and regulations to control these things, LSD, marijuana and alcohol, and yet where do we stand today? The only thing we have done in this country is to have jacked up the price of these drugs to a level which makes them virtually unobtainable, and the dope addicts who need them will do anything to obtain them, no matter what the cost. So that is all the regulations have accomplished. They have not solved the problem.

I understand that in Canada today there are between 65,000 and 70,000 people, most of them young but some older people as well, building airplane models using model aircraft glue. It is quite a hobby and has become more so recently. You can multiply those figures by ten to get the numbers in the United States. Now why should we punish all these young people just for the benefit of a few who will get the glue anyway, because it will have to be on the market somewhere. So here we are going to punish 65,000 or 70,000 young boys in our clubs in our society by

depriving them of this glue or by making it so hard to get or so expensive that it will be almost impossible for them to get it, and all this for the sake of trying to save three of four young people, or a dozen, a hundred or even a thousand if you like, by preventing them from sniffing glue. We should be correcting this situation by education, not by legislation.

Now, here is the famous little tube of glue that the kids use. These can be bought in Canada for 15 cents. This is aircraft glue. This is the one they open and pour into plastic bags which they put over their faces. In order to build a small airplane you may need as many as 25 of these small tubes. That runs to about $3.75. In the United States that small tube is worth 10 cents. There are larger tubes. One sells for 65 cents and one for $1.20. You might need as many as three of the 65-cent tubes to build a model airplane. These are the tubes we want to take off the Canadian market or make virtually unobtainable. And I ask, "Why?" I do not see the need.

Then there is another problem which I will leave with you. Think of this seriously before passing the bill. I hope that the people making the regulations do not make it necessary for us to pay something like $1.50 in order to get a certificate, or necessitate the druggists keeping records of the purchases of tubes of glue. Those are considerations which concern me. And it is not only the question of how children will get the glue, but of what the glue will cost. In Canada the price of a small tube is 15 cents compared to 10 cents in the United States. The price of the next size is 65 cents in Canada compared with 35 cents in the United States, and the price of the largest of the three tubes is $1.20 compared with the American price of 70 cents. They all come from the same factories and they are all made in the United States. Now the customs duty is certainly not 100 per cent or even 50 per cent. The customs on that is not over 30 per cent.

Honourable senators, if the Department of Consumer and Corporate Affairs wants to do some investigation let me point out a suitable area. While I was obtaining this material last Saturday in the State of Maine—and where I live in New Brunswick it is just across the way—I found that a piece of plywood made in Sherbrooke and sold on the American market cost $1.50 less than what we would pay for it in Canada. This is something for the department to look into. I would suggest that they do that instead of looking around for a tube of glue, and that they leave these kids alone.

Hon. Gunnar S. Thorvaldson: Honourable senators, I will be very brief in my remarks in regard to this bill. I speak on it now because I spoke on the previous bill, S-22, about a year-and-a-half ago which referred to what was then called hazardous substances. I have no serious objection to this bill, although I was somewhat critical of its predecessor, which was somewhat similar. However, I must say that the original bill was a good example of what a Senate Committee, the then Standing Committee on Banking and Commerce, could do in the improvement of a bill which came into this place in a very, very haphazard form. I am sure Senator Carter will admit that the difference in detail between this bill and the former bill is the difference between day and night. It is true that in the Standing Committee on Banking and Commerce we had three sessions to deal with the former bill and we heard many witnesses, practically all of them from the Department of National Health and Welfare. In fact I think they were from the Food and Drug Directorate, and they acquitted themselves extremely well. I recall that among others Senator Molson took a most prominent part in suggesting improvements to that former bill.

Having said that, honourable senators, I would like to make a few remarks on this bill. Bill S-26 is typical of bills which come into Parliament as a result of pressure from pressure groups, and the group which is responsible for this bill is, of course, the Consumers Association of Canada and the various provincial consumers associations. To me these organizations are headed mainly by women who have difficulty in controlling their husbands or managing their own households, and consequently they get into the business of leading the consumers of Canada into the Promised Land.

These remarks are occasioned by one of the interesting visits we had in various parts of Canada with the Committee on Consumer Affairs which left Ottawa about a year ago and travelled west, stopping at Winnipeg, Regina, Calgary and Vancouver. Senator Croll was not travelling with that section of the committee. We had hearings in all those places. Then later another group left Ottawa and went east as far as Newfoundland. However, I want to tell you about the visit west made by the section of which I was a member.

I had always been interested in the tremendous amount of noise and commotion that has been made by the Consumers Association of Canada. Then I found out that not only was there a Consumers Association of Canada but there was also a consumers association of each province. During the visits of this committee the main witnesses in each case were members of these provincial associations.

We started in Winnipeg and the president of the Consumers Association of Manitoba appeared before us with a very high-sounding brief which promised to cure all the ills of this country from A to Z. But then some of the members of the committee, including myself, began to question this lady as to who constituted the Consumers Association of Manitoba. She told us their membership was, I think, one or two thousand members and the membership fee was $1 or $2. Then I started to question whether this was an association of people who really wanted to do a job to help the consumers of Canada. I do not know what other members of the committee thought, but certainly my view was that these were some busybodies, maybe two or three busybodies, who could not control their husbands, as I said before, and who got together and canvassed every household in Manitoba and finally succeeded in getting a membership of a thousand persons or so in a province which contains nearly one million people.

Hon. Mr. Molson: It would seem that my honourable friend believes in living dangerously.

Hon. Mr. Thorvaldson: Then we stopped at Regina and found an identical situation there. The Consumers Association of Saskatchewan was made up of a group of people of whom someone became president, and others occupied themselves as officers. I think I recall that the total membership was less than 2,000 persons for the whole province of Saskatchewan.

This, honourable senators, is the background to one thing I want to say about this legislation. This bill is here simply because the Consumers Association of Canada, and the provincial associations, wanted the Government to do something about a certain problem. Now what is the problem? The problem is, of course, entirely one for the provinces within the Constitution of Canada, and the only way in which this Parliament can legislate with regard to the problem is on the basis of this old fiction of which we are all aware where we bring in the criminal law under which the federal Government is enabled to legislate in these matters. It is quite appropriate, quite proper. Canada has jurisdiction to make this legislation part of the criminal law and, as a result, we have this Act. However, all it does is cost this country a great deal of money.

Dr. Crawford, the Deputy Minister (National Health), testified at one of our committee meetings when we were talking about ice balls that had been imported from China two or three years ago.

Hon. Mr. Carter: From Hong Kong.

Hon. Mr. Thorvaldson: Yes. It was discovered that they contained a very harmful substance. The fact of the matter was, of course, that the federal Government was not able to deal with the problem, but, as Dr. Crawford said, the federal department simply got in touch with the provincial departments of health, by telephone and telegram, and the problem became solved. How was it solved? Simply by the provincial departments of health telling the individuals handling these Hong Kong ice balls that they were dangerous to health, and appealing to them to take them off their shelves and destroy them. That was done, and done quite easily. Dr. Crawford did say that it took a little time to put the message across to these provincial departments of health, but here was a situation which was rectified quite properly and easily, simply because people are decent, and because merchants and druggists throughout Canada, the moment they learn they have something on their shelves which is either poisonous or deleterious to the health of the public of Canada, do not need inspectors to go in and arrest them or charge them with offences for which they are liable to a fine of a thousand dollars or six months in jail. That is not necessary in regard to these matters. The remedy was a voluntary act of responsible people.

That is why I say that this bill is simply an invention of the Consumers Association of Canada, which is so powerful with certain bodies in this Government that they get whatever they want—and they got this bill. I hope they are happy with it.

However, let me pose this question: What will the administration of this act cost Canada? I do not know, but I would say perhaps $1 million a year, maybe $3 million in a couple of years' time when they get these inspectors going all over the country, entering drug stores and manufacturing establishments,

Eaton's, Simpsons-Sears, everywhere, to dig out these products which are included in the schedule to this bill, and others to be added.

Honourable senators, I have nothing against this bill. You can have all the inspectors in the world, as far as I am concerned, but they will be doing a job which every merchant, every druggist, every manufacturer is happy to do himself. That is, the moment these individuals throughout the country are warned by the Food and Drug Directorate in Ottawa, or by the health departments of the provinces, that they have a product on their shelves which will have a deleterious effect on the health of people or which might contain a poisonous substance or something like that, you can be sure that product will be taken off the shelves and counters of such establishments. Personally, I am 100 per cent sure that the merchants and manufacturers of this country would comply with such a request. So, I just say that this was the objection I took to a similar bill in a previous session, and I take the same practical objection to the present bill.

There is the second objection, that I do not like the federal Government to legislate under the criminal law on every opportunity they have to do so or, where they cannot legislate under the criminal law, under some other provision of the Constitution, except in case of reasonable necessity. Anyway I do not like inspectors to be prying into legitimate business except in case of dire need, and I do not believe the need exists here.

That is about all I have to say on this matter. I will not vote against the bill. Sure, let us pass it. Let us spend the $1 million or $5 million a year that will be required to cover the cost of the administration of the act. Let us get 100 or 1,000 additional inspectors to snoop into every grocery and drug store. Sure, let us do all those things, but I suggest that the time has come when we should look at these pressure groups, such as the Consumers Association of Canada, and stop them from leading us into spending millions of dollars which really need not be squandered in this manner.

Hon. John J. Kinley: Honourable senators, it is not my intention to make a speech on this bill, but I have been extensively engaged in the pharmaceutical business for many years and, I must say, I was interested in the discussion.

Any antagonistic views I had towards the bill were calmed when I read clause 15 which says specifically that drugs, cosmetics and explosives are not included in the provisions of the bill. When I read that I realized there are some things that are harmful in the kitchen to women's hands, and that there are substances which have specific properties that will cause trouble if one does not know how to use them.

I think there is some merit in the bill. However, I do not think the situation is as bad as we have been led to believe, but this is an attempt to protect people. I do not know what the administration cost will be. The bill will go to committee, where we can discuss it, and I am sure that the committee will be wise enough to give it the sort of consideration which will be of benefit to the public.

Hon. Mr. Thorvaldson: Could I ask the honourable senator a question? After having made these remarks, are you aware of the fact—and this is a statement I made a year and a half ago which went unchallenged—that no country except Canada has found it necessary to legislate in regard to—

Hon. Mr. Croll: Establishing a department of consumer affairs. It could be they are a little backward, could it not?

Hon. Mr. Thorvaldson: It could be, but that is not my question. I just made the statement.

Hon. Mr. Kinley: Canada might be in the forefront. I attended the hearings of the committee on narcotics at the United Nations, and I was sitting beside Canada's representative. After he had spoken, the Russian representative sent him a note in which he said, "You have made the best presentation of anyone here. You are a credit to the profession." I believe that our representative was a pharmacist.

Hon. Mr. Choquette: You have not answered the question that was asked.

Hon. J. Harper Prowse: Might I suggest, for the assistance of the honourable Senator Thorvaldson, that he might get some comfort from the fact that probably the majority of the people in the world live in countries where they are not subject to any narcotic control? As a matter of fact, the majority of the people in the world can neither read nor write.

Hon. Mr. Thorvaldson: What about the United States?

Hon. Mr. Prowse: The majority of the people in the world go to bed hungry every night. So, I doubt very much whether an argument that we are ahead or behind someone else has anything to do with it.

Hon. Mr. Thorvaldson: What about the United States?

Hon. Mr. Prowse: If my honourable friend is suggesting that this is entirely the product of a consumers' lobby, then I would say that he is missing some very important facts. There is one person sitting right behind him who can assure him that the editors of newspapers right across this country have had a field-day writing editorials every time somebody was burned because she was wearing a dress made of nylon or some other material that she did not know was flammable, or because somebody gave a child a toy at Christmas time that turned out to be suddenly flammable, or when people who took LSD jumped off bridges—although LSD is not included in this bill.

Hon. Mr. Thorvaldson: It certainly is not.

Hon. Mr. Prowse: The same applies when kids have sniffed glue because they did not know the danger of what they were doing.

This bill is the result of a public outcry and not just that of a single group. It is the result of a public outcry that people ought to be protected from such things.

Honourable senators, if you have listened to the speeches that have been made you have all the figures. You will know that in this country, for example, in 1964 there were 720 reported cases of poisoning attributable to a common household bleaching preparation, and an additional 217 reported cases attributable to a common household drain and pipe cleaner. One is ordinary bleach that is used in laundries, and one is lye. I presume these are cases of where children have drunk the liquids that were left nearby by ignorant parents.

Honourable senators will find, upon reading the bill, that clause 3, which designates the offences, divides them into two types. Subclause 1 provides:

> No person shall advertise, sell or import into Canada a hazardous product included in Part I of the Schedule.

I doubt if anyone would defend the right of a person to bring into the country some of the things set out in Part I of the Schedule, and here I am referring to jequirity beans or any substance or article made from or including jequirity beans in whole or in part.

These beans have poisoned children when they have come into the country in toys. Such toys have been withdrawn, because if anyone who is aware that they are dangerous sells them, he leaves himself open to a charge of criminal negligence, I would think, under the Code. Also, if a person sells something, knowing that it is dangerous, to somebody who is not aware of the danger, he then leaves himself wide open to a civil action. I think that this would be a classical case of where liability would be established.

Hon. Mr. Thorvaldson: That is exactly my point. Why do you then need this army of inspectors?

Hon. Mr. Prowse: Because there are some things in the world that are more important than giving the dog one more bite, and they become more important when the life of one Canadian child is endangered. It is as simple as that. That is what we are talking about. When it comes to the life and health of one Canadian child, then we are doing something far more important than discussing the old principle of a dog being entitled to one bite. Incidentally, that refers only to bad-tempered young dogs which have not yet grown their teeth, or to bad-tempered old dogs which have lost their teeth.

Part I of the Schedule sets out other articles that contain lead paints and poisons. In other words, Part I of the Schedule deals with things that everybody knows by now have resulted in most unhappy experiences, and they are included here because at the present time there is no provision for controlling or checking them. These things do slip in, and I can hardly remember a Christmas period going by when I did not hear stories about dangerous toys, in respect of which the danger was not discovered before somebody had been hurt and suffered damage. Surely, there can be no objection to the inclusion of these articles.

Part II of the Schedule includes bleaches, cleansers, household polishers, and glues—such things concern my friend because he can buy them cheaper in the United States, but that is another matter.

The second offence in clause 3 is in the advertising, selling, or importation of the products included in Part II of the Schedule except as authorized by the regulations. The circumstances under which they are to be handled will be set out in the regulations made pursuant to clause 7. The regulations

will set out the circumstances under which my good friend can buy the glue necessary to build his model railroads, which is what I think he is primarily interested in.

Honourable senators, it is all very well to say in this house or elsewhere that once people have been warned they should take action. As to glue sniffing. I remember after there had been a fatality or two right here in the Ottawa area, that both the newspapers sent out reporters to investigate. We all recall the story. We read of how reporters went into stores, and were able to buy the glue without any trouble, and that the young fellows they sent in to buy it were also able to obtain it. In fact, when one reporter purchased half a dozen tubes of glue, the sales clerk put them in a bag, saying, "Have a good trip." This was all reported by newspaper reporters, and not by the Consumers' Association which has taken such a roasting here.

I have no doubt that we are going to be able to get all the household bleaches, and pipe and drain cleaners that we need. I have no doubt that the bona fide model builder is going to be able to get his glue. But, I hope that the regulations will provide some protection, and will ensure that these articles are not put holus bolus into the hands of ignorant or innocent people.

Hon. Mr. Thorvaldson: There is nothing at all concerning that in this bill.

Hon. Mr. Prowse: If my honourable friend would read the bill, and keep an open mind on it, and ask himself what it is supposed to do, he will discover that it is in the bill. I cannot think of anything else that is meant by clause 7. I cannot think of anything that could possibly be intended other than that the Governor in Council may make regulations authorizing the advertising, sale or importation into Canada of any hazardous product included in Part II of the Schedule, and prescribing the circumstances and conditions under which, and the persons by whom, such hazardous product may be sold, advertised or imported into Canada, and respecting the powers and duties of inspectors and analysts, and so on. I do not want to bore the house by reading all the details, because honourable senators can read for themselves. I do say that the bill sets out a procedure that will give us some protection.

If honourable senators read the section that provides for inspectors they will see that the words are not "may appoint as a hazardous products inspector", but "may designate as a hazardous products inspector". I take the use of the word "designate" instead of the word "appoint" to mean that the minister will merely designate members of provincial boards of health, members of city boards of health, R.C.M.P. officers, food and drug inspectors, or people who are already on some payroll, to carry out these duties in addition to the duties they now perform. This would be the natural and normal way of doing it. If my honourable friend were correct, and we were going to set up a whole body of inspectors to do nothing else but shop around looking for these products, then we would need a great many to cover the whole of Canada, and they would have nothing to do for 364 out of the 365 days of the year.

I suggest that this bill provides a reasonable way of giving some protection. Surely when we are doing something that may do that, if we save one life, nobody can say we have been wasting our time or that we have done something we have no right to do.

On motion of Hon. Mr. Langlois, debate adjourned.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 502 to 523, inclusive which were presented on Thursday, January 23.

Hon. David A. Croll, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 502, for the relief of Donald John Brunet.

Resolution 503, for the relief of Norman Grant.

Resolution 504, for the relief of Harvey Lloyd Raves.

Resolution 505, for the relief of Ray Alexandra Boa Smith.

Resolution 506, for the relief of Daphne June Knapp McCullough.

Resolution 507, for the relief of Claude Lemire Marsolais.

Resolution 508, for the relief of Jules Trempe.

Resolution 509, for the relief of Mariette Smith Laporte.

Resolution 510, for the relief of Francis John Hayes.

Resolution 511, for the relief of Viola Rachelina Princi Campbell.

Resolution 512, for the relief of Jean Dorothy Bell Neilson.

Resolution 513, for the relief of Sheldon Allan Malley.

Resolution 514, for the relief of Marie Carmella Clairette Ratelle Souliere.

Resolution 515, for the relief of Caser Martin Leutschaft.

Resolution 516, for the relief of Colin John McNeill Bowie.

Resolution 517, for the relief of Janice Partington La Vallette.

Resolution 518, for the relief of Elizabeth Anne Ruta Smith.

Resolution 519, for the relief of Jean Guy Ladouceur.

Resolution 520, for the relief of Raymond Alexander Gordon.

Resolution 521, for the relief of Conchetta Maria Catazone Leakey.

Resolution 522, for the relief of Marthe Simard Dontigny.

Resolution 523, for the relief of Judith Anne Theobald Wyles.

Resolutions adopted, on division.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, January 22, the adjourned debate on the motion of the Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. David A. Croll: Honourable senators, first let me say that the Third Report of this special committee was an excellent contribution. It was long overdue and was most welcome. It is an administrative reform which will bring about greater efficiency in the Senate, and is both meaningful and functional. Yet I think the Senate should be reminded that under the committees as formerly constituted the work of the Senate was never neglected. Changing the rules does not change the Senate. It is not Senate reform as the public understands it.

It is true that in the past some of our committees had bills sent to them which scarcely belonged to those committees, but we wanted them to be dealt with expeditiously, carefully and in a measured way, and they were well handled. This Senate from its very inception, for as long as I can remember, took great pride in its committees, and there was even participation in them by persons who were not members of the committees. In the course of the years the Senate has changed. We want more change in the Senate, and we can survive only if we change.

Coming to the Fourth Report, which has the observations and the recommendations, I find the report is scratchy. It rubs me the wrong way and makes me quite uncomfortable.

Hon. Mr. Aseltine: May I ask the honourable senator a question? Is the report you are referring to now not *obiter dicta*?

Hon. Mr. Croll: Yes.

Hon. Mr. Aseltine: It is absolutely outside the powers that were given to them to investigate.

Hon. Mr. Croll: The honourable senator took the words out of my mouth, but I thought I would not use that legal term because it might not be understood by everybody. Nevertheless, the report is now before us and I am using it. Despite the fact that it is *obiter dicta*, I am using it as a vehicle for saying what I want to say.

The first subject the special committee dealt with was the question of more power. They spoke of money bills and asked for wider powers. We have discussed the question of money bills here for a long time. No matter how a bill is defined, if it involves money that is it, and in my opinion the government of the day would not and could not grant to a non-elected body any such powers as were suggested, and if I were sitting over there I certainly would not vote in favour of it. The times and trends are against us; the winds of change are not favourable. In this day of participatory democracy, in the day of revolt of the young, we are reaching for the wrong kind of power. At the present time we have a constitutional responsibility, which may be enlarged administratively and functionally, as I will indicate. Certainly the suggestion made in the report is on the wrong wavelength.

What the public usually forgets, and what a number of those in this chamber sometimes forget, is that we do not appoint senators. The Prime Minister does that; it is his responsibility. When we are appointed we carry

out the duties, but he can appoint anybody he pleases for whatever reason, and he sometimes does that.

Hon. Mr. Flynn: It is only by custom that it is an appointment of the Prime Minister. There is nothing in the Constitution about that.

Hon. Mr. Croll: Customs become pretty well entrenched.

Hon. Mr. Thorvaldson: Not in law under the Constitution.

Hon. Mr. Croll: We have young men appointed to the Senate. When we talk—and I object to it and hear it much too often—as is done in the report of the ablest talent which can be attracted to the Senate, in my opinion that is a delusion, it is a myth, too often expressed without meaning.

I have lived and been around for some time and have had some experience; I have been in politics for a lifetime. I can take a cross-section of 102 people, whether they are in the House of Commons, in business, in finance, in education, in arts, or in labour, and collectively they are not more able than the people who are sitting in this house, because within this house now are the very kind of people you sometimes hear outsiders say should be here. There are in this house successful businessmen, former members of the House of Commons, financial people, educational people, and so on. As far as I am concerned, that sort of talk is just nonsense; I am not prepared to sell the Senate short.

Hon. Mr. Molson: What sort of talk does my honourable friend refer to in his last sentence?

Hon. Mr. Croll: The kind of talk that you had in your committee, and to which you gave some comfort. That is what I am objecting to.

Hon. Mr. Choquette: It is exactly what you are saying now, that this house has had the best talents in Canada, especially the well-known and much used Banking and Commerce Committee. If I understand my friend correctly, he is saying exactly what the chairman of this committee has reported.

Hon. Mr. Croll: You don't understand me correctly; that is the trouble.

Hon. Mr. Choqueett: But I do.

Hon. Mr. Croll: Let me explain myself. When the committee report talks about attracting the ablest talents, the assumption is that the ablest talent is not here. What I am saying is that when you take honourable senators as a collective body, they are as good as any you will find elsewhere in the country under any circumstances, no matter where you look.

Hon. Mr. Flynn: I suggest there is always room for improvement.

Hon. Mr. Croll: Of course, but it hardly applies to you.

When speaking of able talent, I must say that I hope it is taken in good grace. Some of the senators in this place are what we call "dogging" it. They are not carrying their weight. I shall have a little more to say about this later on. I think it is every senator's duty to make a contribution by discussing this report at the present time. They should be here.

This Senate is a political body dealing with political problems. Business of Government is politics in its purest sense. If it is not a political body then what is it? It was intended to be a political body when it was created—it was created to be a political body. Its functions are those of a political body. We are here as politicians, not as philosophers and not as presidents of universities—who are in a much worse position these days than even we are. I must say that if we do not carry out our constitutional functions, up-dated as they may be, then what reason is there for our existence? I am sure that I can find ample reason for that—and let me remind you these things happen. Take one quick look at the Legislative Council of Quebec, when it lost its political purpose, unused, unremembered, unregretted and gone, and I remind you, not a tear was shed, no rights were lost, not even an *au revoir*; they just said, "Good riddance."

An hon. Senator: They got a good pension.

Hon Mr. Croll: In so far as I am concerned, I am not a political neuter, nor am I a political eunuch. I am an unrepentant Liberal. I do not think a lifetime of political experience has to be left on the outside door when we enter the Senate. Our best and only opportunity for service is in conjunction and co-operation with members of the House of Commons, and not as suggested in the report. We should be as close to them as butter is to bread, or perhaps you would like to put it, as icing on the cake.

Speaking of caucuses, I attend caucuses, as do many other members here. Last Wednesday, a typical day, I attended the Ontario caucus from 10 until 11 o'clock; I attended the national caucus from 11 until one o'clock, and from time to time I attend caucus committees dealing with various subjects in which I am interested. At these caucus meetings we discussed the omnibus bill, conservation, immigration, estate tax, agriculture and the Commonwealth Conference. There was a great deal of valuable information there and a great deal of knowledge. There were personal contacts, and I took an opportunity, as others did, to make some contribution.

I cannot tell you what took place there because these are caucus secrets, but I can let you in on two of them if you promise not to tell.

Hon. Mr. Flynn: You do not make public your discussions on the main issues of external affairs?

Hon. Mr. Croll: From time to time we do discuss those issues just as you do in the Tory party.

Hon. Mr. Aseltine: You cannot tell us what happened about the estate tax?

Hon. Mr. Croll: Yes, we discussed the estate tax. One of our men, who discussed it with the minister, came into the caucus and gave a long, involved discussion on it, and somebody stood up and said, "Look, I do not understand what you are saying. Can you not make it any more simple?" He replied, "Yes—don't die." And that was it. We also had a discussion on agriculture, and the suggestion was made that the conservatives in the agricultural committee were holding up the proceedings because it had taken them 40 minutes to decide what was a farmer. In my ignorance, I finally said to the man, "Can you give me the definition of a farmer?" And he said, "Yes, he is a man outstanding in his field." That was the end of that. Those are all the caucus secrets I am entitled to give you at the moment.

Some Hon. Senators: Oh, oh,

Hon. Mr. Croll: The greatest strength that we have in the Senate and have had for a long time is our committees. Our committees gave us a character, a solidarity and we were blessed with chairmen of unusual ability, such as Senator Hayden. He speaks for himself and you have heard him before. As chairman of the Banking and Commerce Committee he has given it a tone that is known across the country.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: We had a man named Senator Hugessen—we called him "Hugie". He was born a gentleman, but he improved on that—he looked after the Transport and Communications Committee. Whenever we were in any difficulty at all we tossed our problem to one or other of the committees and it was always attended to. Senator Leonard who is the salt of the earth, took responsibility when no one else would and did the donkey work. When Senator Thorvaldson was chairman of a committee he was not quite as biased or as much of a Tory as he usually is, and he discharged his responsibility exceedingly well.

Senator Roebuck did a grand job on the committee which he handled for many years—and I will have something to say about that committee later.

We were all so very fortunate. Senator Ross Macdonald and Senator John Connolly gave us an unusual kind of leadership, the kind that traded loyalty for loyalty, with the result that we were able to accomplish a great deal. I say this, Mr. Leader, I am sure that you have the qualifications, and I am sure that you will, in time, be able to fit in; but it is a different kind of leadership from that of the House of Commons. In the House of Commons a man is appointed Prime Minister and at the same time he is almost anointed; in this house you are only appointed. We have to do the anointing—it takes a little time, and you have to earn it.

Honourable senators, let me continue and let me speak of the men of another day, when we are discussing the Senate. We have Senator Gouin and Senator Aseltine and Senator Isnor, Senator Kinley and Senator Burchill—these are men of another day, who gave this Senate tone and character, confidence and guidance—and yet even in this day they adorn the chamber and they make their contribution. That ought to be a lesson to the younger people, that they should participate more than they do in matters affecting the chamber.

Honourable senators, I spoke about the strength of this chamber, which is the committee aspect. We hear witnesses, we question them, we do not wait for the minister to obtain his answer from someone who sits in front of him. We questioned the people who had the information and who carried the responsibility. We made amendments to bills

as we saw fit. Some amendments stood up and some did not—and we stood up to the Government when we thought it was necessary. We did so on the Coyne affair, and we did so on the "class or kind" matter.

Hon. Mr. Walker: Did you ever stand up to the Liberal Government?

Hon. Mr. Croll: Yes, we did.

Hon. Mr. Walker: When?

Hon. Mr. Croll: I will take a minute or two to tell you.

Hon. Mr. Choquette: It was in caucus!

Hon. Mr. Croll: No, no. It was in the house. We had a bill dealing with the railroad strike, and in the course of that discussion I spoke against it.

Hon. Mr. Walker: What about the Senate?

Hon. Mr. Croll: I do not think there was any occasion in the Senate—

Hon. Mr. Walker: Not while you were in it.

Hon. Mr. Croll: I have told you quite frankly, I am a Liberal and still am.

An Hon. Senator: Converted?

Hon. Mr. Croll: Sometimes we made our views stick. I never looked upon this Senate as being a carbon smudge of the House of Commons. In this Senate we have face and character, we have a life of our own and we have a responsibility of our own; we have pride and accomplishment and a desire to serve; and we think we are something in our own right.

In this particular recommendation, we make a leap into yesterday, when the House of Commons is making a leap into tomorrow. The House of Commons is moving into the procedure of the committee stage, where we have operated so successfully for such a long long time. They consider this to be a long step forward, yet they had much argument and sweat and toil before they were able to reach that decision—while we are asked to consider a backward step.

The committees of the Senate have an unusual reputation. People did not come before the committees unprepared. There was no pulling the wool over our eyes. If you tried it before any of these committees, you were usually left bleeding a little. You had to know your stuff and you came prepared, or else. The great strength displayed by the committees was the collective knowledge and responsibility. When a man appeared before a committee of the Senate and had a good day, he went home and told his friends about it, and he boasted to his children that he was among men for a day and survived.

This Senate has always been a workshop, not a theatre—those are not my original words; everyone knows where that statement comes from.

The Committee of the Whole in this day is an outworn concept. It has been so in the House of Commons and I think the Senate should agree.

Hon. Mr. Flynn: The reason why the House of Commons has reached its conclusion is that it was taking too much time. On the contrary here, we are always criticized for not taking more time.

Hon. Mr. Croll: Actually, it was not a question of taking too much time. They had time, and as a matter of fact it is taking them more time now. It was a more expeditious means. It was a matter in which a member could get involved; he was king, he was there and he voted there, and if he wanted to let the Government down, that was his responsibility. It was he who sat in judgment. That is a different thing entirely. This is the most progressive thing that has happened in Parliament in a quarter of a century. The Committee of the Whole is an outworn concept. We do not have to play to the gallery or attract attention. Our work can speak for us. We can live without this sort of publicity.

Honourable senators, in talking about publicity, I am still sizzling over that television exposure we had. What a colossal and miserable failure it was! One more like it, and we are done in! Here was a hurried undertaking. The television crew had to leave for Cuba. They had to get this work done. If I had anything to do with it, that crew would never have been brought back into the country. The photography was bad, the direction was worse.

Hon. Mr. Connolly (Ottawa West): And the acting?

Hon. Mr. Croll: The commentary on it, as I am sure will be agreed, was amateurish.

Hon. Mr. Connolly (Ottawa West): And some of the actors?

Hon. Mr. Croll: Senator O'Leary was good—but they had to finish it by saying that Senator O'Leary was 82 years of age. I

thought he was 28, to be honest about it, but they had to get the cut in somewhere.

Hon. Mr. Choquette: The newspapermen got the front page.

Hon. Mr. Croll: What is most important is that we are living in a world of bilingualism and biculturalism. We have spent millions of dollars on the Commission on Bilingualism and Biculturalism, in a desire to keep the country united—and yet it seems this linguistic duality has not reached the Senate. Listen to this—the Senate, being presented on television, and not one word of French. This is the kind of presentation some people are looking for to belittle the Senate. I am not much sold on these things, as you can gather from what I have already said.

Hon. Mr. Choquette: In all fairness, Senator Croll, there had been some French. Senator Desruisseaux spoke in French, and some of the French had been given on that program. The Leader of this party had been shown here as the Leader, French-speaking, and he was not even seen on the program. That was a première to Senator Davey and others who hand-picked the people who were going to be shown and seen on that program. It is as plain as that.

Hon. Mr. Croll: Your apologies are very nice in this chamber, but thousands of people saw the program and did not get your explanation. I did not know anything about it.

Hon. Mr. Choquette: Well, I am giving it to you now.

Hon. Mr. Croll: I am not interested in that. I saw what I saw.

Hon. Mr. Thorvaldson: You ought to be interested in it. The fact of the matter is that there was ample French on that program, but it was cut. It was not cut here. We saw to it that there was plenty of French in that program, but it was cut by the television people or by Senator Davey.

Hon. Mr. Croll: That is so much nonsense. You know that when it came up here, I was not in favour of it to begin with. I did not raise any objection, but I said then that you would have no control over it. You remember that—and you did not have any control over it. But you were so anxious to get publicity any way at all that it was a miserable catastrophe.

Hon. Mr. Thorvaldson: Don't refer to me as "you".

Hon. Mr. Croll: You take the responsibility.

Hon. Mr. Thorvaldson: Don't say "you" to me, my friend. All I am saying is that there was ample French and that it was cut by the television people.

Hon. Mr. Croll: And all I am saying is that when it was shown to the public it had no French in it, and that is a true statement.

Now, I was saying that the Senate changes from time to time. I think it all began about ten years ago when we started into our investigatory functions. I am going to take a few minutes to go through some of them.

One of the first undertakings that we took by way of special committee was Manpower and Employment in 1960. That was a most thorough study, the first of its kind. We had as our director Dr. John J. Deutsch. Subsequently he became head of the Economic Council and then President of Queen's University. At that time we heard the ablest people in the whole of Canada. This inquiry continued for weeks and months. It was really hard work. We sat from November 1960 until June 1961. Subsequently, there was formed the Department of Manpower. My authority for saying that the basis of that department was this report is that both Jean Marchand, the Minister of the department, and the Leader of the Senate, Senator Martin, have said so. Senator Martin said so here just a few days ago.

The Senate Committee on Land Use in Canada started in 1957 and lasted through about four Parliaments, its report coming in 1963. It, too, made a very thorough study, coming out with a complete report. The Minister of Agriculture in the Conservative Government, Mr. Alvin Hamilton, and Mr. Maurice Sauve, the Minister in the following Government, are my authorities for saying that that was the basis upon which ARDA was finally established.

We then began in 1963 a report of the Special Committee of the Senate on Aging. That sat through three Parliaments and gave birth to a new concept. There had not been any new social aspects for some years. Mr. Beveridge was the last man to come forth with a new idea in social security. This committee reported then on the guaranteed income, which was accepted by the Senate and by the House.

It is very interesting to note that 735,965 people draw a guaranteed income in this country—some in part, some in whole.

This report on aging, which is easy to read, has become the economic bill of rights of the aged. Yet, what troubles me is, and I keep asking myself this, why some senator has not taken the time to take a look at the 94 recommendations, and make a survey to find out how many have been accepted by how many Governments, and how many have been rejected, or what finally happened to them.

Why should I have to do this? I have had this inquiry on the Order Paper now for almost two months and no one, except the people involved, to whom I spoke, has come forward to say, "Can we get in on this?", or "What is this all about?"

Hon. Mr. Choquette: Are you not bringing it in now under the rules? I was about to ask my friend if he is going to mix his inquiry under Routine Proceedings, and the debate on the rules. Which one is he dealing with now?

Hon. Mr. Croll: I am dealing with the Senate as I see it, and if I want to go back to that I will go back to it when the time comes.

Hon. Mr. Choquette: Let us hear it twice, then.

Hon. Mr. Croll: You will hear it twice. Let me tell you one thing that you should remember: In politics you repeat and repeat and repeat. That is the only way you will get your message across. And we are not doing enough of that here.

Hon. Mr. Choquette: Like the cheap ads on television.

Hon. Mr. Croll: We are not doing enough repeating here.

Hon. Mr. Choquette: You want to repeat like the cheap ads on television, but not here.

Hon. Mr. Croll: All I am doing now is asking the question why no one has come forward. We have made examinations from time to time in our committees. For instance, we came out with what we call the Glassco Report. Now, Glassco made a good report some years ago recommending various changes. It was a very useful report. Year after year, as I remember it, in the House of Commons the question arose as to how many of those recommendations had been implemented.

Hon. Mr. Martin: Most of them have been implemented now.

Hon. Mr. Croll: As the Leader of the Government says, most of them have been implemented now. They may have implemented ten one year, twelve the next and fifteen the next, but all have been followed up. However, there has been no follow-up in the Senate on any of these recommendations.

Hon. Mr. Molson: If my honourable friend will permit me to say so, the Committee on Finance has asked those very questions in each of the last years since that report was issued? How many of these have been implemented? How many are being implemented? How many are left to be implemented?

Hon. Mr. Croll: What are you referring to?

Hon. Mr. Molson: The Glassco Report.

Hon. Mr. Croll: Of course. That is what I have been saying. They have been following-up on the Glassco recommendations. But what I am also saying is that on these Senate reports that we have been making here from time to time, where everybody else finds that they are good, nevertheless, not a word is said at all about them in the Senate. No one has examined them constructively or criticised them or done anything about them. They are just put on the shelf and forgotten. Yet other people see a great deal of virtue in them.

My friend Senator Thorvaldson did not see much virtue in the report on Consumer Credit. I hate to do this to you, but I must remind you that when we made the actual report on it you were one of the people who agreed to it.

Hon. Mr. Thorvaldson: May I say that I was only referring to one very small phase of the report.

Hon. Mr. Croll: I am not going to argue with you about it.

Anyway, we got to the Report on Consumer Credit. That arose in the Senate as a result, as you recall, of the matter of truth-in-lending and a committee which Joe Green and I established, he representing the House of Commons. We continued with that study until we had a report just about ready. That committee involved every province in Canada. There was a question of jurisdiction, but they came and sat with us and we did not bother about jurisdiction; we dealt with principles and allowed them to handle it in their own way. As a result, a Consumer Affairs Department was established in practically every province. Moreover, there came the day when the question of prices arose—Martin was there, Carter was there, and some others, including "Hammy" McDonald—and the suggestion came forward from the Senate that

we might enlarge the scope of the committee and deal with food prices. This suggestion was accepted. The committee was enlarged, but we did not start out on the odyssey my friend Thorvaldson speaks about.

Hon. Mr. Thorvaldson: Senator, please.

Hon. Mr. Croll: We studied it for a long time, and from that came the Department of Consumer and Corporate Affairs, the first of its kind, as he points out. It is strange the effect that that department had; it changed almost completely the buying habits of many thousands of consumers. You can see today what is happening in these various stores, in Loblaws and Steinberg's and others, where they are now trying to lure the consumer in. It is interesting to note that the *Globe and Mail* of November 8, in dealing with the cost of living, points out that food prices, accounting for 27 per cent of the total, were down more than half an index point. Everything else went up. There has been a downward trend in food prices reflected right along, and this is clear to anyone who wants to examine the situation. But here was a Department of Consumer and Corporate Affairs to indicate concern for the consumer that has never been indicated before. This resulted from the work of this chamber. They joined us; we did not join them.

Of course these consumer groups must receive attention; they had a real cause and unless we did something about it, we would wind up in about the same way as the universities are today with their students. If you do not listen to their complaints, you do not leave them any alternative and then they go much too far. I think we have done a great thing in bringing about the establishment of this Department of Consumer and Corporate Affairs.

Honourable senators, let us look at some of the other work that has been done. Let us take the Report on Divorce. It is interesting to note that in February 1966 a bill was introduced in the Senate by Senator Roebuck; in March the necessary resolution was passed, moved by the then leader John Connolly, and on March 29 the members were appointed. Then the House of Commons decided on a resolution put by the Honourable George McIlraith that they would join with us in forming a committee, and the joint committee was established on June 28, 1966. From that committee came this report, and our contribution to that was second to none.

Getting back to the Senate again, I suppose I am a lifer in the Senate. I may or may not receive time off for good behaviour, but I did not come into the Senate to earn a pension; I had one in the House of Commons for which I paid. I have not been able to draw a nickel out of it for 15 years. For me it is "Goodbye, Mr. Chips," but I am prepared to live with it. I am not prepared to go hat in hand at this stage, for if we do that we lose both our hats and our heads also.

A few days ago a senator was heard to ask, What is this Senate reform talk all about? Who is giving consideration to it? How is it that I have not been consulted, or no one has discussed it with me? Where can I get information about what is projected? Of course, honourable senators, the short answer to all that is that we need a Senate ombudsman, but that may not be available just at this particular moment. Here we are so barren of communications with the powers of government. Civil servants, provincial governments and others are being consulted, and yet there has not been a formal or informal discussion with us, to my knowledge. But I think I can help the Senate. There has been no Senate Liberal caucus on this problem to date, so I am not talking out of caucus; I am free to speak. I think I know the tenor and substance of the discussion, and I break no security and give away no caucus secrets. All I can give is corridor gossip, but selective corridors, if you don't mind, newspaper reports that were obviously leaked and some added knowledge from people and friends I have known in the House of Commons on all sides of the house for many years.

I think what is being considered are these matters: First, should there be a time limit? Should a time limit be fixed for service in the Senate—say, about 20 years? Then, what should the term of new appointments be, three years, six years or 10 years? Should an appointee be eligible for reappointment? Should there be provincial appointments, and how many? Should provincial appointments be made by the premier of the province or from a panel presented by the premier of the province to the Prime Minister who makes the appointment? What new special powers could the Senate be given to deal with the official languages bill, human rights, and treaty obligations? Should the Senate be given powers to approve new appointments such as Supreme Court judges, ambassadors, heads of agencies, cultural and otherwise—a sort of advise and consent as modified under the American system. Should the veto be removed and a delaying power only given to the Senate, and how should that be limited,

and should we preserve a built-in majority in the Senate for the government of the day? I, of course, feel that the Government owed us a White Paper on this. We have muted our voices long enough, and I think it is time we began to talk so that we can be heard.

I said earlier that some of the senators in this chamber were "dogging" it, that they were not making the contribution they could be making, that they were not carrying their share of the burden. We have some difficult problems before us in the immediate future. I am prepared to help preserve a meaningful Senate, one serving Canada, but I think it is only fair that we should ask the others to join in, with a missionary zeal, to concern themselves with the work of the Senate and to help us hurdle the generation gap and to enter into the spirit of the times.

Speaking yesterday, the Prime Minister was quoted as saying in the controversy my learned friend the Leader raised, "If you do not agree, provoke a debate." That is what I am doing to the best of my ability.

Hon. Mr. Flynn: I am quite sure that you are going to succeed too.

Hon. Mr. Croll: Am I? I hope so. That is exactly what I have been trying to do. I tried to provoke a debate on the Ombudsman. My friend tried to provoke a debate on voting for 18-year-olds. I know I have been skated into a corner on the Ombudsman for the time being. That is my best position. Those of you who were in the chamber at an earlier date will testify that on another occasion I was skated into a corner and that in the end I came out very well indeed. So, there is no purpose in putting these things aside. We might as well discuss them and come to some conclusion. If the Government lacks confidence in us or in our ability to handle some problems, I think it is time they said so.

Let me just give you this thought. If you do not carry out your share of responsibility and burden, some senator some day soon will take pen in hand and do a Judy LaMarsh on some of you, and you will not like it.

Hon. Mr. Flynn: Some of us?

Hon. Mr. Croll: I am not a captive of the past in misapplying these lessons. I think that up to date we have lost the first round, but it is not too late. From all indications, at the moment it would seem the Senate is up for grabs. We know that we can no longer afford to put our worst foot forward. We should be able to convince the Government that our role can be made vital in a participatory democracy; and we have been discharging an active function which they have overlooked, if they have ever taken the time to make an examination. I do not think they should obtain their information about the Senate in the same way as I got mine as to what was being discussed about the Senate, from gossip and newspaper reports.

Hon. Senators: Hear, hear.

Hon. Mr. Croll: We can do for the Government all the investigatory work that needs to be done. There is no need for royal commissions, except in the most exceptional cases—and the B. and B. Commission would be one of those exceptional cases. We can do the work and we can save this country millions of dollars. Further, we have the advantage of being a continuing body, one not affected by parliamentary mortality. We can follow up the recommendations for action.

We had a compliment paid to us, the like of which I have not heard in a very long time. The Economic Council, the chosen brains of this country—and I do not demean them at all, because I think they are that—recommended us as the body that should make a study of the most vital problem that affects this country, poverty. And we took up the challenge. However, the thing that bothers me is that we are constantly ignored and passed over. Both Senator MacKenzie and Senator Flynn had an idea. Why do senators not go to the United Nations and spend a couple of weeks there, to see how it is operated, to become better acquainted with government and to improve their knowledge and education? We should draw up a roster and allocate these visits to senators, substituting where necessary. The world travels to the United Nations to see how they operate. We are a stone's throw away and have not the time. We do not take the opportunity. There is much to learn at the United Nations. We often accuse people in politics of speaking out of both sides of their mouth. If you go down to the United Nations you will find that they speak out of three sides of their mouth. After he has voted, they permit a delegate to explain why he voted the way he did, when he should not have. That opportunity is not often available in this house.

Let me bring another matter to your attention. Recently we sent a trade mission to South America consisting of cabinet ministers, 32 senior officials and many civil servants, but not a member of the Senate. The cost was

negligible; they were flying in Government planes and being entertained at the other end. Yet we have a committee of this house concerned with trade. Every year groups visit the United States. As far as I know, they have a very good time down there; they must know something about trade. Yet not one of us was asked to go along to see if he could help in any way.

Recently a governmental party visited India, parliament to parliament. Civil servants went along, but no one from the Senate was invited. Thirty-two people went to the Commonwealth Conference from Canada, but not a member of the Senate was invited. Yet the staunchest supporters of the Commonwealth sit here in the Senate, and the Commonwealth needs friends.

On three occasions I have attended functions at the home of one of the senators in Toronto when he was host to Commonwealth delegates. Not too many of the senators or members of the other place who were invited attended, but the host constantly devoted himself to this task.

There are many parliamentary delegations, and it is becoming a little repetitious to see the same people go along as delegates from time to time. If a man is an officer of one of these parliamentary groups then, of course, he must go. If he is likely to be an officer, then he should go. But the opportunity ought to be passed around. There is no difficulty in taking a new man and giving him a course lasting a week or two in order that he may grasp the fine points. When he goes he acquires a certain amount of knowledge. I think if he is able to get into the Senate, then he is able to go as a member of these parliamentary delegations.

Honourable senators, I am not asking for the opportunity. The former Senator Ross Macdonald offered me any number of opportunities of going with these delegations, as did Senator John Connolly. I did go to the United Nations as a delegate during the Suez crisis, and two or three years ago I went with Senator Macnaughton to Hungary and Czechoslovakia.

Since I have been in the Senate my luck has been such that I cannot go on these journeys because I have always been pregnant with committee. I suggest, first of all, that we create a committee, and then I stand around while we nourish it on its way. Then it is born and carries on its work which it completes with a report, and I present the report to the house. I give it its baptism. Then the whole process repeats itself and, believe me, this has been a very confining business. Now I am at it again. In a few days we in the Poverty Committee will be tying ourselves up for a year or so on a matter of vital importance.

When we discuss these matters in the Senate we must not be timid and we must not go on our knees. We are either doing our task or we are not. The ability of a nation to meet the challenges of these troubled days depends upon the leadership of those who place their talents and energies at the service of their country. When we in the Senate are entrusted with high responsibility and authority we should expect compensation comparable to that which we would receive in private life. We, with the members of the House of Commons, are grossly underpaid. The increase that we received in 1963 has long been exhausted and wiped out. I am not speaking from self pity. It is time that the Canadian people faced all the facts.

I object to the report because it speaks on matters of importance in muted tones. It is almost a whispering-willie when, at this time, we need to talk in a loud voice so that we can be heard. We need to discuss our problems among ourselves, and we should not lose any time in doing so. It is time that others said what they have in mind. As I said to my honourable friend, we have to say it, and repeat it over and over again, for repetition is the conveyor belt of politics. If we cannot arrange a meaningful dialogue with the Government of the day, then it is curtains. We shall have no one to blame but ourselves.

Hon. Mr. Choquette: Hear, hear.

On motion of Hon. Mr. McGrand, debate adjourned.

The Senate adjourned until Thursday, January 30, at 3 p.m.

THE SENATE

Thursday, January 30, 1969

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

Prayers.

DISSOLUTION AND ANNULMENT OF MARRIAGES

TERMINATION OF DUTIES OF HON. MR. JUSTICE ALLISON A. M. WALSH AS OFFICER OF THE SENATE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received the following communication from the Hon. Mr. Justice Allison A. M. Walsh:

The Honourable
Jean-Paul Deschatelets, P.C.,
The Speaker of the Senate,
The Senate,
Ottawa, Ontario.

Dear Mr. Speaker:

On the 19th of November, 1963, I was designated by the then Speaker of the Senate, pursuant to section 3 of the Dissolution and Annulment of Marriages Act, to be an Officer of the Senate, to hear evidence on petitions for dissolution or annulment of marriages and to report thereon.

Subsequently, following an amendment to the Exchequer Court Act, assented to on June 18, 1964, section 6A was added reading as follows:

"A judge of the Court designated by the Speaker of the Senate for the purpose of this section after consultation with the President of the Court, if he is granted leave of absence for such purpose by the Governor in Council from his duties as a judge of the Court, has and may exercise and perform all of the powers, duties and functions of the officer of the Senate referred to in section 3 of the Dissolution and Annulment of Marriages Act."

I was duly appointed to the Exchequer Court and granted leave of absence under the provisions of this section and have ever since continued to act as Commissioner of the Senate, the name given by the Rules to the officer designated for this purpose.

This work has now been substantially concluded since no new petitions can be filed to proceed by way of Resolution of the Senate since July 2, 1968, the date of proclamation of the Divorce Act assented to February 1, 1968. The petitions which remain to be heard can be dealt with by Judge Cameron, the other Commissioner and there is insufficient work remaining to justify my continuing to act as Commissioner.

I attended a meeting of the Senate Standing Committee on Divorce on January 22 at which meeting I explained the situation to them and a resolution was passed approving my proposed release.

I therefore hereby request that I be relieved of my duties as an Officer of the Senate.

Yours sincerely,
Allison A. M. Walsh

Honourable senators, pursuant to the authority conferred upon me by Section 3 of the Dissolution and Annulment of Marriages Act, I hereby terminate the designation of the Honourable Mr. Justice Allison Arthur Mariotti Walsh, as an Officer of the Senate to hear evidence on petitions for dissolution or annulment of marriages and to report thereon, and he is, as of this day, relieved, at his request, of his duties as an Officer of the Senate.

Honourable senators, the letter and announcement which I have just read will, of course, appear verbatim in Senate *Hansard*. Since the duties performed by the Honourable Justice Walsh were so satisfactory, and since we were so happy in our association with him, I did not want this announcement to appear without adding to the record a personal letter which I wrote to him on your behalf.

I wrote to the Honourable Mr. Justice Walsh on January 30 in these terms:

Dear Sir:

I acknowledge receipt of your letter of January 29th to which was attached a personal note in which you expressed the great satisfaction you had enjoyed in working as the Senate Commissioner, and on behalf of myself and all the Senators may I also express to you our appreciation for the faithful and painstaking duties you have performed as Divorce Commissioner of the Senate.

At the next sitting of the Senate, I intend to inform the honourable senators

that your designation as an Officer of the Senate is now terminated and that you have been relieved of your duties.

You will permit me to wish you well in your new endeavour.

Yours sincerely,
Jean-Paul Deschatelets

I hope that in doing so I was expressing the views of all honourable senators.

Hon. Senators: Hear, hear.

Hon. Paul Martin: Honourable senators, His Honour the Speaker has expressed our gratitude to Mr. Justice Walsh.

I was speaking a few moments ago, on the telephone, with Senator Roebuck. He has been confined to his bedroom because of a cold, from which he is recovering. I know that if he were here today he would want to join with His Honour the Speaker and honourable senators in his expression of thanks to the Divorce Commissioner, who has so ably discharged his duties over a period of time and has been of the greatest assistance. Senator Roebuck has spoken of Mr. Justice Walsh's contributions in most appreciative terms.

The President of the Exchequer Court will be advised that leave of absence has now terminated, as will my colleague the Minister of Justice.

Hon. J. Campbell Haig: Honourable senators, as a member of the Divorce Committee since my appointment to this place, I wish to reiterate what has been said by His Honour the Speaker and the Leader of the Government.

At the last meeting of the Divorce Committee in January, Mr. Justice Walsh explained the situation with regard to his work, saying that because of limited accommodation there was sufficient room for only one commissioner to carry out his responsibilities, so it had been decided that Mr. Justice Cameron, who had previously retired from the Exchequer Court, would continue to hear the contested and uncontested cases, which are now few in number.

Also at that meeting expression was given to the gratitude and respect the committee had for Commissioner Walsh's work. There were never any difficulties or conflicts. Our discussions were free and open. He came to us if he had any problems, and members of the committee on occasion returned to him his precis of an individual case for further clarification. Ever since he was appointed Commissioner, the relationship has been one of great co-operation and respect on both sides.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Copies of the Preliminary Report of the Ministerial Mission to Latin America, October 27—November 27, 1968, together with copies of a Press Release, issued January 24, 1969, relating thereto. (English and French texts).

ADJOURNMENT

Hon. Paul Martin: Honourable senators, before moving the date and time to which the house will adjourn this week, I should like to outline the business, as I see it, that will be before us next week.

If we do not complete today the debate on the motion for the second reading of Bill S-26, to prohibit the advertising, sale and importation of hazardous products, then that debate will continue next week, and I expect the bill will be dealt with by committee.

A number of senators have indicated their intention to speak in the debate on the motion of Senator Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate. We shall resume next week the debate on the inquiry of Senator Aird calling the attention of the Senate to the Fourteenth Annual Conference of the North Atlantic Assembly held in Brussels in November of last year. We shall also have before us for consideration Bill S-24, introduced by Senator Argue, to amend the Canada Elections Act (Age of Voters).

We have not yet concluded the debate on Senator Hayden's inquiry calling the attention of the Senate to the effect of certain sections of the British North America Act on the initiation of legislation in the Senate, or that on the inquiry of Senator Connolly (Ottawa West) calling the attention of the Senate to the 14th General Conference of the Commonwealth Parliamentary Association held last fall at Nassau.

On Tuesday next Senator Croll will call the attention of the Senate to the consequences, legislative and otherwise, flowing from the adoption of reports of certain special committees of the Senate and the special joint committees of both houses. Also, I believe on

Tuesday next Senator Davey will proceed with his motion for the appointment of a special committee to consider and report upon the ownership and control of mass public communications in Canada.

On Wednesday the Senate Committee on Banking, Trade and Commerce will resume consideration of Bill S-17, an Act respecting Investment Companies, and also Bill S-27, an Act respecting the Quebec Savings Bank. I believe that there are a number of witnesses to be heard on both these bills.

Also on Wednesday Senator Macnaughton intends to call the attention of the Senate to the 11th annual meeting of the Canada-United States Interparliamentary Group held in Washington and New Orleans last month. The Senate Committee on Legal and Constitutional Affairs will meet to consider Bill S-21, an Act to amend the Criminal Code. The Committee on Foreign Affairs will hold its first meeting on Thursday next, I am advised by Senator Aird. It is expected that there will be meetings of the Special Committees on Science Policy and Poverty. I will also have two new Government bills to introduce on Tuesday next.

Honourable senators, I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 4, 1969, at eight o'clock in the evening.

Hon. David Walker: Just listening to the honourable leader, was there anything in what he said that is not set out in the Orders of the Day and Meetings of Committees? Perhaps I missed something.

Hon. Mr. Martin: I do not think there was.

Hon. Mr. Walker: Thank you.

Motion agreed to.

INTERNAL ECONOMY

Hon. Paul Martin moved, with leave:

> That the Committee on Internal Economy and Contingent Accounts have power without special reference by the Senate to consider any matter affecting the internal economy of the Senate and such committee shall report the result of such consideration to the Senate for action.

Hon. Chesley W. Carter: Honourable senators, over a year ago, when I was making my maiden speech in the Senate, I made reference to the equipment provided to the secretaries of senators as compared with that provided to secretaries of members of the Commons. I was referring particularly to dictating machines, electric typewriters, and so forth. Some senators have found it necessary to purchase this equipment at their own expense.

I want to thank the committee for providing a number of dictating machines, but I notice that we still need some electric typewriters. I would like to renew my plea to upgrade the equipment available to our secretaries in order to bring it in line with that provided in the other place.

The Hon. the Speaker: Honourable senators, the views just expressed by the honourable Senator Carter are on the record, and I imagine that the committee will deal with this matter when it next meets. There is a motion before the house. Is it your pleasure to adopt the motion?

Motion agreed to.

EXTERNAL AID

CANADA'S CONTRIBUTION IN FIGHT AGAINST LEPROSY—INQUIRY

Hon. Chesley W. Carter: Honourable senators, before the Orders of the Day are called, I should like to put a question to the honourable Leader of the Government. My question is related to a speech which he gave on Sunday past, preliminary to a concert sponsored jointly by the National Gallery Association and the Canadian Broadcasting Corporation. The purpose of the concert was to raise funds for the fight against leprosy.

I have received some letters about this matter and invariably they are loud in their praise for the assistance Senator Martin has given in the past and is continuing to give to this great cause. Before coming to my question, on their behalf as well as my own, I should like to voice my sincere appreciation for the leadership which Senator Martin is giving in attempting to alert Canadians to this terrible problem which affects ten million people in 57 developing countries.

My question is as follows: Can the honourable leader inform the Senate what contributions to this problem are being given to these countries in the form of external aid? Secondly, in view of the special interest which Canadians should have in this problem due to the outstanding sacrifice and example of that eminent Canadian, Cardinal Leger, would the honourable leader consider (a) requesting the Government to make this a special project for

Canada, and (b) would he also explore the possibility of having the Senate Committee on Foreign Affairs and the Senate Committee on Health, Welfare and Science consider this problem with a view to making recommendations as to the best way in which Canada can become more closely identified with and improve the effectiveness of Canada's contribution to this problem?

Hon. Paul Martin: Honourable senators, with the preface that Senator Carter has given to his question, I could not very well ignore it at this time. I cannot give a precise reply to the first part of the question, but I can say that the Government, through the Department of External Aid, has undertaken to give assistance to the special hospital project under the auspices of Cardinal Leger. I believe that answers the second part of the question. I will direct Senator Carter's inquiry to the Chairman of the Senate Committee on Foreign Affairs and the Chairman of our Committee on Health, Welfare and Science. Moreover, I will give more precise information on the first part of the question later.

HAZARDOUS PRODUCTS BILL

SECOND READING—DEBATE CONTINUED

On the order:

> Resuming the debate on the motion of the Honourable Senator Carter, seconded by the Honourable Senator McGrand, for the second reading of the Bill S-26, intituled: "An Act to prohibit the advertising, sale and importation of hazardous products".—(*Honourable Senator Langlois*).

Hon. Chesley W. Carter: Honourable senators, may I have leave to resume this debate?

The Hon. the Speaker: Honourable senators, I understand that the honourable Senator Carter introduced this bill on second reading. Is unanimous consent given to him to speak now? If so, I must inform honourable senators that if he speaks now it will have the effect of closing the debate.

Hon. Mr. Thorvaldson: Is it necessary to ask leave for this purpose? As I understand it, Senator Carter introduced the debate and he has a right to close it, and I take it that that is what he is doing.

Hon. Mr. Martin: Yes, but the adjournment was in the name of Senator Langlois.

The Hon. the Speaker: The order stands in the name of Senator Langlois. If an order is not proceeded with by the honourable senator in whose name it stands, then another honourable senator must have unanimous consent to proceed. This has been the practice that we have followed.

Hon. Mr. Grosart: Honourable senators, I do not want Senator Carter to close the debate at this time. I had assumed there would be another speaker, and I too would like to speak on this bill. I think I have something to draw to the attention of the chamber that may be of some importance. However, it is absolutely necessary for me to keep another commitment this afternoon. I have to attend a meeting of the Science Policy Committee. If Senator Langlois is not proceeding, I would like to adjourn the debate rather than have it terminated by the sponsor now. Therefore, if it is in order, I move the adjournment of the debate.

Motion agreed to.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, January 28, the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Fred A. McGrand: Honourable senators, I wish to call the attention of this chamber to a luncheon lecture organized by the Voluntary Committee on Health of the Senate and House of Commons, to be held in room 112 on Wednesday, February 5, at 12.30. These lectures are nothing new. They have been going on since 1925. It is not the importance of this particular lecture, but the importance of the Voluntary Committee on Health of the Senate and the House of Commons to which I wish to refer.

If we go back to 1919 at the time the Department of National Health was established, we can realize the problems of that period and the methods taken to deal with them. Previous to that there was no Department of Health in Canada, or in any of the provinces, or for that matter in the British Empire. There were poorly organized boards of health in many municipalities that dealt with emergencies when they arose.

The federal Department of National Health was established to meet the emergency of that day. It was the end of a severe epidemic known as the Spanish influenza. Venereal disease was rampant; there were repeated outbreaks of smallpox, diphtheria and typhoid fever; tuberculosis was uncontrolled. The time had come to regard these conditions as national problems—hence a national Department of Health was necessary. But this new department was born handicapped. There was little or no enthusiasm on the part of the provinces or municipalities to co-operate. And the public in general was poorly informed.

New Brunswick was the first province to set up a Department of Health, the first in the British Empire, and it came about this way: The influenza epidemic of 1918 caught the province with no organization to combat it. Certain municipalities, previously confronted with epidemics of smallpox and diphtheria, had set up boards of health which functioned for the duration of the epidemic. Dr. W. F. Roberts, Minister without Portfolio in the Foster Government, was given the task of bringing order out of chaos. It was not an easy task. Municipalities refused to co-operate and in many counties, which had boards of health, it was found that the person who was recognized as the chairman or secretary of the board had been dead, in some instances, for a period of from 15 to 20 years.

If the national Department of Health was to be of service there had to be an organization to do the educational work. The Health League of Canada, as a public relations arm of the national Department of Health, came into being under the leadership of Dr. Gordon Bates. It carried on a campaign to establish venereal disease clinics, clinics for the detection of early tuberculosis, compulsory vaccination of school children against smallpox, pasteurization of milk to control the spread of dysentery and other communicable diseases, and clinics for immunization against diphtheria.

I now come to the organization of the Voluntary Committee on Health. In 1925 Mackenzie King, then Prime Minister, suggested that this committee be set up in order that members of the House of Commons and the Senate could be kept aware of health problems by bringing speakers to address groups of parliamentarians—the luncheon lectures followed.

What purpose have they served? I, like some of you, listen to a good many of these lectures, and sometimes they do not carry a "message," as they should. This may be the reason why attendance has been poor.

Senator Croll, when he introduced his motion on poverty, said something to the effect that the old Senate had passed away and a new one has taken its place. If so, let us have a reorientation of the Voluntary Committee on Health. There is good work to be done, which only a well-informed parliamentary body can perform.

Members of the House of Commons are busy with their committees, and they have their constituents to look after. Perhaps they do not have the time to attend and analyse the message brought to them by these lectures.

Here is where this chamber can play an important role, by doing the basic investigation of health and welfare problems.

Much legislation which comes before Parliament originates from behind the desk of high-ranking civil servants. Senator O'Leary has warned us of this danger.

Dr. John Hanlon, President of the United States Public Health Association, has called attention to many of their health problems, and he states definitely that public health needs are more important than spending money on organ transplants.

There is air pollution and water pollution. In much of the land surrounding the great cities of North America, the bacteria necessary for healthy soil have been destroyed by detergents. Dr. Lewis Herber, in his book *Crisis in Our Cities*, writes that from Minneapolis to the mouth of the Mississippi people are drinking detergent cocktails—a glass of tap water with a detergent foam on top. The necessary bacterial action in the soil has been destroyed.

Many of our health problems are man-made. There seems to be a continuing demand for antibiotics to destroy bacteria by massive retaliation against bacterial disease but, in spite of this all-out war, there is evidence of failure. Bacteria practises the law of the survival of the fittest, and those who survive come swarming back at us in increasing numbers, while millions of innocent and friendly bacteria are killed and their places taken by vicious and angry ones.

Many of the friendly germs undergo change, and are less friendly than their ancestors. But bacteria, for the most part, have been friendly to man. Without them

there would be no soil; without fermentation there would be neither bread nor beer. They are essential to the existence of man. They were here on earth long before mankind. The question is, how to live in coexistence.

Dr. Frapper will speak to us on the subject, "The Worth of Prevention." Perhaps in the future this Voluntary Committee on Health should be part of the Committee on Health, Welfare and Science. This is the time to take a second look at the work of this committee, and to take a first look at the problems of health and welfare which grow bigger, not smaller—the problem of the high cost of medical care, the high cost of hospitalization. On that point, in one of our best known hospitals in Canada the per diem cost has risen to over $70 a day.

The members of the other place are so absorbed in the legislation before them and constituency problems that they do not have the time to investigate these problems at the grass roots level, or to explore the frontiers of tomorrow's problems.

Last December our Voluntary Committee on Health heard a lecture delivered by Dr. Unwin, of Montreal, on the hippie problem. That was one man's opinion. There are many different views on this problem, and we should hear them all.

Does anyone seriously believe that student unrest or revolution will go away by itself?—not until the universities train people to develop the humanities and not train them to be mere robots to join the technical machine built by science, the military and big business.

Remember that Dwight Eisenhower's last words as President were:

> In the councils of government we must guard against the acquisition of unwarranted influence, whether it is sought or not sought, by the military-industrial complex. The potential for this disastrous rise of misplaced power exists and will presist.

Today it is the science-military-industrial complex, and its shadow grows longer. Some of the mandarins of science who appeared as witnesses before the Science Committee, which now meets, certainly did not get Eisenhower's message, but the students at Columbia did.

There is the whole field of crime and delinquency to be explored by some responsible body. Crime increases 10 to 15 per cent a year, and there is hardly a dollar available in Canada for research on that important problem.

This is the first luncheon lecture meeting for 1969. Tickets can be bought from Senator Fergusson, Senator Haig or myself. In the past, while attendance was generally poor, some senators were always present—Senators Croll, Roebuck, Inman, Fergusson, Carter, Burchill, Kinley, and Senator Paterson, who not only came but brought a number of people with him.

The meeting is on Wednesday, February 5 at 12.30 p.m. in room 112. Come one—come all!

Hon. Richard J. Stanbury: Honourable senators, may I join other honourable senators in congratulating Senator Molson and the active members of his committee on an excellent effort. If anyone needs a demonstration of the abitlity of honourable senators to act quickly and wisely, or of their capacity and willingness to work hard, then I think the report which is now before us, and those which preceded it, should provide a remarkably adequate demonstration.

I can speak in this complimentary vein without being immodest because it was not possible for me to take an active part in the deliberations of this committee. My delinquency was partly caused by the necessity for me to concentrate my efforts for several months on a related and, to my mind, equally constructive facet of the affairs of the nation, and the necessity for me to make an effort to rectify the neglect of the Ontario schools system in failing to train me equally well in both of the languages to which I, as a Canadian, am entitled to refer as my mother tongues.

In spite of the pleasure and satisfaction with which I read the Fourth Report of the Committee, there were two areas in which I felt I might make a constructive contribution.

The first is in disagreement with some of the conclusions the committee reached and expressed in paragraphs 12, 13 and 14 of the report. These paragraphs deal with the question of impartiality of honourable senators and the desirability of removing themselves from what the report calls the "crisis atmosphere of the daily political scene," the practical application of which is that they should not attend their party caucuses.

The other area of my concern might be regarded as an expansion of the recommendations of the committee in this fourth report

concerning reform of the Senate. Perhaps you will be more tolerant of the vehemence of some of my later remarks if I first lay bare some of the biases which underlie them.

First, I regard the political party as the basic unit of democracy, the element without which democracy cannot exist. Second, I regard the political party in contemporary times as one of the major vehicles of democracy, or, to put it another way, one of the major links between the people and their government. Third, I regard public service through support of, and participation in, a political party as being more useful than any other kind of public service, because the very freedom of charities, service clubs, universities, and other public and quasi-public institutions to exist and operate, and the quality of their operation, are dependent upon the democratic system to which the political party is basic. And I must say that I cannot share the judgment of those who fail to acknowledge the centrality of the political party in our democratic system, and who somehow feel that they serve democracy by holding themselves aloof from the very basis of it.

Democracy is politics in its highest form—that is, the comprehension of the needs and aspirations of the people, the seeking of the legislative means to fulfill those needs and advance those aspirations, the administering of that legislation to the greatest benefit of the people and the nation, and doing all of this with the closest possible involvement and participation of the individual citizen.

To accomplish this vast responsibility there must be an inflow of information, ideas, and value judgments from all parts of the community. The work of Parliament is to test, by debate, representations from the bureaucracy, from special interest groups, and from the general public whose chief vehicles of expression are their elected representatives, the political parties, and the communication media. Parliament must distill from them that which appears to its members to be most wise.

But honourable senators will see that one of the most important inputs into the parliamentary system is that from the parliamentary and organizational wings of the political party. In Canada, Parliament is a bi-cameral unit. The Senate is one portion of that unit and it has a certain share of the responsibility for the testing process I have mentioned. If this particular chamber of Parliament is not to cripple itself in dealing with the legislative matters which come before it, it must have access to all of the sources of information and judgment which are available in the other place, and which are available to government in making its selection of legislative objectives.

There has been a suggestion that honourable senators are brainwashed in caucus. No one would suggest that we should remove ourselves from the brainwashing of the communication media, or the bureaucracy, or the special interests. Then why should we remove ourselves from the brainwashing, if such it be, of the agencies of democracy in the country, the elected representatives of the people and the political parties.

There are those who say that this house is irrelevant in a modern democracy. If it is irrelevant now, when it has access to the considerations of the democratic elements in our political system, then how much less relevant would it be if we abdicated that access. I could understand it if the party caucuses withdrew the privilege of attendance from us, but for us to propose giving up this link with reality ourselves is unthinkable.

I believe that every honourable senator has accepted appointment to this chamber in the belief that he can make a constructive and effective contribution to the welfare of Canada. I further believe that there is no more effective way of making that contribution than by speaking in the party caucus at a formative stage of legislation. Another part of our public image is that this chamber is a rubber stamp. While that picture is untrue technically and highly exaggerated from a practical point of view, it is true that by the time legislation originating in the other place reaches us it would be highly awkward for the Government and the affected citizens if we insisted upon substantial amendment, delay, or rejection. One of our real opportunities to make an effective contribution is at the party caucus, and I personally would urge each honourable senator to make a contribution there.

I said that I would also propose some expansion of the committee's recommendations. The fourth report of the committee does not acknowledge one of the two original purposes of the Senate—that of representing provincial or regional interests. As between the two original purposes of the Senate, I would regard this as the more important. The "sober, second thought" role, regardless of its

utility, is a non-democratic function and, in the hands of an appointive body, must necessarily be curtailed. The protection of minority interests, however, is a thoroughgoing democratic role for the Senate.

No true democracy would leave complete control of legislation in the hands of a single chamber controlled by two populous provinces without making some provision for the protection of the constitutional and civil rights of the inhabitants of the smaller provinces. No federated system created by two founding peoples should leave the complete control of legislation in the hands of a single chamber which might be, and has been on occasion, controlled by one of those peoples without making provision for the protection of the constitutional and civil rights of the minority people. These are the roles we have failed to perform, and these are the roles about which the report of the committee is silent.

Senator Cameron has made some suggestions as to how the manner of appointment might be adjusted to assist in the filling of these roles. I am sure that other honourable senators will have other ideas, and I gather that the Government is looking at some possibilities. I say only, as simply and sincerely as I can, that if we are able to find the means of equipping the Senate with the kind of members and procedures necessary to fill these roles, we will have made a giant contribution toward the unity and longevity of Canada.

The most serious flaw in western democracies today is the rule of the majority and the consequent alienation of minorities. In Canada we have immediately available a parliamentary body, one of whose originally stated aims was to overcome this flaw. All we need do is make it work.

Honourable senators, may I end as I began? For the sake of brevity I have not commented on the other and excellent recommendations in the report because I agree with them fully. Like other honourable senators, I am not interested in being here unless I can satisfy myself that I am effectively serving the people of Canada. The efforts of the Special Committee on the Rules have certainly increased that effectiveness. However, we must remember that we are a part of a democratic political system, and only in so far as we remain attuned to that system, and equip ourselves to solve its injustices, can we lay claim to a justification of our existence.

29234—59

On motion of Hon. Mr. Sparrow, debate adjourned.

NORTH ATLANTIC ASSEMBLY

FOURTEENTH ANNUAL CONFERENCE AT BRUSSELS, BELGIUM—DEBATE CONTINUED

The Senate resumed from Thursday, January 23, the adjourned debate on the inquiry of Hon. Mr. Aird calling the attention of the Senate to the Fourteenth Annual Conference of the North Atlantic Assembly held at Brussels, Belgium, 11th November to 15th November, 1968, and in particular to the discussions and proceedings of the conference and the participation therein of the delegation from Canada.

Hon. Daniel A. Lang: Honourable senators—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Lang should speak in place of the honourable Senator Martin?

Hon. Senators: Agreed.

Hon. Mr. Lang: Thank you very much, honourable senators. I was one of the delegates at the annual conference of the North Atlantic Assembly last November, and I wish to report to the Senate some of my observations and reactions at that gathering. Last December 17 Senator Aird presented a very complete report of this conference. His views as to the important issues and the nature and extent of the deliberations there coincide very much with my own reactions. I have very little to amplify those remarks, particularly as they deal with specific items. Generally speaking, however, I would like to report to the Senate that so far as our Canadian delegation was concerned, this conference proved to be a very satisfying experience, and surprisingly so because it met in the wake of the fears and anxieties and the general depression that fell upon European countries and their representatives following the events in Czechoslovakia last August.

The fact that this meeting did prove to be a satisfying experience for the Canadian delegation arises, I think, from two main facts. First, I should say that the initiative of Senator Aird as a chairman of the delegation and the co-operation that he received from the Minister of National Defence, the Secretary of State for External Affairs, and the officials of these departments, made it possible for our delegation to have an in-depth briefing prior

to departure, which familiarized us with the current issues and the positions of the various member countries on those issues. Also, there were in the delegation itself Members of Parliament who had attended previous meetings of this assembly and who carried with them the experience and knowledge of those previous occasions, which continuity is so essential to maintaining the high calibre of a delegation on functions of this nature.

Because of this fact, the delegates were able to participate fully in the various sessions of the committees and in the plenary session itself. They were not diffident about putting forth their views, and there was no hesitancy in doing so, notwithstanding the equivocating posture of the Canadian Government at the time, the so-called review of foreign policy being in progress.

I think I can also say that whatever reservations, if any, may have been held by members of the delegation with regard to the validity and worth of Canada's role in NATO, they were dissipated during the briefing sessions held prior to departure and during the sessions in Brussels and through the contacts made with counterpart delegates from other countries.

I wish that every member of Parliament, indeed, every member of Government, could have had the benefit of our briefing sessions and of our experiences at the conference itself.

The other factor contributing to the feeling of the delegates about this conference can be attributed to the new-found sense of international common purpose that prevaded. There was a sense of renewed mutual reliance, and noticeably absent were the half-muted whines of national self-interest, the chauvinistic posturings that sometimes characterized deliberations at previous meetings. These had dissipated in the wake of the events in Czechoslovakia. Certainly, nothing could have cleared the fog of doubt and all the uncertainties hanging over the alliance and its future as did that catastrophe.

There was apparent among all delegations a new sense of dedication and commitment, and a sense of direction. The Parliamentary delegates themselves felt this renewal and were satisfied to find that in the reports that came from the ministerial meeting held towards the end of the assembly these same attitudes were reflected in the official government communiques of all the countries. As you know, these communiques in general renewed our commitment to the principles of the alliance and to an increased contribution to the military strength of the alliance.

Because it bears so closely on present events in Europe, I should mention that at the close of the conference the Canadian and the United States delegations were invited by the Government of West Germany to visit West Berlin. Many of the delegates did so, and on a dark, cold, dismal, November day we viewed the ultimate manifest of sadistic hatred: that awful wall. The symbolism of that wall is beyond over-expression. As it divides a city so it divides Europe and, indeed, the world.

Some of us went on through that infamous gate known as "Check Point Charlie" and into East Berlin, looking forever like a city of the dead. I think everyone should have the experience of passing through those barricades and be subjected to the scrutiny of East German military police and their Russian overseers. The atmosphere is tense. Their hatred for us is self-evident. This is the atmosphere that pervades the areas of Russian militaristic influence. It is as real as the wall on the side of this chamber.

When you come back to the gate you again experience this horror in the concentration camp-like atmosphere of the police office. Your first reaction, I think, is to run, to escape; and then when you do pass through, that unfamiliar city of West Berlin looks about as familiar and pleasing to see as your own home-town. I think everyone involved in foreign policy in our country should be made to go through that gate.

In retrospect, I feel that one of the most significant phenomena of the assembly meeting was the fact that all the Parliamentary groups found their views basically consistent. And, as I mentioned before, these views were consistent with those contained in the communiques issued by the ministers at the end of the week. In other words, the reaction of the Western world to the Czechoslovakian invasion was unanimous and nonpartisan, for in these delegations there were Labour members, Liberals, Conservatives and every shade of political opinion. These views were held notwithstanding very real recognition of what additional financial sacrifices might be involved in maintaining them.

I might summarize the conclusions of the conference basically as follows: First, events in Czechoslovakia called for an improvement in the quality, effectiveness and deployment of NATO forces. Those forces will be

improved in terms of both manpower and equipment in order to provide a better capability for defence as far forward as possible, and therein to match the forward positions now assumed by the Russian military since the invasion of Czechoslovakia.

Second, the quality of reserve forces will be increased. Third, renewed attention will be directed to the provision of reinforcement for the flanks and the strengthening of local forces, and here I would like to draw to the attention of the Senate the fact that on January 16 last a decision was taken by the D.P.C., that is the Defence Planning Committee, at NATO headquarters in Brussels, approving the concept of an allied naval force for duty in the Mediterranean area capable of being assembled on call. At least five countries are prepared to participate in that force: Greece, Italy, Turkey, the United Kingdom and the United States. This is in keeping with recognition of the necessity of reinforcing the NATO flanks, and particularly in the Mediterranean where probably the greatest threat to world peace is now situated. Fourth, the conventional capability of NATO's air force will be increased and certain additional units will be committed to the major NATO commands, and I underline "conventional capability". I do this because as all honourable senators are aware it is in conventional rather than nuclear capability that the Western powers are less than a match for the Warsaw Pact countries.

Finally, the assembly concluded that while hopes for mutual balanced force reductions as between Warsaw Pact countries and NATO countries have suffered a severe setback, nevertheless, the allies in close consultation are continuing their studies and preparations for a time when the atmosphere for fruitful discussion is more favourable. The search for peace requires progress consistent with Western security in the vital fields of disarmament and arms control and continuing efforts to resolve the fundamental issues which divide East and West. In other words, the necessity and desirability in striving for mutual force reduction and an easing of tension between East and West remains the cardinal principle behind the North Atlantic Treaty Organization.

It might be interesting if I just mentioned the actual commitments made by a few of these countries in this area, because it is by contrast with them that I think we can often best gauge our own performance. For instance, Belgium in this communiqué stated that the recruitment of "career volunteers" which had been interrupted for a considerabl time, would be reopened. It was proposed to recruit 4,000 volunteers a year in this way.

In Germany some units that were to have been turned into training formations are now going to be retained as combat units. The capability in reconnaissance aircraft is to be improved, and it is planned to purchase 88 Phantom aircraft to this end. The German Government's 1969 defence budget includes an increase of 740 million D.M. In Italy the defence budget for 1969 is to be increased by as much as 7 per cent over last year. In the Netherlands, strengthened anti-tank capability is to be attained in some army units, an improvement in electronic warfare and anti-submarine equipment for the navy, and, in the air force, an increased number of planes. In Norway, the manning level of forces in northern Norway is to be increased by sending soldiers from training units to northern Norway at an earlier stage and after more intensive initial training. In financial terms this will amount to something like 100 million kroner over the five-year period. The United Kingdom will be ordering an additional squadron of 20 Harrier vertical take-off aircraft. The United States is going to both increase and accelerate the program of exercises for ground and air forces committed to NATO, including particularly exercises involving the units that have been re-deployed to the United States. They will also enhance the United States tactical air power in Europe both in quantity and quality.

In this atmosphere of renewed dedication to the principles of collective security and our role in it, we have at home recently heard some discordant notes and I feel compelled to comment on them in this chamber. Of course, honourable senators will realize that I am referring to press reports which concern Canada's policy in NATO and members of the cabinet. I should say that, if the press is to be believed, the Prime Minister has encouraged the Postmaster General to publicize his views on Canada's continued participation in NATO. I suggest that this makes a mockery of the notion of cabinet solidarity when the Postmaster General's views apparently are totally at variance with those held by the ministers responsible in this area, namely, the Minister of National Defence and the Secretary of State for External Affairs. According to the press, this exercise was in the interest of promoting a "national debate", and I put those words in quotes because I do not know

what exactly is meant by a national debate. I am not sure whether it means a series of television interviews conducted on the program 5W with some of our TV personalities acting as moderators; I am not sure whether it means letters to editors of newpapers, or speakers at service clubs, articles by columnists, et cetera. I suppose that may be the idea of a national debate.

Well, honourable senators, as informative or useful, or as misinformative and useless, as such a debate might be, I would like to suggest that anything as serious as this matter—which requires, above all, cool, level-headed and unemotional deliberations—cannot be resolved by such techniques to which I have referred. As everyone here who has ever been associated with publicity or propaganda knows, such matters can very easily be slanted or biased, according to the predelictions of those who control the media.

I suggest that the forum for such a debate is in the halls of Parliament, for it is in the halls of Parliament that we are to conduct our national debates, and here conduct them according to the rules, regulations and traditions that go with these institutions. These halls of Parliament were particularly designed to carry out such a responsibility, and here is where that responsibility lies.

If I am correct in this regard, then I would be less than honest if I did not say that I am now suspicious that such activity must represent an attempt to rally public support behind someone's preconceived determination to remove Canada from the NATO alliance and, if necessary, to do so by by-passing Parliament in the process. I hope my suspicions are ill-founded.

Unfortunately, I do not have a copy of the Postmaster General's remarks made at Nanaimo last Saturday, but I would like to comment briefly on a few of them as they have been quoted in the press.

Honourable senators, I think that if I were a judge and had a case before me with a jury that was addressed in the manner that the Postmaster General used, I would have to dismiss the jury on the basis of an inflammatory address.

First, the Postmaster General baldly states that membership in NATO is "not worthwhile." Honourable senators, I recognize that at times we have to re-examine our first principles. Of course, the first principle of NATO is collective security. If we in Canada are to adhere to the principle of collective security our logical place to do so is in NATO and in NORAD. Anything else would be a form of gross intellectual dishonesty.

Is collective security worthwhile? Can we discard all the lessons of World Wars I and II? How easily are these forgotten, if they were ever learned? I know that today, more than ever in the past, an outbreak of war in Europe is going to involve us automatically—and perhaps this time result in the extinction of our whole planet. Our stake in world peace is the greatest stake we have, and it will only be by protecting that stake in peace, and through strength, that we will be able to maintain it. Any other road is sheer folly.

I would remind honourable senators that about 18 per cent of our total defence budget is expended on NATO, or roughly $200 million. For that amount of money we can make our voices heard in the highest political and military circles in the world, and we are listened to. We can help fashion the shape of events to come, completely out of proportion to our relative size as a country and our relative contribution to the alliance.

Worthwhile? I know it is the most worthwhile expenditure we make.

I should mention that there are countries which do not subscribe to the idea of collective security, and included among those is Sweden. Their expenditure for non-collective security, on a per capita basis, is about five times the expenditure of Canadians; and the defence system that they have is infinitely inferior and inadequate.

I think to question the worthwhileness of our role in NATO is literally to destroy the lessons of our history.

The Postmaster General goes on to say that NATO is a useless military bureaucracy that has divided Europe instead of unifying it. I will have to admit that in this I agree with the Postmaster General, because without NATO Europe would indeed be united. It would be united as a group of satellites under Russian military domination. If that is the kind of union that we want to see, somebody is not talking the same language as I am.

I think we should all recall, firstly, the rapid disbandment of the allied forces in Europe after the last war, followed by our complete failure to reach any agreement with Russia on a peace treaty, followed immediately thereafter by the military consolidation by Russia of Poland, East Germany, Czechoslovakia, Roumania and Austria.

I think we have to remind ourselves who it was who attempted to blockade Berlin; who it was who shot down crowds in the streets of Berlin just about 10 years ago; who it was who savagely suppressed Hungary in one of the most savage outbursts in modern times, and who it was who moved into Czechoslovakia just six months ago.

Yes, I suggest that NATO has divided Europe. It has divided Europe into the slave and the free. There is still a free West Germany, a free Belgium, a free Holland, a free Italy and, under de Gaulle, a relatively free France.

I do not wish to press my point here, but there are two other quotations I think bear examination.

The Postmaster General has gone on to describe NATO as a self-justifying deterrent against a non-military threat. Well, it certainly takes a long stretch of the imagination to believe that the 300 thousand or 400 thousand men who went into Prague and Czechoslovakia last August were tourists. I would like the Postmaster General to make that statement about a non-military threat to the West Germans, the Hungarians and the Czechs, saying that Russia and her Warsaw Pact satellites are non-military. The Warsaw Pact countries and Russia are undoubtedly the most heavily armed agglomeration of states in the world, whether in aircraft, armour, nuclear intermediate range missiles and manpower, and with a non-nuclear capability probably double that of the European NATO forces. If that is a non-military threat, then I have been learning the wrong language.

Finally, honourable senators, the press reports the Postmaster General as saying that the expenditure of $200 million we make on NATO determines the scale of resources and energy we can direct towards the rest of the world. I have read some *non sequiturs* in my time, but this just about takes the cake. What we expend on foreign aid is no more dependent upon what we expend on NATO than upon what we spend on the Canada Pension Plan or the Health Resources Fund. Let us weigh that $200 million against our total defence budget of $1,600,000,000. Let us put this into its proper perspective. The expenditure of $200 million at least partly assures us that we are going to have countries, underdeveloped or developed, with which we can be concerned. They will at least be there, and presumably we will be here to be concerned about them. Let us put first things first.

Finally, the Postmaster General referred to NATO saying that its existence guarantees one thing, and that is the existence of the Warsaw Pact. Honourable senators, I would like to conclude my remarks by quoting from a publication of the John F. Kennedy Institute Center for Atlantic Studies entitled "Report of the Third International Colloquium: The Future of the Atlantic Alliance," which was published last July. I think the dry, unemotional character of these words must be weighed in indication of the seriousness with which it deals with the subject:

> (a) If NATO were to disappear its members would lose their extensive political organization for consultation and co-operation in all fields and defence links with one another, including the vital one with North America. If the Warsaw Pact were to be abolishd the military hold of the USSR over the other member countries of the Pact would not be weakened because, even after the dissolution of the Pact, the bilateral agreements binding the other member countries to the Soviet Union would remain in force.
>
> (b) If the two Alliances were to be dismantled, the USSR would be able to maintain the present disposition of her military strength. On the other hand, the United States and Canadian troops stationed in Europe would lack the military and political framework provided by the North Atlantic Alliance. In case they had to leave the European continent, the European member countries of NATO would be separated from their North American Allies by the Atlantic Ocean, and thereby placed in a most unfavourable military position as compared with the East European countries.

I think, honourable senators, that we have in this chamber a realization of the importance of this organization in our general policy, and in our military strategy. I am distressed that responsible people would take to a public platform—and I do not mean they are just responsible private individuals; they are responsible public individuals holding cabinet positions—and attack this institution and our participation in it so unfairly, so untruthfully, and so to the detriment of our country. We live in very difficult times in this world, and I think we will continue to live in them, but no matter how difficult, dangerous, or hopeless these times seem, our little global village has not yet been incinerated.

In this day and age, that in itself is a major achievement.

If I may, I would liken the Postmaster General to the businessman who acquired a factory. One evening after acquiring the factory he visited it, and let himself in by the front door. He met a man walking about inside and he asked him who he was. The man replied that he was the night watchman and that he had been with the Company for twenty years. He was asked what his duties and responsibilities were, and he answered, "I am here to prevent fires breaking out, and to prevent theft." Then he was asked how many fires and how many thefts had occurred during his 20 years' employment, and he was very pleased to report that there had been none. Then the owner said: "That's it. You are of no use. You're fired!"

On motion of Hon. Mr. Martin, debate adjourned.

PRIVATE BILL

THE QUEBEC SAVINGS BANK—SECOND READING

Hon. Maurice Bourget moved the second reading of Bill S-27, respecting The Quebec Savings Bank.

[*Translation*]

He said: Honourable senators, the sole purpose of this bill is to change the nature and the operations of The Quebec Savings Bank.

The Quebec Savings Bank has been in existence as an institution for more than 100 years. It was established in Quebec City in 1848 as La Caisse d'Économie de Notre-Dame de Québec and has been incorporated by an act of Parliament of the former province of Canada.

After Confederation, namely in 1872, the federal Parliament granted it a new charter for a term of ten years. That charter has been renewed since, and the last time was in 1967 under the provisions of the Quebec Savings Banks Act, 16 Elizabeth II, Chapter 93.

The Quebec Savings Bank is subject at the present time, as is the Montreal City and District Savings Bank, to the Quebec Savings Banks Act. As I have said, the Quebec Savings Bank was founded in 1848. The founders' intention was to provide the working class with a savings and credit institution. Bank credit was then quite limited and was not available in any case to the workers. They were preyed upon by loan sharks. Furthermore, since there was no savings and credit institution at their disposal, they could not obtain any sound financial guarantee.

As a matter of fact, the Quebec Savings Bank was created under the auspices of the Saint Vincent de Paul Society of Quebec, a body aimed at giving assistance to those in need and want.

The Quebec Savings Bank has served its purpose well throughout the years and its depositors have always come from low-income groups.

For a number of years, the directors of the Quebec Savings Bank have been aware that the objectives they had set for themselves are now achieved by other institutions of equal value. In addition, it cannot under its charter make any commercial operations or loans. From a practical viewpoint, those operations are limited to collecting savings and granting personal loans and also, since 1954, mortgage loans for private housing.

It has been realized that, on account of the current state of the economy, it was almost impossible for the Savings Bank to keep on progressing.

It now has 27 branches in the district, or rather, in greater Quebec City and it keeps in deposit savings amounting to $60 million, its assets running up to about $68 million.

The Quebec Savings Bank has made very little headway in recent years and does not reflect the economic growth and developments being noticed in Canada and in particular, under the circumstances, in the district of Quebec.

Considering the competition it has to face from banks, trust companies and caisses populaires (credit unions) and considering the limited services it can offer to its customers, the Quebec Savings Bank realizes that it does not play, in the district of Quebec, the economic role it should play because of its seniority and its record of service.

On the other hand, the ever-increasing operational costs are bound to jeopardize even its financial balance, should the present trend be allowed to continue.

After much thought and study, the directors of the Bank came to the conclusion that the main stumbling block to its progress was the restricted nature of its powers and operations. It would therefore be necessary for the Bank to go ahead to enter the commercial and industrial fields.

The Bank Act, passed by the Canadian Parliament in 1967, extended and made more flexible the powers of the banks. The Quebec Savings Bank is of the opinion that, in order to maintain its progress, it must be granted the powers attributed to the banks.

It realizes the fact that on becoming a chartered bank it will naturally have to incur some heavy responsibilities, but its administrators are convinced that increased advantages and benefits will quickly compensate for and overcome the increased responsibilities.

Even though a goodly number of bank branches are found in the district of Quebec, this bank anticipates development and a gradual increase in its operations in other parts of the province and ultimately across Canada. Due to the services it has rendered to date and considering the fact that, for more than a century, it has been closely associated with the financial and economic activities of the Quebec area, it should be capable of quickly obtaining commercial and industrial customers. In the past, Quebec City was the head office of two chartered banks, the Banque de Québec and the Banque Nationale. On realizing the development and the progress achieved by Quebec City and its surrounding region over the past few years, surely there is room for another banking institution. A chartered bank is in a better position to transact more profitable operations than a savings bank. The present economic situation facilitates the progress and the profits of a chartered bank.

The bill now presented by the Savings Bank has been submitted to a special general meeting of its shareholders who were duly notified and it was attended by several small shareholders. At this meeting, held on December 2, 1968, there was unanimous approval of the presentation of the present bill.

The Quebec Savings Bank has always been mindful of laws, especially of the Act governing it. There is every reason for supposing that it will continue along the same lines. Besides, it will be submitted to the statutory control of the Inspector General of Banks.

The Quebec Savings Bank complies, as far as its capital and surplus are concerned, with all prescriptions of the Bank Act. As mentioned, it has at present 27 branches and employs a qualified and devoted personnel.

It seems to me that the Quebec Savings Bank, which is an institution the history and the development of which reflect the history and the development of the metropolitan district of Quebec, with its records of services, its 27 branches, its qualified staff and the $60 million it has in deposit, offers more guarantees of success than a newly-incorporated bank, just starting in business.

We may wonder if it is wise to increase the number of chartered banks.

In this respect, may I remind the honourable members of this house what the then minister of Finance, the honourable Mitchell Sharp, said on the 5th of July, 1966, when he proposed, in the other place, the creation of a committee to study the decennial revision of the Bank Act. You can read it at page 7237 of the *Hansard*, and I quote:

> Under either provision, we would favour the establishment of more banks as a means of increasing competition.

A little further, on the same page, the Minister of Finance developed his idea as follows:

> We are determined, in particular, that the interests of the small borrower and the small businessman shall be protected and furthered. We believe that the most effective way to achieve these ends is to encourage and to enforce competition. In this view, the government is supported by the Royal Commission on Banking and Finance and by the Economic Council of Canada. If there are many competing sources of loan funds and many institutions freely competing for the custom of the consumer, we are convinced that he cannot help but benefit.

Therefore, the establishment of a new bank is consistent with the policy of the Canadian Government.

It seems to me that Bill No. S-27 contains no contentious section.

Section 4 of the bill contains a provision which was already in the Quebec Savings Banks Act. Similarly, a time limit was granted by the Bank Act for the coming into force of such a provision.

Section 5 of the bill is necessary because the Quebec Savings Bank could, under its charter, grant residential mortgage loans to a much greater degree than a chartered bank. If I am not mistaken, according to the Bank Act, a chartered bank is limited to 4 per cent of its assets as far as mortgage loans are concerned. If the provisions of the Bank Act were fully applicable, the Bank could not

grant further loans for several years and would have to liquidate many; that would result in losses and breakdowns.

Section 6 provides that, if this bill is passed, the Bank will henceforth be called "La Banque Populaire" and in English, "The People's Bank".

As I said, the Bank's operations have always been directed to serve especially the working class; the Bank intends to pursue the objects which it had laid down at the time of its establishment. It has thought that the name The People's Bank or *Banque Populaire* would identify its traditions and its future concerns in that connection. It wants to remain available to the people, while increasing the services it could render.

Honourable senators, if this bill is read a second time, it will necessarily have to be referred to the committee on banking, trade and commerce where the directors, officers and the legal advisers of the Bank will be present to answer your questions.

Honourable senators, this is all that I had to say in connection with that bill. I think that it is quite simple and that it deserves the kind attention of all honourable members of this house.

Hon. Jacques Flynn: Honourable Senators, I wish to say briefly that I support the principle of this bill. Of course, it is in a personal capacity that I do this. I would add that I agree generally with the facts and the objectives outlined by the sponsor of the bill when he invited this house to support the bill on second reading.

Hon. Mr. Martin: People from the Quebec area always agree.

Hon. Mr. Flynn: Solidarity is a very good thing. As a matter of fact, we people from the Quebec area have always allowed this principle to guide us because, of course, of the economic power of the Montreal area. This is a perfectly normal reaction.

However, as the sponsor of the bill said, the Quebec Savings Bank, together with the Bank of the City and District of Montreal, is one of two institutions governed by the Quebec Savings Bank Act. These are the two original near-banks, the two oldest ones. What we call near-banks to-day are institutions which have changed, but these have been near-banks from the beginning.

As far as I am concerned, I have known this institution for a long time. As the sponsor of the bill said, it was founded in 1848; I opened my first bank account—I think I was 16 at the time—at a branch of the Caisse d'Économie, that was its name then, on the corner of Ste-Julie and St-Augustin streets, in Quebec; the building is not there any more.

Needless to say again, it is a very serious institution because it stood the test of time. Its board of directors always recruited its members among leaders in the field of economy and industry in the metropolitan area of Quebec.

I really think that, in the present circumstances, this institution, in order to go on fulfilling its role, needs more powers, and that it should become a bank, under the provisions of the Bank Act.

In short, if this proposed legislation is passed, it will not, strictly speaking, create a new bank, because the institution already exists. The question is simply to extend its powers, and the reasons given in that regard seem quite obvious to me. Therefore, I agree with the principle of the bill. I am sure that in committee we shall be able to ask for all the necessary information to ensure that the public and the shareholders of the bank will be protected, and I think we shall obtain all the answers that will enable the committee to make a favorable report.

[*English*]

Motion agreed to and bill read second time.

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

REFERRED TO COMMITTEE

On motion of hon. Mr. Bourget, bill referred to the Standing Committee on Banking, Trade and Commerce.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, January 22, the adjourned debate on the motion of Hon. Mr. Argue for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. John M. Macdonald: Honourable senators, I ask that this order stand if there is nobody else who wishes to speak on it.

The Hon. the Speaker: I understand that Senator Prowse is prepared to speak on this

now. Is it agreed, honourable senators, that honourable Senator Prowse should speak instead of honourable Senator Willis at this time?

Hon. Senators: Agreed.

Hon. J. Harper Prowse: Honourable senators, it is not my intention to delay you for any length of time, but there are one or two things about this bill which I think commend themselves to our attention. It seems to me that this is a bill which should be supported and passed in this house and sent to the other place. You have been told by those who have already taken part in this debate why certain of our provinces permit in provincial elections voting by persons under the age of 21. If I am correctly informed, they are allowed to vote at the age of 18 in Saskatchewan, Quebec, and Prince Edward Island, and at 19 in Alberta, British Columbia and Newfoundland.

Now, without going over all the questions about what is being done, what has been done, and what the attitudes are elsewhere, the point I think important is that in those places where the vote has been given to people under the age of 21—and I am speaking now with some particular knowledge of the situation in my own Province of Alberta—there has been no disruption caused or any discernibly great change in voting patterns. This is so in spite of the fears expressed by many people that by lowering the voting age we would enfranchise a great number of people who perhaps were not mature enough to exercise their franchise intelligently and responsibly, and that this could upset the whole process of our Government.

I submit to you that all the evidence is that those fears were completely unfounded. There is not a whit of evidence available anywhere in those provinces where they have reduced the voting age that the pattern shows anything that could be described as irresponsibility in voting, other than has always existed. As a matter of fact, the young people have managed better than the older people to avoid identification with what is sometimes referred to as the lunatic fringe. In other words, they are generally more responsible than we might give them credit for.

I think there are two or three reasons for this, that some of us who are older perhaps have lost track of. One is the fact that in the high schools, and even at the lower school level, under the present educational system the children are discussing current events, current affairs, political affairs and matters of public importance, subjects that found no place at all in the school curriculum of our generation. It is only when you come into contact with that and you see what they are doing, that you begin to realize it is possible. I know that within Alberta, for example, at certain stages they regularly have elections in the schools as part of their current affairs program. They put up leaders and candidates for different parties, and they run elections. Then they run a mock parliament. I would say that school children today have a much better idea of how democracy works, and how it should work, than a great many people of our generation. We never had the chance to learn, except as distant observers. These children are learning with what you might call a working model.

As a result of some experiences I have had, being in contact with these young people, my sincere belief is that they will exercise a degree of responsibility which will be a model to us of the older generation.

A second point is that they are becoming involved in the world around them today to an extent that the older generation never believed possible or had an opportunity to. We were involved in our own little personal problems. They are involved in wider problems. The young people in our high schools and universities today feel that if their life is to be full and useful at all they must do something more than merely provide for themselves, that they have to give something to the community in which they live and to the country which has given them opportunities. I think this is the greatest safeguard we have. Where those young people are now exhibiting, as they are, a sense of social responsibility, of which we as their elders should be extremely proud, then we should indicate to them that, while there may be a generation gap, we have complete sympathy for what they are trying to do.

I know that those who catch the headlines are such as the hippies who went in and disturbed the Chicago convention, those who participate in sit-ins at universities, or who are causing trouble. As I recall, last fall there were sit-ins in the schools here and, if I read the newspapers reports correctly, here were the young people who were saying: Look, we are in a school system now, and when we get finished we will neither be prepared to go to university nor to get a job. In other words, you are just wasting our time. We want

you to provide us with a system of education that will either enable us to go on to university or to make a living, but don't just make us sit here when it is not doing us any good and all it is doing is wasting your money.

To me, that is a long way from doing something that could properly be categorized as "irresponsible." This is real responsibility. While there are certain irresponsible elements among the young people today, these constitute a very small and unimportant fraction of them. At least, they are unimportant when you look at their numbers, and they will only be important if we exaggerate their role and make them so.

Where you have these young people who are prepared to accept responsibility—and by "prepared" I mean they have the education, the ideas, the outlook, a fine outlook, and are ready to accept responsibility—I think we would be doing the future of this country and those young people a great disservice if we said, "We will not let you accept responsibility."

The criticism that is always made of the young is that they are irresponsible. I may be wrong, but it is my opinion that the one way a person learns to be responsible is by being allowed to assume responsibility. If we were doing this as a wild gamble that had never before been tried, then perhaps we ought to go at it cautiously, but we have had experience in five provinces, from one end of the country right to the other. There is nothing in that experience in any way to justify any suggestion that there is anything that can be hurt by doing this; and there are all the plus factors that we will give to these fine and able young people who are looking for responsibility, a chance to become involved, if they want to become involved, in our political institutions, our political parties and the Government of this country.

If we do this then I have no fear for the future of democracy or the future of Canada, but if we frustrate them now they are going to look for other less useful outlets for their time, energy and ability. This is a challenge to this house and to our ability to face up to the needs of today in deciding how we handle this matter. Will we be able to bridge that generation gap, which is not really as wide as some people would make it seem, and say to these young people: "You are ready. Here are the keys to the car. You can now start to help drive."

Hon. Herbert O. Sparrow: Honourable senators, I should like to speak in support of this bill to amend the Canada Elections Act. I am surprised that no government in the past has ever proposed this amendment to the act, and I congratulate Senator Argue on his foresight in bringing this bill before the Senate.

Senator Prowse has mentioned the generation gap. In my opinion there are gaps between many facets of society, and one of the greatest perhaps at this time is that between the young people of Canada and the Senate. This bill may help us to associate ourselves with the younger people of this nation.

Hon. Mr. Martin: You yourself help to narrow that gap.

Hon. Mr. Flynn: The honourable senator has to be 35 years of age, in any event, in order to sit as a member of this house.

Hon. Mr. Sparrow: Senator Argue gave us some of the history of the principle of this bill, and I do not think it is necessary for me to deal with discussions on similar bills in the other place. I mention the fact only to say that bills to provide for the reduction in the voting age have been brought forward many times by private members, but no government has seen fit to act in a similar fashion.

Many arguments have been put forward in the past for a reduction of the voting age in federal elections, one of them being that if a man is able to fight for his country at the age of 18 in time of war, then he should be able to vote in a federal election. I agree that this is a valid reason. Another reason that has been put forward is that many provinces have seen fit to give the right to vote to people of 18 or 19 years of age.

I would point out that we give far greater powers to people under the age of 21 than this bill would give them. In each province of Canada we permit people as young as 14 to handle lethal weapons, and to hunt. At the age of 16 in some provinces we give them the power of life and death in placing in their hands such a formidable weapon as an automobile. In some provinces of Canada persons are allowed to marry at the age of 14, although there is a tendency at the present time towards increasing the age of marriage to 16 for girls, and to 18 for boys. If we permit young people to participate in the most sacred institution of Canada, the family, then we should be prepared to let them participate in the democratic process.

It seems to me that there are three relevant questions that have to be answered. Do Canadians at the age of 18 have sufficient knowledge to cast a ballot? Are they interested enough to cast a ballot in federal elections? Do they have the desire to cast a ballot in federal elections? I believe that each of these questions has to be answered in the affirmative.

Senator Prowse covered the knowledge aspect rather well, and mentioned the opportunities of education, communication, and involvement that young people enjoy today, and which he did not enjoy when he was 18 years of age or younger. I might add that when I was that age I did not have the advantage of the education and communication facilities that are available today. I feel that the young people of 18 today are every bit as capable to casting an intelligent vote as I was at the age of 21.

Honourable senators, I believe the young people today have a great interest in the way they are governed. That is demonstrated in many areas, and particularly in the organization of the local political parties of Canada. All honourable senators have participated in election campaigns, and they know that the backbone of many organizations in the constituencies is the young people. They work effectively in the campaigns at all levels. They are active in public discussion, and they participate in many fields of endeavour in Canada. The members of the Junior Chamber of Commerce take an active part in the education of young people, and I use that organization as only one example. If these young people can take this interest in community affairs and political matters on a local basis, then surely we can trust them to cast a ballot in a federal election.

The third reason why I feel they should have the right to vote is their desire to have that right. Almost all youth organizations—particularly political youth organizations, university organizations, student organizations and, again, community organizations of young people—almost all have appealed to the political parties and to the governments in power to have the voting age lowered to 18 so that they can participate in the same way as the older citizens of Canada have participated. They want to serve their country. We want to see them serve their country and, if, in fact, they could serve their country at a lower age, then I would be prepared to ask for a lower age. However, at this point at least, I think that those aged 18 are ready, they are willing, and the Parliament of Canada should permit them to vote.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Willis, debate adjourned.

The Senate adjourned until Tuesday, February 4, 1969, at 8 p.m.

29234—60½

THE SENATE

Tuesday, February 4, 1969

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

Prayers.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Stewart (Okanagan-Kootenay) has been substituted for that of Mr. Trudel on the Joint Committee on the Parliamentary Restaurant.

VETERANS' LAND ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-152, to amend the Veterans' Land Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the National Film Board of Canada, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1968, pursuant to section 20(2) of the National Film Act, chapter 185, R.S.C., 1952. (English and French texts).

Copies of Authentic Text of Recommendation 132, concerning the improvement of conditions of life and work of tenants, share-croppers and similar categories of agricultural workers, adopted by the Fifty-second Session of the International Labour Conference, held in Geneva, Switzerland, in June 1968 (English and French texts), together with a copy of a letter expressing the opinion of the Minister of Justice on the legislative jurisdiction of this international instrument (English text).

Copies of Ordinances, chapters 1 to 18 inclusive, passed by the Council of the Yukon Territory at its 1968 Fourth Session, pursuant to section 20 of the Yukon Act, chapter 53, Statutes of Canada, 1952-53, together with a copy of Order in Council P.C. 1969-110, dated January 14, 1969, approving same. (English text).

Copies of Volume II of the Final Report of the Royal Commission on Bilingualism and Biculturalism, dated May 23, 1968, (Joint Chairmen—Messrs. A. Davidson Dunton and Andre Laurendeau) intituled: "Book II—Education". (English and French texts).

Report of the Solicitor General of Canada for the fiscal year ended March 31, 1968, pursuant to section 5 of the Government Organization Act, 1966, chapter 25, Statutes of Canada, 1966-67. (English and French texts).

Report of the Commissioner of Penitentiaries for the fiscal year ended March 31, 1968, pursuant to section 30 of the Penitentiary Act, chapter 53, Statutes of Canada, 1960-61. (English and French texts).

Copies of the Report of the Task Force on Housing and Urban Development, dated January 1969. (English and French texts).

Report of the Canadian Broadcasting Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1968, pursuant to section 47 of the Broadcasting Act, chapter 25, Statutes of Canada, 1967-68, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Copies of the Report of the Continuing Committee of Officials to the Constitutional Conference, February 1969, together with a Briefing Paper on Discussions within the Continuing Committee of Officials, and copies of the Agenda for the Second Meeting of the Constitutional Conference, February 10, 11 and 12, 1969. (English and French texts).

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-28, to amend the Co-Operative Credit Associations Act.

Bill read first time.

Hon. Mr. Martin moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

FIRST READING

Hon. Paul Martin presented Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

Bill read first time.

Hon. Mr. Martin moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

MOTION AUTHORIZING COMMITTEE TO EXAMINE AND REPORT ON FOREIGN AND COMMONWEALTH AFFAIRS

Hon. Paul Martin, with leave of the Senate, moved:

> That the Standing Senate Committee on Foreign Affairs be authorized to examine and report to the Senate from time to time on any matter relating to foreign and Commonwealth affairs generally, on any matter assigned to the said committee by the Rules of the Senate, and, in particular, without limiting the generality of the foregoing, on any matter concerning the Caribbean area; and
>
> That the said committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the foregoing purposes, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amounts as the committee may determine.

Hon. John B. Aird: Honourable senators, I would like to outline briefly the intent and purpose of the motion that has just now been put to the house in the hope of obtaining its approval. As you know, I have been appointed chairman of the new Standing Senate Committee on Foreign Affairs—

Hon. Senators: Hear, hear.

Hon. Mr. Aird: —and over the past week I, together with others, have been giving concentrated consideration to the best way in which this committee can operate effectively and productively.

Obviously, under the rules pertaining thereto, the committee has the widest terms of reference, and in putting this specific motion before the house there is no intention of inhibiting or in any way restricting the broad terms of reference that are available to it.

I have had lengthy discussions with the Leader of the Government in the Senate (Hon. Mr. Martin), and I have discussed the matter with the Leader of the Opposition (Hon. Mr. Flynn). I have also done my best to contact each and every member of this committee over the past ten days. To those that I have been unable to contact I convey my apologies. To those persons I have contacted I have outlined in general terms the proposal that I am submitting tonight, and I must say I am extremely gratified by their reaction. In particular, I was personally pleased by the enthusiastic endorsement given to my proposal by Senator Thorvaldson, the distinguished former chairman of this committee, who now of course is chairman of the Senate Committee on Transport and Communications.

Honourable senators, there seems to be a general concensus that rather than attack problems relating to the field of foreign affairs in a wide and perhaps diffused fashion, it would be in the interests of this committee and assist in obtaining an effective result if it were to focus its attention on a specific area, so that Canada's relationship thereto could be examined with particularity. In other words, this committee should address itself to areas of study that are of prime importance to Canada, but on an overall and on a long-term scale.

After much consideration and discussion with as many interested people as possible, the Caribbean area has been selected as our first target. If I may say so, a good deal of preliminary organization has already taken place, and arrangements have now been made to call our first expert witness on Thursday, February 13.

I believe that the Caribbean area presents to Canada a particular challenge, inasmuch there are present there most of the problems plaguing the peace of the world—problems of size, race, economic need and of differing political and social goals. Inasmuch as Canada cares about these issues, the Caribbean allows a unique opportunity for Canadian involvement. Not only is the region of a size to attempt a considerable and perhaps decisive impact by a Canadian program, but there is already a predisposition in the area for a Canadian presence. Furthermore, Britain's withdrawal and the apparent disinclination of the United States to increase its commitment in the area, leave a neat geographical sphere of influence where Canadian effort will not be overshadowed.

Honourable senators, the type of program that we have in mind for the committee envisages the calling of about twelve expert witnesses on a weekly basis. Naturally, the program will be subject to change as it unfolds, but preliminary planning is that prior to the Easter recess we will call about six highly qualified and expert witnesses who will set the background of the Caribbean scene in a general sense. Following the Easter recess, we will call witnesses who, in turn, will describe Canada's position in the area in as many phases as possible, and we trust that some responsible conclusions will be drawn that could result in a productive Canadian strategy.

In order to assist the committee in its deliberations, I have had extensive conversations with Mr. Peter Dobell, Director of the Canadian Parliamentary Centre for Foreign Affairs and Foreign Trade. He has indicated his full support, and it is through this office that the program of witnesses will be arranged and organized.

It is felt that very little additional staff will be required. At the moment it is the intention that one additional person should be retained in order to assist the committee in this specific study. As you have been advised, the first organizational meeting of the Committee on Foreign Affairs will be held this Thursday and at that time the details of the program will be fully discussed.

Honourable senators, I am sure that it is realized by all of you—it certainly is by me—that this is a project that cannot be undertaken lightly. It will require a good deal of organization and effort on the part of the committee, and I trust that it will receive the support and the interest of all honourable senators. I believe that the subject is of prime importance to Canadians and must be dealt with properly and in depth.

It seems to me that this forum is particularly adapted to this type of endeavour and, if this project is successful, it would be the intention of the committee to proceed with studies of other areas that have particular interest to Canadians.

Hon. Mr. Flynn: NATO.

Hon. Mr. Aird: Yes, sir. For example, it seems self-evident that we should have a greater intensive knowledge of those countries on the Pacific rim and, in particular, Canada's relationship with Japan.

Without going into extensive details concerning the Caribbean, it will be appreciated that we will be considering problems of trade and aid, agriculture, tourism, finance, industry and resources, transportation and communications, independence and nationalism, Black Power education and even Communism. These are some of the problems that face the Caribbean area and towards which Canada should have a strategy.

Honourable senators, I therefore commend this motion for your consideration in the hope that this committee will be given an opportunity to render this important service to the people of Canada.

Motion agreed to.

THE SENATE

SPECIAL CTV NETWORK PROGRAM—REPLY TO CRITICISM—PRIVILEGE

Hon. Keith Davey: Honourable senators, I rise on a point of personal privilege. This is the first opportunity I have had to draw the Senate's attention to two inaccuracies which appear on page 917 in the Senate *Hansard*, referring to the special CTV television network program of the Senate. The honourable Senator Choquette, at page 917, said, in part:

> That was a première to Senator Davey and others who hand-picked the people who were going to be shown and seen on that program.

I want to assure Senator Choquette and all honourable senators that I did not pick the people who appeared on the program, nor did I select those who were interviewed in connection with the program.

On the same page, honourable Senator Thorvaldson is reported as saying, in part:

We saw to it that there was plenty of French in that program, but it was cut by the television people or by Senator Davey.

I want to assure the Senate and Senator Thorvaldson that that was not my function, nor did I cut anything out of the program—of course I would not have removed the French portion of it.

Hon. Mr. Choquette: Honourable senators, I would like to ask a question. Who was responsible for the cutting, who reviewed the film, and who decided what was to be shown?

Hon. Mr. Davey: The honourable senator may recall the discussion we had at the time. I said that the Senate would retain the opportunity of examining the finished product. We had absolutely no choice as to what was deleted from the program. In fact, I had no idea of all the film that was taken for the program: I do not know if anyone knows, except the producers.

Hon. Mr. Choquette: Did you view the whole film?

Hon. Mr. Davey: I viewed the film which we saw on the network later. I did not review the whole film.

Hon. Mr. Choquette: Did you make any suggestions—

Hon. Mr. Davey: No, I did not.

Hon. Mr. Choquette: —as to cutting or adding?

Hon. Mr. Davey: I did not.

I think the Senate will take my point of personal privilege.

SPECIAL JOINT AND SENATE COMMITTEES

REPORTS AND CONSEQUENCES THEREOF INQUIRY—DEBATE ADJOURNED

On the inquiry of Hon. Mr. Croll:

That he will call the attention of the Senate to the consequences, legislative and otherwise, flowing from the adoption by the Senate of the following Reports of Committees:

1. The Report of the Special Committee of the Senate on Manpower and Employment (1961).

2. The Report of the Special Committee of the Senate on Land Use in Canada (1963).

3. The Report of the Special Committee of the Senate on Aging (1966).

4. The Report of the Special Joint Committee on Consumer Credit (1967).

5. The Report of the Special Joint Committee on Divorce (1967).

Hon. Mr. Croll: Honourable senators, I rise merely to ask that this inquiry be placed on the Orders of the Day. On Thursday last Senator Hastings gave notice that he would ask a series of questions in connection with this inquiry. As soon as the answers to those questions are available, he will then proceed with the inquiry. For the present, the adjournment of the debate on this inquiry will stand in his name.

On motion of Hon. Mr. Prowse, for Hon. Mr. Hastings, debated adjourned.

MASS MEDIA

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE

Hon. Keith Davey moved, pursuant to notice:

That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, and in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public;

That the committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry; and

That the committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the committee.

He said: Honourable senators, for purposes of the discussion this evening, I should like to take for granted the virtue and value of special Senate Committees which, as honourable senators know, have given the Senate some of its finest hours.

For me, certainly, this is an unusual speech and an unusual presentation because it is my function to persuade honourable senators of the need and value of such a committee, and to do so in such a way as not to prejudge an entire series of fascinating problems which

relate directly and dramatically to the people of Canada.

For example, the best estimate is that Canadians spend 441 million hours every week watching television, that the average household in Canada—perhaps not yours, certainly not mine—watches television 42 hours a week. If you watched the hockey game last Saturday on television you were likely one of some three and three quarter million viewers. There are 107 daily newspapers in Canada, down from a peak of 138 in 1913. Every day these 107 newspapers sell 4,560,825 newspapers.

Essentially, I am proposing an objective, detached, dispassionate study of the relationship between these media and the people of Canada in order to determine the adequacy for Canada of its mass media in these changing times. For purposes of discussion, I will from time to time use the term "the Press" in its broadest sense, referring to all the major media collectively.

Let me make one thing perfectly clear at the outset. Any such study will in no way infringe upon, tamper with or otherwise concern itself with freedom of the press—one of our most cherished freedoms; indeed, one of our most sacred freedoms. A free press is the very cornerstone of democracy. It carries with it, however, a sacred public trust bestowed upon those who seek to inform and entertain at least in part for their own profit. It seems to me that we in Canada have been blessed with a press that seldom abuses that trust and is usually able to distinguish between liberty and licence.

There is, of course, one other fact about a free press in a free society: Whenever people complain to me about this newspaper or that television program, I am inclined to point out to them that no one makes them buy a particular newspaper or makes them watch a particular television program. But, honourable senators, it really is not that simple, because the press directly and indirectly touches and, indeed, influences all of our lives all of the time.

In essence, I would like to discover whether Canadians get the press they need or simply the press they deserve. Such a national accounting for the media, and especially for newspapers, I suggest is long overdue. I am convinced it would be of great benefit to the people of Canada and to the press itself. Many controversial aspects will have to be examined in detail and, therefore, it is terribly important that we do not determine our positions on these various issues in advance. As with most controversial matters, there are two sides to this question. I would hope that we could examine each side calmly, carefully, critically and in depth.

My own limited credentials may, at least, indicate a token understanding of these problems. Last Saturday my father was honoured by the Toronto *Star* Quarter Century Club. He completed 50 years of service, not as a journalist but rather on the production side. Even now he is the Assistant Production Manager of the biggest daily newspaper in Canada. Doubtless he is the last non-university graduate to hold such a post. He is proud of that record, and of course I am proud of him. Little wonder, honourable senators, that as a boy I collected newspaper editorial page mastheads from all over the world; little wonder I once aspired to a career in journalism. It has been said a thousand times that Members of Parliament aspire to sit in the Press Gallery and members of the Press gallery aspire to sit on the floor of Parliament. Indeed several have made the transition, but usually not of their own choosing.

As I see it, here are some of the things we would have to examine: the area of ownership and control of the media—and let me say at once this is just one phase of the study I am proposing. There are three major areas of interest, perhaps of concern, and I think it fair to say that a fourth area of concern, foreign ownship of the media, finally appears to be well in hand. We now have legislation dealing with foreign ownership of the press and broadcasting. Only one other slight problem remains, that known in the industry as "grandfathering", relating to the fact that the legislation is not retroactive. So we are left with a problem of foreign ownership, but that is something we will have to live with. The three major areas of ownership and control which concern me and which should concern you, honourable senators, are chain ownership, mixed media ownership and monopoly situations.

By way of example only, because this is not intended as an exhaustive list of these various types of ownership, let me set before you one or two examples. There are three major newspaper chains in Canada. There is the Thomson group with 27 dailies and 14 weekly newspapers. There is F. P. Publications with 10 dailies. These combined have

the largest circulation of any newspaper group in Canada, with some 950,000 readers every day. Then there is the Southam Press with 11 daily newspapers. There are some smaller chains, and the net result is that 55 of the 107 daily newspapers in Canada—more than half—belong to this chain ownership. Each one of these chains has extensive broadcasting holdings and so do seven of the 52 independent newspapers in Canada.

As far as monopolies are concerned, let me suggest some examples—and I want to stress again that this is not an exhaustive list but a few examples only. First, there are the big one-newspaper cities like Edmonton or Hamilton. There is one entire province, New Brunswick, in which the press is controlled by a single owner. This one person controls all the daily newspapers. Then you have the City of London where one group controls the only newspaper, the only television station and the major radio station. Similarly in Regina, one owner owns the Regina *Leader-Post* and CKCK radio and CKCK television. I should mention that in the case of both London and Regina there is some minimal radio competition.

I want to make it perfectly clear, honourable senators, that I am not passing judgment on all or any of these situations but am merely setting one or two examples before you.

Now there is one essential question that must be answered as to this concentration of ownership. Let me first make it perfectly clear to honourable senators that this is an outgoing trend and an accelerating process. Even since I gave notice of my motion to the Senate, the Southam Press has acquired the daily newspaper in Owen Sound and control of the Montreal *Gazette*. Therefore, the essential question is this: Is such a concentration of ownership necessarily a dangerous thing? Personally, I am inclined to think that it is.

Allow me to quote an item from last week's issue of *Time* magazine referring to a ruling handed down by the United States Communications Commission in a Boston television situation. It says, "the widest possible dissemination of information from diverse and antagonistic sources is in the public interest." This is, of course, no less true in Canada. However, those who own the media quickly raise points in their own defence, and certainly the points they raise have some validity and will have to be examined in considerable detail by any committee. The first point relates to their essential economic facts of communication life, that only through such a concentration of ownership are many areas of Canada served at all by radio stations and/or newspapers, and again, that only by such a concentration of ownership is a degree of competition made possible in radio or in newspapers in many other parts of Canada. As well, the owners of the chain media contend that in their broadcasting and newspaper chains individual members retain the widest possible degree of editorial freedom.

Certainly, honourable senators, it takes a great deal of money to run a modern newspaper or television station. In a single newspaper, costs are staggering when related to profit potential. Hopefully, the Senate committee I am proposing could examine these production costs in some detail as they exist at the present time, along with the likely development of future techniques which may well dramatically cut costs of newspaper production that bring in their wake an entire series of new and different labour problems. As an aside, but not totally unrelated, I would mention that one of Lord Thomson's newspapers, the historic old Peterborough *Examiner*, is strikebound at the present time. It is continuing to publish and has done so since the strike began on November 2 last. A recent *Globe and Mail* article, I think, set the issue out rather clearly in these words:

> The 23 strikers are members of the Peterborough unit of the Toronto Newspaper Guild, certified as bargaining agent at The *Examiner* last May. They seek a one-year contract providing for $150 a week for senior reporters with five years experience.
>
> The company has offered a three-year contract with a minimum of $125.25 a week for senior reporters in the last year. Senior reporters now are paid $120 a week.

Honourable senators, $120 a week is $6,240 a year. I will not ask honourable senators if they and their families could live on this much money because millions of Canadians are in fact doing so, but are they in highly sensitive positions of influence and can Canadian journalism honestly continue to attract bright young people with this kind of meagre pot at the end of the journalistic rainbow?

Then of course there is another interesting newspaper strike which is still on and which has been on for the past five years and which concerns the three daily newspapers in

Toronto. One cannot help wondering how many editorials would have appeared in the Toronto press had any other Toronto industry been similarly strikebound for such a long period of time.

Honourable senators, it was not by accident that my motion stated "ownership and control", because there is no one industry in Canada which has so managed to obscure exactly who owns what, and yet I can think of no other industry in which such knowledge is of more vital consequence to the ultimate consumer. Again I would point to the importance of this by giving one or two examples in passing.

There is a company in and around Toronto called Inland Publications, which, I understand, publishes eight community weekly newspapers in the Toronto area, and then a Sunday newspaper in Toronto called the *Sunday Sun*. I have made it my business to check, and, as near as I am able to determine, Inland Publications and the *Sunday Sun* are the products of the Toronto *Telegram*. Why do they not say so? There is nothing to hide. The *Sunday Sun* is rather a good newspaper and gives excellent coverage of the Saturday night hockey games.

Then again, in broadcasting, Selkirk Holdings—which is involved in six radio stations, five television stations and five cable systems—is 60 per cent owned by the Pearson group of Calgary, 30 per cent by Southam's, and 10 per cent by other people. I am sure that somewhere someone knows exactly who really owns this Selkirk group. Aside from the inherent danger in monopoly situations, I am not suggesting there is anything intrinsically wrong in this kind of structure, apart from the fact it takes a Philadelphia lawyer to understand it, and there is no way that the viewer or listener knows who is influencing his life so directly every day.

One interesting footnote to my proposal and to this entire area, honourable senators, is that several weeks after I gave my Notice of Motion the following self-explanatory item appeared in newspapers across Canada—again, I read from the *Globe and Mail*:

> The Quebec Legislative Assembly created a special committee yesterday to study freedom of the press—a move prompted by the growing ownership role of Montreal financier Paul Desmarais in Canada's French-language newspapers.
>
> The purchases left only six French-language dailies in Canada which were not part of chains:
>
> —The Desmarais chain, linked to Power Corp. or its subsidiaries, includes *La Presse* (Montreal), *La Tribune* (Sherbrooke), *Le Nouvelliste* (Trois-Rivieres), and the Granby paper. The chain also includes five weeklies, four radio stations and two television stations.

Thus, the problem is a real one in Quebec, and no doubt the Quebec committee, once it is established, and our committee, if we are able to establish it, would be covering much of the same ground. Hopefully, we could cooperate in a way which would make each study more meaningful.

Any discussion of the media inevitably involves a discussion of advertising, and certainly the proposed committee would want to examine the role of advertising, but only as it relates to the economics of the communications industry, other advertising problems, the efficacy of advertising, the role of advertising in the overall economy, the American influence on Canadian advertising—really examine it within the terms of reference of this particular study, but only the economic factor of advertising as it relates to media and whether or not advertisers are able to exert undue influence on the media. While there may be exceptions to the contrary, I am inclined to think they cannot. In any event, honourable senators should know and understand the contribution which advertising makes to the Canadian media.

Perhaps the following statistics will make that relationship more meaningful. This is a report from *Marketing*, one of the advertising trade papers in Canada:

> Media should gross $978 million in advertising revenue in 1968, up 6 per cent over last year's preliminary total of $923 million, according to the Maclean-Hunter Research Bureau's estimates.
>
> Assuming this trend continues, the industry should reach $1,042 million in 1969 for an overall increase of 6.5 per cent, the bureau says.

Honourable senators will be interested to note:

> Daily newspapers, still getting a lion's share, are expected to recover from their last year's low of 29.3 per cent to 30 per cent for 1968.

That is to be contrasted with 10 per cent for radio and 12.9 per cent for television.

Earlier press reports on my Notice of Motion tended to ignore the second important aspect of this study, which would be the impact and influence of the mass media, especially newspapers and television. We would want to study what the functions of the media really are; what they are conceived to be by their owners and the people of Canada; and, finally, what their functions should in fact be.

Perhaps this is a useful time to turn to a further discussion of newspapers. What, in fact, are desirable press standards? What are the criteria of great newspapers?

It so happens that an American professor of Journalism, John C. Merrill, of the School of Journalism, University of Missouri, recently published a book called *The Elite Press: Great Newspapers of the World.* He ventures his opinion of the top 100 newspapers of the world, and gives a detailed profile of his top 40; but he makes it perfectly clear this is his list, that these are his criteria. He points out a degree of subjectivity in drawing up the list would be inevitable and even desirable. So, each honourable senator could, for example, draw up his or her list of the top 10 newspapers in Canada. The lists would vary and so would the criteria.

At page 16 the author offers some pertinent advice on this very point:

> Without a doubt, the ideological position which a press critic sees himself as taking affects his evaluation of a particular newspaper. This is a quite human tendency, although it evidences considerable lack of sophistication. Liberals should read quality newspapers of all ideological persuasions if they are to be truly liberal, and conservatives should do the same thing if they are to be truly conservative. With persons, as with newspapers, the tag that one carries should have little or nothing to do with his quality or with the sincerity with which he seeks the truth.

Thus we should expect Senator Roebuck to pore over the Ottawa *Journal* each and every day, and I can just see Senator Walker reading the Toronto *Star* each night in his office. But the lists will vary and so will the criteria.

So, let us examine the author's criteria, of which he lists 10 at page 28 in his book. They are as follows:

1. Completeness of coverage in foreign and international affairs, business, the arts, science, and education.

I should add that earlier on in the book he has this interesting paragraph on this very point:

> Canadian editors of middle-area dailies, on the other hand, although greatly influenced by American journalism, tend to feel that the lack of a national press in Canada imposes a special obligation on them to present to their readers a comprehensive picture of the world. This may result, as some critics of the Canadian press have suggested, in masses of grey and dull type, but at least the Canadian reader of the average daily, in the opinion of the editor of the Montreal *Star,* gets a more thorough world picture than does his opposite number south of the border.

Returning to the professor's ten criteria:

2. Concern with interpretive pieces, backgrounding articles, and depth news articles.

3. Typographical and general editorial dignity.

4. Lack of sensationalism.

5. Depth and analytical perception of stories.

6. Absence of hysteria and cultural tone.

7. Thorough and impartial news coverage and serious-minded, moral approach to news.

8. Imagination, decency, interest in democratic problems and humanity.

9. Excellent editorial page.

10. Orientation that rises above provincialism and sensationalism.

Then the author actually provides us with something that he calls the "Merrill Elite Press Pyramid" in which he lists what are in his opinion the top 100 newspapers of the world. There are five Canadian papers so listed, but none of them in his "Primary Elite". He considers the 10 finest newspapers in the world to be The New York *Times, Neue Zürcher Zeitung* (Zurich), *Le Monde* (Paris), *The Guardian* (London/Manchester), *The Times* (London), *Pravda* (Moscow), *Jen-min Jih-pao* (Peking), *Borba* (Belgrade), *Osservatore Romano* (Vatican City), *ABC* (Madrid).

In his so-called "Secondary Elite" he includes one Canadian newspaper, the *Globe and Mail* (Toronto).

In his "Tertiary Elite" he includes 30 newspapers, among them the Winnipeg *Free Press*. In his final 40 newspapers he includes *La Presse*, the Montreal *Star* and the Toronto *Daily Star*.

It is interesting to note that following this press pyramid he goes into a detailed profile analysis of all the papers, including the five Canadian papers. I think that this is extremely interesting reading. In fact, it is even entertaining when one reads this of the *Globe and Mail*:

> The paper considers itself today as independent politically, but it is by no means neutral. Ideologically the paper is to the Right, but certainly to the thoughtful and calm Right.

By "the thoughtful and calm Right" I suppose he means Richard Needham or even Scott Young.

Implicit in the very mention of criteria is some form of press abuse. This takes many forms, honourable senators, and most stem from the twin economic dilemmas of newspapers, namely, the spiralling costs of production that I have already referred to, and the resultant need to acquire mass circulation. Sadly, the need to compete often means the need to entertain rather than to inform and so, for example, the New York *Daily News* outsells the New York *Times* by more than two to one every day. This is a worldwide problem, and of course press standards vary greatly throughout the world.

I should add at once that we are fortunate in Canada because certainly there is no gutter press of consequence, and there is very little yellow journalism. Of course there is some sensation, some shock, some accent on the negative, but more often than not these are swallowed up in a sea of solid grey journalism.

As I have mentioned, there are many forms of press abuse. I have been able to compile quite a long list since I gave notice of my motion, and perhaps the committee will examine these and others that the people of Canada will bring forward. As examples, I mention misrepresentation, inaccuracy, distortion, suppression, intrusion, and bad taste. I should say again that frequently these slips from grace by Canadian newspapers can very often be explained away, or sometimes dealt with legally. The press of Canada is inclined to police itself, and it seems to me it does so with reasonable effectiveness.

Of far greater concern, when we are thinking of Canadian newspapers, is the fact that they are at times dull, and are often provincial and even parochial in their outlook. There is, let it be noted, a tremendous and at times dramatic discrepancy in Canadian journalistic standards from coast to coast. Hopefully, there can be an examination at some length of certain objectives in respect of economic and journalistic criteria. For example, is news coverage everywhere in Canada full, fair, and factual? So, with all the media, we would hope to examine circulation patterns and trends, and so on.

I fear that I have discussed newspapers at too great a length, and yet there remain many critical areas which conceivably will be raised and which should be examined. These include postal rates, wire services, and perhaps even the so-called new journalism—the writing of people in the United States like Norman Mailer, Gay Talese and Tom Wolf, and perhaps Peter Newman here in Canada, and even the instant folklore of Judy LaMarsh. We might also want to have some discussion of press freedom as it relates to good taste. We might be able to determine the fine line between censorship and what Dennis Braithwaite has described in the *Telegram* as erotic over-kill.

Television and radio are subject to Government control because the airwaves of course belong to the people of Canada. Newspapers, on the other hand, operate substantially in the realm of free, private enterprise, but this is only because some kind of public trust is involved—a public trust which, for example, guarantees a free press. I would not argue, honourable senators, for any form of Government press control. There are, however, at least two broadcasting criteria which might usefully and unofficially be applied to Canadian newspaper publishers. The new broadcasting act calls upon every broadcaster in the country to contribute towards national unity. Whether or not they do this is another question, and one for the C.R.T.C. I can certainly think of some broadcasters who do not. But what about the press? Does it—all of it, everywhere in Canada—contribute to national unity? What about the 55 per cent Canadian content rule which television must live with? What if it was applied to print? Perhaps it should be applied only to newspaper features like comic strips, astrology columns, and advice to the lovelorn.

As originally conceived, I wanted to propose a study of print only. However, newspa-

pers do not exist in a vacuum, not even in a communications vacuum. Indeed, the constant interrelation and interconnection between print and television is virtually a study in itself. Here I digress only slightly to take issue—perhaps "quibble" is a better word—with two significant communications authorities, one of whom is Marshall McLuhan, and the other is Senator Grattan O'Leary. McLuhan has built a stunning reputation as a communications expert, beginning perhaps with his contention that the medium is the message. Perhaps you will allow me to quote from the preview page of the second paperback edition of Marshall McLuhan's book, *Understanding Media*:

> Marshall McLuhan sees modern man as the relic of the logical, linear, "hot" culture of movable type. Stunned by his encounter with the "cool" world of mass communication, man has struggled for equilibrium—and the result has been apathy, anxiety and alienation.
>
> The road to recovery, McLuhan suggests, is to recognize that electronic media are subtly and constantly altering our perceptual senses. The serial logic of print is fading out before the intuitive "mosaic" of instantaneous communication. Books "contain," TV "involves". The new vision is mythic, tribal, decentralized. Man now lives in a global-sized village, and is returning to the values and perceptions of a pre-literate culture.

I am concerned by the heading or the lead on that page which is "Good-bye to Gutenberg".

It seems to me, honourable senators, that this outstanding Canadian scholar is prematurely discounting the printed word as a dramatic fact in all of our lives, especially when in terms of pure public relations Mr. McLuhan has built almost his entire reputation on the printed word.

It is reported that Marshall McLuhan from time to time counsels Prime Minister Trudeau. It is in no critical sense that I hope there is no co-relation between that counselling and Christina Newman's contention in *Saturday Night* last September that

> Trudeau can afford to be cool to the press so long as he has the public's adoration and the ability to maintain it through TV.

It is not often that I disagree with the distinguished senator from Carleton, but honourable senators will perhaps recall the debate on the Post Office bill in the committee stage, featuring as it did the brilliant exchange between the Postmaster General and the honourable Senator O'Leary (Carleton). In that debate Senator O'Leary contended, as I recall, that there is no such thing as electronic journalism. Short of some semantic differential, surely electronic journalism exists. I certainly think so, and so does Professor William Wood of the Graduate School of Journalism at Columbia, who contends in his book *Electronic Journalism* that the most important single news source for the general public is in fact television. I would therefore hope that my distinguished colleague might agree with me that people like Douglas Leiterman and Patrick Watson, and, yes, Norman DePoe, are in fact electronic journalists.

The nub of the television newspaper confrontation, like so much else, relates directly to revenue, to circulation and to advertising. Toronto offers an interesting case in point, where there are three daily newspapers still in competition—perhaps a unique situation in all of North America. The year 1945 was truly the last pre-television year. Since 1945 the population of Metropolitan Toronto has literally doubled. In 1945 the total daily circulation of the three Toronto papers was 660,000. Today it is 843,000, with two-thirds of that circulation being in the metropolitan city area. Thus, honourable senators, the population of the metropolitan area has doubled but the circulation of the Toronto newspapers has increased by only 25 per cent.

Some may say, "Oh yes, the papers cost three cents then and they cost 10 cents now, and really it is an increase in the cost of advertising lineage." These, of course, are valid contentions.

Let us look at Detroit. I should like to quote from an article written by Stanley Brown, which appeared in the November 1968 issue of *Fortune*, entitled, "267 Days Without a Newspaper". Here is a summary of that article.

> Interunion rivalry among fourteen locals idled the presses of the Detroit *News* and *Free Press* for nearly nine months, but the city's economy remained buoyant and its people generally well informed. No longer the unquestioned voice of the community, the big-city newspaper must now vie with—and its void can be filled by—other media. The circulation of *TV Guide* multiplied tenfold during the strike, identifying one major function of home-town papers: to get people to the TV set on time. Merchants found many

alternative ways to advertise: radio and TV stations had hardly an unsold minute. Neighbourhood and suburban weeklies and throwaways were crammed with ads, and circulation zoomed both for them and for the metropolitan editions of national magazines. Now Detroit's two dailies are fighting to recapture their readers, whose indifference suggests they might have been willing to go on without the metros indefinitely.

Newspapers are virtually free from both government regulation and any continuing regular criticism. For example, in the 1968 election the CRTC ordered Liberal candidate Philip Givens in York West to cease and desist his regular daily broadcast on CHUM, while Douglas Fisher, the NDP candidate in the York Centre Riding continued his daily column in *The Telegram*. I do not put either of these points forward as a criticism but to illustrate in a rather concise way the effect of government regulations. For example, the press criticizes everyone everywhere every day—television, books, movies, and even politicians—but no one finds time to really criticize the press or newspapers on a regular basis.

Press coverage of broadcasting news is an especially interesting case in point. I quote an article in the Toronto *Telegram* of December 14 by the columnist Ron Haggart:

> Newspaper owners are by definition powerful men. The owners of radio and television stations are also powerful men. When the owners of both turn out to be the same people, the total of their power is greater than the sum of its parts.
>
> Newspaper owners who also own broadcasting outlets, or who hope to own them in the future, therefore have a special responsibility to keep balance and fairness in their coverage of broadcasting news.
>
> The newspaper most open to public scrutiny because of its broadcasting interests is, of course, *The Telegram,* which owns Channel 9.
>
> When a provincial commission reported this week on fluoridation poisoning in the Dunville area, the *Star* and the *Globe* both thought the most important point was the claim that human life had not been endangered by the fluorides from a fertilizer plant.
>
> But *The Telegram,* strangely enough, thought otherwise, and its main headline of the day, and all of the story on Page One, was devoted to the commission's complaints that a CBC program on the subject had been untruthful and irresponsible.
>
> The Commission also complained that news reports on Channel 9 were distorted and exaggerated—but you had to wait until the 17th paragraph (on Page 4) before finding that piece of information.
>
> If newspapers are to maintain their deserved reputation as the information source least susceptible to petty pressures, they must take pains to see that reports and comments on their broadcasting rivals are scrupulously fair and accurate. As recent events show, they do not always succeed.

It should be noted in passing that the column did appear in *The Telegram.*

So, honourable senators, I would hope television could be included in the study I am proposing—included in spite of the fact that it is the most examined, the most cross-examined and the most self-examined medium in the history of communication, up to and including the CRTC. Such a vital factor of our national life surely should not be ignored in the important study I am proposing.

There is nothing I can usefully add at this point on the control and ownership of television. Instead, let me direct your attention to one or two unique and significant television problems. Television news coverage is a case in point, both newscasts and live coverage.

The nub of the issue is: does the television camera change the very nature of the event simply by covering it? Does the camera report events or does it shape them? There are many intriguing and interesting examples. With your forbearance, honourable senators, I should like to quote from a now defunct magazine called *New York.* In a recent issue, in an article by Sophy Burnham entitled "Telling it Like it Isn't", one reads, in a reference to the Democratic Convention:

> Even Mayor Daley, a dinosaur from the political past, was aware of the impact the television would give to events, and he did his best to block the coverage. Later on the last night of the convention, he would attack television for causing violence: "I think having a TV camera on a block is like having a fire alarm or a snorkel," he said in an angry television interview.

David Brinkley acidly retorted that if the coverage was lop-sided, it was partly due to the Mayor's own restrictions.

If the hippies, born to TV, were manipulating the medium to their own uses, television was influencing the convention. Even in its absence it was an integral part of the political events, shaping the chaos and confusion into meaningful order, selecting, highlighting, shifting events to eliminate the boredom. It cut away to interviews. It showed the riots outside the Convention Hall. Everyone was watching. The press were watching TV news in the Press Room behind the podium, and the delegates were watching it on portable sets on the floor.

Whenever anything of interest happened, a stream of newsmen converged on the event—and immediately the nature of the happening changed.

Leslie Millin, an excellent television writer in the *Globe and Mail* reported in the November 30 issue of *The Globe Magazine* as follows:

If you believe what you see on television newscasts, you are right in there with the comfortable majority of the North American population that regards television as the primary, and most believable, source of news.

The figures on that score were ferreted out by Roper Research Associates in the United States. Sixty-four per cent said they relied on TV as their principal source of news while 55 per cent picked newspapers (some insisted on both media). Even among the college-educated, asked what news medium they would choose above others, 39 per cent wanted television, 38 per cent newspapers, 13 per cent radio and 8 per cent magazines.

Yet for all the sway it holds among the populace—and because of it—television news has increasingly come in for criticism by politicians, policemen and the press, as well as many concerned members of the general public. This mirror of the world's issues is now itself an issue.

Television newscast of necessity can skim only the very surface of an event they are covering. Television newscasts of necessity are subject to the dictates of show business economics. Indeed in television newscasts we even have a star system. In 1964, David Brinkley, covering the Rockefeller rally in California, was actually able to outdraw the candidates. I do not think Norman DePoe has quite reached that proportion, but it is interesting to observe his activity within the Liberal or Conservative conventions when he was often a greater focal point of interest than many of the key delegates. Of course, the television journalists, as you know, face a special set of problems. The first is that the picture becomes virtually an end unto itself and yet the viewer will say, "I saw it with my own eyes." It is as if the camera virtually became an extension of oneself. Momentarily we tend to forget that someone has pre-selected what it is we are going to see and indeed has pre-selected what aspect of the event it is that we are going to see.

Yet, honourable senators, how can we be too critical of news coverage, which would take us virtually to the edge of the moon? This was an incredible journey, witnessed by millions and probably by more people than ever saw any single event in the history of man. We were there, we saw it in our own homes, with our families on the eve of Christmas. Yes, indeed, joy to the world! But, then there is the sad but equally and critical spectacle of the Vietnam war alive and in colour.

It is with some hesitation that I quote Marshall McLuhan. My hesitation relates to the fact that perhaps this is the first time *Playboy* magazine has ever been quoted in the august Senate chamber. I do so, however, because I want to make a reference to this magazine in a moment or two when I discuss the Canadian magazine industry. Marshall McLuhan on this particular point in the December *Playboy* says as follows:

The decentralization of war came with radio in World War Two. Churchill and Roosevelt were big tribal chieftains who used the fireside as the firing line. World War Two decentralized via radio into guerrilla tactics. As for World War Three, a student of mine wrote: "The Vietnam war is the first world war ever fought on American soil." Thanks to TV, parents have seen their sons killed on the seven-o'clock news. In a word, a hot war cannot be endured on a cool medium.

What, in fact, has the coverage of the Vietnam war done for the war itself, to our attitude to the war or to the peace movement? The relevancy to Canada should be obvious, honourable senators, both because of the overflow coverage of American television in

Canada and because of our own national newscasts.

The Hon. the Speaker: I would like to make sure that the honourable Senator Davey is not insisting that this edition of *Playboy* be tabled.

Some Hon. Senators: Oh, oh.

Hon. Mr. Davey: No, Mr. Speaker.

Honourable senators, one of the most troublesome dilemma of television news coverage is the violence on newscasts and in entertainment.

Perhaps I should establish the extent of violence on television. I would submit for your consideration just three pieces of evidence. The first appeared in the special August edition of *McCall's* magazine:

> For those who are unaware of the extent of violence on television, our researchers analyzed the television listings, including televised movies, in the *New York Times* and *TV Guide* for the weeks of June 2 (the week Senator Kennedy was assassinated) as well as the week immediately following his death (June 9).

There was a detailed analysis which I will not repeat, but the summary is that in the week of June 2 there were 110 hours of violent television—46 per cent; in the week of June 9, 144 hours of violent television—59 per cent.

A United States Senate Subcommittee, examining violence on television, reported that in one week on the seven television stations in Los Angeles, and this was in 1960, there were 114 murders, 128 attempted murders, 49 justifiable homicides, nine kidnappings, two suicides, three attempted rapes and six examples of physical torture.

Only last week the *Christian Science Monitor* reported that the 20 most violent shows on television are seen in the 7.30 to 9 o'clock period when 27 million American children are viewing television. Proportional figures are not available for Canada, but likely would be in the proportionate range, especially given the extent of overflow programming. This is vital and of dramatic concern. The effects of this violence on television is especially on children, who may seek to imitate and may be inspired, motivated or even be frightened.

This came from the recent issue of *The Christian Science Monitor* on this very point. Ben H. Bagdikian, the former *Saturday Evening Post* editor, testifying before the National Commission on the Causes and Prevention of Violence, with reference to violence on television said:

> It is as though we delivered our children to someone who took them away for four or five hours of every day in their formative years to watch police interrogations, gangsters beating enemies, spies performing fatal brain surgery, and assorted daily demonstrations in how to kill and maim, interrupted from time to time by a group of actors doing caricatures of the silliest kind of adult behavior.
>
> Does anyone seriously contend that after 5 or 10 years of this the child's view of life is not influenced?

Well, yes, some people do in fact contend that. They are not all members of the broadcasting industry, but some are psychologists as well. There is, of course, a mass of conflicting evidence to the contrary. To my knowledge, few, if any, studies have been done in this area here in Canada.

For example, do children and adults watching the same program on television in fact see the same things? What is the correlation between violence on television and violence on the streets of America? As Harry Bruce asked, in his October 10 column in the Toronto *Daily Star*:

> Does a bloody riot get bloodier when TV's there?

Is there some terrible correlation between television violence and the assassinations of Martin Luther King and Robert Francis Kennedy? Is there some terrible correlation between television and, for example, the two mass slayings in Northern Saskatchewan?

To be sure, there is an industry position on this matter; surely they will say the "Wild, Wild West" and "The Avengers" and "Bonanza" are violent programs, but what about "Hamlet"; and, when you stop to think about it, what about "Little Red Riding Hood"?

Secondly, they say that surely in a free society parents are able to control what their children watch on television. I had an interesting experience myself about a year ago. My daughter, who was four at the time, was in the car when I picked up the baby sitter. They began to talk. The baby sitter, a widow of about 60 years of age, was telling

my daughter that her "daddy" as my daughter called him, was dead. Immediately my daughter shot back, "Who killed him?" "Who killed him?"—such is the power of television, honourable senators, even in a home which has at least some degree of discipline.

It seems to me likely that television contributes to violence in other ways as well. One way relates not to the children but to the adults who watch television, and the kind of adults who watch television. An interesting study was published in the American magazine *Media/scope,* and appeared in the August 1968 edition:

> The data indicate that men and women who are heavy viewers of "violent" shows have unique demographic profiles and viewing habits that differentiate them from the rest of the adult population. They tend to be over 35, lower scaled, have less education, live in households with children, and live in smaller counties. They are very heavy viewers of TV in general, with preferences for Action shows, Mysteries and Westerns.

You can draw your own conclusions.

Honourable senators, finally, what about television coming into the poverty-ridden homes of the United States and Canada, television which portrays as the accepted norm false standards of affluence? Discontent so inspired surely could and surely does breed violence. So here is yet another dimension, not violence on television, but violence because of television.

In some ways, it seems to me that we require in Canada some determination of the extent and influence of the violence on television. Then we must ask ourselves a series of difficult questions. Can the television industry police itself? It has honestly tried in the United States, but without marked success.

Can some code be determined and, if so, should it be applied to American programs coming into Canada? Indeed, if we were able to develop such a code, I suggest that the American authorities would adopt it almost immediately.

Honourable senators, I hope that I am not prejudging this matter of violence on television. I think there is a clear need for the activity and the judgment of a Senate committee.

Of the myriad of other television problems perhaps the central unresolved problem is that of the community antenna, more popularly known as cable television. Some weeks ago, the weekend supplement of the Toronto *Star* contained a concise definition of what exactly cablevision is. In case any honourable senator may have some doubt about it, I quote it the words:

> Cable TV, known as CATV (community antenna television), is the piping in of TV signals to your set by a private company using special coaxial cable installed by Bell Canada. The cable company uses a precision antenna to pick up signals, strengthens them electronically and feeds them into a coaxial cable which goes to subscribers' houses and apartments.
>
> Private CATV operator Bell Telephone and subscriber; put them together and you get the service. First, the operator must have a licence from the Canadian Radio Television Commission. Then, he places his order for lines with Bell Canada. He sets up one "super" antenna to serve his area. TV signals from it are fed into electronic equipment, strengthened and clarified. Then, the signals are piped to Bell lines and carried to the subscriber's home where the operator has installed an outlet to pick up the signals.
>
> A CATV master antenna costs from $12,000 to $35,000.

To the subscriber, the cost is the same—about $4.50 a month, or about $50 a year. In return, the subscriber receives more channels and better reception.

Last April 1, CRTC took over the licensing of cablevision and immediately instituted a freeze. Even now, they are facing and presently dealing with a tremendous backlog of applications in every section of country. Prior to that time, April 1, there had been indiscriminate licensing by the Department of Transport without any apparent ground rules. The net result has been that cable television is now available over more than 300 systems in Canada and is reaching 400,000 cable homes.

Perhaps one problem is the fact that the Americans are able to dominate the cablevision market, particularly in Canada, particularly by Famous Players and CBS, but there can be no turning back. Cablevision is a fact of life. It is in fact a big and growing jungle, whose potential no one really understands and whose regulation no one has really yet determined.

Honourable senators, there are half a dozen attendant problems. There is the problem of copyright. There is the fact that there is no program content control. There is the problem of additional American competition for Canadian television. There is the decision that has to be made, whether to police 300 networks across Canada or police several big networks. There is the problem for advertisers in the diminished commercial impact. There is, of course, the inevitability of shifting existing arrangements which may have been made in the old days.

Professional football offers an interesting case in point, as cablevision frustrates the Canadian Football League's blackout arrangements. It seems to me that the solution is relatively simple. I put it forward with some reluctance, because when I left football in 1967 I took a self-imposed vow of silence. In what I am about to say I am perhaps breaking the letter of that self-imposed vow, but I want to assure you, and to assure myself, that I intend to maintain the spirit of it—once I have made this particular observation. It seems to me that all the owners of the Canadian Football League teams have to do in order to frustrate cablevision is to end their ludicrous and antiquated system of blackouts.

It will be said that this is not economically feasible. I think it is, and certainly it could be tried for at least one season. Any decrease in attendance which is not in itself an established fact would be more than offset by greater advantages because of the increased television exposure. Any loss of gate revenue—and again certainly not an established fact—would be more than offset by expanded television sponsors' revenue. Indeed, football blackouts now occur most frequently in those major eastern markets which attract the advertisers in the first place. Indeed, I am satisfied that there are sponsors who could be persuaded to purchase all of the empty seats which might be created by the removal of the blackout. It will be said these empty seats are bad public relations, but they are there anyway—they were there in droves two years ago in Montreal and last year in Winnipeg as well.

There are two sides to every story, and many football people will question my analysis. The chairman of the CRTC has stated that the matter will be resolved, not in the best interests of the cable operators nor in the best interests of the football owners but in the best interests of the people of Canada. That will be a difficult determination, less because of the football treasury than because of the problem of copyright. The FCC in the United States has already begun to grapple with the problems of regulating cablevision. No doubt the CRTC will be watching their activity with keen interest. Some of the proposals might call on cable operators to obtain permission from local broadcasters before airing particular programs. Again, cable operators could be called upon to originate broadcasts of their own. In any event, it is an intriguing area and one we should examine particularly as it relates to the entire communications industry.

There are, as I have said, a myriad of other television problems and opportunities—everything from educational television to broadcast ratings which hold the entire industry in their grip. It is not my intention to discuss these here tonight, nor will time permit discussion of satellite potential or even such a vibrant entity as radio. These things are all part of the complicated picture, which also includes CBC, CTV and CRTV. If a committee is set up it will have to examine the role and function of the CRTC, which, after all, is a Government agency and not a power unto itself.

It must be noted that CRTC is a new agency with new people who appear to be launched upon specific and positive courses of action. So, hopefully, we could concentrate the television aspect of our study on television's relationship with other media and with the people it purports to serve.

Perhaps before I conclude my remarks I could return to print for just a moment or two, to the Canadian periodical publishing industry in general and to the magazine industry in particular. I could almost subtitle this portion of my remarks, The O'Leary Report Revisited, because that excellent document certainly stands up today.

Not even Canada's self-proclaimed national newspaper, the *Globe and Mail*, is really a national newspaper in the classic sense, but it comes close and deserves our respect because of it. However, the absence of any national press underscores the importance of the Canadian magazine industry, an industry which is in trouble. Perhaps the basic problem again is inextricably linked up with problems of available advertising revenue. Each medium competes frantically with every

other for every advertising dollar, but Canadian magazines have two special problems. One is the overflow of advertising and circulation from American magazines in Canada; the other is the uneven competition from the so-called Canadian editions of American magazines.

The pros and cons in this particular discussion are well and thoughtfully set forth in the report itself, which I have been re-examining. It is certainly no ultra-nationalistic document, as is made clear in the preface, from which I would like to quote in part:

> The view of the Commission is that in an area as vital and sensitive as that of the press, whatever is done should be positive rather than negative, with the goal the promotion of the Canadian periodical, not the suppression of the foreign.

Its most basic recommendation was that Canadian corporations continue to deduct as business expenses the cost of advertising in non-Canadian publications where such advertising was directed at the Canadian market. That was in 1960, but, incredibly, nothing was done until the 1965 budget. Then, again incredibly, *Time* and *Reader's Digest* were exempted. That, doubtless, is a story in itself.

It is a little like arranging for the Detroit Red Wings to play the Russian National Hockey Team and then instructing the Red Wings to leave Gordie Howe at home. And yet, to be fair to *Time* and *Reader's Digest,* they are printed in Canada on Canadian paper by Canadians using Canadian machinery. However, the problem is their edge in know-how and production techniques as well as their ability to gather otherwise costly material at no great expense because of its use in the vast American market.

So *Maclean's* magazine, despite its large circulation, which at 700,000 is roughly twice that of *Time* magazine, continues to protest its solvency while shifting about for a winning format in a struggle to survive. Not long ago *Maclean's* was published on the basis of 24 issues annually. Now there are only 12 issues annually. Just today we learned that Charles Templeton is leaving CTV in order to become editor of *Maclean's.*

After 58 years of serving the public, the *Star Weekly* has disappeared. So have 20 other Canadian magazines since Senator O'Leary's report was published. It may be unfair, honourable senators, to place all these evils at the doorstep of *Time* and *Reader's Digest.* Magazines compete in the broadest sense for our time and disposable income.

I would like to comment on the passing of the *Saturday Evening Post.* After 147 years it is publishing its final edition this coming Saturday. As a one-time *Saturday Evening Post* carrier boy, I am doubtless especially nostalgic about this loss. Here is a magazine selling three and a half million copies every week, and yet it is unable to meet skyrocketing costs in the face of competition from picture magazines like *Life* and *Look,* and, latterly, television.

Someone said that very recently the *Saturday Evening Post* looked like a grandmother in a mini-skirt. Perhaps the end comes mercifully.

Arnold Gingrich, the publisher of *Esquire,* made an interesting comment on the magazine industry in a recent edition of *Advertising Age,* dated November 4, 1968:

> But if you don't think things have changed, just compare copies of *Life* and *Look* this year with those of ten years ago.

That was when the O'Leary report came out. The article continues:

> Contrast the amount of space they now devote to the eternal verities, to arts and letters and religion and education, to the tabloid type of picture-mongering they did a decade back, and you will find it hard to believe they're the same magazines.
>
> For that matter, do the same with *Harper's* and the *Atlantic.* They are the sole survivors of what used to be the backbone of magazinedom, the Quality Group. Those are the magazines that used to be considered Ivory Tower. Westbrook Pegler used to characterize them in his column as Doubledome and Deepthink, and he always got a laugh by quoting some abstruse passage from one or the other and appending the tagline, 'Boy, that's thinking!' He had another gambit, of maintaining that they had one standing article, used every other month, called 'Whither France?'
>
> Just look at *Harper's* and *Atlantic* today, and you will see a lively topicality, and a preoccupation with current concerns, that make the *Nation* and *New Republic* of other days seem downright apathetic.

Well, with the possible exception of Maclean-Hunter's big money-winner, *Chatelaine*—and possibly that is the exception which proves the rule—the economic facts of life loom large in the Canadian magazine industry. Let us take a look for a moment at the magazine industry net advertising percentage of shares which has continued to decline. In 1954 it was only 4.2 per cent; in 1962 it was 3 per cent and last year it was 2.4 per cent. That is contrasted, as honourable senators will recall, with newspapers at 30 per cent and television at 12.9 per cent. So, less revenue, less circulation and bigger costs—a vicious circle. Senator O'Leary's predictions have certainly been borne out.

I wonder if even Senator O'Leary expected a magazine like *Playboy,* with writers like Marshall McLuhan, Arthur C. Clarke, John Updike, Henry Miller and Theodore Sorensen, selling at a dollar a copy, would outsell *Saturday Night* by virtually three to one here in Canada.

Reverting to the theme of violence, I do not think that even Senator O'Leary could have foreseen the annual flood into Canada of 25 million American comic books. The situation is bad and getting worse.

Time magazine now offers its advertisers split runs and coverage of the metropolitan Toronto area only. Well, time—and no pun intended—does not permit discussion of other aspects, for example, the new trend to controlled circulation publications of even Canada's 898 weekly newspapers.

Obviously, honourable senators, I have said enough to suggest that a Senate committee could usefully re-examine this entire area.

Honourable senators, this has been a long and full speech for which I apologize. I have appreciated your attention. I would like to draw that attention, if I could, to a quotation in the current issue of *Stimulus,* which is an advertising agency trade paper here in Canada. The writer, Mr. Jon Hill, said:

> It is too early to discuss in detail the changes that may be necessary in the corporate structure of the media in their entirety. This can't be done until such a study... by the Senate is completed. But it is obvious that such a study is vitally necessary to understanding the impact of ownership on the mass media and, for that matter, in determining how satisfactory a job the media are doing insofar as their public trust is concerned.

The question, honourable senators, is not whether Canadians are getting the mass media they deserve, because of course they probably are. It is rather, do we get the mass media we require? Is the media contemporary? Is it relevant? These are some of the questions a special committee of the Senate could study. We have the time; we have the expertise.

Hon. Mr. McLean: Honourable senators, I have a question to put to the honourable senator. First, I congratulate him on his very outstanding discourse on the news media across Canada, the newspapers, news magazines, radio and television. He made one passing remark about my own province, New Brunswick, to the effect that the news media there were controlled by one man. I wonder if the honourable Senator Davey would be kind enough to tell us what news media are controlled by this man and what is his name.

Hon. Mr. Davey: I do not have the list in front of me. I think most honourable senators are aware of the fact that I was referring to Mr. K. C. Irving. I do not have the list in front of me now, but I will be happy to supply it to the honourable senator.

On motion of Hon. Mr. Beaubien, debate adjourned.

HAZARDOUS PRODUCTS BILL

SECOND READING

The Senate resumed from Thursday, January 30, the adjourned debate on the motion of Hon. Mr. Carter for the second reading of Bill S-26, to prohibit the advertising, sale and importation of hazardous products.

Hon. Allister Grosart: Honourable senators, I am not in any way opposed to the good intentions of this bill. However, I am not one of those who believes that the end necessarily justifies the means, and on reading this bill I find that the means are in my judgment highly objectionable and create a very dangerous precedent.

I think there is probably general agreement that the Parliament of Canada has a responsibility in any matter coming within its jurisdiction that concerns the health of the Canadian people. I think there would be general agreement that the Parliament of Canada has a responsibility to control, again within its jurisdiction, any products that fall within that category. Nevertheless, I am going to suggest tonight that the Parliament of Canada

also has a responsibility to control those to whom it gives the power to control any products such as those mentioned in the Schedule to this bill. In general I shall confine my remarks to clause 8 and the Schedule, and to one or two clauses which are affected by clause 8.

On other occasions in this chamber I have objected to the apparently growing tendency to increase the power of the executive at the expense of the legislative authority of Parliament. I am referring particularly to the powers, the sweeping powers, given in this bill to the Governor in Council. It is my view that no bill that I have ever seen in this house makes such a complete delegation of the legislative power of Parliament to the Governor in Council as does this bill in clause 8. That is a sweeping statement, honourable senators, but I think I can justify it as I go along.

Hon. Mr. Martin: Is there not a corresponding provision in the Food and Drugs Act and other related acts?

Hon. Mr. Grosart: The honourable Leader of the Government asks if there are not corresponding provisions in the Food and Drugs Act and other acts. My answer is that they are not exactly corresponding provisions, and I stand by my statement that I have never seen a bill which goes as far as this one. I say that because if my reading of clause 8 is correct, this bill would give to the Governor in Council the power to extend almost indefinitely the list of products that come under the bill; it would give complete power to the Governor in Council to amend the act almost at will, and it would most certainly give to the Governor in Council the power to repeal the act and I suggest that these are legislative powers that the Parliament of Canada should not in the circumstances give to the Governor in Council. The Governor in Council is in effect the cabinet and in practical terms the public service, sometimes called the bureaucracy.

I agree that there are areas in which the granting of powers to the Governor in Council under an act of Parliament is necessary and desirable. But I suggest that they are only so when there are written into the grant of those powers certain necessary limitations. The first limitation I would suggest, of course, is that the power given to the Governor in Council should be only the power to implement the provisions of the act. He should not be given under any circumstances the power to extend or to amend and certainly not the power to repeal the Act. I think I will indicate as I go along to the satisfaction of honourable senators that these powers are actually granted under clause 8 of this bill.

The second limitation of course is that the actual exercise of the power given to the Governor in Council should in fact be within the grant of that power by Parliament. It is to me an extraordinary thing that over the years we have not in this Parliament developed any practical kind of check on the use of the powers granted to the Governor in Council. At the present time there is no body checking to see if the exercise of those powers is *intra vires* of the power granted. I am glad to see that the House of Commons has recently taken a step in the direction of looking into the use, and if they so find, the abuse of the powers granted to the Governor in Council.

Perhaps I should briefly outline those portions of this bill which support the contention I have made. In general the operative sections of the bill and the products that are brought under the bill are listed in the Schedule which is divided into two parts. Part I lists a number of products which under the provisions of the bill come under a general prohibition by the Parliament of Canada as to their advertising, sale and import.

Part II lists other products in a rather general way, and says these may be controlled by regulation.

The first point I would like to make is the effect of clause 8 on the expressed will of Parliament in Part I, and the regulatory power that is given to the Governor under the products in Part II.

Perhaps I should read clause 8:

> (1) The Governor in Council may by order amend Part I or Part II of the Schedule by adding thereto

I underline the word "adding".

> (a) any product or substance that is or contains a poisonous, toxic, inflammable, explosive or corrosive product or substance or other product or substance of a similar nature that he is satisfied is or is likely to be a danger to the health or safety of the public, or
>
> (b) any product designed for household, garden or personal use, for use in sports or recreational activities, as life-saving equipment or as a toy, plaything or equipment for use by children that he is

satisfied is or is likely to be a danger to the health or safety of the public because of its design, construction or contents,

Secondly, in the same clause the Governor in Council may amend Part I or Part II at will and whim. This is not written into the act; it is my comment.

or by deleting therefrom any product or substance the inclusion of which therein he is satisfied is no longer necessary.

Hon. Mr. Martin: It surely does not say "at will"? In both paragraphs (a) and (b) there are guidelines. He must be satisfied that the product "is or is likely to be a danger to the health or safety of the public," in both paragraphs (a) and (b).

Hon. Mr. Grosart: I do not know whether the honourable Leader of the Government was listening, but I read those specific words he has just quoted to me. I also said it might be "at will and whim"; and I added that they were my remarks and were not included in the bill. As I go along, perhaps if he listens to me, he will become convinced there is some substance in the point I am making.

The interpretation, given by the sponsor in introducing the bill, of the effect of clause 8 is this—and I am quoting from our own *Hansard* of January 23, page 892:

The Governor in Council has power under clause 8 to add to or delete from either Part of the Schedule, or to transfer from one Part to the other.

Now, what does this mean? If you look at the two parts of the Schedule you will find there is a limitation. The honourable Leader of the Government may wish later to draw my attention to it. I admit immediately there is a limitation in certain generic terms of the products which may be brought under this act by Order in Council. But the limitation is not very substantial. It includes all bleaches that contain chlorine:

Bleaches, cleansers and sanitizers for household use containing chlorine or compounds thereof.

It includes cleansers for household use, and so on; household polishes and cleaning agents, and so on; glues for household or hobbycraft use, and so on.

What the bill really says, honourable senators, if I can read English, is this, that in future the Governor in Council, by regulation and by regulation only, may say what products, in the opinion of the Governor in Council, on the advice of the Minister of Consumer and Corporate Affairs, are hazardous. That is the effect of the bill.

He may take anything out of Part I or II. He may take everything out of Part I and II, and so repeal the act. He may say that notwithstanding that, the will of Parliament is that products listed in Part I are under absolute prohibition—which is what Part 1 says—"This is not the will of Parliament any more. I am sorry, but that was the will of Parliament a month ago. I have decided these are not to be prohibited any more, in spite of the fact that Parliament said, in a serious enactment, that they are to be prohibited." He might then say, "Parliament has gone too far. I am going to move some of these out of Part I into Part II. If that was the will of Parliament that these be prohibited absolutely, I do not agree. I am going to bring them under the control of regulations as long as the manufacturers do what I ask,"—whether it is the Governor in Council, or the minister, or a senior public servant—"as long as they do what I ask, I am satisfied I do not have to go as far as Parliament did." In other words, this makes possible a complete amendment of an Act of Parliament by Order in Council because, clearly, the Governor has absolute and complete authority to decide that products whose manufacture, import into and sale in Canada would be prohibited under the Act are not to be prohibited.

There is the power to delete clearly stated in this act, which can result in the complete repeal of this act of Parliament by the Governor in Council, without any recourse whatsoever to the power of Parliament to legislate.

I should say that perhaps there is some degree of amelioration, as the Leader of the Government suggests. The minister must be satisfied that if he does any of these things—if he decides that Parliament was wrong in making these prohibitions, that Parliament was wrong in putting things in Part I that he thinks should be in Part II—he must be satisfied that he is doing this for the public good.

I have great confidence in the present minister; he is a good minister and a very intelligent man. Some of my friends in the advertising business are a little concerned about him; I am not. If I had only to consider what the Honourable Mr. Basford might be doing with this power, I do not think I would be greatly concerned. However, we have new ministers from time to time, and if the evidence of current or old times means anything,

one cannot be sure that every minister will have exactly the same quality of judgment or exactly the same concern for the public interest, even as the Parliament of Canada sees it.

There is, of course, the amelioration of a review board. If the minister transfers or adds a product to the prohibited or regulated areas of the schedule, then a manufacturer who is concerned may ask for a review board; and, of course, that review board would not be set up by Parliament, but by the minister and the officials. Our experience with review boards so set up is not that they are overly likely to criticize or over-rule the minister.

It is rather interesting also to note that the Board of Review has no power whatsoever if the minister deletes a product. The manufacturer has recourse to the Board of Review, but Parliament has no recourse to it. If the minister says: "I am taking this out. Parliament is wrong, in my view. I do not agree with what Parliament did", there is no recourse. All we can say is that sooner or later the order in council will be published, and perhaps after a few years somebody in Parliament will get around to saying: "This order in council should not have been passed, and I demand it be rescinded." I ask honourable senators to search their memories and ask themselves how often they have heard of an order in council being rescinded because of a protest in Parliament.

I suggest, honourable senators, that this is a matter that should concern the Senate. I think I might, within the rules, refer to some support I find for this in the fourth report of Senator Molson's committee on the Rules of the Senate. At page 439 of the *Minutes of the Proceedings* of this session—I know the report is not before us, but the part I wish to read is in the preamble, and not in the proposed schedule of changes in the rules—I find these words:

> The era we now live in reveals a great deal of public discussion and considerable evidence of the danger of parliamentary democracy deteriorating into an authoritarian executive supported by a strong and experienced bureaucracy—

I suggest, honourable senators, if ever there was a case in point which bears out that timely warning by our own committee, then clause 8 of this bill is it. It should be examined. Surely, it must be examined. I do not know what is the intention of Senator Carter, who introduced this bill, but I give notice that if he, in his wisdom, does not refer this bill to an appropriate committee of the Senate, then I shall, in due course, so move in order that the Senate may have an opportunity of examining what to me are the frightful implications of this delegation of the legislative power of the whole Parliament of Canada.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Carter speaks now it will have the effect of closing the debate.

Hon. Mr. Carter: Honourable senators, I should like to commence by thanking all honourable senators who have spoken on this bill, and expressing my appreciation for the very useful contributions they have made to this debate.

After listening to this debate I realized that there were two points, at least, that I did not explain sufficiently when I made my presentation, and I would like to take this opportunity to clarify the situation, and to correct any wrong impressions or misconceptions that I may have created.

The first question raised by a number of honourable senators was as to the length of time required for this legislation to have any significant effect. Some honourable senators appear to have the impression that this legislation will be of little use until after the regulations have been formulated, and that this will take a long time. In reply to that argument I should like to refer honourable senators again to the fact that clause 3(1) of the bill comes into effect immediately upon royal assent, and this means that the importation, advertisement, and sale of all articles covered by Part I of the Schedule will be prohibited immediately. Clause 3(2) will come into effect on proclamation. Clause 3(2) refers to products of which the importation, advertisement and sale are to be regulated and controlled. These products, as Senator Grosart has just said, are set forth in Part II of the Schedule.

When I introduced this bill I presumed that the reason why clause 3(2) did not come into effect on royal assent was to allow time for the necessary regulations to be formulated. I am very sorry, however, if I created the impression that the drafting of regulations necessarily would take a very long time.

In actual fact, regulations respecting the first four items in Part II are already drafted, but consultations are being carried on by other Government departments with the industries affected before they are put in their final form. These consultations are not yet completed.

With respect to those articles that are for household, garden, or personal use, which are now embraced in the wider scope of this bill as compared with the scope of Bill S-22 of the last session of the last Parliament, there are already safety standards in existence for a great number of these products that have been drawn up by the Canadian Government Specifications Board.

For example, specifications for life jackets have already been drawn up by the Canadian Government Specifications Board, and are already embodied in a regulation of the Department of Transport concerning life saving equipment for power boats. A great many other standards have already been set by the Canadian Standards Association. These standards are already in existence, and in cases where the safety features are adequately taken care of in the standards already drawn up by the Canadian Standards Association it will not be necessary to draw up new standards, but only to ban the products that are substandard.

Hon. Mr. Grosart: May I ask the honourable senator a question about the standards of which he speaks?

Hon. Mr. Carter: Yes.

Hon. Mr. Grosart: Is the honourable senator aware that the Canadian Standards Association is not an official body, that its standards have absolutely no standing in any act of Parliament whatsoever, and that we have not yet a Canadian Standards Council? It is true that the Canadian Standards Association is the subject of subsidy, but why does the honourable senator say that the standards of Canadian Standards Association have anything to do with articles under this bill?

Hon. Mr. Carter: If the standards are sufficient it does not matter who draws them up. The important fact is that they are adequate for the safety of the public; once that has been determined they can be made official under this bill by regulation, so they can be official whenever the Governor in Council decides under this bill to use them as the standard requirement for those articles under section 2.

Hon. Mr. Grosart: I agree they can use the dream the minister had last night under this bill.

Hon. Mr. Carter: The important fact is that these standards that have been drawn up by the specifications board are serving a useful purpose; many industries have adopted them and are manufacturing their products in accordance with these specifications. As long as the safety feature is considered adequate, this legislation will not affect them at all. It is only where the safety factor is not adequately taken care of that the products will be subject to this legislation.

Hon. Mr. Grosart: Will that be in the regulations? It is not in the bill. Will the statement be in the regulations, that as long as some other group has standards that seem to be adequate there will be no regulations under the department?

Hon. Mr. Carter: I cannot tell my honourable friend what the Governor in Council will put in his regulations, but I can tell him that all they have to do is find adequate standards, standards they consider adequate, and then they can adopt them, from any source whatever; they might even adopt them from legislation in other countries.

The second matter referred to by some honourable senators was that the cost of administering this legislation would likely be excessive and might constitute a heavy burden on the public treasury. The question of cost is related mainly to staff requirements. Some honourable senators seemed to envisage a large army of inspectors travelling across Canada in order to implement the provisions of this bill. I am informed that very few new staff will be required to implement the provisions of the bill. In the first place, an agreement has been made with the Department of National Health and Welfare that their scientific experts will undertake to provide advice on the medical and toxicological aspects of hazardous products. A few technically trained people will be required in the Department of Consumer and Corporate Affairs in order to prepare and administer the regulations. Plans are now being made to employ one person in the immediate future, but there will probably be some further increase in personnel when the work load justifies it.

The Department of Consumer and Corporate Affairs has the responsibility for all retail inspection within the federal Government. It has a field staff engaged in the inspection of weights and measures, electricity and gas meters and food, and it is expected that the existing staff of inspectors will be designated as hazardous products inspectors.

Here I would draw attention to clause 4, which says that a minister can designate an inspector instead of appointing an inspector. It may sometimes be necessary to designate others, such as law enforcement officers, public health officials or other federal experts as inspectors, but it is not anticipated that any new staff will be added to the payroll to carry out the inspection function. At some time in the future a few technical specialists might be required as inspectors, but this number will be small. Therefore, the additional cost of implementing this legislation will be very limited.

A few minutes ago Senator Grosart referred to the sweeping powers given to the Governor in Council under section 8. He envisages an extreme case where the Governor in Council, by whom he means the minister of a department, could actually repeal the whole bill. I think honourable senators must keep in mind that the purpose of this is to enhance public safety. That is the principle of the bill, to extend public safety. In my presentation I pointed out that in 1964 a large number of people were poisoned from using bleaches, and another large number were poisoned by using a common drainpipe cleaner, which is in widespread household use. Honourable senators will also recall that within the past year there has been almost an epidemic of deaths of young people from sniffing glue. These are serious problems which this bill is intended to cope with.

I would remind honourable senators that every day thousands of new products come on the market. Some products have been found to be very dangerous after being in use for some time. Other products come on the market and are immediately found to be dangerous, and it is essential that the Governor in Council be empowered to act quickly. Unless the Governor in Council has the power to act, the only other solution would be to enact a bill every time a hazardous substance comes on the market, to say that it is a hazardous substance and to add it to Part I or Part II of the Schedule. That is the only alternative I know of. If the honourable senator knows of a better one I should like to hear it. When we have to choose between two alternatives, we have the lesser of the two evils before us in this bill.

I do not appreciate legislating by regulation any more than he does, but we are trying to solve a problem and this is the best solution that anybody has been able to advance to date.

As I have already said, this bill is almost identical to Bill S-22 which the Senate passed a year ago. The only new features in this bill are its extended scope, arising from suggestions made in the then Senate Committee on Banking and Commerce. I feel that this bill will be another step forward in providing an extension of public safety and I hope it will receive the support of all honourable senators.

Hon. Mr. Molson: Honourable senators, I wonder if I might ask Senator Carter one question. Senator Carter, during the course of your remarks you spoke briefly about the subject of costs. Do you consider that this bill, in the light of all the discussions we have been having in this chamber, would be classed as a money bill?

Hon. Mr. Carter: I suppose any bill that incurs an expenditure of public funds is a money bill. This bill incurs some expenditure, although a limited amount, so I would say that it is a money bill.

Hon. Mr. Martin: Why create problems?

Hon. Mr. Grosart: I would like to ask Senator Carter one further question arising out of Senator Molson's, as to the category in which we should place this bill, in view of the fact that in his final reply he spoke of section 3. Is he aware that clause 8 gives the minister the power to create new summary and indictable offences.

Hon. Mr. Carter: Well, we are going around in a circle because section 3 refers to offences, and the offence is importing a hazardous product, or advertising it or selling it. Every product imported, advertised or sold contrary to section 3 involves an offence, so that whenever the Governor in Council adds a new product to one schedule or the other he creates the possibility of another offence.

Hon. Mr. Grosart: Thank you. That was my question.

Motion agreed to and bill read second time.

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

REFERRED TO COMMITTEE

On motion of Hon. Mr. Carter, bill referred to the Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 5, 1969

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

Prayers.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Report of the Department of Manpower and Immigration for the fiscal year ended March 31, 1968, pursuant to section 14 of the Government Organization Act, 1966, chapter 25, Statutes of Canada, 1966-67. (English and French texts).

PRIVATE BILL

THE QUEBEC SAVINGS BANK—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-27, respecting The Quebec Savings Bank, and had directed that the bill be reported without amendment.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

SCIENCE POLICY

SPECIAL COMMITTEE—ADDITION TO MEMBERSHIP

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the names of the Honourable senators Blois, Carter, Giguère, Haig, McGrand and Nichol be added to the list of senators serving on the Special Committee on Science Policy.

Motion agreed to.

NORTH ATLANTIC ASSEMBLY

FOURTEENTH ANNUAL CONFERENCE AT BRUSSELS, BELGIUM—DEBATE CONTINUED

The Senate resumed from Thursday, January 30, the adjourned debate on the inquiry of Hon. Mr. Aird, calling the attention of the Senate to the Fourteenth Annual Conference of the North Atlantic Assembly held at Brussels, Belgium, 11th November to 15th November, 1968, and in particular to the discussions and proceedings of the conference and the participation therein of the delegation from Canada.

Hon. Paul Martin: Honourable senators, this order stands in my name. I moved the adjournment because I understood there was at least one honourable senator who wished to speak on this item. I do not know if Senator Carter proposes to speak. If so, he might wish to move the adjournment of the debate; if not, the matter might be disposed of now.

Hon. Chesley W. Carter: I have not had the time I would have liked to prepare my speech because I have been occupied with the Hazardous Products bill and I am preparing to speak on another bill on Thursday. If you wish to dispose of this item today, I have no objection. However, I am quite willing to move the adjournment of the debate if it is understood that I shall require some time to prepare my remarks.

Hon. Senators: Agreed.

On motion of Hon. Mr. Carter, debate adjourned.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, January 30, the adjourned debate on the motion of Hon. Mr. Argue for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. John M. Macdonald: Honourable senators, as Senator Willis is unable to be present this week on account of illness, I wonder if I may have permission of the house to speak on this bill at this time?

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Macdonald (Cape Breton) speak in place of Honourable Harry A. Willis on this bill?

Hon. Senators: Agreed.

Hon. Mr. Macdonald: Honourable senators, it is with some hesitation that I take part in this debate, as I must confess I have no strong views as to whether or not the voting

age should be lowered. However, after listening to the debate so far and upon some reflection, I have come to the conclusion that this bill deserves support.

Various reasons have been advanced as to why the voting age should be lowered, some I find convincing and some I find not convincing. In any event, I think that the lowering of the voting age is but a logical development of a process which has been going on for a long time, and that process is the progressive extension of the franchise.

Originally, the right to vote was greatly restricted by one means or another, but over the years that right has been extended from being the privilege of the few to being the right of the many and, indeed, the qualifications for voting are now very few. In fact, only three things are necessary: one is, a person must be a Canadian citizen or other British subject. If he is a non-Canadian British subject he must have resided in Canada for at least a year and he must be not less than 21 years of age. Of course, there are certain persons who, for various reasons, are not permitted to vote, but this does not affect the general principle. The age of 21 was selected, I believe, because that was the time a person legally became of age. He was then regarded as an adult person able to enter into contracts on his own behalf, a person who could sue and be sued, and the like.

However, honourable senators, I do not know why the age of 21 was originally selected and established as the time when a person became of age. Undoubtedly, it is very old law, and as conditions have greatly changed over the years I agree with the sponsor that this law also should be re-examined, although not much can be done about it by the federal Parliament.

Honourable senators, while I do not know why 21 was originally selected as the time a person became of age, I am not sure either why 18 has been selected for the proposal in this bill. I expect it is because that is the age when normally a person has completed his high school education and, if he is not going on for further education, he would enter the labour force. This is, I think, a valid reason why the voting age should be lowered to 18. However, I do believe we should go further, and that some consideration could usefully be given to lowering the voting age to 17. This would give those in their final year of high school a powerful incentive to study political science and the political questions of the day.

Honourable senators, I have been impressed by the argument for this bill, that with present-day education 18-years-olds on the average are better educated and better informed than a person of 21 years of age was but a few years ago. As I think the extension of the franchise has in the past depended upon the extension of education, I believe it would have to be conceded that 18-year-olds have the necessary education to make an informed decision. Some people may argue that they would not make that informed decision. Perhaps they would not, but at least they have the ability to do so and, if they did not make an informed decision, then the same can be said of a great many who are over 21 years of age.

Honourable senators, the additional argument might be advanced, that those of 18 years are too immature and irresponsible to be allowed to vote. I do not see how this criterion of maturity or responsibility can be used to determine who should vote. Being over 21 years of age is no guarantee that a person is either mature or responsible.

However, there is one argument which I have not heard advanced against this proposal but which I think may have some merit, that is, by making those between 18 and 21 eligible to vote, we would not only extend to them the right to vote but would be placing on them a new responsibility. Perhaps it is not fair to do so. After all, one may ask, is it reasonable to ask those young people to assume such a responsibility at this early age? Should they not be allowed a few more carefree years before having to assume the duties and responsibilities of adult citizenship. However, since there is no compulsion involved, I suppose it cannot be said that a responsibility has been enforced on anyone who is not willing and prepared to accept it.

Honourable senators, if we are prepared to support this bill, I think it is but logical to go a little further and deal with the qualifications of candidates in a federal election. At the present time, a candidate must be a Canadian citizen or other British subject, he must be a qualified elector, and he must be 21 years of age. I suggest that, if the voting age is lowered to 18, then the qualifying age of a candidate should also be lowered to 18. I think all the arguments which are used to show why the voting age should be lowered would apply with equal force to show that the qualifying age of the candidate should also be lowered. I bring this to your attention in case the sponsor would be prepared to add another clause to this bill when it goes to committee, to deal with the age of candidates.

In any event, honourable senators, for the reasons I have given I support the bill.

Hon. Mr. Argue: Honourable senators—

Hon. Mr. Martin: Honourable senators, if the honourable Senator Argue speaks now, it will have the effect of closing the debate; therefore, I would like to move that the debate be adjourned.

Hon. Mr. Choquette: I hope the honourable leader will be able to tell us what the attitude of the Government is towards this bill. It is an important bill and it originates in the Senate. Therefore, I hope he is adjourning the debate for the purpose of telling us a little more about this bill and the attitude of the Government towards it.

Hon. Mr. Flynn: We can be sure of that.

Hon. Mr. Hayden: That is why he is adjourning the debate.

On motion of Hon. Mr. Martin, debate adjourned.

BRITISH NORTH AMERICA ACT

INITIATION OF LEGISLATION IN THE SENATE—DEBATE CONTINUED

The Senate resumed from Thursday, December 12, 1968, the adjourned debate on the inquiry of Hon. Mr. Hayden, calling the attention of the Senate to section 53 and section 91 (as amended in 1949) of the British North America Act, 1867, and the effect of such sections on the initiation of legislation in the Senate.

Hon. Paul Martin: Honourable senators, this motion stands in the name of Senator Langlois and if he would yield I would be prepared to say something on the measure now.

The Hon. the Speaker: Honourable senators, since all senators are equal in this chamber and since this order stands in the name of Senator Langlois, I think I should follow the usual procedure and ask if there is unanimous consent to the Government Leader's speaking instead of Senator Langlois.

Hon. Senators: Agreed.

Hon. Mr. Flynn: It is implicit.

Hon. Mr. Martin: Honourable senators, we were all impressed by the quality of the debate generated by the inquiry of Senator Hayden on which he spoke in this house on November 16th last. Senator Hayden's notice reads as follows:

> That he will call the attention of the Senate to section 53 and section 91 (as amended in 1949) of the British North America Act, 1867, and the effect of such sections on the initiation of legislation in the Senate.

As some time has elapsed since the debate began on this inquiry, perhaps I should read again the relevant sections of the B.N.A. Act which are germane to this discussion and to which Senator Hayden directed our attention. Section 53 of the act reads:

> Bills for appropriating any Part of the Public Revenue, or for imposing any Tax or Impost, shall originate in the House of Commons.

Section 91 reads as follows:

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the provinces; and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms of this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated; that is to say,—
>
> 1. The amendment from time to time of the Constitution of Canada, except as regards matters coming within the classes of subjects by this Act assigned exclusively to the Legislatures of the provinces, or as regards rights or privileges by this or any other Constitutional Act granted or secured to the Legislature or the Government of a province, or to any class of persons with respect to schools or as regards the use of the English or French language or as regards the requirements that there shall be a session of the Parliament of Canada at least once each year, and that no House of Commons shall continue for more than five years from the day of the return of the Writs for choosing the House: provided, however, that a House of Commons may in time of real or apprehended war, invasion

or insurrection be continued by the Parliament of Canada if such continuation is not opposed by the votes of more than one-third of the members of such House.

I have read Senator Hayden's address carefully. I have reached the conclusion that his primary purpose in initiating this discussion was to propound a hypothetical legal argument concerning the possible initiation of money bills in this house rather than to recommend to the Senate a positive course of action in this regard. If, as I surmise, his main intent was to occasion a high-level debate in both houses on this subject, I think we will agree that in the prosecution of that purpose he has been eminently successful.

Speeches made by others in this particular discussion have been valuable. There are, in my view, no sacred cows, no untouchable subjects in this Senate. The present subject is certainly a proper one for discussion in this forum, and I think it is only right that as a member of the Government I should express the Government's views on this question.

If I understood Senator Hayden correctly, his argument was to the effect that, since the enactment in 1949, which I have just recited, of what is now the first head of section 91 of the British North America Act, 1867, it is within the competence of the Senate to initiate a money bill, which would become law on being passed by both houses and assented to on behalf of Her Majesty. Such a piece of legislation, Senator Hayden argued, would constitute a piecemeal or indirect amendment of section 53, made permissible by the very broad language of section 91(1) read in conjunction with the opening words of that section.

There is no doubt that the argument of Senator Hayden is a plausible one. I would like to compliment him by saying that his argument was an ingenious one, and that it was a proposition with which I personally was unfamiliar until he propounded it.

I do not wish to seem dogmatic about this but, like others who took part in this debate, I am inclined to question whether the Supreme Court of Canada would, even in the light of the broad language of section 91(1), uphold the validity of a money bill introduced in the Senate in apparent contravention of section 53 of the B.N.A. Act. This was the point made by Senator Thorvaldson, who did not think this was the way to amend the Constitution, that an amendment of the Constitution was an act itself of such great importance that it could not and should not be achieved in this way.

I concede at once that a bill simply to repeal section 53, without more, could properly be introduced in the Senate. Indeed, we know as a matter of historical record that the B.N.A. Act itself was first introduced in the Upper House in England. There is nothing strange or startling about such a procedure. Since 1949 a bill simply to amend the Canadian Constitution, except in the areas expressly reserved in section 91(1), could clearly be introduced in the Senate.

The constitutional difficulty arises when a bill by its terms is not in essence—that is to say, in the terms of the lawyer, in its "pith and substance"—an amending bill, but a money bill. This might take care of the question raised last night by Senator Molson when we were discussing the Hazardous Products Bill, as to what constituted a money bill. So long as section 53 remains in the B.N.A. Act, a money bill cannot be introduced in the Senate.

As Senator Thorvaldson has properly pointed out, all of the sections of an act, including those in an organic constitutional document such as the B.N.A. Act, must be read together and each of them assigned a real meaning. This is true of section 53, notwithstanding the broad language of section 91(1) and the opening words of that section, "notwithstanding anything in this Act". The last mentioned phrase—notwithstanding anything in this Act—must be reasonably construed in the light of the act as a whole. I am inclined to think that the final court of appeal in Canada would probably hold that a purely amending act would over-ride section 53, but that a money bill, however it might be prefaced, would contravene that section, and for the reason that Senator Thorvaldson gave.

Senator Hayden remarked—as reported at page 609 of Senate Debates for November 26, last—that until 1949 the prohibition of section 53 was absolute. I would add that since 1949 the prohibition has been relative; that is to say, that the section itself could clearly be removed by an act of Parliament but, so long as it remains as a special section, its meaning and its intent must remain intact, despite any broad language contained in a more general section. Section 53 is special in that it concerns itself only with the question as to the house in which certain types of legislation may be introduced. In my view, the original defect would not be cured by the fact that it was subsequently passed by the Commons, and assented to on behalf of Her Majesty.

The bill or statute would, on the contrary, be unconstitutional from the beginning.

The foregoing concludes my technical argument and I do not propose to carry it further. I say this because in any grey area—and I think this is one which is grey enough—the formulation of a constitutional opinion is an exercise, perhaps not in futility, but in studied speculation, as to what the Supreme Court of Canada, now our judicial sovereign, would conclude in the premises. My conclusion is, despite what I have said, that it is conceivable that the Supreme Court of Canada would agree with the argument of the honourable senator, but I doubt it very much.

It is less conceivable that the Senate could or should avail itself of what would be at best a technicality to change unilaterally the historic and traditional role in which it has been cast since Confederation. I do not believe Senator Hayden was suggesting that we should do so, because at page 611 of the *Debates of the Senate* he said:

> I still subscribe to the principle which I think is basic in any democratic country: No taxation without representation. Therefore, I think that basically a large measure of control in connection with the levying of taxes should exist in the Government; and that, the procedure for bringing such things into force, so far as any steps that the Commons can take are concerned, might be justified more by that elective body, in the first instance, that by an appointed body, when you are dealing with this democratic principle of "No taxation without representation."

And then Senator Hayden concluded:

> But it still leaves a large and increasing volume of so-called Government business which can just as readily be introduced in the Senate as in the Commons.

I agree with what Senator Hayden said in this part of his speech. I think he has correctly interpreted what has been the situation in this house in regard to what are called money bills since the day this house came into being. I agree also that the concept of what is a money bill has undergone, by usage, certain changes whereby the Senate, in practice, is less inhibited than it was formerly in respect of the initiation of financial measures. Unless and until there have been final changes in the Canadian Constitution, brought about following the forthcoming conferences with the provinces—and in any such changes the concurrence of the Senate is essential constitutionally—I would hesitate to suggest that the Senate act unilaterally in respect of financial measures. We will have a lot to do in other areas in which our jurisdiction is unquestioned, and in my opinion it would be better if we confined ourselves for the present to our accustomed role.

For the moment, honourable senators, I would say that impressed as I was with the ingeniousness of Senator Hayden's remarks, I was equally impressed by the statement by Senator Roebuck, that in his time there has been no confrontation between the two houses of Parliament on financial matters. I might add that in my own experience, mostly in the Commons, there has been no such confrontation. I think it is wise and well that we keep it so.

I congratulate those honourable senators who have taken part in this debate. I commend to all honourable senators the wise injunction of a former Canadian Prime Minister, Sir Robert Borden, who argued that no constitution based on the British tradition could long survive if each of the components of Parliament was constantly to exercise its powers to the legal limit. I believe that what Sir Robert Borden said was wise. It is advice that we would want to observe at this time.

We are anxious to see that this house plays its part in the legislative program of Parliament. There has been a constant flow of measures from the other house to this house, and from this house to the other house, as a result of concurrence on the part of the administration to see that we are given as great an opportunity as possible to deal with bills in the first instance, so that our schedule can be met and the heavy workload of the other place can be carried.

Some bills have been placed before this house in the past, and even during the course of the present session, that involve the imposition of pecuniary obligations by the executive by way of recommendation, but we have learned a way of dealing with those through the process of bracketing the pertinent money aspects of the bills. In this way we have been able to meet our own schedule as well as the preoccupations of the other place. But, this does not in any way involve an acceptance of the argument put forward for hypothetical purposes, if for no other reason, by Senator Hayden. I felt that the matter he has projected is of such importance that I, as spokesman for the Government, should express these views.

On motion of Hon. Mr. McDonald, debate adjourned.

MASS MEDIA

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Davey, that a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada.

Hon. L. P. Beaubien: Honourable senators, I should like to congratulate Senator Davey for bringing forward this motion and thus giving us an opportunity of looking into and examining the very important and most complex communication media. By means of this committee we should be able to study at some length the operations of the C.B.C. and their many ramifications. My chief concern is the C.B.C.'s cost to the Canadian taxpayer.

Honourable senators, what is the financial climate in which we find ourselves at the moment? Before I embark on this subject I want to make a most sincere statement. I am not preaching doom or ruin—far from it. I have a tremendous faith in our country; I am sure that it will march forward united and prosperous, a model to mankind and the envy of the world.

The federal Government is proposing to spend $13,600,000,000 this coming year. Divide that by 21 million souls and the answer is $650 a head, or well over $200 a month for every family of a mother, father and two children. Add to that the provincial and municipal taxes—and remember that they pay the big bulk of the cost of education—and you will see that the per capita tax burden becomes, I think, the highest in the world.

Honourable senators, I am not trying to make a case for saving money so that we could reduce taxes on big incomes. What galls me is that after we have worked hard enough to produce an enormous tax revenue—an achievement for which every Canadian should be justly proud—the Economic Council tells us that four million people in Canada are living in a state of poverty, and we can find no money to help them. Many of the aged cannot live on the Old Age Security payments, even though this year we propose to spend $1.7 billion on Old Age Security, an increase of $400 million in two years.

Why cannot we do more for them? Well, you all know why. It is because of this extraordinary theory that we cannot tell the rich from the poor so we must give everybody the Old Age Security pension. For the same reason, everybody's hospital bill must be paid. To my mind, simply amending the Old Age Security Pension Act so that a person having an income over $500 or $600 a month would not be eligible to receive the pension should not be difficult. Surely something of the same kind could be done for hospitalization.

Honourable senators, we find that we need between half a million and a million new family dwellings, but the mortgage money is not forthcoming, even though the interest rate is 9½ per cent. To anybody who has been in the financial business all their lives, that figure is unbelievable. An interest rate of 9½ per cent and we cannot get the mortgage money! The reason is very simple. It is because the three levels of government have been making such excessive demands on the market.

What is really the matter? I can tell you in just one word—waste. It is because of this waste that I think we should do something about the C.B.C. Just what is it costing us today? I have been looking at the figures. I did not have much time for research, so I started in the year 1954-55, when the figure was $23,600,000. By 1958-59 it was $61 million. In 1964-65 it was $88 million. In 1966-67 it was $113 million; then it goes up to $143 million, $154 million to $166 million for 1969-70. I have worked the figure out roughly, and over the years the Canadian people have put a minimum of $1.5 billion into the C.B.C. Six per cent interest on that $1.5 billion is another $90 million. By the end of this year, when we have spent another $166 million on the C.B.C., our bill for interest alone will be $100 million. That means that our children, our grandchildren and their children after them for ever and ever, will have to put up $100 million a year just to pay the interest for the money we have wasted on the C.B.C.

Honourable senators, I should like to add that in private hands the C.B.C. would pay handsomely and therefore would pay taxes which would benefit all of Canada. We have every power, and therefore grave responsibilities. Are we going to try to carve up and sell off this corporation, or are we going to sit back and deserve the rather unflattering remarks of our worst critics? I feel we should act as un bon père de famille, a good head of the family and, knowing that this situation is wrong, we should try hard to correct it.

Honourable senators, it gives me great pleasure to second the motion of the honourable Senator Davey. I am a little apologetic for not finding the exact words to pay him the compliments I think his excellent presentation deserves.

On motion of Hon. Mr. Langlois, debate adjourned.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Herbert O. Sparrow moved the second reading of Bill S-28, to amend the Co-Operative Credit Associations Act.

He said: Honourable senators, I should like to summarize for you the various clauses of Bill S-28, which is an act to amend the Co-Operative Credit Associations Act. The present act was enacted in 1953 and is administered by the Department of Insurance. The act applies to certain parts of the co-operative credit movement in Canada. The credit union, as most of you are probably aware, is organized on three levels in Canada. One is the local credit unions, which are organized on a community basis, as community groups, employment groups and in some cases parish groups. These primarily serve individuals, and in some cases other co-operative associations. These are incorporated pursuant to provincial law and are supervised by provincial authority. At the second level are the provincial central credit unions. These act as central credit unions to support local credit unions to receive funds from them for investment purposes and to issue loans to the local credit unions.

The central credit unions do not make loans to individuals, but only to their member associations. The local credit unions rely on their deposits with the centrals as the main part of their liquidity reserves.

On the third level is the Canadian Co-Operative Credit Society, of which bill we are referring to today. This is a society organized under the powers of a special act of Parliament, which powers include borrowing and lending to its members. Its members are the central credit unions from the provinces and, of course, some other co-operative enterprises carrying on business in two or more provinces in Canada.

The Canadian Co-Operative Credit Society—and from here on in I will refer to it as the C.C.C.S.—therefore acts as the central credit union for the provincial central credit unions. This, in effect, opens the way for the exchange of funds from the co-operative movement in one region of Canada to that of another. The C.C.C.S. applies, therefore, to the federally-operated society and to those provincial centrals who voluntarily join in.

A provincial central is eligible to become a member only after declared by Parliament to be eligible. The act grants the organization the power to accept deposits from its members and loans from chartered banks and to make loans to its members. In addition, it is granted the right to invest in government and municipal securities within certain limits. Presently, there are credit unions from four provinces, British Columbia, Saskatchewan, Manitoba and Ontario, which are affiliated with the C.C.C.S.

At the present time it is felt that some other credit unions from other provinces might join if there are changes in the present act. Changes in this act are proposed at the request of the co-operative credit movement. The changes include the provisions: one, to make it easier for provincial central units to join the federal society; two, to ease the provisions for the borrowing and loaning of funds.

The proposed amendments are as follows: first, a provincial central will be eligible to join by order in council rather than by an act of Parliament, as is stated in the act at present; second, to make certain changes in its charter in the same manner as provincial units presently can. This means that they perhaps can have a name change, or a capital stock change without necessity of an act of Parliament. Third, the new changes will permit the federal society to raise funds from sources other than chartered banks and its members, as is the case at present. Fourth, provision is made to permit the society to extend its investment field into corporate stock and securities. At present, they are only permitted to invest in Government and municipal securities and loans to the members. Fifth, the changes will permit the society to pay interest on paid-up share capital at such rate as may be determined by its board of directors. The present regulations state that it may pay only 5 per cent. Sixth, at present the volume of money that may be accepted on deposit is limited to 10 times the capital, surplus and reserves. It is proposed to raise this limit to 20 times, subject to the approval of the minister, by specific application. Seventh, a new subsection will provide that a provincial society that is subject to this

act may invest in a mortgage loan company, but the total amount so invested will be limited to 20 per cent of its paid-up capital. Eighth, in addition, the federal society would be empowered to lend more than 10 per cent of its capital and deposits to any one member by approval of two-thirds of the directors and certain other qualifications as outlined in the bill.

There are, as well, in this bill certain consequential changes, such as the appointment of auditors to conform with changes in the Bank Act; an amendment that would remove municipal and school securities as part of the liquidity reserve, as it is considered that they are not up to the marketability standard desirable for liquidity purposes; and such other items as detailed reports to the Superintendent of Insurance, details of assets and liabilities and the changes made necessary to conform with changes in the Bank Act. I will recommend at the appropriate time that this bill be referred to the Senate Committee on Banking, Trade and Commerce for detailed examination.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Flynn, debate adjourned.

CANADIAN NATIONAL RAILWAY COMPANY

PRODUCTION OF CONSTRUCTION CONTRACTS—STATEMENT BY GOVERNMENT LEADER—AGREEMENT TABLED

Leave having been given to revert to motions:

On the Motion of Hon. Mr. Argue:

That there be laid before this House

1. Copies of all construction contracts entered into between Canadian National Railway Company and other parties under authority of section 2 of An Act respecting the Construction of a Line of Railway in the Province of Alberta and in the Northwest Territories by Canadian National Railway Company from a point at or near Grimshaw, in the Province of Alberta, in a northerly direction to Great Slave Lake, in the Northwest Territories, being chapter 56 of the Statutes of 1960-61; and

2. Copy of the agreement entered into between Her Majesty, the Canadian National Railway Company, the Consolidated Mining and Smelting Company of Canada Limited, and Pine Point Mines Limited, as required under section 6 of the said statute.

Hon. Paul Martin: I spoke to Senator Argue during the course of the afternoon and indicated to him that I propose to deal with his motion requesting the production of copies of all construction contracts entered into between the Canadian National Railways and the various contractors employed with the construction of the Great Slave Lake railway, and the agreement between Her Majesty, the C.N.R., the Consolidated Mining and Smelting Company Limited and Pine Point Mines Limited.

I have to indicate that the first part of the motion, calling for a production of all construction contracts between private individuals and the railways, is regarded as a privileged document and has been treated so by Parliament for many years. Contracts and correspondence between the railway and those having business dealings with it have always been considered privileged. However, as to the second part of the motion, the agreement in question was approved by Order in Council No. 1961-1748 on November 30, 1961, and there is no objection to tabling a copy of that agreement.

Hon. Mr. Everett: May I ask a question of the Government Leader? Could he tell me whether that privilege would stand against an order of the Senate to produce the document?

Hon. Mr. Martin: I think the Government would take the position that this was a privileged document. This was the position taken from an instance that I recall—I read it just before I entered the chamber—by the Right Honourable Arthur Meighen in 1921. The opinion he gave on that occasion was used I think in 1956 by the then Minister of Transport, Mr. Chevrier, in answer to a motion by Mr. Diefenbaker for production of certain documents.

Hon. Mr. Hollett: May I ask the honourable Leader a question? Why have we to take the opinion of any one man as to the privilege spoken of by the honourable Leader? Surely, if there is no act of Parliament or no law governing it, we have the right to ask for the production of documents between two parties.

Hon. Mr. Martin: There is no doubt that my honourable friend and the members of the Senate have a right to ask, but I think the Government in the circumstances has the right to refuse. Anyone who would examine

the nature and the consequences of the request would see why. This is a request for the tabling of correspondence between the railway and private individuals, in respect of the internal operation of the railway company.

This would be a very satisfactory and effective way of revealing circumstances to a competitor—in this instance, the other railway. Governments rightly have taken the position at all times that such documents are privileged, just as the governments take the position, and rightly so, that exchanges between Government servants and ministers of the Crown in respect of the formulation and development of policy are privileged. I do not believe that one could conduct government on any other basis.

Hon. Mr. Hollett: But surely this is a company and not the Government?

Hon. Mr. Martin: It is a government agency; it has all the perquisites.

Hon. Mr. Hollett: Why do we not run the whole concern of Government on the basis of a Crown corporation? There would be no need of Government then.

Hon. Mr. Martin: I am sure that the honourable senator would not want exchanges between private individuals and the railways to be exposed to public scrutiny.

The Hon. the Speaker: Honourable senators, may I intervene at this time on this matter? First I note that the honourable Senator Argue is not in his seat at the moment. I understand his motion covers two specific questions. As to the first question the Leader of the Government has stated his position with respect to it. As to the second question, the leader has said there is no objection to the production of the agreement.

Therefore, it is ordered that a return do issue for a copy of an agreement entered into by Her Majesty, the Canadian National Railway Company, the Consolidated Mining and Smelting Company of Canada Limited, and Pine Point Mines Limited, as required by section 6 of chapter 56 of the Statutes of 1960-61.

(Agreement tabled)

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I had hoped that we would proceed today with the debate on the inquiry by Senator Macnaughton with regard to United States-Canada meetings between parliamentarians and members of the United States Congress. However, the necessary preparations for that debate are not completed and therefore this item of business which we had counted on to take more than the balance of this day, will not be proceeded with.

INTERNAL ECONOMY

OFFICIAL REPORT—CORRECTION

Hon. Leopold Langlois: Honourable senators, before we adjourn, I rise on a question of privilege. At page 906 of *Hansard* of January 28, I am reported as asking the honourable senator from Carleton "if they removed the Ottawa *Journal*"? That question was not asked by me but by my colleague the honourable Senator Denis. Therefore, I ask that the correction be made in *Hansard*.

Hon. Azellus Denis: Honourable senators, may I add a word. Not only do I agree that the question should be attributed to me but it was not the exact question I put to honourable Senator O'Leary (Carleton). I asked if they had "...forgotten to remove the Ottawa *Journal*." The word "forgotten" appears in the French translation.

Hon. Mr. Choquette: It is the translation of a missing word.

Hon. Mr. Denis: The translation of the missing word was there; the word itself was missing in the English version.

The Senate adjourned until tomorrow at 3 p.m.

29234—62½

THE SENATE

Thursday, February 6, 1969

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

Prayers.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-162, to amend the Prairie Grain Advance Payments Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Estimates for the fiscal year ending March 31, 1970. (English and French texts).

Booklet entitled "The Constitution and the People of Canada", published on the occasion of the Second Meeting of the Constitutional Conference, Ottawa, February 10, 11, 12, 1969. (English and French texts).

THE ESTIMATES

REPORT OF FINANCE COMMITTEE PRESENTED

Hon. T. D'Arcy Leonard, Chairman of the Standing Committee on Finance, to which was referred the Estimates and the Revised Estimates for the fiscal year ending March 31, 1969, presented the following report:

By order of the Senate made on October 1, 1968 . . .

Some hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Leonard moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

REPORT OF FINANCE COMMITTEE PRINTED AS APPENDIX TO DEBATES OF THE SENATE AND MINUTES OF PROCEEDINGS

Hon. Mr. Leonard: I move that the Report presented today of the Standing Committee on Finance, to which was referred the Estimates, Revised Estimates and Supplementary Estimates "A" laid before Parliament for the fiscal year ending March 31, 1969, be printed as an Appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

Motion agreed to.

(For text of report see Appendix, pp. 987-8.)

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move that when the Senate adjourns today it do stand adjourned until Tuesday next, February 11, 1969, at eight o'clock in the evening.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

SECOND READING

Leave having been given to proceed to Order No. 12:

Hon. Douglas D. Everett moved the second reading of Bill S-29, respecting the Production and Conservation of Oil and Gas in the Yukon Territory and the Northwest Territories.

He said: Honourable senators, I would like first to thank the Senate for granting leave to proceed with this order ahead of other orders of business.

Bill S-29 concerns the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories. It is a long bill, comprising some 33 pages, and it is complicated, dealing for the most part with technical information, and, as I am the complete neophyte when it comes to the oil and gas business, we are, therefore, fortunate in the Senate to have a man, in the person of Senator Hastings, who is an expert in that business.

Some Hon. Senators: Hear, hear.

Hon. Mr. Everett: I hope he will not hesitate to correct any errors that I might make.

Honourable senators, in discussing this bill I think it would be helpful to examine it in three parts: First, we should examine the activity in exploration for and development of

oil and gas that has taken place in the Yukon Territory and the Northwest Territories. Second, we should examine the reasons for the legislation. Third, we should briefly examine the act itself.

Dealing with the activity in the area, I might mention that because of its geological structure it has been known for some time that the Yukon and Northwest Territories would likely contain oil and gas, but because of transportation, exploration and development difficulties, it was also realized that it would be very, very high cost oil and gas. But demand in the world for petroleum products has been increasing, and it has increased especially in this continent; and, as we are in danger of running out of our reserves elsewhere in this continent, the area in question has become a great deal more attractive to the oil companies.

The Government of Canada has been assisting in this development. It owns virtually 100 per cent of all the mineral, oil and gas rights in the Territories. For some time now the Government has been issuing permits for exploration of this area on a very generous basis, all the time, of course, holding a royalty interest. Along with 20 other oil and mineral companies, it has developed the Panarctic Oil Company, in which the Government holds a 45 per cent interest for the purpose of exploration and development for oil in the Arctic Islands in the most northerly part of Canada. This is a part that would involve private companies in such expenditures that they might not be able to undertake it themselves.

Some discoveries have been made in the territory. As yet, no oil has been discovered other than at Norman Wells, and this discovery was made many years ago. Some small gas pools have been discovered, but the major pool was discovered at Pointed Mountain on the Territories-British Columbia border.

The most exciting discovery has been the discovery of oil at Prudhoe Bay in Alaska. To understand the excitement that surrounds this discovery, one must realize that the size of the pool at Prudhoe Bay indicates reserves in excess of all the reserves that have been discovered in Canada since the beginning of time. This pool is just 200 miles away from the Yukon-Alaska border. Considering the fact that the pool is so close, and considering the geological structure of the territory, this has caused great activity. At the present time permits for exploration are being granted for some 150 million acres, and $30 million in exploration money was spent in 1968. It is expected that this will double in the very near future. That is why this legislation is being introduced now to provide for the orderly development of the oil resources of the territory and to ensure that it is developed to obtain the lowest possible cost per barrel for oil.

Honourable senators, if I may I would like to examine with you briefly and in more detail the reasons for this legislation. In order to do so we have to understand certain facts about the oil business. Oil which usually has a gas in solution is found in pools, but they are not pools as we understand the definition of the word. The oil pool is a porous rock which contains oil within the pores themselves, and the oil does not flow out automatically from that porous rock; it must actually be squeezed out by the pressure of gas or water which surrounds the pool. This pressure is known as "reservoir energy," without which you could not get the oil to flow from the pool into a well. The objectives of efficient oil producers are to drain the pool of oil as completely as possible, and to do it at the lowest possible cost per barrel but at a rate which does not cause over-production.

How are these objectives accomplished? First, you must maintain reservoir energy. If the pool of oil is surrounded by gas, it is perfectly clear that you do not drill to remove the gas before you remove the oil. When you remove the oil you must remove it at the maximum efficient rate. If you remove it too quickly, you achieve a lower cost per barrel but you deplete the reservoir energy so quickly that you get a lower total recovery of oil in the pool. To give you an example, if you take the oil out of a well at the maximum or flush rate, you will so deplete the reservoir energy that it is likely you will recover only 15 to 20 per cent of the oil in the pool and the rest will be lost. If you take the oil out of the pool too slowly, you slow down the decline in reservoir energy, and you obtain a greater total recovery from the pool, but you increase your costs of getting the oil out. The whole objective in obtaining the maximum efficient rate of production of an oil well is to achieve a balance between costs and total recovery.

Another method of accomplishing these objectives of the oil industry is called secondary recovery. In secondary recovery, gas or water is introduced from above the ground into the area surrounding the pool to renew the reservoir energy. It obviously results in a

greater recovery but of course it results also in increased costs.

Hon. Mr. Hayden: Unless there are some leaks.

Hon. Mr. Everett: Well, the oil industry attempts to guard against them.

Hon. Mr. Hayden: Water infusion does not work all the time.

Hon. Mr. Everett: That is right. This is one of the methods.

The third method of accomplishing these objectives is to have the correct number of wells, for if you do you achieve a lower cost per barrel and you tend to prevent overproduction.

The fourth method is not to produce in excess of your storage facilities, transportation facilities, or the market for your product.

I would like to examine briefly the methods used by the oil industry to achieve these objectives. The first method, called spacing, is designating the acreage area upon which a single well can be drilled. That area is known as a spacing unit, and obviously the larger you make your spacing unit the more you tend to control the amount of drilling that goes on in the field. So, I think it is true to say that by spacing you can tend to control over-drilling. A concomitant of spacing is pooling, because pooling brings the various owners in a spacing unit together to drill one well.

Another method used by the industry to achieve these objectives is unitization. Unitization is the sharing of the production of a pool of gas or oil. To achieve unitization the owners of a field or pool of oil come together and decide that one of their number shall be the operator of the field and shall make all the decisions on behalf of the others in reference to that field. The operator then manages the field and divides the income between the various interested owners. Unitization tends to ensure fewer wells, less overproduction, and better final recovery.

Another method used by the industry to achieve its objects is early secondary recovery. It used to be that the process of secondary recovery was introduced at the time the well ran out of reservoir energy, so that no more oil was being recovered from it. It was very costly to introduce secondary recovery at that point. It has since been discovered that it is more efficient and less costly to introduce secondary recovery while the reservoir energy is still reasonably high.

The last method used by the industry is proration. This is used where there is overproduction. In proration the Government, in conversation with the refineries, estimates the total market for crude oil production. It divides that market among the various wells, so that each well is allowed a monthly quota. It is very clear that proration results in overdrilling, high costs, high prices, and should be avoided wherever possible.

Honourable senators, I would now like to examine very briefly with you the bill itself. Part I deals with production and conservation. It permits the Governor in Council to make regulations regarding the exploration, drilling, production, and conservation of oil in the Territories. It defines "waste" and makes it an offence. "Waste" is defined as the dissipation of reservoir energy, inefficient spacing, inefficient production, inefficient storage, excessive production, allowing gas to escape unnecessarily, and failure to employ secondary recovery.

This part of the act appoints a Chief Conservation Officer, who, incidentally, is the chief of the Oil and Mineral Division of the Department of Indian Affairs and Northern Development, to police waste. This officer can make orders preventing waste, but his orders can be appealed to an oil and gas committee.

Part II of the act concerns itself with production arrangements. The first production arrangement is that of pooling. There are two types of pooling. There is voluntary pooling, in which the owners of a spacing unit come together and agree on a pooling arrangement which must then be filed with the Chief Conservation Officer. The second type is a pooling order in which one working interest owner in a spacing unit may apply to the oil and gas committee which, after a hearing, may order pooling. There is no production allowed on any spacing unit in the Territories under this bill unless there is a pooling agreement or pooling order. Incidentally, the size of a spacing unit will be defined by regulation under this bill.

The second type of production arrangement allowed under this bill is unitization. There are three types of unitization. There is voluntary unitization, in which the working interest and royalty owners in an area may come together and agree on unitization. All they have to do is file that agreement with the Chief Conservation Officer. There is another type in which the minister, if he believes that an area is subject to waste, may order the closing down of the field unless the

various working interests in the field agree to unitization. The third type is compulsory unitization in which 65 per cent of the working interest owners can apply to the committee for a unitization order, which can be given after a hearing.

The intent of this legislation is to encourage early unitization. It is felt that by doing this we will achieve in the Yukon and Northwest Territories the minimum number of wells for efficient production, the best location for those wells, early secondary recovery, and the prevention of overproduction.

Part III of the act, honourable senators, deals with appeals and administration. This bill sets up an oil and gas committee which has five members, all of whom must be knowledgeable in the industry itself. Three of them may be from the Public Service of Canada, but none may be employed by the Oil and Mineral Division of the Department. Orders given by this committee may be filed in such a way that they become orders of the Exchequer Court of Canada. Appeals from the orders of this committee lie in some cases to the Exchequer Court, and in some cases to the Supreme Court of Canada. An appeal also lies to the Governor in Council who may vary or rescind orders of the committee. This part also deals with the powers and duties of conservation engineers who are charged with certain responsibilities under the legislation, and it also delineates the offences and penalties.

In concluding my remarks, honourable senators, I would point out one interesting omission from this bill, that is, the provision for proration. When the cost of development and transportation in the north is considered, it will be realized that it is likely that the cost of oil and gas production in that area will be high. But, when that product is transported to the south where it will be used it has to be sold at competitive prices. We have seen in our examination that proration is a price maintenance device, and it is hoped that with no proration and early unitization the result will be very high and efficient production with a minimum of waste which will result in a lower cost per barrel.

This, honourable senators, is the intention of this measure. It is a complicated bill. At the conclusion of the debate on second reading in this chamber I hope that the bill will be referred to a committee where it can be examined in detail. I also hope we can invite representatives of the industry to give the committee their views.

Hon. Mr. Roebuck: May I ask the honourable sponsor of this bill (Hon. Mr. Everett) a question? I was most interested in his explanation, which was clear and very informative, but I do not see in the bill, nor did I hear in what he told us, anything as to the conservation of the right of the public in this natural resource. What do we get out of it, as a dominion Government? What does the public reserve for itself in the development of this wonderful natural resource?

Hon. Mr. Everett: As I understand it, honourable senators, the mineral resources of the Territories are owned virtually 100 per cent by the federal Government. The federal Government, in permitting exploration and development under permit, is retaining a 10 per cent royalty, so that 10 per cent of any income derived from the production of oil or gas from the territories will come to the people of Canada.

Hon. Mr. Hollett: Is there anything in this bill to indicate that steps would be taken to prevent an event such as recently took place in the ocean of San Francisco, where the oil escaped and killed fish? I must say that I am thinking mostly of the Grand Banks off Newfoundland. That has nothing to do with this bill, of course, but it is the breeding ground of codfish and all sorts of fish, and if on the Grand Banks there were a similar happening to that which occurred recently off the United States coast it would destroy all the fish in the area. I suppose some of these holes will be drilled in the Arctic Ocean. If so, can any steps be taken to prevent the escape of the oil into the ocean thus destroying fish life?

Hon. Mr. Everett: That probably comes under two headings in the bill. One is that of waste itself, which is the escape of oil from a well. I would refer the honourable senator to section 13, subsection (2)(c), which says that it is an offence to permit:

> the drilling, equipping, completing, operating or producing of any well in a manner that causes or is likely to cause the unnecessary or excessive loss or destruction of oil or gas after removal from the reservoir.

The other aspect of this, of course, is pollution, which is what is going on at this moment in California. I can refer the honourable senator to section 12, paragraph (q), which permits the Governor in Council to make regulations:

> prescribing the measures necessary to prevent pollution of air, land or water as

a result of the exploration and drilling for or the production, storage, transportation, distribution, measurement, processing or handling of any oil or gas or any substance obtained from or associated with oil or gas.

Hon. Mr. Prowse: Paragraph (m) deals specifically with this.

Hon. Mr. Everett: I thank the honourable senator. Under paragraph (m), which deals specifically with drilling in water, the Governor in Council may make regulations:

prescribing the conditions under which drilling operations may be carried out in water-covered areas and any special measures to be taken for such operations.

I therefore think this bill has taken that into consideration, without having foreknowledge of the sort of thing that has happened in California.

Hon. Mr. Hollett: Apart from this particular bill, could the honourable senator tell me if the Governor in Council has so far made any such regulations which would lessen the chance of such a tragedy occurring in connection with wells which might be drilled under the sea?

Hon. Mr. Everett: I am sorry, I have no knowledge of that. I know that the Governor in Council has made no regulations concerning the Northwest Territories and the Yukon. It is possible that there are regulations concerning Maritime drilling in other parts of Canada, although I understand that the jurisdiction is the subject of argument between the provinces and the federal authority. I am sorry but I cannot answer that question.

Hon. Mr. Hollett: Would the honourable senator make inquiries whether or not any such regulations have been made? I think any Newfoundlander should be greatly concerned about what is taking place off the Newfoundland coast at the present time. I do not think any of us realized the danger until we heard of these events the other day.

Hon. Mr. Everett: I will undertake to make the inquiries and report to the honourable senator personally.

On motion of Hon. Mr. Thorvaldson, debate adjourned.

PRIVATE BILL

THE QUEBEC SAVINGS BANK—THIRD READING

Hon. Maurice Bourget, for Hon. Salter A. Hayden, moved the third reading of Bill S-27, respecting the Quebec Savings Bank.

Motion agreed to and bill read third time.

The Hon. the Speaker: A bill intituled "An act respecting the Quebec Savings Bank", has been read a third time and is now ready to pass. Is it your pleasure, honourable senators, to pass this bill?

Hon. Jacques Flynn: Mr. Speaker, may I ask on a point of order whether it is necessary to put that motion? I thought the new rules had dispensed with the motion to pass a bill.

The Hon. the Speaker: I do not think the new rules are yet in effect. I was given to understand that the house must pass a resolution before they become effective. At the present time I believe that we are proceeding under the old rules.

Bill passed.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Sparrow, for the second reading of Bill S-28, to amend the Co-Operative Credit Associations Act.

Hon. Jacques Flynn: Honourable senators, I have read and re-read Bill S-28, an act to amend the Co-Operative Credit Associations Act. I have also read and re-read the excellent speech made yesterday by the sponsor of the bill (Hon. Mr. Sparrow). I have also read the act, which is Chapter 28 of the Statutes of Canada 1952-53, entitled an act Respecting Co-operative Credit Associations.

On conclusion of this reading, I find that this bill is merely a housekeeping bill. The sponsor has indicated also that these amendments were requested by the co-operative credit movement. Therefore, it does not appear that there is anything contentious in the bill as it is; and, with the assurance that in committee we will have all the answers to the specific questions that any member of this house may wish to put, I do not see that we should delay further giving second reading to this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Sparrow, bill referred to the Senate Committee on Banking, Trade and Commerce.

COPYRIGHT ACT

BILL TO AMEND—ORDER FOR SECOND READING DISCHARGED AND BILL WITHDRAWN

Leave having been given to revert to motions:

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate, I move, seconded by honourable Senator Langlois, that the order for second reading of Bill S-20, to amend the Copyright Act, be discharged and the bill withdrawn.

Hon. Mr. Thorvaldson: Hear, hear.

Hon. Mr. Flynn: Honourable senators, may I say that, as far as we are concerned on this side of the house, we are very happy not to have to deal with this bill.

Hon. Mr. McDonald: So are we.

The Hon. the Speaker: Honourable senators, may I ask now if all honourable senators are in favour of adopting this motion?

Motion agreed to.

VETERANS' LAND ACT

BILL TO AMEND—SECOND READING

Hon. Chesley W. Carter moved second reading of Bill C-152, to amend the Veterans' Land Act.

He said: Honourable senators, in one sense this is a very simple bill in that it deals with but one subject, the subject of interest rates.

Despite that simplicity, however, the explanation of the details of this bill and its effects is not altogether an easy matter. An ordinary pocket watch, taken as a whole, may be regarded as a relatively simple object; but if one starts to explain all the different parts and how they work, then it becomes rather complicated. That is the case in connection with this bill. Therefore, I think it will be easier to understand if I start by giving a thumbnail historical sketch of the Veterans' Land Act itself and its evolution down through the years.

The Veterans' Land Act was enacted in 1942, its primary purpose being to assist veterans who wished to settle on the land and become full-time or part-time farmers. For that reason there has always been a very close historical association between the Veterans' Land Act and farm credit legislation.

In the early days, farm credit was granted under the Farm Loans Act. When the Veterans' Land Act was being drafted, the best features of the Farm Loans Act and the experiences of the Farm Loans Board were incorporated in it in such a way as to place veterans in a somewhat preferred position.

In 1960 the Farm Loans Act was replaced by the Farm Credit Act, and when this new legislation was drafted many of the experiences under the Veterans' Land Act found their way into it. Therefore, much of our farm credit legislation today is now patterned after the Veterans' Land Act.

You will see, therefore, that there is a very close association between these two acts, the Veterans' Land Act and the Farm Credit Act; and this close association has been preserved down through the years and in the bill which we have before us.

Even as late as 1960, the bulk of the workload under the Veterans' Land Act was with the farm population. I have stressed the importance of this close historic association between the two acts because it is an important key to the understanding of the bill we have before us. I think this will become very clear when I deal with the individual clauses.

Down through the years, due to representations made by veterans' organizations, particularly the Royal Canadian Legion, and due also to the broad experience and the very able and wise administration of the act by the present director, Mr. Robert W. Pawley, the Veterans' Land Act has been improved and expanded, until today it is a comprehensive piece of legislation, consisting of three separate parts with a total of 76 sections.

Part I of the act enables financial assistance to be provided to qualified veterans who wish to settle on land as full- or part-time farmers. Veterans who are commercial fishermen may also receive assistance under Part I of the act.

Part II provides that any qualified veteran who is approved for a loan under the National Housing Act may receive financial and other assistance to build his home on any lot acceptable for a single family dwelling, provided he assumes his own construction contract.

Part III of the act provides for additional—and I stress this word "additional"—fully repayable loans to full- or part-time farmers at the time they are established under the act, and also to those who are

already settled. Here perhaps I should point out that to provide for repayment of all or part of a veteran's indebtedness, low-cost group life insurance is available. You will see, therefore, that the main purpose of the Veterans' Land Act is to grant loans—and loans imply interest rates.

I said earlier that the Veterans' Land Act has 76 different sections. Of these, sections 15, 16, 16A, 17, 21, 25B and 68 have to do with interest rates. To put it simply, the purpose of Bill C-152 is to amend all the sections I have just mentioned, except section 15 with respect to interest rates.

Section 15 is a special case. It stipulates that the rate of interest on the first $6,000 of a loan under the Veterans' Land Act shall be 3½ per cent. This rate of interest remains the same; it is not amended by the bill before us.

Section 15, however, is amended in other respects which I shall explain in a moment.

Honourable senators, I come now to an explanation of the individual clauses. I think the best way to proceed is to start with clause 7 on page 5. Clause 7 amends subsection (1) of section 68 in Part III of the Veterans' Land Act, which is the part that relates to additional loans. Paragraph (a), subsection (1) of section 68 states that the interest of that portion of a loan between $6,000 and $20,000 shall be 5 per cent. Paragraph (b), subsection (1) of section 68, was added to the bill in 1965 and refers to that portion of a loan which is in excess of $20,000. It states that the rate on this portion of the loan, that is, the portion in excess of $20,000, may be prescribed by the Governor in Council. This is where the long association between the Veterans' Land Act and the Farm Credit Act, which I mentioned earlier, comes into play.

When the 1965 amendments became law, the Governor in Council made the rate on that part of the loan, the part in excess of $20,000, the same as the rate under the Farm Credit Act. The rate under the Farm Credit Act is determined by a formula which states that the rate will be 1 per cent above the weekly average of Dominion of Canada bonds maturing within the next five to ten years, rounded to the nearest one quarter per cent. This rate is adjusted semi-annually on October 1 and April 1. The rates referred to in clause 7, therefore, are really the Farm Credit Act rates which are established by the formula which I have just quoted.

The current Farm Credit Act rate is 7¾ per cent, and this is the rate on V.L.A. Part III loans until March 31, 1969, when it may or may not be adjusted, depending on what results are obtained from the Farm Credit Act formula. The effect of clause 7 on section 68 of the Veterans' Land Act is to eliminate paragraph (a) which states that the rate on that part of the loan over $6,000 and under $20,000 shall be 5 per cent.

When Bill C-152 comes into force there will be only two interest rates in the Veterans' Land Act instead of three, as at the present time. These two rates will be the 3½ per cent rate in section 15 for the first $6,000 of the loan, and the second rate will be the Farm Credit Act rate in section 68 for the remainder of the loan.

We can now return to clause 1 of the bill. the rate of 3½ per cent over a period of 30 years is contained in subsection (1), paragraph (d) of section 15 of the Veterans' Land Act. This part of section 15, as I have just mentioned, is not amended. The 3½ per cent on the first $6,000 of the loan which was established in 1942 still remains unaltered. This is the part of the act which placed the veteran in a preferred position, and that preferred position is still maintained because the subsidy of the interest rate in section 15 today is much greater than it was in 1942.

Now, clause 1 of Bill C-152 has the effect of amending subsection (2) of section 15 of the Veterans' Land Act, which relates to cases where a veteran has land which he has acquired under the Veterans' Land Act and on which there is a mortgage in favour of the director. Should that veteran wish to assign that mortgage to a non-veteran, clause 1 of Bill C-152 states that the mortgage must be assigned at the highest rate written into the agreement.

For example, let us take the case of a veteran who had a mortgage of over $6,000 prior to 1965 and who, after 1965, acquired a V.L.A. Part III loan as the result of which his total indebtedness exceeded $20,000. Under the act as it now stands, his agreement with the director would have three different interest rates written into it; (1) the 3½ per cent rate for the first $6,000; (2), the 5 per cent rate for that portion between $6,000 and $20,000; and (3), the farm credit rate for the portion in excess of $20,000. Let us say that the third rate written into the agreement is 7¾ per cent, the current rate under the Farm Credit Act. Clause 1 of the bill before us states that if the veteran assigns that mortgage to a non-veteran, the mortgage can be assigned only at the highest rate written into the agreement, namely, 7¾ per cent for the total amount of the loan.

Clause 2 amends section 16 of the Veterans' Land Act. Section 16 empowers the director to require the veteran to insure the property in favour of the director to the full extent of its insurable value. If the veteran fails or neglects to keep his property fully insured in favour of the director, clause 16 empowers the director to insure it and the interest rate charged on any money spent by the director in insuring the property will be the same as that in section 68.

Hon. Mr. Aseltine: Is that not the usual mortgage clause? Does not that clause appear in all mortgages?

Hon. Mr. Carter: Yes, but the section we are dealing with here affects only the interest rate on the money that the director has to spend in insuring the property because the veteran himself has neglected to do so. As I said, that rate will be the same as in section 68, the rate prescribed by the Farm Credit formula; and also, this particular rate will be written into the agreement.

Clause 3 amends subsection 2 of section 16A of the Veterans' Land Act. The provisions of clause 3 are exactly the same as those of clause 2 except that they relate to expenditures for group life insurance instead of for property insurance. Incidentally, honourable senators may be interested to know that there are 15,000 veterans covered by group life insurance under the Veterans' Insurance Plan and the total costs amount to $125 million.

Clause 4 amends subsection 2 of section 17 of the Veterans' Land Act. Its provisions are exactly the same as those of clauses 2 and 3, the only difference being that it applies to expenditures incurred for taxes or assessments that may be due in respect of the property, whereas clauses 2 and 3 relate to expenses for insurance premiums.

Clause 4 stipulates that the rate of interest on expenditures incurred by the director for taxes or assessments shall be the same as in clause 7, namely, the rate specified in section 68 as determined by the Farm Credit formula.

Clause 5 is similar to clauses 2, 3 and 4. It amends paragraphs (e) and (f) of subsection (2) of section 21 of the Veterans' Land Act. Section 21 refers to cases where agreements between a veteran and the director are rescinded and there are charges against the property. These charges may arise out of expenditures made by the director for taxes, maintenance, advertising and other similar costs. Clause 5 states in effect that the interest rates on money the director may have to spend on properties that revert to him when agreements are rescinded shall be at the current rate established under section 68 as amended by clause 7 of the bill before us. In other words, the rate will be the current rate established by the Farm Credit formula.

Two things must be borne in mind with respect to clause 5: one is that its provisions do not apply to the interest rate on the principal debt which remains the same as written into the agreement, and the second is that the provisions of clause 5 are not written into the agreement beween the veteran and the director as is the case with the provisions of clauses 2, 3 and 4.

Clause 6 amends subsection (3) of section 25B of the Veterans' Land Act. Section 25B was added to the act in 1965. Prior to 1965 any veteran who had used up his benefits under the Veterans Rehabilitation Act or the War Service Grants Act was automatically disqualified for benefit under the Veterans' Land Act unless he repaid those grants in cash. The purpose of section 25B was to enable veterans to requalify under the Veterans' Land Act by repaying in full or in part the amounts they had received by way of rehabilitation grants and war service grants. As these amounts were often too much for most veterans to pay back in a lump sum, section 25B made provision for these grants to be added to the V.L.A. loan and to be paid off in regular V.L.A. instalments. In effect, the director paid back the rehabilitation and war service grants on behalf of the veteran, and clause 6 stipulates that the interest rate for such expenditures shall be the current rate under section 68 as amended by clause 7. This again is the rate determined by the Farm Credit formula.

The same interest rate applies also to repayable grants made under sections 38 and 39 of the Veterans' Land Act. These grants were made to veterans settling on lands owned by the federal and provincial governments and to Indians who were veterans.

Clause 8 amends section 75 of the Veterans' Land Act. This is merely a legislative drafting procedure, tying together the different parts of the act that are being amended by this bill and providing the authority to do so.

Clause 9 is important because it protects the veteran who had filed an application for financial assistance under the Veterans' Land Act prior to September 13, 1968. It also protects similar applications from veterans received by the director between September 13, 1968, and the date on which this bill

becomes law, provided these applications are approved by the director. The veterans I have just referred to will receive the benefit of the 5 per cent rate in the act as it now stands.

Honourable senators, it is evident that the Veterans' Land Act has been good for Canada and a great blessing for many veterans. Some 117,000 veterans have taken advantage of the financial benefits which it makes available, and the total expenditure made under this act for all purposes amounts to $911 million. At the present time there are approximately 56,000 active accounts, representing an investment of $438 million.

Hon. Mr. Aseltine: Is there any time limit up until which an application for an advance or loan under this act may be made by a veteran? A veteran who asked me this question told me that his time was running out.

Hon. Mr. Carter: Yes. Honourable senators may be aware that the Veterans' Land Act is in the process of being phased out. I do not have a copy of the act with me, but the present act specifies the date March 31, 1974, after which no new applications from veterans who have not been established will be received. The corresponding date for veterans already established is, I think, March 31, 1977. You may also remember that before a veteran could secure a loan he had to qualify, and the cut-off date for qualification was October 31, 1968.

Hon. Mr. Aseltine: I think that is probably what he was referring to, that his time had or was about to run out.

Hon. Mr. Carter: After October 31, 1968, it became impossible for a veteran to qualify.

Hon. Mr. Aseltine: There is no extension of that time limit in this bill?

Hon. Mr. Carter: No, there is no extension. I may say that notice of this cut-off date was given several years ago, and at the present time there are 158,000 veterans who have qualified. It is estimated that about 30 per cent of these applications will be approved and the veterans established.

Honourable senators, I think I have said enough to show that this is important legislation. I might add that it is proposed to refer this bill to the appropriate committee, which, I understand, is the Committee on Health, Welfare and Science, Therefore, I hope that this bill will commend itself to you and that you will give it speedy approval.

Hon. John M. MacDonald: Honourable senators, I would just like to add a few words in regard to this bill.

First of all, I am sure we are all indebted to Senator Carter for the detailed and splendid explanation he has given of the bill. After listening to him, I do not think there is much that needs to be added. In fact, after listening to his explanation, I do not think it should be necessary to refer it to committee—unless he so desires.

I certainly agree with him when he says that this act has been good for Canada and a blessing for the veterans. It certainly has been. To show this I will quote a few short paragraphs from the statement made by Mr. R. W. Pawley—the Director General of the Soldiers Settlement and Veterans' Land Act Branch, Department of Veterans Affairs—when he appeared before the Veterans Affairs Committee of the House of Commons on November 28 last. He said:

> After 25 years' experience, there is every indication that the V.L.A. scheme will be judged an individual economic success as well as being instrumental in enriching the human resources of Canada.
>
> In broad terms, it will have touched the lives of over one-half million people represented by veterans and their immediate families, which was about the size of the rural population of Alberta in 1961. The director has bought 9 million acres of farm land and over 536,000 acres for small holdings,...

Further on he said:

> The director has taken title to around 100,000 properties. Of these, he has deeded back to veterans, at their request, or because the conditions of the contract were fulfilled, about 53,500 titles. In addition, to permit the owner veteran to sell off land nearly 17,600 conveyances have been prepared. Since inception the director has granted 9,400 easements for the purpose of bringing new services to the area or improving these existing, and entered into 5,300 surface, oil and gas leases.

Honourable senators, this gives you some idea of the magnitude of the work that has been done under this act.

Senator Carter has said something about how the provisions of the act have been phased out, and perhaps I could put on the

record the remarks of the director concerning this. He said as follows:

> In order to terminate the lending operations under the act in an orderly manner and to permit forward planning as it relates to manpower and financial resources, while, at the same time, giving veterans a reasonable period in which to take advantage of its provisions, three terminable dates have been established. The first is now past, October 31, 1968, beyond which no further applications to qualify for the provisions of the act have been accepted. The second date is March 31, 1974, after which no loan applications from veterans not already established will be accepted. The third date is March 31, 1977, after which no loans of any nature will be made.

Senator Carter has referred to that, and he mentioned the fact that 158,000 certificates of eligibility have been issued by the department, and it was felt that perhaps 30 per cent of those would go through and loans would be approved. I think the director figured they would go anywhere from 30,000 to 50,000, but I would not be surprised if the number was higher than that because, as honourable senators may remember, prior to October 31, 1968, it was estimated that the number of applications for certificates of eligibility would amount to 100,000, and yet 158,000 have been received. It would not surprise me in the least to discover that there are more applications for loans than the number anticipated at the present time.

As the honourable sponsor of this bill has pointed out, this act deals with interest rates. It should be remembered that up to 1965 there was no subsidy by the federal Government of the interest rates on loans made under the Veterans' Land Act, because the interest rate at that time was somewhat below the rate which the federal Government paid for money, so it was sufficient to cover the cost of administration.

Perhaps I may be allowed to give an example of the comparison between the old and the new rates. A small holder who had a maximum repayable debt of $14,000 paid, under the old system, $11,506. Under the proposed rates he will pay $17,554. I point out that this is in interest only, and the principal amount of $14,000 has to be added to those figures in order to obtain the total the veteran would repay. From this it can be seen that the increase in interest is going to be substantial so far as small holders are concerned. It will be, in fact, something over $6,000

There is one thing that I should like to ask Senator Carter to explain. I understand that after October 31, 1968, which was the cut-off date after which no applications for eligibility would be accepted, 600 applications were received. I should like to know whether those have been rejected out of hand, or if there has been an endeavour to bring them under the eligibility regulations.

Honourable senators, I do not think it is necessary to say anything more. Personally, I am disappointed that the period of eligibility was not extended. Perhaps it would not be asking too much for the Government to assume some of the higher interest costs. After all is said and done, and while the war has been over for a long time and the memories of people are short, we should not forget that we still owe something to these veterans who participated in the wars in which Canada was engaged.

The Royal Canadian Legion is the organized voice of the veterans of Canada. When this matter was discussed before the Veterans Affairs Committee of the House of Commons, one of the vice-presidents of the Royal Canadian Legion, Mr. Justice Redmond Roche, presented a brief on behalf of the Legion, in which four points were made.

First of all, the Legion commended the Government for maintaining the 3½ per cent interest on loans under $6,000. Secondly, it recommended that the new rate of interest on loans over $6,000 be the same as that paid by the Government for borrowed money, and that the Government itself should bear the administrative costs. Thirdly, the Legion asked that consideration be given to reducing the size of the lot.

I should like to say at this point that while that does not come under these amendments to the act, the size of the small-holding lot has been reduced over the years until it is now half an acre, or roughly 21,780 square feet. The Department of Veterans Affairs has discretion by which it can accept a reduction of 20 per cent in the area, so that a veteran can be eligible if he has a lot of 17,424 square feet. It has been suggested that this be reduced to 10,000 square feet. We must recognize that no veteran with half an acre of land or less is going to do much spare-time farming. We should forget about that, and allow these loans to be made just for the purpose of building a home.

The fourth recommendation made by the Legion was the removal of the income ceiling that was imposed for 1968 and 1969. When it became difficult for the department to find the money to make these loans, it was decided that loans would first be made to those whose income was under $7,000 a year. That amount was chosen, because on an average over the past five or more years about 60 per cent of the loans were made to veterans whose annual income was under $7,000. This was a scheme whereby it was hoped to take care of the more pressing needs of those in the lower income groups.

The Legion asked that this ceiling be removed, and I have no doubt it will be as soon as funds are available to make these loans. The general tone of the Legion's brief was that, while they did not like the legislation, they accepted it as inevitable and were resigned to it, and consequently hope to make the best of it.

Honourable senators, to those remarks I can only add that I support the amendment contained in the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Carter, bill referred to the Senate Committee on Health, Welfare and Science.

SENATE REFORM

TABLING OF DOCUMENT—QUESTION OF PRIVILEGE

Hon. John J. Connolly: Honourable senators, I rise on a question of privilege, and I am sorry that the Leader of the Government (Hon. Mr. Martin) is not in his place when I do so.

It has come to my attention that among the documents tabled this afternoon, which he did not mention specifically in the tabling, is a document called "The Constitution and the People of Canada". This document is a White Paper prepared, and presumably circulated, by the Government in connection with the federal-provincial conference which is to start on Monday next. Some half hour ago I tried to get a copy of this document and was informed by the Distribution Office that they were no longer available. Somehow or other a copy has now appeared on my desk.

Certainly I express my own feeling of outrage that a document like this, which vitally concerns the constitution of this house, should be brought to us here on the eve of an adjournment which will last until Tuesday night, when the constitutional conference will virtually be finished.

Some Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I think that in common decency and courtesy to the Senate, at least the attention of senators should have been drawn to this document when it was tabled. There was no opportunity for any of us to see it, and there will be no opportunity for any of us to discuss it until Tuesday night. By that time, of course, any provisions affecting the Senate will probably have been dealt with, if they are reached at that meeting. I simply object to the method of tabling these documents without our knowing what is in them, without our knowing at least what the title of the document is.

I think that if the privileges of the Senate have not been violated, certainly the courtesies of the Senate, courtesies that are due to all honourable senators, have been outraged.

Some Hon. Senators: Hear, hear.

Hon. Jacques Flynn: Honourable senators, I share the sentiments—

Hon. Mr. Connolly (Ottawa West): Indignation.

Hon. Mr. Flynn: —The indignation of Senator Connolly concerning the tabling of this document. To show how much it affects the members of the Senate, I think I should quote for the record from page 30.

Hon. Mr. Roebuck: I have not received a copy of it yet.

Hon. Mr. Connolly (Ottawa West): Nobody has.

Hon. Mr. Flynn: That is the reason why I think I should quote from it. It is an exerpt from the chapter entitled "The Senate". It deals generally with the role of the Senate, and then says:

> The Government of Canada would therefore propose a new approach to the organization of the Senate to achieve this end.

I think nobody would quarrel with the end that is outlined, but here is the substance of what I want to put on the record:

> The Senate could be partly selected by the federal government and partly selected by provincial governments. The method of selection of Senators by the

provinces could be by nomination of the provincial governments, acting with or without the approval of their legislatures, depending on the provisions of each provincial constitution. The term of office for Senators could be limited to a specific number of years—perhaps six.

Equitable transitional arrangements would of course be required in respect of those holding Senate appointments at the time these changes come into effect. These arrangements would have to be considered with care, ensuring that no injustice is done while at the same time permitting those changes required in the interests of the Canada of the future.

I merely want to say that these words that I have just quoted do not suggest the abolition of the Senate, but they certainly suggest the dismissal of the present membership.

Hon. Mr. Fournier (Madawaska-Restigouche): Do I understand that copies are not available?

Hon. Mr. Connolly (Ottawa West): That I cannot answer. Half an hour ago I tried to get copies and was told there would be no more available until tomorrow. Now, miraculously, a copy has appeared on my desk. I should add that I do not say what I do to provoke a debate on the substance of the document. That is impossible at a time like this; nobody is prepared for it. But I do object strenuously to the method in which the document was produced, so that we had to go through the back door to find out where and what it was.

Hon. Mr. Flynn: We agree.

Hon. Hartland de M. Molson: Honourable senators, I think this action as reported by the honourable Senator Connolly (Ottawa West) confirms the worst fears of the committee you selected to deal with the rules. A great deal of the pressure on that committee, and a great deal of the haste it felt called upon to make and for which to some degree it was criticized, was just in case something like this happened, where the Senate would finally discover that there had been plans made for its future but that those plans had in no way been discussed, either with the Senate or, as far as I know or assume, with any of its members. I think that to all of us this must be rather disappointing news. It is confirmation once again that the Senate is not held in very high regard.

Hon. Mr. Flynn: By the Government.

Hon. Mr. Molson: By the Government, or by the other place, one or both. Certainly, I do not think this action indicates that the Senate is held in very great respect.

As Senator Connolly (Ottawa West) has said, there is no opportunity to debate this, there is no opportunity, as far as I can see, to read it; but it obviously suggests, from the quotations given to us by Senator Flynn, that not only the future form of the Senate is being discussed but the future disposition of our existence is being discussed, our own future occupation. I think there might have been the courtesy to make this known to us a little bit ahead of the day of settlement, which presumably will be Monday or Tuesday of next week.

Hon. Malcolm Hollett: Honourable senators, I have not seen a copy of the document, except that I see it now before me on the desk of the honourable senator in front of me. I notice it is headed: "The Constitution and the People of Canada". Then it says, "The Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada".

We, the Senate, we are part of the Government, and I thought one of the first things which should be done, if the Prime Minister is going to publish a document like that, is at least to let us know something about it. We are part of the Government. He is the Prime Minister. I hope it is not a secret document and, if it is, I do not see why some honourable senators have got copies. I would like to get a copy.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I understand that copies of the document are in the mailboxes of honourable senators now. I have just received that information.

The Hon. the Speaker: Honourable senators, I was about to announce this fact which has just been stated, in answer to a question asked by the honourable Senator Fournier (Madawaska-Restigouche). A copy of this report will be in the mail of each honourable senator tomorrow. Having said that, I make no further comment.

Hon. Gunnar S. Thorvaldson: Honourable senators, I would like to make one or two remarks in regard to the matter we are discussing, and I will not repeat anything which has been said.

The first point is that it is most extraordinary that a document such as the one just referred to should appear here, which suggests

changing radically the operations of the Senate, whose constitution is embedded in the B.N.A. Act, without at least consultation with the members of the Senate or indeed the Senate as a body.

My second point is one of which the public of Canada may not be aware as fully as they should, and consequently I make it here. The fact is that no one—the other house, the Prime Minister, no one—can lay hands on the Senate as presently provided for in the Constitution of this country, without the concurrence of the Senate itself. I say this for this reason: It seems to be common gossip, or the thinking of many people, that the Prime Minister or the other place acting alone can at any time do anything they wish with the Senate, even to the extent of emasculating it or even abolishing it. That thought should be dispelled from the minds of people in the other place who believe this fiction and also of the public of Canada.

Honourable senators, I conclude by emphasizing that it should be known and well known that no one can lay hands on this body, as it is provided for in the Constitution of Canda, without its own consent.

Hon. Arthur W. Roebuck: Honourable senators, I would like to agree with the honourable senator who has just sat down, but unfortunately I am afraid that he has not considered one feature of our present situation, that is, that the appointment of new senators is not in our hands but rather in the hands of the Prime Minister by practice and in the hands of the Governor in Council as a matter of law. Therefore, the threat in the paragraph which was read, which I have not seen—I have no copy of it yet before me—would seem to indicate that the Prime Minister is in a position, with the support of his executive, to make arrangements with regard to the appointment of new senators which will totally change the character of this chamber.

I have already drawn attention to it and I do so again, that for as long as I remember there has been no quarrel or confrontation between ourselves and the Commons or the Government, that we have had the fullest co-operation between these bodies. We have gone along like gentlemen, in the interests of the nation that we serve. For as long as I can remember, we have co-operated in every possible way and always with the future welfare of Canada as a whole in our minds.

The reason we have been able to do that—although we sit as Liberals on one side of the chamber and Conservatives on the other—is the fact that we are all federal men. We are not representatives of provincial politicians as such, although we do represent provinces; we are not the hired men of anybody in a province. We are all representatives of Canada as a whole. While we may differ in some details and perhaps in some principles, as Liberals versus Conservatives, what has always been in our minds, on both sides of the house, is the welfare of Canada at large.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Honourable senators, the result of that has been that we have been able to co-operate with the Administration; we have never blocked the policy of the Government of the day and certainly not the will of the public of Canada.

Honourable senators, supposing they make the change that is suggested, that the Prime Minister appoint representatives of the provinces, or rather representatives of the politicians of the provinces—which is quite a different matter—and supposing it were the minimum, that it were just one from each province, that would be ten senators, in due course, representing the provincial politicians. These might join with some opposition—never mind which side, because I am speaking of the future—join with the opposition to block the legislation proposed by the Government of the day. Is it not easy to imagine such a situation?

We have seen blockades of legislation in the past. We have had some rather vivid experiences in that regard. Cannot we easily imagine this, that the representatives of the provinces, with some of the opposition to the Government of the day, may join hands and blockade the operations of Parliament? What is suggested is much more important than the welfare of just one chamber. It may be the destruction of Parliament itself. This is the most serious suggestion affecting the democracy of our nation that has come to my attention in a long lifetime. I am thoroughly concerned.

I have told this once or twice privately of dear old Senator Howden. He was a doctor. He had been a cowpuncher in his earlier days and the was a man very well informed as to people and affairs. I remember him as a member of my committee on divorce voicing the proposition that any man who loved his wife would never allow another man in his household. Dr. Howden knew pretty well what he was talking about. Now I say to the

people of Canada that anybody who loves Canada and the Parliament of Canada will not allow non-federal forces into the inner circles of our legislative systems so that they may take part in the destruction of our household. A house divided against itself cannot stand.

This is very serious, honourable senators. The Government of this country should remember that we have got along very harmoniously in the past and we should now avoid laying the foundation, not of the unity of Canada, but rather for the destruction of unity right in their own household.

I regret this suggestion, but it is only a suggestion. It will provoke a great deal of discussion, not only here in Parliament, but as well in the press and among people everywhere in Canada. I hope that that discussion will take place at once, as soon as this document becomes public, and that we will hear many expressions of opinion such as I am now voicing. Discussion may induce the Government to hold its hand in this dangerous proposal.

Some hon. Senators: Hear, hear.

Hon. Mr. Roebuck: At least they should consult us as to what the results might be of the drastic action this document suggests.

Hon. J. Harper Prowse: Honourable senators, I do not want to keep you longer or try to say any more than I think is necessary at this time.

Senator Connolly (Ottawa West) has brought to our attention the fact that this matter has been put before us without any prior knowledge on our part. Fine. There must be knowledge of something that is going to be provided to the Federal-Provincial Conference for discussion. How much public discussion can there be before it is given to the Conference without criticism resulting? In other words, somebody has had to walk a tightrope. One thing to keep in mind, in order to keep a balance, is that this matter will not be decided by Tuesday. This Federal-Provincial Conference will have a great many things to do, and I would be surprised if they get very much decided over a great many months or even years.

Now, people have a right to know what is being proposed and what has been proposed, but we will have a chance to read this, after which we will know what we are debating. I suggest that the most useful thing we can do for Canada and for this Senate, having made a reasonable and proper protest in good faith, is to keep quiet until we have read this, until we know what it is all about, and until we have heard what the other fellow has to say. As somebody said once to me, if you let the other fellow say his piece first, you have an advantage because you know not only what he knows but what you know too. I suggest we do that. Let us wait and see what people are actually saying and what they are planning, and then we can decide what action we should take.

Let us not run around like hurt children and say things which add nothing to the discussion, take away from our dignity, and certainly add not one iota to our security or any contribution we can make to our country.

Hon. Mr. Flynn: On a matter of clarification only, Senator Roebuck disagreed with Senator Thorvaldson when the latter said that the Senate would have to agree. I suggest to Senator Roebuck that the extract which I quoted would support the contention of Senator Thorvaldson, because to have the province appoint the senators—and it is mentioned "a nomination by the provincial Governments acting with or without the approval of their legislatures", and they speak of a term of six years—would require an amendment to the B.N.A. Act and, therefore, the approval of the Senate. That is the only point that I want to make at this time.

Hon. Mr. Thorvaldson: And that is the point I was making.

Hon. Mr. Flynn: I am quite sure that we all agree with Senator Prowse. Nobody was drawing any final conclusions at this time. We were just saying that this is coming to us and it is about time that we know what the Government is thinking, if not of the Senate, at least of the senators.

Hon. Mr. Connolly (Ottawa West): The only point I would add to what Senator Flynn has said is that we are very fortunate indeed that we even know about it, because we might have found out about it only in the press or through the mails. That is the only point that I object to.

Hon. Mr. Roebuck: I agree with the honourable Leader of the Opposition in his statement with regard to the suggestion that he read. They would have to be approved in this house. But it does not answer my suggestion that appointments may be made by the

executive without any change in the present Constitution and without our consent. Appointments are not even our businesss.

Hon. Mr. Flynn: It would be a slow process, then.

The Hon. the Speaker: As many honourable senators have taken part in this discussion on a question of privilege, and as the next sitting will be on Tuesday evening, which will give us ample time for honourable senators to take full knowledge of the document involved, may I suggest that we proceed now with whatever business is ready on the Order Paper.

The Senate adjourned until Tuesday, February 11, 1969, at 8 p.m.

APPENDIX

(See p. 972.)

THE ESTIMATES

REPORT OF STANDING COMMITTEE ON FINANCE PRESENTED BY HON. MR. LEONARD

Thursday, February 6, 1969

By Order of the Senate made on October 1st, 1968, the Standing Committee on Finance was authorized to examine and report upon the expenditures proposed by the Estimates and the Revised Estimates laid before Parliament for the fiscal year ending 31st of March, 1969, and by a further Order made on November 19th, 1968, the said Committee was authorized to examine and report upon the expenditures set out in Supplementary Estimates "A" for the said fiscal year.

Your Committee has examined the said Estimates, the Revised Estimates and the Supplementary Estimates and reports as follows:

1. The effect of the said Revised Estimates upon the original estimates was an increase in expenditures of a net aggregate amount of $386,198,566. This increase was due in largest measure to the escalation in costs of open-end cost-sharing Federal-Provincial arrangements. In addition certain items that in the past have been omitted in the main Estimates and included in Supplementary Estimates have been placed in the Revised Estimates.

2. In the result, the total Revised main Estimates provide for expenditures of $10,670,930,598.

3. The Revised Estimates also provided for loans of $684,526,812, an increase over the original Estimates of $200,026,812, due largely to advances made or to be made by Canada to the International Development Association and to the Bank for International Settlements.

4. To past Reports your Committee has attached a table showing a year by year comparison of Federal Government budgetary expenditure, plus Old Age Security Fund payments, both as shown by the Auditor-General's Reports. This table is brought up to March 31st, 1968 as Appendix "A" to this Report. This table shows that for the fiscal year ending on that date, the increase in such spending over the previous year was $1,407,600,000. Such amount and the percentage increase were the largest in over 16 years. The figures for the current fiscal year are not yet available although it is clear that there will be another substantial increase even though the dollar amount and the percentage rate may not be as large as for the year ending March 31st, 1968.

5. From time to time your Committee in its reports has made a comparison between the growth of Federal Government expenditures and the growth of the country's Gross National Production. On a national accounts basis in the calendar year 1965 federal expenditures were 16.2 per cent of the country's Gross National Production. This increased to 16.7 per cent in 1966, and to 17.5 per cent in 1967. The figures are not yet available for 1968, but it is reasonable to estimate that the percentage will be slightly higher than 17.5 per cent. This comparison shows that our federal Government expenditures have been rising at a faster rate than the country's production. The provincial and municipal expenditures have been growing at an even faster rate and now take a larger percentage of the Gross National Production than does the federal sector. These factors, when coupled with a federal budgetary deficit have put pressures on costs and prices so that inflation is now one of our serious problems in Canada today. If we are to exercise control over the unacceptable rate of inflation that has been going on, we should at least keep the growth of governmental expenditures within the rate of growth of our economy and bring the federal budget into balance.

6. The fastest growing item in the federal budget is the amount contributed to the provincial governments. An example is the case of provincial post-secondary education programs. In the year 1965-66 the federal contribution for such programs was $40,000,000. In the current fiscal year, the fiscal transfers and cash payments to the provinces for the same

purposes are estimated at about $500 million—twelve times what they were three years ago.

7. This brings us to consider the method of Federal-Provincial cost sharing agreements. Where there is an open-end cost sharing program, the result is that the more that the province spends, then the more is the share of the federal government, and yet the federal Government has too little control over the cost. A province may be able to finance in whole or in substantial part from its own tax resources an expanding program of activity within its own jurisdiction, and in such case an open-end cost sharing agreement may set up an arithmetical progression of expenditures beyond those originally contemplated. This state of affairs was largely responsible for the discrepancy in the figures between the original Estimates and the Revised Estimates. It would seem to be more reasonable from the federal Government standpoint that its contribution should be of a fixed character for a clearly defined program, so that it can set a limit on its liability. This it has done in the program of the Health Resources Fund, where its annual contribution has been fixed at $37,500,000.

8. Your Committee continued its consideration of the recommendations of the Glassco Commission with respect to the form and text of the Estimates. The President of the Treasury Board appeared before the Committee and submitted examples of proposed forms of estimates. It is the view of your Committee that these new forms will provide more information than in the past as to the expenditures and their relation to programs of action by the various departments. The number of votes will be substantially reduced. The Committee also continued its consideration of the unimplemented recommendations of the Glassco Report.

9. In the course of our examination of the Estimates and Supplementary Estimates we have noted a number of items that contain the phrase "notwithstanding the provisions of..." and then refer to certain statutes, particularly the Financial Administration Act. Each such item should be carefully scrutinized. In some cases, it is found that the effect is simply to exclude one particular item of expenditure from the general provisions of the quoted Act. It has happened, however, on some occasions that the item is sufficiently general in character to be in effect an amendment to the Act, and this type of amendment should not be in the Appropriation Act but by a separate amending statute.

10. Your Committee again expresses its thanks to the witnesses who have appeared before it, particularly the Honourable the President of the Treasury Board, his Officers and the Auditor-General of Canada.

All which is respectfully submitted.

T. D'Arcy Leonard
Chairman

APPENDIX "A"

Table of Federal Government Expenditures showing Increases over preceding years and percentage increase

Fiscal Year ending March 31st	Expenditures including Old Age Security Fund (in millions)	Increase Over Preceding Year (in millions)	Percentage Increase of Expenditures over preceding year
1960	6278	355	5.9
1961	6550	272	4.3
1962	7146	596	8.3
1963	7305	159	2.2
1964	7700	395	5.4
1965	8001	301	3.9
1966	8662	661	8.2
1967	9852	1190	13.7
1968	11259	1407	14.2

THE SENATE

Tuesday, February 11, 1969

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

Prayers.

SENATE REFORM

TABLING OF DOCUMENT—FURTHER QUESTION OF PRIVILEGE

Hon. John J. Connolly: Honourable senators, I rise on a point of personal privilege. On February 6 last I raised a question of privilege, not personal privilege, as this is. In the course of my earlier remarks, I referred to the Leader of the Government (Hon. Mr. Martin) and the tabling of a certain document. In part, I said:

> ...which he did not mention specifically in the tabling, is a document called "The Constitution and the People of Canada".

Later on I referred to the tabling in these words:

> ...without our knowing at least what the title of the document is.

I was not in the chamber at the time of the tabling, and I have since learned that when the document was tabled the Leader of the Government did quote the title of it, "The Constitution and the People of Canada". To that extent my statement was incorrect. I apologize to the Senate for misleading it on that point, and I apologize to the Leader of the Government in that respect. The rest of the remarks I made, I think are valid.

HON. ARTHUR L. BEAUBIEN

TRIBUTES ON RETIREMENT

Hon. Paul Martin: Honourable senators, since we last met Senator Arthur Lucien Beaubien has resigned as a senator of this house.

[*Translation*]

The honourable Senator Beaubien, who was born in the province of Quebec, made a career in public life which could not be better described than by saying that he has served his country well.

The hon. Senator Beaubien was elected to the House of Commons in 1921 and served there as a member until January 1940, when he became a member of this house.

He has served his country well and we hope his health will enable him to fully enjoy life.

[*English*]

We have learned with great regret of the decision of Senator Beaubien to resign from the Senate. It is well that we should recall his distinguished contributions to the public life of Canada.

Senator Beaubien was born in Athabaska, in the Province of Quebec. Both his parents were of French descent. He went west with his parents as a young boy and was educated and grew up in the Province of Manitoba.

Senator Beaubien was a farmer, but I believe he was first and foremost a parliamentarian. First elected to the House of Commons in 1921, he served as a member of that house until his appointment to the Senate in January 1940. He was a member of the Senate for 29 years and for many of those years he served as Whip of the Liberal group in this house. He served Parliament, in the House of Commons and in the Senate, for a period of more than 47 years. We all knew him as a kind, understanding and loyal friend. He was a very hard worker, and his manner was such that he easily obtained the co-operation of others. I well remember when I first came to the House of Commons in 1935 his kindness to me and the contributions he made in that chamber.

Senator Beaubien has retired because of failing health. He deserves a well-earned rest. He will be sadly missed in this house where he was a valuable member and served faithfully for so long.

I am grateful to Senator Croll for reminding me just now that today Senator Beaubien celebrates his ninetieth birthday. It is appropriate that I should, even in this very inadequate way, pay a deserving tribute to a man who has served this country so well.

Hon. Senators: Hear, hear.

Hon. Walter M. Aseltine: Honourable senators, I am one of those who has been acquainted with Senator Arthur L. Beaubien for very many years, perhaps longer than anyone present in the chamber, with the possible exceptions of Senator Haig and Senator Thorvaldson, who lived in Winnipeg very close to Provencher where Senator Beaubien lived for many years.

I consider Senator Beaubien one of my closest friends. I knew him long before he came to the Senate. He and I and Senator Aimé

Bénard used to go fishing together at a place called Val du Bois, north of Buckingham, in the Province of Quebec.

Hon. Mr. Flynn: There are no fish left there.

Hon. Mr. Aseltine: We caught them all.

Senator Beaubien had his car here and he used to take Senator Aimé Bénard and I with him. He was a wonderful man to go places with; he was always the life of the party.

After he became a member of the Senate in 1940, I was very closely associated with him, right up to the time of his retirement. In fact, before we adjourned for the Christmas holidays he said that he would be back in Ottawa shortly after the New Year and would like me to help him make out his income tax return. I had been doing that for quite a number of years and he appreciated any help that I could give him.

As the Leader of the Government has said, Senator Beaubien was a Member of the House of Commons and the Senate for a total of 47 consecutive years, which is a real record, I would think. Before he resigned he was No. 3 in the seniority list in this house. I happen to be No. 1 and Senator Farris is No. 2. Senator Hayden will replace Senator Beaubien as No. 3 and Senator Paterson will now be No. 4.

Hon. Mr. Walker: I thought Senator Roebuck was No. 1.

Hon. Mr. Flynn: Not in seniority in the Senate.

Hon. Mr. Fournier (De Lanaudière): I am becoming slightly frightened—this means that I will now be No. 13.

Hon. Mr. Aseltine: I know that Senator Farris, Senator Hayden and Senator Paterson join with me in saying we are sorry that Senator Arthur Beaubien will not be with us any more. I was saddened to hear that his wife died suddenly about a month and a half ago. This I did not know until I arrived in Ottawa. I am sure that that bereavement had some effect upon his health, and it is one of the reasons he does not feel able to come back to this house again. However, he has a son and three daughters living near him, and I am sure they will help him in the difficult days that lie ahead.

Hon. John J. Connolly (Ottawa West): Honourable senators, I should not like to detain the house for any length of time, but in view of the fact that Arthur Beaubien was the Whip during the period of my leadership, and more especially because he was a very dear and cherished friend of mine, I should like to say something about him here this evening.

Authur Beaubien represented the riding of Provencher in the House of Commons, and his designation in the Senate was also Provencher. That is a very historic riding, which had elected and been represented by Louis Riel. Arthur used to talk a great deal about the history of those times. He had studied them very thoroughly, indeed.

I do not know of any man who enjoyed greater respect in this chamber than did Senator Beaubien. When he came to Parliament he was a Progressive; it was in his later years that he saw the light and joined the Liberal party. But as Senator Aseltine has said, he spent 47 years in Parliament, more than half a lifetime. And as Senator Croll and the leader have pointed out, today is his 90th birthday. I am sure if he were here we would be having a party to celebrate the occasion.

Hon. Mr. Aseltine: We wish him many happy returns of the day.

Hon. Mr. Connolly (Ottawa West): Yes, indeed!

What Senator Aseltine said about the loss of his wife was most fitting, and our sympathy goes out to him. Her health was very bad for many years; it was a source of worry to him, and I am sure it contributed to the decline in his own health.

Arthur Beaubien enjoyed the confidence of everybody in this house, regardless of political affiliation.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I know that when I as leader had problems I would turn to Arthur. He would immediately go to Senator Macdonald, the Whip opposite, and the two of them would leave the chamber. By the time they came back all the problems were solved and we went on our way, we did our work and got on with the war. I say this because I believe that not enough attention is given to the effective work of the Whips on both sides of this house. But I am sure that our present Whips would agree that it will be a long time before we have a Whip who is as effective and who commands the respect and affection of so many as did Arthur Beaubien. The Whips are really our unsung heroes, and

nobody knows this better than Senator Aseltine, Senator Martin, Senator Flynn and myself, for we have had to depend upon them for the great work they do.

I remember going to St. Jean Baptiste to speak during the election campaign of 1965. I might as well have been talking to the moon or the stars because the Tories were much too strong for us there. But Arthur drove 25 miles to be there. He was one of the very few who bothered to come to the meeting to hear me speak. After it was over he got up and introduced me! We really had a wonderful time. He had a great sense of humour. Frankly, all of us envy Senator Aseltine the fishing trips he had with Arthur.

I remember the other Senator Connolly, Arthur Beaubien and myself going up to the country on a summer afternoon. The Senate, I hope, was adjourned—I do not think we were playing hookey. We got out in the boat and ran out of gas, and we would still be there if someone had not come with a couple of gallons of gas and rescued us. However, we had much fun with Arthur Beaubien that afternoon. He was afraid every minute we were out there that he might be drowned or stranded overnight.

Arthur was a great person and character. He gave much time to the Parliament that he loved, and the people of Parliament whom he admired so much.

We shall miss him greatly, and we all wish him happiness in his well-deserved retirement after his ninetieth birthday.

Hon. J. Campbell Haig: Honourable senators, as one of the senators from Manitoba I would like to add briefly to the tributes paid to our retired colleague Arthur Beaubien.

He and I travelled from Ottawa to Winnipeg on the same aircraft many times. I met his daughters and his grandson. Frequently they assisted him when he left the aircraft. He is still a respected farmer in Manitoba. He has been flooded out at least once every three years, but he says, "The water is there, and what can I do about it?"

He is a kindly, courteous gentleman at all times. In private conversation he is outspoken. On the numerous occasions I have talked to him at the airport terminal, he has told me things that would not be well repeated in this chamber or in the caucus of the Liberal party.

Senator Beaubien has always been most helpful to freshmen senators. Before I was appointed to the Senate, I knew him through my father, who was a personal friend of his. Arthur Beaubien is also a great friend of mine, and I will miss him in this chamber. I echo the remarks made by earlier speakers who wish him well in his remaining years.

[*Translation*]

Hon. L. M. Gouin: Honourable senators, I would like to add a few words to the tribute paid to our very dear senator, Arthur Beaubien on his retirement. His office in the Senate was close to mine and, on many occasions, I had the honour of consulting him; I have always noted the interest he took in the important questions discussed in this house.

I could not help but note his devotion, as Whip of the Liberal party and his determination in keeping touch with the various members of our party.

I also know that everyone held him in high esteem, both in the Senate and in the other place and, particularly, in the Winnipeg area, especially in St. Jean-Baptiste, that village located on the banks of the Red River, where Senator Beaubien has his farm.

I myself enjoyed his hospitality in the fall of 1941, I think, and I have a very pleasant and very tender recollection of my stay, when I greatly appreciated the cordiality shown to me by him and by his wife whom we are now mourning.

I saw myself that the population over there, particularly Canadians of French origin, Franco-Manitobans, held Senator Beaubien in great affection. I took part with him in the celebration of the 25th anniversary of ordination of his parish priest, Rev. Caron. The whole population was there and showed at every occasion its profound esteem and cordial friendship for Senator Beaubien.

I will never forget his enlightened patriotism. He was a great Canadian in every sense of the word. I had many opportunities to appreciate his lofty feelings and his devotion to his countrymen.

I offer him my heartfelt sympathy on the death of his wife and I am sorry that he is leaving us. I assure him of my very deep friendship.

Hon. Jacques Flynn: Honourable senators, may I add but a few words to say that I feel regret, like all my colleagues, at seeing our

friend, Senator Arthur Beaubien, leaving us today. As it has already been said, this is his 90th birthday.

He was the dean of Parliament, having been elected in 1921 and having sat without interruption in the other place and here since then—47 years without interruption, that is almost unique. Senator Power sat here for 50 years; therefore, Senator Beaubien's career comes close to the record set by Senator Power.

Senator Beaubien was a dedicated and shrewd man. He was a perfect gentleman. My relations with him since my coming to the Senate have always been excellent.

I wish him a very happy retirement.

Before resuming my seat, may I point out now that our dean, Senator Beaubien, is leaving us, that it is Senator Aseltine, appointed here in 1933, who becomes dean of Parliament; immediately after come the Government leader, Senators Denis, Fournier (de Lanaudière) and Kinley, all elected in 1935.

[*English*]

Hon. Norman McL. Paterson: Honourable senators, I cannot let pass this opportunity of saying a word or two about my friend Arthur Beaubien. He came from St. Jean-Baptiste, Manitoba, where he had a farm. The only thing I ever had against him was the fact that he never sent a bushel of barley to me. He sent all his crop to a competitor.

I remember in 1940, when I was asked whom I would like to sponsor me, I realized that the only person I knew in the Senate at that time was Arthur Meighen, who was born at Portage La Prairie, as I was. Arthur Beaubien upbraided me for suggesting such an awful thing as having the Conservative Leader in the Senate introduce me, and so I was introduced by Senator Honey.

Senator Beaubien, Senator Hayden and I roomed together for several years. I have a very happy recollection of those days, but in conclusion, I should like to refer to something that does not add up. I am a non-smoker. Arthur was and still is almost a chain-smoker, and he is 90. It does not add up, because cigarette smoking killed Chubby Power. I wish Arthur Beaubien many more years of happy life.

Hon. Senators: Hear, hear.

PRECIOUS METALS MARKING BILLS

COMMONS AMENDMENT CONCURRED IN

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-4, respecting the marking of articles containing precious metals, and acquainting the Senate that they have passed this bill with the following amendment, to which they desire the concurrence of the Senate:

> Page 5, Line 35: Strike out line 35 and substitute the following:
> "(4) No person shall knowingly make a false or"

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Chesley W. Carter moved, with leave of the Senate, that the amendment be concurred in now.

He said: Honourable senators, you will recall that after full debate, both in this chamber and in the former Committee on Banking and Commerce, Bill S-4 was readily passed without any amendments. The bill has now also passed third reading in the other place, with one very minor amendment. During committee deliberations in the other place an objection was raised to the wording of subsection 4 of clause 8 of the bill.

After seeking the advice of the Department of Justice, the Minister of Consumer and Corporate Affairs agreed that the addition of one word to the clause was desirable, and therefore the bill was amended accordingly. The word "knowingly" is added to subsection 4 of clause 8 so that the bill conforms to the wording of similar provisions in other legislations.

In view of the fact that only a legal technicality is involved, I would recommend that honourable senators now concur in the amendment.

Amendment concurred in.

FRESHWATER FISH MARKETING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-148, to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette*, Part II, for the period January 1, 1955 to December 31, 1968. (English and French texts).

SPECIAL JOINT AND SENATE COMMITTEES

APPOINTMENT, TERMINATION, AND COST—INQUIRY ANSWERED

Hon. Earl A. Hastings inquired of the Government, pursuant to notice:

1. The Special Committee of the Senate on Manpower and Employment,

2. The Special Committee of the Senate on Land Use in Canada,

3. The Special Committee of the Senate on Aging,

4. The Special Joint Committee on Consumer Credit,

5. The Special Joint Committee on Divorce,

(a) The date of appointment of each committee,
(b) The date of termination of each committee, and
(c) The total cost of each committee.

Hon. Paul Martin: The answer to the honourable senator's inquiry is as follows:

1. (a) May 18, 1960; (b) Report adopted by the Senate; September 26, 1961; (c) $43,912.00.

2. (a) January 30, 1957; (b) Report adopted by the Senate; December 16, 1963; (c) $32,749.00.

3. (a) July 29, 1963; (b) Report tabled February 2, 1966; debated on February 24, 1966; (c) $144,334.00.

4. (a) November 21, 1963; (b) Report tabled May 8, 1967; (c) $244,400.00.

5. (a) March 23, 1966; (b) Report adopted by the Senate; February 13, 1968; (c) $75,151.00.

THE VATICAN

APPOINTMENT OF AMBASSADOR—INQUIRY

Hon. David Walker: Before the Orders of the Day, may I ask the Leader of the Senate (Hon. Mr. Martin), whether it is true that our first ambassador to the Vatican is to be the present Leader of Senate?

OIL AND GAS PRODUCTION AND CONSERVATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, February 6, the adjourned debate on the motion of Hon. Mr. Everett, for the second reading of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

Hon. Gunnar S. Thorvaldson: Honourable senators, after the very complete statement by our colleague Senator Everett on this bill there is very little more that need be said about the bill itself. As was said by Senator Everett, the purpose of the bill is to regulate and control the oil resources of that part of Canada, namely, the Northwest Territories and the Yukon, which is under the jurisdiction of the Parliament and Government of Canada and not under the jurisdiction of the provinces.

As all of you realize the provinces—particularly the western provinces, and perhaps every province of Canada—have dealt with the conservation and production of oil within the provincial boundaries. Although I have not compared the sections of this bill with the provincial acts, I take it for granted from glancing through it that this bill is almost on all fours with the various provincial enactments that have been passed throughout the years to deal with their own oil resources. However, I do want to say a few words to the house on this occasion in respect to some of the amazing things that are happening in the oil world of the northwest part of this continent. I assure you I will be very brief.

I speak not as an expert in regard to these matters, but rather as a western Canadian who has watched the development of oil and petroleum resources, particularly of western Canada, throughout my lifetime, and consequently I speak merely as an observer. I would like to say a few words, perhaps to keep us up to date in the Senate, regarding some of the great happenings that are occurring at the present time.

As you are all aware, of course Alberta is the great oil producing province of Canada. Oil was first discovered in Alberta in about the year 1914. I recall as a young boy reading about the then fabulous Royalite No. 4. It did not pump or flow oil but was a wet gas well. From that date on in Alberta and some of the other parts of western Canada, but largely in

Alberta, there was continuous exploration for oil, but it was not until February 1947 that the Leduc discovery was made by Imperial Oil Limited. It has been often stated that up to that time Imperial Oil had drilled no less than 100 wells, all of which were dry holes, and finally in 1947 their efforts resulted in success in the Leduc discovery.

There is an interesting story told about Leduc No. 1. I do not know if it is exactly accurate, but I have seen it in print, indeed in the Imperial Oil Review. It goes like this. Imperial Oil had drilled about 100 wells up to February 1947, and the logs of all these wells would be examined first at the site of the well and then sent to geologists in Calgary, the head office for drilling of that company. They would then be sent for final check to the head office in Toronto. In regard to the Leduc well, the log was sent to Calgary and then it was sent to Toronto for further check. The story goes that the Toronto office telegraphed the manager of the oil rig in Leduc, which is a small town in Alberta, instructing him to abandon the well. When the telegram was received at Leduc station a tremendous blizzard, one of those blizzards for which we are renowned in western Canada, was occurring. It lasted for some days. During the period that the telegram could not be delivered because of the blizzard, the drilling continued and the well blew in. That is the story of Leduc No. 1.

We are all aware of the fantastic development that occurred thereafter in Alberta. As you know, that development then spread into Saskatchewan, and my own Province of Manitoba. There were comparatively small pools, but even now in Manitoba we have 800 producing wells. Senator McDonald would probably know the number of wells in Saskatchewan—I believe there are around 5,000.

Hon. Mr. McDonald: There are about 7,000.

Hon. Mr. Thorvaldson: In Alberta, of course, you can probably double that figure. The point I wish to make is that the discovery of oil in western Canada produced a tremendous boost in the economy, not only of western Canada but in all of Canada. I would like to put on the record the figures in regard to the present production and the value of the oil produced in western Canada.

Production in British Columbia in 1967 was 20 million barrels of crude oil, in Alberta 224 million, in Saskatchewan 91 million, Manitoba 5½ million, and the total production of crude oil in the four western provinces in the year mentioned was approximately 400 million barrels. Besides that there was natural gas in liquid form, amounting to approximately 56 million barrels. Consequently, the total production of those four provinces in crude oil and oil resulting from natural gas was about 450 million barrels. At a price of approximately $2.50 a barrel, the well-head value of this oil is approximately $1,100,000,000. Let me just add that this is a value of the crude oil at the well-head. When you add to that the cost of transportation by pipeline and in other ways, plus the cost of refining and distribution, as well as the tremendous taxes that are levied on oil, can you imagine what the price of gasoline comes to per barrel? Well, as a rough calculation, it is between $17 and $18. Therefore, when you buy gasoline for your car you are paying at the rate of about seven times the value of the oil at the well-head. So much for that.

What I have said is background to another subject that I would like to pursue for a moment, namely, the fantastic discovery that has been made in Alaska during the last 14 months. I refer to the discovery in Prudhoe Bay. Senator Everett referred to this in his speech the other day. This area is now frequently referred to as the North Slope, namely, the north slope of Alaska. I believe the dimensions of this area are about 37 miles from north to south and about 80 miles from east to west. It is right on the north coast of Alaska, a few miles east of Point Barrow.

This is now referred to as one of the great oil pools of the world. The companies involved in the discovery are Atlantic Richfield Company, and Humble Oil and Refining Company of the United States and, to a lesser extent, British Petroleum Company of the United Kingdom.

Honourable senators, various words have been used to describe this discovery—"bonanza", "another Kuwait"—but what is stated to be a fact by petroleum engineers is that it is a bigger discovery than the east Texas field of 38 years ago, in 1931, one of the greatest discoveries of pools of oil ever made in the United States.

Only two wells have been drilled so far on the North Slope and there are six presently being drilled. Expert petroleum engineers early started to predict an oil field of a producing capacity of probably 5 billion to 10 billion barrels. This estimate was soon raised to a top of 50 billion barrels, and now more

conservative estimates show as a general concensus that the capacity of this field is between 30 billion and 40 billion barrels. If it is a fact that this is a field of 30 to 40 billion barrels, it will double the crude oil resources of the United States.

Hon. Mr. Fournier (De Lanaudière): Can you tell us, senator, how deep they have to drill in Alaska in order to reach that oil resource?

Hon. Mr. Thorvaldson: In various reading I have done in regard to this pool it is not stated how deep they have to drill, but I am told that the strata are of tremendous depth and it is expected that the wells will be similar to those in the Kuwait area, where production is in terms of thousands of barrels per day.

Up to the present time there has been much talk of a pipeline and there has been speculation as to what route will be used to deliver this oil to the markets of the world. Honourable senators who read the *Globe and Mail* this morning will have seen an announcement made as to that field. I should like to read a part of it. It is contained in the business section of the *Globe and Mail* and the heading is "Trans-Alaskan route is chosen for oil line from Prudhoe Bay." The decision has been made to build a 48-inch pipeline from Prudhoe Bay to the Gulf of Alaska, a distance of 800 miles. I will make further reference to this in a moment.

Honourable senators, one of the reasons I am referring to the Prudhoe Bay discovery is that, in the opinion of the oil authorities of America and of the world, this discovery and the production from it, when it starts to flow into the markets of the world in perhaps three or four years, may completely alter the pattern of the North American market for oil.

Another reason I refer to it is that this bill, as was stated by the sponsor, is for the purpose of regulating the production of oil in the Mackenzie Delta and in the Canadian Arctic islands of the north.

No great discoveries have been made in Canada yet, either in the delta or in the islands, but petroleum engineers insist that the geological conditions in the Mackenzie Delta and in the Canadian Arctic islands, are practically the same as they are on the North Slope and that there is every possibility, every probability, that we in Canada will discover great resources of oil in those areas. Hence, of course, we have this bill.

Honourable senators, I referred to possible great changes in the marketing patterns of this country and of the United States. I am sure you are aware of the present patterns. Manitoba oil is a light oil from a shallow drilling, and of course there is a market for all of that. Our production is only 5½ million barrels a year and there is no problem in marketing it.

Saskatchewan production is not pro-rated; all of it goes to market. Alberta production, as you know, is pro-rated, that is, curtailed to about 40 per cent of potential production. The reason is that we do not have markets on this continent for the other 60 per cent. It is true that the American markets in the mid-west and on the Pacific coast are growing year by year. We have also realized that the oil resources of the United States are decreasing and our expectation has been that our U.S. markets would be increasing. As a result of the Prudhoe Bay discovery, it is now deemed possible that marketing patterns on this continent may become seriously altered to the possible detriment of Canada.

I do not want to be a pessimist in this regard but, as you know, western Canadian oil flows into the Toronto area and into the U.S. as far as the Chicago area, perhaps a little farther east. It flows into the middle west of the United States and it flows into the Pacific, U.S. areas. On the other hand, in the eastern part of Canada, namely, towards Montreal and in the Maritimes, we get our oil from Venezuela. That is the marketing pattern of this continent.

Honourable senators, I would like to read an excerpt from *Business Week*, which is published in the United States and which features on the front page of its issue of February 1, "Giant Oil Strike in Arctic Alaska". May I read to you a couple of paragraphs along the lines on which I have been speaking in the last few minutes. This relates to the marketing problem of the future. As I say, I do not want to be a pessimist in regard to these things, nevertheless we should face the facts as given to us by people who ought to know, and who, indeed, I am sure have great knowledge and experience in these matters. I read now from page 52 of *Business Week*.

> Big as it is, however, the West Coast market couldn't absorb all the oil that even a comparatively moderate Alaskan field can produce. And that's what leads to the big marketing problems that oil analysts foresee....

> The first of these problems is whether the present structure of crude prices can withstand the onslaught of cheap arctic crude.

I want to remind you that when the Texas field came in in 1930-31, oil prices at the well-head went down to ten cents a barrel. It is estimated that the well-head cost of producing oil in Prudhoe Bay will be approximately 40 cents per barrel. I stated to you that the well-head price in Canada was approximately $2.50 a barrel now. I continue:

> No one—certainly not the major oil companies that will determine the pace of Alaskan oil development—wants a repetition of what happened after the East Texas find of the 1930s.

That is, other oil wells simply could not compete.

> But even the major oil companies are not likely to accept a production prorationing plan that would force them to leave some of their known reserves untouched for as long as 40 or 50 years.
>
> 'No one is going to accept that in Alaska to protect marginal producers in Texas who are running at a 12-year reserve-to-production rate,' says one oilman.

The next paragraph is headed "Canadian Chill":

> Across the border, Canadian oilmen are having even worse jitters at the prospects of a big Alaskan oil flood. For years, they have been adding to oil reserves more quickly and cheaply than U.S. producers. And they have assumed that the big U.S. market would sooner or later fall into their laps.
>
> Prudhoe Bay, if it proves to be as big as indicated, punctures this hope—even as it reinforces convictions that there is a great pool of oil under the Canadian Arctic.
>
> The exploration boom in Alaska is being nearly matched in Canada's Mackenzie Delta and the arctic islands, where the geology is similar to the North Slope. Now there's a chance that Canada might not even be able to retain its present share of the U.S. market against a flood of Alaskan oil...
>
> According to Levy, who is a consultant to the Canadian government as well as to oil companies, even if the Alaskan find is moderate and there is nothing comparable across the border, the U.S. will not be able to accommodate Canada's export potential without seriously cutting back other foreign producers—mainly Venezuela.

Incidentally, Levy is one of the great petroleum consultants on the continent. I continue:

> This, he says, could create serious political problems, when major Venezuelan oil concessions expire in 1983. If Alaska is a really big producer, Canada could only be accommodated by freezing out all other foreign oil.
>
> The Canadians are well aware of what they are up against and are trying to reach an early agreement with the U.S. on a new continental oil policy that will secure their export market.

Honourable senators, I presented this picture to you simply to indicate, first, the tremendous prospects there are for great discoveries of oil in the Mackenzie Delta and in the Canadian islands of the Arctic, and, secondly, to suggest that it is a prudent policy to indicate some of the problems that this country might be facing in regard to disposing of the huge quantities of oil we now have and which we cannot dispose of and which may be added to greatly if these expected further resources materialize in the northwest part of Canada.

Hon. Earl A. Hastings: Honourable senators, in adjourning the debate, I would simply like to join Senator Thorvaldson in congratulating Senator Everett on the clear and concise way in which he presented to the members of the Senate a very difficult and technical bill. I also would like to congratulate Senator Thorvaldson this evening for his remarks and assertions regarding "Prudhoemania", which has swept the oil industry in the Arctic and Northwest Territories.

I am not as pessimistic as he with respect to the future. The oil industry has had to meet the problem of marketing throughout its history, and I am quite confident that it will continue to do so with Government leadership in the future, and that as we proceed in the exploration of the Arctic, where we have every reason to believe we will exceed the reserves that have allegedly been found in the Alaska North Slope. We will have our pipeline to Edmonton and thence to the United States markets, because it remains a fact that we can put Canadian oil into the Ameri-

can market at 60 cents a barrel cheaper. With that edge and, as I said, with good leadership by the Government and industry, I have every reason to believe that we will continue to expand throughout the north with resulting benefits to the Government and the people of Canada.

Honourable senators, I have other observations and comments to make with respect to the bill and, accordingly, I would at this moment adjourn debate until the next sitting.

On motion of Hon. Mr. Hastings, debate adjourned.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—SECOND READING

Hon. A. Hamilton McDonald moved the second reading of Bill C-162, to amend the Prairie Grain Advance Payments Act.

He said: Honourable senators, I am sure you will recall that it is only a few short weeks since we had Bill C-113 before us, making certain amendments to the Prairie Grain Advance Payments Act. At that time the sponsor of the bill, and other speakers, outlined to the Senate of Canada the problems that exist in western Canada with respect to cereal grains, lack of markets, tough and damp grains.

I think the result of the amendments we passed to the Prairie Grain Advance Payments Act at that time indicates that this legislation was certainly needed, because since the legislation came into effect producers in western Canada have borrowed $127 million under the act. That money has gone to 72,000 producers. This is by far the largest amount of money ever advanced under the act, and it compares to a high for the 1960-61 crop year of $64 millions to some 76,000 producers. But it is necessary now to make further amendments to this Prairie Grain Advance Payments Act because of the volume of tough and damp grain which exists in western Canada today, and because there are not sufficient public facilities to dry this grain before the end of the crop year or before the warm weather next summer. So a good deal of the grain will have to be dried on the farms this winter, and provision must therefore be made so that the farmers will have adequate money to pay the grain driers.

You might ask why they would need further help when they have already borrowed $127 million under the Prairie Grain Advance Payments Act. If you stop to consider, you will realize that since the farmers started to deliver this year's crop they have had to pay their harvest expenses and their taxes and have had to maintain themselves throughout the winter as well as having to make payments on land and machinery which in many cases become due in the fall of the year. There are literally many thousands of farmers in western Canada who do not have the resources to dry grain on their farms, and consequently the Government is proposing this legislation to rectify the matter.

The legislation is very simple. It makes provision for the Canadian Wheat Board, upon application, to make further advances to farmers who wish to have grain dried. This is done simply by adding a new clause to the bill we had before us a few weeks ago, Bill C-113. This will be section 7A. If this legislation is passed by this house and given Royal Assent, it will be in effect until the end of June 1969.

Honourable senators, I have just returned from Saskatchewan today and I have first-hand knowledge of some of the problems associated with this tough and damp grain. Many farmers have told me that the grain which was put in bins last fall with a moisture content of 14.3 or 14.5, in other words dry grain, now has 17 or 18 per cent moisture content. In my lifetime and in my own experience I have never seen grain absorb moisture to that extent after it was harvested and placed in a bin. One of my own tenants told me on Saturday that he had placed grain in a three-partition bin in September and at that time it had a moisture content of 14.3. Today in the two outside bins it has a moisture content of 17.6, and in the centre bin it has a moisture content of 19 per cent.

Another factor has added to the problem of drying grain in the west. As honourable senators are aware, they have had five weeks of continuous cold weather with temperatures ranging from 20 to 42 degrees below zero. Consequently it has been virtually impossible to dry grain with portable dryers under such conditions.

It is my hope that this chamber will give immediate consideration to this piece of legislation and, should it receive second reading, it is my intention to move that it be referred to the Senate Committee on Banking, Trade and Commerce for consideration tomorrow.

The bill contains a provision for advancing further sums of money, with a limit of $600, to farmers to pay for the drying. The definition section defines damp grain, dry grain, grain driers and tough grain. Each clause of the bill is self-explanatory and if any honourable senator has questions to ask in respect of this bill I am sure the officials who will appear before the committee will be able to answer them.

Hon. Mr. Aseltine: Is there any explanation for the increase in moisture content? I have never heard anything like it before in my life.

Hon. Mr. McDonald: Neither have I. I have not yet met a farmer who can account for it. I have been told, not only by my own tenants but by others, that they can augur the grain around and it handles like dry grain, but when tested in the elevators the tests showed a much higher moisture content than expected. I have also been told by some people that this is because of the extremely cold weather and the high humidity.

Hon. Mr. Aseltine: Is that generally the case?

Hon. Mr. McDonald: It is generally the case throughout northeast Saskatchewan, yes.

Hon. Mr. Paterson: Honourable senators, I wonder if I could ask the honourable senator a question. One of our superintendents reports that only about 20 per cent of the driers in Manitoba are being used because the owners of the driers are independent and charge the farmers 15 cents a bushel for drying grain. The farmer does not have 15 cents a bushel and he will not go to the bank and borrow it; consequently the driers are idle. Did the honourable senator run across this situation in his trip to Saskatchewan?

Hon. Mr. McDonald: I did.

Hon. Mr. Paterson: I have never in my lifetime heard of grain taking on moisture to the extent the honourable senator mentions. It is alarming, if it is true.

Hon. Mr. McDonald: I have never heard of it before either. It is true that many farmers want to dry grain but they do not have the resources to do so. Furthermore, in the last several weeks it was virtually impossible to dry grain with portable driers. The temperatures were so low that you could not get a truck started, and it was almost impossible to get the grain drier to a sufficiently high temperature to dry the grain. It would appear that the Lord has not been kind to them in the last few weeks.

Hon. Arthur M. Pearson: Honourable senators, Bill C-162, to amend the Prairie Grain Advance Payments Act, is simple and straightforward. I have no complaint to make about it except that it is somewhat late. If the Government had been composed of men like some of our colleagues across the way, I am sure the western wheat fiasco would not have reached the stalemate it has reached today. Ships from the Orient are lying in wait in Vancouver. Damp wheat only has priority in the local elevators at three bushels per seeded acre. Dry wheat is not taken at elevators because of the rush to help farmers with damp grain.

Surely the three wise men knew that wheat sales would continue even at a reduced rate and that we would have to be in a position to deliver when the boats arrived. When they finally got wise that the boats were waiting, very little dry grain was in sight and they started to make excuses. The main excuse was that the winter was very cold and the farmers were not in a position to deliver because of clogged up roads and cold weather. There is no question that they could have delivered dry wheat in November and December if quotas had been granted for dry wheat. An exportable product like wheat is always on the move, and this complete shutdown on the west coast is the most appalling affair that has happened in trade circles in this country for many a day.

So, finally the Government is going to do something to assist farmers to dry their own grain. I might say that in my own district there was not a drier anywhere in the country and many farmers do not know if they have damp grain.

This is what should have been done last October to assist the farmers, and the channels for the flow of commercial wheat kept open at the same time. Efforts should have been made to bring large portable grain driers from the United States and to make the necessary adjustments on them to dry wheat. This could have been done early last fall rather than slowing down the flow of dry wheat.

The $600 advance means the farmers will be just a little further in debt. I have before me the *Canada Year Book* for 1968. In 1961,

76,000 farmers asked for and received $64 million. In 1962 this dropped to 22,000 farmers who applied for $16½ million. In 1963, 39,000 farmers applied for $29¼ million. But this year, showing the position of the farmers in western Canada, 72,000 farmers have had to borrow $127 million to date. If these 72,000 farmers apply for the advance of $600, it can add another $43 million to their debt.

The wheat crisis of Vancouver, 1968-69! For lack of authority, a crisis gradually built up. The main problem, as I see it, has been the division of authority among three cabinet ministers, none of whom knew too much about the grain business. As a result, being magnanimous, this triumvirate issued an order to save the western crop, to the effect that only damp wheat would be accepted. This holds good today, just as it did in October last, yet the buyers do not want dried wheat; they want No. 2 and No. 4 Northern. Apparently the buyers are a little cautious in buying wheat that has had to be tampered with. Remember, even the Honourable Paul Hellyer did not think that three separate armed forces could run our defences properly, so how could we expect three men to run our wheat business? This situation will remain as it is now until late next spring. How many markets are we going to lose as a result of this loose and careless manner of handling our largest export product? Surely we are not going to revert to the days of the Honourable C. D. Howe and his famous remark, "If they want our wheat, let them come and get it!"

We are faced with a problem here, the exporting of our wheat. That is one of the biggest problems in the whole of Canada at the present time, and yet we have been dallying along for months, getting nowhere. As a matter of fact, honourable senators, I would suggest that in western Canada there is going to be one of the biggest losses that has ever been suffered by the farmers as a result of this damp grain.

Hon. Hazen Argue: Honourable senators, first of all I wish to compliment Senator McDonald on the manner in which he introduced this legislation. He has explained it very well.

I also feel the Government was exceedingly wise to draft this legislation, to introduce it in the other place and to place it before the Senate for consideration. Certainly, there is a great emergency problem on the prairies due to the overwhelming quantities of damp grain, and this legislation is designed to provide interest-free money to farmers to help them bear the expense of drying this damp grain. It is certainly to the economic advantage of the farmer to accept this assistance. If he takes 10 cents a bushel, interest-free, and dries a bushel of wheat, he immediately increases the value of that bushel by 16 cents. So, it is good business on the part of the farmer and it is good business on the part of the country.

It is also fair to say that the legislation might have been introduced earlier. Of course, hindsight is always easier than foresight, but I do know that people in the grain trade in western Canada—the Wheat Board, the elevator companies and the farmers—believe this legislation is urgent, that it requires speedy passage and is in the interests not only of the prairie grain economy but also of the whole Canadian economy to get the grain dried, off to the export position, and then to the export markets of the world.

There is in western Canada at this time a great cloud of pessimism over the prairie grain situation. Pick up any newspaper and there are flaming headlines to demonstrate that we are experiencing a tremendous crisis, perhaps the worst crisis in memory, that all is in a mess, that the Government has fallen down, that the Wheat Board and the grain trade have fallen down—and some are even saying the farmers have failed to deliver their grain to market.

I agree the situation is serious, that steps must be taken to correct it, but I also think it is not accurate to paint this as the worst picture of all time as far as the prairie grain producers are concerned. The Wheat Board is the farmers' instrument for selling wheat. The Wheat Board may not be doing everything everyone would like it to do. The Government feels there is room for another body to assist in the grain situation, to conduct research, to promote export markets, and so on. It has established the Grain Council, and has appointed as Chairman Mr. A. C. Runciman, the President of United Grain Growers. I think the Government could not have selected a more capable and aggressive person, one who has the confidence of the grain trade and the producers.

If I have a criticism or suggestion to make it is that the terms of reference of the Grain Council should be improved upon and added to. Its terms of reference are aimed at

increasing the co-ordination of those in the grain business, and at undertaking of research. One of the things that this Grain Council should be asked to do is to study the whole question of policy designed to bring about adequate incomes for the producers on the prairies. This is not spelled out in any way, and is only indicated by inference.

There are other things this Grain Council should be asked to do. What is the export picture at this time? The fact of the matter is—and I have in my hand the Board of Grain Commissioners' latest weekly statistical report, dated January 29—that our exports to date this year are 143.1 million bushels, as compared to 117.5 million bushels a year ago. A bad picture? A terrible picture? But 26 million bushels of exported wheat higher than a year ago, so conditions are improving at least to that extent.

Last year we exported some 335 million bushels of wheat. If the Wheat Board is able to continue exports at the same rate, it will increase exports to over 360 million bushels this year. I, for one, am optimistic that the Wheat Board will do even better than that. If they can get better support from those who must deliver the grain to the export position, then they will do much better than even those statistics would seem to indicate.

The Wheat Board is aiming for a six-bushel quota to be available to all producers in western Canada by July 31, and that is a very high target. I think that honourable senators acquainted with the western grain situation will agree, as the Wheat Board has suggested, that this is a realistic target. I have sufficient confidence in the personnel of the Wheat Board to believe that there is every likelihood they will reach this target.

We need to pass this legislation to enable the farmers to use this money to improve the quality of their damp and tough grain so that it will be more readily saleable. This, I am sure, will be done. But, as I have said, there has been painted a picture of deep, dark gloom as far as the grain trade in the west is concerned, and I do not think it is entirely an accurate picture.

The Wheat Board will be making its final payments on grain within the next couple of months. Senator McDonald will agree with me, I am sure, when I say the wheat producers on the Prairies are most interested in the amount of that final payment. Politicians and others have gone around the country saying that there will be no payment at all or, at most, there will be a payment of five or six cents a bushel, and that is all.

I should like to make my own estimate of the final payment. I enjoy doing this once every year and seeing how nearly correct I can be. I have had a fairly good record over the years in that I have come to within a couple of cents of predicting the final payment almost every time. I will predict that when the Wheat Board makes its final payment the farmers will receive for spring wheat close to 18 cents a bushel. I predict that that will be within one or two cents of the actual payment.

Somebody will say, "But, the payment last year was 49 cents, and so it has gone from 49 cents in one year down to 18 cents this year." I point out, however, that the farmers this year are receiving, because they have asked for it, an additional 20 cents per bushel by way of an increased initial price when they sell their wheat. So, they are getting this year an initial payment of 20 cents of what was last year a final payment. Those two amounts must be added together in order to arrive at a comparable payment this year, and that payment will be 38 cents a bushel.

Hon. Mr. Aseltine: When will the final payment be made?

Hon. Mr. Argue: I have heard that it will be in early April.

Hon. Mr. Aseltine: Did I understand the honourable senator to say a moment ago that it is possible to farm successfully on a six-bushel quota?

Hon. Mr. Argue: No, I did not say that. I do not know how much it would take for me to farm successfully, but I know that many years ago everybody agreed that the Wheat Board was doing a wonderful job if it was able to bring about a six-bushel quota. In some years that was not possible. I would say that if in these circumstances, which have been described as being so gloomy, the Wheat Board is able, in fact, to have room for delivery of a six-bushel quota, then that will be an exceedingly good performance—

Hon. Mr. Aseltine: That will just about pay the tax.

Hon. Mr. Argue: —in relation to another kind of situation that prevails. An eight-bushel quota on everybody's acreage would probably equal all of the wheat that is produced,

because there are many farms that have not produced even a six-bushel quota.

Hon. Mr. Aseltine: Would the honourable senator explain what "a six-bushel quota" means. A six-bushel quota means six bushels on a specified acreage. I do not think the members of this house generally understand what is meant by that term.

Hon. Mr. Choquette: I do not think he understands it.

Hon. Mr. Argue: The six bushels is on a specified acreage, so-called, and the specified acreage in most cases comprises the cultivated acres.

If you want to include not only the initial payment but also the final payment, then it works out to something like $10 per cultivated acre, which is enough to cover all of the costs of farming. But, in addition to that, the farmers have a unit quota, they have supplementary quotas, and very often they produce flax and malting barley. There was an additional quota on Durum wheat. In my district the farmers will have absolutely no problem in finding delivery space for their grain because many will be out of grain long before they have delivered the six-bushel quota.

I wish I was in the enviable position of Senator Aseltine in having large quantities of wheat over and above the six bushels per acre. However, in my country, with moderately good crops and a lot of Durum wheat, which is another variety, our granaries will be empty long before the farmers have delivered the six-bushel quota.

Hon. Mr. Aseltine: We need a 20-bushel quota where I live.

Hon. Mr. Argue: That is great. I hope that soon you will have an open quota. If the honourable senator has been listening to the speeches that have been made he will know that there were predictions of a three-bushel quota, a four-bushel quota, and a five-bushel quota. I am sure that the farmers, on learning there is to be a six-bushel quota will consider that the Wheat Board, in these difficult circumstances, is doing a very commendable job.

I would think that the final payment for Durum wheat will be approximately ten cents a bushel more than the final payment for spring wheat.

There is a difficult situation on the Prairies. The fact is that money is scarce. The price of land, which is a good indication of the farmer's position, has dropped by $15 or $20 per acre. Over a short period of time there has been an enormous increase in the rate of interest. Some people are taking advantage of the fact that there is a large quantity of grain. One can read in the papers that the feed mills are buying wheat for $1 or 90 cents a bushel, which is about 40 per cent less than the total price they will receive from the Canadian Wheat Board. I think that if the farmers really believe—and they should believe—that the Wheat Board is going to make this kind of a showing, then they will retain some of the wheat that is now being sold for as little as 90 cents a bushel.

In this situation the difficulty in getting grain to Vancouver, where there are a large number of ships waiting to be filled, constitutes an exceedingly important problem. The matter is urgent, and it is costing the western producers a great deal of money in that not only have sales been lost because the wheat was not in position, but demurrage has had to be paid on the boats sitting idle while waiting for wheat. The demurrage does not come out of the pockets of the elevator companies, or out of the pockets of the railroads. It comes out of the pockets of the grain producers.

There is a culprit in this whole picture. I think if you talk to the people in the grain trade, who know what has been going on during the last few weeks and months, you will find that they will agree with what I am about to say, namely, that the railway companies have fallen down on the job of moving the grain to position in Vancouver. They did not fall down in respect of supplying boxcars. The boxcars have been loaded with suitable wheat, and they should have been moved to Vancouver where that wheat could have been loaded onto the ships. The railway companies have been short of the power necessary to move the boxcars, and as far as the farmers are concerned they have done a pretty lousy job. If you speak to the people in the grain trade who know what this whole turmoil is about, I am sure you will be told that the problem has been in getting the C.N.R. and the C.P.R. to put some additional locomotives on the Prairies and in western Canada for the purpose of hauling this wheat to the coast.

As a senator, I can make these statements. I do not expect a minister would be making these kinds of statements, although if we got the railways really stirred up I think they might do something. If we had a C. D. Howe

around today to say, "I will appoint a transport controller," and had a Roy Milner to be the transport controller, as he was, the railway companies might start to do something.

I have a press report of a meeting with the Honourable Mr. Pepin, the minister in charge of the Canadian Wheat Board, when he was in Vancouver. This is a report from the Vancouver *Sun* dated February 5, 1969. According to this report:

> He said the railways have told him they have enough boxcars to meet the grain shipping demands and are prepared to bring in extra diesel locomotive power to move the grain trains if necessary.

I think that is a fair statement of what the railway companies should be doing, and it is what the railway companies should have done two months ago. If they had had more locomotive power to haul the boxcars that the farmers, the wheat board and the grain elevators had filled with grain suitable for export, we would not have had all the turmoil in Parliament and all the turmoil on the west coast over this situation.

The Senate is being ridiculed today, as it has been for many years, by people in high places. The whole future of the Senate is being called into question. I for one believe that the Senate can play a useful role, and I would like to see the Senate play a role in solving this problem. The Senate has set up many very important committees to inquire into important questions. Some of these committees will take six months, or a year, or perhaps years to complete their important deliberations. I think we need some "quickie" committees in the Senate, committees that will deal with an urgent matter in a short time.

Since committees in the other place have not found it possible to deal with this matter, I personally would like to see a Senate committee bring the officials of the railway companies before it to tell us what kind of a job they have been doing in hauling our grain, because even if they have been doing their best job it has been a relative failure for the farmers. If this were done by the Senate I think it would initiate the kind of action by the railways that is necessary to move the grain from western Canada to export positions.

Just imagine the situation. A few months ago people said there were no markets. Now we have so many markets that they are not able to fill the boats to take the grain to these markets, and the Wheat Board is having to turn down orders. If this were an emergency situation brought about during war we would be doing something about it; we would be making certain that the grain was moved. We should make certain now that the railways do exactly what they have said to the minister they may do, namely, bring sufficient locomotive power right now into western Canada to make sure that this grain is moved to the western ports.

The railways know that when they haul other commodities they probably obtain a much greater revenue, but for the benefit of the national economy I know of no better way in which to employ the railways' locomotives in the next few weeks and months than to make sure that there are enough of them on the Prairies to move the grain necessary to fulfill available orders. We should not infer that the farmer has failed to haul sufficient wheat to market. My understanding is that grain is in the boxcars, the boxcars are at railway sidings in western Canada, and action should be taken immediately to make sure that the grain is delivered into Vancouver so that it may be exported to meet the sales the Canadian Wheat Board is able to make, and perhaps the Wheat Board can recoup some of the sales they have had to refuse.

I say with all sincerity that I personally do not know of anything better the Senate could do for the people on the Prairies than have an inquiry and a look by the Senate, by senators who have no axe to grind, at all the facts to see what can be done to make certain Canada receives the advantages which flow from meeting the export commitments and export sales for wheat that become available from time to time.

Hon. Mr. Croll: Does the honourable senator realize that to do what he wants is within his own power? All he has to do is to ask that this be moved into committee; ask the chairman to call these witnesses, and then the thing is on the rails immediately. There may be a shortage of time, I do not know, but as a Toronto farmer I know we can be very versatile about this sort of thing.

Hon. Mr. Argue: I have been trying a number of other matters but with limited success.

Hon. Mr. Aseltine: There is not time. We want this bill now.

Hon. Mr. Argue: I have two or three things on the Order Paper that I have to deal with from time to time. I am quite prepared personally to go to the committee and make these inquiries. I do not know whether this is the proper place for such an amendment. I know that certainly in the House of Commons it would not be possible to move for this kind of action on second reading.

Hon. Mr. Croll: Senator Aseltine, as you know, is an expert on this.

Hon. Mr. Argue: That is right.

Hon. Mr. Croll: He says we have not the time for this sort of thing, so you will have to save it for another occasion.

Hon. Mr. Argue: We can save an inquiry for another occasion, but there is nothing to prevent the Senate, through one vehicle or another, having an inquiry into this very important situation, beginning a day or so after the Senate has passed this legislation, which I agree is of an emergency nature.

Hon. Walter M. Aseltine: Honourable senators, I will speak for only a moment or so. I am in favour of this bill and I want to see it passed as quickly as possible. My only complaint is that three months have passed since I first raised this matter in my speech on the debate in reply to the Speech from the Throne, in which I pointed out the danger we were in with water on land and millions of bushels of wheat that had to be dried. I cannot understand why it has taken three months for this bill to reach our house.

The $600 advance provided by the bill will be of great help, but if Senator McDonald is correct, then I am very disturbed to know that so much grain threshed with a moisture content of 14.5 per cent has now deteriorated to the extent that it has a moisture content of 17 per cent. I was able to get nearly all my own wheat off with a moisture content of 14 to 15 per cent. I am glad Senator McDonald mentioned that tonight, because I do not think the farmers realize it is taking place. Surely it must have been a faulty granary and water got in through the roof, or something of that sort happened.

Hon. Mr. McDonald: Not my granary.

Hon. Mr. Aseltine: If the situation is as he described, then it is very serious and will have to be examined. I am in favour of this bill and want to see it passed and become law tomorrow if possible.

Hon. A. Hamilton McDonald: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable senator speaks now it will have the effect of closing the debate.

Hon. Mr. McDonald: There are only one or two matters that I want to refer to in closing the debate. It has been said, we should have been doing this three months ago. Three months ago we were doubling the amount of money that a farmer could take under a cash advance. As a matter of fact, three months ago we did not know—

Hon. Mr. Aseltine: Sure we did.

Hon. Mr. McDonald: You might have thought you knew. I have taken dry grain off in November, as you probably have too. Then other people have said the Canadian Wheat Board should not have made the move to fill public storage full of damp grain. If they had not done this every farmer in this country would have gone through the roof. The Canadian Wheat Board undoubtedly made a mistake.

Most of us can accept our mistakes after we have made them, but who was to know that Canada would make an additional sale to Japan of No. 2 wheat. How were we to know that there was to be difficulty on the west ports of America and some grain ships would be moved from there to Canada? How were we to know that we were going to have five solid weeks of sub-zero temperatures when you could not only not dry the grain, but when the Canadian National Railway and the Canadian Pacific Railway found that because of weather conditions they could only pull 20 boxcars at a time through the mountains instead of 80? Sure, we are short of power and I am in full agreement that some effort should be made to have the railways put more power into the west to move boxcars out to Vancouver, but to be perfectly fair, who would have predicted that we would have had five weeks of weather in which the railways were only able to "tootle" through the mountains with 20 boxcars at about 20 miles an hour instead of 80 boxcars at 35 or 40 miles an hour.

You know, when the Wheat Board does well by the farmers, some people say that the politicians want to take the credit, but I have never found a politician yet who wants to take the blame when they do not do so well. As far as I am concerned, the politician is not

entitled to any credit when they do well or when they are in trouble. The Canadian Wheat Board is a board operating for the western farmers of Canada, and as far as I am concerned the further the politicians keep their noses out of the business of the Canadian Wheat Board, the better off the farmers of western Canada would be.

Hon. Mr. Hollett: Why did you bring in this bill?

Hon. Mr. McDonald: I do not think this has anything to do with the Canadian Wheat Board, other than making a provision whereby they could advance more money to the farmers of western Canada, and this is what the governments today ought to be doing. They should provide the legislation so that our Canadian Wheat Board can do the best job possible. I am not one of those who believes that the legislation under which the board acts today is broad enough to meet all the problems that we are faced with in the markets of the world. I would like to see the Government of the day take a look at the legislation under which the boards are operating, but I am not going to hold up debate on the bill.

I hope this bill will be given second reading, and if there is a desire for it to go to committee I will move that it go to the Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Flynn: No.

Hon. Mr. Choquette: Is it necessary?

Hon. Mr. McDonald: Not as far as I am concerned. If there is no desire for that, we will pass it now.

Hon. Mr. Flynn: What would be the purpose of sending the bill to the committee?

Hon. Mr. McDonald: Personally, I do not think there is any purpose. We were given all the information that the honourable senators would want when Bill C-113 was before the committee. The argument that Senator Argue has put up I do not think is a matter we should deal with at the moment. We want to get this bill through as quickly as possible. That does not prohibit him from bringing this matter before the committee on some other occasion.

Hon. Mr. Argue: Might I say that I agree with Senator McDonald, that the question of prairie locomotive power out of the provinces is beyond the scope of this bill.

Hon. Mr. Flynn: Are you saying you are satisfied with the answer given by Senator McDonald, that the trouble was the fact they could not haul more than 20 cars rather than 80? That would be a sufficient answer.

Hon. Mr. Argue: I would have to check the statistics to see if there was not a measure of exaggeration, not by Senator McDonald, but by those who were informing him. That is not an answer, as far as I am concerned.

Hon. Mr. Thorvaldson: Because you do not want to know the truth; that is all.

Hon. Mr. Argue: The cold weather was a fact and it made it more difficult. It is also a fact that the railways, especially with the cold weather, should have put additional power on the prairies—this is why the additional power was required. If the weather had been balmy and nice, of course they would not have needed additional power. So, it does not remove my complaint.

The Hon. the Speaker: Please. I would not wish to do anything to prevent an honourable senator answering a question that has been asked of him, but I think the debate on second reading is over and I have to put the question on second reading.

Motion agreed to and bill read second time.

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

Hon. Mr. McDonald: With leave, I move that the bill be read a third time—

Hon. Mr. Flynn: At the next sitting. Royal Assent has to be given, and it cannot be given tonight, in any event.

Hon. Mr. McDonald moved, with leave of the Senate, that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BRITISH NORTH AMERICA ACT

INITIATION OF LEGISLATION IN THE SENATE

The Senate resumed from Wednesday, February 5, 1969, the adjourned debate on the inquiry of Hon. Mr. Hayden, calling the attention of the Senate to section 53 and section 91 (as amended in 1949) of the British

North America Act, 1867, and the effect of such sections on the initiation of legislation in the Senate.

Hon. A. Hamilton McDonald: Honourable senators, I yield to Senator Hayden.

The Hon. the Speaker: Honourable senators, before honourable Senator Hayden takes the floor, I must remind you that he has already spoken and I understand there is unanimous consent to give him the floor at this time.

Hon. Senators: Agreed.

Hon. Salter A. Hayden: Honourable senators, I know the hour is moving along, but I will not be very long. I had intended, in speaking, to deal with the points which were raised by the various senators who took part in this debate, and in the course of what I have to say, I will touch upon some of the things they said. Shall we call them some points of disagreement? But having regard to the fact that the Government Leader, in speaking, announced that he thought it only right that, as a member of the Government, he should express the Government's views on this question, it is in the light of that statement and his comment that I am going to address my remarks.

First of all, I should tell him that very often in the course of facing debate and answers to points of argument which I may have made, more ordinary language has been used by those who have been replying to what I have said than the high-sounding words which I did not regard as being ordinary at all, which the Government Leader used in describing the argument which I made on the effect of the 1949 amendment to the B.N.A. Act. No ordinary words had sufficient decoration or ornamentation in them, so my argument at the same time was "hypothetical", it was "plausible", and it was "ingenious".

At first, I wondered whether I should permit my chest to swell a little more, from his use of those words; but then I looked them up in the dictionary. I just wonder whether he had consulted the dictionary before he used them. I found, according to the dictionary, that a "hypothesis" is a "supposition made as basis for reasoning, without reference to its truth." It is a "starting point for investigation", or it may be a "groundless assumption."

When we come to the word "plausible", I found that the dictionary meaning first is "specious". The second meaning is "seeming reasonable or probable"; and the third meaning is "fair spoken, usually implying deceit." As for "ingenious", the meaning is "cleverly contrived."

Honourable senators, I am wondering how, in one and the same argument, I could possibly work into it all those different features which would include the meaning of all those adjectives that the Government Leader has used.

It may well be, as I hope to point out very shortly, that he was hard put in answering effectively what I said, so he used these large words which do not convey any particular meaning as to the argument itself, but the words were addressed to the argument and not to the merit or substance of the argument.

Honourable senators, one of two things must happen. Before he made his remarks, my friend should have gone back to 1965, when he was a member of the Government and therefore concurred in certain legislation which was introduced in the Commons and subsequently was passed by this house. In the course of the debate in the Commons, the question was raised as to whether or not, in the consideration of that particular bill at that time, reliance was being placed upon the 1949 amendment of the B.N.A. Act, and section 91 thereof.

That bill, every senator knows, is entitled "An Act to make provision for the retirement of members of the Senate."

Hon. Mr. Flynn: A very bad bill.

Hon. Mr. Hayden: It was assented to in June 1965. It deals mainly with the set purpose in its title, that is, it deals with the retirement and the pension allowance and the different rights and classes to which senators belonged, whether of the pre-seventy-five year old group or those who would be appointed and who would be subject to the 75 years of age tenure.

When I look at the bill, I find Part I, section 1 reads as follows:

> Section 29 of the British North America Act, 1867, is repealed and the following substituted therefor:
>
> "29. (1) Subject to subsection (2), a Senator shall, subject to the provisions of this Act, hold his place in the Senate for life.
>
> (2) A Senator who is summoned to the Senate after the coming into force of this

subsection shall, subject to this Act, hold his place in the Senate until he attains the age of seventy-five years."

The next section describes the new title of the British North America Act. Then, Part II and Part III deal, in a matter of about four or five pages, with the retirement of senators and the remuneration of senators on retirement.

In two things that my friend said, this bill furnishes an answer which Parliament has made to his contention. I am wondering, in those circumstances, if Government policy has changed between 1965 and now. And that answers another argument that was made.

Honourable senators, let me go along in the series. First, my friend said that the only kind of amendment to the Constitution under the 1949 amendment, that should be made or could be made, would be a specific repeal of some item in the act over which, by virtue of this 1949 amendment, and section 91, the Parliament of Canada had exclusive jurisdiction. I point out at once that this act of 1965, Chapter 4 of that year, provides for the repeal and the re-enactment of section 29 of the B.N.A. Act, with certain additions and substantial changes, and then deals very substantially with the matter of retirement and of remuneration of senators.

So the 1965 bill, at the time it was introduced, flies in the face of one of the rules which my friend laid down as part of Government policy, in his speech recently, in which he said: "I concede at once that a bill simply to repeal section 53, without more, could properly be introduced in the Senate." It is very nice for my friend to concede that, but since he is speaking and reflecting Government policy, we have to look at what Government policy has been in performance.

My friend has said that a statute which incorporated more than a simple repeal, even though it passed both the House of Commons and the Senate, in relation to money matters, would be unconstitutional. The 1965 bill repeals and also deals with other subject matters and is a money bill. When it was introduced in the Commons it was preceded by a resolution. I ask my friend seriously whether this is an affirmation of Government policy that this particular legislation is unconstitutional, in the light of the fact that it passed both houses of Parliament and has been an effective instrument in operation since 1965.

Honourable senators, the third thing which my friend has said is that, as far as a money bill is concerned, so long as section 53 remains in the British North America Act, a money bill cannot be introduced in the Senate. I thought the whole purpose of the discussion which I made, and which other senators were dealing with in relation to the same subject matter, was that I had pointed out that the 1949 amendment to section 91 of the B.N.A. Act permitted the Senate, as one of the houses of the Parliament of Canada, to introduce in the Senate any bit of legislation over which the Parliament of Canada had exclusive jurisdiction—which would include also section 53—and the whole discussion centered on the way in which I suggested it could be done.

My friend concedes that it could be done by a simple repeal of a particular section—and I would take that to include a repeal of section 53.

It could also be done, as I suggested, by passing a bill through both houses of Parliament, on a money matter or otherwise, which contained no reference to section 53; and, since it would be in contradiction of section 53, it would be an amendment under the 1949 amendment to the B.N.A. Act.

Then I suggested the third way, that is, by saying in the amending bill: "Notwithstanding the provisions of section 53 of the B.N.A. Act", and then going on to provide for the legislation. I said that would be an amendment of the B.N.A. Act solely for the purpose of the particular legislation, but not repealing it.

In listening to what Senator Flynn, the Leader of the Opposition, had to say and in reading what he said, I do not think that he was prepared to say that the method which I had suggested was one which could not be done under the 1949 amendment. But he was disturbed to think that a bill which, for instance, contained no reference to section 53, but which in its substance would be in contradiction or in conflict with section 53, could be introduced and passed through both houses and become the law of the land without any notice or disclosure to the people of Canada that this in fact was amending that section of the B.N.A. Act.

I described to him afterwards what I considered to be the difference between his viewpoint and my viewpoint. I suggested to him that there was one way of doing it by short division, that is, simply by introducing a bill

that is in conflict and passing it, which would effect the amendment; and that there was another way of doing it by long division, which would be by disclosing in the amending bill the effect of the bill on section 53, and that this was a suspension of the effect of that bill for purposes of this particular statute.

Now, there is nothing new in that so far as the ordinary statutes of the Parliament of Canada are concerned. I think I told you before that from 1918 until 1924 the Parliament of Canada passed each year a bill in which they suspended the operation of the Oleo Margarine Act of 1885. They annually, for those six years, passed a statute suspending its operation for that year. The statute still remained, however. So that this method is not foreign to those who are knowledgeable on constitutional law or on the constitution of Canada or on the history of the Parliament of Canada. In fact, we have done that more recently in relation to tariff items. We have had bills here that suspended a tariff item and provided that for a limited period of time, notwithstanding the tariff section, the rate of duty "shall be free".

In the methods or course of action, therefore, there is nothing unusual, nothing shocking, nothing out of the ordinary in such a method of procedure.

In addition, it was, I think, suggested that the Constitution, the B.N.A. Act, was something different and apart from all the other statute law of Canada. Well, that may be said, but as far back as 1886 the Privy Council, in a case which they had before them at that time, and which is well known to students of constitutional laws as the *Bank of Toronto vs. Lambe*, dealt with the B.N.A. Act in the same fashion as other statutes. The point in issue there was whether a province imposing provincial taxes on the branches of the bank in the province was taxing directly within the province or was taxing indirectly. The Privy Council as the final court decided that it was direct taxation in the province. But in the course of the judgment in the Privy Council it was stated:

> It is undoubtedly a case of great constitutional importance, as the appellants' counsel have earnestly impressed upon their Lordships. But questions of this class have been left for the decision of the ordinary Courts of law, which must treat the provisions of the Act in question by the same methods of construction and exposition which they apply to other statutes.

So, the very statutory rules of construction do not vary just because this happens to be the B.N.A. Act instead of being a statute providing for the retirement of members of the Senate.

Maybe I have said enough at this time of night, but, in case the Government Leader might like to look up the course of treatment of this bill, I should mention both Chapter 4 of the statutes of 1965 and what was said in the Commons when the bill was going through. I would refer him to the Commons *Hansard* of May 17, 1965. Mr. McIlraith was sponsoring the bill at that time; it was in the course of committee discussion, and Mr. Knowles, a great constitutional authority—

Hon. Mr. Flynn: And a friend of the Senate.

Hon. Mr. Hayden: Oh, yes—and when you read *Hansard* of May 17, 1965, you will realize how much a friend he was of the Senate. Mr. Knowles put this question:

> MR. KNOWLES: Mr. Chairman, there is one aspect of what we are doing with which I do not disagree but in respect of which I think we should at least take note, and I refer to the fact that we are, by passing clause 1, amending the constitution. We are doing this, of course, under the provisions of section 91(1) of the British North America Act, as adopted in 1949 through the process of sending a resolution to Westminister, and so on.

Then, in view of the importance of that occasion, Mr. Knowles pressed Mr. McIlraith as to whether there had been any other instances of the kind since the 1949 amendment, and Mr. McIlraith answered in this way:

> MR. MCILRAITH: Just as an example, let me refer to the fiscal arrangements legislation which was done in this way. That is one example of the constitution being amended in a way other than by a separate constitutional amendment bill.

And then at the end, when Mr. McIlraith was asked a question as to whether they were going to have recourse to the provinces for consultation or anything of that kind, Mr. McIlraith answered as follows:

MR. MCILRAITH: No, Mr. Chairman, the position is very clear under section 91(1) of the British North America Act that this Parliament has the authority to do this.

Now, I am a little concerned with the suggestion the Government Leader made—not with the statement he made. I am not concerned about his statement of what the Government view of this proposition was, but I am concerned to think that, in the circumstances of how legislation has been dealt with since the 1949 amendment was made to section 91 of the British North America Act, that at this date it would be suggested that the Government might have as a matter of policy in relation to the functioning of this 1949 amendment, a view that differed from the manner or the way in which they dealt with and made use of this amendment in earlier years. I think we should have some comment, because, very specifically in the speech of the Leader of the Government in the Senate, he took the position that you could not couple with an amendment to the constitution any other substantive piece of legislation. He also took the position that so long as section 53 existed, a money bill could not be introduced in the Senate.

I have dealt with the second part of that and I do not want to repeat myself. Of course we know that section 53 is there; we know the provisions of section 53 and we know that, if section 53 remains in the B.N.A. Act and there is not some way in which it can be amended, then money bills—let us not say money bills, but bills imposing rates and taxes and bills for aids and supplies, cannot be introduced in the Senate. But one of the rights which the Parliament of Canada has as a result of that amendment in 1949 to the British North America Act is to bring any amendment which Parliament will approve in relation to any subject over which the Parliament of Canada has exclusive jurisdiction, even including money bills, and amend such legislation by repeal, or by repeal and re-enactment, by suspension, by the use of the word "notwithstanding", or by the short division method which I have suggested.

Hon. Mr. Flynn: On the subject of short division, may I point out that the honourable senator suggests that possibly a bill could be passed by the other place without their realizing that it was contrary to the procedure established by section 53. I am wondering whether Parliament can amend the Constitution without knowing it is doing so.

Hon. Mr. Hayden: Well, I appreciate the point my friend is making, but I always have difficulty when in the courts or in reasons for judgment it is stated that, it was the clear intention of Parliament to do thus-and-so. I would like to presume or to assume, but I am not sure that I can, or give any illustration, that in all cases where legislation is passed in the Commons and in the Senate that there is a clear understanding of the possible scope and effect of that legislation. If that were the case there would not be amendments in succeeding years and there would not be references to the courts. If the intention of Parliament was so clearly stated, then we could assume that they knew what they intended to do and that what they did was in fact what they intended to do. All we can conclude is the scope and effect of the legislation and what the bill in fact and in law does, and not determine the goodness or badness of the bill in terms of its constitutionality by saying that Parliament did not know what it was doing.

I would hesitate to use specific language saying that Parliament did not know what it was doing. I think there was inherent in the suggestion which the Leader of the Opposition (Hon. Mr. Flynn) made some such possibility. I have tried to indicate what I think about Senator Flynn's suggestion and what my random thoughts are thereon, but I say that when Parliament passes legislation it becomes the law and if it passes legislation which is within its exclusive jurisdiction and with the benefit and aid of the 1949 amendment, that is the law of the land and there is no court in the land which can say that that bill is *ultra vires* of Parliament or that it is unconstitutional.

I hope I have made my points clear, but I qualified them by saying that I did not expect nor would I subscribe to the introduction in the Senate first of all of bills establishing rates and taxes and for aids and supply. This is a function which I regard, on the principle of no taxation without representation, to be the proper function of the Government. It is their function to lay down policies, financial policies, in those fields, but there are many so-called money bills that do not come within that prescription. While we are moving along in the direction of recognizing that and presenting more of those bills for initiation in the Senate, I think there is still a long way to go, and I sounded the alarm by drawing the attention of the Senate to this 1949 amend-

ment to the B.N.A. Act solely to indicate as strongly as I could that there was an area that still existed within which more legislation could be initiated here which would not offend against either practice or principle in relation to where certain bills providing for rates and taxes, aids and supply should originate.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

CANADIAN PARTICIPATION AT GENERAL CONFERENCE IN NASSAU—DEBATE CONCLUDED

The Senate resumed from Thursday, December 12, 1968, the adjourned debate on the inquiry of Hon. Mr. Connolly (Ottawa West), calling the attention of the Senate to the 14th General Conference of the Commonwealth Parliamentary Association, held at Nassau, Bahamas, from 26th October to 8th November, 1968, and the participation therein of the delegation from Canada.

Hon. Earl A. Hastings: Honourable senators, the purpose of the inquiry before us, as proposed by the honourable Senator Connolly (Ottawa West), is to call the attention of members of the Senate to the 14th General Conference of the Commonwealth Parliamentary Association held in Nassau, Bahamas, from October 26 to November 8, 1968.

The Government of the Bahamas acted as host to the conference and the Prime Minister of the Bahamas acted as chairman. One hundred and forty-five delegates, representing 28 Commonwealth countries and 64 branches of the association, attended. In addition, there were observer delegates from the United States led by five senators, and one from the Republic of Ireland in the person of Dr. Sean F. Lemass.

The Canadian delegation was led by Mr. James Walker, York Centre, Parliamentary Secretary to the Prime Minister, and in addition there were four other members of the House of Commons: Mr. Les Benjamin, Regina-Lake Centre, Mr. Adrien Lambert, Bellechasse, Mr. Heath Macquarrie, Hillsborough, and Mr. Aurélien Noel, Outremont.

The delegation from this chamber consisted of my colleague Senator Blois and myself. Senator John J. Connolly attended as C.P.A. councillor. In addition, there were representatives of 10 provincial branches who completed the delegation. I can report to honourable senators that all delegates delivered addresses and participated in conference deliberations, discussions and debates.

The agenda was discussed in five sessions, covering

1. World Security.

2. Parliamentary Government—Where is it Heading?

3. Aid—How Effective?

4. Problems of Economic Growth.

5. Racial Harmony or Conflict: Which way for Mankind?

With respect to the session on world security, I might report that in the Bahamas they have self-government except in the fields of foreign affairs, trade and security. There has been a tradition at these conferences that the host nation makes the opening statement of the conference. On this occasion the host nation, having no Minister of Foreign Affairs, called upon a distinguished colleague of ours in this chamber, honourable Senator John J. Connolly, to make the opening statement on world security.

Much has transpired or exists in the Commonwealth and world that has caused grievous pain and concern. The conference sessions on world security permitted a full and frank discussion of the burning topics of the day, with all delegates contributing exciting thoughts—though divergent at times—and ideas with respect to the principal threats to world peace. All of these threats involve the Commonwealth, directly or indirectly. The delegates considered the Commonwealth against the background of the threats to world security today. The Commonwealth is not the United Nations, but we sought to make and succeeded in making an impact upon each other and attempted to make an impact on world conscience and opinion.

The first and foremost area of concern with respect to world security is Vietnam. Of course we all welcomed the decision to halt the bombing of North Vietnam. This decision was made at the time of the conference. It was our hope it would lead to an early resumption of negotiations which, in fact, has been the case. However, which nation was causing the real threat to world peace was left unresolved. Many delegates considered the United States policy of containment to be mistaken, ill-conceived and unrealistic, as it caused only destruction and anarchy in Vietnam. They felt that the United States must consider and pursue a new strategy as

communism had not been halted by arms and would only be halted by social and economic development. These same delegates maintained that the right to self-determination must be acknowledged, and that this right included the freedom to choose communism if a country so decided.

As many other delegates expressed the contrary view, and forcibly explained that the right of self-determination gave to a nation an undeniable right not to be communistic if it so desired. These delegates—among whom, as I remember, were the Canadians—stressed that militant communism was the real danger in the world today, and that the United States policy in Vietnam was correct, and gave assurance to new nations who were interested in assistance and maintaining their integrity.

The Rhodesian problem, with the illegal government and the principle of majority rule, were subjects of intensive and at times bitter debate. The British policy, of not using force to suppress the rebel regime in Rhodesia and a readiness to negotiate with the rebel government, received bitter criticism. The contrary view, however, expressed by Great Britain was that the use of force was totally impracticable and would lead to a flaming racist struggle in Africa or, indeed, to a third world war.

All delegates were unanimous in condemning the intolerable system of apartheid, and reaffirmed the belief in and support of the basic principles of majority rule.

The Nigerian situation was brought to the attention of the conference as an area having an effect on world security. The Nigerian civil war and resultant appalling suffering received urgent consideration and, again, Britain came in for scathing criticism for supplying arms to the Nigerian government. However, Britain maintained the basic principle of international behaviour in that when an independent member of the Commonwealth deemed its territorial integrity was threatened, it had the right to turn to friendly nations—and, indeed, much more than right to turn to other members of the Commonwealth for assistance in maintaining its integrity and independence.

Other areas of world security covered included Czechoslovakia, concerning which we found the members of the Commonwealth finally in common and unanimous agreement in condemning the Soviet Union for its intervention in Czechoslovakia. They were shocked at the flagrant violation of principles of freedom and self-determination long proclaimed by the Soviet Union.

Sabah, British North Borneo, and the paper annexation of Sabah by the Philippino Congress, was brought to the attention of the conference, as was Gibraltar. I will not discuss this, as it has been covered by Senator Blois in his report.

With respect to parliamentary government, we found that throughout the Commonwealth the same conditions exist as exist in Canada, in that the feeling in nearly all parts of the Commonwealth is that parliament is becoming less efficient and more remote from the people. The need for change and reform was recognized, as we in this chamber have recognized it and as, indeed, have the members of the other place. It was agreed that parliamentarians have the duty of removing weaknesses that may occur and of strengthening the system to assure the effectiveness of parliament.

Racial harmony generated by far the most explosive and, at times, bitter debate. I think it is fair to say that this problem of racism and racial harmony is the most volatile and fundamental issue confronting parliamentarians in the world today. It matters not whether it manifests itself in an emerging country of Africa, in the ghetto of an American or Canadian city, or on an Indian reservation in southern Alberta. We learned at the conference that man was created in the image of a Supreme Being and is biologically the same the world over. We must effectively learn to live together in harmony with other men, for there is no difference under the skin. If we fail as parliamentarians and as members of the Commonwealth to solve this simple yet seemingly insoluble problem, we will have little success in finding solutions to the many other far more pressing problems facing mankind. Surely, our journey through history, if we fail to solve this problem, will have been deemed a failure.

As I have indicated, the conference covered these issues. As can be imagined, when 145 parliamentarians gathered there were differences of opinion and at times debate was certainly divergent and inflamed, but when honourable men can honourably disagree, and

honourably agree to meet again, I submit this is the real value and, surely, the real use of the Commonwealth, in providing the vehicle for these meetings to maintain the discussions, for as long as there are discussions and debates, there is hope of finding solutions.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 12, 1969

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

Prayers.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-28, to amend the Co-Operative Credit Associations Act, and had directed that the bill be reported without amendment.

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

Hon. Mr. Sparrow moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

HAZARDOUS PRODUCTS BILL

REPORT OF COMMITTEE ADOPTED

Hon. Mr. Hayden, Chairman of the Standing Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-26, to prohibit the advertising, sale and importation of hazardous products, and had directed that the bill be reported with the following amendments:

1. Page 1, lines 12, 13 and 14: Delete subclause (b) of clause 2 and substitute therefor the following:

"(b) 'analyst' means a person designated as an analyst under the Food and Drugs Act or by the Minister pursuant to section 4;".

2. Page 2, next following line 20: Strike out the word "Inspectors" immediately preceding clause 4 and substitute therefor the words "Inspectors and Analysts".

3. Page 2, next following line 30: Add the following subclause to clause 4:

"(3) The Minister may designate as an analyst for the purposes of this Act any person employed in the public service of Canada who, in his opinion, is qualified to be so designated."

4. Page 7, next following line 5: Add the following subclause to clause 8:

"(3) Any order made under subsection (1) or (2) adding to Part I or Part II of the Schedule any product or substance not contained in either Part on the coming into force of this Act, unless within a period of two years from the day on which such order was made this Act has been amended by Parliament so as to incorporate the provisions of such order therein, shall, on the expiration of such period, be deemed to have been repealed and shall cease to have any force or effect; and the power of the Governor in Council to make an order similar in substance to any order so repealed shall also terminate on the expiration of such period.".

5. Page 7, lines 6 to 31 inclusive: Delete subclauses (1), (2) and (3) of clause 9 and substitute therefor the following:

"(1) Where a product or substance is added to Part I or Part II of the Schedule by order of the Governor in Council, any manufacturer or distributor of that product or substance or any person having that product or substance in his possession for sale may, within sixty days from the date of the making of the order, request the Minister that the order be referred to a Hazardous Products Board of Review.

(2) Upon receipt of a request described in subsection (1), the Minister shall establish a Hazardous Products Board of Review (hereinafter referred to as the "Board"), consisting of not more than three persons and shall refer the order in respect of which the request was made to the Board.

(3) The Board shall inquire into the nature and characteristics of any product or substance to which an order referred to it under subsection (2) applies and shall give the person making the request and any other person affected by the order a reasonable opportunity of appearing before the Board, presenting evidence and making representations to it.".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate, I move that this report be taken into consideration now, at least in order to give the

explanation in connection with the amendments.

Honourable senators, four amendments were made to this bill in committee. I may say that the committee sat last Wednesday for a considerable period of time, and then adjourned for the purpose of giving the minister and his officials the opportunity to consider several of the points which had been raised. We met again this morning for about an hour and a half, and the report you have is the result of that meeting.

All these amendments, with the exception of one—which is the amendment to section 8, which I will explain shortly—were agreed to by the minister and his officials and, in fact, the form in which they appear is the form in which they drafted them and submitted them to our committee.

The first two amendments, dealing with the definition of an analyst and also the matter of a power given to the minister under this act to designate as analysts certain people in the Public Service, were requested by the department so as to give more flexibility in dealing with the selection of an analyst, and the power which, in this bill as it was originally before us, limited the analyst, for instance, to a person so designated under the Food and Drugs Act. I understand there is one such person. At the request of the department there was added the words, "or by the minister pursuant to section 4", so as to provide for more flexibility.

The next amendment is one that will give the minister more flexibility, and I might add that the draftsmanship is his. Clause 4 under the heading "Inspectors" is amended by adding subclause 3 as follows:

> The minister may designate as an analyst for the purposes of this Act any person employed in the public service of Canada who, in his opinion, is qualified to be so designated.

Clause 9 of the bill provided for the establishment of a Hazardous Products Board of Review, and in the bill as it came before us, any person who was aggrieved as a result of an order made under clause 8 adding a new hazardous product to Part I or Part II of the Schedule might appeal that order. The language used was that he "may", as can be seen from the clause, within 30 days request that the order be referred to the Board of Review. As a result of discussions in relation to subclause 1 of clause 9, the period of 30 days was changed to 60 days, and the "may" remained, because it is a choice of the person who is aggrieved as to whether he wants the matter referred to the Board of Review. Then, in subclause 2, under the bill as it came to us, upon receipt of this request that the order be referred to the Board of Review, the bill provided that the Governor in Council, on the recommendation of the minister, may establish a Hazardous Products Board of Review. There was considerable discussion because there was that element of discretion in the Governor in Council as to whether an order would be referred to the board. In view of the discussion we had on the first day of hearing the department came back with a provision altering subclause 2 by changing "may" to "shall", so no longer is there a discretion.

As the bill came before us it outlined the duties of the Board of Review, and defined the right of the person who is aggrieved to be heard, and to submit evidence, and to make representations. That part remains as is. So, the real effect of these changes is to assure that if an aggrieved person desires to have the order considered by a board of review, and to have such a board established, he has that now, as a result of the amendment, as a matter of right and not as a matter of discretion in the hands of the minister or the Governor in Council.

I come now to the amendment to clause 8 of the bill which was finally settled by a vote in the committee. Under clause 8 it is provided that:

> The Governor in Council may by order amend Part I or Part II of the Schedule.

Part I deals with a list of prohibited hazardous products, that is, products that may not be imported, marketed or sold in Canada. Part II deals with a given list of hazardous products which may only be marketed, sold or imported into Canada under regulations which would govern and control their marketing and distribution. In clause 8 the Governor in Council was given authority by order to make additions to that list in Part I and Part II, and also to delete any product which may appear in either one of those lists.

The view of the committee in the discussions was that one should not as a matter of general principle amend legislation by order in council, which I think is a sound principle of law, and yet this authority to the Governor in Council was an authority permitting just such a thing to be done. The committee

recognized that in dealing with hazardous products you are dealing with things that are dangerous to life, and that people may be exposed to them without knowing the danger inherent in their use, or even in their handling, and as and when these conditions are determined to exist the department concerned should have some authority that can quickly be marshalled to control or to prohibit the marketing, sale and exportation of such products.

Finally, the amendment which was read to you today and which was passed in committee, provided for both situations; that is, it retained the feature that the Governor in Council by order could add to the prohibited list or to the Part II list where such products could only be dealt with by regulation. We did not include in the amendment any change concerning the deletion by the Governor in Council of any hazardous products presently appearing in the legislation, because we felt that a deletion would indicate that the public interest was being served and the protection of the public was assured by such deletion. Therefore, the amendment to clause 8, by adding clause 3, simply provided that when such an order is made adding to this prohibited list or to the regulated list, then within a period of two years from that date there must be presented to Parliament and approved by Parliament an amending bill incorporating this order so that then Parliament has legislated and confirmed the action. We felt the two things fitted together. We also provided that if that is not done, then the order ceases to have any force and effect from that moment.

That is the substance of the amendment.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

THE ESTIMATES

NATIONAL FINANCE COMMITTEE EMPOWERED TO EXAMINE AND REPORT

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1970, in advance of bills based upon the said Estimates reaching the Senate; and

That the committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

USE OF BROADCAST FACILITIES BY RENE LEVESQUE—INQUIRY STANDS

Hon. L. P. Beaubien rose pursuant to notice that he will inquire of the Government:

1. How many hours did Mr. Rene Levesque speak on the C.B.C. Radio during calendar year 1968?

2. Was Mr. Levesque paid by the C.B.C. for any of these talks, and if so, how much?

3. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for the time he was on the air on C.B.C. Radio, and if so, how much?

4. During calendar year 1968 for how many hours did Mr. Levesque appear on the C.B.C. Television?

5. Was Mr. Levesque paid by the C.B.C. for any of these appearances, and if so, how much?

6. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for his television appearances, and if so, how much?

7. How much would the C.B.C. have charged in the ordinary course of business:

(a) for the time Mr. Levesque spoke on C.B.C. Radio,

(b) for the time Mr. Levesque appeared on C.B.C. Television?

He said: Honourable senators, I made this inquiry three weeks ago. Can the Leader of the Government give me any idea when I shall get an answer?

Hon. Mr. Martin: I have made inquiries and the department has not yet supplied the information requested.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

ELEVENTH ANNUAL MEETING

On the inquiry of Hon. Mr. MacNaughton:

That he will call the attention of the Senate to the Eleventh Annual Meeting of the Canada-United States Interparliamentary Group held at Washington, D.C., and New Orleans, Louisiana, 20th March to 24th March, 1968, and in particular to the discussions and proceedings of the Meeting and the participation therein of the delegation from Canada.

Hon. Alan Macnaughton: Honourable senators, I want to thank you for the opportunity of drawing to your attention the activities set out in the report of the Canada-United States Interparliamentary Group. For the record, honourable Senator Paul Martin, the Leader in the Senate, tabled the report of the Eleventh Meeting of the Canada-United States Interparliamentary Group held in Washington and New Orleans, March 20th to March 24th, 1968 in English and in French. This report is set out at length in the appendix to the *Debates of the Senate* of November 12, 1968 at page 514. I think you might find it interesting reading.

The Canada-United States Interparliamentary Group is a gathering together of Canadian senators and members of Parliament and American senators and members of the United States House of Representatives for the purpose of discussing matters of mutual interest on a completely informal basis. In that respect, it is a unique group of parliamentarians and congressmen of two neighbouring countries on the North American continent.

It is not my purpose today to detail the activities of the group. The report does that in a rather interesting way. I would like to refer, however, to the two committees to show how timely and useful the discussions were.

Committee No. 1 on Trade and Economic Matters considered the following items on its agenda, and the items themselves show how lively the discussions were:

1. Canada-United States balance of payments;

2. Post Kennedy Round Developments;

3. Foreign Investment and Related Government Policies;

4. Resource Development Matters, with particular reference to oil and gas;

5. Automotive Agreement;

6. Aid to Developing Countries;

7. Trade and Economic Relations with Communist Countries;

8. International Grains Agreement.

Committee No. 2, which was called Defence and Security, considered the following items on its agenda:

1. State of the NATO alliance with particular reference to the Harmel study;

2. Co-operation for continental defence;

3. Policies towards Communist China;

4. Vietnam;

5. The non-proliferation treaty.

Rather than deal at this time with the excellent program of this last meeting or the useful and stimulating discussions, I thought it would be more appropriate to mark the passage of this first ten years in the history of the Canadian-United States Interparliamentary Group with a few more general remarks, and with an attempt to assess, in a personal way, its achievements over the past decade, its value, and perhaps also with the next meeting of the group only a few months away, probably to be held in Ottawa, offer a few remarks and suggestions on possible new directions in the coming second decade.

I am sure there are other honourable senators far better qualified than I—and I have in mind particularly one of our former colleagues, our former Speaker, the Honourable Sydney Smith, who missed only two meetings since the inception of the Canada-United States group, and who has done so much from our side to shape the course of its development in its first decade. His predecessor as Speaker, the honourable Senator Bourget, has also been an important guiding influence, and I look back with great pleasure on our association as joint Canadian Co-Chairmen of the group when I was Speaker in the other place. Perhaps the honourable Senator Bourget and the members of our last delegation, which included the honourable Senators Cameron, Gelinas, Lang, Grattan O'Leary and Harry Willis, or members of previous delegations might like to add their remarks to my own.

Ten years ago, friction between Canada and our American neighbour had reached a high point that had become dangerous to the traditionally excellent relations that have existed between our two countries in this century. Canadians felt that there was really very little comprehension south of the border,

of our problems of nationhood, nor of our increasingly individual character among the nations of the World. They were more and more troubled—and irritated—by what they believed was a very one-sided appreciation of the problems, caused by the presence on one side of a long common border of one of the world's greatest powers and, on the other, of a much smaller nation. In this situation of one-sided awareness, it seemed on our side of the border legitimate Canadian interests tended to suffer.

While our own character was becoming more individual, the world was growing increasingly complex. The United States had emerged from World War II not merely as a major power but, in one urgent step, had become one of two super-powers in dangerous conflict with each other. For the first time, it was playing an exceedingly active international role on a global scale. It was deeply concerned with the international tensions and conflicts that endangered the future of mankind. Conscious that failure would be catastrophic, the Americans were inevitably preoccupied with these global issues. There was a quite natural tendency to take for granted a relationship with a neighbour that for many years—always, so far as living memory was concerned—had been easy and comfortable and which, in an alarmingly different world, contained no possibility of danger on a major scale. It is not unfriendly to the Americans, I think, to add that the new role of super-power is one which must be learned. The skills which it demands are not automatic.

The fact that we are so close to the Americans, and in some ways so similar, can be extremely helpful when it is a question of jointly tackling some common problem. It has made the Canadian-American relationship unique. But it has some unexpected consequences. While we were becoming increasingly aware of our own identity, Americans often did not even look upon us as foreigners in their eyes.

They tended occasionally, and at times still do, to regard this as a mark of special favour on their part towards us or, much more generously and far more commonly, to view it as a sign of special virtue on our side. We can recognize the generosity and still demand: but what does this mean? It means that Americans assume that we see the world as they do, that they do not see that we are in many ways very different people. Then, when our own interests or perhaps only our different approaches to problems, lead us to do something with which they disagree or that merely surprises them, they tend to be hurt and to feel let down.

An important reason for regular, planned contact is to make sure that responsible and representative Americans, especially those involved in the political process, understand that we are indeed different.

The American difficulty in appreciating this arises in part from the fact that relations between our two countries have been good to a point that is almost without precedent, and in part from the fact that we do have much more in common than a joint border. Many of us spring from the same national stock and so there exist backgrounds that are shared. In large part we use a common language, a convenience that sometimes exacerbates difficulties by obscuring them. We have many institutions derived from the same sources. Our people come and go in great numbers each day without hindrance and with little formality. There are no other two nations in the world whose volume of bilateral trade approaches the level that exists between Canada and the United States. We are not only each other's best customer—we are without rivals in this sphere.

For example, in 1968 Canadian exports reached a record level of $13,576 million, which is 19 per cent over those of 1967. The United States took 67 per cent of our total exports, and sales to the U.S. increased by 25 per cent, whereas for all other countries the increase was only 7.5 per cent. No day goes by, not even holidays, without a vast exchange of goods, services or ideas. We are linked by our trade unions, our service clubs, our professional societies.

The United States has invested very heavily in Canada. Much is heard in Canada of the alleged dangers of foreign investment to Canadian sovereignty. But in my way of thinking the many studies that have been made of this allegation show it to be sheer nonsense. We are extremely conscious of this investment, less so of the substantial Canadian investment in the American economy. In defence our inter-dependence is embodied in a complex pattern of continental arrangements.

We have worked together, in so many ways, to improve our continental neighbourhood and with great effectiveness.

The United States is one of the world's super-powers. Virtually all of its actions

affect other people, in other lands. The effect even of its internal conflicts is exported. It is not surprising that Canadians tend to be well informed on American affairs, that our newspapers and radio and television networks devote a great deal of space and time to reporting and explaining American events. We could not afford a different approach. Our intense interest in the United States is not the product of some special virtue of curiosity or intellectual alertness on our part. It is dictated to us by force of reality and necessity, and I think it would be petty and surly of us to refuse to acknowledge that this national relationship is somewhat different when it is viewed through American eyes. We are of great importance to the United States, as a partner in defence, in trade and in investment, but no action by Canada can alter the fundamental strategic balance in the world as action by the United States so easily can. We can play a useful role in peace-keeping, but nothing we might do would exert any decisive influence on global war or peace.

A depression in Canada would affect certain American industries and regions, but our economy does not have that overwhelming size that produced the truism that when Wall Street sneezes the world trembles. Many of our actions can be felt in specific areas or specific interests in the United States, but we do not have that instant impact upon the Americans that their country, whether they wish it or not, must have not only upon ourselves but upon many other countries as well.

The difference is a function of size. We are, in people, one-tenth the size of the United States. In these circumstances it was not surprising that a decade ago Canadians had cause for concern over a one-sided awareness of the differences that separate our two countries. I think it is fair to say that our concern in those days was, in fact, justified. Fortunately, it was shared by a substantial number of Americans, including some of the more influential members of the United States Congress. Two members of the House of Representatives in particular, Congressmen Brooks-Hays and Frank Coffin, undertook a special study mission in Canada to examine the nature and causes of the growing friction. Their report, known as the Hays-Coffin Report, was submitted to the Foreign Affairs Committee of the House of Representatives in May 1958.

I think that this report is one of the important milestones in the history of Canada-United States relations, and that its statement of the "Purpose and Scope of the Study" is still valid and meaningful enough to be read into our record:

> The primary purpose of this mission was to gather the principal facts concerning Canadian-United States relationships in the various areas where the policies, programs, and attitudes of the two nations clash rather than mesh; to set forth these facts; and by so doing to broaden the understanding of Congress and the American people. The basic assumption of this study is that understanding is the essential prerequisite to better relationship.
>
> Recognizing that the Committee on Foreign Affairs has as its first field of interest "Relations of the United States with Foreign Nations Generally," this broad survey has been carried out. Also recognizing that primary jurisdiction in specific economic areas is that of other committees—

Obviously, in Congress

> —the committee has cataloged various suggestions for the improvement of United States-Canadian relationships both to spotlight problem areas and to stimulate thought.
>
> This is done on the basis of the study mission's conviction that lack of awareness is the chief spawning ground of the irritations that do exist and that with greater awareness of common problems our North American solidarity can be vastly strengthened.
>
> It must be recognized that this report is directed primarily toward frictions resulting from action initiated by the United States and towards possible remedial actions which could be initiated on this side of the border. United States-Canadian relations, however, are not a one-way street. If the United States has at times acted arbitrarily and unilaterally, so has Canada. If the United States has taken economic action which infringes on Canadian interests, so has Canada infringed on United States interests. If the United States has initiated tariff and tax actions which are unfair, so has Canada. The argument of this report is that there should be understanding on both sides of the border. Only through mutual efforts to solve our problems will we achieve the desired understanding.

Further, the report found "ample evidence of an erosion in the traditionally excellent relationships between the United States and Canada." It noted that the "vital role which Congress plays in determining United States-Canada relationships, for better or worse, must no longer be ignored." It stressed that liaison between the two governments, important as this was, did not in itself develop the high degree of understanding essential to good relations, because under the American system of separation of powers it was important that the Congress recognize the special Canada-United States relationship as a matter of continuing interest by a committee or subcommittee, and also that it should develop its own direct liaison with Canadian parliamentarians through periodic exchange of visits and consultations.

I am merely stressing there that it is one thing to have our very capable ambassadors located in different foreign countries, but it is a much closer relationship for members of the other house and senators to associate with their opposite numbers south of the border. It is something that our ambassadors cannot do for us, and it is something we should do for ourselves.

This was an American report written from the American point of view. There has been no comparable Canadian study. But, viewed from the Canadian side, the appeal of the argument was at least as strong as it was in the United States. The American Congress has independent legislative power. Although the administration formulates policy, the Congress can greatly influence the form that policy takes. But, inevitably, Canada's official representation in Washington is largely concerned with its contacts with the American Government, the administration, and the legislative branches of Government tend to be ignored. In Canada, the Hays-Coffin report was recognized as an important opportunity to establish direct and organized contact with influential Senators, Members of Parliament and Congressmen.

Not surprisingly, then, these recommendations were endorsed with great enthusiasm by Congress. Similarly, within our own Parliament, they were received with the fullest support from Government and Opposition alike, and particularly by the two Speakers at that time, the late and well-remembered honourable Senator Mark Drouin, and the then honourable Roland Michener, now elevated to the highest office in the land, and in which capacity he is not less deeply interested in the progress of our Canada-United States interparliamentary meetings. Under the leadership of these two great Canadian parliamentarians, negotiations were soon concluded for holding the first formal meeting which was held in Washington on January 9 and 10, 1959. This was the birth of a unique interparliamentary link.

It was at that meeting that the present framework of the Canada-United States Interparliamentary group took shape, and there has really been little change in its form since then. It was agreed that the meetings should be informal. Discussions were to be *in camera* and off the record, except for a communique at the close of the meetings which would outline in a general way the course of the discussions. No statements were to be attributed to any delegate. Each delegation would be free to report to its legislature. Neither would have the authority to bind its legislature or its government. The function of the interparliamentary group was to be purely consultative.

The original aim was to hold two meetings a year, one in each country, and not always in Washington or Ottawa. It was agreed that on occasion meetings might be held in other areas of special interest.

Only two changes of any substance have been made in these ground rules since that first meeting. One was to reduce the number of meetings from two to one each year. In my view this was a realistic and necessary change, because of the increasingly crowded legislative timetable in both countries.

A second, and I think less constructive, change has been the addition of a formal press conference during our visits to Washington. Our Canadian co-chairmen are normally the Speakers of the two houses. Their role in Parliament handicaps them severely in the arena of a press conference. Moreover, when one of the distinguishing features of a meeting, vital to its nature, is the off-the-record character of the discussions, a press conference must be either uninformative or in conflict with one of the basic rules. It is my feeling that it could profitably be avoided at future meetings.

What do ten years of these meetings, aimed at increased understanding of differences, suggest for the future? I think we can dispense easily with the obvious question: Is there still a need for this interparliamentary link? There is no question in my mind of the

importance and value of this unique institution—unique in that it is the only one of the many Canadian-American contacts that regularly brings together legislators of all parties and of both houses in each country. Their aim is to increase their understanding of differing attitudes, disagreements and points of friction. To suggest that there is no longer need for contact between legislators is as unreasonable as to suggest that there is no need for contact between administrations.

The meetings provide an opportunity for members of the legislatures of both countries to get to know personally their fellow-legislators on the opposite side of the border. The case scarcely needs to be argued. For Canada, there is no more effective way of demonstrating to some of the most influential men in the United States the ways in which we are distinct from other countries and the ways in which our attitudes differ.

If we accept the value of the meetings, it becomes worthwhile to see whether there are ways in which they could be improved. I feel that there are ways in which the role of the interparliamentary group can be made more constructive. I am convinced that Canadian parliamentarians can and should prepare themselves to play a much stronger role.

I believe there is a need for some continuing group to keep Canadian-American relations and problems under regular and systematic study. It could be organized in various ways—through the secretariat of the parliamentary associations, as a joint committee of both Houses of Parliament or, perhaps most usefully and readily, by our Committee on Foreign Affairs. However it was formed, it could provide the nucleus of annual interparliamentary delegations. By starting their study sessions in the autumn of each year, the members could prepare themselves for full and more effective participation in the discussions with their American colleagues. As a frequent participant in these meetings and as a former co-chairman, I urge this suggestion most strongly.

Because of the wide scope of our relations with the United States, there are many places within the two governments where various aspects of them come under regular study and are the subject of consultations but, again because of this very scope, there is no one place or body where the full range of relationships comes under scrutiny. There would, I believe, be real value in establishing a sub-committee such as I suggested of foreign affairs which could look at this whole wide range of relationships and then select specific areas for more intensive examination.

It is equally important, I think, to secure much greater continuity in our own delegations to the meetings. The United States obviously attaches much more importance to this consideration than we have in the past. In looking over the records of the last five meetings, I see that on the American side 17 American delegates have attended more than three sessions. On our side, there are only eight. Of our people, 73 have participated only once or twice. That is almost twice as many as in the American delegations.

There is some truth in Judy LaMarsh's complaint, set out in her recent book, that membership on parliamentary delegations of one sort or another are used as minor political rewards. So far as this is the case, I suggest that it is a mistake. I think honourable senators who have taken part in these Canada-United States interparliamentary meetings will agree that it is really very difficult to make a useful and positive contribution to the discussions the first time around. This is especially so because the American delegations are seasoned and well briefed. The first time is mainly an educational experience, and as a rule a member's effective contributions are made on the basis of the self-confidence and familiarity which come from attendance at more than one of these sessions. I hope that those participating in the process of selection of our next delegation will give sympathetic thought to this vital aspect of the important job of representing Canada.

I have a further suggestion which affects the substance of the committee's work. Discussion has often been concentrated on world problems, either political or military. I think the first emphasis should be on bilateral Canadian-American interest and problems. There are enough of these pressing issues.

I put most of these proposals forward somewhat cautiously. They are ideas which I would like to see explored and experimented with. It seems to me that they are ideas of the sort which a committee or working group such as I have suggested might explore.

I have a couple of other suggestions that such a committee might take up. Many of the issues between Canada and the United States involve jurisdictions in which the provinces and states have either complete or partial responsibility. Could we not examine the possibility of including representation from the provinces?

If such a committee were formed, it could perhaps study the work of the Nordic Council in Scandinavia. This council appears to fulfill an important role in preparing a basis for common understanding of problems that extend through all the Scandinavian countries. When legislation which affects Scandinavia as a whole is brought forward in the separate Parliaments, there already exists a basis of understanding of common responsibilities that has been developed through joint study. This seems to me to be one of those reasonable Scandinavian approaches to problems which we and the Americans might find useful to look at.

These are suggestions for improvements in the good work that is already under way and has been under way for ten long years. I am sure it is no exaggeration to say that these bilateral Canada-United States interparliamentary meetings represent our most important link of this sort. Surely never before in the troubled history of mankind have two neighbouring countries—one a great superpower, the other very much smaller—shared a continent and a long common border and succeeded in living alongside each other not only in peace but as very good neighbours. We are far from identical and, at least in Canada, we take some pride in that fact. But we are very good friends with a growing understanding of each other's problems and an increasing respect for each other's individuality.

Hon. M. Grattan O'Leary: Honourable senators, I think the house is greatly indebted to Senator Macnaughton for his clear, lucid and comprehensive review of the last meeting of the Canada-United States Interparliamentary Group, and for some words of wisdom he uttered about its future. One of his words of wisdom—and I may say that he explored so many inlets that it will only be necessary for me to sail from headland to headland—which I thought should be noted by the powers that be inside and outside this house, was in urging that in selecting the Canadian delegation to go to Washington for these meetings, or to meet our American friends in Canada, we should use more caution, more responsibility and a better understanding of the importance of these meetings by appointing people of the best possible experience and wisdom that this house and the other place can summon.

The Congress of the United States has clearly been conscious of this from the beginning, and as proof of this I am going to mention but a few of the names of the U.S. delegates who over the years have been attending these meetings. To begin with, there is Senator Mike Mansfield, the Majority Leader in the Senate, a man who for years has been a decisive influence in American government and politics. There is Senator George Aiken of Vermont, one so widely respected and trusted by the American people that in last November's election both major parties, the Republican and the Democratic, wanted him on their ticket.

Hon. Senators: Hear, hear.

Hon. Mr. O'Leary (Carleton): There is Senator Muskie of Maine, who has lived near us through the years, a man who last November was a vice-presidential candidate for the United States and who by his campaign won the admiration and respect of all American people.

There is Senator Eugene McCarthy, the philosopher-politician, his fame now worldwide, a man who dared last November, against massive odds, to challenge the power of his party's Establishment. There is Representative Cornelius Gallagher, an engaging figure of intelligence and charm, and very high in the councils of his party. There is Senator Edward Kennedy of Massachusetts, the last of the illustrious and tragic Kennedy line and a man who, according to some of the most knowledgeable prophets, is destined to be a future President of the United States.

When the United States sends delegates of that quality, when they attach so much importance to these meetings as indicated by the calibre of their delegates, it does seem to me that a heavy responsibility rests upon the shoulders of those in this house and in the other place who select the Canadian delegates to the same meetings.

Now I wish to say just a few words about the origin of this organization. Senator Macnaughton mentioned the Hays-Coffin Report, and of course that was a tremendous influence in bringing about this organization. But more than that—and I am sure honourable senators will be interested in this—before that, a famous American Senator, Senator Vandenberg of Michigan, took an active interest in bringing about this organization, and a long-beloved figure in this chamber, the late Senator Norman Lambert, went to Washington on two or three occasions to discuss this matter with Senator Vandenberg

and others of influence in the American Congress. I knew at that time, because I was constantly in touch with Senator Lambert, that the Canadian Government of that day, under Mr. Mackenzie King and Mr. St. Laurent, gave this proposal their most active and enthusiastic support. And so it was that by 1958 Mr. Diefenbaker, who was Prime Minister at that time, was able to rise in the other place and say this:

> My proposal is that I should request the Speaker of this Honourable House, in consultation with his colleagues in the other place, to establish a committee of the members of both houses and of all parties for the purpose of exploring jointly with appropriate representatives of the executive legislative branches of the Government of the United States, the means whereby increased systematic discussions between legislators of the two countries on problems of common concern may be provided.

What was stressed here, right from the beginning, is that when we go to Washington with these delegations we do not go there as Conservatives or Liberals or as New Democrats, but we go there solely as Canadians—

Hon. Senators: Hear, hear.

Hon. Mr. O'Leary (Carleton): —speaking to the best of our ability for the things which concern Canada and the relations of Canada with the other country.

Similar authorizations were given in the Congress of the United States, and in 1959, as Senator Macnaughton has said, the first meeting was held in Washington, and there have been meetings once a year, alternatively in both capitals, ever since.

A thing that must be stressed is that this Canada-United States Interparliamentary Group differs from all other interparliamentary groups to which we belong. It has no constitution, no president, no council, and it makes no attempt to solve problems which concern the two countries. There are no pacts, no agreements, no resolutions, and no issuing of pompous policy statements. The sole aim is frank, forthright, manly discussion of mutual problems, with the hope of narrowing the issues that might divide us and building on the broad common ground we share in so many areas of human relationships.

There is not always agreement about everything, and certainly there is a broad hospitality for divergent views; there is a complete respect for the glory of dissent. But what is felt, and rightly, is that these meetings do give each of the delegations new insights on common problems, insights that will be used and be useful in the solutions that we finally must come to.

To sum it all up, what is aimed for is a better understanding in the Parliament of Canada of the problems and difficulties in the United States, and a better understanding in the Congress of the United States of the problems and difficulties which beset us; in short, more respect and less suspicion; more trust and more understanding. And these, God knows, are things our tormented world needs tragically at this time.

I am well aware, because I have heard it often, that there are some among us who still ask what is the good of all this talk with our American neighbours? You will hear those views expressed in academic circles; you will hear them among our intellectuals. You will hear such voices among some who are still fighting the war of 1812. There are people who see us overwhelmed by some monolithic American culture, so overwhelmed by this vicious culture they picture that they see us ending up grinding corn in the camp of the Philistines. They want us to be wary of the United States. They want Canada to be a counterweight for Europe against the United States. They want us to turn more and more to Europe.

Honourable senators, this is a counsel of madness. This is sheer fantasy, and is dangerous, irresponsible talk. I wonder whether those who indulge in it ever stop to reflect on what our trade with the United States means to Canada. Do they ever consider the figures given us here today showing what our trade with the United States means? How many of them know that in a single month near the end of last year one province of Canada alone exported $75 million worth of goods to the United States? I even wonder whether the people who talk that way realize that if it had not been for the Marshall Plan after World War II—call it enlightened self-interest, if you will—I wonder if they consider when they speak of turning to Europe that if it had not been for that plan there might today be no Europe to which to turn.

We here in Canada are the inheritors of the thought and traditions of Europe, and often our long, long thoughts go back to the land of our ancestors. But, honourable senators, we are still North Americans, the creatures and children of geography, the products of the

environment, the emotions, the driving forces, the faith, the dreams and the forms of expression of this North American continent. These inescapably must influence our voyage through history in the years to come.

Yet, honourable senators, there is another fact, a fact pointed out by Senator Macnaughton and which we must ever keep in mind in dealing with our neighbours, that despite what has been said there still does exist a difference between our two countries, a difference we must always remember and never fail to impress upon our neighbours, the fact that while Canada and the United States may have the same basic culture they each, at the same time, have domestic and other tasks and problems, political, social, and economic, which differ, and differ widely. Canada's particular responsibilities, her government, her constitutional structure, her ideals and aspirations, her memories and milestones, even her discords, are things in her life which give her a special identity, which compel us to resolve that there is one part of this North American continent which from earth to sky we must insist on calling our own. These truths will be best understood by our neighbours for our common good if we meet with them in frank, forthright, and honest discussion.

The American people have risen to a pinnacle of power with an awesome accountability to history. In their just use of that power, in their just use of that accountability, Canada will walk with them not as a satellite but as an ally and friend; will walk with them justly, love mercy, and seek peace with all the world. That, honourable senators, is the true purpose and the true justification of the Canada-United States Interparliamentary Group.

[*Translation*]

Hon. Maurice Bourget: Honourable senators, I have the pleasure to associate myself with the comments of my two colleagues, Senators MacNaughton and O'Leary (Carleton), as I share unreservedly their views on the importance they attach to the Canada-United States Interparliamentary Group.

I was happy to hear Senator MacNaughton recall the days when he and I assumed the co-chairmanship of that group. I remember with pleasure the numerous and enthralling discussions we had with our colleagues of the United States Congress and the enriching and pleasant visits the latter organized in our honour, each time we had the opportunity to go to Washington.

I think it is useless to add that each time the Canadian delegation went to the United States for the meetings, we received the most cordial and kindest welcome which could be extended to parliamentary colleagues.

Last week, I had the opportunity to speak of those meetings to my colleague, Senator Gélinas, unfortunately absent this afternoon, but who himself wanted to say a few words on this occasion; he told me how he had been struck by the warmth, the friendship that is extended to us Canadian parliamentarians when we have the opportunity to go and meet our American colleagues.

I do not forget the pride with which, in 1965, we welcomed here the American delegates, at our eighth meeting, on which occasion they visited the initial phase of the construction work of Expo, pride which, on their own admission, has been fully justified by the brilliant success achieved by Expo in 1967, as they saw for themselves two years later.

I do not forget either the numerous personal meetings we had with our American counterparts of both Houses which, in many cases, were for me and for many other Canadian delegates the beginning of a close and long friendship. May I mention particularly two persons who, in their capacity as co-chairmen of the American delegation, have contributed to lighten the work load of Canadian delegates.

The first one—mentioned earlier by Senator O'Leary (Carleton)—is the senior senator for Vermont, Senator George Aiken, one of the outstanding figures in the American Senate, one of the founders of the Canada-United States Interparliamentary Group, and one of the most loyal supporters Canada has ever had in Congress. We are very indebted to him, one of the most brilliant and most sincere parliamentarians ever produced by the United States. That is the reason why, at one of the meetings held in the United States, we were not surprised to hear the former president of the United States, Mr. Johnson, say that we had in the person of Senator Aiken of Vermont, a Canadian ambassador at large.

From among the members of the House of Representatives, I would like to mention, secondly, our loyal friend, Mr. Neil Gallagher of New Jersey, who, since the group was founded, has been its vice-chairman almost all that time. Congressman Gallagher has also greatly contributed to the Canadian and American interparliamentary rapprochement,

and his charm, as that of his distinguished wife, Mrs. Gallagher, gained him the affection of many Canadian delegates.

[*English*]

Senator Macnaughton mentioned the importance of continuity in our Canadian delegation to Canada-United States meetings. I heartily support him in this. As co-chairmen we were frequently in the position of being the only link on the delegation with previous meetings, while the majority—although this has been said I think it is worth repeating it—of our United States colleagues had taken part in not just one previous session, but in three or four. Our own previous participation perhaps enabled us to derive just a bit more benefit and enjoyment out of these meetings than did a good many of our Canadian colleagues on the delegation who, as first timers, necessarily spent most of their time in trying to get the measure of this group.

In the rather large delegation, compared with those to other associations, that we send to these Canada-United States meetings there is obviously room for new blood each year. There is without any question a need for new blood and new ideas in this as in any other of our interparliamentary activities. But surely this is, above all, an activity in which the majority of our Canadian delegation should be specialists.

In contrast to the United States, where only about a quarter of the more than 500 legislators in both Houses of Congress could be expected by reason of proximity to the Canadian border to be directly aware of our country and of the interdependence between our two countries, virtually all of us in this Parliament are vitally aware of our vast neighbour to the south. So many of us represent areas and constituencies that are adjacent to or close to the border. Even those somewhat more distant from the border can never realistically ignore the inevitable pull of economics and geography, and also culture, that emanates from that active giant power to the south. We are all therefore vitally concerned on a day-to-day basis with one aspect or another of Canada-United States relations.

[*Translation*]

Each Canadian, whatever his language, is conscious of that vicinity. We, from the province of Quebec, are particularly concerned about the permanent influence of the United States on our culture, first, and also on our economy. However, there is a fact which strikes us as being particularly important: we are both North Americans and Canadians. We cannot and we do not forget our strong historic links with our southern neighbours, with neighbouring states and with those of the Atlantic Coast where our people have mingled, as well as our links with the Western states, especially those of the central western United States which were explored and partly cleared by our fathers, nor our links with Louisiana, the adopted land of so many uprooted Acadians.

We certainly want to remind our southern neighbours and friends that we are interdependent, that we need one another, that our interests in the world are similar; but we want to say that above all, Canadians are not and will never be the exact replicas of Americans; history has given us a quite different personality from that of the American people—a distinct personality due to our French and English origin—and owing to circumstances, we each have our own views, although finally we are searching for a free society and a common ideal.

[*English*]

What better way can we Canadian parliamentarians attempt to get this message across to our neighbours than through this interparliamentary link with the United States Congress? If we can impart to our United States colleagues at these meetings an understanding of our essential differences, and bring them to an awareness of the problems as well as the benefits that spring from the intimacy of our mutual relationship, then I would say that this interparliamentary group will have become one of the most important forces in the maintenance of good relations between our two countries.

I suspect that, like all institutions devised by men, there must be many ways in which the Interparliamentary Group can be made to function more effectively. A few minutes ago Senator Macnaughton proposed the appointment of a subcommittee consisting of members drawn from both the United States and Canadian sides to study this question, and he has also made a number of useful suggestions that such a subcommittee might look into, and with which I am in entire agreement, except the one that has to do with the inclusion on delegations from time to time of provincial or state legislators. I do not think I have to explain that. I think the reasons are well known by honourable senators, and I feel that our delegations should be restricted to federal members.

Having now completed ten useful years in the life of this interparliamentary link, per-

haps this is the time to have another close look at the framework of this organization and to see if improvements are needed.

I would suggest, Mr. Speaker—and I am not the only one to do this because my predecessor mentioned this also—that this might be one of the suggestions from our side for the agenda of the next meeting, which I understand may be held in May or June of this year. But whether or not the organizational framework is improved, it seems to me that if improvements are needed they are in the attitude with which our own delegations take on the responsible task of representing both Canada and the Canadian Parliament at these important meetings. It is at the meetings of this unique institution that we should have our most articulate parliamentary spokesmen and our most closely briefed and effective delegates.

The aim of this association of parliamentarians—which is "the advancement of mutual understanding, harmony and goodwill between Canada and the United States"—has been most assiduously promoted and cultivated since the first meeting of the group.

These meetings afford an opportunity for two good neighbours to sit down and study the various problems they have in common. It is true that such discussions have not always produced definite and immediate decisions, but they have started the groundwork for the final solutions. They have contributed to create a friendly atmosphere which has eliminated many misunderstandings. They have paved the way to eventual decisions beneficial to both sides. They have established a sound basis for closer partnership in every respect, and have helped to further international cooperation for the good of all mankind.

The communications between Canada and the United States have generally been friendly and frank in every sphere. But, unfortunately, too often our differences have been exaggerated and given too much publicity, while many points on which we agree have been passed over in silence. As someone has said, harmony seldom makes headlines.

[*Translation*]

That is why, honourable senators, in concluding, I can say that this parliamentary association has an important part to play in the future to maintain and improve relations between our two countries. Personally,—and I know that everyone feels the same way—I hope it will last a long time and that its achievements will be numerous and fruitful.

[*English*]

Hon. Donald Cameron: Honourable senators, my contribution to this discussion will be brief. As a freshman member of the Canadian parliamentary delegation last year, I am deeply indebted to those who appointed me to the delegation and I want to take this opportunity of expressing my appreciation to those who conceived this important interchange 11 years ago.

I am one of those people who have always believed in the face-to-face exchange of views, the face-to-face confrontation if it is a question of disagreement between peoples, because out of the situation where you come together in a quiet and informal atmosphere, where you can size up the personality of the individual and feel the nuances of change as discussions proceed, you get a feeling that cannot be measured in terms of international understanding. So, I feel that those who conceived this Canadian-American parliamentary interchange have performed a most useful service and one that I hope will continue for years to come.

Senator Macnaughton has given a good review of what happened and the issues at stake. May I say that the two co-chairmen of the Canadian delegation on this last occasion were appearing in the role of pinch-hitters, because they were pinch-hitting, respectively, for the Speaker of the Senate, who was ill, and the Speaker of the Commons, who was otherwise engaged. On this occasion, in contrast to what often happens in a ball game, they both made home runs. It was a useful experience. As a freshman member and one who has had the opportunity—because I live in a place many of these men visit, Banff—of visiting with them, sometimes on the golf course, sometimes in even more congenial surroundings, it was interesting to try to get the feel of the Americans on this particular occasion.

I could be wrong in this respect, but I had the feeling of great preoccupation on the part of the Americans with things other than the immediate cause of our being together and, goodness knows, they had many reasons for this preoccupation. They were certainly preoccupied with the question of the agreement with respect to the extension of NORAD, which came up on May 12. They were concerned too with Canada's position with respect to the recognition of mainland China. I think most of them felt they would rather not see it happen, but some were quite antagonistic to any move in this direction, and I believe we were able to make some

progress in explaining the Canadian point of view in this respect. They were certainly concerned about the way they were bogged down in Vietnam, and I am sure that Senator O'Leary will remember that I had the last word in the Defence Committee. The Canadians had been probing to try to find out what could be done to assist in getting out of the morass, and that is the last question I asked in that discussion before we adjourned in Washington. I can still see Cornelius Gallagher, George Aiken and Governor Stafford shrugging their shoulders. I had the feeling they were almost despairing of there being a way to do it.

There was a certain feeling of hopelessness about the situation in which they found themselves. I think we were able to give them some encouragement in that while we sometimes disagreed with the position they took, and sometimes disagreed with the attitude they expressed so far as certain Canadian actions were concerned, there was an appreciation that a group of Canadians would sit down with them without fanfare and publicity and give a frank expression of Canadian views and opinions.

All of this has been well said by other speakers this afternoon, and I should like to say that for me it was a pleasure and privilege to meet some men whose names have become household names over the years. I start with George Aiken from Vermont. If we ever create such a thing as an honorary citizenship of Canada I would think that George Aiken should be the first to receive it. There is Senator Mike Mansfield, the distinguished Majority Leader of the Senate, who is a neighbour of mine in Montana. He is a man certainly worth cultivating because in his quiet way he has exercised a major influence on American foreign policy, and it has been an influence which I think has had the sympathy of most Canadians.

Then there is a man whose name I have known for some time but whom I had never met, the charming Senator John Cooper of Kentucky. He is the kind of man who makes it so easy to forget political divisions.

The mention of political divisions reminds me that I want to second what Senator O'Leary (Carleton) said so well. At the briefing sessions held before we went to Washington there were members of the New Democratic party, the Progressive Conservative party, and the Liberal party. Divisions were so sharp that I wondered what would happen in Washington but, as Senator O'Leary (Carleton) said, we were there as Canadians and there was a unanimity in the expression of the Canadian point of view, and the same was true of the Americans. I was on the Defence Committee—not by choice but because more people preferred to be on the Trade and Commerce Committee—and I had the feeling that the division between the "Doves" and the "Hawks" on that committee was quite marked. In this respect I think of people like Senator Hiram Fong of Hawaii who, I would say, took a hawkish position, but one has to make allowances for the proximity of where he lives to the area of conflict. I think of Senator John Stennis of Mississippi, and Representative William Murphy of Chicago, who could be put in the same camp, and of Representative Bloomfield of Michigan with whom I had disagreed quite seriously when I was at the United Nations in November. This division was there, but in spite of that there was a united concern as to how to find a way out of the situation.

One of the things that interested me as a new man was the fact that Canadians seemed to take more initiative in the discussions than I expected. It seemed to me that the Americans, whether out of courtesy or preoccupation, left the initiative much more to the Canadians than I would have expected.

In the Defence Committee the discussion had to do with NATO and its future, NORAD and its future, the *Harmel Report* and what might come out of it, the recognition of China, the situation in Vietnam, and the Russian occupation of the Mediterranean, which was a matter of real concern to them. It is a matter of concern to us as well because the Russians are doing in the Mediterranean just what they have been doing in the Gulf of St. Lawrence, and what they can do in Hudson Bay. This matter of undersea fleets with nuclear weapons is one of real concern.

I am one of those who believe that for many years there has been a tendency to take Canadian-America relations for granted. I am sure that this is wrong, and that we probably have more need to cultivate relationships and understandings with the United States than with almost any other country. The two countries are so indivisibly wrapped up in each other's welfare that we must have the maximum understanding and appreciation of each other's problems, and the maximum capacity to understand how we can arrive at compromises in those areas in which we cannot agree.

I am not proposing to say anything more than this. Senator Macnaughton has reviewed the meeting very well. Senator O'Leary (Carleton) has discussed it with his usual eloquence, and it remains only for me to comment on two recommendations made by Senator Macnaughton.

The first recommendation was that there be a certain measure of continuity in the membership. All honourable senators are aware of the fact, because they have attended conferences of one kind and another, that the first time one attends he is a freshman who has much to learn. There is much to be done in the way of getting to know the feel of the individuals who make up the group, and one's contribution is minimal. The Americans have demonstrated by the kind of men they have sent as members of their delegations that they view these meetings as very important. They have appointed their most experienced men. I agree that there should be a substantial degree of continuity with a constant inflow of new members each year.

Senator Macnaughton's second suggestion was that the provinces be represented. I am sorry that I have to disagree with him at this time, and I would like to go along with what Senator Bourget has said. There may come a time when the provinces should join us, but I think there is so much pioneering work to be done in exploring how this organization can be made most effective that for the time being—for possibly another five years—we should continue to have federal representation only.

Honourable senators, it is not my purpose to say anything more. It was a rich and rewarding experience, and I look forward to many more of them, and particularly to welcoming the Americans to Canada at the end of May or the beginning of June of this year.

Hon. John J. Connolly: Honourable senators, it is not my intention to take up the time of the house unnecessarily, but I would like to say that I wish the members of the American Senate and House of Representatives who attend these meetings of the Canada-United States Interparliamentary Group could have been here this afternoon to listen to what has been said, and more particularly to appreciate the warmth of that which was so eloquently and sincerely said by the four previous speakers. This is no less than all of us would want, because the members of the American Congress who have participated in these meetings have given of their best, and we can do no less than what the speakers this afternoon have already emphasized.

This does not mean that we have always to pick our best orators. We have in this chamber people who have great experience in dealing with Americans in many fields. These men, even though their voices are not heard too often in this chamber, can be very effective as members of these delegations.

One of the proudest days we have had in the Senate was May 20, 1965, when one of the most distinguished American delegations ever to visit this country was present. Senator Aiken, Mr. Gallagher, and Senator Mansfield sat beside our Speaker and addressed the house. This was a very unusual privilege, but it was one that we gave with our whole heart. I want the American legislators to understand that is the way we feel about the work they are contributing, and that we too want to contribute to this very worthy international committee.

There is only one other thing I should like to say. In this house, and perhaps in this Parliament, we owe the American legislators a debt of gratitude on another count. They are not members of the Commonwealth, but to the Commonwealth Parliamentary Association meeting at Wellington, New Zealand, in 1965, they sent Senator William Fulbright, Senator John Sparkman, Senator Bourke B. Hickenlooper, Senator Thruston B. Morton and Congressman Wayne L. Hays. They did not have to do this, but it was a gesture of good will to the family of nations to which we belong within the Commonwealth.

When the Commonwealth meeting was held here in Ottawa the following year, Senator Fulbright and Senator Muskie came. I remember particularly, with some gratification, the fact that while theretofore the American representatives were only allowed to participate in the debate on foreign affairs, on that occasion Senator Fulbright and Senator Muskie came to me as chairman of the congress and said, "Could we not get into the discussion at the committee stage?" On my own authority, without any hesitation, I said, "By all means", and they did. They made great contributions. It was the kind of thing that I think we were all glad to see done at that time. Unfortunately they could not attend the meeting at Uganda in 1967. However, on the eve of their national election, when the C.P.A. meeting was held in Nassau, in 1968, they sent Senator McIntyre, Senator Randolph, Senator Jordan and Senator Young for as many days as they could be there and still allow them to get back to vote.

These people are full of good will. They want to help create a climate in which not only public affairs but the affairs of the private sector of the society of both countries can be run in a way that will be conducive to the welfare of both countries. We for our part should do all we can to co-operate with them in this respect.

Hon. Harry A. Willis: Honourable senators, I promise you that I will not detain you for long. As a member of the Canada-United States Interparliamentary Group, I spoke about its eleventh annual meeting when I addressed the Senate on September 25, 1968, as reported at page 128 of *Hansard*. At that time I expressed the feelings of my predecessors in this debate today, who have put more eloquently what I said at that time. I said then, and I still say, that much of the success was due to Senator Macnaughton and elder statesmen like Senator O'Leary (Carleton) and others who were on that delegation. They made a magnificent job of it. They have presented their case eloquently today in arguing what they feel about matters of this kind.

I would like the Senate to remember what I think they have forgotten, namely, that the full report of this committee was tabled by the Leader of the Government (Hon. Mr. Martin) and is reported in Senate *Hansard* of November 12, 1968, and in the appendix thereto at page 514. I would hope that every member of this chamber would refer back to that and read it in full, in spite of the eloquence with which the matter was introduced today by Senator Macnaughton and those other honourable senators who followed him.

Hon. Allister Grosart: Honourable senators, it is suggested to me that I might make a comment on this matter at this time. I do so because I made a comment on the very excellent report we had from our representatives at the International Parliamentary Union. I feel I should extend the same kind of compliment to our representatives on the Canada-United States Parliamentary Group.

I have not been a member of the delegation to either Washington or the International Parliamentary Union. However, I have been on NATO delegations and on Commonwealth Parliamentary Association delegations. I was pleased that Senator Connolly (Ottawa West) made the remarks he did, because we are all aware of the very important position he occupies, representing Canada in the Commonwealth Parliamentary Association. He happens to be not merely the representative of this Parliament, but the representative of all Canadian parliamentarians on the executive of the Commonwealth Parliamentary Association. He has also, of course, had considerable experience in the other associations.

I mention this because the impression I get is that over the years a degree of isolationism has developed between the activities of each of these groups. People tend to say that they are on the NATO group or the C.P.A. group, or that they are I.P.U. men or Canada-United States men. I agree entirely with the suggestion made by Senator O'Leary (Carleton), Senator Bourget and Senator Macnaughton that there is a place for some degree of continuity in the selection of personnel on these delegations. I have spoken to that before. I might say that I am on the executive of the Commonwealth Parliamentary Association, and there are definite arrangements by which this will be accomplished in the future, also of course by which there will be a continual input of new people and new ideas into those delegations. I would respectfully suggest to those who are interested in these other groups that the recently adopted constitution of the C.P.A. might be worth studying, because it deals specifically with the matter of selection.

We have, of course, now for the first time the Interparliamentary Relations Committee. I am told we may be the only parliament that has such an organization. It has a very important function in the operational management of delegations going from Canada and coming to Canada. However, it has occurred to me that it might be wise if those who are interested in these various important parliamentary groups got together and discussed whether there might not be some value in having a committee of parliamentarians set up to assist Mr. Imrie and his group. He works, of course, as a public servant, and his activities are therefore limited to matters that are referred to him from the various associations. I think that if a committee were made up of those who are particularly interested in the C.P.A., NATO, the Canada-United States Parliamentary Group and the I.P.U., the new union of French-speaking parliaments and others that are apparently coming along, there would be some value in their getting together and co-ordinating to some extent the activities of all these groups.

It is rather remarkable that in the capital of Canada we do not have a well-established foreign affairs club. In the United Kingdom

Parliament, as honourable senators know, each of the major parties has its own foreign affairs club, and there is also a parliamentary foreign affairs club and a foreign affairs club not directly attached to any one party.

Speaking on the IPU, I mentioned the fact of the comparative newness of most of these organizations in their present method of operation. We have heard today that the Canada-United States group dates back only 11 years. Again, it is an amazing thing that we have not had such a group earlier than this. However, the fact is that we have this group and these other groups functioning, and I am suggesting that some degree of co-ordination would be a logical next step for the development of the definitely growing interest in foreign affairs in Parliament and among Canadians generally.

I would like to pay a particular compliment to the Canada-U.S. group for their report, to which Senator Willis has just referred. I have read it carefully, and more than once. The format is almost ideal. The anonymity that is granted to speakers is obviously very useful. As one reads it one finds that "a member of the Canadian delegation suggested this", or a "member of the United States delegation took this view". Personally, I found it rather an intriguing game to try to put names to those mentioned throughout the report. I do not know how close I came to being accurate, but it was fun while it lasted. As I say, the format is an excellent one, because you get a report of views expressed, sometimes views in agreement, sometimes contrary, sometimes some statement of opinion on an important matter of Canada-U.S. relations. Then, quite often, there is a statement of a consensus, not on all matters, but quite often as I read the report a consensus appears to have been reached.

Again I make the point I made in connection with the IPU, that I wonder to what extent the message is being carried back to our governments. As far as I know, there is no mechanism. The report is here in the Senate proceedings, but as far as I know it has not in any way been formally called to the attention of those who have the ultimate responsibility for the conduct of our foreign affairs. This is something the Leader of the Government might care to give consideration to, that there might be a mechanism set up not only by which these formal reports, but also the informal reports, are carried back in a definitely arranged way to the Secretary of State for External Affairs, the Prime Minister and perhaps others. It is obvious, if you read this report, that there were many things said that go beyond the report as we have it. From my own experience in other delegations it is those things that I have always felt would be most useful if they were carried back in definitive terms to those who have the ultimate responsibility in our foreign affairs.

It might also be helpful if we had some mechanism by which members of these delegations, when they come to Canada, could be given an opportunity to sit down with our ministers and some senior officials. This has been done in the C.P.A. It was done with our Caribbean parliamentarians, who met in closed session with the Minister of Trade and Commerce and the Secretary of State for External Affairs—that is, closed to the press but not to Members of Parliament. There was an interesting exchange of views.

When the Australian parliamentarians were here the Leader of the Government, Senator Martin, met them in a similar closed session, and I have had interesting letters commenting most favourably on the frankness and thoroughness with which Senator Martin explained to them our views on some of the problems we have in common.

These are suggestions I throw out because I believe that in the short history of most of these associations we have come to a point where we should get together and plan more definitely for a more productive use of what goes on at these conferences.

Again, my compliments to Senator Macnaughton, as leader of the delegation, on his report and the skill with which he organized not merely the presentation of the report but the discussion of it that has taken place here today.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-151, to amend the Fisheries Improvement Loans Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

COMMITTEE MEETINGS—INQUIRY

On the Orders of the Day:

Hon. Allister Grosart: Honourable senators, before the Orders of the Day are proceeded with, may I call the attention of the Leader of the Government to the fact that I have in my hand three notices of sittings of three different committees—each of which I am a member—for 10 o'clock tomorrow morning. They are the committees on Foreign Affairs, Legal and Constitutional Affairs, and Science Policy.

I ask the leader if it is not possible for us to make some kind of sensible arrangement for the sittings of our committees.

Hon. Paul Martin: Honourable senators, I think that Senator Grosart's point is well taken. As a matter of fact, at 5.30 this afternoon we are meeting with the chairmen of all standing committees and special committees to work out a rational schedule to avoid what Senator Grosart has just brought to our attention.

The fact is that we will now have a number of committees meeting in addition to the standing committees. If we are going to discharge our legislative responsibility and perform our committee work then I am sure we shall have to find some way of extending our sittings. In any event, we are going to meet at 5.30 this afternoon to deal with this problem.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald, moved the third reading of Bill C-162, to amend the Prairie Grain Advance Payments Act.

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

THE ESTIMATES

REPORT OF FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Report of the Standing Committee on Finance with respect to the Estimates and the Revised Estimates for the fiscal year ending March 31, 1969, which was presented on Thursday, February 6, 1969.

Hon. T. D'Arcy Leonard moved that the report be adopted.

He said: Honourable senators, the hour is late, but I think I can say in five minutes what I have to say in order to start the ball rolling on the debate on the report of the Finance Committee. The report was printed as an appendix to Senate *Hansard* on Thursday last. It speaks for itself as it is largely factual, and therefore my remarks can be brief.

In the first place, the report gives the record of the rapid increase that has taken place, and continues to take place, in Government expenditures. It can be seen from the table attached to the report that for some years the annual increase from one year to another did not exceed 8.3 per cent, and that the average annual increase over a period was less than 6 per cent.

In the fiscal year ending March 31, 1967, there was a jump of 13.7 per cent over the preceding year. In the next year the increase was 14.2 per cent, and for this current fiscal year and the one to follow I think we can anticipate annual increases approximating 10 per cent. So, we have had four successive years that, compared with previous years, have shown very decided increases in expenditures. It took us 90 years from the time of Confederation to reach the point where the federal Government's expenditures were running to over $6 billion a year. In ten years we have more than doubled that figure. No one can help but be deeply concerned by this great increase in Government spending.

In saying this, in fairness, it must be pointed out that there are some explanations and justifications for a good deal of the increase. In the first place, one must concede that a substantial portion of the increase is due to the contributions the federal Government is making to the provincial and municipal governments to help them discharge their constitutional responsibilities. The report points out, for example, that the federal contribution for post-secondary education has risen from $40 million in 1965-66 to $500 million in the current fiscal year.

In the second place, one must concede that a proportion of the increase is inevitable because of increasing population, and because of the inflation in prices which Canada, along with other countries, has been experiencing.

In the third place, one must concede that to a large extent the increased expenditures are justified on social grounds as being money spent for objectives which make for a better standard of living, particularly for those in Canada who need it, for improved education, for health, and for other praiseworthy and desirable objectives, which we in this chamber have supported and, indeed, for which we have voted.

But, having conceded these desirable objectives, this rationalization, if you will call it such, of the increased expenditures, it is still my opinion that we are paying too high a price for what we are getting.

I am not thinking purely in terms of the price in taxes, although that is pertinent, but also of the economic price we are paying. The economic price we are paying is that of inflation, the deteriorating value of the dollar through steady increases in costs and prices—and Government spending is a very potent factor in the upward pressure on costs and prices. Inflation is, of course, an indirect form of sales tax. We get less and less for the dollars we spend, and it is not a fair kind of tax. It weighs more heavily on those less able to bear it, those people with fixed incomes, pensioners, and those in lower level of earnings.

As our costs and prices go up we place ourselves in a less competitive position in the all-important market places of the world, when we are so dependent upon export trade for the maintenance of employment and stability in Canada.

It is no answer to say that provincial and municipal expenditures are increasing at an even faster rate than those of the federal Government. The prime responsibility for the economic health of the country rests on the shoulders of the federal Government, and it is to that Government we must look for the measures to reduce the pressures on costs and prices.

I conclude my remarks on this part of the report by quoting the Governor of the Bank of Canada, Mr. Louis Rasminsky who, as reported by the *Globe and Mail* of February 4, in an address to bankers in London, England, last week said:

> The most important immediate objective of economic policy in many countries, from both the domestic and the external point of view, is to break the inflationary expectations that exist and to restore respect for the value of money.

The report of the Finance Committee goes on to deal with the method of contributions by the federal Government to provincial governments for shared-cost programs, and points out that the open-end sharing of costs puts the federal Government in the position that the amount of its contribution is in effect determined by the province. This kind of program was largely responsible for the increase in expenditures between the original estimates of 1968-69 and the revised Estimates. It seems to me to be a partial abdication of the federal Government's financial responsibility, and that in lieu of this type of cost-sharing program it would be preferable that the federal contribution should have some limit to it, as for example was done in the case of the Health Resources Fund where there is a total fund of $500 million but an annual limit of approximately $37 million.

I do not propose at this time to speak on other aspects of the report. I know there are other honourable senators who would like to speak on it. I simply commend it for your usual earnest consideration and attention.

On motion of Hon. Mr. Beaubien, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 13, 1969

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

13 February 1969

Sir,

I have the honour to inform you that the Right Hon. J. R. Cartwright, P.C., M.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 13th February, at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your Obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

CONSTITUTIONAL CONFERENCE

STATEMENT BY GOVERNMENT LEADER

Hon. Paul Martin: Honourable senators, as I indicated earlier to the Leader of the Opposition (Hon. Mr. Flynn), I think I should say something about the Constitutional Conference which concluded yesterday.

The Constitutional Conference held on February 5, 1968, began a task of historic importance. At that time the federal and provincial governments agreed to undertake a review of the Constitution of Canada. This was the purpose of the Conference which concluded yesterday.

The areas requiring careful consideration established by the two Conferences were official languages, fundamental rights, the distribution of powers, which includes the spending power, the reform of institutions linked with federalism, including the Supreme Court of Canada and the Senate, regional disparities, the amending procedure and provisional arrangements, and the mechanism of federal-provincial relations.

The federal Government has taken the position that a sound constitution is a finely balanced instrument whose parts must be carefully interrelated. It takes the position that to change one part or a few parts without regard to the rest could do irreparable harm. That is why the Prime Minister said yesterday that any changes, including any changes in the Supreme Court or in the Senate, or in any other feature of the Constitution, must be part of a package deal involving a global review of the Constitution. There must be a comprehensive review before any final decisions are taken.

The position papers before the Conference were intended, as most of them indicated, as suggestions for discussion purposes and not as draft articles of a constitution. Undoubtedly, many proposals put forward will require modification. It is for this reason that the federal Government has noted that its tentative proposals, while careful and serious, are not to be regarded as final. In the position paper the federal Government has stated that it may, indeed, wish to modify many of them as discussions with the provincial governments continue and as understanding deepens of the problems for which the Constitution must make provision.

The major objective that has been agreed on is a comprehensive review of the Constitution of Canada. This is a very comprehensive document. Obviously, in any comprehensive review an institution as important as the Senate must come under the most careful consideration.

In the consensus of the second session of the Constitutional Conference, it is made quite clear that any reform of the Senate must be considered in the context of other matters related to the basic principles, structure and powers of Government in Canada. In other words, nothing is committed in relation to it except as a "package" in which the federal Government is satisfied that the total constitutional arrangement is satisfactory.

No principles or proposals have been decided upon. All that has been agreed is that a committee of ministers should study possible constitutional provisions relating to the reform of the Senate. Obviously, such study must take place.

The considerations listed did not commit the federal Government or direct the commitee. It is told to take account in particular of certain considerations, namely, the briefs that have been presented by the various governments. These are to serve as a basis for discussion of matters to be taken into account.

The suggested considerations are all the kinds of factors that might be expected, if one is of the view, as I am and as the Government is, that the Senate is an important institution of Parliament and must continue to be important in the Canada of tomorrow.

I simply would like to say that there should be no hesitation on the part of this house to address itself to these problems. I think it was Senator Thorvaldson who said the other day that this was implicit; and, of course, it is, not only before any decisions are taken but as part of the Senate's right to discuss matters of concern to the institutions of Government of this country—a right that, in the same context, belongs, of course, to the other House of Parliament. Certainly, as the Prime Minister has indicated, there would be no desire to proceed with any reform, if such should ensue, without ample consultation with the Senate and without giving the Senate a chance to express its views.

The Hon. the Speaker: Honourable senators, I understand there is in fact nothing formal before the house for debate. However, the Government Leader has considered that he should make a statement as to the Federal-Provincial Conference that has taken place recently. Therefore, although there is nothing before the house at the moment, I think honourable senators, should be allowed to ask questions, if they wish to do so. I am sure honourable senators will agree to that course of action.

Some Hon. Senators: Agreed.

Hon. Lionel Choquette: Honourable senators, in the absence of our Leader I wish to express my agreement with what has been said by the Leader of the Government.

It was thought at one time when we heard rumours about proposed reforms of the Senate that we should get together and call a caucus of all senators independently of their political affiliations. I think that such action would have been a little too hasty. I have no doubt, as explained by the leader, that if and when reforms are suggested for this chamber we will be consulted and we will be made fully aware of those proposed reforms. The time will come when we will get together and discuss those proposed reforms. Any other action that we might have been tempted to take would have been premature. I think we should not be too hasty; we should wait until we are told—and it may take years—what reforms are being proposed.

Hon. Mr. Aseltine: Will there be a printed report of the proceedings prepared and distributed?

Hon. Mr. Martin: Yes, I will table the report.

While I am on my feet in response to the question, may I say that we marked last evening the 35th year of membership in this house of Senator Aseltine. I would like this record to note the fact that the senators took occasion to honour him for his distinguished service in the Senate.

Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, first, I wish to thank the Government Leader for the assurance he has given us that the suggestions that have been made in the White Paper are only suggestions and not declarations of Government policy. They are simply suggestions that we and others may discuss very fully. My friend across the aisle, Senator Choquette, has suggested that we can wait until the actual proposals are before us. Well, honourable senators, I am a little more concerned about what is in the air, and I do not propose to wait to express my views with regard to some of them until certain minds are made up and programs arranged and perhaps deals made that involve the Senate before we know anything about it, and we find ourselves in a box and in a mess.

Now there are two proposals in that White Paper which concern me greatly, as they do all my fellow members of this chamber. I have already expressed my opinion with regard to the first one, and that is the allowing of someone who is not federal to nominate or actually make appointments to this house. In the very short statement that I made not very long since I expressed my concern about that and pointed out that the harmony and co-operation that have existed between this chamber and the Commons have been due to the fact that we are all federal in this house and are all concerned with the welfare of Canada as a whole. None of us are representative of some politician somewhere about the country, but all of us are working together, irrespective of party, in the interests of Canada as a whole. I made that as clear

as I could just a few days ago, and I need not repeat it.

The other proposal in the White Paper is that the term of senators who will be appointed in the future shall be six years or some other such term, with the possibility of reappointment.

Honourable senators, the usefulness of this body, its strength, its self-respect and usefulness has depended upon our independence. I have sometimes thought that one of the reasons for the seeming unpopularity of the Senate in some quarters was due to the fact that we cannot be reached. There are only two or perhaps three in this whole chamber who hold their position by virtue of the favour of the Government of the day. The rest of us have nothing to hope for and nothing to fear. That has been the strength of the Senate. Lose that independence, gentlemen, and the Senate is not worth a five-cent piece.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: It would not be worth a five-cent piece. Just suppose each one of us sitting here has a term of five or six years, or some other term, and then we are out, but with the possibility of re-appointment, providing we are good boys—

Hon. Mr. Connolly (Ottawa West): Or girls.

Hon. Mr. Roebuck: Yes, if we are good boys and good girls, we might effect reappointment. Do not forget that the senator who devotes his energies, time and thoughts to the work of the Senate, say, for a five-year period will probably have lost most or all of the business that he had developed in his earlier days. If he is a lawyer, he has lost his clients; if he is a doctor, he has lost his patients—or most of them; if he is in business, he has probably changed the order of the day with him. So he must have some concern as to his future, after spending five years here in the service of his country, when he knows that that service is to be cut off and he will be left adrift to find some other occupation. It may not be a financial problem with him: men do not live by bread alone. Frequently they live by activities which are almost as important as bread itself. He must concern himself with the problem of the course into which he will direct his talents, thoughts, energies, time and enterprise in the years that follow the five-year term. Of course, one of the nicest solutions would be to have another term.

So, for the first time in a hundred years the senators can be reached from abroad, from outside this house, and what I have said about the independence of the Senate applies in a very practical way. Hold that herring before our noses during those five years and, my friends, the one great virtue of this chamber will be destroyed. It will be no longer the Senate. The ordinary senator in those circumstances would be no different from a civil servant with a five-year contract, with a hope that at the close of those five years his employment will be renewed. It would be deadly so far as we are concerned as legislators, as representatives of Canada as a whole, to find ourselves in the power of other people, whether they be the Government or anybody else, and to find our term of office and our status in the community in the hands of someone who could not have an outlook and purpose such as ours.

I want it understood that I have objected to this proposal, not because it concerns me so very much. I was fortunate enough to be appointed before the age limit was put into effect. The powers-that-be were considerate in not applying the age limitation to those who had been appointed for the period of their natural lives. So far as I am personally concerned, I have nothing to fear. I have had a long, long period in public life—

Hon. Mr. Martin: And a distinguished one.

Hon. Mr. Roebuck: Thank you. It has been a long period, and a very happy one.

I am not talking for myself at all. But, honourable senators, I am concerned that anyone would even suggest such things as are to be found in the White Paper, such as the bringing in of representatives of the provincial politicians and seating them here amongst ourselves, and perhaps giving them a majority in this house and the power to say to the Government: "Unless you give us some money we will not pass your legislation", or something of that kind. It could be disastrous. Just fancy, what might be done by a filibuster. Not only would there be a possibility of destroying the Senate, but there would be a possibility of destroying Parliament itself.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Then, picture again a roomful of senators such as you and me subject to some person who will tell us whether we continue as senators or whether we do not, and holding us by the scruff of the neck. That will not do. That is not the Senate that

the Fathers of Confederation envisioned one hundred years ago, and to which they gave an independence that prevented the Government of the day from swamping the Senate, as the House of Lords could be swamped by the appointment of new Lords in order to ensure the passage through that house of some bill. That occurred before the time of the Fathers of Confederation. They were aware of it and they provided that there should be so many senators and no more, with a provision for an added six. The putting of ourselves in the embarrassing position suggested would be sufficient to destroy us.

Those are my two contributions, and I hope that others will follow me at once. Let us make it thoroughly known how we feel about suggestions of that kind, and let us not wait until it is too late.

Hon. David Walker: Honourable senators, I am delighted to hear the dean of the Senate speak in the way he has. He has no axe to grind and nothing to gain. He is speaking from conscience and a sense of duty.

I am very happy to learn from the Leader of the Government in the Senate that he too understands the problems of the Senate. It is a great pity to me that he did not say so on Thursday last before these recommendations went before the conference of federal and provincial ministers. It is shocking to think that without any consultation with us, without any consultation with his own caucus, without letting anybody talk to him or getting the views of the Senate, this matter should have gone into a White Paper, as it did, before this conference.

The most important point of all is that we are not going to be lackeys of the Prime Minister, whoever he might be, Conservative or Liberal! The proposal that any senator from now on will have a six-year term, with, to use the words of the White Paper, the possibility of renewal, will make lackeys of us all. Imagine that, if you will! We would sit here and have our terms renewed only if we are satisfactory to the government of the day. In other words, if we are good boys, if we do what is wanted, if we vote right, then there is a possibility of getting six more years of office. This is a shocking proposal. A review of the dictatorships that have grown up around the world will reveal that such stipulations as those have brought about the downfall of the peoples' parliaments, the peoples' upper and lower houses, and made them absolutely futile so that in time the dictators took over. That is the first point.

To give us as an alternative, to hold out to us as a carrot, from which we can find some consolation, the proposal that we will be the great body, not to appoint the judges of the Supreme Court, but to approve the nominations of the judges of the Supreme Court, is ridiculous. How ridiculous it would be to keep a body of a hundred men and women so that when the government of the day nominates a judge of the Supreme Court—something that might happen once every five, seven or ten years, because there are only nine and it is not contemplated to increase the number—we would sit here in our wisdom, and have this great honour bestowed on us! This is the extra power we are getting because of the emasculation contemplated for us—that we should have the opportunity to approve the nomination of the government of the day of a judge of the Supreme Court. How happy we should be! What a wonderful, wonderful opportunity!

Hon. Mr. Choquette: And ambassadors too.

Hon. Mr. Walker: And the ambassadors. What an important thing that is! We are not to have anything to do with the nominations. We can only give approval; I suppose if we disapproved, they might be able to bring forward somebody else. They might appoint my friend the honourable Senator Beaubien as an ambassador. What a great honour it would be to have this extra power bestowed upon us! It is futile.

These are meandering, futile powers, silly things. How simple do they think the people of Canada are? How ridiculous it is for them to produce these offers of special powers which in themselves are no powers at all.

Then they go on to say that we too can have a very important role in any linguistic bills which come before the house. How silly! How many linguistic bills are to come before the house? I hope there will be only one, the one that was before the conference and is before Parliament at the present time, and to me that will be the end of it. What good does that do us? What good does that do the people of Canada? Why do they hold out these carrots, which are really not carrots at all but just frustrating enterprises to amuse us?

What was the other thing? We would have something to say about cultural matters. Why, we will be the laughing stock of the people of Canada if we submit to such ridiculous new powers as are contemplated for us.

I come to a very important question, namely, the power of the Senate, which has been used for the last hundred years as no other power has been used before, regardless of the feelings for power or for opposition. When it has come to a matter of deciding on bills from the House of Commons, we have acted in fairness and in equity. Now, to cut off that power, to emasculate this house, and to make us a worthless body by taking away the power which would enable us to stop some of the intransigent, wild and futile efforts of the House of Commons, as it may be in the future, to bring about the passing of some piece of legislation, is a very dangerous thing.

We are proud to be, in spite of Senator Stanbury, a house of sober second thought. To say that the Senate is not a democratic house is ridiculous. We are appointed by the government of the day just as the Supreme Court and the head of the C.B.C. is appointed by the government of the day. All the great powers of this country are headed by men who have been appointed by the government of the day, just as we are. To cut off that power and say, "Oh, no, that is not democratic," as Senator Stanbury, the great oracle for the Prime Minister, said to us two weeks ago, is a shocking thing to contemplate. If we had been wrong, or if we had been living in the nineteenth century or had done anything in the legislation of this country which could be criticized, then I could understand this, but to say that some theory has to be carried out, based on the idea that this house is not democratic because we are not elected by the people, and that our powers should be completely thwarted, is a shocking thing.

I ask you to go over the past 100 years, to contemplate the work of the Senate and what we have accomplished, the amendments we have made to the House of Commons bills and the very few times when we have refused a bill. I was a member of the Cabinet of the Diefenbaker Government when this Senate did refuse one of the Government bills. We did not bring it up again. That is where it lay. They used what was sober second thought. Whether it was right or wrong, it was accepted by us. When you think of the amendments that this house has made over the years and how they have been greeted with enthusiasm by the other house, you can understand why still we meet the members and hear them say that they know that a bill emanating in the Senate has had a thorough review. If the Senate has approved of it and has passed it, they say it must be all right. When a government bill comes to us from the House of Commons and we amend it once, twice or three times—usually under the very capable and brilliant leadership of Senator Hayden, because all bills seem to go to the Senate Committee on Banking, Trade and Commerce—it goes back to the House of Commons, and they say that the Senate has amended it after looking at it seriously, and usually they find it is all right.

Then I ask why, in the name of heaven, should they now emasculate the Senate and stop our veto which has always been in the interests of the people and of the House of Commons? Instead of having that veto they would simply give us a power of postponement and add to us these phony powers of approving of the Prime Minister's choice for members of the Supreme Court and members of the diplomatic corps.

Honourable senators, it was a pleasure to hear my friend, with whom I very seldom agree, but in the wisdom of his age, and as the dean of the Senate, he has served us today, as my friend Senator Connolly (Ottawa West), the former Leader of the Government in the Senate, did a week ago, in upholding the rights of this body. I suggest to the Government of the day that this mad farce with which the honourable Leader of the Senate appeared to be in agreement is wrong. May we have an end to all this nonsense and return to the strict course of propriety and what is right in the interests of the Canadian people.

Hon. Senators: Hear, hear.

Hon. Chesley W. Carter: Honourable senators, I would like to take advantage of this opportunity to say that I find myself in complete agreement with what Senator Roebuck said a few minutes ago. I think that a six-year term could only be accepted by people approaching retirement age. If you want younger appointees, they would have to be found among that section of the population rich enough to have a private income and independent means of support. I do not think that would be a representative cross-section of the Canadian people, and I doubt very much if the people of Canada would like it.

My purpose in rising is merely to ask a question of the Government Leader. Would the leader consider sending the White Paper to the Senate Committee on Legal and Constitutional Affairs so that we could have hearings on it and go into the proposals more thoroughly than we can do by just debating it in this chamber.

Hon. John J. Connolly: Before the leader answers, I wonder if I may intervene. First of all, a week ago I was rather concerned about a certain tabling that took place in the Senate. I do not know whether it is attributable to my Irish background, but in any event I was disturbed by the occurrence at that time.

Now, in fairness, I think I should say that what the leader has done today has gone a great distance along the way to correct the situation about which I was complaining and about which other senators complained. We are not concerned really about ourselves, but we are concerned about our institution—I shall only paraphrase Senator Roebuck when I describe it—an essential to the proper functioning of Parliament.

Senator Carter has asked a question of the leader. I would like to suggest that on Tuesday, February 25, there be an item on our Order Paper dealing with the Fourth Report of the Special Committee of the Senate on the Rules of the Senate. If honourable senators will look at that report they will see therein a reference to a proposed inquiry on this very point. I am sure that I would have the endorsement of all honourable senators in what I now suggest.

I think that to attempt to debate a subject of such wide ramifications as this one, off the cuff at this time, would not be in the best interests of the Senate or of Parliament and I would prefer that the debate go on the basis of the opportunity presented by the report of the Committee on Rules. In that way mature consideration can be given by many senators to this very problem.

I think it would help not only the Government of the day and the ministers concerned, but it would help the committees of ministers which the leader has said will be dealing with this problem in the course of time, as the result of the Constitutional conference.

Hon. Paul Martin: In answer to the question of Senator Carter, I certainly think that that would be a normal thing to do. In fact, two weeks ago in this house I indicated very clearly—and Senator Connolly has just repeated it—that when debating the report of the Rules Committee, members should not hesitate to express any views they might have about these propositions which have been put forward by various governments as a basis for discussion. There is no reason why the Senate should not discuss them. As Senator Connolly (Ottawa West) has said, that would be a good occasion. It certainly would not be outside our powers—no more than it would be outside the powers of the other house to have this matter considered—say, before the Committee on Legal and Constitutional Affairs, as Senator Carter proposed. I am sure that there is going to be a dialogue in both houses of Parliament and in the country before these matters are finally decided on.

When the Committee of Ministers deals with this matter, whenever that will be, their examination will take place in the light of a complete revision of the Constitution, not one part of it. Then it would have to come back here, if there were such a proposal, for approval by Parliament. I certainly do not take issue with the suggestion that in this free deliberative body, there should be an opportunity to discuss these matters, now, later, in committee, or in full session—that is the nature of this Senate.

Honourable senators, I want to deal with one other aspect. The Prime Minister has also dealt with it. It was mentioned by Senator Walker. I can only reply in the position of a member of the Government in this house, by saying what the Prime Minister said. He said:

> I was not in a position, of course, to spell out in detail what propositions we were making, because they were considered confidential.

If it was not possible for the Prime Minister, it certainly was not possible for any member of his Government. This is the case because of the responsibility of a Privy Councillor in the matter of cabinet responsibility.

I would also add what I said a moment ago in my statement in chief, that the Prime Minister likewise said:

> I see no desirability in proceeding with such a reform without ample consultation with the Senate and without giving the Senate ample opportunities to express its views on the subject.

That is the situation. There is no finality in this matter. The Committee of Ministers will consider it in the light of the global review, and in the meantime there is nothing to prevent a free parliament from discussing it. No one has suggested anything different.

Hon. M. Grattan O'Leary: Honourable senators, might I make a request to the Leader of the Government? In his opening statement today, discussing what might

happen to us, he spoke of the Senate being included in a package deal with the Supreme Court of Canada, and he used the words, "We are an important institution."

Honourable senators, surely that description is a down-grading of the Senate's position. We are not only an important institution: we are Parliament, we are an integral part of Parliament. When you start discussing reform of the Senate, you are actually discussing reform of the structure of Parliament itself.

The Supreme Court of Canada certainly is an important institution, but the Supreme Court of Canada is a creature of this Parliament. To put the Senate in the same package deal, merely as an important institution, is I think a bit of unfortunate terminology. I suggest to you, sir, that this should not be permitted to go out to the public tomorrow in that form, nor should it appear in *Hansard* in that form.

We were here—some people forget this—the Senate of Canada was appointed and its members named before the House of Commons was even elected. We are Parliament.

I am under no illusions as to what some of the public think. What they were hoping for was not reform of the Senate but castration of the Senate, and castration of the Senate will come if there is followed things pointed out by the distinguished Senator from Toronto.

Senate reform! They are changing the structure of Parliament itself, and to say that this is part of a package deal, that we are in the position of the Supreme Court of Canada, is to put the position falsely.

Honourable senators, I am astonished often to see the press and to see even official documents in this house speak of "members of Parliament and senators". Honourable senators, there is no such thing as "members of Parliament and senators"—we are all members of Parliament, because this is Parliament.

I myself object to the Leader of this house, who is usually very careful in his use of words, and who certainly knows their meaning, downgrading this Senate by merely calling it an important institution, one which is to be put in a package of reform with the Supreme Court of Canada.

Hon. Mr. Martin: I think my honourable friend—who, I know, is a fairminded individual—misunderstood what I said. I did not say that the Supreme Court of Canada had a priority in importance—

Hon. Mr. O'Leary (Carleton): I did not say that, either. No, no, excuse me.

Hon. Mr. Martin: —over one of the Houses of Parliament.

Hon. Mr. O'Leary (Carleton): No, no. You said this was an important institution.

Hon. Mr. Martin: Yes, I did; and it is an important institution. What I said was this, that the Government of Canada had agreed with the provinces at the conference to refer to ministers for consideration this whole matter, but that the Government of Canada took the position that it was not going to deal with one aspect only in a total revision of the Constitution of Canada. If there were to be any finality in respect of any one of the matters involved in the Constitution of Canada, it would have to be as part of a package which touched the bill of rights, the spending power, the division of powers between federal and provincial governments, all involved in the total revision of the Constitution—that we were not going to deal separately with one subject matter. For instance, we were not going to let this Senate be dealt with alone. We would deal with it only if there was agreement within the terms of a global revision of the Constitution. In the Government White Paper, let me repeat what the Government said:

> This decision of the Conference made possible two approaches to the review of the Constitution. One would involve separate consideration of particular areas of the Constitution where urgent problems have appeared. The other approach would involve a general and comprehensive review, commencing with the objectives and principles of the Constitution and proceeding systematically through all its other aspects. The Government of Canada has favoured the latter approach because it appeared to offer the best opportunity for success.
>
> A sound Constitution is a finely balanced instrument—

And this is part of my statement of today.

> —whose parts must be carefully interrelated. To change one part or a few parts without regard to the rest could do irreparable harm. While it may be necessary to consider, provisionally, some parts of the Constitution before others, a comprehensive review should be effected before any final decisions are taken.

That is what I was referring to when I mentioned the Supreme Court of Canada.

> The Government of Canada has therefore endeavoured to develop a provisional position on certain areas of the Constitution within the framework of a total review. We have submitted proposals on those areas which we think require discussion first.

That is the stage we are now in.

> ...and these have been placed before the Continuing Committee... These proposals...are intended as suggestions for discussion purposes and not as draft articles of a constitution... While the proposals are therefore careful and serious, they are not to be regarded as final.
>
> The Government may indeed wish to modify many of them as discussions with the provincial governments continue and as understanding deepens of the problems for which the Constitution must make provision.

Are we to take the position that in a review of the Constitution we should not discuss powers of one house, the powers of another, the powers of the Supreme Court? Of course we are free to debate these matters. That is all we were suggesting. There is no question of belittling one institution as against another.

Hon. Mr. O'Leary (Carleton): With great respect, I was not objecting to anything in the White Paper. I read it and tried to digest it. I do not agree with all of it, but that is not what I was discussing. I was merely objecting to or questioning the use by the leader of the words, "this is an important institution".

Hon. Mr. Martin: It is.

Hon. Mr. O'Leary (Carleton): And I do suggest that if you are going to discuss the Senate you should discuss Parliament. I say this with all sincerity. If you let it go out to the country or put it on *Hansard* that we merely regard ourselves as an important institution, then to my mind that is the wrong terminology and it creates confusion in the minds of the public.

Hon. Mr. Martin: Of course I agree that it is an important institution of Parliament.

The Hon. the Speaker: Before we proceed with the Orders of the Day, may I say that, following an Order of the house yesterday, the fourth report of the Special Committee on the Rules of the Senate will come before us for discussion on February 25. I understand that nearly 15 honourable senators have already spoken on the rules. However, in view of possible developments following the Federal-Provincial Conference, I am sure that some of those honourable senators who have already spoken may wish to speak again. With leave of the house, any honourable senator who wishes to speak again will have the opportunity to do so. If this is agreeable, we will proceed now with the Orders of the Day.

THE SENATE

RADIO BROADCAST—QUESTION OF PRIVILEGE

Hon. Daniel A. Lang: Honourable senators, I rise on a question of privilege.

On Tuesday morning last I turned on my car radio at the CBL Toronto station and tuned into an interview being conducted by a man by the name of Gerussi, who I gather carries a regular morning program on the CBLT radio station. The interview was being conducted with a woman by the name of Worth, who I understand is a reporter here in Ottawa. The subject of the interview was the Senate, and if I call this woman's remarks slanderous in name, untruthful and contemptuous, I underestimate them. They exhibited a profound ignorance of the institution; but, more than that, the purpose of her remarks was to downgrade the institution to an extent that it would be vulnerable and be held up to hatred, contempt and ridicule in the minds of the public. If such remarks were made about a member of the public, that woman would be before the court within 24 hours.

I wonder, honourable senators, if we should not consider our question of privilege with regard to matters like this in respect of the press, radio and television. We have a bar down at the end of our house, too. If these people are to make allegations untruthfully via the news media, let them repeat their remarks inside this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lang: Honourable senators, I would like to ask the Leader of the Government if he will please procure from the C.B.C. the text of this interview conducted last Tuesday morning on CBL Toronto, between a man called Gerussi and a Mrs. Worth, and table the text of that interview here so that we may examine it.

Hon. Mr. Martin: I will be glad to do that.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of correspondence exchanged between the Prime Minister and provincial Premiers, dated between November 15, 1968 and February 5, 1969, and copies of correspondence exchanged between the Prime Minister and the Premiers of the provinces of Manitoba, Saskatchewan and Alberta, dated between February 1 and February 6, 1969, with respect to the Federal-Provincial Constitutional Conference.

Hon. Mr. Hollett: May I ask if this will be part of *Hansard*?

Hon. Mr. Martin: It has just been tabled.

Hon. Mr. Hollett: How do we get at it?

Hon. Mr. Martin: All one has to do is go to the Table. These documents are available to all of us.

Hon. Mr. Hollett: We will have to queue up to get it.

Hon. Mr. Martin: I will see that my friend gets copies of the documents in question.

(*Also tabled were:*)

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, February 12, 1969, pursuant to section 7 of the Regulations Act, Chapter 235, R.S.C., 1952.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate I move, seconded by honourable Senator McDonald, that when the Senate adjourns today it do stand adjourned until February 25, 1969, at 8 o'clock in the evening.

The purpose of meeting in the evening rather than the afternoon is to permit the Senate Committee on Foreign Affairs to have its meeting on Tuesday. Possibly it will meet in the morning and continue later in the day. There is also the possibility of another committee meeting that day. I may say that we met with the chairmen of the various committees yesterday, including the standing committees and special committees. The purpose of the meeting was to try to ration the work of the committees. Those who criticize the Senate will perhaps be interested to find out that we have not only standing committees but special committees sitting to the point where it is difficult for all of these committees to discharge their work. Therefore, an effort has been made, as a result of the meeting yesterday, to try to rationalize the schedule. Senator Thorvaldson, who was there yesterday, will, I am sure, agree with me that we did make some progress in this matter, and I hope that we will be able to regularize the work as a result of our meeting.

Senator Lamontagne has asked me to say that it will not be possible for his Science Policy committee to hold sessions next week, one of the reasons being the very problem of trying to get enough time for all the committees to meet in order to discharge their respective duties. I hope that no one will say that because we are not meeting in this house on Tuesday afternoon the Senate is not working. The Senate will be working in important committees.

Motion agreed to.

FOREIGN AFFAIRS COMMITTEE LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING ADJOURNMENTS

Hon. A. Hamilton McDonald: Honourable senators, with leave, I move, seconded by Senator Langlois, that the Standing Senate Committees on Foreign Affairs and Legal and Constitutional Affairs have power to sit during adjournments of the Senate.

The reason this motion is presented today is, as the Leader of the Government has outlined, that when the Senate is in recess, the two committees which propose to sit on Tuesdays, one in the morning and one in the afternoon, would have no power to sit. Therefore, we are giving them the right to sit during adjournments. This will mean that they can sit on Tuesday morning and afternoon, February 25.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO EXAMINE AND REPORT ON APPROPRIATE MATTERS

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the Standing Senate Committee on Legal and Constitutional Affairs be authorized to examine and report to the Senate from time to time on any matter relating to Legal and Constitutional Affairs generally, and on any matter as-

signed to the said Committee by the Rules of the Senate, and

That the said Committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the foregoing purposes, at such rates of remuneration and reimbursement as the Committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, in such amounts as the Committee may determine.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS COMMITTEE

AUTHORITY TO INQUIRE INTO TRANSPORTATION AND HANDLING OF PRAIRIE GRAIN

Hon. Hazen Argue, with leave of the Senate, moved:

That the Standing Senate Committee on Transport and Communications be authorized to consider the causes of the recent grain transportation and grain handling difficulties on the Prairies and on the West Coast, particularly the causes of the deficiency in suitable grades of wheat in export position, the remedies that may be implemented which insofar as possible will prevent the recurrence of such difficulties in the future, to consider any other problems associated with production, grading, storage, transportation and sale of Western Canadian grain to which the committee may wish to direct its attention, and with power to make such recommendations with regard to any of these questions that, in the opinion of the committee, may be of assistance to the grain industry.

He said: I have been encouraged to put this motion before the Senate because of the comments of a number of honourable senators the other evening when we were discussing the bill dealing with cash advances for the purpose of drying damp grain. At that time it was suggested that such an inquiry might serve a useful purpose. Consequently, I checked with a number of senators, including the Leader of the Government (Hon. Mr. Martin) and the Leader of the Opposition (Hon. Mr. Flynn), and all have supported the idea that this work should be done.

When it came to consideration of the question as to which committee could best handle this work, I considered that the Committee on Transport and Communications would be the appropriate one. I have had discussions with the distinguished chairman of the committee, honourable Senator Thorvaldson, who is willing to have this placed before the committee for study. It seemed to me that it would be preferable to have this work done by a standing committee rather than by a special committee because I think we can get far too many committees, and if we were to get too many, we would not be able to function. It has been suggested that this matter should be discussed at the regular meeting on February 27.

I have endeavoured in my own way as a farmer to draw up a motion to cover the subjects outlined, the question of transportation difficulties, the question of having suitable grades of grain available for export sales at any given time, and I have also included a general section wherein the committee itself, if it seems desirable, might undertake further inquiries dealing with the grain situation as suggested by Senator McDonald, such as licensing production of new varieties, appropriate standards of grading and so on. The committee will govern its own affairs and range as far as it may wish in the conduct of this inquiry.

I am fully convinced that the people on the Prairies and all those associated with the grain industry, and particularly the farmers, would welcome an indication that the Senate is concerned with and is looking into their problems and may perhaps come forward with some proposals which will help solve some of these very difficult problems. I think this kind of inquiry being undertaken by one of the standing committees of the Senate of Canada can perform a very useful function and will be very much welcomed by the agricultural producers of Canada.

Motion agreed to.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—THIRD READING

Hon. Herbert O. Sparrow moved the third reading of Bill S-28, to amend the Co-Operative Credit Associations Act.

Motion agreed to and bill read third time and passed.

HAZARDOUS PRODUCTS BILL

THIRD READING

Hon. Chesley W. Carter, for Hon. Mr. Hayden, moved the third reading of Bill S-26, to prohibit the advertising, sale and importation of hazardous products.

Motion agreed to and bill read third time and passed.

FRESHWATER FISH MARKETING BILL

SECOND READING—DEBATE ADJOURNED

Hon. Hedard Robichaud moved the second reading of Bill C-148, to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation.

He said: Honourable senators, Bill C-148, which is now before us for second reading, is intituled "An Act to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation." Its short title is cited as the "Freshwater Fish Marketing Act." The purpose of this bill is to establish a board which would take the form of a crown corporation for the purpose of marketing freshwater fish produced in the Prairie provinces, the Northwest Territories and northwestern Ontario. The board will have the responsibility of buying the catch direct from the fishermen and selling the processed fish and fish products for export and to domestic processors and distributors.

Following an agreement with the provinces involved, this corporation would therefore be given powers and responsibilities in interprovincial and export trade, while it will receive, under provincial legislation, parallel powers and responsibilities to trade within the participating provinces and the Northwest Territories.

While this corporation will conduct its operations on a self-sustaining financial basis, it will be financed by bank loans with Government guarantee or by direct loans made to the corporation. It will receive a grant of $100,000 for initial operating and establishment expenses but, as I have just stated, the bill clearly specifies that the corporation shall conduct its operations on a self-sustaining financial basis, without appropriations by Parliament. This is specified in clause 17 of the bill.

In summary, the purpose and objectives of this bill are to establish more orderly marketing for the benefit of the whole freshwater fishery, thus achieving higher and more stable prices for the catch. It is hoped to provide the fisherman with a better share of the market value of his fish while, at the same time, expanding total sales and overall production in the fishery.

This legislation is being brought forward by the Government in response to requests on the part of the provinces concerned for assistance in dealing with the serious problems confronting this large sector of the inland freshwater fishery. In the past there have been introduced within the provinces and at the federal level a number of programs such as price support, grants and others, directed to improving existing conditions within the industry. Notwithstanding the application or implementation of such programs, it was felt in the provinces and the Territories concerned that the results were not satisfactory, mainly due to the lack of orderly marketing.

Following agreement reached in the Federal-Provincial Conference on Fisheries Development held in Ottawa in January 1964—which was the first such conference in Canadian history, and which I had the pleasure to convene as Minister of Fisheries at the time—the state of the Canadian inland fishery became the subject of continuing attention on the part of the federal-provincial committee of officials. Such studies led to the appointment, in 1965, of the McIvor Commission of Inquiry into Freshwater Fish Marketing, to investigate and report on the marketing problems of the freshwater fish industry.

The governments of the provinces involved had been pressing for some time for the establishment of a freshwater fish marketing board. The province mainly involved, that of Manitoba—where some 40 per cent of the production at present originates—was among those strongly insisting on the establishment of such a board or corporation.

The commission in its report, while agreeing to establish an export monopoly, also strongly emphasized the need for buying fish directly from the fishermen and for direct transfer to the fishermen of any increased export earnings in order to increase their incomes and stabilize their economic condition. It was already too evident that Canadian exporters were receiving too small a share of the price paid by the consumer, even though they were bearing the cost of trading risks.

The commission, while recommending some concentration of processing operations and the streamlining of the flow of products to

market, strongly urged that in addition special attention be given to improving the quality of the product in order to increase its value, reduce risks of loss and gain wider consumer acceptance.

This Canadian inland fishery is located in the geographic centre of a crescent-shaped region extending from Lake Ontario to Great Bear Lake, containing some 20 per cent or more of the world's fresh water. While this industry is in urgent need of improving facilities or providing new capacities, it is so located that the harvesting of fish can be more adequately susceptible to scientific management than in the ocean fishery. It consists of an average yearly landing of approximately 75 million pounds, with an approximate annual value to the fishermen of $8.5 million. The main species are: whitefish, lake trout, pickerel, pike and sauger. Approximately 70 per cent of the total catch is exported, particularly to the United States, for an annual marketed value of $13 million. It affects the livelihood of some 6,000 to 7,000 fishermen, a large proportion of these being Indians and Metis. There seems to be no doubt that the resource possibilities of these freshwater fish areas, on a sustained and controlled yield basis, are far greater than present exploitation.

The main objective of the proposed legislation is to create a new environment for this fishery, making it more attractive to capital investment while, at the same time, raising the income levels of fishermen concerned. While providing, in its initial stage, a self-sustaining economic base for growth, this industry will undoubtedly require the support of related provincial and federal programs in the fields of education, manpower training, research, re-equipment and financing.

Provisions are made in this bill to meet the need for collaboration between provinces and for use of federal powers, particularly in the regulation of interprovincial and export trade. The agency created under this legislation will be in the form of a corporate organization with necessary federal powers to undertake functions and responsibilities on behalf of interested provinces under related provincial legislation.

May I point out in passing that the responsibility for the administration of fisheries in these provinces is delegated, under the Fisheries Act, to provincial ministers. This is a situation altogether different from that existing in British Columbia and in the Atlantic provinces. These provincial governments have the responsibility for the licensing of fishermen, for recommending and enforcing regulations for conservation purposes, and, having a general economic interest in their fisheries, have agreed to participate in the direction of the agency.

It is not intended that this corporation should duplicate existing facilities of the industry. It should provide orderly marketing which will be planned in consultation with the trade acting as agents of the corporation. The corporation should assist the industry in planning new investment in the processing, refrigerated storage, packaging, and transportation fields. It will be asked to expand markets abroad, in European countries as well as in the United States, and particularly to increase consumption in Canada. It will follow the proposal of the McIvor Commission in establishing initial prices for each species by grade at the opening of each season, thus making payment for the catch on the basis of these initial prices throughout the season. At the conclusion of each season, the fishermen will be distributed a final payment consisting of any additional earnings obtained through the marketing of the catch. The corporation will be in a position to extend short-term credit to fishermen to finance the purchasing of food and fishing supplies.

This whole project, which has been under continual study over a number of years, is a very complex undertaking. A number of meetings have been held between the responsible federal and provincial ministers, proposals have been considered, ideas have been exchanged, and the legislation now before you, honourable senators, has received careful study and consideration in its drafting. It has been agreed that there should be no interruption with the existing trade and industry arrangements before May 1969. If necessary, federal and provincial legislation will have received approval by that time, the processes for changeover will be set in motion after full consultation with interested parties.

This bill has been the subject of lively discussion in the other place, both in the house and in the Standing Committee on Fisheries and Forestry. Before receiving third reading and being passed, two amendments were made to the bill. I should mention that while clause 13 originally specified that the head office of the corporation shall be at the City of Winnipeg, an amendment was introduced and accepted adding the words "or in the immediate vicinity thereof", thus giving

wider flexibility in the selection of suitable office accommodation.

Clause 18, having to do with the appointment of an advisory committee, was also amended by striking out the word "may" in the first line thereof and substituting therefor the word "shall", and by adding after the word "committee" in the last line thereof the following:

> ... and at least one-third of whom shall be persons or representatives of persons actively engaged in the freshwater fishing industry as fishermen.

In other words, the bill makes it not only permissible, but compulsory, to include representatives of the fishermen's interest on the advisory committee.

Honourable senators, as I have said, this bill was introduced by the Government following a lengthy and most careful study of the McIvor Commission's report and its recommendations. The co-operation of four provinces, one territorial government and two federal departments, has made possible the formulation of the plan which I have outlined, and which you will find in Bill C-148, the Freshwater Fish Marketing bill, now before us for second reading.

While examining the problems of the freshwater fisheries, one cannot help but be impressed by some of the similarities existing between this industry and certain inshore fisheries of the Atlantic coast. However, one cannot help but realize at once that ocean fish stocks are so much more numerous, so widely dispersed, and consist of so many entirely different species that the Atlantic and Pacific fisheries, as such, are widely dissimilar and present altogether different problems.

Before closing, may I be permitted to refer briefly to some of the problems facing our Canadian commercial fisheries at this time. It is a well known fact that particularly since the period following the Second World War, our commercial fisheries on both coats have been subject to substantial financial assistance by way of grants or otherwise from the Government of the country. This was no different from Government participation in the fisheries of competing major fish-producing nations of the world, many of which are selling their finished products on the United States market, the main outlet for Canadian fisheries.

On the Pacific coast, the herring fishery, once an important factor in the economy of the area, has, for the time being at least, almost disappeared. Some blame over-fishing; others give as reason the lack of proper controls on the part of the federal Government. It is true that every means available has been used to maximize the catch. It is true that there was no limitation of entry, no limitation to the fishing capacity, and everyone knows what happened when the maximum sustainable yield of this particular fishery was exceeded. Our responsible governments, whether at federal or at provincial level, wherever the responsibility lies, must not allow a recurrence of such a catastrophe. In other words, our governments must recognize in similar circumstances the economic as well as biological facts of life.

One must recognize, however, that our west coast fishery is in a unique position. The main fishery, consisting mainly of salmon and halibut, is a high-priced fishery. The federal Government has been investing many millions of dollars in new artificial spawning grounds, in the clearing of streams, and in pollution abatement, thus assuring British Columbia fishermen of adequate supplies and providing increased incomes.

In the last two or three years the fishing industry on the east coast, and particularly the Atlantic groundfish industry, has been plagued with declining revenue and increasing costs. The earnings of the fishermen have been adversely affected, and a number of processors and dealers are heading to imminent insolvency. Such a unfortunate situation can be attributed to developments abroad such as:

1. Tariff protection among members of the European Market countries;

2. Similar protection in the European Free Trade area;

3. Effect of currency devaluation;

4. Effect of civil war in African countries disrupting fish outlets for production from Iceland and Norway, thus seriously affecting mainly our Atlantic codfish fishery, our most important species in terms of volume.

In the last 12 to 18 months the diversion of the cod production from the salt trade to frozen product has resulted in an overproduction of this species, thus affecting the United States market for fillets and blocks made from flounders, ocean perch, and haddock.

The deficiency payment program in effect from May to September of last year, involving payments of $4 million to the Atlantic frozen groundfish industry, resulted in increased production of approximately 25 million pounds at a time when market conditions were under

serious pressure from heavy imports from competing fishing nations. In addition, a large portion of the salt fish production for 1968, and the surplus from the previous year, was purchased for relief shipments under Canada's foreign aid program, thus relieving normal or customary markets for this particular commodity.

In the years 1964-65 a very careful study was made on the feasibility of establishing a marketing board to control and market the salt fish production of the Atlantic coast, involving mainly the provinces of Nova Scotia and Newfoundland, the two main production areas for this commodity. It was made quite evident at the time that no concensus could be reached in this regard and the matter could not be proceeded with. It could be that the situation has changed since then, and the present Minister of Fisheries made it quite clear in answering questions in the other place on Tuesday of this week that the establishing of a salt fish marketing board was under very active consideration and that there were possibilities that such a board could be in operation in time to handle the 1970 production.

I regret that time will not allow me to pursue further on this occasion the problems facing the fishing industry today. In closing, I would like to state my personal opinion that government assistance alone, such as government grants, subsidies or loans, is not the only or even the main solution to our problems. The Freshwater Fish Marketing Act or a Salt Fish Marketing Act will not by themselves solve the problems of the freshwater fisheries or of the Newfoundland salt fish fishermen.

Among the chronic problems confronting our fishing industry today are quality and productivity. Until all our fishermen, without exception, whether in the Prairie provinces or on the Atlantic coast, realize that they have to co-operate to produce a high quality product, our fishing industry will be confronted with a most serious situation. Our processors and dealers in some areas must realize that they are part of a highly competitive industry, and that if they want to remain in business they have to gear their production to compete favourably with competing fish-production nations or even with other segments of the industry in our country. How can a producer expect to stay in business when it is quite evident that his productivity range is from 20 per cent to 30 per cent below that of processing plants operating within the same area and selling on the same market? Government grants or subsidies will be useless unless such processors make up their minds that they must modernize their operation and gear it to compete in a more orderly way.

The fisherman as a primary producer, the processor, the dealer and the government agency involved in the inspection of the product, must all co-operate and work together to improve the efficiency of the structure of our processing and marketing system. I am absolutely confident that with such co-operation and understanding the Canadian fishing industry from the West Coast, the Prairies and the Atlantic seaboard, is ready to accept the challenges presented by increasing foreign competition and to initiate policies which will place the industry on a much firmer base to meet problems as they arise.

On motion of Hon. Mr. Thorvaldson, debate adjourned.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-151, to amend the Fisheries Improvement Loans Act.

He said: Honourable senators, Bill C-151 is a short bill, containing only three sections. Its purpose is to amend the Fisheries Improvement Loans Act.

First, the bill provides that such insurance companies, trust companies and loan companies as are designated by the Minister of Finance may make loans under the provisions of the act in addition to the chartered banks and those now authorized. Secondly, the bill revokes the present maximum interest rate of 5 per cent and provides that in future the rates of interest will be those prescribed by regulation. Finally, in order to encourage lending by more lenders, the present limit of liability of the Minister of Finance is increased.

The Fisheries Improvement Loans Act came into force in 1955 for a period of three years. It has been amended from time to time, and the current lending period extends from July 1, 1965, to June 30, 1970. The purpose of the Fisheries Improvement Loans Act is to make it easier for fishermen to obtain credit to build new boats and to obtain new equipment so as to prosecute the fisheries in a more efficient manner. At present the maximum amount of each loan is $10,000, which does not seem to be a large sum in these days. It is, I understand, the intention that the rate of interest shall be the same as

that paid under the provisions of the Farm Improvement Loans Act. Regulations will provide that the rate must not exceed the long-term borrowing rate of the Government of Canada by more than one per cent.

Only individual fishermen may qualify for loans. There are, of course, limits on the amount of the cost of any item which may be borrowed. For example, a fisherman may borrow up to 75 per cent of the cost of any equipment but only two-thirds the cost of a vehicle. The period for repayment also varies from three to ten years, depending on the purpose of the loan. As a rule the lender will take a lien or some form of security in respect of each advance.

The Minister of Finance is liable to pay all losses up to 90 per cent where the total loan made by any one lender does not exceed $125,000, and 50 per cent of the total loans over $125,000 but not exceeding $250,000, and only 10 per cent of loans exceeding in total $250,000.

Since 1955 a total of 2,586 loans have been made, adding up to $6,168,800. Out of this total of 2,586 loans, the Minister of Finance has had to pay nine claims. Out of the $6,168,-800 advances, a total sum of $3,543 has had to be paid back by the Minister of Finance.

I understand, honourable senators, that the minister has under consideration increasing the amount which may be loaned to $25,000, but if this is so it would have to be the subject of further amendment.

Honourable senators, if this bill should receive second reading I would move that it be referred to the Senate Committee on Banking, Trade and Commerce.

Hon. John J. Kinley: Honourable senators, first let me congratulate the honourable Senator Robichaud of New Brunswick on his optimistic report and speech on fisheries. He started with the freshwater fisheries and extended his remarks to cover saltwater fisheries. He presented a comprehensive idea of what the future of these industries might be. As a former federal Minister of Fisheries he is amply qualified to give advice, and I am sure he was listened to with interest.

I was also glad to hear my friend Senator Cook introduce Bill C-151, to amend the Fisheries Loans Act, which is now before the house. In reading *Hansard* of the House of Commons this morning I noticed that Members of Parliament from Newfoundland especially were very much concerned about this legislation and wondered how it would affect them. They did not condemn the bill for what it contains, but rather for what it leaves out. It seems that a desirable provision was left out as a result of the new rules that were adopted in the House of Commons. The minister had hoped to move an amendment after the bill came out of committee, but the Speaker ruled that the bill could not be amended at that stage. Therefore, consideration was given as to whether the bill should be proceeded with or a new bill introduced. After the minister completed his discussion it was decided to go ahead with the bill in its present form, but he promised that within a week or so he would introduce a new bill which would contain the appropriate amendment.

Senator Cook explained how loans are made under the Fisheries Improvements Loans Act. I think it is a very good way. The banks are the auditors of who may acquire loans, and they are going to manage the affairs. They will get adequate security from the Government to enable them to make these loans to the fishermen. I think this is a very sensible way to do business, because they will not be risking a loss. In the past the banks have been very fair in making loans of this kind, and I feel confident they will continue to be.

Senator Cook discussed interest rates. Well, the interest rate may go higher, but no government can loan money at 5 per cent these days. As he said, the rate will not exceed the long-term borrowing rate of the Government by more than one per cent. I think there is an item of insurance to be added, but the borrowers will get the money at a fair rate under present conditions. The sponsor of the bill also dealt with the amount of aggregate loans and the percentage of security with respect to them, and so on.

Honourable senators, I think the bill is opportune and salutary. Scientific progress is being made in respect to the fishing industry; for one thing, increased electrical power is an important factor, especially in the matter of safety at sea. Fishermen need these loans to enable them to make replacements, to refit and improve their fishing vessels. It is not for the building of ships; I do not think there is any provision in the act authorizing a loan for this purpose.

A commitment by the minister to increase the amount of a loan to $25,000 was necessary before the bill could get through the House of Commons, and I think it can safely be said that when we get a new bill within a week or

two it will contain this provision. The question was whether it was too much or too little. I think that $25,000 for refitting and for putting in new equipment is a very good estimate. I have been connected with this kind of business for a long time, and an expenditure of $25,000 for the purpose of refitting is in line. I am not bringing this up just because of this bill, but because of the following statement which appeared in the Halifax *Herald* yesterday:

> Forced to Defer Construction on 22 Vessels—Harding
>
> Nova Scotia Fishermen's Loan Board has been forced to defer action on construction of 22 vessels in the province, according to provincial Fisheries Minister Harding.
>
> Mr. Harding, in a prepared statement released last night, said the halt was the result of federal decisions to reduce assistance for construction of wooden fishing vessels.

He says "assistance." I would be a little more definite and say subsidy. I think subsidy conveys to the people of the country something a little more generous than just assistance.

Honourable senators, for years now the building and equipping of fishing vessels has been subsidized by the federal Government so that the industry became very active in Nova Scotia. But now a situation has developed where it is difficult to get fishing crews. Wooden vessels are laid up at the port of Lunenburg, my home town, because they cannot get good crews. They cannot make a profit without a good crew, and therefore these vessels have become liabilities rather than assets to their owners.

Many vessels have been sold to foreign countries at low prices because they were small, and steel vessels, which are more attractive and have better accommodation and facilities, have taken their place. It is more difficult for the smaller vessels to succeed, and the crews prefer the larger and more comfortable vessels, which are owned by the larger companies and can give them perhaps a better chance. The builders of wooden ships have suffered. Our companies have suffered because shipbuilding has stopped, and we were largely engaged in the building and repairing of ships.

While my personal wishes are that the shipbuilding industry would be a booming one, I am also a legislator and I must tell you what knowledge I have about the situation. I think that is salutary.

It is bad to have vessels idle, and for that reason you do not want to build more vessels. Again, with the men who are fishing and the vessels that are operating now it is much better to have a good atmosphere, and a place where a man can work with efficiency instead of having competition which would bring in more vessels which cannot pay and which would not improve the situation at all. We have unemployment in our industries because we refit vessels and build smaller vessels, as well as operating a marine railway.

Honourable senators, I think the Government came to the conclusion that it has because of economic conditions. I was in this from the start when the subject of this vessel subsidy began. I conferred with the government officials here and with the men in the industry, and the conclusion was reached that a subsidy should be granted for the building of sea-going ships. It is worthwhile doing this. Many countries subsidize their marine fleets, including the United States and Britain.

We lost our merchant marine during the depression. I do not know whether it was the general depression, but it was a depression of the railways. They could not sell the railroads, but they sold the vessels and they sold them at a low price. The Greeks bought them and exploited their own country's economy, but it was advantageous to the new owners.

We have very few vessels in the merchant marine, except on the lakes, but there is competition on the lakes now whereas there was none before. The sills in the canal locks determined the depth of the vessels which could come up into the lakes, and so the sea-going vessels were not able to come up through the locks.

We have closed our coastline down to Anticosti, but the Maritimes is open to the world. I am still not sure whether this is good or bad. We were told it might be an idea to attract the business of the world to Nova Scotia and then transship to central Canada. British ships are still allowed to go up the lakes freely, but ships from other countries are not allowed to do that.

The marine business in this country needs to be inspected and appraised. A country like Canada should have a merchant marine, and I think we are getting to the point where this is going to be considered.

Honourable senators, the point is that the Fisheries Loan Board in Nova Scotia will not lend money for vessels unless Ottawa pays a

subsidy. When a shipbuilder gets a subsidy he usually assigns it to the loan board as first payment. Then they give a long-term lease or mortgage in order to build the vessel and equip it for sea.

I know there is an election coming on in Nova Scotia and political feelings are getting a little high, but I think the loan board in Nova Scotia will agree that Mr. Harding's statement hardly expresses what the board feels.

They are experienced men and know what they are doing, and I think they also, in a nautical term, feel that it is time to "hold a turn" and stop to review this situation before it gets too overloaded.

The markets are low today. When our Catholic friends in Canada and the United States stopped eating fish on Fridays and throughout Lent, it was a serious blow to the fishing industry. It was the backbone of the industry, because the dealers always stocked up with fish for Fridays.

The production of fish is high today and prices are low. The deep-sea fishermen in my county are doing well, especially in the luxury line of scallops, lobsters and shrimp, but the market is becoming very competitive in the production of ground fish. Russians and other foreign fishermen come and catch more fish in our coastal waters than we do. Our fishermen say that as long as this is happening why should they practice conservation, and why should they not go out and catch all they can. Well, there is no use doing that unless you can make a profit. The situation is, however optimistic one may be, that they are having a tough time. Expenses are high.

The shipbuilding industry in this country cannot compete with countries like Denmark, Holland, Norway, and Sweden, because they have a very low wage-scale and can hire men for half what is paid in this high-economy country of Canada.

We find that the Canadian shipbuilder cannot do much without a subsidy. The Americans have a higher economy than we have, but they subsidize the fishing industry and the vessels, and they keep the trade. Much of our export trade is carried in American ships. I know that a few years ago we were told that if we let foreign countries carry our cargo in their ships we would be able to sell and export more goods. That was all very well, but we lost something very valuable to the Maritime Provinces.

We feel that if Nova Scotians are going to have an opportunity at all, it must be on the sea. It is the only real advantage we have—the sea at tidewater. But this has been taken away from us for the most part by the St. Lawrence Seaway. We have a certain advantage now because modern ships are able to put into the great ports of the world.

So far as the fishing industry is concerned, what we need now are skilled men. We have not enough of them to man our ships. The Newfoundlanders are wonderful fishermen. I know that at one time 800 strong came to Lunenburg every year, but I am afraid we did not look after them. They had no place to go, so they stood around the streets and went home in the wintertime. They have been doing better in Newfoundland since Confederation.

I find that English companies are interested in the fishing industry in Newfoundland. But they have closed up in some districts, and men are out of work. We tried to get some of them, but I think the authorities there have said they are going to continue to run it themselves. We may get some men from there. We got some Poles who were stranded in this country. They were good fishermen. I assisted in their being left in the country and not being shipped back to Poland. Some of them are taking vessels out of Lunenburg now and we are glad to give them a chance.

Honourable senators, I come from a part of Nova Scotia that has always been very prosperous and independent. Our people were Germans. They were brought to Canada by Louis, Prince of Lunenburg, who became George of England. He wanted to have a better common denominator in Nova Scotia between the French and the English and he brought our people to Nova Scotia. My father was Scotch but my mother was German. They could not get along in Halifax so they were sent down to Lunenburg, and they are still there.

Lunenburg is described now as one of the most interesting and prosperous towns. One friend of mine who visited Nova Scotia said that Lunenburg is the richest county in Nova Scotia. I do not know about that. What about Halifax county?

Hon. Mr. Aseltine: What is the population?

Hon. Mr. Kinley: I would not think we were the richest county in Nova Scotia. However, we do not like the word "poverty". We have no poverty. We have poor people,

but the people will work. If we can get more people in, it will be better. I think we will get a few to come in with us from the western counties and the French shore, and we may get some Newfoundlanders.

Now, the case of the shore fishermen is different. He goes out in the morning and comes in at night, and his fishing methods are improving. His lobster fishing is a good business. I think this bill will help the shore fisherman, and he needs it the most.

Honourable senators, I wanted to correct the idea that some people in Nova Scotia have about Government loans. It is said, for instance, that the provincial Government is doing much and the federal Government is doing little. Well, we are passing out the money that they administer. We are told they will not give a loan unless a subsidy is given for security. I think they know the conditions.

I am sure that if the loan board told what they believed they would say that we are on the right track and that they are acting accordingly.

Honourable senators, I hope that this bill will help conditions there, especially among the shore fishermen. I hope that we will get a bill here in a week that will satisfy the Newfoundlander and the British Columbia fishermen, one that will permit a loan of $25,000 for one individual.

The Newfoundland fisherman thinks the British Columbia chaps get the most out of this. They do, of course, by the very nature of their fishing. The Newfoundlanders have smaller boats, more boats and more repairs; and they blame the minister for everything and say that there is too much out on the Pacific coast. Well, the fishermen on the Pacific coast get twice as much money; they get as much as the whole of the Maritimes put together, but I do not see anything wrong in that. The salmon fishing is very important. The fact of the matter is that if the people in this part of the country ate more fish, the fishermen in the maritimes would be more prosperous. But people in this part of the country do not eat fish as they should. You hear every day of people dying from different afflictions like heart disease and other diseases which are caused by over-eating of certain foods. But if they would eat fish they would find that it is the finest food they could eat. It is never tough and is full of protein and other beneficial things. Fish never leaves a person feeling uncomfortable. Fish comes from a place that is clean—the salt water—and is not full of bugs and all that sort of thing. I say that if the people of Canada ate as much fish as the people of Europe and Japan, the fishermen in Nova Scotia, and the maritimes generally, would be prosperous and would not be asking for so much help from the federal Government, although we deserve all the help we get. Thank you.

Hon. Mr. Aseltine: Can the honourable senator tell me what the population of Lunenburg is?

Hon. Mr. Kinley: You know, in the old days they put a stockade around the town. In the town itself there is only a population of 3,000, but the population of Lunenburg includes more than just that. It would be about 5,000 or 6,000 within a mile or so outside the town. In fact, I have a home outside the town limits. Lunenburg county has a population of 45,000 people.

Hon. Mr. Aseltine: Rosetown has a population of 5,000.

Hon. Mr. Kinley: Well, they should eat a lot of fish.

On motion of Hon. Mr. Macdonald, debate adjourned.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, February 11, the adjourned debate on the motion of Hon. Mr. Everett, for the second reading of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

Hon. Earl A. Hastings: Honourable senators, in rising to take part in this debate on Bill S-29, which, in essence, has been designed by the department for the production and conservation of oil and gas in the Northwest Territories and, in effect, creates a board to enforce conservation methods, I simply record my support of the bill as I know it will be supported by industry, because conservation is one of the main directions in which industry has from time to time directed its efforts, and industry does know the real value of conservation.

I would like to commend the Minister and the department for the timely introduction of this bill. As we proceed with the exploration of the Arctic, it is imperative that the ground rules be laid. I believe it is just a matter of time now, in view of the advanced progress

in the north, before a discovery will be made. With the introduction of these rules, the Government and various departments will be prepared for that eventuality.

I do hope also that the Government is giving consideration to the revision of other regulations and acts affecting the oil industry's operations so that all statutes and regulations, from time to time, will be up-to-date and ready in the eventuality of that first discovery in the Northwest Territories or the Arctic.

Having recorded my support of the bill, honourable senators, I simply wish on this occasion to address myself to the petroleum industry's operations in western Canada, review the past, and have a look at the present and future of that industry and its contribution not only to western Canada but to Canada as a whole. As Senator Thorvaldson indicated when he spoke on this bill, it all began with the discovery of Imperial Oil Leduc No. 1, and it is significant that I should be speaking on this date, because Leduc No. 1 blew in February 13, 1947, 22 years ago today.

The discovery of Imperial Oil Leduc No. 1 signalled the intense exploration that took place across the prairies, and all subsequent events with respect to oil industry activity in Alberta have been related to Imperial Oil Leduc No. 1.

In the 21 years since the discovery of Leduc No. 1, $11.5 billion has been expended by the oil industry on exploration of the Prairies up to December 31, 1967; and $9.8 billion has been received by the industry in revenue to the same date. In the 21 years, the industry, as it broadened its activity from Alberta into Saskatchewan and southern Manitoba, has created proven reserves of 8.2 billion barrels of oil, and today we have a production capacity of 2.6 million barrels per day. Our actual production, however, runs at 959,000 barrels per day. We are producing oil at only 37 per cent of our potential.

What has all this meant to Canada? What contribution has the industry made? There are 25,000 people employed in the industry in Canada directly. Indirectly, the employment is estimated at over 120,000 people. The industry has expanded the population of the prairies by over one and a half million since that first discovery. It is estimated that the petroleum industry is directly responsible for the industrial revolution in Alberta, Saskatchewan and Manitoba, and is responsible for changing these provinces' economies from "one-crop" to diversified economies.

The total personal income generated in Alberta has undergone a significant change from 1947 to 1964. In 1947 total personal income in the field of the petroleum industry was 5 per cent as against 47 per cent in 1964. In the field of agriculture it was 75 per cent in 1947 as compared to 35 per cent in 1964, and in other fields it was 20 per cent in 1947 as compared to 18 per cent in 1964. While the petroleum industry went up, there was a proportionate and significant drop in the amount of personal income generated in the other industries.

The primary oil exploration industries of the prairies gave rise to many secondary recoveries and resultant industries. For example, there are 110 million tons of sulphur; 2 billion cubic feet of helium and nitrogen; and 55 billion tons of potash. The direct revenue to the province of Alberta between the years 1947 and 1968 has amounted to $2,589,241,-836.00. And in the 1967-68 fiscal year the oil revenue to the province of Alberta was $217.6 million, which represented 31.8 per cent of their budget revenue of that year, namely, $684.2 million.

In these remarks I may create the erroneous impression that it is only in western Canada that the benefits of this industry are enjoyed. However, I would quote a noted economist, who recently said:

> From the point of view of total income and employment, it is undoubtedly the case that the absolute benefits of the oil industry are actually greater in the rest of Canada than in the Prairies, though of course the per capita benefits would be greater in the Prairie Provinces.

An economic survey conducted for the industry indicated, honourable senators, that about $300 million per year is spent in eastern Canada on direct purchases from manufacturers. Out of every dollar spent on exploration in western Canada 35 cents is spent purchasing goods from eastern Canadian manufacturers. Of the balance of 65 cents the major portion is spent indirectly on commodities produced in eastern Canada. So, honourable senators, the impact of the petroleum industry and its activity is not confined solely to western Canada; the whole of Canada has throughout the past 22 years enjoyed the benefits of this growing, active industry.

Now, honourable senators, I would like to turn to the Arctic. As I indicated earlier, the Leduc discovery triggered the western Canadian industry and there is little doubt that future exploration and future activities in the north and in the Arctic will relate directly to June 24, 1968, when Prudhoe Bay No. 1 came in from a depth below 12,000 feet. The discovery well of Prudhoe Bay with its subsequent Bag River No. 1 follow-up indicates the location and discovery of a field as large as anything that has ever been discovered in the Middle East and certainly larger than anything ever discovered in North America to date.

As a result of the two wells there is now one billion barrels of proven reserves on the Alaska north slope and five to 10 billion of estimated recoverable reserves. As a result of this discovery, the two sedimentary basins in Canada's Arctic, the Mackenzie delta and the Arctic islands have now become the area of the north where industry is directing its activities. We know that the geological and stratigraphic conditions found on the north slope of Alaska exist throughout these two sedimentary basins.

Hon. Mr. Thorvaldson: Might I ask the honourable senator a question just for clarification and to ascertain how far apart we are in our figures? In my speech the other evening I referred to the first estimates of the capacity as being between five and 10 billion barrels, and then I said that other petroleum engineers had in more recent estimates put it as high as 30 to 40 billion barrels. Is it not correct that these estimates have been made?

Hon. Mr. Hastings: Your figures are correct, senator. There are three types of figures given for any discovery; one is the proven figure that you know you have in the ground as a result of your proven reserves and your geological information. The second figure is your estimate of recoverable reserves, which is 45 billion barrels. Then you have the final figure, the ultimate recoverable reserves, based on the geological information you have available, which is usually a higher figure.

In discussing the Arctic, honourable senators, and in making this presentation I have had a map and, with leave, I would ask that it be distributed now and that it be attached as an appendix to today's *Hansard*.

Hon. Senators: Agreed.

(For map, see Appendix, p. 1054.)

Because we know the geological conditions of the major oil-producing zone at Prudhoe Bay exist throughout the Canadian Arctic and because we have all the attributes with which a major producing field is associated, we have every reason to believe that if we turn our efforts northward across Canada's Arctic we will have more oil there than in the area of the north slope of Alaska.

Now if honourable senators will follow me through the map they will see they are marked as No. 1, the top left-hand corner, which is the Alaska North Slope. There there is an estimated ultimate recoverable reserve of 45 billion barrels of oil and 279 trillion cubic feet of gas.

Now we move into the Canadian area and in area No. 2, which is the Mackenzie delta, it is estimated that we have 35 billion barrels of oil and 210 trillion cubic feet of gas. In the Arctic islands, which is area No. 3 on the map, it is estimated that we have 50 billion barrels of oil and 300 trillion cubic feet of gas. Then taking area No. 4, which is the upper Mackenzie and Peel plateau, it is estimated that we have 20 billion barrels of oil and 120 trillion cubic feet of gas. According to these figures which are based on the best geological information available, Canada has an estimated 105 billion barrels of oil compared with the United States total of 45 billion barrels on the Alaska north slope. In other words, honourable senators, Canada has 70 per cent of the oil in that area. By that area I mean the Arctic, including Alaska.

As I said a while ago, Leduc triggered exploration across the Prairies, the discovery of Prudhoe Bay triggered exploration across the north, and this may answer the question raised by Senator Roebuck when I tell you that there are 360 million acres under exploration permits at the moment in the Northwest Territories and Arctic. Senator Roebuck asked what benefit we have as Canadians. This has resulted in a revenue to the federal Government of $8.9 million in the first 10 months of the present fiscal year compared with a previous five-year average of $2.4 million. As the result of exploration activity it is expected that industry will spend $32 million in the coming year and $50 million in 1970 in the active search for oil.

Hon. Mr. Thorvaldson: I take it that that is from the sale of leases. That is not for production.

Hon. Mr. Hastings: It is from rents and sale of permits. We have no revenue from royalties.

We have two rigs presently drilling in the Arctic coastal plain and it is anticipated that there will be at least six more in the Yukon and Northwest Territories during this coming year. We have a 12,000-foot well scheduled to commence drilling in the Beaufort Sea this year.

Now Senator Roebuck asked what interest we have in the north. Well, senator, the people of Canada have a 45 per cent interest in Pan Arctic Oils, and Pan Arctic have 50 million acres and will spend $20 million in the coming year. Furthermore the first of 17 wells will be spudded in March on Melville Island. There will be two more rigs later this year to carry out the program. A well will be spudded in Hudson Bay when ice conditions permit.

Continued tanker and icebreaker trials will be carried out to conquer the problem of transportation and experiments will be carried out with the new Alexbow method of plowing ice which is called after its inventor, an Ottawa man named Scott Alexander. It will be used in a new attempt to break the ice and to conquer the Northwest Passage this coming year so that tankers may move freely through the Northwest Passage to California.

Hon. Mr. Thorvaldson: I wonder if I might ask the senator a further question, the answer to which I think is rather important. I do not have the answer but I think he may have it. In regard to Pan Arctic Oils in which Canada has a 45 per cent interest, and as you know the Canadian Government will be charging a 10 per cent royalty, does Canada also get the 10 per cent royalty in the case of Pan Arctic production? This is a matter of great importance to Canada.

Hon. Mr. Hastings: I think Canada gets the 10 per cent royalty, and in addition, as I said, we have a 45 per cent working interest in Pan Arctic.

Now as we enter this exploration program across the Arctic, I would not want to leave you with the impression that the first well to be drilled is going to be another Prudhoe Bay. That is not the case. There will be many disappointments; there will be progress, but it will take two or three years. However, I am confident of the ability of the industry to complete its mission in that area and to achieve production throughout the area. I do not want to leave the impression that all one has to do is to sink a well in the area and you will have a repeat of the Prudhoe Bay discovery.

As we review the oil industry we do so with a spirit of satisfaction, optimism and, perhaps, uncertainty. I say satisfaction because as we look back across 22 years of progress, we have, I believe, contributed a fair share to the economic development of Canada. I say with optimism because if we look northward to the Arctic and the substantial efforts that will be made there we see the rewards that will come to the people of Canada.

However, everything is not certain; there is some uncertainty. I say that because we look at the large shut-in capacity and continued reserve growth which is growing at a faster rate than demand. At the moment we are producing at only 31 per cent of our capability. Looking at this discovery in the north we find that it may aggravate this ratio and will aggravate the markets we have established in industry. We must view with concern the possible added restrictions to our export markets in the United States which may result from the review of import regulations the new administration in the United States has under consideration.

We must view with concern the possibility of low-cost off-shore foreign crude penetrating United States and Canadian markets. Certainly, with the additional refining capabilities that are being installed at Quebec, Come-By-Chance and, possibly, in Maine, which will have refining capacity far greater than the present demand or the projection of that demand, we wonder where this oil will be marketed. Is it going to replace our present domestic market west of the Ottawa Valley?

There is the impact of future discoveries in the north and the Alaska Pipeline which is going to have an immediate effect on our Pudget Sound and northwest market. There is the prospect of increased synthetic oil production from the bituminous sands of northern Alberta. All these are matters of great concern in the marketing of our petroleum.

It is against this background of uncertain factors that the Government recently announced the appointment of a task force, with a view to reviewing industry developments and the effect on the Canadian economy of the Prudhoe Bay discovery and subsequent events. I think it is a great challenge to this task force, composed of deputy ministers within the various departments, to develop these policies in an attempt to maintain the growth of the industry in light of current problems. It is even greater when you consider

the sweeping changes that can be expected in the oil industry in the next five years, changes which at the moment cannot be determined or assessed until we have drilled the wells and have found the discoveries, or until the American government has announced its final policy with respect to imports.

Because of the magnitude of the task and the importance of the industry to the economic growth of Canada, I am wondering whether it would not be worthwhile for a Senate committee to make a continuing study of this important industry and what the Government should be doing to assist this industry. I say that because I do not believe any short-term task force can fulfil that role. It is a continuing effort and an exhaustive study that is required.

I do not wish to question the competence of those presently undertaking the job. Indeed, I would be the first to testify as to their ability. I believe the job is larger than four men can undertake, and I believe it cannot be a short-term task. It must be a long-term one capable of working in co-operation with the Government departments concerned in Ottawa, the provincial governments, the Government of the Northwest Territories, the industry and the ministry, making a careful in-depth review and study and, from time to time, making recommendations in the light of developments which would be anticipated in the future and quickly assessed as the result of such a continuing review.

To meet the future challenge of the industry it is imperative that the Government, Parliament and those in public life in Canada, are well informed on the industry problems and developments in Canada, and I envisage the work of such a committee fulfilling that purpose.

In any event, as we look to the future in the petroleum industry, I do not think we are pessimistic. This is not the first time, and it certainly will not be the last time, that a wildcat discovery has had, or will have, a traumatic effect on industry plans.

As has been the case in the past, I am confident that the industry and Government, working in close co-operation, will continue to meet and solve the challenges of finding, producing and marketing petroleum, natural gas and related minerals, and that this industry, with that co-operation maintained and the interest of the Government in maintaining it, will continue to make a dynamic and worthwhile contribution to the growth and development of Canada.

Hon. John J. Connolly: Honourable senators, I know that the hour is getting very close to the time appointed for Royal Assent, but there is a question that arises in my mind out of the remarks made by the honourable Senator Hastings that I would like to place before him for consideration.

Let me first of all compliment him on a fine presentation on a very important subject to the Senate. What I say of him applies also to the contributions of Senator Thorvaldson and Senator Everett, both of whom did a masterful job on a bill that could have been full of difficulties in a legislative chamber.

The Borden Commission, of approximately ten years ago, laid down some guidelines for this very important industry, and that commission, headed by a distinguished citizen of Toronto, Mr. Henry Borden, did something that was most valuable. One of the first achievements or results of its deliberations was the establishment of the National Energy Board, and that has been very helpful. Then came the establishment of the national oil policy.

It seems to me, from what I read and hear, that this is an industry that is constantly changing in character. As Senators Hastings and Thorvaldson have pointed out, new discoveries are constantly changing the requirements. After all, the industry is going to survive only if markets are available and if the price is right.

Senator Hastings has referred to the appointment of a task force. That is an interdepartmental committee, a private investigation conducted for the information, I suppose, of the executive, primarily, to advise them upon the direction in which they should go in formulating future policy.

However, it seems to me that perhaps without establishing a royal commission—which might be cumbersome and slow in developing proposals—a committee of inquiry, with knowledgeable people from Government, industry, the scientific sector and particularly geologists, which would have a continuing concern about new developments as quickly as they occur, might be a more effective instrument than a formal royal commission or even a committee of the Senate.

A committee of the Senate, in a case like this and for this bill, will unquestionably provide a forum. I do not think it could work as

quickly and as effectively as a committee of experts from the industry and people connected with the industry. It is abundantly apparent from what Senator Hastings has said that the opportunities in this country for this industry are tremendous. Canada can become a new Middle East. The possibilities are as great as that.

Hon. Mr. Roebuck: In some respects.

Hon. Mr. Connolly (Ottawa West): Yes, in many respects. I know that there are all kinds of problems ahead to be dealt with, especially when these discoveries occur in the Arctic islands and the Mackenzie Delta, because people do not live in those areas. That is the frontier. It is beyond the frontier, where ice and weather present terrible hazards and obstacles.

I suggest to Senator Hastings and Senator Thorvaldson that some consideration might be given to the desirability of having people with a great deal more knowledge of this industry than I possess speak as to the need for the type of continued review which I suggested earlier in the committee.

The Hon. the Speaker: Honourable senators, I should like to clear up one point. In the course of his remarks Senator Hastings expressed a desire to have a map appear as an appendix to *Hansard* of today. I have inquired, and am now told that that is possible. I understand that honourable senators are agreed that this map should appear as an appendix to the proceedings of today?

Hon. Senators: Agreed.

On motion of Hon. Mr. Prowse, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable J. R. Cartwright, P.C., M.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Canada Evidence Act.

An Act respecting the marking of articles containing precious metals.

An Act to amend the Aeronautics Act.

An Act to amend the Navigable Waters Protection Act.

An Act to amend the Prairie Grain Advance Payments Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

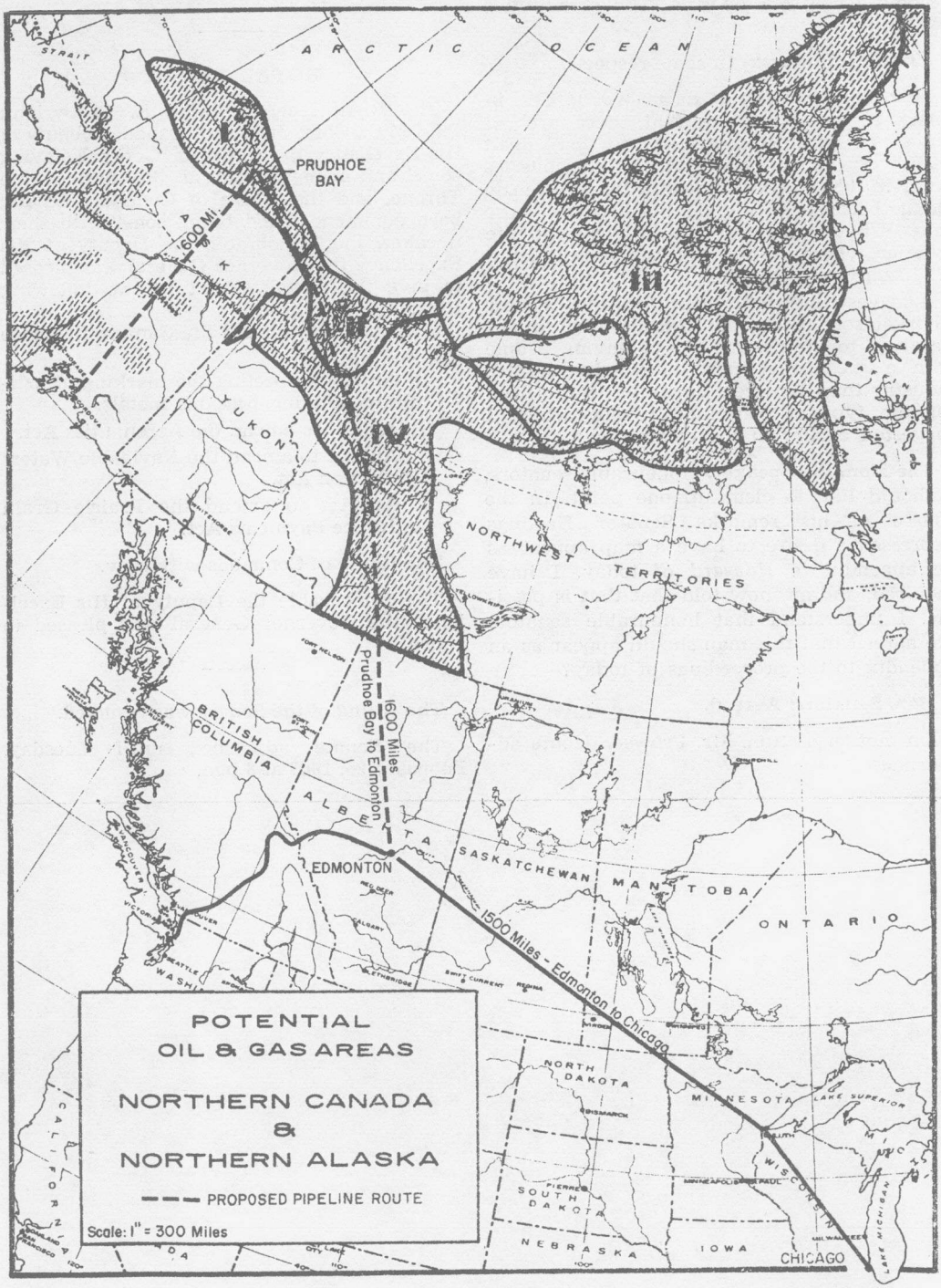
The Senate adjourned until Tuesday, February 25, 1969 at 8 p.m.

APPENDIX

(See p. 1050.)

OIL AND GAS PRODUCTION AND CONSERVATION BILL

MAP OF POTENTIAL AREAS



THE SENATE

Tuesday, February 25, 1969

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

Prayers.

PLANT QUARANTINE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-154, to prevent the introduction or spreading of pests injurious to plants.

Bill read first time.

Hon. Paul Martin moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

PESTICIDE RESIDUE COMPENSATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-155, to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-156, to amend the Animal Contagious Diseases Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading Thursday next.

Motion agreed to.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of (1) Terms of Reference of the Canada Grains Council (2) List of Members, Advisers and the Executive Committee (3) Organizational Arrangements of the Canada Grains Council as approved February 3, 1969. (English and French texts).

Copies of document entitled "Consensus of the Constitutional Conference, February 1969". (English and French texts).

Report of Operations under the Export and Import Permits Act for the year ended December 31, 1968, pursuant to section 26 of the said Act, chapter 27, Statutes of Canada, 1953-54. (English and French texts).

Copies of Communique issued following the meeting of the Ministerial Council of the Organization for Economic Co-operation and Development, held in Paris, February 13-14, 1969. (English and French texts).

Copies of Communique issued following the First Meeting of the Canada-Tunisia Joint Committee held in Tunis, February 10-12, 1969. (English and French texts).

Copies of Report entitled "Broadcasting from Satellites", a working paper submitted by Canada and Sweden to the Working Group on communication by direct broadcasts from satellites established by the Committee on the Peaceful Uses of Outer Space. (English and French texts).

Supplementary Estimates (B) for the fiscal year ending March 31, 1969. (English and French texts).

Copies of Booklets illustrating the proposed new form of Estimates. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 591 to 626, inclusive, and moved that they be taken into consideration at the next sitting.

Motion agreed to.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Paul Martin, with leave of the Senate, moved:

> That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1969.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, February 13, the adjourned debate on the motion of Hon. Mr. Cook, for the second reading of Bill C-151, to amend the Fisheries Improvement Loans Act.

Hon. John M. Macdonald: Honourable senators, not much needs to be said about this bill at this time. As its sponsor (Hon. Mr. Cook) stated, the bill effects three changes in the present legislation. Clause 1 of the bill permits an insurance company, a trust company, or a loan company, designated by the minister, to be a lender under the act. This will increase the number of companies that are permitted to make these loans, but I wonder whether there is any increased demand for such loans because when I look at the statistics, in particular those for the past year, I find that the provisions of this act have not been used to a great extent.

The sponsor mentioned that since 1955, when the scheme first came into effect, 2,586 loans had been made, to a total of $6,168,200. That is a relatively small amount for that number of loans made over that period. Up to 1965 the maximum loan could be only $4,000, but since that time it has been $10,000. Over that period of time the average loan would be less than $2,400. In the fiscal year ended March 31, 1968 there were 280 loans, to a total of $1,273,924.

From this it would appear there has been no great demand for loans under this act, and perhaps there is good reason for this. The statistics show that in British Columbia 147 loans have been made, to a total of under $1 million; in Nova Scotia there were 46 loans totalling $159,889; in Prince Edward Island, 80 loans, totalling $113,945. The average loan must have been somewhat smaller.

One notices that apparently there were no loans in the Province of Newfoundland, a great fishing centre, and only 46 loans in Nova Scotia, another great fishing centre. I understand the explanation is that those two provinces have their own provincial loan boards which make loans to fishermen. For example, in Nova Scotia during this period there were 46 loans totalling $159,889, yet according to a press report the Nova Scotia Fishermen's Loan Board gave $9,056,878 in loans for the provincial fishermen during the fiscal year ended March 31, 1968. According to the annual report tabled in the legislature, $17,398,315 was outstanding on all board loans made up to the end of the year. Thus, while less than $160,000 had been loaned in Nova Scotia under the federal legislation, over $9 million had been loaned under the provincial legislation.

The second change concerns the interest rates. Formerly the interest rate was set by statute. The interest rate will now be set by the Governor in Council, because the interest rate on all these guaranteed loans has been changed to bring it into conformity with the interest rate actually charged. It occurs to me that if no great use was made of the act when the interest rate was 5 per cent, perhaps there will be still fewer applications for loans when the interest rate goes up, as it will do, because I understand the minister has said elsewhere that the interest rate will be 1 per cent above what it costs the Government to borrow the money.

A third change is the total amount by which the Government guarantees these loans, with the hope that there will be more smaller loans made to individual fishermen. These lending institutions are guaranteeing loans up to 90 per cent of the first $125,000.

Now, there are just three changes in the act. They are very plain and practically self-explanatory. I do not propose to go into the reasons for the difficulties in the fishing industry which Senator Kinley mentioned in his

speech, except to say that I think he was not quite correct in his statement that one of the reasons, or perhaps the main reason, was the difficulty in getting crews to man the fishing boats.

I think that Senator Robichaud outlined in his speech the reasons why the fishing industry in the Atlantic area is in difficulty at the present time. In my opinion, this bill will not help much; on the other hand, it will not do any harm—so we will take it. We are resigned to the fact that the interest rates must go up.

Hon. Mr. Flynn: But you give it the benefit of the doubt.

Hon. Mr. Macdonald: That is right. We hope there will be some benefit, but that remains to be seen.

The sponsor mentioned that he would refer this bill to a committee. Actually, unless he so desires I do not see any reason for it. I do not think there can be any further information given to us than has already been given by him and by the others who spoke on the bill.

Hon. Mr. Burchill: Would the honourable senator indicate why the borrowings were heavier in the provincial loans of Nova Scotia rather than the federal loans?

Hon. Mr. Macdonald: I could not tell you the reason. I expect the terms were better under the provincial legislation, and that they would probably get a better deal.

Hon. Mr. Flynn: It is a presumption.

Motion agreed to and bill read second time.

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

Hon. Mr. Cook moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, January 30, the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Herbert O. Sparrow: Honourable senators, there are only a few comments I would like to make on this report. Previous speakers have covered in a most effective manner most areas of the report. I do not want to presume that I am an expert in this chamber on this matter, having been with you for such a relatively short time. There are, however, some points I would like to refer to.

May I first say that I believe the rule changes will assist the Senate to operate more efficiently and more effectively in its important work. May I say as well how impressed I am with the high calibre of men and women in this chamber, with whom I have the privilege of associating. I am impressed by the dedication, the ambition and the sense of duty all of you have in serving the people of Canada. I am certain that no other group of individuals, within or without Government service anywhere, can match this dedication. I say this particularly because of the attendance at committee meetings, where the important work is done, unknown in most instances to the people of Canada.

In the chairman's report to this chamber, there appeared to be veiled suggestions that too many appointments are made to the Senate because of political affiliation. I reject this suggestion as totally out of the realm of progressive thinking.

In this very house at this very time, by far the greatest number of members have had wide political experience, and because of this experience they have been able to serve better. Almost without exception, those who have political experience have it because they recognized the needs of society and were prepared to offer their services to the people. They saw the challenge, that it is possible to have a better society, and accepted that challenge; and while doing so they became top men and women in the many other facets of society. So today in this chamber we have many of the best informed people of the country, who have brought with them the political knowledge required in a legislative chamber. They have brought a wealth of economic, legal, social and professional knowledge that is without precedence.

Surely politicians should not be classified as second-class citizens, as is the tendency at times. Surely politicians, by hard practical experience, have learned, more than any oth-

ers, how to recognize the hopes and aspirations of the Canadian people on all levels of society.

If this chamber, therefore, can continue to attract people with, first and foremost, a political background, with the added benefit of extensive knowledge in other fields, as has been the case in the past, then the people of Canada will continue to be served well.

In the report there is also a suggestion that senators should not participate in the national caucus of their party. I reject this suggestion. What better way is there to increase our knowledge and our understanding of the purpose of legislation?

Close association with those who have been chosen by popular vote keeps us close to the people, and gives us greater opportunity to recognize the needs and wishes of Canadians. The greater the understanding and the knowledge we have, the more effective the role we can play in giving sober second thoughts to legislation. Surely at all times we can come to our own chamber with our independent ideas on solutions to the nation's problems. We are a political body, and if we endeavour to ignore this fact we cannot effectively serve. If I, for one, were summoned as an independent member of this chamber, I would find it difficult to remain an independent, for most certainly I would want to align myself with a political party, to have access to this wide field of knowledge and participation.

For a hundred years there have been discussions and recommendations for changes in the Senate. In that period there have been changes, and there will be changes in the future. This body is no different than any other organization in society, because all have changed and all will change.

If this chamber is to be a viable instrument of democracy, then it must be prepared to change; and change it will when the opportunity arises where it can serve more effectively. It will not change, in my opinion, however, and be less effective, by the whim of a few individuals who may endeavour to bargain away its powers and duties.

I am prepared, as I feel each one of you would be, to accept the recommendations for change from within or from without, but only if in our collective opinion those changes are in the best interests of the people of Canada.

I came to this house, as I know each of you did, with the sincere desire to serve. If ever a time comes when this chamber no longer performs a required service, then I will be happy to leave and find an area where my services are required.

This chamber is serving Canada in a very important manner and those who speak of abolishment or emasculation are either endeavouring to serve their own selfish interests or are totally ignorant of the repercussions of such abolishment. I agree, of course, that before an undemocratic, socialist, communist or dictatorship style of government could function in Canada, a method would have to be found to abolish or restrict the powers of the Senate. Therefore, most of the talk of abolishment appears to be to prepare in advance the people of Canada for such a takeover.

On the recent television documentary on the Senate the member from Winnipeg North Centre made many derogatory remarks about the Senate and on more than one occasion throughout the program advocated its abolishment, as others of his party have done from time to time.

I cannot help but believe that these statements are made for the selfish interests of the party to which they belong, rather than for the benefit of the Canadian people. He and they will have to do a lot more knitting if they expect to pull the wool over the eyes of the Canadian people in this respect. He, of course, is not the first cowboy from the west to shoot from the lip and he probably will not be the last.

And now, as they welcome back their leader, "The Wizard of Ooze", to their den of antiquity, they will continue as before to endeavour to portray that they and they alone ride herd on the conscience of the Canadian people. They have led their people on other issues into the fog and missed, and they will do so on this one.

There has been some criticism of the television documentary in this chamber. Some of that criticism is no doubt justified but, as an overall assessment of the program, I believe it was informative. I believe those Canadians who viewed it learned a great deal about the workings of the Senate and, judging from the comments I have heard from some of them, the program did far more good than harm.

I would hope that in future when such an opportunity for a wide public scrutiny of the Senate is made available, the utmost in cooperation will be given by the Senate. There

are people in Canada who do not understand the functions and responsibilities of an Upper House of Parliament. If this is the case, then we have a responsibility to help them to be better informed. It is their House of Parliament, and by being better informed they may make better use of our services.

People are normally down on the things they are not up on and this may be so with the Senate. I have a distinct feeling that were the people better informed on the functions of the Senate, the voices of destruction would fall on deaf ears. Part of the onus is on ourselves; and additional ways of getting information to the public must emanate from within our own ranks.

To close in a somewhat lighter vein, if we could arrange to have Quentin Durgens, M.P. summoned to the Senate, we might very well be able to have our own weekly program of information to the people.

Hon. John J. Connolly: Honourable senators, first I should like to say that it was a privilege to serve on the committee which dealt with the revision of the rules of this house. I think it was one of the very good committees of this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): It had an efficient, energetic chairman in Senator Molson. Unfortunately, I had to be absent from many of its meetings because of a Commonwealth Parliamentary Association meeting. I will say this of the chairman, that he set an example to all of us. His work was objective and he kept the proceedings in a completely non-partisan atmosphere. Some of us called him a benevolent Simon Legree; nonetheless, we were very impressed with the way he performed.

While I speak as highly as I do of the Chairman, I should also like to commend very highly indeed the officials who helped that committee—Mr. Hopkins, our Law Clerk; Mr. Batt, the Chief in the Committees Branch; Mr. Dehler, the special counsel who served us; Mr. Jackson of the Committees Branch; and finally, because the revision of the work had to be undertaken by somebody with the ultimate sense of responsibility, the Clerk of the Senate himself.

Honourable senators, I wish to address myself this evening primarily to paragraphs 20 and 21 of the Report of the Committee. This deals with the matter of setting the course for the Senate's second century. Since those words were written, the Government has produced a White Paper, on the occasion of the Constitutional Conference recently concluded. Some of its proposals affect the Senate, and they should be discussed here and have been, but there is more than that in the White Paper.

The White Paper outlines a broad area of constitutional change. It would not be enough, if the provincial ministers and the federal ministers and their staffs alone should pass on these important matters. The subject calls, in my view, for a great national debate. Both Houses of Parliament should be involved in this debate. The work of remaking the Constitution is not easy. The piecemeal approach which heretofore prevailed has now been discarded. The question is not, "How to patriate the Constitution?" The question is, "What are we to have in the Constitution of Canada?" A wide area is open for discussion: not just the Senate; not just the Supreme Court; not just a Bill of Rights; not just the official languages problem.

I pay tribute in the first place to the Prime Minister for emphasizing the enormous onus cast upon all of us who are concerned with this gigantic task. I commend him for making it crystal clear that the Federal-Provincial Conference for some time to come, indeed for our time at least, I believe, will have a greater impact upon our national institutions than perhaps any other forum, including Parliament.

It is a new forum—the Federal-Provincial meeting. It was not contemplated by the British North America Act. But, as the Constitution is revised, it will profoundly affect the constitutional structure of this country.

Our perspective, honourable senators, in this honourable house should be just as wide. We would do a disservice to ourselves, and indeed to the Senate, if we were to restrict our concern to the Senate alone. We must decide in debate, in committee, and in our own individual public postures, how we can make this contribution. But we should observe one word of caution: We are only 102 people here. We have important committees at work. They consume time and they engage our personnel. Too much cannot be going on at one time. Likewise, with the Constitution, some areas will take longer to revise than others. Haste in this matter must indeed be tempered with prudence.

These remarks, honourable senators, are made by way of preface. To restore myself to order, I revert to the report. I propose to speak about the Senate in the context of paragraphs 20 and 21 of the report. I believe on the general subject matter of the Senate my personal views are well known. When I was here but a very short time I was presumptuous enough to write a pamphlet about it, which I entitled "Custodian of our Basic Freedoms". Sometimes, when I look at it again, I think that was a more appropriate title than might otherwise have been my choice. If we do think of the Senate and what it can be, it may very well turn out to be the "custodian of the basic freedoms of Canadians."

I have spoken, as so many of you have, before service clubs, before other groups and in universities. I have participated, as you have, on radio and television panels, and, like Senator Sparrow, I have been amazed how the work of the Senate has been so little appreciated by many of the people to whom I have spoken, and how glad they have been to know the kind of people who are here and the kind of work that is being done.

In the Senate itself, when I first became leader, I made a general survey of my concept of the Senate, as indeed our present leader did when he assumed the leadership. That survey of my own views of the Senate can be found in *Hansard* on page 30 of the session of 1964-65. At that time I expressed the view that I believed strongly in the principle of bicameralism. I paid my debt particularly to what I considered then, and still consider, to be the classic document on second chambers, the Bryce Report, made in England in 1917, outlining the functions of second chambers.

I have tried, honourable senators, in the years that I was in the leadership to apply the principles that are set out in that report. If I were to pick from among all other purposes for which a second chamber was designed, one outstanding purpose, I would say that the primary function of the second chamber is the legislative function. The Senate is not a debating society; it is not an ombudsman; it is not a policeman; it is not part of the executive of this country. It has been relieving the legislative load of the House of Commons by initiating legislation in it. In the last session 13 of the 14 private bills that were passed by Parliament were introduced here. As for public bills, in the last four sessions the percentages of public bills introduced here were respectively 42 per cent, 21 per cent, 28 per cent and 30 per cent.

I see that the House Leader in the other place, on February 20, indicated that before the end of this session there would be 21 more additional pieces of public legislation placed before Parliament. I am sure that the Leader in the Senate will see that every possible bill that can be started here will be started here. If so, a lot of parliamentary time will be saved.

But what about the future of the saving of parliamentary time? What about the future as a result of the change in the rules in the other place? Is the house going to run out of business for open debate, either with the Speaker in the Chair or in committee? Will the work that is being done in the standing committees under the new rules now cut down on the amount of debate that takes place in the full house? If this should happen, I see no harm. We have done this in the Senate with useful results for a good many years. But we should continue, in my humble opinion, to initiate as much public legislation in this house as we can.

As for the quality of the work, perhaps it does not lie in our mouths to say that it has been responsible. At times it has perhaps irked ministers because they do not like to see their legislation amended. But, on the whole, the ministers of the Crown, regardless who was in office, would agree that generally amendments made by the Senate to public bills were prudent amendments.

May I stress one other point, that nowhere in the great democracies of the world is the legislative function of the second chamber downgraded, frustrated or denied. It is generally acknowledged that a second chamber is a legislative chamber, that it is a deliberative chamber. As Senator Lambert used to say, "It is a legislative court of appeal." As Senator Meighen once said, "It is a workshop, not a theatre"—and Senator Roebuck has reminded us of this many times.

The recent White Paper in the United Kingdom on the reform of the House of Lords acknowledges the paramount importance of the legislative function of that body, even when it is proposing a radical reform of it. The Parliament Acts of the United Kingdom of 1910 and 1948, which restricted the power of the Lords in respect of public legislation, acknowledged the primacy of the legislative

function. The Fathers of Confederation of this country acknowledged its primary importance. The Maritimes and Quebec would not have joined Confederation unless they had equal representation with Ontario in this honourable house, simply for the purpose of offsetting the power that was given to Ontario as a result of the larger representation, that arose from their larger population, in the Lower House. The French-Canadians in Quebec, both for linguistic and religious reasons, wanted the same kind of reassurance, and that is why they had 24 members in this house, to equal the 24 that were allotted to Ontario. Both of these groups, the Maritimes and Quebec, at the time of Confederation, wanted some assurances as to the trend the legislative process would take, and they got them. The legislative function is paramount to this house.

What, then, about the veto powers? True, when we defeat a public bill here we do not defeat the Government. But not once in the history of the Senate has the overriding veto power that we possess ever been a lasting challenge. The Senate has acted responsibly when there has been a mandate given to the Government in the other place. Those of us who were here will, I think, at least give those who sit on the Government benches at this time this accolade, that in the period from 1957 to 1963 we who were then of the Opposition recognized the mandate that the Government had, though its supporters could be counted on the fingers of very few hands on this side. There was only one occasion upon which a bill was not passed, and that bill was not brought back.

Having said all this, honourable senators, I sometimes wonder: Can there be any objection to curtailing this veto, say, on the second defeat here of a measure proposed in the other place by the Government? Perhaps this should be considered. Certainly, in 1910 and 1948 this loomed large in the United Kingdom, when the Parliament Acts were adopted. But the reasons there were different. There was in their Upper House at that time, as indeed there still is, a built-in Tory majority arising from the hereditary principle. This frustrated the Labour Party's objectives in 1948, just as it frustrated the Liberal Party's social security program and educational program in 1910. However, that situation is not ours, and I ask all honourable senators present: "Can today's Executive foresee the need to curtail the veto, that we now possess, in the next 25, 50 or 100 years?" Can the provinces foresee any need to do this? Can the people, indeed, foresee the need to do this, particularly viewing it in the background of the way the Senate has performed?

Suppose, though, the veto is curtailed, and suppose some extreme group acquires power through some mischance in the other house. In that extremity, would the curtailed veto provide apprehension or assurance? This is the practical question. Does the democratic process dictate that the veto be curtailed? If so, is this the right conclusion? The great Churchill reminded us, and let us not forget it, that good and all as the democratic process may be, it may not be the best process for the governance of people; it is only the best that man has been able to devise.

Let me speak for a moment about the method of appointment to this house. Much is said of this, and many answers are given. Election at large is one of them; nomination to a large extent by the provinces; and then abolition. Honourable senators, being an unrepentent believer in the bicameral system, I utterly reject, and with contempt, the N.D.P. proposal concerning the abolition of this house.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Connolly (Ottawa West): All the experience of the great democracies of the world is against it. The N.D.P. have nothing to lose and everything to gain by advocating this proposal. If by some unfortunate mischance they should assume office in this country, without a Senate of their own making, they would have complete freedom to change the very character of Canadian institutions as we know them.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): I think that election at large would never be countenanced by an elected House of Commons. An elected second chamber, without defined constitutional restrictions, would compete with the Lower House. It would not supplement its work; it would supersede it, in prestige and in power, and for obvious reasons.

We should face the possibility of an elected Senate, and if this should happen, then I think the powers would have to be restricted, if they were ever to be accepted by an elected House of Commons.

What about provincial nomination for the membership of part of the Senate? The reason assigned for doing this is to give more effective provincial or regional voice to the

various parts of this country. Is this so effective an argument now when you contemplate, in the first place, the multiplicity of parties in the other place? Are we to admit that the federal authority is too incompetent to assure adequate provincial or regional voices in Parliament? Frankly, I doubt it.

Actually, provincial and regional representation is not a problem. We have provincial and regional representation now. The problem is a political problem. It is a problem of a demand for a voice in the Senate by the political party in office in a particular province. It is a demand from a province where the government is of a different political persuasion from that of the federal Government. Alberta has had a Social Credit government in office for 34 years, British Columbia for 17 years. Saskatchewan had a CCF government for 17 years. But, never in all those years has there been a representative of those political parties in this honourable house. I think few people, deep down, would deny that the Honourable E. C. Manning would have been an adornment to this house.

Hon. Mr. Thorvaldson: He would be now.

Hon. Mr. Connolly (Ottawa West): I think very few people would deny that M. J. Coldwell would have been an ornament here. But, would the provinces nominate men of this standing if they had the power to do so?

Hon. Mr. Roebuck: Not much.

Hon. Mr. Connolly (Ottawa West): Would the federal and provincial authorities, as the White Paper suggests, "vie with each other for excellence of appointments?" I cannot, honourable senators, bring myself to think in terms of simplicity as naïve as this. Rather, I think that the political pressures at both the federal and provincial levels would result in more purely partisan appointments than we have seen in the last one hundred years of the history of this house. If it is desired to make of the Senate a chamber of more highly partisan debate, in my humble opinion that would be the way to begin.

I suggest that in the federal Parliament, the introduction of the expressly provincial element, even in a federal state like Canada, may add more complications to the already complicated parliamentary process. In the House of Commons now there are four political parties. For the most part they deal with national problems from the national point of view. Let us give them that tribute. Although their political motives do vary, their arguments seldom coincide with the approach made by the other parties with which they sit. The Government of the day must take these various factors into account.

Within the provinces, however, the political parties, with the same names, are often found to be advocating positions different from those of their federal counterparts.

In this house alone would this new political atmosphere prevail? Parliament in this way could easily be built into a Tower of Babel. How useful would this be to either the advancement of national unity or the promotion of regional and provincial welfare? There could easily develop in this house a political free-for-all.

The pressures for provincial nomination, however, may in fact become irresistible, and at the bargaining table they may become a trump card. If this happens I would hope that good sense will prevail. I should think that no more than 20 per cent of the senators should be of provincial nomination. Moreover, I strongly suggest that their term be no longer than the life of the provincial government which nominated them, even if there is a power to renominate.

What about term appointments? The British are about to endorse this view for voting peers, but it should be remembered that their house is not restricted to 102 members as is ours. Would it work in Canada to have term appointments?

Honourable senators, look around you. Consider the chairmen of our standing committees. They are among our most valuable members. All have had, and some continue to have, careers of distinction outside this house. Would men of this stature be persuaded to come here, almost full time, during six, or perhaps ten, of their best years? Would they want to enter a house more politically oriented than this house is now?

What about our many backbenchers of distinction? What about our promising younger men who have recently been appointed to this chamber? What about the Leaders on both sides, the Deputy Leaders, and indeed the Whips? Would they take 6- or 10-year appointments?

Look back for a moment to the men who have given national service here. I mention no names of present senators, but I will mention names like Dandurand, Meighen, Hugessen, Robertson, Lambert, Crerar, Power, Campbell and McCutcheon. Would a shorter term appointment have induced these gentlemen to assume the burden of work here? I doubt it.

The answer is to be found perhaps in a lowering of the retirement age, but if you look at the distinguished senators who carry the load of work here you wonder whether the retirement age of 75 is too high.

This proposal of a six-year term intrigues me. Is it mainly an idea borrowed from the United States practice by a very knowledgeable political economist? If it is, then it should be examined. Who are the most eminent and respected members of the United States Senate? Surely, the answer is that they are the most experienced and more capable people in the present Senate—men like Mansfield, Fullbright, Eugene McCarthy, Muskie, Javits, and Aiken, to mention a few. Review of the history of the United States Senate and you will confirm this view. If these men have served long and well it has been because they could be re-elected every six years. Either they performed, or they answered to their people. Obviously, these men have performed. Their names are household in the United States, and indeed in this country. But here, senators appointed for a six-year term would be answerable to but one of eleven men. Reappointment? Perhaps.

But what of their independence of thought and action, as Senator Roebuck reminded us the other day? Can this be preserved in these circumstances? Frankly, I doubt it.

We face another problem here. The academics do not see it, but those who want the Senate to function effectively, those who sit inside the Senate and try to make it function effectively, know it. I refer to the size of the Opposition. Honourable senators, in my own considered opinion when the number on the Opposition benches falls below 35 per cent of our membership the result is not good for this house or for the work it does.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Connolly (Ottawa West): Too few people are then overloaded with the critical work. When a party is out of office it is not as easy to examine bills, either for the house or for committees. The onus upon the leader opposite is oppressive when he has too few people around him. Perhaps the leader of the opposition party in the country should have the power to nominate a panel in such circumstances—unless, of course, by provincial nominees the opposition benches are going to be filled up. But is that an assured possibility? I pay my tribute to the work that is done by the Opposition here. If we ignore their problems—however misguided their political philosophy may be—I say we ignore their problems at our peril.

Frankly, I cannot get too excited over some of the proposed new powers for the Senate. We could with advantage criticize the work of cultural agencies sponsored by the federal authority. This would parallel in a sense work that is now being done by the Special Committee on Science Policy. Such work could be performed by select committees of the Senate, and at regular intervals. Without embarking upon details, I think I do the Executive, and perhaps the country, a service if I question the wisdom of nominees for the Supreme Court of Canada, of ambassadors and of heads of Crown corporations being approved by a committee or by the whole of this honourable house. I wonder what the other place would say if this proposal were finally adopted. Such a proposal may be appropriate in the United States where executive action is not subject to congressional approval or otherwise. That is not so under the parliamentary system.

I understand the Federal-Provincial Conference approved the establishment of five committees of ministers. Each is to have supporting staff. All of the committees will have a heavy work load, as all of us realize. I ask honourable senators, will any of these committees have any regard to the views of ordinary legislators, either federal or provincial? I acknowledge the need for the committees and for the serious consideration of the questions which will agitate them. But are they to report simply to the next federal-provincial meeting from behind closed doors? Are they to consult with anyone but the staff supplied to them? Does Parliament now wait for a consensus to emerge from the federal-provincial meeting as a result of the reports of these committees? Is Parliament then to be confronted with a consensus served up in legislative form? Or will there be a White Paper, and will the White Paper be debated? There is a heavy onus indeed cast upon the Government for getting solutions to these wide-ranging problems. I sympathize with the Government over the problems that confronts it in this respect. All I would say is, I believe that in this house we want to help.

There is a heavy onus, too, cast upon the Leader of the Government in this house, especially in respect of reform and change in the Senate. We want to help him too.

But, I repeat, let us not think for a moment that the problems affecting the Senate are either the most important or the only problems emerging from the federal-provincial meeting. If we do we shall be charged with promoting self-preservation and the maintenance of the status quo, and we shall be called reactionaries. If that happens, regardless of the merits of our views we shall not be heard in the court of public opinion.

Hon. L. M. Gouin: Honourable senators, it is very difficult for me to speak immediately following the eloquent address just delivered by Senator Connolly (Ottawa West). I wish to discuss only a few points which were not raised by him, and which are of a quite different order.

First of all it is my duty to congratulate Senator Molson, who I regret is not here tonight, on the excellent teamwork shown by him and the Special Committee on the Rules of the Senate. Those rules, which I have examined carefully, impressed me most favourably. Tonight I want to discuss a few of the principles stated at the beginning of the Fourth Report of the Special Committee on the rules of the Senate. Paragraph 4 states that there is a

> clear necessity for constitutional and statutory changes... in order to reach the objective of a modern and streamlined Parliament.

It is argued that such changes are required, in particular to allow the Senate

> to make its maximum contribution to the welfare of the Canadian People.

Personally, I believe that much has been done by the Special Committee on the Rules of the Senate without amending the Constitution. Constitutional amendments present very many difficulties, which are of a more than purely legal character, and Senator Connolly made some very wise remarks on that subject. We have to be prudent in dealing with such a vital matter. It is very often said that constitutional reform is long overdue, that after more than a century our Constitution should be overhauled. The public clamour for such alteration is especially strong in Quebec. But these changes must not be made merely for the sake of renovation. A clear majority of the voters must make up their minds what they want. The general public in my native province are interested mainly in matters having little or nothing to do with the Senate.

There is an extraordinary variety of changes which are now advocated without being clearly defined. Slogans are placed before the general public much more than definite programs.

Honourable senators, I am a federalist; I have always been and will always remain a federalist. I believe in a just and fair form of federalism, fully respecting provincial autonomy. This is the very best system which can possibly be devised for Canada as a whole, and for Quebec particularly. But sooner or later the electors will have to make a choice. They will have to choose between a renovated form of federalism on the one hand, and on the other hand, such unknown quantities as Quebec becoming an associated state, or Quebec obtaining its independence or securing a special status or obtaining merely additional powers.

I respect all those who want to reconstruct by constitutional means, though I differ in opinion from them. But there are others who do not want to reconstruct; they want to destroy. There are groups of terrorists in the Province of Quebec, particularly in Montreal. The situation has become very critical. We must have no illusion about that. There are groups at work who are purely and simply anarchists. They want conditions to become such that the economy of the Province of Quebec will be so deeply impaired that unemployment will become general. Then there will be riots, following which they hope to take power. That is the situation. They have clearly declared they want to destroy, to kill all federalists. Let us have no illusions about this; anything may happen any time under present circumstances.

I make these remarks to emphasize the seriousness of our constitutional problems. I wish to add that in subject matters other than Senate reform, there is an urgent need for us to offer to the Canadian people a program of wise and sound constitutional changes.

Now, I agree fully with the report under discussion when it recommends that more Government bills be introduced in the Senate. I wish to sincerely congratulate our distinguished Leader, the Honourable Paul Martin, for having secured for introduction in the Senate, during the present session, a record number of Government bills. This recognition of our usefulness in this sphere of action is for all of us a great encouragement to dedicate ourselves more than ever to the scrutiny of such public bills, to make a depth study of all their provisions and to assure ourselves

that when those bills are passed here they are in a shape and form which will contribute to the welfare of the Canadian people.

A last remark, honourable senators. Should senators abstain from attending any party caucus? Personally, I am convinced that it is my duty to meet with the Liberal members of the House of Commons every week. In particular I attend regularly the Quebec caucus of the Liberal Party, and there I am in a position to know what the ideas are which inspire those members, who represent the City of Montreal and the province at large. In this way I am able to try to find the road where lies my duty as a good Canadian. If I abstain from attending the party caucus and isolate myself, then I cannot possibly exercise any influence or find any guidance for the attitudes which should be taken. At the present time those attitudes for every one of us are of capital importance.

In our national caucus I come into contact with the reactions of the representatives of the country at large, and thus I am able to realize what is possible in the way of reform, what are the practical aims which are desirable for preserving and strengthening our Canadian unity, a unity founded on diversity, on the respect of all creeds, all cultures, all races, all colours and all classes.

Politics, indeed, is the art of governing people, and our party system is the very basis of our Canadian democracy. It is only through a political party that we can have any positive action. My allegiance to the Liberal party seems to me the best way to serve Canada. It does not prevent me in any way from discharging impartially my duties as a senator. To date there has been no conflict of loyalties in my conscience between my devotion to my party and my constant intention to be a good Canadian, to do my utmost to preserve in Canada unity in diversity.

I try also—and I say this with all sincerity—to be a good Canadian of French expression, and in serving Canada I am not called upon to sacrifice my French Canadian people, their rights and their interests. French Canadians form part of Canada. Our patriotism must have a continental dimension. It must extend like our national territory from one ocean to the other and from our southern boundary to our Arctic frontier. Our country has the size of an empire, and everywhere within its gigantic magnitude I have the right to feel at home. I am nowhere a stranger in this great land of ours. "*Au Canada mon pays mes amours,*" to quote one of our great patriots, Sir Georges Etienne Cartier, Oh Canada, my beloved country.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Grosart, debate adjourned.

THE ESTIMATES

REPORT OF FINANCE COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, February 12 the adjourned debate on the motion of Hon. Mr. Leonard for the adoption of the Report of the Standing Committee on Finance with respect to the Estimates and the Revised Estimates for the fiscal year ending March 31, 1969, which was presented on Thursday, February 6, 1969.

Hon. L. P. Beaubien: Honourable senators, I want to say that I concur fully with the remarks made by the honourable Senator Leonard when he opened the debate on the expenditures as proposed by the Estimates. I want especially to emphasize two points. The first is the federal expenditures for 1969-70. The expenditures for 1969-70 are over double the expenditures for 1959-60. They went from $6.2 billion to something over $12 billion. Also, provincial and municipal expenditures have grown even faster than federal expenditures. The sum total of the provincial and municipal expenditures now exceeds the spendings of the federal Government.

There is no doubt in my mind, from studying these figures, that one can come to but one conclusion, that we will have still higher taxes on all three levels.

Honourable senators, we are part of North America, and tax-wise we must be competitive. To be competitive, our taxes should be lower than Uncle Sam's. This is how I see it, and to explain it in a few words I must over-simplify. If Mr. "A" is a teacher, an accountant, a mechanic or an electrician, for every Mr. "A" employed in Canada there must be at least 30 or 40 employed in the United States. As a rule, wages are higher there, and therefore I say employment opportunities are greater below the border.

Honourable senators, if opportunities are less here, taxes should be less. Maintaining a high level of employment is our chief concern. We must keep our qualified people and we must attract others. If our economy slows down, we will not have work for the great numbers of the young people on whom we are spending so much money for education in high school and college every year.

Where do we stand? I think the ordinary man on the street here is taxed more heavily than his opposite number in the United States. This is a matter of vital importance, which we should know. At the next meeting of the Senate Committee on National Finance, I will move that the committee, in the course of its study of the Estimates, make a thorough study of the levels of taxation in the States of New York, Massachusetts, Illinois and California, and compare the findings with our own tax burden. There are many relevant statistics which are readily available, and the committee might also wish to study the very complete comparative figures published by the Organization for European Co-operation and Development.

Honourable senators, if I am wrong, if we find that our American cousins are taxed more heavily than we, let us publish it and broadcast it below the border; at least it will do us good. But if I am right, and if our taxes are higher here, the Senate should do something to halt this spiralling splurge of spending which is a serious threat to our prosperity.

On motion of Hon. Mr. Macdonald, debate adjourned.

NORTH ATLANTIC ASSEMBLY

FOURTEENTH ANNUAL CONFERENCE AT BRUSSELS, BELGIUM

The Senate resumed from Wednesday, February 5, the adjourned debate on the inquiry of Hon. Mr. Aird, calling the attention of the Senate to the Fourteenth Annual Conference of the North Atlantic Assembly held at Brussels, Belgium, 11th November to 15th November, 1968, and in particular to the discussions and proceedings of the conference and the participation therein of the delegation from Canada.

Hon. Chesley W. Carter: Honourable senators, I should like to associate myself with all those who have commended Senator Aird for introducing the motion before us, permitting us to debate not only the subject of NATO but the basis of our foreign policy as well.

This motion is all the more timely because our whole foreign policy has been under review by the Government for nearly a year, and the Prime Minister himself has invited a wide public debate on this subject and has encouraged all interested citizens to take part in it.

I think that is a good thing. I presume that our foreign policy, insofar as our relationships with other countries are concerned, is under continuous review; but, it appears that what the Prime Minister has in mind is that we should examine more closely the basic principles on which our foreign policy rests, in the light of changes that have occurred since World War II and particularly during the past decade.

A clear statement of foreign policy made by the present Prime Minister is contained in a press release dated May 29, 1968.

He started out by calling attention to the significant changes—political, economical and technological—in our own country and in the world around us of which centennial year had made Canadians more aware. Then he went on to say, and I quote:

> We found ourselves questioning long standing institutions and values, attitudes and activities, methods and precedents that have shaped our international outlook for many years. We found ourselves wondering whether in the world of tomorrow, Canada can afford to cling to the concepts and the role casting which served us in our international endeavours of three decades or more.

He then summarized Canada's foreign policy objectives during that period, and I quote:

> "This country" played a leading part in shaping the multi-racial commonwealth, in promoting and supporting a universal united nations and in trying to keep NATO attuned to changing strategic and political requirements. We made a significant contribution to international aid.

And so the great debate was launched, and in the main it has revolved around Canada's future relationship with NORAD, NATO and Red China.

As I intend to keep myself strictly within the confines of the motion before us, my remarks will be limited to NATO. But with regard to recognition of Red China, I should like to make one observation.

When France withdrew from NATO and began to seek friendly relations with the U.S.S.R. and Red China—

Hon. Mr. Flynn: They have not withdrawn from NATO. They have just withdrawn from the integrated forces.

Hon. Mr. Carter: That is merely a technicality.

Hon. Mr. Flynn: I doubt that.

Hon. Mr. Carter: A French writer posed this question to the French Government: "Is it a good bargain", he asked, "to exchange the friendship of the NATO Alliance, particularly that of the U.S.A., for the friendship of Russia and Red China?" Is it a good bargain? I think Canada should ask herself that question, too.

Now, to return to the great public debate on foreign policy. Apart from the participation of the Postmaster General, who wants "out" of NATO and the Minister of Defence, who wants Canada to stay in NATO, together with a few editorials based largely on their utterances, public participation has been disappointingly small. I do not think this is due to apathy or indifference on the part of the public. I think it is because the ordinary citizen feels that he does not have sufficient information on which to base any worthwhile opinion, let alone to make a decision.

The two ministers who have taken opposite sides publicly on this question have not been very helpful. In fact, the statement made by the Postmaster General in which he equates NATO with the Warsaw Pact as though they were similar organizations is misleading and harmful. To enlighten the public, the Postmaster General should have pointed out that the Warsaw Pact is not a voluntary free alliance of nations, as NATO is. The nations of the Warsaw Pact came together because Russia ordered them to do so, in fact, compelled them to do so, and recent events in Czechoslovakia make it quite clear that no member nation can withdraw from the Warsaw Pact without Russia's permission. As a matter of fact, if the Warsaw Pact were disbanded tomorrow, it would not make one iota of difference so far as the military situation is concerned. Yet the Postmaster General would have us believe that, if the Warsaw Pact were dissolved, it would have the same significance as the dissolution of NATO.

The two ministers may have been experimenting in ways to stir up a public debate; if so, the experiment failed because it did not inform the public and it created the impression of a divided cabinet.

On the other hand, a public debate on a matter so important as foreign policy is highly desirable, and this is a function that the Senate is well qualified to perform. Personally, I would like to see this debate continued in this chamber on an organized basis, with a whole day or even two days devoted to it, not one speech every two or three weeks as we have been doing.

Hon. Mr. Choquette: It is long enough.

Hon. Mr. Carter: With respect to NATO, there are three main questions to be considered: (1) Is NATO any longer necessary? (2) Should Canada remain in NATO? (3) If so, what should Canada's role be?

Let us take the first question, is NATO necessary? In his policy statement of May 29, 1968, to which I have already referred, the Prime Minister drew attention to the changes that had taken place in Canada and in Europe since World War II, and I quote:

> Canada's position in the world is now very different from that of the post-war years. Then we were probably the largest of the small powers. Our currency was one of the strongest. We were the fourth or fifth trading nation and our economy was much stronger than the European economies. We had one of the very strongest navy and air forces. But now Europe has regained its strength. The third world has emerged.

He then went on to give his Government's appraisal of the political situation in eastern Europe, and this is what he said:

> It is no longer realistic to think in terms of a single model of organization and development in eastern Europe; or of a monolithic communist unity such as Stalin could impose. There has been a perceptible detente in East-West relations. There has been a growing recognition in Eastern European countries of the need to adapt their economies to national needs, rather than adhere in a doctrinaire way to an economic model inspired largely by 19th century concepts. Although it remains true that there are some fundamental and far-reaching differences between us and the communist countries, it is no longer true to say that the communist world is monolithicly and implacably hostile to us.

Hon. Mr. Grosart: He said that before Czechoslovakia.

Hon. Mr. Carter: That statement, of course, was made prior to the rape of Czechoslovakia, which proved the assessment completely wrong. If the invasion of that country proved anything, it proved that European socialist countries, particularly members of the War-

saw Pact, are not going to be permitted to adapt their economies to national needs. That is exactly what Czechoslovakia was trying to do, in fact, was being forced to do, because the archaic concepts of the 19th century plus Russian imperialism was causing the Czechoslovakian economy to collapse.

The controls which the Russians are now exercising over the Czechoslovakian economy make it quite clear that no deviation is going to be permitted from the doctrinaire communist concept of the 19th century. At the same time, the curtailment of the rights and freedoms of the people of Czechoslovakia makes it equally clear that the monolithic communist unity, as imposed by Stalin, is still very much in existence.

I do not know how implacably hostile the Iron Curtain countries are towards the free world but, despite their professed desire for "peaceful co-existence" which the wishful thinkers among us mistakenly interpret as a desire for peace, I doubt very much that they have abandoned their goal of world conquest which was so aptly expressed by Khrushchev when he told the West, "We will bury you."

The cold brutal fact is that the threat from monolithic communist eastern Europe is every bit as great today as it was when NATO was created and that fact alone should be sufficient to justify its continuation.

But from the strategic point of view the situation now is even worse than it was in the post-war years. While the free nations of the world have been concentrating on butter, the U.S.S.R. has been concentrating on guns. The Russian army is tremendous, formidable both in terms of manpower and fire power. It is equipped with the most sophisticated weapons and armour that modern technology can provide. The Soviets have also realized that in many areas the strategic balance of power is today shifting to the sea. Consequently, for years the Soviet Union has been vigorously building up its strength in sea power and missiles. These two areas are currently receiving both funds and priority equalling and surpassing those of its outer space program which also is geared more to military use rather than to space exploration. It is estimated that Russia is spending some $37.5 billion on its naval and missile programs this year—far more than it ever has spent on its army budget. Why? Because a modern, highly mobile, missile-equipped navy roaming about in the 70 per cent of the earth's surface that is water is one of the most effective ways to gain control of the 30 per cent that is land.

Russia has recently made the momentous decision to start building aircraft carriers—what Khrushchev once called "the floating coffins of capitalism". She is making her debut in this field with huge 30,000 to 40,000 ton ships which will surpass in size similar United States vessels, and already the Soviet submarine fleet outnumbers that of the United States 375 to 200.

The Red Navy now possesses a submarine fleet which can bring Europe and the United States under fire with 130 to 200 nuclear warheaded ballistic missiles. An increase to 300 by 1972 is planned. They are no less dangerous to the ocean-bordered United States than America's approximately 450 polaris and poseidon missiles are to the USSR.

With the increase in naval power, Russia is developing a new forward naval strategy, and as the first area of operation for this strategy, they have chosen the Mediterranean.

In early 1967 scarcely a dozen Soviet warships were plowing through Mediterranean waters. Today more than fifty Soviet units—including the most advanced missile cruisers and submarines—are plying the waves from Gibraltar to Bosporus. The USSR has quadrupled her naval forces in the Mediterranean in little more than one year and no end of the build-up is in sight. In other words, Russia is busily establishing a firm foothold all along NATO's southern flank.

Turkey, a NATO member who is not at all sure that she should be, allows the Soviet Union free passage into the Mediterranean through the Bosporus and Dardanelles. All Turkey requires is advance notice.

Egypt and Syria have opened, for Soviet use, their vital naval ports at Alexandria and Latakia respectively. In return, the USSR has placed in the hands of these unstable countries some 70 naval units consisting of torpedo boats, missile launches, gun boats, minesweepers, submarines and destroyers.

In Algeria the Soviets are making a bid for full use of the strategic naval built base at Mers-El-Kebir. Incidentally, Algeria has already been the recipient of six Soviet missile-carrying gun boats and eight P-6 torpedo boats.

Over on Malta the Russians are offering to fill the economic vacuum left by the withdrawal of British forces. Malta, situated between Italy on the north and pro-western Libya and Tunisia on the south, would make an important base because it would enable the Soviets to interfere with the passage of oil

to Europe from these oil-rich regions. The Russians are interested in opening the Suez Canal and are already negotiating for a base at Aden which would give them control of the Suez Canal route.

Incidentally, while Russia is gaining Mediterranean bases, Britain and the U.S. are being threatened with further losses. The pact granting the U.S. use of the vital Mediterranean Polaris base at Rota has just expired and Spain is asking an extremely high price to renew the agreement, while at the same time she is putting mounting pressure on Britain to give up Gibraltar.

Now let us look at the Baltic. There the Soviet Union maintains 140,000 naval personnel aboard about five cruisers, 24 destroyers, 20 frigates, 100 submarine chasers, 130 minesweepers, 70 submarines and 180 torpedo boats. In addition there is naval air force with 250 planes and another 1,000 aircraft divided into three air forces stationed near the coast and 100 amphibious vehicles for a first landing wave of four to five Soviet divisions. This is roughly four times the combined potential West German and Danish strength in this area.

In the face of these facts it should be clear that if the West intends to protect its freedoms, the only way it can be done is through collective security organized along the lines of the North Atlantic Treaty Alliance.

Having said that, however, I do not mean to imply that NATO's performance has been satisfactory or that as it exists today it can be considered adequate to the task before it.

True, as Senator Lang pointed out, World War III has not yet become a hot war, but I, for one, believe that is due as much to circumstance as to the existence of NATO. Up to the time of the missile crisis in Cuba the real deterrent to war was the U.S. policy of massive nuclear retaliation. When Khrushchev tested the U.S. on this policy and found that they really meant business, not only Khrushchev, but the NATO allies too, got scared. It was only after the great confrontation over Cuba that NATO members began to appreciate the need for conventional forces on the theory that to avoid nuclear retaliation, Russia, in any attack on the West, would use conventional forces, at least in the early stages.

Prior to that, NATO members had provided only token forces to NATO. When I was a delegate to NATO—in 1961, I think, the year of the Berlin Wall—I was astonished to find that only two or three members had actually kept their full commitment to NATO. Canada was one, I am happy to say. The U.S.A., I believe, was another, and one or two smaller nations like Denmark or Belgium. The majority of European nations had provided only skeleton forces. True, they had their quota of divisions there but only in skeleton form. They were mostly paper divisions, not fully operational.

We can hardly blame General DeGaulle for withdrawing from that kind of setup. Why should he continue to perpetuate something that was more shadow than substance?

Since 1961 the situation has probably worsened. NATO members have given even greater priority to butter than to guns. All sorts of welfare programs have been initiated, and the extra cost has exceeded increases in production and external trade to the extent that deficits have occurred in their international balance of payments which, in turn, along with inflation, has undermined the value of the pound sterling and the American dollar as reserve currencies. This has created recurring financial crises in countries tied to these currencies. Consequently, Britain and possibly other countries too have been pressing for a reduction of their commitments to NATO.

The attention of the U.S.A. has been focussed on South East Asia to such an extent that NATO has been relegated to secondary importance while the cost of the Vietnam war, together with an unfavourable balance of payments, have resulted in great pressure on the U.S. government to recall a considerable portion of their troops under NATO command.

To rationalize this, they propounded the theory of massive air lift from the U.S.A. to Europe. This was tried out recently and found impractical. The transatlantic airlift of 12,000 U.S. troops to NATO manoeuvres within 30 miles of the Czech border was so upset by bad weather that the *Bild Zeitung* commented sarcastically, "U.S. soldiers presumably are now manoeuvring in defence of the Federal Republic in England, Spain, the Azores..." Even with good weather, the scheme is impractical because Soviet planes could bomb the airfields out of existence before the airlift was half way across the Atlantic. The fact that such a gamble could be given serious consideration by military minds indicates the declining importance they attach to NATO.

That the situation with respect to conventional forces in NATO has not improved is indicated by the fact that the Warsaw Pact forces outnumber NATO forces two to one in aircraft, more than two to one in manpower and three to one in armoured units. This fact was underscored a few days ago by the Defence Minister of the United Kingdom who said that NATO forces could not hold out more than two or three days against a Warsaw Pact force attack. The only alternatives for NATO would be to use nuclear weapons or surrender.

NATO was created to serve two purposes. One is to provide a temporary shield to absorb an initial thrust so as to allow adequate time for the West to mobilize defences. This function, NATO can no longer perform. The other purpose is to provide a military system which would guarantee the legitimate defence needs of West Germany but in which West Germans themselves would not have a dominant role.

As NATO allies have reduced or reneged on their commitment of conventional forces to NATO, West Germany has been encouraged, I think one might say even compelled, to fill the vacuum, with the result that West German ground forces now play a dominant role. In fact, NATO is dependent upon them.

NATO has many other weaknesses, which I pointed out in a speech in this chamber on March 31, 1968. Events that have transpired since that date have rendered my comments even more valid than they were then.

Since NATO is no longer capable of performing the functions for which it was created, obviously there are only two sensible things to do. One is to restore its capability, and the other is abolish it altogether, and go back to relying on the old deterrent of massive nuclear retaliation advocated by late John Foster Dulles.

I do not see how anyone who has had any war experience at all can honestly believe that a conventional war involving the great powers will not eventually escalate into a nuclear war. War is like that. National survival is at stake, and, once engaged in a life and death combat, the great opposing powers will use every means at their disposal to win, even nuclear weapons. Flexible response through use of conventional forces is a plausible theory but it can lead to a false sense of security and, to that extent, it can be dangerous. It is essential therefore that NATO be strong enough to prevent an attack even being considered.

Of the two courses, collective security through an organization like NATO is obviously to be preferred. It has many more advantages and provides many more opportunities than the term implies, provided, of course, it is not a sham, but real collective security in the fullest sense.

However, if NATO members really want that kind of NATO organization, they will have to tighten their belts and rearrange their spending priorities, and that applies to Canada too. If NATO members prefer to live in a fool's paradise, I see no point in continuing the present alliance merely as a disguise for it. Freedom has a price and no nation should expect to enjoy it at another nation's expense. It is a matter of national honour. It would be shameful for Canada to say: "The U.S.A. has to defend us anyhow. We don't need to spend money on defence." To me that course is unthinkable. Despite Soviet smiles, despite their talk of peaceful co-existence and their attempts to cast themselves in peacemaker roles, the threat to freedom has increased rather than diminished in recent years.

That threat can be met in part by a revamped and revitalized NATO; a NATO in which all members make and honour fully the necessary commitments to ensure adequate capability not only to resist attack but to make attack unthinkable; a NATO whose members are prepared to co-ordinate their trade policies, their scientific research programs, their production capabilities, and their foreign aid; a NATO whose members are prepared to give these matters priority over domestic affairs, and who are determined to achieve unity among themselves by frequent consultation and every other means; a NATO which will take cognizance of the fact that Communist influence and Communism itself has greatly expanded in the post war years, and that 90 per cent of Soviet gains in that period has been achieved not by force of arms but by political and ideological warfare. In short, a NATO capable not only of military defence but capable also of taking the offensive in ideological, economic and political warfare. Anything short of that will not be adequate. If the Free World decides to set up such an organization, should Canada be a member of it? Here we come to the fundamentals of Canadian foreign policy. This will include not only our appraisal and assessments of the world situation, our immediate goals and long term objectives, but also of the motives that lie behind our objectives.

I have been in Parliament long enough to be convinced that what is not morally right cannot be right politically, economically or socially. True, some short term advantage may accrue, but in the long run it fails because it leads to situations and creates other problems that are worse than the old ones. If the motive is not morally right the objective is certain to prove wrong.

I sometimes feel that we tend to deceive ourselves as to the true motives which lie behind our policy moves. What, for example, is the true motive behind the policy of recognizing the government of Red China—not so much the people of Red China, but the government. I know there is plenty of rationalization for it, such as *de facto* government, one-quarter of the world's population, and all that. But let us put aside rationalization and be absolutely honest about the true motive. What is it? Is it that we honestly believe that by so doing we can advance the cause of freedom and of world peace? If so, how? Is it to demonstrate our independence of U.S. influence, or is it because we expect to obtain some material benefits by way of expanded trade, more wheat sales, et cetera? Until we know what the true motives are, we have no way of judging whether our foreign policy is right or wrong, good or bad.

Before we can decide about NATO, we must examine the true motives that are activating those who want Canada to stay in NATO, and those who want her to get out. The Minister of Defence and the Minister of External Affairs, as I understand them, say they want Canada to stay in because it is a cheap way of giving us a voice in the councils of the nations of the world. The Postmaster General says he wants out because we are not getting value for our money in terms of collective security, and he thinks Canada would get better value if we used the money for foreign aid, or for domestic programs to expand welfare or to fight regional disparity. But are these the real motives, and, if so, are they adequate? I must confess I do not find them too overpowering.

Of course, the breakup of NATO is one of the prime objectives of Soviet policy, and this in itself would be the true motive of Canadian communists, their sympathizers and fellow travellers, who urge Canada to withdraw from NATO. These are the people who, in the face of events in Czechoslovakia and the Middle East, would have us believe that members of the ruling apparatus of the Soviet Union are really lovers of peace.

The fact that the breakup of NATO is a Soviet policy objective is one of the best reasons we could have for retaining it. But, there are many Canadians who hate Communism, and still advocate Canada's withdrawal from NATO. The Postmaster General is one. When it comes to members of the government, rightly or wrongly, one gets the impression that the motive is somewhat tainted with economic and possibly political implications. Our present budget situation is such that any means of decreasing federal expenditures is most welcome, and withdrawal from NATO would help considerably to relieve the financial burden. But, should this be the over-riding consideration?

If we believe that the threat to freedom remains undiminished, that one of Canada's front lines of defence against that threat runs through Europe, that a system of collective security, uniting the free nations of the world in a common defence structure, is the best safeguard against that threat, then surely Canada should be a member of that organization.

If we are not prepared to face these facts, or if it can be shown there is a better way of protecting our freedom, then Canada should remain outside the alliance, but in either case there should be only one motive, namely, to enable Canada, within her limitations of manpower, money and materials, to make the maximum contribution to her own defence and to that of the free world. This is the motive that should over-ride all other considerations whether they be economic, political or financial.

Canada's decision to remain in NATO will be closely related to the role that she is best equipped to play. Military strength depends on economic strength. I think it is quite clear that, having regard to our state of finances, the strike-reconnaissance role is too heavy a burden for our economy to support at the present time unless we are prepared to make a drastic rearrangement of our priorities. Our present military budget is not sufficient for all our defence needs. Any savings resulting from integration have been swallowed up in salary increases and rising costs of materials and equipment. As a result, our worn out and obsolete equipment is not being replaced as quickly as was hoped.

The strike-reconnaissance role requires aircraft with very sophisticated electronic equipment and missiles with nuclear warheads. These are very costly to provide and become

costlier as new generations of equipment replace the old. Canada has never been happy about this role because of its association with nuclear warheads. We do not mind supplying the nuclear ingredients out of which they are made. We do not mind taking advantage of the protection afforded when they are used by others, but we do not want to stain our own hands by using them ourselves.

Perhaps Canada should retain this role if it is still necessary. Somebody has to do it. Perhaps we should make the necessary sacrifices to enable our economy to support it. Perhaps we can exchange it for a ground support role or for more armoured units. These are decisions that can be made only in the light of all the factors prevailing at that time.

But whatever military role Canada might assume, there are many other valuable contributions Canada can make whose financial costs will be negligible. For example, I would like to see Canada pioneer the use of ideological warfare, and work to have the NATO allies place it on the same footing as military warfare, as Red China and the Soviet Union have done. Above all, I would like to see Canada take the initiative in fostering mutual respect, trust and confidence among NATO members, and in creating unity among them—a unity which can only be founded on the bedrock of absolute honesty and integrity, without which no alliance can be effective or can long hold together.

The overriding aim of foreign policy is to bring about a peaceful world. That has to be created. There is no magic formula for it, but if Canada, honestly admitting past mistakes, started out in faith—and I stress these two words, "in faith"—to build a new society, strictly adhering to the principles and values in which we profess to believe, I think the results at home and abroad would be so startling that the communists would want to join in and help us instead of trying to bury us. That, honourable senators, in my opinion, is the only way a lasting peace can be achieved.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 26, 1969

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

Prayers.

HON. ARTHUR W. ROEBUCK

FELICITATIONS ON APPROACHING NINETY-FIRST BIRTHDAY

Hon. Paul Martin: Honourable senators, I have to be away tomorrow, and as we do not expect to be sitting on Friday I thought without establishing, for myself at any rate, a precedent I would anticipate the anniversary on Friday of one of our members, Senator Roebuck, who on that day will be 91 years of age. I need not say to honourable members what a unique figure in the public life of Canada he is. I think it well that a man who has made such a rich contribution to Canadian political and national life should be honoured for what he is and for what he has done. All his colleagues in the Senate are very proud of him as a man and as a senator.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: We all recognize his contributions to our deliberations over a long period. We recognize the contribution he has made in this house, as a Member of Parliament in the other place, and as a member of the legislature in the Province of Ontario; a distinguished public man and an outstanding individual on all counts. The best tribute I can pay to Senator Roebuck, as he sits in good health, full of vigour and continuously interested in our deliberations, is to say that the Senate hangs on his tongue.

Hon. Jacques Flynn: Honourable senators, last year on the occasion of his ninetieth birthday Senator Roebuck invited us to celebrate his one hundredth anniversary. I am quite sure that he will be here at that time. I do not see that the talks about Senate reform will change anything about that.

I am particularly pleased to say that every compliment we paid Senator Roebuck last year is as valid a year later. He is still in the perfect health and control of all his faculties as he was then, and I am convinced that he will be in the same state of mind and health when he reaches his one hundredth anniversary. We only wish that we will all be here to join with him.

Hon. Arthur W. Roebuck: May I join with the Leader of the Opposition and the Leader of the Government in the hope that you will all be at my hundredth birthday, to which I now invite you. I think I will hire the armouries for that occasion.

Thank you, Senator Martin, for the very lovely statement you made. I do not know how one can reply properly to such compliments.

Hon. Mr. Smith: Tell us the story.

Hon. Mr. Roebuck: Well, all right, I will. I am not supposed to tell what happens in the caucus, but I would not be giving away serious secrets if I tell you that the caucus gave me a wonderful reception this morning, one that warmed my heart, just as the occasion which you are giving me now.

It is quite marvelous. I plead guilty to the one charge that was made by the Government Leader, that is, of the long time that I have been in public life. It has now been nearly sixty years since I entered public life in Timiskaming. I have been in public office for thirty-five years. The best part of all this experience has been the twenty-four years I have been in the Senate. They have been wonderful years. What has been most happy about these years has been the warm friendships that exist among us all, not just between one and another of similar parties, but among us all. I refer to that good fellowship, that sincere wish so often expressed for the health and the welfare of each other.

I see my friend Senator Sullivan, the doctor, nodding his head. He is interested, as doctors always are, in the welfare of us all.

What Senator Smith suggests I shall carry out, notwithstanding the objection to twice-told tales. I told in the caucus this morning of my recipe for longevity. I read in a newspaper recently an explanation given by an old fellow in the same position as myself, of how you do it. He said that during his long life he had never wasted his time or vitality in resisting temptations.

Hon. Senators: Oh, oh.

Hon. Mr. Roebuck: As a matter of fact, most temptations are not temptations to any of us in this chamber.

May I join most heartily in the good wishes that my two leader friends have expressed by

extending them to all of you. I hope all of you will be in the very best of good health to accept my invitation to the celebration of my hundredth birthday.

Hon. Senators: Hear, hear.

VETERANS' LAND ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Maurice Lamontagne, chairman of the Senate Committee on Health, Welfare and Science reported that the committee had considered Bill C-152, to amend the Veterans' Land Act, and had directed that the bill be reported without amendment.

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

Hon. Chesley W. Carter moved that this bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to, on division.

CANADIAN BROADCASTING CORPORATION

USE OF BROADCAST FACILITIES BY RENE LEVESQUE—INQUIRY STANDS

On the inquiry of Hon. L. P. Beaubien:

1. How many hours did Mr. Rene Levesque speak on the C.B.C. Radio during calendar year 1968?

2. Was Mr. Levesque paid by the C.B.C. for any of these talks, and if so, how much?

3. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for the time he was on the air on C.B.C. Radio, and if so, how much?

4. During calendar year 1968 for how many hours did Mr. Levesque appear on the C.B.C. Television?

5. Was Mr. Levesque paid by the C.B.C. for any of these appearances, and if so, how much?

6. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for his television appearances, and if so, how much?

7. How much would the C.B.C. have charged in the ordinary course of business:
(a) for the time Mr. Levesque spoke on C.B.C. Radio,
(b) for the time Mr. Levesque appeared on C.B.C. Television?

Hon. Paul Martin: I had hoped that we would have a reply yesterday. I inquired of the minister this morning, and the answer is not ready yet. There is a lot of detail involved. They are trying to make haste—I hope they will make haste quickly.

Hon. Mr. Beaubien: Do you suppose we will have the information for the hundredth anniversary of Senator Roebuck?

Hon. Paul Desruisseaux: Honourable senators, I note that this inquiry by the honourable Senator Beaubien was tabled on January 22. It seems to me that the questions put to the departments concerned are very simple. The information requested should have been kept on record from day to day, in the log or in the accounting department, as to what had to be paid to Mr. Levesque for these broadcasts, if anything.

It seems to me that somewhere along the line there is some negligence, if we have to wait from January 22 to beyond this day for an answer to such simple questions as these. It is not complicated. The books are either kept or they are not; if they are not kept, someone should place some blame for it; if they are kept, we should know the answers.

It seems to me that this delay is being used as a cooling-off period, and I do not think we should wait much longer for a reply.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: I can only repeat that I have made the same arguments, although not as ably, and, I hope, with good results.

Inquiry stands.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—THIRD READING

Hon. Eric Cook moved the third reading of Bill C-151, to amend the Fisheries Improvement Loans Act.

Motion agreed to and bill read third time and passed.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Allister Grosart: Honourable senators, in speaking on this very able Fourth Report

on the Rules, my first comment is to congratulate Senator Molson and his colleagues on that committee for a thoroughgoing job.

Of course, in this report we are dealing only with that part of the continuing report of the committee which some honourable senators have referred to as the *obiter dicta*, and I hope that if and when we pass the motion that has been moved by Senator Molson, there will not be any suggestion that every recommendation made by the committee is necessarily binding on those who, in due course, vote for the report.

On the whole I found myself in general agreement with the recommendations that the committee has put before us, but there are one or two with which I would disagree. In running my eye down the numbered paragraphs seriatim I think it should be pointed out immediately that the committee was well aware that to some extent it was going beyond its terms of reference. The committee tells us in paragraph 4:

> In the course of study, however, it became apparent that amendments to the Rules would not be sufficient to enable the Senate to carry out effectively its role as one of the three vital parts of the Parliament of Canada...

Further on in the paragraph the committee said:

> —your Committee soon realized that revision of Rules only could not accomplish this purpose. There emerged the clear necessity for constitutional and statutory changes beyond the terms of reference of the Committee in order to reach the objective of a modern and streamlined Parliament.

In Paragraph 20 the committee made this recommendation:

> —your Committee in making its report therefore recommends that the Senate instigate an examination of the constitution of the Senate with a view to recommending changes which would enable it to carry out more fully the purpose which was intended in making it one of the three essential parts of parliament.

I find myself in the fullest agreement with the committee on that, and I would hope that it will not be regarded as just a pious hope, or something to be pigeon-holed. The committee definitely recommends that this Senate investigate itself.

I think we are all agreed that we seem to have developed some skill over the years in examining and investigating others. The mood of some in the country at the moment may well be: "Physician, heal thyself." My suggestion, particularly to the honourable Leader of the Government, is that we should lose no time in embarking upon this very important and critical self-examination.

My own impression, honourable senators—and I am not being critical when I say this—is that over the last few months anyway we have tended too much to rely on self-praise as a kind of self-defence. I think most of us know that self-praise is very seldom good self-defence. Perhaps we protest too much. Too often, I think, we give the impression that we do not want any change. It is true that almost every speaker in debate on this motion has agreed that we must have change, but over and over again I read in the speeches the implication that not too great a change is necessary.

Honourable senators, the fact of the matter is that the press of Canada, particularly the political press, and the public generally, feels that this Senate is not as useful a body, as important a body, or as essential a body as the Fathers of Confederation considered it to be, or as I am sure all honourable senators consider it to be. Surely we should not merely say that everybody else is wrong. There must be a reason, although not necessarily a well-founded reason, why we are continually under this kind of criticism. Surely, when you are under criticism, it is good to say: "What is wrong with *me*?" I think there are things wrong with the Senate, but I shall not go into them in great detail today.

The committee has made some specific recommendations. By and large they tend to be superficial, although necessary. From my reading of the report it has not gone to the root of whatever problem there may be in regard to the future usefulness of this chamber.

As to these recommendations, I speak first to those with which I find myself in agreement. In paragraph 7, the suggestion that the Senate should perhaps be the originating point of all private bills seems to make sense. I feel it would require rather more examination than has been given here, but there is a very important role for the Senate in taking some of the weight of legislation off the other place, and the introduction of all private bills

here might very well be a good way to accomplish that result.

In paragraph 9 the suggestion is made that special committees of the Senate could carry some of the work of Royal Commissions at a fraction of the cost that would be incurred. I think the evidence of the work of some of our special committees more than justifies that suggestion. Our new rules contain a recommendation on budgeting for some of our committees. We should pay very careful attention to this, if we are to assume this important role in the future, because one of the criticisms of Royal Commissions in the recent past has been what appears to some to be the excessive expenses incurred by them. I hope we would put all our committees on a basis of budgeting in advance, before money is spent. This has not been the custom in the past.

I will omit reference to some of the paragraphs, either because I am not in agreement with them or because they do not contain definite recommendations.

Paragraph 11 refers to what I consider is a very important role that the Senate could undertake. The committee reports:

> The era we now live in reveals a great deal of public discussion and considerable evidence of the danger of parliamentary democracy deteriorating into an authoritarian executive supported by a strong and experienced bureaucracy, with Parliament itself relegated to the role of a debating society.

Perhaps the most important single function this chamber might perform in the future in the interests of Parliament as a whole would be to stand as a bulwark between the ever-increasing powers assumed by the executive and by the bureaucracy. I am glad to say that in this I believe I have the complete support of the Prime Minister, who has made some very broad far-reaching statements on this subject. Indeed, he has said that the matter I have just referred to is one of the most important facing Parliament today. I said the other day in commenting on another bill that I have always been amazed that Parliament has never set up any mechanism to examine critically regulations made by order in council. It is true that the other place has now set up a mechanism which may do this partially by providing for a committee to at least look at regulations.

As I said the other day, there are two aspects of this. One is the necessity or otherwise of giving extraordinary powers to the Governor in Council. The second is the operation of these regulations, because if anybody, particularly any of my legal friends, will examine some of the regulations passed, I think they will conclude that many of them are clearly *ultra vires* the authority given to the Governor in Council under the act. I refer particularly to those acts in which authority is given to the Governor in Council "to make regulations necessary for the implementation of the act."

One of many cases in point that comes to mind concerns the Limitation of Hours of Work Act. When the department responsible was before the committee considering that act they told us that in certain cases they had extended the statutory hours to 15 and had decided it was not necessary to carry out the instructions of Parliament that there should be a minimum wage, at that time of $1 an hour. They said, "We will allow certain firms to designate some of their employees as apprentices and pay them 75 cents." I suggest that this is a case in which the authority assumed under the regulations goes far beyond the power given to the Governor in Council. The act sets out what is to be the rule in Canada within the jurisdiction of the federal Government and for contractors dealing with the federal Government, namely, an eight-hour day and, at that time, a $1 an hour minimum wage. Surely any regulation that changes that basic principle is *ultra vires* the authority given to it. I suggest that there are many such cases in the history of the exercise of this power to make regulations.

I do not intend to suggest today what specific function the Senate could undertake. However, it appears to me that somewhere in the parliamentary process there should be an automatic and immediate scrutiny of all regulations to see that they are at least *intra vires* the authority given. That might very well be a useful function for a committee of the Senate. Some will say that would involve a tremendous amount of time. I do not think it would. Such a committee, if provided with capable legal assistance would leave most of the work to the assistant, who would bring to the attention of the committee matters that he regarded as worth consideration. The fact is that at the moment there is no statutory parliamentary mechanism for scrutinizing these regulations.

The encroaching power of the executive on Parliament, which is referred to in the report is a problem we will have to live

with. In modern times it is not very easy to revert to the old time parliamentary control of government, because government functions have expanded into so many areas in which quick decisions must be made and policies implemented speedily.

However, if our system is to survive, the Senate or some appropriate body must have the responsibility of standing between the executive and Parliament—and I emphasize the word responsibility. It seems to me that this may well be what the committee had in mind in the recommendation it makes.

Paragraph 14 is one with which I find myself in some disagreement. This is the paragraph that suggests that senators should not attend caucuses of their parties. There is room for debate on that, but I cannot find myself in agreement with this particular statement:

> —In order to weigh legislation in the light of only what is best for the country, it is obviously difficult for members of the Senate to be subject to the direction of the same person who leads their party in the House of Commons.

It is beyond me to understand how any committee of members of this chamber could find themselves in agreement with that statement. As far as I am concerned, it certainly is not so, because I attend a caucus of my party, that I am subject to the direction of the same person who leads the party in the House of Commons. I think most honourable senators will agree that this is a statement of non-fact in the report of the committee.

Paragraph 15 speaks of the necessity or the desirability of a change in the concept of a "money bill." I agree in general that that is so, although my own feeling is that today it is largely an academic question. The electoral basis of the Commons is surely sufficient to deal with that situation generally, and we have also the inquiry instigated by Senator Hayden which indicates that the argument may be even more hypothetical than it was regarded in earlier times. There is, of course, the anomaly that if there is this rule about "money bills", as is stated over and over again in the authorities which we heard here quoted, it is obviously honoured more in the breach than in the observance. Over and over again we initiate money bills in the very sense of the authorities, in this house. It might be well to clear this up so that there is a definition of a money bill, and I do not think it will cause any great controversy between the two houses.

Paragraph 16 deals with Royal Assent. Here again I find myself in disagreement with the committee, if the committee is suggesting that the ceremony of Royal Assent in this chamber is to be abolished. I would be inclined to agree that the ceremony might be shortened and some of the symbolism deleted. On the other hand, I think it is of utmost importance that we remember that Royal Assent given in a House of Parliament is in itself a necessary reminder that Parliament is the Senate, the House of Commons, and the Crown. To remove the ceremony of Royal Assent from this chamber would, I think, be a retrograde and a very unfortunate step.

In the same paragraph, I agree fully with the suggestion that property requirements of senators are an anachronism and, also in that paragraph, the suggestion that credit should be given to senators for attendance in committees. However, I think the corollary might be put forward, that non-attendance at committees might be regarded as an absence affecting the sessional indemnity.

Paragraph 18 suggests a clarification of the present rules regarding joint committees and is obviously an overdue reform.

I come again, honourable senators, to paragraph 20 and the recommendation that the Senate instigate an examination of the constitution of the Senate. Although the motion refers to the *obiter dicta* of the reports of the committee, I think I would be within the rules of relevance if I made a few comments on the rules themselves, under paragraph 3, which recommends that the Committee on Standing Rules and Orders be instructed to keep under constant study the rules and to recommend periodically revisions thereto. There may already be some revisions desirable, if not necessary.

The first important thing I wish to suggest is that if we make new rules, we keep them. We seem to get into a habit of regarding our rules in a very offhand manner. I think some of the consequences do not in the long run do credit to the Senate.

I draw the attention of honourable senators to what I can only call new Rule 2A. I do not know if any honourable senator has a copy of the new rules that we passed some weeks ago. I have not seen one. I call it Rule 2A because that is how it was designated in our *Hansard* which is, as far as I know, the only reference that I can use. Rule 2A says:

> Any rule, or part thereof, may be suspended without notice by the unanimous consent of the Senate, the rule or part thereof proposed to be suspended being distinctly stated.

Now, I take it that there is a good purpose in wording that rule that way, and I wonder if this does not mean that we are out of order every time somebody rises here and says, "by leave, I move". The rule states that if any rule or part thereof is to be suspended, the rule or part must be distinctly stated. That is a good rule. We should know the rules that we are setting aside on every specific occasion when we set aside our rules. I rather regret that the committee did not continue a further qualification in the old rules which required that the purpose of the proposed suspension be also distinctly stated. Whether it becomes a new rule or not, it could well be a custom that might be observed here. I personally would like, when the Leader of the Government, for example, suggests that we waive the normal time between the readings of bills, that we be told *why* it is necessary.

I do not think it makes good sense for any deliberative legislative body to set aside its rules merely because someone asks that they be set aside without saying what rule is to be set aside and without saying why. There is a very easy way in which any senator can intervene, but most of us do not like to do so too often in such matters. We can of course refuse leave until we are told why. The much simpler way would be for those requesting leave to tell us why.

Honourable senators, there are other rules to be considered. One which affects His Honour, is to the effect that when the Speaker rules a senator out of order or calls him to order, he will state the rule under which the senator is called to order. It is not for me to suggest to His Honour how he should conduct the affairs of this chamber—because I am one who has the greatest admiration for the way he does it. However, as I am one who is occasionally called to order—perhaps more often than some others—I merely say that it would be helpful to me if, when His Honour in his wisdom finds me out of order, he tells me the rule under which I am out of order so that I can go home and study it and not offend again.

Hon. Senators: Hear, hear.

The Hon. the Speaker: Order, please. I hope the honourable Senator Grosart will remember that when we have a set of rigid rules it is easy for the Chair to state under which written rule a senator is out of order—which, by the way, does not happen very often. As he knows, we have also many unwritten rules, which are more numerous than the written rules. I am preparing a document which will be my bible, which contains a resumé of the written rules found in the red book, and also of the unwritten rules, where the authorities, the experts, have written on these points.

It is not always easy to state specifically under which rule an honourable senator might be out of order. But surely in the case of unwritten rules I must be in a position, at the time, at least to refer to the authority or the author and specify the page where this point is mentioned. I am not yet prepared, but I presume that I will be in a position in a week or two to have my bible up to date. I hope that will satisfy honourable senators.

Hon. Mr. Flynn: On a point of order, Mr. Speaker, may I suggest that there is an unwritten rule which may be of use to Senator Grosart, that the Honourable the Speaker will not intervene unless some senator objects.

Hon. Mr. Choquette: On that point, Your Honour, I would suggest that the Committee on the Rules be empowered to write the unwritten rules.

Hon. Mr. Croll: Senator Grosart, I am sure you are sorry you ever mentioned it!

Hon. Mr. Grosart: In reply to Senator Croll, may I say that, far from being sorry, I am very glad I did, because I seem to have an indication here that I am not the only one who has been concerned about this situation.

It certainly is not for me to discuss the very wise comments made by His Honour. He has indicated to us that he has the matter under consideration. I am particularly glad that that is so, as we are in a new situation. Under our new rules, we have removed the rule which stated that when a matter was not otherwise covered we should look to the Rules of the House of Lords. I am very happy that that has been taken out. I do not think it is of any particular concern to us what the House of Lords rules are.

Another point is that the authorities who are so often referred to, by and large are not very conversant with the rules or the customs

of this chamber. Anyone who consults them will agree with me in that. The rules which apply to the House of Commons cannot automatically be said to apply here.

Honourable senators, I might mention one particular matter which has come up many times in this chamber and which illustrates the point. I refer to the rule regarding references to debates in the other place. I have heard honourable senators make scathing comments on members of the other place within the last year, without any intervention by another senator or by His Honour. On the other hand, there have been occasions when a mere reference to a subject under debate in the other house was challenged.

I remember that, on a recent occasion when a challenge of that kind was made, Senator Roebuck interpreted the rule. He interpreted it in a manner with which I would agree. He said the rule is that it is out of order for a senator here to discuss the debate going on in the other place. Obviously, that means we can discuss the subject but cannot comment directly on the actual discussion.

In view of the recommendation of our Rules Committee that our rules be kept under a continuing survey, I would suggest that we write a workable rule to govern this point. It must be remembered of course, that when a senator rises to speak here he has to refer to whatever current background information there is on that particular bill. Very often the background information is in the minister's statement, in the resolution stage—now to be eliminated—or on second reading, or before a committee. If the rule is that we cannot quote what the minister has said in the other house, then we are forced to the subterfuge of saying "I heard it in another place" or "I read it in the press" or "I heard it in the corridors".

All I am suggesting is that there should be a clear rule recognizing the fact that if we are to discuss a bill introduced in the other house it is necessary that we be permitted to say what the minister said was the intention of the bill, and if the only place the minister's intention is stated clearly, as it often is, is in the proceedings of the other house, surely it makes sense for us to be able to quote the minister in his own words rather than to quote a press report or paraphrase it.

There are many other points in the rules as they stand at which I am sure the committee would wish to take a look in its continuing study. For the moment, I wish to discuss but one other major point raised in this Fourth Report of the Committee of the Rules, that is, the suggestion of broad constitutional changes.

I am not sure that any constitutional changes are required to increase the efficiency and usefulness of this chamber. I think there is fairly general agreement that most of the criticism directed at the Senate in full-length studies, in newspaper articles and on television and elsewhere seem to be directed at the question of appointments.

Now, I believe there is room for improvement here, but I do not think it requires any amendment to the Constitution. My own suggestion, and these will be my concluding remarks, is that it should remain the prerogative of the Prime Minister. It is common knowledge that it is often a very difficult problem for the Prime Minister to exercise that prerogative. What he needs is not more suggestions as to who should be appointed. In fact, there are perhaps more valid reasons for not appointing people whom he does not think he should appoint, but on behalf of whom he is often under very extreme pressures. In other words, I am suggesting that it would be helpful to any prime minister to have some guidelines, and I further suggest that the guidelines might very well come from a resolution of this chamber. I am not at this time going to suggest what those guidelines should be.

The committee has recommended that we examine our whole Constitution. We have had suggestions in the White Paper and elsewhere for provincial nominations and other types of nominations.

If the prerogative remains with the Prime Minister, it merely becomes a question of who has the right to nominate, not all appointments but certain appointments, and what the Prime Minister's responsibility is in responding to those nominations.

Honourable senators, I repeat my opening suggestion, that I hope the Leader of the Government and others who may have responsibility in the matter will see to it that this mechanism for the immediate critical examination of the Senate is proceeded with, because it seems to me incongruous that, in all the discussions that are going on about the future of the Senate, the only voice that is not heard is the collective consensus voice of this chamber. Surely it makes no sense for

honourable senators to be left in the position where, if they wish to make suggestions, they must make them individually.

The Senate as a whole should surely make its voice heard and make its contribution to this very important debate about its own future.

On motion of Hon. Mr. Lang, debate adjourned.

PLANT QUARANTINE BILL

SECOND READING

Hon. Hazen Argue moved the second reading of Bill C-154, to prevent the introduction or spreading of pests injurious to plants.

He said: Honourable senators, I am pleased on behalf of the Government Leader to move the second reading of Bill C-154, an act to prevent the introduction or spreading of pests injurious to plants.

This bill is designed to replace the Destructive Insect and Pest Act of 1910 and to bring about a modernization of procedures. Over the years it has become of great importance to have effective safeguards to prevent the spread of plant diseases and to provide more up-to-date quarantine methods, because of the growth of international trade in agricultural products, the increasing speed of transportation and the greater knowledge of the risks involved.

The plant protection division of the Department of Agriculture last year issued more than 8,200 permits for importation of plants, plant materials and plant products, and it inspected some 282 million plants, 10,800 pounds of tree and shrub seeds and 80,000 tons of plant products from 33 countries. There were more than 1,100 interceptions of plant parasitic insects and disease organisms of which more than 500 were of serious nature.

Last year departmental inspectors certified for export more than six million plants, 20 million board feet of lumber, 1.4 million containers of fruit, two million hundredweight of seed potatoes and about five million tons of cereal grains and cereal products.

The standards imposed on these products by foreign countries have become increasingly stringent in recent years, a situation which makes it imperative that the department have greater authority to carry out inspection and certification programs which will ensure acceptability of Canadian products in international trade.

Although area quarantines are helpful in curbing the spread of insects and diseases, there are occasions when effective control or eradication requires that individual farms be quarantined and restricted as to the kinds of crops that may be grown. Such is the case with potatoes, the prime host of the golden nematode. Eradication of the nematode requires soil sterilization accompanied by a lapse in potato production for several years. But existing legislation does not provide the authority needed to restrict, from general or specific agricultural use, properties or premises which are infested or suspected of being infested.

To provide the highest degree of protection against insects and diseases, it is vital that the authorities have the power to control the movement in Canada and be able to order the destruction, if necessary, of plants which, although they may not be infested themselves, serve as hosts for disease-causing organisms. Such a plant is the common barberry, which is the alternate host of wheat stem rust.

Tighter controls should be accompanied by a broader base for compensation, however. Under the existing act, compensation is only paid in cases where infested plants or crops are destroyed in the interest of pest and disease control. It is now proposed to provide authority to extend the grounds for compensation to cover certain situations where either the sale of plants or the use of infested properties is restricted or prohibited.

Honourable senators, this bill may be summarized briefly in point form as follows:

Firstly, provision is made for the introduction of improved plant quarantine methods and disinfection techniques.

Secondly, authority is provided to regulate the introduction and movement within Canada of plants and other matter which, while not infested in themselves, constitute a biological obstacle to the effective control of plant pests and diseases.

Thirdly, there is the authority to restrict from general or specific agricultural use properties or premises which are infested or suspected to be infested as a measure to prevent or control the dissemination of injurious plant pests and diseases.

Fourthly, provision is made for the establishment of plant health and crop certi-

fication standards for plants or other matter that are to be exported or transported from one area to another within Canada.

Fifthly, authority is provided to establish by Order in Council the maximum amounts of compensation to be paid for plants or other matter destroyed or restricted from sale under the regulations, or where the use of property or premises is restricted in the interests of plant pest control.

Sixthly, provision has been made for an appeal procedure whereby individuals may appeal the amount of compensation awarded under the authority of the bill.

Seventhly, there is authority to establish a fee structure for inspection, quarantine or treatment of plants or other matter carried out under the bill.

Eighthly, the name of the bill has been changed from the Destructive Insect and Pest Act to the Plant Quarantine Act, a name considered to be more descriptive of the authority provided.

Honourable senators, I am pleased to commend this bill.

Hon. Arthur M. Pearson: Honourable senators, I am in favour of the bill being presented at this time to enact the Plant Quarantine Act. The principle of this act, compared to the original act, the Destructive Insect and Pest Act is the same. There are three main differences in this bill—although two of them are much the same in principle—and these I will enumerate as I go along.

First, in the original act the only definition was as to the "Minister" responsible. This bill spells out a number of definitions. Clause 2 defines "infested", which means "contaminated with a pest or so exposed to a pest that contamination can reasonably be expected to exist". It defines "pest" as follows:

> "Pest" means any insect, plant or animal organism, virus, bacterium, disease or disease inciting agent causing or capable of causing injury or damage to any vegetable, any part, product, or by-product of a vegetable or any plant material.

Then it defines "plant or other matter".

This bill prescribes certain places or stations where plant or other matter may enter into this country, so that it may be treated or inspected. Apparently the points at which the plant or other matter may enter into Canada are quarantine points to check whether or not the plant is infested with some pest.

The Governor in Council may prescribe treatment or the destruction of the plant. If the plant or other matter has to be destroyed, the minister may agree to certain compensation. Under this proposed act there are no conditions prescribed as to the amount of the compensation to be paid by the minister. Under the original act, which this one may replace, the compensation would be no more than two-thirds of the value of the plant. An importer can now hope for payment in full for plant or other matter which he had ordered for import which he believed did not contravene the act.

The second main difference between the provisions of the proposed act and the original one is that if the importer was not satisfied with the compensation allowed by the minister he had the right of appeal.

In the bill presently under consideration, under the heading of "Appeal" it states:

> Where the compensation awarded to a person for any plant or other matter destroyed or prohibited or restricted from sale or for any restriction of the use of any property or premises is less than the maximum compensation prescribed under this Act, or where no compensation is awarded to such a person, an appeal may be brought by that person to the Assessor—

Under the provisions of this bill, the assessor will be the same as the one appointed under Part II of the Pesticide Residue Compensation Act. Such an assessor is a judge of the Exchequer Court or of the Superior court of the provinces. In that capacity he does not act as a judge in a court; he merely acts as another individual, thus on the same basis as the inspector does. The difference I see is that this bill suggests there is an appeal allowed but, as a matter of fact, it does not constitute a genuine appeal. You have no right to appeal to a court of law; you merely appeal to another man, if you are not satisfied with the decision of the minister in the first place.

Clause 10 constitutes another change from the original act. Clause 10 (1) states:

> Every person who, or whose employee or agent, fails to comply with or violates any provision of this Act or the regulations or any order made by the Minister under section 8 is guilty of
>
> (a) an indictable offence and is liable to imprisonment for two years,—

Under the original act, which this one will replace, if passed, the penalty was less. You will bear in mind that when I refer to "the original act" I mean the Destructive Insect and Pest Act. Clause 9 of that act states:

> Every person who contravenes any provision of this Act or any regulation is liable, upon summary conviction, to a fine not exceeding one hundred dollars, or to imprisonment for a term not exceeding six months, or to both fine and imprisonment.

We now have an offence that is punishable by imprisonment for two years.

Hon. Mr. Aseltine: It is an indictable offence.

Hon. Mr. Pearson: Yes, that is right. It seems that we must be hard-hearted about this offence. It must be hard to control these importers, and as a consequence the penalty has to be increased. In respect to penalties of imprisonment we seem to be suffering from inflation.

On the whole, honourable senators, I am in agreement with the principle of this measure, but I do not think that a penalty of imprisonment for two years is necessary, and I do not agree with the right of appeal to a judge as an assessor.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Argue, bill referred to the Senate Committee on Banking, Trade and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 591 to 626, inclusive, which were presented yesterday.

On motion of Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to presentations of petitions:

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 524, for the relief of Edmond Joseph Pierre Beaupré.

Resolution 525, for the relief of Jean-Marie Nault.

Resolution 526, for the relief of Marie Fernande Isola Giroux Hudon.

Resolution 527, for the relief of Marie Cécile Carmen Rioux Pelletier.

Resolution 528, for the relief of Rita Doiron Pasto.

Resolution 529, for the relief of Harold Wallace Pasher.

Resolution 530, for the relief of Gloria Joan Hoddinott Pennell.

Resolution 531, for the relief of Julia Murphy Giroux.

Resolution 532, for the relief of Yves Burelle.

Resolution 533, for the relief of Jean Guy Laroche.

Resolution 534, for the relief of Henrico Georges Jean Goguen.

Resolution 535, for the relief of Élise Despres Shore.

Resolution 536, for the relief of Joseph Gérard Claude Léveillée.

Resolution 537, for the relief of Michele Filippone.

Resolution 538, for the relief of Robert John Alfred Johnson.

Resolution 539, for the relief of Gilbert Tourigny.

Resolution 540, for the relief of Leslie Robert Sumter.

Resolution 541, for the relief of Duncan Cameron Williams.

Resolution 542, for the relief of Madeleine Légaré Plouffe.

Resolution 543, for the relief of Marjorie Elisabeth Smith Palardy.

Resolution 544, for the relief of Serge Henri Deyglun.

Resolution 545, for the relief of André Laplante.

Resolution 546, for the relief of Rella Alter Zinman.

Resolution 547, for the relief of Pierre Boyer.

Resolution 548, for the relief of Yolande Keiflin Chamberland.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, I move that these resolutions be placed on the Orders of the Day for consideration on Friday next.

Motion agreed to.

FRESHWATER FISH MARKETING BILL

SECOND READING

The Senate resumed from Thursday, February 13, the adjourned debate on the motion of Hon. Mr. Robichaud, for the second reading of Bill C-148, to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation.

Hon. Gunnar S. Thorvaldson: Honourable senators, I should like before I commence my remarks to extend my respect to Senator Robichaud, who moved the second reading of this bill and explained it in such a clear and concise way. However, the short title of this bill, "Freshwater Fish Marketing Act", which creates a Freshwater Fish Marketing Corporation, does very little to describe the result or effect of the bill. Indeed, the bill involves very much more than marketing. I would say also that the formal title, namely "An Act to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation", also gives only part of the story of what this bill is really about. I do not say this by way of criticism, but rather by way of explaining some of the matters that I shall be talking about in my discourse.

Let me say in the beginning that as far as I know no Act of the Parliament of Canada except one, namely, the wartime measure which expropriated to the Crown the Eldorado Mine in the Northwest Territories, and at the same time assumed complete monopoly control over uranium, has gone as far as this bill in creating a complete monopoly in the production, handling, packing, processing, storing, and sale of a commodity. Perhaps there are two other exceptions: the monopoly of the Royal Mint in respect to the issue of coins and paper money, and the monopoly of the Post Office in respect to the issue of postage stamps.

This bill creates a complete Government monopoly over the freshwater fisheries of those parts of Canada comprising the northwestern part of Ontario, Manitoba, Saskatchewan, Alberta, and the Northwest Territories. When I say "monopoly" in connection with this bill I mean complete and effective control over the production, transport, handling, packing, processing, storage, and sale of the freshwater fish produced in the areas to which I have just referred, including the direct financing of all those operations. Indeed, compared to the government functions exercisable under this bill, the functions of the Canadian Wheat Board are pale pink.

I know I have used some unusual language in describing the effects of this bill. Consequently, it may come as a surprise to at least some of my colleagues in the Senate to learn that despite what I have said I am constrained to support the bill.

There is a saying in the legal profession that hard cases make bad law. Similarly, hard conditions make for drastic action. I do not know if there is anyone in the present Parliament who has been as closely associated with the freshwater fishing industry of western Canada as I have. I have watched it in all its aspects since I was a young boy. I was born and brought up almost on the shores of Lake Winnipeg, which is known as the most prolific freshwater lake fishery in the world.

Hon. Mr. Martin: More so than Lake Erie?

Hon. Mr. Thorvaldson: Oh, yes. That is why the Province of Manitoba accounts for 40 per cent of the freshwater fish production affected by this bill. Of course, there are two other comparatively large lakes in Manitoba which are also prolific in fish. I refer to Lake Manitoba and Lake Winnipegosis, as well as a great number of northern lakes, most of which are very small in size, and from which production is scarcely comparable to these other lakes.

Hon. Mr. Aseltine: How about Great Bear Lake?

Hon. Mr. Thorvaldson: Great Bear Lake is not a great producer of fish. That, of course, is in the Northwest Territories.

Hon. Mr. Aseltine: Is it not a very large lake?

Hon. Mr. Thorvaldson: It is a very large lake. Great Slave Lake is in the Northwest Territories and, as I understand, is the largest producer of fish in that area of Canada.

My father was, among other endeavours, engaged in the wholesale exporting end of the fishing industry for many years. As a lawyer practising in Winnipeg I became involved in

most of the fishery controversies of a certain era, and as a member of the Legislature of Manitoba I was able to look upon these fisheries problems from the point of view of the government of that province, which was mainly charged with the supervision of the industry. As a result of this experience I should like to put my views of the industry in capsule form.

I make the statement that from the point of view of the fisherman, commercial inland fishing is the most difficult, the most hazardous, the most underpaid and the most frustrating industry in our country, or perhaps in any other country for that matter. It would be nearly an endless task to enlarge in detail on the problems of the industry. However, they are set forth with reasonable clarity in the report of Mr. George H. McIvor, C.M.G., who was appointed by the federal Government in 1965 as a commissioner to inquire into and report on the marketing problems of the freshwater fish industry in the provinces of Ontario, Manitoba, Saskatchewan, Alberta, and the Northwest Territories. Mr. McIvor's report was submitted to the Government about a year ago.

I should say something about Mr. McIvor. As nearly everyone here is no doubt aware, Mr. McIvor was the very distinguished chairman of the Canadian Wheat Board for a period of between 20 and 30 years. Not only was he distinguished but he was also a very capable gentleman, and I think all of us from western Canada recognize that Mr. McIvor gave excellent service to our country in the management of Canada's wheat and other grain problems during the period of his occupancy of the high post of Chairman of the Canadian Wheat Board.

Some Hon. Senators: Hear, hear.

Hon. Mr. Thorvaldson: Indeed, I had many talks with Mr. McIvor about his work concerning the fisheries during the time he was engaged in this investigation, and throughout I guessed fairly accurately what he had in mind for the industry.

From my knowledge of the fishery industry as presently constituted, I cannot say that it is really in the category of an industry as we use that term. It is rather a way of life for people in outlying areas, many of whom are now Indians and Métis. Fishing has become a means of earning a meagre livelihood. Also it enables some people to make their homes in certain wilderness areas which would otherwise be vacant. So the problem to be faced in any reorganization of the inland fishery industry is social as well as economic. Perhaps that may account for my willingness to go along with the terms of this bill. Indeed, from that point of view alone I am able to go along with the bill.

Let me give you in more detail some of the problems and hazards that plague this industry, and that take it out of the category of an industry as we use that term in ordinary parlance. The primary producer, namely, the fisherman, must first seek and obtain a government licence to fish. Secondly, he can work at fishing only parts of the year during certain prescribed periods of certain seasons. In the interests of conservation, government regulations forbid otherwise. Thirdly, he is subject to quotas set on his individual production; hence he can never have a bonanza. Fourthly, he is always subject to the possibility of a partial or complete crop failure. Fifthly, he is subject to the vagaries of the weather and the seasons. Sixthly, when the fish is removed from the nets it becomes a perishable commodity subject to a multiplicity of hazards. Seventhly, fish is a commodity subject to wide price fluctuations; hence fishing is more of a gamble than it is a business. Eighthly, he is a poor banking risk and must be financed by a dealer or exporter—the dealer, by the way, taking no end of risk in this operation. Ninthly, in the event of one or more of the above hazards occurring, he is in debt to his dealer from season to season. Tenthly, in that event he becomes tied to one dealer and cannot shop around for another market. Eleventhly, between 70 and 80 per cent of the freshwater fish from the area designated in this bill must be exported to the United States, and hence becomes subject to the multifarious vagaries of an export market for a perishable commodity.

The above are merely a few of the reasons why I say that freshwater fishing is not really an industry, and hence the ordinary rules of business practice are difficult, if not impossible, to apply to it.

One of the terms of reference of the commission which produced the McIvor report was to report upon the possibility and the desirability of establishing an export monopoly to achieve more efficient marketing for freshwater fish, and thus provide better returns to primary producers. I have stated that this bill not only establishes an export

monopoly but also presumes to give to the corporation power to control every aspect of the fishery industry down to the financing of the individual fisherman, wherever he may set his nets. That is complete control. Please do not ask me how the federal Government is constitutionally able to do all these things, because in the fishing industry there is divided authority in the B.N.A. Act between the federal and provincial governments, but it appears it is intended that holes in the federal Government's constitutional armour will be plugged up by appropriate provincial legislation.

As I look upon the problem of the inland fisheries, especially in the area affected by this bill, every provincial government has for years been besieged and bombarded by requests from the primary producers of fresh water fish—that is, the fishermen—to come to their rescue in a manner similar to that which every government feels obliged to aid industries who for one reason or another do not seem to be able to stand on their own feet. The solution, or perhaps only a partial one, is thought to lie in this bill. I am willing and indeed happy to give it a chance. My prediction is that if the Government is able to enlist supermen to operate the Freshwater Fish Marketing Corporation created by this bill, eventually some improvement in the lot of the fisherman may be achieved. I hope we can find these supermen. But supermen or not, I also predict that this experiment in the operation of this most hazardous type of industry will cost the exchequer a great deal of money.

It will mean that fishermen will now be passengers on the Government gravy train, but I hope that I will not be reported as making this statement without adding another one, namely, why should they not? Everyone else is, so why not the fisherman? That is part of today's world, but it seems to work.

Honourable senators, I have touched only briefly on the matter set out in Mr. McIvor's report which resulted in this bill. It is only a reading of the 130-page report itself that can bring a true understanding of the 100-year background of the inland fisheries of Canada and the value of this measure.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): The honourable senator is obviously quite knowledgeable about conditions in Lake Winnipeg and Lake Winnipegosis. We have learned that the supply of the goldeye is diminishing and may run out. Can he give us any information about that?

Hon. Mr. Thorvaldson: Yes. Lake Winnipeg was a very prolific source of goldeye, and indeed the only source, some 30, 40 or 50 years ago. Then the supply of goldeye from Lake Winnipeg started to diminish. As it did so a substitute fish known as the tullibee was smoked and sold under the trade name of the goldeye. I say it was a substitute fish, but it was indeed an excellent fish and was nearly as succulent as the goldeye itself. The goldeye in western Canada is not extinct. It was discovered in one of the lakes of the Northwest Territories, I think in Great Slave Lake, and from there considerable supplies have entered both the export market and the Canadian market over the last few years under the trade name of Lake Winnipeg Goldeye. However, as far as Lake Winnipeg is concerned, the goldeye is practically extinct.

Hon. Mr. Rattenbury: What is the name of the substitute fish?

Hon. Mr. Thorvaldson: Tullibee. It is somewhat similar to the cisko in Lake Erie.

Hon. Hedard Robichaud: Honourable senators—

The Hon. the Speaker: May I remind honourable senators that if the honourable Senator Robichaud speaks now, it will have the effect of closing the debate on second reading?

Hon. Mr. Robichaud: Honourable senators, it is not my intention to add to the remarks which have been made by Senator Thorvaldson. I wish to thank him for his very appropriate remarks and for his support of the bill. If the bill is given second reading I am prepared to move that it be referred to the Senate Committee on Banking, Trade and Commerce, if that is the wish of honourable senators; otherwise I will move that it be presented for third reading at the next sitting.

Motion agreed to and bill read second time.

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

Hon. Mr. Robichaud moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 27, 1969

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

27 February 1969

Sir,

I have the honour to inform you that the Hon. D. C. Abbott, P.C., Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 27th day of February, at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

LEVI ESHKOL

TRIBUTES TO THE LATE PRIME MINISTER OF ISRAEL

Hon. A. Hamilton McDonald: Honourable senators, I desire to inform the Senate that the Government Leader is absent today because he is representing the Government of Canada at the funeral of Levi Eshkol, Prime Minister of Israel, who died suddenly on February 26.

Mr. Eshkol was born in Poland, and went to Palestine as a very young man in 1914. He was active in the establishment of agriculture settlements, in the labour movement and its political arm. When Israel became a State, his party, along with David Ben-Gurion and others, formed the government; and he served as Minister of Defence. Subsequently he served as Minister of Agriculture and later as Minister of Finance. In 1963 Mr. Eshkol became Prime Minister.

I am sure there is no need to elaborate upon the heavy tasks the late Prime Minister assumed throughout his active public life, and the important contribution he made to the establishment of Israel as an independent nation. His last few years have been particularly trying. They involved war, cold war, and acts of terrorism; indeed, problems of this character still confront Israel. The Middle East continues to be a very critical area of concern for the world.

Only a few months ago the Israeli Ambassador to Canada, Arieh Eshel, died suddenly of a heart attack in Ottawa. Mr. Eshel was a highly esteemed member of the diplomatic corps. The Jewish people throughout the world are shocked and saddened again by the sudden death of the Prime Minister of the Jewish homeland.

We recall with pleasure that Mr. Eshkol, as Prime Minister, did Canada the honour of paying us a visit during our Centennial Year.

It is fitting that the Honourable Paul Martin, with his long distinguished career in Foreign Affairs, should be in Jerusalem today representing the Government of Canada at the funeral of Mr. Eshkol. It is an honour for the Senate that he should have been chosen to represent the Government of our country.

Hon. Jacques Flynn: Honourable senators, I want to associate myself with the Acting Leader of the Government in paying tribute to the late Prime Minister of Israel, Mr. Levi Eshkol. His passing under the difficult circumstances which Israel is undergoing presently is indeed a very cruel blow to the people of Israel and the Jewish people all over the world.

As has been related by the Acting Leader, Mr. Eshkol led a most extraordinary and full life. He was greatly instrumental in the establishment of Israel and has played a most valuable part in the social and economic progress of this young nation.

I join with the Acting Leader in extending our deepest sympathy to the people of Israel and as well conveying to the Jewish people all over the world this expression of our deep condolences.

I agree that it was an appropriate gesture and a good move for the Government to have sent our Leader to represent Canada at the funeral of the late Prime Minister.

PETITIONS FOR PRIVATE BILLS

SUSPENSION OF RULE 110 AND EXTENSION OF TIME FOR FILING—REPORT OF COMMITTEE ADOPTED

Hon. John J. Connolly, Acting Chairman of the Standing Committee on Standing Rules and Orders, presented the committee's first report:

Your Committee recommends:

1. That Rule 110, in so far as it relates to the time-limit for filing petitions for private bills, be suspended; and

2. That the time-limit for filing petitions for private bills, which expired on Friday, 25 October 1968, be extended to Thursday, 27 February 1969.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Connolly: I move that the report be adopted now.

Report adopted.

GRAIN MOVEMENT

NUMBER OF REVENUE FREIGHT CAR LOADINGS FOR GRAIN AND OTHER COMMODITIES—NOTICE OF INQUIRY

Hon. Hazen Argue: Honourable senators, I have an inquiry to place before the administration, but before doing so, with leave of the Senate I wish to make a brief explanation as to why I am presenting this inquiry.

The Hon. the Speaker: Honourable senators, I understand that under the heading Notices of Inquiries honourable senators normally only give notice that they are putting an inquiry on the Order Paper. Is it agreed that in this instance some explanation may be given by honourable Senator Argue?

Hon. Senators: Agreed.

Hon. Mr. Argue: Some days ago in the Senate I accused the railways of letting down the farmers of western Canada by doing a very bad job of moving grain. My limited research since that time has tended to confirm my original statement.

As a result, I am placing an inquiry before the Ministry to ascertain whether during the last number of months railway car loadings of wheat and other grains were less than car loadings for the same purpose during a comparable period one year earlier and two years earlier, and whether during the same period car loadings of other commodities in western Canada in fact increased. The answers to these questions may go a long way to demonstrate that car loadings of wheat and other grains in this extremely cold period were down, while in the same period car loadings of other commodities had substantially increased.

Honourable senators, I now give notice that I will inquire of the Government on Tuesday next, March 4, 1969:

1. What was the number of revenue freight cars loaded in Canada in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969 (a) in the Western Division, and (b) in the Eastern Division.

2. What was the number of carloadings in the Western Division in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969 for (a) wheat, and (b) other grains.

I may add that I believe these statistics are readily available, and I am sure that the Acting Leader of the Government will expedite the obtaining of this information for the Senate.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, I move with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, March 4, 1969, at 8 o'clock in the evening.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS COMMITTEE

CHANGE IN MEMBERSHIP

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

That the name of the Honourable Senator Robichaud be substituted for that of the Honourable Senator Davey on the list

of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

VETERANS' LAND ACT

BILL TO AMEND—THIRD READING

Hon. Chesley W. Carter moved the third reading of Bill C-152, to amend the Veterans' Land Act.

Motion agreed to and bill read third time and passed.

FRESHWATER FISH MARKETING BILL

THIRD READING

Hon. Hedard Robichaud moved the third reading of Bill C-148, to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation.

Motion agreed to and bill read third time and passed.

PESTICIDE RESIDUE COMPENSATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Harry Hays moved the second reading of Bill C-155, to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards.

He said: Honourable senators, Bill C-155 is a new act to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards. If and when this bill receives second reading I shall move that it be referred to the Senate Committee on Banking, Trade and Commerce, where members of the Department of Agriculture with more expertise than I have will explain the ramifications of the different clauses of the bill.

This bill, as I have said, is to provide the Minister of Agriculture, through the Governor in Council, with authority to pay compensation to farmers for loss resulting from pesticide residue contamination of food products which makes the sale of those products illegal in Canada. Eligibility for compensation is dependent upon the contamination by the residues not having occurred through the fault of the farmer, and notification from the Minister of National Health and Welfare that the sale of the contaminated food products would violate the Food and Drugs Act. The use of the pesticide must also have been in accordance with recommendations made, approved, or concurred in, by the Department of Agriculture.

The provisions of the act, and the authority to the Governor in Council to make regulations, are such as to provide for maximum ease in establishing eligibility and the amount of compensation, and yet prevent interference with the normal rights and responsibilities of farmers and manufacturers of pesticides.

Part II also provides for the appointment of assessors to hear and determine appeals from compensation awards made under Part I of this act as well as under any other act to which this provision is made applicable. The powers of the assessor are binding, and provide for confirming or varying the decision of a minister and referring cases back to the minister for such further action as the assessor may direct.

In Part I, under section 2 any producer of primary agricultural products could be eligible for compensation; that is, producers of grain, fruit, vegetables, milk, meat or eggs, for example. Pesticide residue includes the residues of all pest control products; for example, insecticides, fungicides, weed killers and fumigants.

Section 3, subsections 1 and 2, provide for eligibility for compensation where inspection under the Food and Drugs Act discloses the presence of a residue in a product from a pesticide registered under the Pest Control Products Act used in accordance with a method concurred in by the department, and when the Minister of National Health and Welfare has notified the Minister of Agriculture that the sale of the product would be contrary to the Food and Drugs Act. It also provides for the payment to the farmer of compensation for any loss to the farmer by reason of such residue. A farmer is not eligible unless the minister is satisfied that the farmer is blameless. Provision is made for the Governor in Council to make regulations setting maximum and minimum limits on the amount of compensation that may be paid.

Section 4 provides Governor in Council authority for regulations on procedures in claiming compensation, methods in determining eligibility and amount of loss, the limitations on the amount of compensation, exclusions

from the act, and the actions the minister may take to limit loss to farmers due to pesticide residues.

Section 5 provides that compensation may not be paid until the farmer has taken steps that the minister deems necessary to reduce the loss to him and to pursue any action the farmer has in law against the manufacturers of the pesticide or other person.

Under section 5, subsections 2 to 5, the minister may require consent to pursue on behalf of the farmer any legal action to recover losses, with the condition that the amount of compensation payable is to reflect any recovery made through such actions.

Under section 5(6) the minister may undertake a course of action requiring an expenditure of funds in order to lessen a loss due to residues. For example, produce may be subjected to processes that remove the residue and render it saleable.

The balance of the provisions in Part I are for standard administrative purposes, offences and penalties necessary for the effective operation of the act.

Section 11 provides that the Governor in Council may appoint assessors from among the judges of the Exchequer Court of Canada and the superior courts of the provinces.

Section 12(1) provides for appeals to be brought to the assessor by the farmer.

Under subsection 1 of section 13 the assessor may confirm, vary or refer back for further action the decision of the minister. Under subsection 2 costs may be awarded to or against the minister. By subsection 3 decisions of assessors are to be final and not subject to appeal.

Section 14(1) provides that appeals are to be heard at any place required.

By section 15 the assessor may make rules respecting the presentation and conduct of appeals.

Section 16 provides for the appointment by the Governor in Council of a Registrar of Appeals and other staff as necessary.

That is a short explanation of a very important bill, honourable senators. We had no provisions for this sort of compensation before. We have had some experiences which would certainly indicate the value, particularly for the farmer, of such an act as this. I highly commend the bill to you, and suggest that at the appropriate stage it should go to the Senate Committee on Banking, Trade and Commerce.

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Hon. Arthur M. Pearson: Honourable senators, this Bill C-155 is one of a series of farm legislation and is a new measure in itself.

Yesterday we had Bill C-154, which was the first part of the series. This bill has been divided into two parts. If a product of the farm shows, under an inspection of the Food and Drugs Act, that there is present in or upon this product pesticide residue, and if the pesticide was used properly and the product considered to be unsaleable, then the minister may pay the producer a compensation. This, in itself, is a good feature.

However, clause 3(2) provides:

> No compensation shall be paid to a farmer pursuant to subsection (1) unless the Minister
>
> (a) receives from the Minister of National Health and Welfare written confirmation...

that he is satisfied with the inspection.

Of course, we do not know what the amount of compensation will be. This type of regulation referring the subject matter from one department to another is going to cause a great deal of delay. Further compensation shall not be paid unless the farmer performs certain tasks deemed necessary by the minister to alleviate the cause of the pesticide residue being in or upon the product. This can certainly delay payment of compensation.

The farmer may have to take action against the manufacturer, if he is so advised, which would be a further long delay.

Again the minister, on his own behalf and with the consent of the farmer, may decide to sue the manufacturer. So, honourable senators can see that pesticide once discovered does not mean immediate compensation. It may take as long as a year or more.

If finally the farmer is not satisfied with the results, he may appeal to an assessor. An assessor is a judge of the Exchequer Court—as was indicated yesterday in Bill C-154—or of the Superior Court of the province. The assessor may be the type of man that we have had in hail insurance. All members from western Canada know that if the farmer is not satisfied with the first inspection, the insurance company sends another man out who is the type of person who can cajole and play along with the farmer and finally make a nice settlement, and everybody is happy.

If the judge happens not to like the colour of your shirt, tie or eyes, he may take a scunner against you, and you do not get much satisfaction out of him. I do not know why we should have no right to appeal to a court beyond this assessor.

Part II deals with compensation appeals. The judge may not necessarily be any better than the inspector. Both are appointees of the minister. The assessor's decision shall be final. There will be no appeal allowed to a court. This is a most peculiar condition. The farmer must be some strange kind of citizen when he loses rights to which all others in Canada are entitled.

Another provision which I am not sure that I like is with respect to offences and penalties. Under the heading "Offences and Penalties", section 9(1) reads:

> Every person who, or whose employee or agent, violates any provision of this Act is guilty of
> (a) an indictable offence and is liable to imprisonment for two years, or...

Now, I presume the word "person" means a farmer. If the farmer is taken off his land for two years, who is going to run his farm? This makes an awkward situation. The penalty is too severe. The term should have been about six months or a cash fine, instead of imprisonment for two years.

Honourable senators I think that is all I have to say, on this bill. In other respects I think the bill is very good and I support it.

Hon. Mr. Choquette: May I ask a question of the sponsor of the bill, if it is not too late?

I fail to understand where the federal Government comes in. Why should not the provincial Government be held responsible for some compensation if everything was done with the consent and under the supervision of the province? Why is the federal Government liable to compensate for such losses?

Hon. Mr. Hays: What section is that?

Hon. Mr. Choquette: Section 3.

Hon. Mr. Flynn: Paragraph (1) (b).

Hon. Mr. Hays: Well, in section 3, in determining the amount of compensation settlement to be paid to a farmer, the minister must take certain factors into consideration. During the time I was Minister of Agriculture we probably had more of these problems than we have had before or since. I remember one in particular at Grand Forks. There was a very lengthy period during which it could have been settled, but it did not seem to be clearly a provincial jurisdiction or a federal jurisdiction. Nobody seemed to know just whose responsibility it was. I think the intent of the act is that the minister can go to the provinces and see if this compensation cannot be divided, as was done at Grand Forks. In discussing this with the department officials, I think the intent is that this should be done. This is indeed the way we did it at Grand Forks. This land had been put to potatoes for many years, and the farmers were using a chemical, which has since been abandoned, which built up a residue. Although there was no evidence, it was felt that some might have come through in new forage crops that had been planted and been passed on to the animals. It took a long time to find out or determine whose responsibility it was. We took it upon ourselves to settle it, as we had no such legislation then.

This act will be a much better way of tackling these problems. I think the intent is that it will be possible to make some sort of an arrangement with the province.

On motion of Hon. Mr. Argue, debate adjourned.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—SECOND READING

Hon. Mary E. Kinnear moved the second reading of Bill C-156, to amend the Animal Contagious Diseases Act.

She said: Honourable senators, the proposed amendments to the Animal Contagious Diseases Act embody two major changes. The first deals with the way in which compensation rates are set for animals ordered slaughtered.

For the past 43 years the federal Government has compensated owners of animals that have been ordered destroyed under an eradication program for Johne's disease, brucellosis and tuberculosis.

Until now, compensation rates have been prescribed in the act. From 1925 to 1949 the compensation rates were a maximum of $60 for grade cattle and $150 for purebred cattle. The basis for this compensation was two-thirds of the value of the animal slaughtered.

In 1949, the compensation rates were revised to provide a maximum of $40 for grade cattle and $100 for purebred cattle. The full value was paid up to the maximum rate.

In the last revision in 1958, rates were established at a maximum of $70 for grades and $140 for purebreds.

All slaughtered animals are examined and if the tests are satisfactory, and the meat passes inspection and is not contaminated, the owner receives the meat salvage value, plus the Government compensation. The combination of the two values almost covers the cost of a comparable animal.

Where the sale of the carcass of the animal is unlawful, an additional amount, equal to the value the carcass would have had if the sale were lawful, is paid by the Government.

The proposed revision retains this provision so that the owner would be able to recover the meat salvage value, either by selling the carcass or, where this is forbidden, by recovering the carcass value from the Government. A condemned slaughtered animal is placed in a tank and heat sterilized and then ground into fertilizer.

The Governor in Council will receive from the Health of Animals Branch proposed rates for compensation which are reasonable and current. Inspectors will have guidelines, as to age, sex, conformity, pedigree if any, and immediate or prospective usefulness, for the assessment of the animals.

The above information would allow a more flexible approach to compensation. The value of purebred livestock and, indeed, of grade dairy cattle, for instance, can change remarkably even within a year's time. Section 1 of this act shall be deemed to come into force on the 26th day of September, 1968.

The second major change provides for an appeal by the owner against a compensation award under the act. At the present time no such appeal is available. The appeal may be brought to the assessor appointed under Part II of the Pesticide Residue Compensation Act by the owner of an animal slaughtered under the provisions of this act. Under this act the assessor is a judge.

An appeal may be made, (a) where no maximum amount has been prescribed pursuant to section 12 for that animal or, (b) where the amount of compensation has been so prescribed but the compensation awarded is less than the maximum amount, or, (c) on the ground that the amount of compensation awarded was unreasonable. Every appeal should be made within three months from the time the owner receives notification of the compensation. For special reasons, a longer period may be allowed. It is usually four to five weeks between the time the animal is slaughtered and the owner is recompensed.

Section 2 of the act shall come into force on a day to be fixed by proclamation. It is possible that the date will be retroactive.

In summary, the proposed amendment does two things. It allows the Governor in Council to establish the maximum rates to be paid to an owner whose cattle were ordered to be slaughtered.

It provides for the right of appeal by the owner against the compensation where (a) no maximum has been prescribed or, (b) where the compensation has been prescribed but the compensation is less than the maximum or, (c) where no compensation is awarded. The appeal privilege would not delay the destruction of diseased animals.

Honourable senators, if this bill receives second reading it is my intention to move that it be referred to the Committee on Banking, Trade and Commerce.

Hon. Arthur M. Pearson: Honourable senators, this Bill C-156, dealing with the amendment of the Animal Contagious Diseases Act, goes a long way to relieve the situation which has developed over the years. Compensation was a set figure and the inspector had no way of changing it. Now the maximum amount can be prescribed by the Governor in Council for a purebred animal or a grade animal, either in the case of horses or of cattle. This is a good point in the bill.

However, it seems to me that the assessor will be put in a very awkward position. If the inspector is not a qualified—and I mean "qualified"—veterinarian, the amount that such an inspector will set may be very far out. He would not know what he was doing unless he were a qualified man. I have had personal experience with men who claimed to be qualified inspectors or veterinarians, and who never gave anything like the proper consideration. That is why I say the assessor will be placed in a very awkward position, with possible overtones of political patronage. On that account, I feel a farmer should be able to go beyond the assessor and appeal to the appropriate court. This would relieve the assessor of any possible indignity.

Honourable senators, clause 1 of this bill will be deemed to come into force on September 26, 1968, in accordance with clause 3.

Supposing a beast had to be slaughtered in October last year. It would long since have been buried and forgotten. How are you going to arrive at the value of the carcass at this particular date? Consequently, that part referring to the value of the carcass would be of no use whatsoever. The only thing that could be done would be for the inspector to evaluate the carcass at either the maximum or the minimum assessment for compensation.

That is all I have to say with respect to this bill, honourable senators.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mrs. Kinnear, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

SECOND READING

The Senate resumed from Thursday, February 13, the adjourned debate on the motion of Hon. Mr. Everett, for the second reading of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

Hon. J. Harper Prowse: Honourable senators, in rising to take part in this debate, I would like to congratulate those who have already preceded me, particularly Senator Everett, for his very able presentation of the bill, and Senators Thorvaldson, Hastings and Connolly (Ottawa West) for their timely remarks. I do not propose to repeat, as far as it is possible for me to avoid doing so, any of the things that they have said, or to plow that ground again. What I want to deal with are some matters which I believe lie within the general area covered by this bill.

As I understand it, the purpose of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, is to ensure that in the production of these natural resources the interests of the public as well as the long-term interests of the producers are fully protected by insisting that the latest technical know-how is used. As Senator Thorvaldson pointed out, the bill is copied pretty well word for word from the legislation now in force in the western provinces that have had to deal with this question of conservation. The actual application of the rules depends, of course, on the board that is set up or the chief conservation officer, when he assumes that position. Then they will set up a series of regulations that will give effect to this knowledge which we have today, in the hope that thereby we will be able to avoid some of the very disastrous mistakes made in dealing with the development of natural resources in the past.

I think within the memory of most of us, the word that was used when we discussed what today is referred to as the development of natural resources, was "exploit" or "exploitation". At the time that word was first used the general meaning attributed to it was, "to turn to good account or to practical account." However, because of some of the practices that were permitted, the word unfortunately came to connote, and in general usage to mean not "to turn to practical account," but "to use for selfish advantage." The result is that the word is practically never used by publicity-conscious industry today. The words we get are "production," "development," and "conservation".

The reason for this is that the excesses and mistakes in the past, often based, it must be admitted, on ignorance, have been terribly costly ones. These become particularly important when we are dealing, as we are in this matter, with a non-recurring resource. Once the oil is extracted and used it is gone forever. The same thing applies to gas. These are not crops which can be harvested at regular intervals. They can be had and enjoyed just once.

For that reason it is particularly important that we should have governmental policies in the administration of these affairs, which will ensure that we get the maximum benefit as a nation from our resources when we use them the one time that we will be permitted to do so.

As far as the bill is concerned, there are one or two parts of it which cause me some concern. One is that the committee is supposed to be made up entirely of people who are knowledgeable in the industry. My experience in this field has been that when you get somebody knowledgeable in the industry he almost invariably has an axe to grind. It seems to me that the committee, whose job is going to be to act chiefly as court of appeal from the decisions of the chief con-

servation officer, might perhaps be better able to function if the members of the committee were men of better than average intelligence, with some good understanding and a judicial sense. Such a committee could have experts give evidence before it. And heaven knows, everybody will get his own experts to come before this committee and tell whatever story he wants told. But it is hoped that these members of the committee will have as much common sense as a jury normally does in which case they will be able to make the findings of fact which the circumstances deserve.

This bill deals with only one aspect of the development of these resources. It comes to us before there has been really any development at all of these resources in the Northwest Territories. Up to the present the development of the petroleum resources in the Northwest Territories has been limited to a very small production of oil in the vicinity of Norman Wells, which did, I think, support a four-inch pipe line to Whitehorse. This was called the Canol project during World War II and supplied fuel for the Alaska highway and for the American flights of war aid to Russia. That was later dismantled and the refinery at Whitehorse became the basis for Imperial Oil's first operation in Alberta after the discovery of Leduc in 1947.

The other important factor has to do with the actual disposal of the lands and the rights to operate on them, and that is covered by the Territorial Lands Act. The actual end disposition of the products, once they pass a provincial or national boundary or travel into interprovincial or international trade, comes under the jurisdiction of the National Energy Board.

So you have the Minister of Indian Affairs and Northern Development, responsible for the administration of this act and for the Territorial Lands Act dealing with the alienation of the resources, and the technical policing of the procedures that are used in the recovering of the resources.

Then you have the Minister of Energy, Mines and Resources who will have jurisdiction over the National Energy Board responsible for any matters pertaining to the building of pipe-lines or the issuing of export permits necessary to send products out of the country. In view of the fact that the development of these resources, particularly as far as the Arctic Island area is concerned, will probably depend on discoveries of a satisfactory means of navigating large tankers through the Polar Sea, it is possible that there may be in due course a necessity for some amendment either to the National Energy Board Act, or some other act, to give the control necessary over tanker shipping which we presently have over pipelines. Whether this is desirable or not I think it is something we do not need to worry about until the tests being carried out this summer have indicated whether it will be possible to develop a route around the northern islands and possibly even around Greenland to Europe or through one of the straits to the Atlantic coast of North America. This remains very much a hypothetical problem.

Last December the Minister of Energy, Mines and Resources appointed a task force consisting of Claude Isbister, the Deputy Minister of Energy, Mines and Resources, Dr. Robert Howlands, Chairman of the National Energy Board, and Mr. J. A. MacDonald, Deputy Minister of Indian Affairs and Northern Development, to investigate and assess the implications of the Alaskan North slope discoveries for Canadian oil development.

Now the necessity for the appointment of this deputy ministers' task force, while it certainly helps to point out the possible serious implications of this new discovery in Alaska to the Canadian oil and to the whole industry in western Canada, remains a bit of a mystery to me. Part II of the National Energy Board Act sets out the advisory functions of both in Section 22 (1), and it tells the Board to study and keep under review matters over which the Parliament of Canada has jurisdiction relating to all these things and to make recommendations to the Ministry at least in so far as they concern matters affecting energy supplies, and by subsection 2 the Board shall at the request of the minister prepare studies and reports on any matter relating to energy and sources of energy.

The task force presumably is now at work. It has been generally understood that this task force was set up following the representations by Premier Manning of Alberta to the Prime Minister shortly before Mr. Manning resigned the premiership of Alberta. However, it is probable that in the next three years oil from Prudhoe Bay will be transported by the pipeline which has been authorized across the Alaska peninsula to all-weather ports or southern ports in Alaska, and at that time it will be a matter of real concern to the oil

producing areas and industry in western Canada because of the very great possibility that when this oil becomes available it will displace the oil presently being supplied from Alberta fields to the Pacific Northwest area around Puget Sound and possibly even in the Vancouver market.

The year-end issue of *Oilweek*, dated December 23, 1968, shows on page 14 the market demands for western Canadian oil for the month of January, 1969, and there it is indicated that British Columbia would require a total of 103,930 barrels of oil daily, of which 56,300 barrels would come from British Columbia and 47,630 barrels from Alberta wells. During the same month Alberta expected to sell 177,800 barrels daily to the Pacific northwest area which is Area V in the United States. British Columbia hoped to sell an additional 13,600 barrels daily in this area as well. Because of present marketing arrangements in western Canada, any loss of these west coast markets will have to be absorbed by the Alberta producers, and they may have to take a cut-back in the neighbourhood of 225,000 barrels of oil per day, or approximately one-quarter of Alberta's present production.

Now, to get some picture of the importance of this, it is necessary that you keep in mind that Alberta wells under a proration arrangement are already cut back to the point where they are permitted an average of about 37 per cent of what they could safely produce under sound conservation practice; and if this further cut-back takes place it will bring them down into the neighbourhood of something between 25 and 30 per cent of their safe practical capacity.

This situation is further complicated by the fact that in marketing Alberta oil we have to give consideration to the fact that the Great Canadian Oil Sands plant in the tar sands, which has just gone into production after a capital expenditure of $240 million, has started to come on stream. This proceeding was entered into with the undertaking from the Alberta government, that as soon as they were able to produce they would have access to a share of the Canadian export market to the tune of 45,000 barrels daily. Since then a second outfit, that wanted to put in another quarter of a billion dollar plant, using not a mining procedure but an underground burning and recovery procedure, has been denied an opportunity by the Alberta board to get into this field because the Prudhoe Bay situation makes it undesirable for the industry as a whole that any further commitments be made to these new areas in Alberta that could only be enjoyed at the expense of those who are presently producing from the conventional wells.

The fear of the industry is perhaps best shown by the cover of *Oilweek* of August 5, 1968, which asks, "Will Arctic Oil Kill Tar Sands Development?" The obvious fact is that this is certainly going to put a crimp in any further development of that type for some time.

In addition to that, in the production of natural gas for export and in the refining of the crude oil for local needs in western Canada, there is produced as a by-product a large number of the liquid petroleum gases—butanes, propanes, ethylene and various other combinations of the hydrocarbon series—which also are demanding a share of the energy market presently available; and there is, of course, the fact that they pretty well have to be accommodated if this other production is to continue. We are faced with either accommodating or wasting it. So, rather than waste it, it is probably going to have to be accommodated, and this still further cuts down the opportunities for the conventional well owner.

What happens then is this, that if your conventional well owner gets down to where he is able to produce only about 25 per cent, this will not make too much difference to the big, integrated companies, because they can take a long-term view, meet their requirements from elsewhere, and make adjustments; but it is going to be disastrous for many of the smaller, independent operators, because they are down to the point now where many of them feel that the proration system excludes them from getting the profits to which they think they are entitled.

Saskatchewan produces more than it consumes, but not a large amount, and they take some Alberta oil and ship some of their own east. Manitoba is a net importer; British Columbia is a net importer; and Alberta is the chief supplier of export oil. The pipelines start in Alberta and go through Saskatchewan and Manitoba, one way, and through British Columbia, the other. British Columbia says: All right, you want a pipe line through—you will take our oil. Saskatchewan and Manitoba have taken the same attitude, and Alberta has to be content with the capacity that is left when the others have put theirs in.

The way the proration system works is this, each month all the consumers of Alberta oil make known their estimates to the conservation board, by a certain date, of their oil requirements for the following month. In February they will put in their bids as to what they want to buy in March. This will be the pipeline companies, refineries or anyone else who represents a market for oil. This will be for the whole Canadian market picture, or the whole picture flowing out of Alberta. Then they will get the figures of British Columbia, Saskatchewan and Manitoba supply, and then the Great Canadian Oil Sands, which they can tell by production because they are not up to the limits yet, and others such as condensate and LPG producers, all of which have to go in. Then they subtract the supply from the demand, and what is left is Alberta's share.

The Conservation Board of Alberta then pro rates that share out on the basis of so much percentage to each one of the fields, and then within the fields it is divided up among the various owners and producers in accordance with the various formulae. That is how in Alberta they have been producing their allocations over the last number of years, which now averages about 37 per cent of what could be normally produced.

This system has given an orderly market to the oil industry in western Canada. It has provided a stable and predictable market. It has prevented waste. Everybody knows where they are; this guarantees a share of the market to the small independent who otherwise might have had some trouble in that regard, and it has generally been well received. There have been some criticisms by people who say it has been nothing more than a price maintenance scheme—and it is certainly that, because you cannot say how much you can sell of a product, at any given time, unless you first of all set your price on it. But, generally speaking, it has been well accepted by the industry and the benefits accruing have outweighed the disadvantages.

However, I become concerned now in this regard: Alberta has been carrying the responsibilities and the costs of maintaining their own producers and maintaining a stable situation in this industry, but I do not know how much longer we will be able to do it, if we lose the Pacific market and if we get the northern production which has to be accommodated in some of the markets we presently have. In other words, it seems to me that there are some real problems here, and these discoveries in the north are going to cause the federal Government administering these discoveries, as they arise, responsibility for concern for Alberta's portion. It has been suggested, and I think correctly, that because of the very low level of production per month it has not been possible for the small producer to expand his operation, and he has very often yielded to the temptation to get out of the business by selling out to one of the bigger companies which is able to take a longer term view of the situation than the small operator. In other words, the small operator would be better off if he could get his profit now.

The National Energy Board, with its control over pipelines, should be asked, under section 22, to study this particular area with a view to seeing what the impact of new oil discoveries is going to be. Will they mean a reduction in the demand for Alberta crude? Will they have an immediate adverse effect on Alberta's revenues from this source, and which currently amount to approximately one third of its total income, as Senator Hastings pointed out in his very able speech the other evening. A reduction in the demand for Saskatchewan oil will hurt that provincial government's pocket book. Some of Saskatchewan's oil does go into export. The diversion of exploratory capital from the western provinces to the north will hurt the revenues of both provincial governments and their economies.

All of this brings me to what is the first and most important point, that we should be thinking of as a Senate charged with the responsibility for the well-being of the nation as a whole. In seeking to serve the nation's best interests, by establishing policies for the development of the resources of our northern territories, fair weight must be given to the established positions of the provinces and the different regions of Canada. There is nothing in the present legislation giving anybody the authority, if indeed authority can be given, to weigh the interests of Alberta, in particular, in this matter. If there are discoveries in the Northwest Territories, markets may be opened up by the advent of the northern ice-breaking tanker, but if we have to have a pipeline coming down through central Canada, then we must obtain some market concessions from the United States. If Alberta has to suffer a loss of governmental revenues of serious proportions, plus severe dislocation in

its oil and gas industry, and supporting services, then we are going to have some people in Alberta who will be seriously upset.

I do not think I am overstating the case when I say that the economic well-being of Alberta's chief industry, and the security of the provincial government's chief source of income, will become as important issues in the administration of that province as the French-speaking Canadian's cultural and linguistic rights are to Quebec and the French-speaking communities across Canada. I am just enough of a cynic to go along with the old saying that a man who suffers the death of his son in war will forgive and forget, but a man who suffers the theft of his horse will never forgive and never forget. When you touch provincial pocket books you put as great, if not greater, a strain on Canadian unity as you do when you fail to help people achieve their hopes in other directions. I say that not for the purpose of downgrading in any way the importance of our responsibilities in helping the French-speaking people of Canada to achieve their goal, but to point out the dangers to Canada that are inherent in this other situation.

Senator Hastings has suggested, with this partly in mind, that there should be a continuing study of the industry in all of its aspects. Senator Connolly (Ottawa West) thought that there should be some other body than the Senate to conduct that study. Personally, I think the study should be conducted by people who presently have some responsibility to the industry, and also the ability to look at the technical end of it, and that is the National Energy Board.

Clause 22 (1) of the National Energy Board Act provides that the board shall initiate inquiries on their own responsibility, and clause 22(2) gives the minister the right to ask them for any further information he wants on any subject at any time. I think that is quite proper.

It is my opinion that a special committee of the Senate should be constituted for an additional purpose. The Senate can provide a forum where people who are going to be hurt, people who are afraid they are going to be hurt, representatives of the industry, and anybody who has an interest, can come before such a committee and present their views. That kind of public and open discussion on matters of national importance can do nothing but good. It is something that we can do, and something that I submit we should do.

It is imperative that this should be started immediately. This chamber has full authority to set up its own committee and clothe it with the authority to report and make recommendations with all possible despatch. If it is agreed, we can start next week. It is not necessary that the members of such a committee have a highly technical knowledge of the industry. All they need do is listen to what the competing experts have to say, and to the representations that may be made by the different interests which, although not of a technical character, will be of prime importance. I do not know where we could find a group of men better able to weigh the conflicting claims of various sections of a diverse industry, and the conflicting and competing claims of diversely interested provincial governments and regions, than the members of this chamber. It is my opinion that the need is so obvious that we should do everything to meet the challenge without further delay.

Hon. Mr. Argue: The committee could sit on Mondays and Fridays.

Hon. Mr. Prowse: It could sit on Saturdays, and even Sundays. I think the good Lord would forgive us.

The second point I want to deal with is even more important, in my opinion. In this whole legislative bundle dealing with the Northwest Territories and, in fact, the whole question of the oil resources of Canada, our total view has been limited to a consideration of a source of energy. It is true that that has been, and will remain for some time, the chief function of this industry, but it is not the part of the industry from which we as Canadians are going to reap the greatest benefit.

During the exploratory and development period when looking for oil and gas and drilling wells in order to get production, the oil industry employs a great deal of skilled and expensive labour, machinery and equipment. But once a field is brought into production and the wells are punched down, today there is computerized production and employment immediately falls off. Usually the prices are set by various other factors, so it is not a cost controlled industry but is a price controlled industry. From then on the value added is the cost repaid for the capital invested in the equipment. This is not a criticism of the

industry, because it would be wasteful and indefensible if they were to operate in any way but as efficiently as possible, and they have found by experience that this is the way to operate efficiently.

If we pause to consider that there are parts of this resource, particularly in the petrochemicals, which give us an opportunity for greater employment, then we can take greater pleasure than we ever have out of the wealth now being produced. I am referring now to the petrochemical industry and the petroleum industry as a source of raw materials for the petrochemical industry. This covers plastics and a long list of things.

To give honourable senators an idea of what I am saying, I have here several photographs that make up a page of the *Financial Post* of November 25, 1967. The petrochemical industry is quickly becoming one of the top employers of capital, one of the large and important employers of labour, and one of the most significant producers of new wealth of any industry on both this continent and the continent of Europe and in Japan. Surely when we are developing these things we should be giving a great deal of consideration in our policy to the use of these resources in this way. It seems to me that as a basic part of our national resources development policy we should fully understand the real, lasting value of a natural resource. We get the value of it when we have been able to use it as a means of selling the skills of our people. An easy example is a Swiss wristwatch made of stainless steel, copper and glass, none of which are indigenous to Switzerland, all of which they buy for perhaps a fraction of a cent from somebody who produces them as raw materials. At the most they use a few cents worth of somebody else's raw materials as a medium for selling $15, $20 or $25 worth of the skills of the Swiss watchmaker.

Let there be no misunderstanding that we shall have to be content very largely with selling just the energy source; a lot of it is sold on that basis. However, when the resources go on that basis at the level we have, all we are getting are the wages of the watchman supervising the looting of the vault. That is all it is possible to get. He may be a reasonably well paid watchman, but that is all we get when we sell things in their original basic first-production state. It is only when we start to take cognizance of the value added and are able to use the resource and not just sell it, when we are able to sell the skills of Canadian labour to bring us a return on Canadian investment, that we get any real value.

The present petroleum industry is largely owned by outside capital and, by the very nature of the industry, once the original expenditure is made the only real return is a return of capital. Our return, even as foreign exchange, is illusory because it will to a large extent be offset by the necessity to counterexchange to pay back the capital and to pay for the capital. If foreign capital merely comes in to take something out and then goes home again, there is no real lasting benefit to this country. However, if foreign capital comes in and is permitted to be used to provide job opportunities for Canadians there are advantages to this country, and that is why I say we should make sure we are getting everything to which we are entitled, everything we could possibly get.

Senator Hastings referred to the fact that the day on which he spoke was the 22nd anniversary of the blowing in of Imperial Oil Leduc No. 1. When Senator Thorvaldson talked about Royalite No. 4 he was two years out, but that is all right because he does not live in Alberta. Those were happy stories. Let me tell you one that is not quite so happy. Natural gas was discovered in Southern Alberta around the turn of the century. Oil had already been discovered in Montana and optimists kept drilling wells all over Alberta. The equipment was rather crude in those days and they were not too successful. It was not until 1924 that they drilled a well down into the Mississippi structure on the Turner Valley Gas Cap, which is just a few miles south of Calgary, and they got a tremendous flow of what is known as wet gas—that is natural gas that has raw gasoline, or a very light high gravity oil in solution in it. Then people drilled up that gas cap like crazy until 1936. During that period of time they got up to the point where during 1932 they were taking 3,700 barrels of condensate a day out of the gas cap.

To get that 3,700 barrels of raw gasoline, they wasted 350 million cubic feet of natural gas. In total they flared 1.8 trillion cubic feet which would be worth approximately $270 million at today's well head price for natural gas. Today the Conservation Board procedures in Alberta tell the oil companies we

will let you waste a maximum of one m.c.f. of gas for every barrel of oil you produce. At Turner Valley they used it at the rate of 100 m.c.f. of gas. It was perhaps more than that, but we will leave it at 100 m.c.f. gas for every barrel of oil they produced. In other words, they used 100 times what we permit today.

Now, that would not have been too tragic perhaps by itself, but in 1936 the Royalite well went down and they found oil on the edge of the gas cap—the thing is just like a cap. The gas cap is the top part and as you come down off the cap there is an area that runs around it and that is the area that is permeated and that holds the oil. Below that you have salt water. When you get to salt water, you know you have got off the field and when you get to gas you know you are in too far towards the centre.

Somebody went further and suddenly discovered oil, and that led to the discovery of the Turner Valley oil field. By the time they had learned by experience, in the United States and here, that it was not good practice to let the resource run away, they started to cut down on the waste of the gas in Turner Valley.

I remember as a boy—I was born and brought up in Taber, which is in southern Alberta, approximately 120 miles, as the crow flies, from Turner Valley to my home—night after night standing out and looking off to the northwest and I could see the glow of those flares 120 miles away. You know, we used to look at it, but to us it was merely an indication that it was wonderful that we had so much we could burn it. Today we say, was it not criminal that we burned it off, because the sad thing about it is that no one knows how much oil there actually was in the Turner Valley oil field. We will never know.

All we know is that we are never going to be able to get it out, because when they let that cap pressure deteriorate down as low as they did before they stopped it, they lost forever their hope and opportunity of being able to recover the oil. In other words, by the time we found out where the keyhole was to the treasure box we had lost the key, and it was an irreplaceable key.

That was Turner Valley. That is the sad story of Turner Valley. I do not blame anybody for that; it was ignorance. It was because nobody knew any better in those days, but now we know. Mistakes are not important because they happen. They are only important if we can use them as a guide not to make the same kind of mistake again.

Well, there was another one made which, looking back, appears as though it could have been a mistake too. Surely the provincial government treasurer feels from time to time that it was. For eleven years after Turner Valley there were no more substantial oil fields discovered anywhere in Alberta. We knew about the Tar Sands. Then there was a small amount of oil discovered around Wainwright, but nothing that amounted to anything until the Leduc No. 1. During the years between 1936 and 1947, there were a lot of wells drilled over Alberta, and there was a lot of money spent on wildcatting around without results.

The oil companies practically had given up, at least they had said so, and persuaded the provincial government that in order to supply our growing needs for gasoline in western Canada they ought to allow the oil companies to set up plants which would make gasoline by the hydrogenation process from natural gas.

As a matter of interest, in 1945 the Year Book from the Encyclopaedia Britannica carried the information that the average cost for producing gasoline from crude oil sources was approximately 12 cents a gallon and to produce by hydrogenation from natural gas would cost about 14 cents a gallon. In order to produce it from hydrogenation, using coal, which was what Hitler used to keep his war machine going for five years, it would cost about 16 cents. Well, the difference in the two cents between the two procedures was going to be more than offset by the fact that we had gas in Alberta and we did not have the oil, and by the time we brought the crude oil in from somewhere else it was going to be so expensive that the gas method would have still been cheaper. So we alienated to Imperial Oil the Viking Kinsella field which had been used since 1913 to supply gas to the City of Edmonton. We practically gave it to them because they were going to use it for this important provincial purpose of supplying gasoline for our requirements.

At that time we practically gave another gas field away to another company—I forget which one. However, they eventually sold their interest. I think it was to Union Oil. We sold them the Pendent d'Oreille field which is down south just a few miles north of the Alberta-Montana border. They were going to put a synthetic gasoline plant down there.

Then Leduc came in and of course we did not need synthetic plants because we had the crude oil. It was cheaper to use crude and that was obviously the intelligent way to do it. How come we did not get the gas fields back? Because we had sold them. Before that happened we did not pay anything for gas *per se* in Alberta.

Gas users in the City of Edmonton paid ¾ of one per cent royalty to the provincial government and about another 11 cents per m.c.f. which covered the return of the investment of the utility company which drilled its own wells and provided the pipes in the distribution system. In other words, we paid for service, not for commodity. Practically, the same thing is true in the city of Calgary which got theirs from Bow Island, west of Medicine Hat in the southern part of the province.

Ever since 1947, as Edmonton grew and needed more gas, we have had to buy the gas from Imperial Oil. It was a good deal for them; they were good businessmen and were not in the business for philanthropy. They were in the business to make money. A little bit of money on the gas bill, nobody is worrying about that. No one knew before Leduc that we were going to have it tomorrow but now we see where we went wrong. We were in such a rush to get things going. We were looking at that time for natural gas and our oil just as sources of energy.

Let me give you an example of why I suggest we have to look at them in other ways as well, and we had better be looking at them pretty hard. Natural gas is methane—CH_4, odourless, colourless, a combination of one atom carbon and four atoms hydrogen. Methane is worth $2.56 a ton if you sell it as fuel. If you use it to produce ammonia, the ammonia is worth $22 a ton; and if you further process the ammonia to make fertilizer, the fertilizer sells for $46 a ton. The difference between the $2.56 you get for methane as fuel and the $46 you got for fertilizer is the cost of labour and capital which have been added to it by the chemical processes in between.

In the City of Edmonton we have a chemical plant which was established there in 1953, with a capital investment of $140 million to $150 million. There are 950 people employed there at an annual total wage of about $7½ million a year.

The Alberta Government Department of Statistics tells us that where there are 950 employed in an area they provide employment for an additional 1,425 wage earners in supporting industry—stores, department shops, service stations and so on. That means 2,375 employed directly or indirectly by this plant. They produce a whole host of chemicals. They produce the filters for all the filter cigarettes, with the possible exception of the Strickmans. Certainly, they produce the stuff that is used in the filters of most of our Canadian cigarettes. I think they produce most, if not all—I think they are the sole producer of the orlon fabrics; they produce yarns. All these things that are made give rise to secondary industries.

They use approximately 3,000 barrels of propane daily, which would be worth about 3 to 4 cents a gallon if sold as fuel. When it is sold out of the chemical plant as the finished article, it produces raw material for other industry which starts a chain reaction right across the country, and that propane is worth 32 cents. In other words, we have added 26 cents to the value of the propane, which is what they add to the propane they use.

They do not use all the propane, but I can tell you that they are beginning to become pretty concerned, because we have people who wanted to ship all the propane out, to sell it to people, I suppose, to heat back rooms, garages, trailers and so on. They were not assured that there would be sufficient left and they were always concerned lest, in the hurry to get a market today, they were left in such a position that the people of today would not leave enough for the people of tomorrow and for their operations next year and the year after. When you build a $140 million plant you do not get paid for it in one, three or five years: it takes a little longer than that.

The examples that come are not just the chemicals. I do not think I have to burden honourable senators or put on the record the list of the things which are made by the petrochemical industry. All of the artificial fibres, all the plastics—the American cars are using 50 pounds of plastic to each car now and some German cars are using 100 pounds per vehicle. In England they are building houses of plastics which they can put together more quickly and more cheaply than by the conventional means.

I had a man in my office the other day who was showing me the setup for producing 1200 square foot houses by a special construction

method of putting together wall and roof sections of plastic material prefabricated in a plant. This would be done in two days by two men. It would provide something better than the "warm and dry box" the minister speaks about, but for $4,500.

Honourable senators, all we need is someone directing someone's attention to these possibilities. We lost our mineral rights in western Canada to the Americans, for the same reason as the Indians lost them to the Europeans who came here in the first instance—because while we had them we did not know what to do with them. If we ship all this stuff right down into the United States and let them process it, we will be hewers of wood and drawers of water and we are not going to get very rich.

We will always be able to find the path the pipelines follow because our children will beat a path down to the end, looking for work.

Honourable senators, as the Parliament of Canada, we have the responsibility to do something here to protect the interests of the people of Canada. It is not the responsibility of industry to look after the people of Canada: it is the responsibility of Parliament.

It will not be an easy matter for the average ordinary Canadian to get into the plastics or petro-chemical business, as it takes too much money for the individual. However, if we had a Government department which would get all the facts together and go out and talk to the people, there are those here with money who would invest. We all know that Canadians have a tendency to invest in blue chip American stocks.

Honourable senators, let us not bother about trying to buy Canada back, because we would come back with a bad bargain. However, let us make sure we do not let too much more of it get away.

This requires an aggressive Government policy which will do several things. First of all, it will do the research and the studies and the inquiries to get the information about what is going on in the rest of the world, so that we will not have to wait until somebody who has gained experience elsewhere comes in here and does it for us. It is our own fault if we are slow at the switch. Government policy ought to be carrying on the research with regard to product development, market possibilities, finding out where and how necessary financing can be arranged.

We can finance everything else; why cannot we finance the things which will provide opportunities for our people and give us full value out of our natural resources? We could thus provide highly skilled jobs for people with highly skilled labour.

In the past, we have wakened up to our opportunities five years after someone else has gobbled them out from under our nose, and we could not see them because we did not know what they looked like. That is all—it was just because we did not know, we never had a chance of learning.

Now let us get a Government policy which will ensure that the information is available so that the average Canadian gets advice about his opportunities before they are lost.

This area of chemical development is one area. People are saying today what will happen. We are being told the oil companies are about to go into the chemical processes. Now they are talking of billion dollar chemical plants. We immediately run into the problem of size, or "scale", as the industry says. Well, these are things where I think Government policy can provide us with at least part of the answer.

The second and final point I wanted to make was that we need a national resource development policy in Canada that will include provisions for the maximum application of the "value added" feature so far as the realities permit in all matters pertaining to the development and production of natural resources of this country, particularly with respect to these particular types of resources.

You know, we laughed at the Indians who bartered Manhattan Island to the Dutch for a handful of beads. We laughed at the Russians who sold Alaska, with Prudhoe Bay, to the United States for $7 million.

We still laugh about these things. We laugh at the generation that flared the gas cap off Turner Valley. But let me tell you something about the natural gas and petroleum industry today. Do you know what they are doing? Here is the latest development: Food is being produced from petroleum. They now have been able to produce and are producing experimental quantities of a white, bland, tasteless powder which is 80 per cent pure protein and which they feel will enable us to meet the protein gap in the underdeveloped countries as well as in our own country in the nutritional problems in the years ahead. The only thing the petro-chemical industry has not come up with, so far as I know, is

an answer to the problem of sex, and it is probably just as well that they leave that one alone. But they have something to do with everything else that you want to talk about. You are probably sitting, standing, putting on or taking off, combing your hair with or doing something else with some by-product of the petro-chemical industry.

I have a sneaking suspicion that, if not our children, then our children's children will think we were as stupid, when we used this valuable base for chemicals to heat houses and offices, as we think the Indians were when they sold Manhattan.

The Indians who got the beads figured that they had made a real tough, good deal. The Russians who got $7 million for Alaska figured they got $7 million for getting rid of nothing but trouble. They figured they put through a real, good, tough deal. And we think we are driving a hard bargain on the oil companies. Let me tell you that in the Northwest Territories all the interesting areas up there have already been alienated, and, if they discover anything—well, the terms of the leases have already been arranged. They will pay 5 to 10 per cent in the area equivalent to Prudhoe Bay on the Canadian side. They will pay 5 to 10 per cent royalty, 5 per cent further out and, if they get proven areas, they will have to pay 10 per cent. I do not know how these figures were arrived at, but I will wager the developers said, "If you don't do this, we won't go." And the Government wants them to go, so that was it. So let us not laugh at the old people; let us not be too proud ourselves.

Let me just finish up with a little illustrative story. I do not suppose your sense of humour is unlike my own. Let me tell you that in some ways I was just a bad luck kid. I remember one of the first tragedies in my life was the fact that when my younger brother got old enough to help carry up the coal and take out the ashes my father put gas in the house. Then, you know what happened? I got elected Leader of the Liberal Party in Alberta in June of 1947. Do you remember what happened in December of 1947? Leduc. From then I was running against not just "God" but "God and Santa Claus". Nobody shoots either one of them.

During that period of time, and from then until 1959, I think I can fairly say that this was just about my whole life.

I do not want to see us do it over again, but I remember I talked to a friend one day about the arrangements made, the good deal we had made for the development of our natural resources. My friend put the following supposition to me: Suppose that the United States got into a war with Russia in which we were not involved. Suppose further that the Russians asked us for oil and we said we would give it to them for $10 a barrel, a proposition to which they agreed and subsequently sent in their air tankers and picked up the oil. And suppose the Americans then told us we should not do that and we told them to mind their own business and they, telling us that they had warned us, sent up a platoon of marines and took over the province.

Incidentally, I think one platoon is just about all it would take; perhaps a little more than that, but not an awful lot more.

So suppose the Americans took our oil away from us but then they came back and said, "Now, look! You are not bad people. You are just badly led." That is what you always say when the war is over. "We want to be fair to you. We know you are going to want some of this oil. We will let you take one-eighth of it for your own use. We will take the rest. Now, we know we have some people here who need to work so we will buy our groceries from you. But when it comes to our special, technical equipment, we will have to bring that in from the people who have the experience of making it just the way we want it. We will use your good-looking girls around the office and your strong boys as workmen, but you will understand that all the technical jobs will have to be filled by the people we bring in."

Honourable senators, would you consider those particularly generous peace terms? And yet that is the hard-boiled deal that the province of Alberta had made with the American oil companies, which they were bragging about and which is a better deal than we have made in the Northwest Territories. We are dealing with a hypothetical situation there. I do not think the royalties we get are important, because the money is going to be spent and all it does is give a false sense of your true income at the time it is coming in, and it won't last forever.

The thing that is important is how we use the resources to make this Canada a better place for Canadians to live in. This act is a step along the way. I wanted to point out to this chamber that there have been errors and omissions about which a Senate inquiry could do a sterling service for the people of Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Langlois, for Hon. Mr. Everett, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Douglas Charles Abbott, P.C., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Douglas Charles Abbott, P.C., Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk Assistant.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Customs Act.

An Act to amend the Export and Import Permits Act.

An Act to regulate interprovincial and export trade in freshwater fish and to establish the Freshwater Fish Marketing Corporation.

An Act to amend the Fisheries Improvement Loans Act.

An Act to amend the Veterans' Land Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 4 at 8 p.m.

THE SENATE

Tuesday, March 4, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of the Water Transport Committee of the Canadian Transport Commission entitled, "The Ownership and Registration of Ships in Canada", dated January 1969. (English and French texts).

Lists of shareholders in the Chartered Banks of Canada, as at the end of the financial years ended in 1968, pursuant to section 119(1) of the Bank Act, chapter 87, Statutes of Canada, 1966-67. (English text).

Lists of shareholders in the banks incorporated under the Quebec Savings Banks Act, as at the end of the financial years ended in 1968, pursuant to section 101(1) of the said Act, chapter 93, Statutes of Canada, 1966-67. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, February 26, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Revised copies of document entitled "Consensus of the Constitutional Conference, February 1969". (English and French texts).

Copies of Notes, dated September 25, 1967, exchanged between the Canadian Ambassador at Washington and the Acting Secretary of State of the Government of the United States, with reference to arrangements for the export of petroleum to the United States. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Hon. David A. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 627 to 651, inclusive, and moved that they be taken into consideration at the next sitting.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

USE OF BROADCAST FACILITIES BY RENE LEVESQUE—INQUIRY ANSWERED

Hon. L. P. Beaubien inquired of the Government, pursuant to notice:

1. How many hours did Mr. Rene Levesque speak on the C.B.C. Radio during calendar year 1968?
2. Was Mr. Levesque paid by the C.B.C. for any of these talks, and if so, how much?
3. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for the time he was on the air on C.B.C. Radio, and if so, how much?
4. During the calendar year 1968 for how many hours did Mr. Levesque appear on the C.B.C. Television?
5. Was Mr. Levesque paid by the C.B.C. for any of these appearances, and if so, how much?
6. Did Mr. Levesque or his sponsors pay anything to the C.B.C. for his television appearances, and if so, how much?
7. How much would the C.B.C. have charged in the ordinary course of business:

(a) for the time Mr. Levesque spoke on C.B.C. Radio,

(b) for the time Mr. Levesque appeared on C.B.C. Television?

Hon. A. Hamilton McDonald: The answer to the honourable senator's inquiry is as follows:

1. Alone or in discussion with others, Mr. Levesque's appearances on the C.B.C. Radio Networks totalled approximately three hours during 1968.
2. No.
3. No.
4. Alone or in discussion with others, Mr. Levesque's appearances on the C.B.C. Television Networks totalled approximately four hours during 1968.
5. No.
6. No.
7. Nil. The programs on which Mr. Levesque appeared are not made available to sponsors.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

He said: Honourable senators, I hope when I have finished my explanation tonight I shall find that what I have said about the effect and application of this bill will not have detracted in any measure from the high standard of personal affection that exists between the other members of the Senate and myself. I would ask honourable senators not to attribute to me any faults that may be found in the bill. All I can say is that the need for money makes for strange bedfellows. As we know, there is a tremendous need for money, and, therefore, we find quite an extensive search, even within the scope of this bill, for the necessary money.

Of course, everyone who is seeking to extract money, or to do other unpopular things of that nature, tries to sugar-coat it a bit, and you will find in this bill a little of that sugar-coating, about which I shall tell you later.

The bill is divided into two parts. One deals with gift tax, and proposes to repeal Part IV of the present Income Tax Act which provides for the gift tax, the basis upon which it is applicable and the exemptions as to its application. The second portion of the bill deals with amendments to the Estate Tax Act.

Before getting into particularity about the gift tax portion of Bill C-165—that portion runs from page 1 to page 19, inclusive—I should like to make a general observation in relation to the history of gift tax.

Gift tax in Canada came into force some years ago. The purpose behind its introduction and its incorporation into our income tax law stemmed, I think, from the fact that people were dividing their capital assets or funds in some fashion so that each person would have a lesser amount of income and would be, therefore, exposed to a lesser amount of tax. I think the basic reason for introduction of gift tax in those earlier days stems from an attempt to correct this, or at least to realize some additional revenue in the process.

Then we moved into the second stage in which, by reason of the exemptions in the gift tax provisions, many people during their lifetime were making gifts and paying the gift tax, because as estate tax rates and income tax rates went up it became in some cases advisable to make the gift and to pay the lower rate of tax, hoping to survive for at least three years, in which event the gift would not on death thereafter be incorporated into the estate of the donors. Now, with the need for money and with estate tax rates at a high level, the tendency would be more and more, I would think, to avail oneself of the gift tax provisions if they were permitted to remain where they were.

First there was an integration of gift tax with income tax for the purpose of salvaging something out of the gift process. In the second stage there is an integration of the gift tax with estate tax, and the two of them meet reasonably soon. I think in rates they meet at about $300,000 of taxable value in an estate and about $200,000 in gifts.

Therefore, this has run the full gamut. Where it will go from here, I do not know. If I were asked to advise I might have a suggestion, and I may make it anyway before I sit down. In a book, *The Principles of Canadian Income Taxation*, written by a Mr. F. E. LaBrie, I did find a development of this thesis, which I have studied and held for some time. At page 667 of his book he says:

> The reason may be purely historical, whereby it was introduced—

That is the gift tax, originally.

> —as a measure of compensation for loss of progressive income tax revenue through the division of ownership of productive property at a time when there were no other Dominion transfer taxes.

Later he goes on to say:

> Since the replacement of Dominion succession duty with an estate tax in 1959, some attention has been paid to coordinating this estate tax with gift tax, which suggests an affinity between these two transfer taxes.

I think openly the minister made the statement that the idea was the integration of gift tax with estate tax.

Now having said that as a general observation, I would like to spend a few moments on the gift tax provisions and just highlight them. Up to the present time certain exemptions have been enjoyed under the gift tax provisions in Part IV of the Income Tax Act. For instance, there is an exemption in the case of an individual of either $4,000 a year or one-half the difference between the taxable income of the donor for the immediately preceding taxation year and the tax that was payable thereon, whichever is greater. So that in this field for quite a number of years there has been a substantial incentive to make gifts

that enjoyed the exemption if they did not exceed 50 per cent of the difference between your taxable income and the taxes paid thereon in the previous year. You could even go on from there and make gifts and pay the gift tax in relation thereto, because the rate started at 10 per cent on the first $5,000, and when it reached $1 million and over the rate was 28 per cent. There were inducements leading really to a transfer of assets from one person to another, possibly from one spouse to another or from a spouse to the children.

In regard to the payment of these rates, the only condition that had to be fulfilled after that was, as I mentioned earlier, the donor or the person making the gift had to struggle as best he could to survive for at least three years under the federal tax law, and five years under the provincial tax law in Ontario. This was necessary so that that gift might effectively be taken out of his estate for duty purposes on his death.

Of course, so far as the federal authority was concerned, under the existing law, or before this bill was introduced, if death occurred within three years the tax paid federally was rebated and was added into the estate. There was no such generosity at the provincial level; if one did not survive the three years, that item was part of the estate.

You will find under the new section 112 the main clause in the bill which deals with gift tax. This contains an exemption for gifts to spouses. Newspapers and others describe this provision as a widow's exemption. It is a spouse's exemption, which means that the husband can make the gift to his wife or the wife to the husband. Under this law they can make an assessment of the expectancies and probabilities to decide which way they will do it, and they can even change their minds later while they are still alive in order to recapture a situation if the condition of health changes from the estimate they originally had.

In connection with the exemptions, for instance, there is an exemption if a husband made a gift to his wife, and if he paid gift tax on it and it became part of her estate. Then, of course, there is the problem that, when she passes on, any part of that gift which is in her estate, is part of her estate and subject to tax.

The supposedly attractive feature of this exemption of gifts between spouses in their respective lifetime is that the amount of the gift made by the donor spouse—let us say, the husband—that is given to the donee spouse, no longer will form part of the value of his estate for tax purposes; but when the recipient of that gift dies, it comes into her estate as part of her estate, if of course there is anything left to it at that time. If it is a straight gift of cash, there might or might not be anything left; but if it is income from a trust or something of that kind, the donee spouse, the wife, would be presumed at her death to have made the gift over to whoever takes after she passes on, and therefore it would be part of the value of her estate for estate tax purposes.

This is the chief purpose of the bill, I would say, in so far as gift tax is concerned. But it does repeal both the $4,000 exemption and the exemption of one-half the difference between a person's taxable income and the tax that he paid on it in any one year. That is repealed and gone forever. In its place he gets, first, this exemption of a gift between spouses in the lifetime of both; and he also gets an exemption of $2,000 per person. That is, he could multiply $2,000 by as many persons as he had money to give away in a year, and that $2,000 in the hands of those persons, whoever they may be, would be exempt from gift tax.

The other provision, as continued in the new gift tax provision, is what I call the "$10,000 provision." As the once-in-a-lifetime gift under the act, before this bill came in, the husband, for instance, could convey a residence to his wife, up to $10,000, once in a lifetime, and there would be no tax on that gift.

Since that, there is a change, but the principle is continued. The change is that, since any gift by one spouse to the other is exempt from gift tax, there is no need for that provision so far as the wife is concerned. Therefore, it carries on so far as a child or children are concerned.

Hon. Mr. McDonald: May I ask one question? Under the previous act you could give only $10,000 to one member of the family. Is that correct?

Hon. Mr. Hayden: Once.

Hon. Mr. McDonald: And now you can give it to any number of your family—or is it only to one?

Hon. Mr. Hayden: One.

Hon. Mr. Thorvaldson: May I ask, in passing, another question? You referred to the gift of $2,000 that may be made to children. Can the same gift be given to anyone you choose?

Hon. Mr. Hayden: It is $2,000 per person. It does not depend on the bloodstream or anything of that nature.

Hon. Mr. Thorvaldson: Thank you.

Hon. Mr. Hayden: You do find, in section 112 additional types of payments that heretofore have been made and have not been subject to tax, but are deemed under these amendments to be gifts and therefore to attract tax. Offhand, I can think of one: for instance, under section 16 of the Income Tax Act where a man who is entitled to receive some money decides that it would be better off in the hands of a friend of his, and he sees that it is paid to the friend. Under Section 16, of the Income Tax Act, provides:

> 16. (1) A payment or transfer of money, rights or things made pursuant to the direction of, or with the concurrence of, a taxpayer to some other person for the benefit of the taxpayer or as a benefit that the taxpayer desired to have conferred on the other person shall be included in computing the taxpayer's income to the extent that it would be if the payment or transfer had been made to him.

Under the present section 113 it is not only regarded as the income of the taxpayer—that remains under section 16—but it is also deemed to be a gift in those circumstances by the taxpayer to the person who receives it. So that would then attract a gift tax. There are a number of situations where you have what are deemed to be gifts by reason of the circumstances, and you find all that in section 113 of the bill. For example, it is deemed to be a gift where a person "exercises, whether partially or completely, any general power of which he was the donee or other holder". For instance, there may be a general power under a will, and the exercise would be deemed to be a gift. The conferring of a benefit by disposing of the right to restore to himself or to reclaim any property would be deemed to be a gift; that is, if he foregoes it, then it is a gift to the person who enjoys the benefit of it.

On the question of valuation, you will find all valuations covered in section 113 as well.

Hon. Mr. Lang: May I ask a question before you pass from that, Senator Hayden? Do I understand from what you have said that under section 16 of the Income Tax this is taxable as income in the hands of the taxpayer, but under this act it is also taxed as a gift?

Hon. Mr. Hayden: It is deemed to be a gift, yes.

Hon. Mr. Lang: And it is taxable as such?

Hon. Mr. Hayden: Yes.

Hon. Mr. Lang: In other words, it is being taxed twice, once under this amendment and once under the Income Tax Act.

Hon. Mr. Hayden: Yes. It is taxed once as income and again as a gift. It is the income of the taxpayer and, when it goes to a third person, it is deemed to be a gift by the taxpayer. In other words, section 16 of the Income Tax Act says that in those circumstances it is the income of the taxpayer. All right, so he pays tax on it. But then, when you make a gift, that is taxable. You may be making the gift out of income that you have already paid tax on. There is nothing unusual in that situation. The only unusual feature here is that you are paying income tax on something that did not come to you, but it is only because of something you did that it did not come to you.

Hon. Mr. Thorvaldson: When you refer to the taxpayer in that particular context, you mean the donor?

Hon. Mr. Hayden: That is right.

Hon. Mr. Thorvaldson: That is what I thought.

Hon. Mr. Hayden: I am not going to worry you about the valuation. You can read it or get it in committee. What I am attempting to achieve tonight is a highlighting of the provisions and to tell you where they are.

One unusual provision as to what is deemed to be a gift is where a debt exists between two people who are dealing at non-arm's length, and the situation is permitted to develop to where it becomes a non-collectable debt; in other words, where they do nothing and the statute of limitations applies and it becomes a non-collectable debt, this is now deemed to be a gift. It would appear then that parties who are not dealing at arm's

length may have to conduct themselves in quite a different fashion. I suppose they might have an evaluation made of the debt, and in the circumstances it might carry a lower value. On the other hand, they might sell it to someone else. There are many ways in which it can be done, and I am not giving any examples of it this evening. Then, where the debt is owing between the person who would be the creditor and the related person or corporation at the time of making the gift, it would have to be established that the non-collectability or the collection of less than the full amount was a bona fide situation, that the circumstances surrounding it were bona fide. Otherwise, it would be assumed to be a gift by the donor to the related person.

Now, the donor has to pay the tax in the first instance, and if the donor does not pay the tax of course the donee would be called upon to pay it. That, as you can see, may present problems. If a donor makes a number of gifts to different persons in his lifetime and there is tax on the sum total of the gifts, and he pays some of it but does not pay it all, the people receiving the gift are then called upon, but there is a problem in this section 115 as to how to calculate the portion of the tax which the donee is obliged to pay in respect of the particular gift which he got. They have a formula for working that out.

These are really the effective provisions, and I have not bothered either to list or to enumerate all the things that are not gifts under this new Part IV because some of them are a carry over from the earlier legislation. There are as well changes in the enumeration, and you can read and run at the same time and absorb it just as quickly as I can tell you about it. I will just try to touch the essentials of the different provisions that appear in this part of the bill.

Hon. Mr. Thorvaldson: May I ask a question before you move on? You have made a tremendously lucid explanation of these provisions and of the changes in the gift tax section, if I may say so. Would you care to indicate just what is the reasoning behind all this? What is the Minister of Finance trying to achieve by making these changes? Does he himself know or has he given any indication of what he wants to achieve or whom he wants to help or whom he wants to hurt?

Hon. Mr. Hayden: Obviously, I could make quite an answer to that. First I should say I am not privileged to share the mind of the Minister of Finance. Maybe it is just as well, for if I could there are certain answers that I would like to find before we get too close to the day of their possible occurrence, judging by what has appeared in the newspapers in reference to capital gains taxes and such matters. I would like to have a preview, but I do not think I will be able to get one. However, I shall try to answer your question.

For some time in our Banking, Trade and Commerce committee meetings every time we deal with an income tax bill some question has been raised about how unfair it is that first of all the wife should be taxed on benefits that go to her from the husband since she is a partner and helping in the earning of the money. Then when it comes to the estate, there has been the same complaint. It would appear from what has been said by the minister that he has finally decided that he should recognize this as a principle. Therefore, he recognizes the principle in the gift tax provisions by saying that property passing between husband and wife or visa versa—in other words from one spouse to another—is exempt from gift tax. He has also, as you will see when we get into the estate tax provisions, provided an exemption in relation to property that is given or passed to one spouse by the other in the lifetime of the donor or that is passed on by will or maybe in the form of a trust or settlement. Now, as I say, he has provided exemption in these cases, but having done that he says "this is costing me a lot of money to do this." How much it is costing, I do not know nor do I know the calculations they made to determine it.

Hon. Mr. Thorvaldson: But it is really only a temporary expense to the exchequer.

Hon. Mr. Hayden: Yes, it is a deferral of liability, but it is a little more than that because if a husband makes a gift to his wife, under this bill it is out of his estate and therefore the estate pays less tax, and if any part carries on into the other spouse's estate, then, as things were before it is subject to tax.

Then there are the other risks, which I referred to and which I will have to repeat, but it may be that they fit in here. Let us take, for example, the case where a husband and wife are killed in the same motor vehicle accident, and if the wife is younger than the husband the presumption in law is that the

wife survived for a fraction of a second longer than the husband and therefore you would have a double succession under the law as it existed before the introduction of this bill. In other words, the husband's estate would be probated and there would be succession duties, and then the wife's estate would be probated and whatever she got from the husband's estate would be in her estate and since it would add to the value of her estate there would be further taxes.

Hon. Mr. Thorvaldson: Completely?

Hon. Mr. Hayden: Not completely, but enough to hurt.

Hon. Mr. Aseltine: That is why we put the thirty-day clause in when we draw wills.

Hon. Mr. Hayden: I have news for you, Senator. I know some people, including myself, who put in a six months' clause. You will see the sense of that when I come to deal with the next part of the bill.

However, Senator Thorvaldson, to get back to my answer, the other half of it is that the minister said, "Look what I have done; look how my revenues are curtailed; therefore, I have to find somewhere else within the four corners of the gift tax and the Estate Tax Act the money to replace them." The only thing that could be done was to raise the rates, and the rates have gone up, and with the integration of the gift tax with the estate tax—and that appears to be the principle behind this bill—the purpose is to discourage or downgrade the gift method in the lifetime.

Hon. Mr. Walker: Why?

Hon. Mr. Hayden: Because there is no advantage as far as taxes are concerned.

Hon. Mr. Walker: That is a good reason.

Hon. Mr. Hayden: Now while I am talking about the two spouses, you will note everybody is called upon to contribute because of the remissions that are involved in making gifts between one spouse and the other exempt either from gift tax or estate tax. Everybody else, in the raising of the estate tax rates and the gift tax rates, is making his contribution by virtue of this.

Hon. Mr. Lang: I apologize for interjecting again, but while you are on the question of rates and the question of the exchequer and moneys anticipated to be produced under these amendments, I might say that several years ago I had the passage in this chamber of preceding amendments to this act, and I remember that at that time I was quite astounded to realize that the revenue to the exchequer from this act was not very much greater than the cost of administering it.

Hon. Mr. Flynn: That is right.

Hon. Mr. Lang: I queried this at the time and, if my recollection is correct, it was acknowledged that the income from this act and the cost of administering it were very much equivalent, and the only reason this act remained in existence was that it was a means of catching, upon death, those who had evaded income tax during their lifetime; and, apart from that consideration, the act was in fact valueless as a money raiser.

Hon. Mr. Hayden: What is the question?

Hon. Mr. Lang: My question is: How much money are these amendments going to put into the exchequer?

Hon. Mr. Hayden: I thought I had answered that, but I will repeat my answer. I was going to make some comment later as to the revenues derived from this tax. What I said was that it is expected that the revenues derived from the increase in rates will offset revenues lost by providing this exemption.

Hon. Mr. Lang: It is a net zero, I presume.

Hon. Mr. Hayden: It is hoped that it will at least be a zero, or it should be a plus on the side of more revenue. I do not think it is hoped, expected or wanted that overall it would produce less money than is now derived under what they are changing from.

Hon. Mr. Lang: It is zero.

Hon. Mr. Hayden: You may draw your own conclusions; I am just stating the facts.

Hon. Mr. Walker: What is the object? Is it to get more revenue?

Hon. Mr. Hayden: I can only tell you what the stated object is. You start off with the principle that you are going to exempt gifts in the lifetime or, in passing on, between husband and wife. That is the main theme that runs through the gift tax and estate tax

amendments. Therefore, if you had to face a situation which involved any shrinkage in your revenue you looked some place else to find it and decided, in this case, to find it right within the four corners of the gift tax provisions, gifts during a lifetime, and under the Estate Tax Act. Therefore, the rates went up. Those subject to tax, in the main, will be called on to pay more tax.

May I come now to the estate tax changes?

Hon. Mr. Walker: Are you not going to deal with the increase in rates, the enormous, fantastic, prohibitive $71,500 plus 75 per cent of the amount by which the sum exceeds $200,000, if it does?

Hon. Mr. Hayden: As I said in talking about the rates, they are enumerated in the bill. You can see what the amount is, and the gift tax rate is 75 per cent above $200,000. That is the point at which a $300,000 estate is subject to a 50 per cent rate, because the rate under the estate tax can never be more than 50 per cent. That is why I said I think it is cogent proof of the plan to encourage the use of the estate tax, with a view to discouraging the large use which I think up to date has been made of the gift tax provisions, particularly the one where you had an exemption of half the amount of the difference between your taxable income and the tax paid in the previous year. You had that exemption and could give it away, as you wished, in the succeeding year.

Hon. Mr. Thorvaldson: Following that up, is not the real effect of the high escalation of the gift tax simply to make a fantastic change in the laws of this country with regard to income tax so as to make gifting among wealthy people practically impossible? Is it not simply a levelling out gesture and nothing else? Is it not intended to ruin wealthy families? Is that not the effect of it?

Hon. Mr. Hayden: This is my friend's statement, but cost at any level in our economy is a relative thing. In terms of a man who has a smaller income and does not fall within the category of being a wealthy man, the cost of gifting at his level in relation to what he would have to pay in gift tax hurts him just as much as the cost at a higher level would hurt the person with a greater income. You may not agree with that; it may well be your conclusion is correct. I would prefer to generalize and say I think it is to make gifting an unpopular pastime.

Hon. Mr. Thorvaldson: May I follow it up with this question? Is this not the greatest bar that has ever been attempted in this country, to prevent the accumulation of capital? When I refer to the accumulation of capital, I state my conviction that without the accumulation of capital in the hands of people, this country will be at a standstill in a few years time with regard to progress and growth.

Hon. Mr. Hayden: I am glad my friend got a question in there with his speech! This is your view, and you are entitled to it.

Hon. Mr. Walker: What is your view?

Hon. Mr. Hayden: I have stated my view, that gifting becomes unpopular under these rates. Certainly, if you look at it in one sense it does not do what my friend has suggested; it does not prevent the accumulation of capital. It may force the person who has the means to accumulate it in his lifetime in his own estate and to face the issue under the Estate Tax Act. Meantime he has the enjoyment of it himself, instead of giving it away and being taxed on it. There is that side of the picture. There is also another side of the picture: tax havens may become much more popular.

Hon. Mr. Beaubien: They are pretty popular now.

Hon. Mr. Hayden: Now may I move on to the estate tax portion of the bill?

Hon. Mr. Walker: There is a lot of wisdom in the last statement.

Hon. Mr. Hayden: I would like to feel that in anything I say here seriously—

Hon. Mr. Walker: —there is wisdom.

Hon. Mr. Hayden: —there is some wisdom behind it. It may not come out, but there is some wisdom behind it.

Hon. Mr. Choquette: You have been wonderful!

Hon. Mr. Hayden: I was questioning in my own mind how I should approach this part dealing with estate taxes, because it is complicated. I had always been taught, and it is a good practice for a lawyer to observe: Never use three words where one will do. But, on reading some of the sections here I am almost convinced that the motto was: Never use one

word where six can be fitted in. However, instead of going through the bill section by section and this tedious performance which we will repeat in committee where we will hear all the experts, I thought I could make a narrative out of it. It certainly is not romantic, but I thought I could make some kind of narrative out of it. I set to work doing that, and whether I have achieved anything or not, you can decide when you hear it.

Having created this thing, I would like to tell you what it is. I think it does give an explanation of the chief provisions relating to estate tax and involving amendments in this bill to the Estate Tax Act. The relevant sections are to be found starting at page 20 and running through to page 43.

While I should like at appropriate points to intersperse it with remarks or comments, my narrative runs something like this: The changes in the Estate Tax Act and Part IV of the Income Tax Act by this bill are mainly by reason of the decision that gifts by one spouse to the other spouse, either in their respective lifetimes or by will, whether by outright gift or by means of the creation of a trust or settlement, shall, if occurring in the lifetime of both parties, be exempt from gift tax, and if made by will, the taxable value of the estate of the donor spouse shall be reduced by the amount or value of such gift and the estate tax on the donor spouse's estate reduced accordingly.

Thus, assets bequeathed to a widow or widower by the other spouse to the extent spent or exhausted in the lifetime of the donee spouse are free of estate tax on the death of such donee spouse. However, the amount or value of gifts to the donee spouse still remaining at death of the donee spouse, more particularly illustrated by the assets of a trust or settlement created by and in the lifetime of the donor spouse or under his will shall be included in the estate of the donee spouse at death, and estate tax shall be levied thereon payable by the estate of such donee spouse.

That is about as concise a statement as I could make of the principal purposes of the bill.

Hon. Mr. Aseltine: May I ask the honourable senator a question? If those gifts to the wife during the lifetime of her husband are invested, would not the income from the investment be the husband's income and be included for purposes of taxation in his income?

Hon. Mr. Hayden: This is a point that I think should be brought out. There is a provision in the Income Tax Act under which, if a man makes a contribution to his wife and she derives income from it, he has to include it in his income for purposes of taxation, but it may be that where there is an exemption on the gift, the question of income in those circumstances does not arise. If it is not intended that it should arise, then I think clearly the pertinent sections of the Income Tax Act should be repealed.

Hon. Mr. Walker: I do not want to interrupt the honourable senator. He is doing a splendid job, and I hesitate to divert his train of thought.

Hon. Mr. Aseltine: You cannot do that.

Hon. Mr. Walker: I think that is true. He is an old campaigner and a great counsel.

Suppose I make a gift to my wife today before the Ontario budget comes down, and when I do not know what the Provincial Treasurer is going to do, is it taxable? Suppose I live the three years or the five years, would it be included for purposes of taxation?

Hon. Mr. Hayden: Well, the three years would not have anything to do with it. I shall be dealing with this specific point a little later on. I wonder if the honourable senator would care to wait until that time.

Hon. Mr. Walker: Yes, certainly.

Hon. Mr. Hayden: In the Estate Tax Act amendments part of Bill C-165 this is provided by amendments to section 7(1)(a) and (b), to be found at the bottom of page 21 and over to page 22, where provision is made for deduction from the aggregate net value of the property passing on the death of the donor spouse of—and this is where the authority to deduct exists—(1) the value of any property passing at the death to the donee spouse and/or (2) the value of any gift made by the deceased (the donor spouse) in his lifetime or by will whether the donee spouse is entitled under the settlement to receive all the income that arises after the death of the deceased and before the death of such donee spouse, or periodic payments in ascertained amounts or limited to ascertained maximum amounts to be made at intervals of not greater than twelve months, out of the income of the settlement arising after the death of the deceased and before the death of the donee spouse or, if the income is completely

exhausted by such payments, then out of the income and capital of the settlement—this is what we ordinarily describe as a power under the settlement to encroach on capital of the fund to make up any deficiency in the income payment—or (3) the value of a gift by the transfer of property to a trust which at the time of transfer was a settlement for purposes of this act and where the creation of such trust contituted a gift *inter vivos* by the donor spouse that was exempt from gift tax.

It is essential, however—and these are the terms under which the gift will qualify for exemption—that (1) such gift be established to be vested indefeasibly in the donee spouse for the benefit of such spouse except for property comprising a gift made by the creation of a settlement or a trust, or in the case of a settlement such gift can be established to be absolute and indefeasible.

Notwithstanding the condition for entitlement to exemption or deduction in the case of a gift from a donor spouse to a donee spouse, namely, that the gift must be indefeasible, provision is made in section 3 of the bill under which there is provided a period of six months after the death of the deceased within which this can be accomplished, or such longer period as may be reasonable in the circumstances within which to establish the vesting indefeasibly in the donee spouse. This applies not only to property passing on the death of the deceased in these circumstances but also to any gift made by the deceased, whether during his lifetime or by his will, that is intended to pass after his death to the donee spouse. This provision is in effect a statutory definition of indefeasibility in relation to the passing of property or gifts to a donee spouse, the terms of which contain a condition such as, for instance, that the donee spouse will only be entitled to receive the property or gift if she survives the donor spouse for a period of six months. This provision is beneficial, and would also cover cases where proceedings have been taken by the donee spouse under the Dependant's Relief Act. Where the donee spouse is not satisfied with what has been given by the will she can apply—I know this is so in Ontario, and I assume it is so in other provinces—under the Dependant's Relief Act, and if the judge is satisfied as to what her standard of living was during the lifetime of the husband, and that she is entitled to be taken care of in that fashion out of the estate, he can make an order, and that is a charge on the estate.

Now, the idea of giving a broader meaning to "indefeasible" is so that the Act will accommodate such an instance as where there is a provision in a will that the gift is in lieu of dower and there may be a contest in the courts in relation to that. So, the provision is quite generous. Originally they had the words "reasonable time", but now they have put in a provision that the indefeasibility will not be destroyed if the spouse does not take for a period of six months after the death of the deceased, or even such longer period thereafter as may be reasonable to accomplish this purpose.

Hon. Mr. Walker: Would that cover a situation in which the two spouses, the husband and wife, were in an accident, and one died four months after the other?

Hon. Mr. Hayden: Yes, it covers a common disaster, because if the wife survived for three or four days you would still have the problem under the present law—not under this bill—of double taxation. So, this means that for any purpose if you have a condition that the wife must survive for six months—or if she does not survive, she does not take—and if she survives for six months and takes, then the gift is an exempt gift, and it is not included in the husband's estate.

There is also a provision in this section that no person other than the donee spouse may receive or obtain after the death of the donor spouse, as long as the donee spouse lives, any of the capital of the settlement or any use thereof—this is with the periodic payments—or any of the income to which the donee spouse is entitled or any use thereof.

I think there is something in the language of this section at which we should look in committee, because in the instalment payments to a wife this envisages a settlement or a fund containing a larger amount of capital than the amount necessary to provide a stipulated payment or a maximum payment of income to the wife. Therefore, there may be others who are entitled to share in the surplus income after the wife has been paid the amount stipulated. However, you must be careful in the drawing of a will to make sure this purpose is accomplished. What I am concerned about is where it says that only the wife may obtain or receive any of the capital or any use of it. It strikes me that in the use of the capital in the settlement, unless it is limited to capital which earns the money she is entitled to, the capital use may be broader in its meaning, which will mean you could not

pay any income out of the fund even after the wife's payments had been made as long as the wife was alive and entitled to that money. I think we therefore must have some clarification of this in committee.

Hon. Mr. Aseltine: May I ask another question?

Hon. Mr. Hayden: Yes.

Hon. Mr. Aseltine: In drawing a will it is frequently provided that the income from the capital of the estate or the residue is payable to the wife during her lifetime, but if that is not sufficient to keep her as she should be kept according to her station in life, the trustees or executors have the right to provide for the payment to her of a percentage of the capital in addition to the income. Is there anything to prevent that being done?

Hon. Mr. Hayden: There is nothing to prevent it and no tax problem if she spends it. By that I mean any part of what she might accumulate from any moneys payable to her in her lifetime is part of her estate.

Hon. Mr. Aseltine: Is exempt?

Hon. Mr. Hayden: Yes.

Hon. Mr. McDonald: Including capital?

Hon. Mr. Hayden: There is no distinction.

As to valuation, at page 25 of the bill there are provisions for the valuation of any gift of this kind made by the deceased in his lifetime or by will by the creation of a trust or a settlement. The provisions of the valuation are that the property at the death of the donee which was the subject of a gift by a donor spouse to his donee spouse in the lifetime of the donor, and in respect of which a deduction from the aggregate net value of the donor's estate was allowed on the death of the donor, or the subject of a gift in his lifetime by the creation of a trust or other settlement of a donor spouse in favour of his donee spouse, and in respect of which exemption from gift tax was allowed, shall be deemed to be property passing on the death of the donee, and the value of such property subject to the trust at the death of the donee to be included in the donee's estate shall be deemed to be the lesser of the value at that time—that is at the time when the donee died—or at the time of the death of the donor under the prescribed regulations.

In other words, you have the value, whatever the amount appears to be, but you can make another calculation; that is, you can calculate the amount of money in the fund, and the regulations will provide rules for determining what amount of money it would take in capital to earn the amount of income stipulated for, and it is the lesser of those two amounts. Therefore, the part that is excluded from the donor's estate at that time would be the lesser of these two. In other words, if you put more money in than was necessary to provide for this payment, the deduction in his estate would be only on the value of the amount necessary to produce this income calculated under regulations to be made.

The value of any gift made by a deceased, whether in his lifetime or by will, or by the creation of a trust or settlement passing on his death, for purposes of deduction from the donor's estate, shall be deemed to be the lesser of its value at the time of the death of the donor or the amount determined, as I have stated, by regulation to determine what amount is sufficient to provide for those payments.

Earlier some questions were asked, and here is where I deal with them. It is with respect to trusts existing at October 22, 1968—that is the night of the Budget Speech—under which a donor spouse takes a life interest. If such trusts have existed for at least three years at that date and the donor spouse dies after October 22, 1968, the value thereof is not included in the aggregate net value of the donor spouse's estate, and his estate is not subject to tax, nor is any part of it deemed to be part of the estate of the donee spouse for estate tax purposes at the death of such spouse. This is my translation into ordinary English of what the sections in the bill purport to say. If such a trust exists for less than three years and the donor spouse dies within three years after October 22, 1968, the property in the trust would be part of the aggregate net value of the estate of the donor spouse but not part of the aggregate taxable value. It might be exempt under section 3 of the bill. It is not an exempt gift under this bill and would not be deemed to be part of the estate of the donee spouse. It is not an exempt gift because it would have been made before the effective date of this bill.

Superannuation is dealt with on pages 24 and 25. Superannuation or pension or death benefits payable subject to a remarriage provision to a spouse of a deceased, subject to defeasance if the spouse remarries, shall not by reason of such provision alone be considered not to be indefeasibly vested. In other

words, the condition "until marriage" will not destroy the exempt nature of the gift. I can tell you at the same time, and I may as well mention it here, that we were concerned when we studied the estate tax bill originally, and at different times since then have been expressing our concern about provisions under which certain types of pension benefits, et cetera are provided by the husband in his will to his wife. There was some method of providing in the Estate Tax Act for the valuation of some part of that so that the estate might be left with less, and therefore the amount of the pension provided would be less by such a situation.

From the way in which it is looked at under this bill, we could say that if a man is providing a pension for his wife for life and is directing the trustee to take a certain amount of money and invest that money in an annuity, that might come under the general description of a gift from one spouse to the other for the purpose stated, and so would be exempt and there would be no question of tax at that time.

Hon. Mr. Walker: That is on a fixed income, for life income?

Hon. Mr. Hayden: Yes. There is another situation that I think I should call to your attention. Suppose a man draws a will and has an estate of $100,000, of which he gives half to his widow and half to an adult individual. Then he makes a provision in his will that the estate is to pay the estate taxes, but he is not very careful in the language he uses. When the estate taxes are determined both gifts would suffer, would be reduced in amount, because the estate taxes would come off the total, and when half and half is divided the widow would get less than half of $100,000, which is $50,000.

If the net estate were then about $80,000 she might get $40,000. In such circumstances realizing your estate is going to pay succession duties or estate taxes, care should be taken to provide that that portion you are giving to your wife is free of all estate taxes, which means the whole burden is saddled on the other person. Maybe I should not have offered that.

Hon. Mr. Walker: It is free.

Hon. Mr. Hayden: I would like to speak for a moment on the position of the children and the children's exemptions. You will find that on page 23, section 3(1)(c).

There is a deduction from the aggregate net value of the testator's estate—that is, the parents' estate—for the purpose of computing aggregate taxable value thereof of the lesser, in respect of each child who survives, of the value of any property passing on the death of the deceased that can be established to be vested in the child for his benefit indefeasibly or subject to defeasance only in the event of the death of the child before attaining such age not exceeding forty years as is specified in the will or other instrument by virtue of which property passes or $10,000 plus.

It is the lesser of what you give in those circumstances or $10,000, plus added benefits in certain circumstances. Now, one such added benefit would be where the child is wholly dependent upon the deceased or his spouse or both for support by reason of being infirm, an amount equal to the product of $1,000 multiplied by the number of full years in the period commencing on the day of death of the deceased and ending on the day on which, if ever, the child will become 71 years of age.

That is one condition where the $10,000 can become more. In any other case the amount of exemption in respect of a bequest to a child is increased by $1,000 for each full year remaining until the child is 26. This additional exemption is reduced by one-third of the amount of the child's total income for the three taxation years preceding the year in which the parent died—in excess of $15,000. So, it is quite a reasonable provision, and in most of those cases it is more than likely that the child would be entitled to get, under the exemption provision, more than the $10,000. But remember, it is subject to this limitation. The child only gets what he is given; so these are available to him if they are given to him.

Hon. Mr. Walker: You mean except for taxation. Ten thousand dollars plus $1,000 for every year that he is under 26, provided he is given it.

Hon. Mr. Hayden: Less one-third of his taxable income in the three taxation years preceding the date of death of the donor—in excess of $15,000.

Hon. Mr. McDonald: This has to be willed. This is not automatic.

Hon. Mr. Hayden: I hope I have made that clear now. As to the rates of duty, there is a new schedule, which you will find on pages 27 and 28 of the bill, but before dealing with

the rates I have this comment to make. The taxable value of gifts made by the deceased during his lifetime that are not included in the aggregate net value of his estate—this where more than three years have elapsed prior to October 22, 1968 before the death of the testator who dies after said date—as well as the gift tax that would be currently applicable to them, are to be included for purposes of setting the rates on the taxable value of his estate as if he had not depleted his estate by giving gifts. However, because the gift tax has been paid on these gifts, a deduction is allowed in calculating the estate tax. The deduction is the amount of estate tax that would be payable if the amount of the taxable value of the gifts and the gift tax currently payable on them were the taxable value of the estate in excess of the $20,000 exemption included in the rate schedule.

Now, that sounds a bit complicated. Maybe I could give you an example.

Hon. Mr. Croll: Do you have one of those tables you could put on the record?

Hon. Mr. Hayden: No, I thought I had an example but I do not. In simple ordinary English all it means is that if at the death of the deceased his estate amounts to X dollars, and more than three years before that time he had made some gifts, those gifts at his death would not be part of his estate as long as they were made before October 22; as long as the three years expired before October 22 they would not be part of the estate for the taxable value of the estate.

In order to determine the rate of duty which his estate should pay upon his death, they then assume that his estate is the sum total of what it actually was at his death plus the gift and plus the tax on that amount of gift at current rates. They then deduct from that the $20,000 plus the amount of the gift, plus the tax on the amount of the gift, and the gift tax at the current rates. Then they subtract that so that there is some quantity or amount of money reduced from the tax that would be otherwise payable on the estate by reason of the fact that the gift tax had been paid and that the gift had survived for three years and therefore was not part, as a matter of law of the aggregate taxable value of the estate.

Hon. Mr. Aseltine: But the rate has increased due to the fact the tax is added on.

Hon. Mr. Hayden: I have news for you. The rate has increased in two ways. It has increased because of what you mentioned, and it has increased because the rates are higher.

No estate shall be taxed if its aggregate net value is $50,000 or less. You will find that in section 4(4) of the bill. Now, a similar provision—this is not new—is found in section 8 (2) of the present Estate Tax Act. So, all they have done is carry it over, and in the present Estate Tax Act there is a provision under which the net value of the estate after taxes are levied cannot be decreased below $50,000. This has been publicized as being one of the virtues of Bill C-165. You can search from page 20 to page 43 of the bill and you will not find any provision of that kind, but the provision is in the present law and they have not repealed it. You must therefore remember that if the estate—

Hon. Mr. Aseltine: In section 8, subsection (2).

Hon. Mr. Hayden: That is right. That is what I said.

Hon. Mr. Walker: Of the present bill.

Hon. Mr. Hayden: In the Estate Tax Act. You must remember that in order to have that $50,000 exemption from any tax the value of the estate must be exactly $50,000. If it is more than $50,000 then your exemption is the standard exemption of $20,000, and the only protection that you have is the assurance in section 8(2) of the present Estate Tax Act that in any event the tax you will pay on the excess over $50,000 will never be more than 50 per cent of that excess.

Hon. Mr. McDonald: That is below $50,000.

Hon. Mr. Hayden: It will never get below $50,000.

Honourable senators, I suppose that, as joint authors of the estate tax law back in 1959, and having had a lot to do in the Senate committee where we really did the work on it, we should take a little credit for protecting the $50,000 estates. I should think that, if it were only a dollar or two and if the testator had any opportunity at all, he would go out and spend the dollar or two and bring it down to $50,000.

There are other provisions in the bill which I am not going to weary you with. There is the situs of property. The situs rules are carried on as they are in the Estate Tax Act. They provide a formula for situs of trust

property and a formula for abatement of tax, that is, such abatement of the 50 per cent deduction that is given, for instance, to a resident of Ontario on his federal estate tax return. You can find that at pages 31 and 32 of the bill.

Hon. Mr. Thorvaldson: That is because he is taxed for that amount in Ontario. He is taxed on the other 50 per cent in Ontario?

Hon. Mr. Hayden: That is right, and I will devote some time to that later.

There is another highlight which I think you might wish to know something about. It is the liability of the executors and trustees.

Under section 6 of the bill, at page 33, as to the executors of an estate, from and after the death of the deceased, an executor is liable to pay and shall pay as tax the part of the tax payable in respect of the deceased that is applicable to the property under his control, that is, under the control of the executor, and as well the liability of the executor is extended by this bill to pay tax on property not under his control but where he is directed to do so by the deceased, limited by the extent to which there is property under his control in excess of the amount required to pay the tax due on the property under his control.

There is a limitation on that. The liability of the executor, in his capacity as an executor —that is the liability that he has, and he has only that liability, except if he distributes assets to any successor without paying in full the duty, or if he made an election for instalment payment and not having obtained or retained security for such instalment satisfactory to the minister, then his liability on it becomes a personal liability.

To avoid personal liability, one should look at the top of page 34 of the bill. The executor, in these circumstances, can avoid personal liability if he can demonstrate to the satisfaction of the minister that he has exercised all due diligence and has taken all reasonable precautions to assure payment.

On page 35, the limitation on the liability of a trustee to pay tax is stated. That is, the liability of a trustee; you notice that heretofore I was talking about an executor.

Limitation on the liability of a trustee to pay tax is his liability to pay and the limitation on the liability is stated in the bill at page 35 in the same items for the trustee as for the executor.

Honourable senators, there is another provision, that is, election to defer payment of tax, which is supposed to have great value and attraction. Section 8(1) of the bill, at pages 35, 36 and 37, deals with an election by an executor and by his successor.

The normal time for payment of the tax is within six months of the death of the deceased. This section permits an executor to elect to pay tax in whatever number of instalments he likes, up to six. Interest will be charged on deferred amounts at a rate to be set by the regulations.

Then there is the election by a successor, at pages 36 and 37. This does not deprive successors who now under the existing Estate Tax Act have a right to elect to pay in instalments for six years and to pay any interest or interest at a rate not exceeding 5 per cent. This is a right presently enjoyed by a successor. But the election to defer tax, which I referred to first, is a right in the executor.

No interest is charged to successors who succeed to an income right such as an annuity or similar payment and who elect to pay in instalments as described in section 15(1)(a) as set out in clause 8.

If you want to see what the other limitations are, there is no confusion in the language. You will see them at pages 37 and 38.

On valuation, you will find at page 39 there is a special rule on valuation of property, under section 32A, comprising a gift. In computing the aggregate net value, say where the donor has died within three years of the giving of the gift, it requires that, in determining the value of the gift, as I related earlier, and this is the authority for it, the gift tax paid or payable must be included in the value of the gift.

Under section 33, which deals with quick successions, which is in the present law, where you have several successions very quickly, there are provisions in the present law under which, if you are granted the right to a kind of deferred payment basis, you will avoid some of the penalty or burden which comes with quick successions. You will find that in section 33 in clause 9 of the present bill. There is only one amendment, it is a change from "any property" to the "particular" property, because we will be dealing with classes of property some of which are exempt and some of which are not, from here on.

Honourable senators, this is the sort of thing that occurs on quick successions. Where the second death occurred during the first year after that first death, for the purposes of

the second death the value is 50 per cent of what the value of the estate would otherwise be. If it is the second year, then it goes up to 60 per cent. When it is in the fifth year the value for purposes of tax in the second death would be 90 per cent, but that is in the general law. That is carried through, with just a language change to deal with other changes that were made in the law. But there is no change in the meaning or the application of the section.

Then we should look at the definition of a successor. It is broadened as against what it was before this bill became law. It includes a trustee, etc. You will find that at page 41.

Honourable senators, these are the highlights. There are quite a number of other sections which I was prepared to deal with and which I have annotated here. However, the changes as against the existing law are not so great, and we can pick them up very quickly in committee.

Honourable senators, I want to go on to a general observation. First of all, I wanted you to understand that I am explaining the bill, and I hope I have done so fairly. I have some comment to make on whether or not there is a justification for the federal authority being in the estate tax field at all, and whether the benefits that are netted by the federal treasury are such as to warrant continuance in this field or taxation.

Hon. Mr. Walker: Before dealing with that point, would my honourable friend answer this question: Is it one per cent of the total revenue of the Government or less, that this estate tax amounts to?

Hon. Mr. Hayden: I will give you that in a moment.

Hon. Mr. Walker: Thank you.

Hon. Mr. Hayden: The federal estate tax assessed is currently running at about $200 million, including $187.5 million from estates of Canadian domiciliaries and $12.5 million from the property in Canada of estates of foreign domiciliaries. In regard to the estate tax on domestic estates, the federal Government retains $46.9 million out of $187.5 million, or 25 cents out of every dollar. In regard to the estate tax on foreign estates, the federal Government retains $8.1 million out of $12.5 million, or 65 cents out of the dollar. If you take domestic and foreign estates together, the federal Government retains $55 million out of $200 million, or 27 cents out of the dollar.

Let us see what happens to that money: the federal gross tax is reduced in recognition of provincial succession duties if the property is situated in a taxing province. That will be Ontario, Quebec and British Columbia. The reduction is 50 per cent in respect of Ontario and Quebec and 75 per cent in respect of British Columbia, which raised its rate in 1964 to take advantage of the additional room vacated by Ottawa. On an Ontario estate there is a 50 per cent reduction allowed on the federal return from the amount of federal taxes calculated. Ontario at the time that was settled then availed itself of that room so that it is getting the benefit of the 50 per cent that the federal authority gives up. In 1964 the federal authority decided that instead of 50 per cent it would rebate 75 per cent, and for the taxing provinces which did not increase their provincial rate the federal Government agreed to pay them the difference between the 50 per cent and the 75 per cent. British Columbia took advantage of the room and increased its rate so that it gets the 75 per cent by way of its levy on the estates in that province. And there is room for it, because the federal authority has abated to that extent.

Now, the other provinces, the Prairie Provinces and the Maritimes, have in effect abstained from operating in the field of succession duties or estate taxes. In return for that the federal authority pays them 75 per cent of the estate tax revenues that are accumulated or earned in each one of those provinces in the year.

This all arises, I take it, as part of the Federal-Provincial Fiscal Arrangements Act. Now, the comment I have to make on that is basically one I have made in this chamber over all the years since we have been dealing with this Fiscal Arrangements Act. For most of the time, if you look at *Hansard*, you will see that I said, "on division", or that I spoke against it or that I did both with respect to any fiscal arrangement under which the taxing authority was not the spending authority. In other words, my view was and is that the people who spend the money should have to raise it.

Hon. Mr. McDonald: Hear, hear.

Hon. Mr. Hayden: This occurred to me as my own thinking, but the other day I was in a certain departmental office here in Ottawa, in fact, a Government tax office. On the door I saw a sign comprised of the wise sayings of various people in different generations in

relation to tax. Lo and behold! There was one quotation from long ago which was ascribed to Sir Wilfrid Laurier. I have not the exact wording, but it was to the effect that those who spend the money should be saddled with the duty and obligation of raising it.

Hon. Mr. Beaubien: Hear, hear.

Hon. Mr. Hayden: This, I think, is still a sound principle. I do not understand the position of the Minister of Finance, because prior to the Interprovincial Conference and when the heads of the financial departments in all the provinces were discussing fiscal arrangements, he is reported to have said, "There is no more money available from Ottawa. If you want money for your purposes, you have to raise it."

Here we are giving something in the case of an exemption to gifts between spouses, and then we are raising rates and thereby imposing more taxes as the federal authority, so that we may maintain these payments to the provincial authorities. And all we get out of raising $200 million or more is that we keep $55 million. I have some ideas as to what I think should be done. I do not think the federal authority should be in the estate tax field, and I know that when succession duties were introduced by Mr. Ilsley during the war, and even at that time I was in the Senate, he said that the Succession Duties Act was introduced and was necessary because of the mounting war costs; but, then, he was very canny and went on in the same sentence to say that he did not want to be taken to mean that when the war was over the act would be repealed, because he could not foresee what the potential was and what the needs would be at that time. Therefore, he was not saying in any sense that it would be repealed afterwards.

Well, I think it was very fortunate that he made that reservation rather than do what we did with the Income Tax Act which was brought in in 1917 to pay for extra costs of the war and for sending troops overseas. It was not until 1947 that we got a little bit ashamed and changed the name, although we still kept the tax.

So here I think it is a sound principle. I also have an idea, which I think would be subscribed to by a lot of people, that if the federal authority would forego this field of taxation, it might not be very long before more and more of the provinces would also forego the field. And you can imagine the attraction that would be for money all over the world which is seeking a haven for investment where the burden of taxation is not too onerous.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: Most of the people who have means today started out with their ability, their intuition and maybe their native shrewdness, and they built that up into something—they built up the capital and the standard of living for themselves. I do not wonder that they find it difficult to accept these taxes, and I think it is only the dire need of the Government for revenue that will make them accept them. They would like to feel that they could retain some reasonable part of what they have accumulated for the contribution they have made in the process of development of the country, its natural resources, and industrial resources, et cetera. For that expenditure of energy and for the depreciation of their assets, namely, their brain and their body, they should be able to retain a substantial portion of what they accumulated. This may sound like heresy, but this is what I feel and it is the way I express it.

Hon. Mr. Walker: It is common sense.

Hon. Senators: Hear, hear.

Hon. Walter M. Aseltine: Honourable senators, I intended to go on with this debate this evening, but in view of the lateness of the hour and the fact that I will not be able to complete my remarks by ten o'clock, I would like to move the adjournment of the debate.

Hon. Mr. Lang: Before the debate is adjourned, may I ask Senator Hayden one more question? We are now considering this bill on second reading, dealing with questions of principle, and there are one or two points I want to get clear in my mind. Does this bill bring into the exchequer any more money than was realized under the Act as it now stands? Are we dealing with nothing more than a philosophical concept, or are we dealing with the matter of raising money for the exchequer?

Depending upon the answer to these questions I shall regard this bill in a certain light. On the other hand, also depending upon the answers, I think it might be somewhat beyond the purview of this chamber.

Hon. Mr. Hayden: I do not have the answer but I can put one and one and one together, and very often get three out of it, and that seems to be the right answer.

If you increase rates on the same basis you should have more revenue at the end of the year. If you increase rates on a lower basis you would have less money at the end of the year. It depends on the design of the rates. If the rates are so designed that the amount of the increase may cover the loss of revenue by lowering the base and by creating exemptions, then what you may do is balance out your income in the next year, or if you do more business, you may have more income. Now that is a rationalization of it. The exact answer to your question I am sure we can get in committee.

Hon. Mr. Walker: I also had a question to address to the honourable senator. If the total estate tax amounts to $200 million and the Dominion gets 27½ per cent or $55 million and the total budget is $11 billion, then all this estate tax adds to the budget is one half of one per cent, less the cost of collection, which might make it a nullity. When one thinks of all the harm and hardship that is being done and the estates and businesses and farms that are being wiped out by reason of this tax, would my honourable and learned friend be willing to express an opinion as to whether this is worthwhile?

Hon. Mr. Hayden: I have no reason to question the arithmetical calculations which my friend has made, but the only problem that I see at the moment is that the federal authority is committed to these fiscal arrangements with the provinces, and as long as they exist they will have to meet their commitments; and therefore, they would have to assess where they were going to get $200 million minus $55 million, rather than looking at what they will retain, and that may be a much more difficult task. That may be the reason that this method is taken at this time.

Hon. Mr. McDonald: I also have a question to ask, but before doing so I will make a statement. At least one of our provinces and possibly two in the very near future will be rebating their 75 per cent within provincial boundaries. Is there anything to prevent the federal authority rebating their 25 per cent?

Hon. Mr. Hayden: Nothing. They could rebate 100 per cent.

Hon. Mr. McDonald: They could rebate 25 per cent and leave the provinces the 75 per cent, and what the provinces did then would be up to the provinces.

Hon. Mr. Walker: Then it would become with the Dominion an exercise in futility.

Hon. Mr. Hayden: Well, you know what happened in British Columbia the moment the federal authority said, "We will rebate 75 per cent instead of 50 per cent and if you as one of the provinces will not increase your rates we will pay the difference between 50 per cent and 75 per cent to you directly." British Columbia increased its rates to get the direct benefit of the abatement, so the federal authority gave up its 75 per cent as far as British Columbia was concerned and British Columbia takes the 75 per cent by increasing its rate.

Hon. Mr. Carter: The federal Government, I presume, bears the full cost of collecting the $200 million?

Hon. Mr. Hayden: That is right.

Hon. Mr. Carter: Have you any figures at all to show the cost of collection as compared with the $55 million they get out of it?

Hon. Mr. Hayden: No, I do not have the figures, but it would not be $55 million.

On motion of Hon. Mr. Aseltine, debate adjourned.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 524 to 548, inclusive, which were presented on February 26.

Hon. F. Elsie Inman, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 524, for the relief of Edmond Joseph Pierre Beaupré.

Resolution 525, for the relief of Jean-Marie Nault.

Resolution 526, for the relief of Marie Fernande Isola Giroux Hudon.

Resolution 527, for the relief of Marie Cécile Carmen Rioux Pelletier.

Resolution 528, for the relief of Rita Doiron Pasto.

Resolution 529, for the relief of Harold Wallace Pasher.

Resolution 530, for the relief of Gloria Joan Hoddinott Pennell.

Resolution 531, for the relief of Julia Murphy Giroux.

Resolution 532, for the relief of Yves Burelle.

Resolution 533, for the relief of Jean Guy Laroche.

Resolution 534, for the relief of Henrico Georges Jean Goguen.

Resolution 535, for the relief of Élise Despres Shore.

Resolution 536, for the relief of Joseph Gérard Claude Léveillée.

Resolution 537, for the relief of Michele Filippone.

Resolution 538, for the relief of Robert John Alfred Johnson.

Resolution 539, for the relief of Gilbert Tourigny.

Resolution 540, for the relief of Leslie Robert Sumter.

Resolution 541, for the relief of Duncan Cameron Williams.

Resolution 542, for the relief of Madeleine Légaré Plouffe.

Resolution 543, for the relief of Marjorie Elisabeth Smith Palardy.

Resolution 544, for the relief of Serge Henri Deyglun.

Resolution 545, for the relief of André Laplante.

Resolution 546, for the relief of Rella Alter Zinman.

Resolution 547, for the relief of Pierre Boyer.

Resolution 548, for the relief of Yolande Keifiin Chamberland.

Resolutions adopted, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 5, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on the Custodian of Enemy Property for the year ended December 31, 1968, pursuant to section 3 of the Trading with the Enemy (Transitional Powers) Act chapter 24, Statutes of Canada, 1947. (English and French texts).

Report on the operation of Agreements with the Provinces under the Hospital Insurance and Diagnostic Services Act for the fiscal year ended March 31, 1968, pursuant to section 9 of the said Act, chapter 28, Statutes of Canada, 1957. (English and French texts).

Revised Supplementary Estimates (B) for the fiscal year ending March 31, 1969. (English and French texts).

PRIVATE BILL

THE PERTH MUTUAL FIRE INSURANCE COMPANY—FIRST READING

Hon. T. D'Arcy Leonard presented Bill S-30 respecting The Perth Mutual Fire Insurance Company.

Bill read first time.

Hon. Mr. Leonard moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

THE ESTIMATES

REVISED SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Paul Martin, with leave of the Senate, moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Revised Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31st March, 1969.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

USE OF BROADCAST FACILITIES BY RENE LEVESQUE—REQUEST FOR ADDITIONAL INFORMATION

On the Orders of the Day:

Hon. L. P. Beaubien: Honourable senators, before the Orders of the Day are called, I would like to read to honourable senators the answers I was given by the Secretary of State to the inquiries I made concerning Mr. Rene Levesque and the C.B.C.

The first question I asked was:

> How many hours did Mr. Rene Levesque speak on the C.B.C. Radio during calendar year 1968?

The answer to that question reads:

> Alone or in discussion with others, Mr. Levesque's appearances on the C.B.C Radio Networks totalled approximately three hours during 1968.

Then I asked if he was paid anything, and the answer is, "No".

I asked if he had paid anything, and the answer is "No". Then I asked how many hours during 1968 Mr. Levesque had appeared on C.B.C. television, and the answer is:

> Alone or in discussion with others, Mr. Levesque's appearances on the C.B.C. Television Networks totalled approximately four hours during 1968.

They said that Mr. Levesque had not been paid anything. When I asked whether he or his sponsors had paid anything to the C.B.C. for his television appearances, I am told that they were charged nothing, and that the programs on which Mr. Levesque appeared are not made available to sponsors.

Honourable senators, I am not satisfied with those answers. I want a detailed account of the times Mr. Levesque was on radio or television, and I want to know on what programs he appeared. I want that information in detail! If in 1968 Mr. Levesque appeared on the C.B.C. radio networks for only three hours and on the television networks for only four hours, then it should not take the C.B.C. a great deal of time to compile the information I want. I want to know what would have been charged to anybody who would have been paying for his time on the air—and there must be some people who pay money to the C.B.C.—unless they happen to be what the C.B.C. consider newsworthy.

Honourable senators, René Levesque was elected a member of the Legislative Assembly as a Liberal. He left that party and became a separatist, and his avowed purpose is to tear our country apart. It is my opinion that the C.B.C., by means of both radio and television, are aiding and abetting him. I am serious in asking these questions, and I would like the support of all honourable members of this house.

I also want to remind Dr. George Davidson that he will be appearing before us when we review the 1969-70 Estimates, and he will ask us for $196 million to run the C.B.C. for the next twelve months—plus, of course, the $100 million that will not show because it is interest on what the C.B.C. has already squandered.

The Hon. the Speaker: Order. It is not my intention to ask the honourable senator to stop at this point, because I understand that he is about to complete his remarks. However, I think it is understood that when the Orders of the Day are called, it affords an opportunity to honourable senators to ask any questions they wish of the honourable Leader of the Government.

The honourable Senator Beaubien has made an inquiry, the inquiry has been answered, but the answer is not to his satisfaction. I was waiting to hear whether he has a further question to ask of the Government Leader. As far as I can judge at this moment, there might be need for a further inquiry to be put on the Order Paper by the honourable Senator Beaubien. If he is about to complete his remarks now, I will let him finalize his points.

Hon. Mr. Beaubien: Thank you very much.

Hon. Mr. Flynn: Apparently the Senate was prepared to listen to Senator Beaubien, and under the circumstances I think he should be allowed to complete his remarks.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: I think you are quite right, Mr. Speaker, and I apologize. I simply want to get my inquiry answered in greater detail, that is all.

Hon. Paul Martin: The answer to the inquiry came when I was away. I was happy to learn this morning that it had been given to Senator Beaubien last evening. I have not had an opportunity to examine it. I do not know whether I shall be able to get more precise information before next Thursday when, I understand, the head of the C.B.C. will appear before the Senate committee.

INTERNAL ECONOMY

REMOVAL OF CERTAIN PUBLICATIONS FROM SENATE READING ROOM—FURTHER QUESTION OF PRIVILEGE

Hon. M. Grattan O'Leary: Before the Orders of the Day are called, I wish as a further matter of privilege to direct a question to the Leader of the Government (Hon. Mr. Martin). About two weeks ago I called the attention of the house and the Government leader to what I termed, and still term, the act of vandalism committed on our reading room, apparently by the Internal Economy Committee. Despite the rather majesterial lecture given to me at that time by the honourable Senator Macdonald, I have no intention of letting this matter drop.

You, sir, said at the time that you would take the matter up with the Chairman of the Internal Economy Committee (Hon. Mr. Smith) when he returned after his illness. I am delighted to see that he has returned, and I ask now, sir, will you, today, tomorrow or in due course, take the matter up with the Chairman of the Internal Economy Committee and tell us what if anything has been done, or if anything can be done? Certainly, something should be done. If you go into that room now what you see is reading matter that you get in any barber shop downtown.

Hon. W. M. Benidickson: Honourable senators—

Hon. Donald Smith: Honourable senators, I wonder if I may have the privilege—

The Hon. the Speaker: Order, please. Both honourable senators have risen at the same time, and as the question was put to the honourable Senator Smith I would ask him to reply, and then the honourable Senator Benidickson may have the floor.

Hon. Mr. Benidickson: Mr. Speaker, as a new committee member, I of course do not have the answer, but we are very glad to have the chairman of the committee back with us in good health. I shared with Senator O'Leary (Carleton) a feeling that we were losing something in the reduction of subscriptions for the Reading Room. I spoke to the Leader of the Government (Hon. Mr. Martin) before he went to Israel and I am sure he has taken some action. He was acquainted with the facts.

I have looked at the situation. One of our lady senators, not present with us at the moment, said that our Reading Room now looked naked.

Hon. Mr. Flynn: Was that bad?

Hon. Mr. Benidickson: That is my feeling too. I do not think we should give the room up, even to my deskmate, Senator Lamontagne, for his Science Policy Committee. We have another wonderful new room upstairs and other rooms. So I support Senator O'Leary very heartily in his efforts to maintain some of the periodicals, not the ordinary ones perhaps but some of those he outlined which we perhaps privately and personally cannot afford to have in our homes and which we read regularly here.

Hon. Donald Smith: Honourable senators, I do not intend to take much time. I want to bring to the attention of all honourable senators in the chamber, as well as Senator O'Leary, that the Leader of the Government in the Senate regarded this matter very seriously. The day following the date on which Senator O'Leary raised this question, the Leader telephoned me at my home in Liverpool, where I was recuperating from successive bouts of the flu.

I returned to Ottawa only last Tuesday evening, and I did have a few words with the Leader at that time. I intended to spend some more time discussing with him the whole subject on which the complaint was based but, as we all know, the Leader left in a hurry for an overseas mission. He has just returned, and I saw him again for a minute this morning. We have not had a chance to go fully into this matter.

In the meantime, in the few days I have been in Ottawa I have made some inquiries as to what has been going on, and I am wondering whether or not there is some adjustment that could be made that would satisfy all honourable senators. I want to point out that this decision to do something about providing for honourable senators' comfort and enjoyment a much better lounge facility than that which we have had for the years I have been here was a decision taken by a rather full meeting of the Committee on Internal Economy, of which I happen to be the chairman. It was taken after a subcommittee was appointed and looked into the matter very carefully indeed.

The orders which were issued to reduce the number of magazines were carried out during the recess. My own personal opinion is that the reduction went too far because, for the purposes of setting up a new accommodation lounge and reading room, it was not the intention to reduce them to the very few magazines which were left there.

Honourable senators, back of all this was something which was brought to our attention last fall, and which was brought to my personal attention by the librarian, that the so-called reading room of the House of Commons no longer exists as such. It is now a reading room under the complete authority of the Joint Committee on the Library of Parliament, and it has been for some time an adjunct operated by the Parliamentary Librarian.

There is only one thing wrong with that arrangements up to this time, and I am looking into this too. The sign on the door continues to read "House of Commons Reading Room," and it enumerates in a subsidiary sign those who are allowed to use the newspapers and magazines contained therein. That order is signed by the Speaker of the House of Commons.

I think that both those signs should be removed, and it should be made plain that all of those magazines which Senator O'Leary and others of us like to see will be there. For instance, I used to take out *Blackwood's* magazine and as far as I can tell, Senator Ross Macdonald and I were the only two who did so. I would like to be able to see *Blackwood's* magazine, but there were lots of others which nobody ever looked at. These are all in the Parliamentary Reading Room. If and when we take over this other room as a combination reading room and lounge, we can add to the number of magazines there.

Hon. Mr. Aseltine: I like to read *Field and Stream.*

Hon. Mr. Smith: We can locate there a number of magazines or newspapers, particularly those that members of the Senate bring to our attention.

Honourable senators, I wish to make one more statement which is of interest to everyone here. It looks to me as if we are about to be deprived, not only of a reading room but of a combination lounge-reading room, because of the rapid growth of the work in the committees of this house. As we have noticed, the Senate Committee on Science Policy has been from time to time using the Reading Room. It upsets it for any other purpose since one cannot read there when a committee is meeting in the room.

An Hon. Senator: It upsets everybody.

Hon. Mr. Smith: Honourable senators, in the future we are going to have special committees which will need more space. Last

week the Committee on Transport and Communications used the Reading Room. Therefore, if we do not watch out, we will lose that lounge. I am afraid that the Internal Economy Committee is going to have a very serious problem on its hands to take care of some of the facilities which we would like to have and balance that with the facilities we must have, which is adequate committee space in this end of the building.

We are looking into that matter. I have discussed it with the other members of the subcommittee, and if we can be helpful in any way to satisfy any group, or any individuals in the Senate, we will bring another recommendation to the Committee on Internal Economy and see what can be done about satisfying all our requirements and wishes.

Hon. Grattan O'Leary (Carleton): Mr. Speaker, may I speak for a few moments in reply? I want to thank the honourable senator for his very frank and I think honest explanation of what happened. However, the governing line in his statement was that he thought, and now thinks, that the doing away with magazines went too far. That was my complaint.

An Hon. Senator: That is right.

Hon. Mr. O'Leary (Carleton): I have no use for some fifty or sixty of the magazines which were there, and I do not think they should have been there in the first place. However, there were ten, fifteen or twenty periodicals removed from that reading room which should have been left there.

Senator Macdonald said the other day that we could go downtown and buy these for ourselves. I have news for him. One cannot go downtown and buy at least eight or ten of the more important periodicals which were removed from the Reading Room. Those who say that we should use the House of Commons reading room are again saying that this Senate is not an integral part of Parliament. That is what I have in mind. We have our Reading Room. It has been there for a hundred years, and for people to go in there and tear down magazines and leave *Life* and *Chatelaine* and the few things you can get in any beauty parlour downtown, or any barber shop, seems to me to be a piece of unnecessary vandalism and disrespect to this house.

I do hope that when we come to put this matter in proper perspective and remedy what has been done, that the 10 or 20 magazines I mentioned will be put back. That is all I am asking. I am not asking to have a lot of nonsense on the shelves, such as we have had in the Reading Room. Surely, nobody looked at it. My friend said that only a few people read *Blackwood's*. I have been reading that magazine for 50 years, I read it in that room, and I believe my desk-mate reads it there. There were ten magazines I looked at nearly every week, and I think they should be back there. If they are not put back there, then the Senate is giving itself a black eye.

Hon. David A. Croll: Honourable senators, I did not get the same impression from Senator Smith's speech that the honourable Senator O'Leary (Carleton) did. I thought the emphasis was on a Parliamentary Reading Room—that was the term he used—and that the joint committee had decided that that was the Parliamentary Reading Room. Everything is available there, and it is less than 100 steps away from our present Reading Room.

Within a week or two, no one will be able to get into our Reading Room, morning or afternoon, because committees will be sitting there. Face up to it! You have only two other committee rooms and that is the third. It is hard enough for us to arrange our various committee hearings in these three rooms. In my opinion, whether you put eight, 17 or 20 magazines in there, it does not make any difference when they are all available over at the Parliamentary Reading Room. In that way, Senator O'Leary (Carleton), we can save some money, so they tell us, which is most unusual for the Senate.

Hon. Mr. O'Leary (Carleton): There would be a total saving of less than $250 for the magazines that I referred to, and after what was done to the committee room on the third floor, which was an outrageous expenditure of money, to suggest that we should save $250 in the Senate Reading Room is utter nonsense.

Hon. Mr. Croll: I saw a memorandum some place, and I could be corrected, to the effect that the saving is in the neighbourhood of $3,500.

Hon. Mr. O'Leary (Carleton): It might be $3,500 if you throw them all in, but for the magazines I have in mind it would be only $250 at the most.

Hon. Mr. Choquette: The price of one chair.

Hon. Mr. Croll: Everyone cannot be asking for the things he wants.

Hon. Mr. O'Leary (Carleton): My friend misses the point entirely.

Hon. Mr. Croll: The amount involved is $3,500. We should take cognizance of that, if all it means is that we have to walk another 50 steps.

Hon. Mr. O'Leary (Carleton): That is not the point at all.

Hon. Mr. Flynn: Honourable senators, since the problem raised by Senator O'Leary (Carleton) is one for the Internal Economy Committee, may I suggest to the Chairman that he could call a meeting next week and that this argument could be continued there. It would probably be a more appropriate place.

Hon. Mr. Choquette: We could supply some boxing gloves.

Hon. Mr. Smith: Mr. Speaker—

Hon. Mr. Grosart: I rise on a point of order, Mr. Speaker.

The Hon. the Speaker: Senator Grosart on a point of order.

Hon. Mr. Smith: We are all out of order.

Hon. Mr. Grosart: That is why I rose, Mr. Speaker. We have new rules. It was suggested the other day, when I commented on the rules, that there was an unwritten rule that Your Honour would not intervene unless some honourable senator intervened. I do not believe that that is an unwritten rule, and I would suggest that in view of the propriety of this place it is rather important, now that we have new rules, that they be enforced, if only to prevent the kind of discussion that has just gone on.

Because we are on the Orders of the Day, I would like to follow my point of order by asking a question of the Honourable Leader of the Government. Does he not consider that it might be a useful innovation, if it is an innovation, for us in future to have reports of major decisions taken by the Committee on Internal Economy, so that such matters as we are now discussing will not come before us in the way they have on this particular occasion. I ask him to give consideration to having that committee report major decisions in which we are all involved, including decisions on expenditures, because there have at times been suggestions that certain expenditures are excessive. If that is the case, and I am not saying that it is, it involves every one of us as senators, and I would ask the honourable Leader of the Government again if he would consider having the Committee on Internal Economy report to the Senate before making major decisions that affect us all.

Hon. Paul Martin: Honourable senators, I do not know that it is my particular responsibility, but since the question has been directed to me and the matter was in the first place directed to my attention by honourable Senator O'Leary, I may say I have talked with a number of the members of that committee, including the chairman. I find that the committee is made up of some of the most respected members of this house, and I am sure they are anxious to comply with the rules. The honourable senator has indicated he intends to bring this matter up and to discuss some of its aspects with the committee. I think we have every reason to have the fullest confidence in what that committee is doing and in what it proposes to recommend to the house.

The Hon. the Speaker: Honourable senators, before we proceed with the Orders of the Day, may I correct an impression created by Senator Grosart that the new rules are not yet effective, that we are still under the former rules, because no resolution for the adoption of the fourth report on the Rules has been passed by the Senate. May I say that the honourable senator was right in a sense when he said that under the former rules the distinction between the Speaker of the Senate and the Speaker of the House of Commons is that I am a presiding senator and that technically, according to the authorities, I am supposed to intervene only when I am called upon by a member to maintain proper order in debate. I might be out of order at times, but I think all honourable senators wish the debates to be conducted in the best order possible.

Having said that, may I now call the Orders of the Day.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. Walter M. Aseltine: Honourable senators, I am pleased to see the Leader of the Government back in his place today after his very strenuous trip abroad. He looks as though he might be very tired after such a long journey, but I will try not to worry him too much with my remarks this afternoon.

Hon. Mr. Martin: I assure you they will not worry me at all; I look forward to listening to them.

Hon. Mr. Aseltine: Honourable senators, I do not pretend to be an expert on taxation matters whether they involve income taxes, gift taxes or estate taxes, but I have had some experience in these fields. Of course it is nothing like the experience of honourable Senator Hayden, who introduced Bill C-165 yesterday. He has introduced many taxation bills in the Senate and has dealt with them later in what was the Standing Committee on Banking and Commerce, and is now the Standing Committee on Banking, Trade and Commerce, of which he has been chairman for many years. I am sure we all appreciated the speech he made yesterday on this complicated matter.

Senator Hayden stated that this bill is a very complicated measure of some 43 pages. It repeals all of Part IV of the Income Tax Act, dealing with gift taxes and substitutes a completely new Part IV of some 18 pages. The remainder of the bill, pages 19 to 43 inclusive, deals with the amendments to the Estate Tax Act.

I do not know whether honourable senators have read this bill or not, or whether they have tried to read it. I have read it several times but have found the language used by the draftsmen very difficult to understand clearly. Senator Hayden said yesterday the draftsmen seem to use six words where one word would suffice, and at other times use one word where six words would be better. I do not know how or where the minister or the department has been able to find such efficient help that can do that kind of thing. I must say, however, that I do not appreciate what they have accomplished.

Hon. Mr. Flynn: It is to try to scare the taxpayer.

Hon. Mr. Aseltine: As I said, I have found the language used by the draftsmen very difficult to understand clearly, and I wonder if other honourable senators encountered the same difficulty.

Hon. Mr. Flynn: Indeed.

Hon. Mr. Aseltine: If honourable senators will look at Bill C-165, a copy of which I have in my hand, they will see it has 43 blank pages and not one of them has an explanatory note on it. Now I protest very strongly against that kind of thing. Where a complicated measure like this comes before the Senate, one that is difficult indeed, it is usual to have explanatory notes on every page, opposite the paragraph which is being dealt with, and those notes usually tell us what the existing law is, what the change is and why it is necessary. I maintain that that is very important, and I hope that in the future we will not often have to consider bills in this form. I certainly do not know why simple language that everyone can easily understand is not used in drafting a bill of this kind. The subject matter is difficult enough without having to struggle with the context and the meaning of the language.

As I said, I have been dealing with gift tax and estate tax matters for many years, but if it had not been for the help furnished by reading the budget resolutions, the report issued after the minister's London speech, the White Paper distributed by the Department of Finance on January 30 when certain modifications were made to the bill, the numerous newspaper articles—I can show you a whole fist of them here—by reading the Topical Tax reports, certain memoranda issued by chartered accountants and estate planners, the Canadian Tax Foundation and others, and by reading the *House of Commons Debates*, I would not have gotten very far and would not understand this measure even as well as I do at the present time.

I now have the additional advantage of having heard Senator Hayden's explanation, so I should fully understand the legislative changes that this bill will bring about. Senator Hayden was explaning the bill; he was not expressing his personal views, although just before he sat down yesterday he did perhaps transgress a little in that direction. However, most of us agree with his *obiter dicta*.

Nevertheless, honourable senators, I have a number of questions to ask because many thousands of wills will have to be re-drawn and many estate plans revised. It is difficult and dangerous, in my opinion, to deal with such matters until lawyers and others who do that kind of work fully understand what this legislation means and what effect it will have. Even after the legislation becomes law, it will be some time before the details are fully

understood and I, for one, have not yet decided the best way to go about the preparation of a will when there are a number of infant children involved. Those are my preliminary remarks.

I would like now to deal briefly with the gift tax legislation contained in this bill. As has been explained quite fully by Senator Hayden, there are a number of radical changes with respect to gift taxes. Briefly, they are as follows:

Firstly, property of any value passing to a spouse is now exempt from gift tax. Secondly, the previous $4,000 annual exemption from gift tax has been abolished, also the $1,000 gift to any number of persons, and the alternative formula of one-half of the difference between the taxable income and the federal tax paid in the previous taxation year. Instead, a donor may now make gifts up to $2,000 to any number of persons in any year without them being taxable. The old $4,000 exemption still applies to gifts made prior to October 23, 1968. The exemption of $2,000 applicable to gifts made between October 23, 1968 and December 31, 1968, will be reduced by the value of gifts made to the same person in the first part of that year. That is very important.

Thirdly, the rates of gift tax are still based upon a progressive scale, but will be substantially increased and will now depend on the total amount of all gifts made since October 23, 1968. Under the old system, the tax rate which you paid depended upon the total gifts made in any one year. The rate will now depend upon the total accumulated taxable gifts made from October 23, 1968.

For example, under the old system the rates of tax started at 10 per cent and went up to 28 per cent. Under the proposed legislation the $15,000 which the individual gives in the first year will cost him 12 per cent tax; the $15,000 he gives in the second year will cost him 15 per cent; the $15,000 that he gives in the third year will cost him 18 per cent; and the $15,000 he gives in the fourth year will cost him 22 per cent. As the total amount of gifts accumulates, the rate of tax increases to the point where, after gifts made from October 23, 1968 total more than $200,000, all subsequent gifts are taxed at the rate of 75 per cent. That is one thing that I do not like, the new rates starting at 12 per cent and going up to 75 per cent.

These changes upset most previously made estate plans. The sale and transfer of farms and businesses to sons, the cancelling of the selling price by a once-in-a-lifetime gift of $10,000 of an interest in the farm, and a $4,000 ordinary gift that could be made at the same time, and the future cancelling of the balance of the amount of the purchase price at the rate of $4,000 a year, are now things of the past, except that the once-in-a-lifetime gift is still available; but there is nothing in the new legislation except $2,000 tax-free gifts and the once-in-a-lifetime gift of $10,000 to take the place of the old method. I will deal with this matter at some length a little later on.

Next I wish to deal with the estate tax generally. In my opinion, heavy estate taxes amount to discrimination and confiscation. If a testator in his lifetime has, by thrift, business ability and hard work, built up a substantial estate, he has already paid to the Government heavy income taxes from 30 to 40 to 50 per cent, or even more. Then, when he dies the Department of National Revenue comes along with an estate tax levy and takes another big slice of the capital that the farmer or businessman has built up in acquiring, paying for and operating his farm or business. In many cases this amounts to confiscation. No person should object to paying a substantial income tax during his lifetime, but there is serious objection to the Government coming along after his death and taking another big bite, with the result that the farm or business, or a large part thereof, very likely will have to be sold at a sacrifice price to pay the tax. With this in mind, honourable senators, many taxpayers are selling out and liquidating their assets and looking for tax havens, and then leaving the country and taking their capital with them. We have many, many cases like that in Saskatchewan where I live, and about which I personally know something.

Many people with capital to invest would like to come to Canada and carry on business, but they are afraid to do so. They do not like heavy estate taxes and succession duties. Western Canada particularly needs capital, and cannot afford to lose the capital which has been built up and which is now being exported, as I have just described.

By way of substantiating these remarks I wish to read a Canadian Press article which appeared in the Ottawa *Citizen* of November 13, 1968, entitled "Estate Tax opposed by Liberals." It is datelined Regina, and reads:

> The executive of the Saskatchewan Liberal Association says it has asked the

federal Government not to implement increases in estates and gift taxes announced in the budget speech.

The 125-member executive Tuesday sent a telegram to Prime Minister Trudeau and Finance Minister Benson saying such increases would cause "undue hardship" particularly to western farmers and owners of small businesses.

Premier Ross Thatcher said in an interview the proposed increases would accelerate the break-up of the family farms, and would result in an exodus of people to places where estates taxes are lower than Canada's or non-existent.

He said that the Saskatchewan government intends to eliminate the province's 75 per cent share of the estates tax at the next session of the Saskatchewan Legislature.

Another article, which appeared in the *Globe and Mail* at the same time, reads as follows:

Regina Death Tax Plan is Backed By Builders

Regina—The 650-member Saskatchewan Construction Association yesterday urged the provincial government to proceed with its intended abolition of the provincial portion of estate taxes.

The association contends in its annual submission to the Government that estate taxes cause severe hardship in the construction industry because the great majority of companies engaged in this business are family enterprises.

Here is an item which appeared in the Saskatoon *Star-Phoenix* of January 15, 1969:

Mr. Thatcher—

He is the Premier of Saskatchewan.

—said Saskatchewan would vigourously oppose changes proposed in the estate tax, calling them "the most outrageous, iniquitous and unfair piece of legislation ever to come before the Commons."

"One would think some socialist had dreamt up this piece of legislation. I would suggest Mr. Benson better get his office cleaned out of socialists, because even a socialist couldn't have thought up something as kooky as this."

He said the proposed legislation was unbelievable, and the Saskatchewan government would never willingly accept them because they would mean the death of the family farm.

It amounted almost to confiscation of estates and was as bad as estate legislation now in use in England, he said.

"In 25 years in politics, I have never seen a bill as unfair, iniquitous and foolish as this one," he said.

He said if Mr. Benson went ahead with bringing in the changes, he was in for some of the most severe criticism, both inside and outside of the House of Commons.

I have only one more item that I would like to read, and this appeared in the *Globe and Mail* of last Wednesday:

Montreal (CP)—C. F. Harrington, president of the Royal Trust Co., Wednesday criticized the federal government's new estate and gift tax laws because of their tendency to reduce and eliminate capital formation.

He told the trust company's 69th annual meeting that in a new country such as Canada "we still need more capital than we seem to be able to raise."

Ottawa seems to be telling Canadians that the accumulation of capital in private hands, and its transmission to succeeding generations—whether in the form of land, family business or stocks and bonds—is not necessarily an estimable goal, Mr. Harrington said.

I will leave that for the moment, but I should like to come back to certain statements made by Premier Thatcher when he brought down his budget last Friday. When I spoke on one of the farm bills a short time ago I mentioned the fact that in March 1967 a similar bill to the one Premier Thatcher has in mind was passed in Alberta. Here it is. I sent ten cents and received a copy of it.

Hon. Mr. McDonald: Here is a copy of the one from Saskatchewan. It is bigger.

Hon. Mr. Aseltine: I am coming to that. This Alberta bill is entitled: "An Act to provide for partial refund of estate taxes to Alberta estates". This act has been in force for nearly two years, and it seems to be working satisfactorily. It provides for the rebate of the province's 75 per cent share of the estate tax.

Ottawa's share of the death taxes amounts to only $30 to $50 million a year. That is 25 per cent of the total, the other 75 per cent going to the provinces. Without repeating

what I have just said, I would agree with the statement made by a Toronto lawyer in a recent address to the Canadian Tax Foundation, which was as follows:

> It has been stated that abolition of death taxes would attract more wealth, industry, revenue and taxes to Canada than all the death taxes raised all across the country.

In my opinion, there is a considerable amount of truth in that remark.

I should like to refer to the fact that two weeks ago I happened to listen in on the C.B.C. news broadcast at 10 o'clock in the evening, on which there was an item to the effect that Premier Thatcher had made his budget speech that afternoon and had brought in a completely balanced budget, with a quarter of a million dollars left over. That is the first provincial budget of that kind in my memory. That news broadcast also went on to report that the Premier was going to bring a bill before the provincial Legislature immediately covering an estate tax rebate plan. I would like to read part of the report of his budget speech, that appeared in the January *Leader-Post* the next morning, that is, February 22, 1969:

> Premier Thatcher Friday outlined the details of the provincial government's plan to rebate its 75 per cent share of the federal estate tax directly to those who paid it.
>
> The details were given by the premier during budget speech debate in the legislature. Besides outlining details of the rebate, he renewed his criticism of estate taxes in general and the new rates passed by Parliament in particular.
>
> Mechanics of the plan will be simple, he said. Under federal law, each estate will still be required to pay the full tax to Ottawa and the provincial government will accept the federal figures.
>
> It will then rebate to the estate 75 per cent of the total tax within 90 days of the time Ottawa has credited the province with its share.

I quote further on in the article:

> Residence requirements to be eligible for the rebate will be virtually the same as in Alberta, Mr. Thatcher said.
>
> The Alberta legislation provides that a rebate can be made to any estate belonging to an owner domiciled in that province for at least 183 days in each of the three years immediately preceding death.

The article goes on to state:

> Mr. Thatcher said the rebate will be a form of tax reduction which will help maintain the family farm and business, stop the flight of capital out of Saskatchewan and alleviate a form of unfair double taxation.
>
> It will remove the worst effects of the 'new discriminatory bill' passed by Ottawa Thursday.

Hon. Mr. Thorvaldson: It is not passed yet, though.

Hon. Mr. Croll: We are not worrying on this side.

Hon. Mr. Flynn: Do you mean, "on this side"?

Hon. Mr. Thorvaldson: It has not been passed yet.

Hon. Mr. Croll: It will pass, though.

Hon. Mr. Aseltine: It has not been passed by this house so it has not been passed yet. The provincial government believes:

> —estate taxes are undesirable because they work a hardship on farmers; they amount to double taxation in that income taxes are paid while the estate is being built up; they cause the flight of capital from Saskatchewan and Canada to tax-free havens especially in warmer climates and more recently to Alberta, as well which has already introduced such legislation—

Mr. Thatcher is also quoted as having said that the estate taxes have caused "an economic hemorrhage which capital-short Saskatchewan can ill afford."

> Mr. Thatcher described the new federal estates tax law as iniquitous and heavy-handed a piece of legislation as was ever introduced into the House of Commons'.

Further down in the article Mr. Thatcher says:

> No socialist administration could have been more arbitrary.

I was pleased this morning when I opened my mail to get the Saskatchewan bill.

It is quite similar to the Alberta bill. The number of the Saskatchewan bill is 52 of 1969. It says in paragraph 3:

> 3. An estate tax rebate is payable under this Act only in respect of the estate tax on the estate of a person dying on or after the first day of April, 1969:

The short title is "The Estate Tax Rebate Act, 1969". The long title is "An Act to provide for Partial Refunds of Estate Taxes to Saskatchewan Estates".

Hon. Mr. Thorvaldson: You will likely have a similar bill from Manitoba in a few days. That will scuttle this business.

Hon. Mr. Aseltine: I understand, Senator Thorvaldson, that your new premier has suggested that he has this in mind and that you may expect some action a little later on. I hope you do get some action. At any rate, I am very much pleased with this Saskatchewan bill. I think it will have a great influence and will help to a great extent in the saving of and the passing on of the family farms to the sons of the deceased taxpayers and help in the continuation of the small businesses in the same way. I may have something further to say about that a little later on.

Most estates, honourable senators, are in the range of $50,000 to $300,000. There are 82 per cent in that bracket. They are the ones that will suffer. As I read the bill, when an estate is valued at $50,000 or less, there is no estate tax.

In my experience, in dealing with values in estate tax matters, if the aggregate tax value is anywhere near the $50,000 mark, say, $45,000 or $47,000, quite frequently an effort is made by the Government assessors to increase the value so as to bring it over the $50,000 mark, thus making the estate taxable. To my personal knowledge, there are many such cases. Of course values are subject to appeal, but appeals are expensive. For instance, there is no fair method of valuing farm land.

I refer to my speech on the Farm Credit Corporation bill, when I gave an example of a farmer wishing to enlarge his farm and making it into an economic unit. In that example the farmer had bought land from his next-door neighbour for $150 or $200 per acre. When the tax people learn of prices of that kind, they immediately evaluate all the surrounding farm lands at that price, even though those lands could not be sold for anything near that price. The person who bought the land wanted it very badly in order to increase his holdings to make them into an economic unit, but that does not mean that all of the surrounding land is worth that much. And if a person owning some of those adjoining lands passes away suddenly and the Government values them at that high price, the tax is something terrific and the person involved is not able to pay it.

Because the quotas for the sale of wheat are so low, the sale of the farm lands in the district that I live in are almost a thing of the past. In the last issue of the local paper there were several farms for sale, and I noticed in the previous issues of that paper there were several farms for sale, but my information from my office in Rosetown was that there was never a single offer made for those lands due to the very low delivery quotas and the inability of the farmers to sell their wheat.

Honourable senators, the general impression has gone out that the basic exemption is now $50,000. The man on the street thinks so, but the basic exemption is still $20,000 and, as was explained by Senator Hayden yesterday, not $50,000. Newspaper articles have given that impression. *Time* magazine of February 7 seems to say so. The *Globe and Mail* of January 31 said: "Benson raises to $50,000 tax-free limit on estates." Now, anybody looking at that would come to the conclusion that the exemption was $50,000, which is absolutely untrue. As I read the bill, estates under $50,000 are not taxable, but estates over $50,000 have a basic exemption of $20,000 plus additional exemptions, depending upon who the beneficiaries are.

I do not know whether honourable senators listened to the program "Front Page Challenge" last week. The panel of four members was trying to guess what the particular story was. The story, which was a national one, dealt with the modification of the Estate Tax Act to make the exemption $50,000. The minister, Mr. Benson, was the person who appeared before the panel after they had failed to guess what the story was, and he was asked a number of questions. However, they did not cover this point very fully, and if I had not known differently I would have come away from the television set thinking that the basic exemption was $50,000. They talked about the Carter Report and taxation on profits made on the grain exchange and all that kind of thing. But they did not get right down to the meat of the problem.

Senator Hayden, in explaining this matter yesterday, referred to subsection 2 of section 8

of the Estate Tax Act. I would like to read that section because there was some difficulty when reading the clause in this new bill to decide whether this was the case or not. Section 8 (2) says as follows:

> Notwithstanding anything in this Act, no tax is payable under this Part upon the aggregate taxable value of the property passing on the death of a person, where the aggregate net value of the property passing on the death of that person, computed in accordance with Division B does not exceed $50,000.

When I was reading the new bill I took it for granted that that section had been repealed, but I find that is not the case, and it is still the law, but if it goes over the $50,000 the basic exemption is $20,000.

The minister has also said that as well as the basic exemption for all estates valued at more than $50,000 there is a new exemption of $10,000 provided for all adult children, and that is given to all children of 26 years of age and over. That is all to the good; that is something new and something acceptable. I presume it means that if a testator wills $10,000 to each of his five children, the exemption would be $20,000 plus five times $10,000, making a total exemption of $70,000 which would be tax free.

Now, honourable senators, I do not intend to go into any intricate explanations as Senator Hayden did yesterday of the other provisions of Bill C-165, but I do want to deal with family farms and small businesses. In my opinion this legislation will spell the end of the family farm and small businesses. As I said a moment ago the Premier of Saskatchewan thinks so. The members of the House of Commons have advised me that they have received thousands of letters and several petitions, mainly from small farmers and owners of small businesses in their ridings, protesting against this legislation. I have myself seen some articles on this.

For example, in the Manitoba *Free Press Weekly* of January 4, 1969, there is a heading which reads, "New estate tax doom to the family farm", and further, "No hope of sons carrying on farm they helped to build." Then on the same page there is an item which reads—and this appears to be a paid advertisement—"The tax that dooms your family farm", and at the end it says, "Write to your member of parliament, or see him personally. Tell him that the tax will destroy the family farm and, with it, one of the nation's major social assets." That advertisement was put in by Lake Forest Farm, Camp Morton, Manitoba.

There is also a half-page article in the Manitoba *Free Press Weekly* of January 25. It is headed "What happens when a boy inherits the home farm." It gives an example of the estate tax on a large cattle and wheat farm amounting to $200,000 which when the father died they were unable to pay and had to sacrifice practically all of their thoroughbred cattle and some of the land in order to pay the tax.

What are the farmers saying? The effect of the new estate tax legislation on the family farms will be disastrous. Farms are being valued away above their productive value. In the district which I represent there are hundreds of family farms, which, with farm equipment and machinery, would fall into the $200,000 to $300,000 value class. On passing from father to son, what family farm can survive the estate taxes amounting to ¼ or ⅓ or more of their value? In my opinion, honourable senators, estate taxes should be reduced instead of being increased in order to save the family farms and the small businesses. Leaving everything to the widow will not solve the problem.

Generally speaking, honourable senators, this bill is an invitation to all and sundry to spend, spend and keep on spending. Don't try to save! Don't try to succeed!

Hon. Mr. Martin: May I ask the honourable senator a question? Does the honourable senator not believe that the provision for tax-free arrangements for the wife is a fundamental provision of this bill, and is one that deserves more than passing comment?

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: It seems to me that is one of the fundamental provisions of this bill, and that the distinguished senator, with his rich experience, seems, unless I misunderstand him, to underestimate its significance.

Hon. Mr. Aseltine: I certainly do underestimate it, because it does not really mean very much. It is true that the property can be left to the widow. She might live four or five years longer than her husband, but the minute she dies it is all taxed under this legislation, and the incidence of tax is probably more than it otherwise would have been, because she has accumulated income and that is also part of her estate. It is not a bad

thing, but it is not going to be of any great help and it will not save any of these farms from confiscation when the taxpayer dies.

I was saying this bill is an invitation to all and sundry to spend and keep on spending. Don't try to succeed. Don't try to save. Just relax and have a good time. You cannot take it with you. You will be taken care of in your old age, and your family and children also. Then, after you are gone, it will not make much difference anyway, so why worry?

You will gather from what I have said that, in my opinion, this bill will do more harm than good, and I do not see how I can conscientiously support it.

However, there is something further. What is going to happen next? I refer to the speech on Canadian tax matters made by Mr. Benson on Monday last in Washington. Everyone received a copy of it. I certainly did, and I have read it carefully. Apparently Bill C-165 is just the beginning. This is piece-meal legislation. According to Mr. Benson's speech in Washington, there is going to be a complete revision of the whole tax system. In May or June a White Paper will be distributed to all and sundry for study and comment and will likely contain a few more doses of the Carter Report, such as taxation of family units, excess profits taxes and so on. Then he went on to say that new legislation will be introduced to take effect at the beginning of 1970. No one knows what the taxation laws will be in 1970. In my opinion, we should not pass this bill. We should wait for the complete tax legislation which will follow the issuance of this White Paper in May or June. In the meantime, I suggest that anyone who has any property of considerable value should look around for a new tax haven.

Hon. Mr. Phillips (Rigaud): Will the honourable senator permit a question? If the 75 per cent credit is given to Saskatchewan in due course, and may be given to Manitoba, and is now being given to Alberta and British Columbia, will not the grim incidence of increased taxation be reduced correspondingly?

Hon. Mr. Aseltine: In our province, certainly; that is our only hope.

Hon. Mr. Phillips (Rigaud): So, to the extent that the family units and the farm units approach impending disaster—

Hon. Mr. Aseltine: I am putting a word in for you people in Quebec, Ontario and the Maritimes.

Hon. Mr. Phillips (Rigaud): You were directing your attention to the farmers generally. However, to the extent that the relief will be granted to the provinces I have mentioned, will not the heavy incidence of taxation be reduced?

Hon. Mr. Aseltine: In Saskatchewan and Alberta, I would think so, yes.

Hon. Mr. Phillips (Rigaud): And possibly in Manitoba.

Hon. David Walker: Honourable senators, I want to congratulate the dean of the house. You can always expect a common-sense, down-to-earth and down-on-the farm speech from him; it was excellent. With all these clever lawyers interspersing questions, it is interesting to see that he does not back down at all.

May I also say how delighted I am to be able to congratulate the distinguished senator who is the Chairman of the Senate Committee on Banking, Trade and Commerce (Hon. Mr. Hayden) on what was a very objective speech. I have heard him in court over the last 40 years, and he can be very subjective too, but hearing him introducing a Government bill, as he did yesterday, and being as objective, as analytical and as helpful as he was, pleased us all very much.

Hon. Senators: Hear, hear.

Hon. Mr. Walker: Honourable senators, in reading over this bill and having heard the question of Senator Phillips (Rigaud) and knowing the feeling of the house, why should not the estate tax be abolished? This bill is inevitably going through this house; we are outgunned three to one, but may this be the last year, for the following reasons. We know that of the $200 million collected by the Dominion through sweat, blood and tears, and at terrific expense, it only retains $55 million, and out of that, of course, must be taken the tremendous sum required to collect this amount. So, we have $55 million left. Before considering that further, let us remember that this was a wartime measure; it was never intended to be here 20 years after the war was over. It was something that was supposed to be temporary but was never done away with. The reason for it, though, has gone. We should leave this field where it was before the war, with the provinces. As I say, the cost of administering it is enormous, and the benefit to the Dominion Government is minimal.

In considering what $55 million will do, let me first draw your attention to the work of the Public Accounts Committee in the other place under its distinguished chairman, Alfred Hales, the Member of Parliament for Wellington. Let us see what $55 million will do. The hydrofoil which is currently being built, half boat and half plane, was to have cost $9 million, but as long as we can keep on collecting taxes from here, there and everywhere, it is now going to cost $53 million. And this is for something that might never even work out and which might be like the *Arrow* project; it might be a complete fiasco. Now, $53 million is being spent for this, which is the equivalent of all estate taxes retained by the federal Government in a year. It is more than that, because we have to pay to collect that tax.

By the way, that hydrofoil is called the *Bras d'Or*, which in English is the arm of gold. I asked my leader whether it would be proper to say in French "Fait d'Or", but he said that that is not good French so I will drop it.

There is also the example of the aircraft carrier, the *Bonaventure*, which was to have been reconditioned at the enormous cost of $8 million, and was eventually reconditioned for $13 million. The painting of that ship was estimated to cost $150,000, and we find now that it has cost $1,020,000. I emphasize the fact that that amount of money was spent to just paint the ship. This is where the money goes when there are so many sources of taxation.

As a third example I would cite the Performing Arts Centre here in Ottawa—a most necessary item, of course, provided it cost the $9 million originally estimated. But, when the federal Government can come in and collect all these taxes from one source and another we find that the Performing Arts Centre is going to cost $50 million. Think of it, honourable senators, $50 million for a performing arts centre in the City of Ottawa. The cost is equivalent to one year's death duties collected by the Dominion Government—or at least that part kept by it.

These are arguments which must be obvious. I ask you: Where in the name of justice or equity is there any reason for levying an estate tax in the Dominion of Canada? I know that it provides the federal Government with this amount of money which, according to the figures given us last night by my learned friend, Senator Hayden net the federal Government about one-half of one per cent of the total budget; that is, $55 million in relation to $11 billion or $12 billion. Think of it, honourable senators, that is all it amounts to.

Yet, all of the estates that are being taxed are estates that have been built up by persons who all their lives have paid real property taxes patiently, regularly, and consistently. Why should the federal Government and the provincial governments then arrive like vultures after the death and confiscate a large part of what is left, leaving the families—and I am going to talk about the spouse relationship in a few moments—to scratch?

The person who has amassed the estate over the years has paid out of his income not only realty tax but income tax, sales tax, municipal tax, provincial tax, excise tax, and all other federal taxes. Why, then, after his death, having run the gamut during his life and having made a supreme effort to save money to leave to his family and children, and enough to keep his business going or to build it up, should there be then another raid made on what he has managed to accumulate?

The estate left by a testator, whether in property, cash, or other assets, means the net amount which is left after his paying through the nose all his life. I can see no reason—and a great many share my view—why a further tax grab should take place simply because that individual, like us all, had to die. His estate owes the country nothing. The deceased has paid local and federal taxes all his life. I ask: What possible justification is there for depriving the heirs?

Not only do I think this, honourable senators, but there are thousands of other Canadians at the present time who are planning among themselves. The wives are saying to the husbands: "If you go first I will move to the Bahamas or the Caribbean," and the husbands are saying to the wives: "If you go first I will do the same thing." They are getting a free ride by leaving the estate to the other spouse. When one spouse dies, the other gets the estate, but the day of reckoning comes in three, four, or five years, and this bill is just giving the surviving spouse time to get out of the country and escape the estate tax and the succession duties of the provinces.

Even before this recent budget the estate tax in Canada, although lower than that in the United Kingdom, was very much higher than that in the United States, and among the very highest in the world. That was before this new tax. If the bill which we are now considering is passed we will have estate

taxes and gift taxes which in our just society can only be described as confiscatory.

Under the new act it is true—I concede it, and my honourable friend, the Leader of the Government, is quite proper in raising the point which was emphasized by Senator Hayden last night—that if the estate is left directly and totally from the husband to the wife, or from the wife to the husband, it is free from dominion tax, or if a life interest without any complications is left from one to the other it is free from dominion tax. But, as my friend Senator Aseltine pointed out, that is only postponing the evil day, because when the money is finally distributed among the children, and if it is a large estate, the tax becomes almost prohibitive. The benefit to the surviving spouse is not a sop. It is a good thing, and we recognize that. But when the second spouse has died, provided that spouse has remained in Canada, the full impost of taxation falls on the children. The old rates are from 10 per cent to 54 per cent in estate tax, but the 54 per cent is not reached until the taxable estate reaches $1,550,000, whereas the proposed new rates are on a very rapidly accelerating scale starting at 15 per cent on anything over $20,000, when the taxable estate is over $50,000, and reach 50 per cent on amounts over $300,000. That is the new tax. I think it is around $81,000-odd up to $300,000, and it is 50 per cent on everything above that. Previously the tax reached 54 per cent on any amount in excess of $1.5 million but now it is 50 per cent on everything over and above $300,000, subject, of course, to the different allowances to be made for the provincial taxes. It can be seen that the tax has become almost prohibitive.

The provisions of the amended gift tax sections of the Income Tax Act are even more radical. They are shocking. As my learned friend Senator Hayden said, I guess the idea is that one is not to make gifts. I am paraphrasing his good language. These are very far-reaching provisions. Gifts between spouses will be fully exempt from gift tax, of course, and gifts in any one year up to $2,000 will be exempt, and this replaces the former exemption of $1,000. But, gifts to any individual in any one year exceeding $2,000 will be fully taxable, and at a tremendously increased and accelerating rate. The terrible part of it is that the gift tax is not confined to any one year. It is cumulative. If you make a gift of $10,000 this year, $20,000 next year, and $30,000 in the year after, you will find that by the end of the third year you are paying gift tax at an ever accelerating rate. The former gift tax exemptions were a great incentive to saving, as you well know. For instance, on a $100,000 income where the income tax is roughly $48,000 the amount left would be $52,000 and one could give away one-half of that, or $26,000. But not now. Just $2,000 is the extent of any gift that one can give to an individual without having heavy taxation take over on such gifts, particularly now that they are cumulative.

And, also, a gift of $25,000 would be taxed, under this new taxation, $3,300. Then, when you get up to $200,000, the gift tax, believe it or not, is $71,500. Then, if you give another $100,000, the gift tax on that is $75,000. So, as Senator Hayden said—perhaps he did not say this, but I will say it for him—gifts are now made almost prohibitive unless one is foolish enough to indulge in the pastime of making gifts to the Government.

On a gift of one million dollars to one's children, the gift tax alone would be $671,500. Think of it! You give them a million dollars. If you want to do that—and some of the members on the other side are able to afford this, of course—the gift tax is $671,500.

Now, the worst part of all this is that the individual's lifetime gifts, as I said before, are cumulative so that there is no longer any incentive to save, to make gifts. And that is the instinct we all have. We want to save to build up an estate to leave the money first to our wives and then to our children. And we know that the wife's enjoyment of it is to be limited, unless she is a lot younger than we are.

This confiscation of wealth in the greatest period of prosperity in the whole western world, a prosperity which has been built on a system of enlightened capitalism, is a shocking thing. Even in war conditions the Government did not confiscate wealth. It does so now in this "just society" at a time when the Government of Canada should be reducing taxes.

I hear people say—and you hear it every day—"Let's soak the rich". But in soaking the rich to the point of confiscating the wealth you destroy private enterprise, just as it was destroyed in the cradle of private enterprise, England, which is now on the verge of bankruptcy because of the confiscation of wealth by the Government of that country.

In Canada more than 60 per cent of our industry is already owned by the Americans. How much of this is because the owner's

estate could not afford to pay the taxes? How much more so will that be when this estate tax becomes the law? When this confiscatory tax on estates and the tax for gifts becomes law, a good part, if not most, of the remaining 40 per cent of our industry will soon be owned by the Americans as well.

In England the prohibitive estate taxes cleaned out the wealth of the British people to the extent that large capital in private hands has almost disappeared. In your own constituencies, you will notice, all of you, from all over Canada as you are, that in nearly every town and village in Canada, and this applies to Quebec particularly, there is a family firm. There is some family in that town or village which provides employment for the employable people in that town or village. It may be a creamery or a factory, a mill, a cannery, an abattoir or a manufacturing plant.

Now, such a family business, I am respectfully suggesting, which cannot find ready capital anyway, but has a lot of capital wrapped up in the plant, such a family business will soon be cleaned out. It will be cleaned out in another generation because where will the sons and daughters get the cash to pay 75 per cent in taxes on gifts in excess of $200,000, or $89,200 for estate taxes up to $300,000, and then 50 per cent on everything above that? How can they afford to do it? Where are they going to get the money? It is prohibitive.

Now, this estate tax is an open invitation to more American take-over. Senator Burchill, you have had a lot of experience down your way with Americans coming up and taking over. This is an open invitation for the Americans to take over the balance of Canadian industry, because despite all the criticism that we hear of the Americans, they have in America no such prohibitive gift tax or estate tax as contemplated in this bill.

And we must not forget that we are not only talking about federal estate taxes. In addition, the beneficiaries of a deceased will have to pay in most of the provinces heavy provincial succession duties as well, with the exception, I am glad to know, of Alberta and soon, we hope, Saskatchewan and Manitoba. But it does not look as if that will be the case in Ontario or Quebec for a long time to come. In Ontario, in fact, they are now considering a capital gains tax and an income tax. So this means the situation is all the more critical.

One hundred years ago Sir John A. Macdonald warned us against becoming hewers of wood and drawers of water for the Americans. Today, under this proposed legislation, we will be worse off than that, and this is just the beginning. It is just the beginning of the implementation of the Carter Report. Even now in our own country we are no longer captains of our own industries. We are merely Canadian employees of American employers in American-owned industries in 60 per cent of the industries of Canada. When this bill becomes law, the Americans will have a ready-made opportunity and a great incentive to pick up much of the remainder of the industries of Canada at bargain prices because of this bill. And this budget is just a shadow of things to come. Through its conscription of capital, Canada has lost its last chance of holding out its remaining 40 per cent of the industries from the onrushing Americans. And anybody who has done business with Americans knows how pleasant they are but how forceful and persuasive as well.

What the Americans could not capture in the war of 1812—and some of us here had our ancestors come to Canada to fight in the war of 1812—they are taking by default in 1969.

Again, I repeat, what family-owned business across Canada, unless it is a fancy set-up or is incorporated with shares and all that sort of thing in anticipation of this, can survive to the next generation with this confiscatory, crippling taxation imposed by this budget by way of estate tax and gift tax?

Right across Canada we have long been proud of the family businesses which have kept alive our villages and towns for many generations. I suggest that they are now doomed by this legislation because the survivor just will not be able to pay these taxes and will be unable to carry on. So what must the family business do to avoid bankruptcy or to avoid going on the rocks on the death of the owner? What must they do to pay the estate taxes, as they must pay them? There is only one solution, and I think it is an unpatriotic one and it is not one which I suggest to any of my clients in our office, but the only solution seems to be for the owner to sell out to the Americans before the client dies. Clients come into the office and ask "Why shouldn't we move to the West Indies?" They think the only real solution to the problem is to sell out to the Americans and skip to the West Indies before the surviving spouse dies. They say, "Why not move out of Canada to Bermuda or Nassau or to some other Caribbean country where there are no estate

taxes?" In this way the surviving spouse can pass on his or her hard-earned estate to the sons and daughters free of estate tax. But that is a big tug on one's patriotism, when you consider the situation of a man worth a million dollars who knows the effect that the estate tax is going to have on his estate and who knows that by selling out and going to Nassau he can pass it on to his children without having to pay tax except for the 15 per cent that we all know about. Think of the position of a surviving wife when she is left an estate by her husband which consists of a family business and which she wants to pass on to her sons and daughters. What alternative does she have? She moves out of Canada and leaves it to the children practically tax free.

Think how the American industrialists interested in obtaining a further foothold in Canada must be chortling today as they contemplate taking over much of the balance of Canadian industry. Is it not ridiculous to talk of a "just society" when a person's life work can be destroyed on his death by government confiscation, particularly when his property and goods are given over to strangers, and particularly if they are American strangers? Of course they cannot be Canadian strangers because Canadians cannot afford it. It really is galling. This is what we are coming to as a result of the determination to destroy incentive to thrift, initiative, and intelligence in this country. And this is a result of the administration of the Minister of Finance who, with the greatest respect, has had no experience in this sort of thing except a few brief years in Ottawa, and who cannot be expected to understand the problems involved. In my view this is the work of some of the back-room boys, the clever economists and the clever civil servants who are getting in the way all the time down here. This bill will accelerate in the wiping out of that class of people who are prepared to accumulate by hard work.

A welfare state is not around the corner; it is here. We honor the bums, the people who will not work. Of course the unemployed who cannot get work, we respect and should help. But even those who refuse to work are paid by us; we pay anyone and everyone; we honour the student who does not know anything but who at 17, 18 or 19 has only an inborn youthful arrogance. We honour him; we respect him; we bow down and do things for him; but at the same time the very people who built up Canada and who have sustained Canada and who have been giving jobs to Canadians are now being wiped out by this confiscatory legislation. I feel this very deeply, but I do not intend to speak at length because I know there is another honourable senator who wishes to speak before he goes to his plane. As I say, those who stand midway between the overprivileged and underprivileged will find their life's savings wiped out and that whole class of people will disappear from the map of Canadian society and from our Canadian economy. This is what happened in Europe over the centuries as a result of confiscatory tax policies, and the result was the creation of a landless proletariat which ended up as a revolutionary mob.

I think the Government of Canada and its advisers in the bureaucracy, and I know a great deal about this as I had a lot to do with it in the years I was a minister, are doing everything in their power to turn Canadians into a faceless proletariat, to drive them from the land, to drive them from their businesses, to drive them out of their towns and villages and put them on the welfare rolls of the metropolitan complexes. This new estate tax and gift tax is yet another step on that very painful way.

Hon. Mr. Beaubien: I move the adjournment of the debate.

Hon. Mr. Martin: To the next sitting?

Hon. Mr. Beaubien: If I can get on early to-morrow.

Hon. Mr. Flynn: Is their any rush with regard to this legislation?

Hon. Mr. Martin: No, but I think there are some other senators who want to go on.

Hon. Mr. Flynn: If they want to, let them adjourn the debate.

Hon. Mr. Phillips (Rigaud): I move the adjournment of the debate.

The Hon. The Speaker: I shall put the motion by honourable Senator Beaubien, seconded by honourable Senator Macdonald, that the debate be adjourned. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Thorvaldson: Honourable senators, I would like to ask the honourable Leader of the Government if this bill is going to be rushed through the Senate. I do so because I

want to speak on it and I know there are several other members on this side of the house who want to speak on it because they regard it as a matter of the greatest importance. I suggest that there should be no undue haste to rush this through the house and have it passed until we have had sufficient time to allow the matter to be discussed thoroughly.

Hon. Mr. Martin: I fully agree with you, Senator. However, there are two senators who have indicated to me that they are ready to speak and I felt that this was the orderly way to carry on the debate. There is only one of them in the house at the moment.

On motion of Hon. Mr. Beaubien, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 627 to 651, inclusive, which were presented yesterday.

On motion of Hon. Mr. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to presentation of petitions:

Hon. Mr. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 549, for the relief of Joseph Jean Jacques Belec.

Resolution 550, for the relief of Rejean Quesnel.

Resolution 551, for the relief of Dorothy Patricia Blyth Baker.

Resolution 552, for the relief of Jacques Cote.

Resolution 553, for the relief of Joseph Rodolphe Tremblay.

Resolution 554, for the relief of Ursula Martha Frieda Brodowiak Young.

Resolution 555, for the relief of Jeannette Altschuler Karpel.

Resolution 556, for the relief of Benjamin Alexander Garson.

Resolution 557, for the relief of Yvonne Cora Le Grys Wright.

Resolution 558, for the relief of Mary Janet Frezell Hibbard.

Resolution 559, for the relief of Mary Rosanna (Roseanna) Jacqueline Crepin Frazer Pieluch.

Resolution 560, for the relief of Alexander Frederick Wicken.

Resolution 561, for the relief of Robert Prince.

Resolution 562, for the relief of John Colivas.

Resolution 563, for the relief of Noreen Jane Hanorah Myles Liddy.

Resolution 564, for the relief of Elizabeth Ann Westwell Janssens.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Croll: Honourable senators, I move, with leave of the Senate, that these resolutions be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

OMBUDSMAN COMMITTEE

MOTION FOR APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, December 11, 1968, the adjourned debate on the motion of the Hon. Mr. Croll that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the Ombudsman Committee.

Hon. Douglas D. Everett: Honourable senators, I apologize for going on with this matter so late in the day, but I did set it down for this date and I think it wise to go ahead.

In discussing the motion to create a Senate Ombudsman Committee, I think it would be wise, first of all, to look precisely at what the resolution proposes. It proposes that we appoint a committee of the Senate that shall investigate and report upon grievances from citizens of Canada which result from administrative action which is within the jurisdiction of Parliament and for which no other remedy is available.

I would now like to examine with you briefly why I think the institution of ombudsman is needed. We are all aware of the tremendous growth in Government activities, and while we may be perturbed about it, nevertheless we must accept it as a fact. All governments seek to do more for their citizens, but the citizens are not

entirely blameless, for they themselves demand more of Government. The conditions in which we live today, such as increased urbanization, demand that the Government does a great deal more for its citizens, and the fact we have the technology available permits the Government to do more. The result has been a tremendous growth in the administrative structure. Of course, we have an ever-increasing number of laws, but those laws are now so complex that they have resulted in regulations. But when you examine regulations you find that they are not drawn with the same care as is given to the drawing of laws, and often regulations under laws permit discretion to be exercised by administrative officials. As a result of these two aspects some decisions made by administrative officials in implementing the regulations are bound to be arbitrary. The citizen is affected by these arbitrary decisions, but he has no easy form of redress. If you examine many laws you will find that there is no formal right of appeal to the citizen who suffers a grievance. Of course he always has the right to appeal to the courts, but courts are often slow, cumbersome or expensive and, in any event, some matters that are of extreme importance to the citizen are really too small for appropriate action by the courts.

It is true the citizen has the right to appeal through his Member of Parliament but, as I shall try to demonstrate later, the Member of Parliament cannot always be effective and the result of this is that citizens are often bewildered, for if a grievance has been created as a result of administrative action, the citizen might find difficulty in obtaining a redress. In any event, he feels overwhelmed by the enormous size and complexity of Government, and the result of this can be a dangerous frustration, the sort of frustration that gives rise to the type of thing we are seeing all the time around the world. It seems to me that as far as possible we should attempt to do whatever we can to reduce that sense of frustration in our citizens.

I submit to you, honourable senators, that an ombudsman can be the answer, for an ombudsman provides the citizen with a simple procedure to gain redress of the grievances from which he suffers. All the citizen has to do is raise the matter by letter. The cost of the hearing or investigation is rather low or non-existent. In many cases a simple explanation from the ombudsman will satisfy the citizen. If it does not, then the ombudsman undertakes an investigation of the matter and makes a recommendation for redress to the government concerned. If that recommendation is not dealt with satisfactorily, then the matter is submitted to Parliament. Usually the citizen is satisfied, for he either receives an explanation from the ombudsman or generally his grievance is rectified. In any event, we have the beginning of the overcoming of the citizen's frustration, for at once he realizes that he has a champion within the Government complex who can protect him and can give him access to where he feels the power lies.

Honourable senators, the institution of ombudsman has a long history, and if I may paint for you some of the highlights I think it will be useful in our discussion. It originated in Sweden in 1809, when they established two ombudsman, one for military and one for civil affairs. They are both appointed by Parliament. They can receive complaints from citizens or, uniquely, they have the right to act on their own, and they possess a wide power of rectification. They can direct departments to do certain things; they even have the right to take court action against offending officials.

In 1919 Finland established an ombudsman. Again, he is appointed by Parliament. All fields of public activity come under his purview. Like the ombudsman in Sweden, he has the power to prosecute, discipline or direct the departments to change their policies.

Norway established an ombudsman for military affairs in 1952, and they were so satisfied with the results that in 1963 they appointed a civil ombudsman. Again, he is elected by Parliament and reports to Parliament. He investigates only administrative agencies and, unlike the ombudsmen in Sweden and Finland, he has no power other than that of expressing an opinion.

In 1956 West Germany established an ombudsman for military affairs. There again he is elected by, and reports to, The Bundestag. He cannot instruct or interfere with the executive.

In 1962 New Zealand appointed an ombudsman. He is appointed on the recommendation of Parliament, and he reports to Parliament. He is entitled to investigate any matter of administration, but not a matter in respect of which there lies in the citizen's hands a right of appeal or review. Again, he can only make recommendations.

Great Britain examined the proposition of an ombudsman in great detail, and in 1967 created the office of Parliamentary Commissioner. The Parliamentary Commissioner is slightly different from the ombudsman of other countries, for he is appointed by the Crown and complaints can come to him only through the Members of Parliament. When he has completed his investigation, while he reports to the Member of Parliament concerned and also to the department, he again reports back to Parliament.

In 1967 ombudsmen were established in Alberta and New Brunswick. They are appointed on the recommendation of the Legislative Assembly, and they can investigate the administration of departments or agencies. If they find a grievance is valid they can report to the minister concerned, and if they do not get satisfaction they report to the Executive Council, and if they cannot get satisfaction then they make a report to Parliament.

The Standing Committee on Privileges and Elections of the other place examined this matter in great detail, and in 1965 recommended the creation of a federal ombudsman for Canada. In fact, in the Throne Speech of 1965 a royal commission was proposed to investigate the procedures of regulatory bodies and the desirability of an ombudsman.

Honourable senators, I apologize for going through all this history, but I think it is necessary to set the tone for some conclusions that might well be drawn, for if you follow that history you will find that certain principles have evolved since the creation of the first office in 1809. The principles are these. For an ombudsman to be successful he must be independent of the executive. He must be a representative of Parliament. Reasonable restrictions can be imposed on the areas of his investigation without impairing his usefulness. It is sufficient if he just makes recommendations. It will be recalled that originally it was felt he had to have power to interfere, and power to prosecute. It has since been found that the only power he needs is the power to recommend.

The studies indicate this, honourable senators, that in the countries throughout the world where this institution has been established there is general happiness with it, because it gives people an outlet for their frustrations against Government, and an opportunity to have their grievances redressed. In fact, it has been found that administrative practices of Government improve where an ombudsman is in operation and, most importantly, it improves the control of Parliament over the executive.

Honourable senators, the idea of an ombudsman is spreading. There is no doubt in my mind that we will have a federal ombudsman in Canada. The question we have to answer is not whether it is going to come, but whether the Senate is the body that should handle it. It seem to me that a Senate committee can fulfill all of the requirements of an ombudsman. A Senate committee, of course, would be representative of Parliament because it is part of Parliament itself. A Senate committee would be independent of the executive. If senators are appointed, either for life or to the age of 75 without the hope of reappointment, then, surely, they are independent of the executive. The procedures of a Senate committee can be simple and inexpensive. There is no doubt that a Senate committee has the full power of Parliament to investigate the grievances of citizens.

If we are going to have an ombudsman—and we are—then by having a Senate committee perform that function we can achieve our objective at minimal cost to the public, instead of incurring the great cost of setting up a separate department.

That is my case, honourable senators, for a Senate Ombudsman Committee, but I think it is only fair, before I conclude, to review the opposing case. There are some arguments against the establishment of a Senate Ombudsman Committee. One is that a Senate committee would have no power to enforce its decisions. Without getting into the rightness or wrongness of that argument, I think it is sufficient to say that our examination has shown that the ombudsman theory has evolved in this way. The ombudsman is successful in countries all over the world with just the power to recommend. If teeth are needed in the ombudsman's function, they are present in the fact that when he reports to Parliament, Parliament can take what action is necessary.

Another argument against the creation of a Senate Ombudsman Committee is that many grievances put forward by citizens will not be heard by such a committee. Honourable senators, grievances do fail, and they fail because they are not within Parliament's jurisdiction, because they are groundless or even vexatious, or because there is another mode of appeal or review open to the citizen. The

grievances that fail will constitute a high percentage of the grievances that will come before the committee.

I talked to Mr. McClellan, the Ombudsman in Alberta, this morning, and he told me that the failures run to over 50 per cent of the grievances that come before him. But, he said that if one takes the trouble to explain to the citizen why his grievance fails, then the citizen is satisfied. Even that fact gives the ombudsman an opportunity to help the citizen, and surely that is what this is all about.

Another opposing argument is that it will encroach on ministerial responsibility. As I understand ministerial responsibility, it means that the minister is responsible for the administration of his department; but surely we in Parliament have to weigh that principle against the principle of parliamentary control of the executive. Which is more important? Well, I opt on the side of Parliamentary control of the executive. And the ombudsman complements that parliamentary control of the executive. As a matter of fact, the history of the ombudsman and an examination of what other countries have found show that the ministers of the Crown actually appreciate somebody making a critique of their departments, much in the same way that a successful businessman appreciates the critique of his operations.

Another argument is that it will encroach on the Member of Parliament's representation of his constituents. That may be true. But, if it is true, who is more important, the Member of Parliament or the citizens he represents? And, in any event, it seems to me that Members of Parliament are individuals. Many of them handle the complaints brought to them extremely well; they do a wonderful job. But there are some who do not, or cannot, and why should the citizens be the ones who suffer? Often, too, even the best M.P. lacks the power to make a proper investigation of the situation.

There is no question in my mind that, in the decision of the Standing Committee on Privileges and Elections of the other place in recommending that an ombudsman be appointed, Members of Parliament were recognizing that they needed help in their function. Indeed, that is exactly what a Senate Ombudsman Committee could do. It could be a help to the Members of Parliament.

Hon. Mr. Flynn: May I ask a question? Does the honourable member suggest that a Senate Ombudsman Committee would be better than a Commons Ombudsman Committee?

Hon. Mr. Everett: No. As a matter of fact, I do not necessarily suggest that. If the honourable senator would wait a moment, I will come to just that suggestion. But I do appreciate his mentioning it.

Honourable senators, the final argument that is made opposing a Senate Ombudsman Committee is that it is going to encroach on the power of the Commons. If it is true, that is a very telling argument. But it seems to me also, honourable senators, that if it is true, there is an awful dichotomy in Commons' thinking, because what I hear from some members of the Commons who are particularly voluble on the subject of the Senate is that they are concerned that the Senate is not doing enough. If they are concerned that the Senate is not doing enough, it does not sound to me right that they would level a criticism against the Senate for starting to do something, no matter whether it interferes in one way or another with the Commons.

But our rapport, honourable senators, should not be with the Commons; it should be with the public. We are here to serve the public and, if we can do it successfully, then I do not think we should be swayed at all by that sort of argument. But, if the members of the other place are concerned, then a Senate Ombudsman Committee could be the forerunner of a Joint Ombudsman Parliamentary Committee.

Honourable senators, in closing, I would just like to say that what is being presented in Senator Croll's resolution is not new to the Senate. If I may refer to the book called *The Modern Senate of Canada*, by Professor F. A. Kunz, in which he said as follows:

> —the Senate has acted in the capacity of a sort of institutional Ombudsman in the Canadian parliamentary system...Its efforts to put a brake upon an all-powerful executive, but not to obstruct the 'positive state' which gave rise to the all-powerful executive, may prove to be a quixotic fight. The fact, however, that none of its actions in this regard has been seriously challenged by the Government of the day may indicate that the Senate in its substantive role has acted as the 'subconsciousness' of the House of Commons or for that matter, of the Government.

Honourable senators, it seems to me that there is a need for this institution. It seems to

me that it is working well in the other countries and provinces that have established it. It seems to me that it is just a matter of time before there will be a Senate ombudsman or before there will be a federal ombudsman. It seems to me that a separate committee could adequately do the job, and it seems to me that this is a way for the Senate to serve the citizens of Canada. There is no doubt in my mind, honourable senators, that the Senate should do this. Again, if I may quote from Professor Kunz:

> —What second chambers may rightly be called upon to do is to help sustain, together with other institutional and non-institutional elements in the political and social system, the constitutional atmosphere in the body politic—

Of second chambers Professor Kunz says that they:

> —should maintain a suspicious watch over any attempt on the part of the executive to act arbitrarily or to by-pass Parliament by sheer force of administrative habit or bureaucratic usage and thus unduly further to increase its grip over the other branches of Government; for discharging this function second chambers may have various methods of control at their disposal; the effectiveness of which depends on the willingness and the skill to use them.

Honourable senators, I have no doubt about the skill that is in this chamber. If the willingness is there, we can do something for the citizens of Canada.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Bourque, debate adjourned.

THE ESTIMATES

REPORT OF FINANCE COMMITTEE ADOPTED

The Senate resumed from Wednesday, February 25, the adjourned debate on the motion of the Hon. Mr. Leonard, for the adoption of the Report of the Standing Committee on Finance with respect to the Estimates, Revised Estimates and Supplementary Estimates (A), which was presented on Thursday, February 6, 1969.

Hon. John M. Macdonald: Honourable senators, when I moved the adjournment of this debate it was not actually with the intention of participating in it myself, but was only to prevent the debate being terminated before all those who might wish to speak on it could do so. I had understood there were some senators on this side who wished to speak; indeed, honourable Senator Grosart mentioned to me that he would like to participate in this debate. However, as there is another report coming to us tomorrow and more supplementary estimates, Senator Grosart and any other senator who wishes to take part in the debate will be able to speak at that time. Consequently, I do not propose to speak in this debate.

Hon. T. D'Arcy Leonard: Honourable senators—

The Hon. the Speaker: I should inform honourable senators that if the honourable Senator Leonard speaks now, it will have the effect of closing the debate.

Hon. Mr. Leonard: Honourable senators, I shall detain you only for a moment. First, I want to thank Senator Beaubien for his contribution to this debate. The suggestion which he made with respect to the committee's studying the effects of the Estimates on the level of taxation was put in the form of a motion to the committee on Thursday last and was carried. This will now be part of our continuing studies.

I know that Senator Grosart will have a further opportunity to speak because the committee is carrying on with its consideration of the Supplementary Estimates (B) and I expect a report will be placed before the Senate tomorrow. We are also carrying on with the consideration of the Estimates for 1969-70. The committee meets tomorrow morning at 11 o'clock and the witnesses will be from the Treasury Board. The main purpose at that meeting will be to deal with the 1969-70 Estimates, but we will also complete the study of Supplementary Estimates (B) which would have been ready to report today except a revision of one of the votes was put in since our meeting on Thursday last and it will be dealt with tomorrow.

Then, we have the motion of Senator Beaubien concerning the effect of the Estimates on the level of taxation, which will be taken up and our first witness will be Professor Neufeld of the University of Toronto who will be before the committee on March 27. The witness a week from tomorrow will be Dr. George Davidson, no longer in his capacity as an official of the Treasury Board,

but now as head of the C.B.C. Our particular discussion with him will concern the items in the 1969-70 Estimates, dealing with the amounts contributed by the Government of Canada for the annual expenses of the C.B.C.

I remind all honourable senators that even if they are not members of the committee, they are welcome to attend the meetings, take part in the discussions, and ask questions of the witnesses, and I am sure they will benefit therefrom.

With these remarks, honourable senators, I move the adoption of the report now.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 6, 1969

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

Prayers.

APPROPRIATION BILL NO. 1, 1969

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-177, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1969.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

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

Hon. Leopold Langlois: Honourable senators, I move with leave of the Senate, that this bill be now read the second time.

Hon. Mr. Grosart: Honourable senators, I am sure there is a good reason why we should suspend our rule at this time. I wonder if the mover of the motion would indicate the reason.

Hon. Mr. Langlois: Honourable senators, I understand that there are items in this bill which must be approved and passed before Tuesday so that the payments can be made on Wednesday next.

Hon. Mr. Grosart: Is it urgent that those payments be made? Are we that close to the deadline?

Hon. Mr. Langlois: Yes, I am so informed. Honourable senators will recall that on December 19, 1968, Royal Assent was given to a supply bill for the current fiscal year which released full supply for all of the votes in the revised Estimates for 1968-69 and for Supplementary Estimates (A) of 1968-69. The bill now before us will release Supplementary Estimates (B), 1968-69, and Supplementary Estimates (B) (Revised) 1968-69, which are the final supplementary Estimates for the fiscal year 1968-69.

Of course, as usual, they contain both budgetary items and loans, investments and advances. The former category, which amounts to $152 million, is just under the amount indicated for budgetary items when the main Estimates for 1968-69-70 were tabled a few weeks ago. This brings the total budgetary Estimates for 1968-69 to $10,822 million.

The loans, investments and advances included in this bill total just over $70 million. The difference between this amount and the $36 million indicated for such items in the main Estimates for 1969-70 is accounted for by three items, the need for which was not evident at the time the main Estimates for 1969-70 were printed.

These items are: (a) loans to Eldorado Nuclear Limited in the amount of $22 million. This is a fall-back item as it is likely that the corporation's requirements will be met through direct borrowing from private financial institutions. (b) Loans up to $6 million to assist the ground-fish industry. At an earlier stage it appeared that this would require a budgetary item, but I am pleased to report that the Government's objectives in this respect will be pursued by means of loans rather than grants. (c) An item on page 16 of the bill creating a $7 million revolving fund for the Canadian Government Printing Bureau. This is not a new item, in a sense, as it will merely replace the Bureau's presently existing revolving fund, the authority for which will lapse with the passage of Bill C-173, the Government Organization Bill. The new revolving fund will reflect the need for increased working capital.

I would like to draw to the attention of honourable senators a new feature in the supplementary Estimates, namely, the use of funds available from other appropriations previously approved by Parliament to meet other requirements within the same ministry. As honourable senators are aware, the past practice has been to vote additional moneys to meet all requirements that could not be met from the same vote. I draw your attention, for example, to the first item in this bill which is vote 10b which comes under the heading "Agriculture" on page 4 of the bill. You will notice that the gross requirement of $1,216,400 has been offset completely by funds available in another vote of that ministry. The amount of $1, of course, is necessary to bring the item before Parliament and to obtain approval for the transfer. It is believed that this approach reflects more accurately the net additional requirements of the Government than did past supplementary Estimates practice.

As I mentioned earlier, the budgetary requirements in this bill total approximately $152 million. Honourable senators will note that about two-thirds of this total is required for one vote, the Treasury Board contingencies vote to be found on page 13 of the bill. This very large sum represents the assessment of the demand to be made upon the treasury as a result of the completion of the collective bargaining negotiations now under way in the Public Service. As it is not possible to assess this requirement on a vote-by-vote basis, much as we would like to, we propose that the funds be provided centrally in this contingencies vote, and allotments from this vote be made to supplement the votes of individual departments and agencies, as their requirements are determined following the conclusion of individual collective bargaining agreements.

May I point out an unusual feature of this proposed appropriation. The amounts involved, as I have said, are substantial, and collective bargaining is a process in which no employer should allow the particular accounting system under which he operates to put him under undue pressure of time. It is proposed, therefore, that Parliament grant this appropriation worded in such a way as to allow payments owing in respect of 1968-69 or prior years to be made and recorded up to April 30 next in the Public Accounts for 1968-69 under the title of the department requiring the money, and that the unexpended balance on that date remain available for salary adjustment payments which, in view of the need to close the books for the year 1968-69 at the end of April, would not be distributed among the departments.

I should like to emphasize that payments from this bill will be confined to payments owing in respect of services rendered in 1968-69 and prior years exclusively. I should also add that the amounts requested under the contingencies vote will provide only for the cost of salary revisions arising out of collective bargaining. Other additional salary requirements are provided for in separate departmental votes contained in these Estimates.

Finally, I should like to point out that it was necessary with respect to the item Vote 12b in the Department of Labour to introduce a Supplementary Estimates (B) (Revised) in order to authorize compensation to persons who are not now employees of the Cape Breton Development Corporation and who contracted silicosis while working for the mines taken over by the corporation. The wording in Supplementary Estimates (B) referred only to employees of the corporation. The schedule to the supply bill contains the revised wording.

Honourable senators, I commend this bill to your favourable consideration.

Hon. Allister Grosart: Honourable senators, I congratulate Senator Langlois upon his full explanation of the items in this appropriation bill, but I am sorry to have to open my remarks with what might appear to be a criticism.

I am most surprised that the second reading of this bill was moved immediately. I have asked why that is so, and I must say I do not regard the answer I received as satisfactory. My view is that this bill should not have been brought before us ahead of other items on the Order Paper, and at a time when we expect to receive a report from the Senate Committee on National Finance in respect of Supplementary Estimates (B). In other words, we have the cart before the horse. Supplementary Estimates (B) were referred to the committee. The committee met last week and again this morning to consider them, and it is prepared, I understand, to report to the house. So, as a result of what I can only call mismanagement of the Order Paper today, we are in the position where we have to consider the bill before we receive the report of the committee.

This is not the way in which I like to see the work of this committee treated by those who are responsible for the Order Paper. It is certainly no compliment to Senator Leonard, who has worked hard to be able to present the views of the Senate Committee on National Finance to this house before it is asked to pass an appropriation bill.

I would hope that when the honourable sponsor of the bill (Hon. Mr. Langlois) speaks in closing the debate he will give us a full explanation of why on a Thursday afternoon we are required to set aside our rules and give second reading to this bill. If I understood him correctly, the reason is that the Government needs the money by Wednesday next.

It would seem to me that this is another instance of what I have to call mismanagement, if the Government finds itself so close to the wall financially that it has to ask us to set aside our rules in this way. I would hope that I would have a full explanation of what

moneys we are asked to appropriate in this bill, and which are necessary by next Wednesday, or whenever it is. I also hope we will be told what is the nature of these expenditures that must be made so suddenly. Are they salaries, statutory grants? Are they matters under the control of the Government? I presume they are and, if so, the present procedure is not one that would, in my view, give me very great confidence in the way in which the Government is controlling the public funds of Canada.

I understand that later today we will have a report from the Finance Committee. That being so, I find myself in somewhat of an embarrassing position, because it would have been the natural thing for me to have followed the report by the acting chairman of that committee rather than being in the position of commenting on the appropriation bill prior to the report of the committee, of which I am a member.

Hon. Paul Martin: Will the honourable friend permit me a comment? I do not want to interrupt his speech. I think he knows much better than I do that a message from the other house takes precedence. We are now on second reading. This bill will not be finalized. Before third reading is given there will be the fullest opportunity for discussion of the report of the National Finance Committee, which would be sandwiched in between this particular discussion and any discussion that could take place on third reading. Of course it would always have to be with leave. The reason we proceeded today and not tomorrow, in accordance with the requirement of notice, was to permit the Senate to carry its usual time of adjournment.

Hon. Mr. Grosart: Well, of course, far be it from me to suggest to the honourable Leader of the Government how he should arrange the Order Paper, but a thought that would occur immediately to me, and I think to all honourable senators, is that it might have been quite possible to ask to have second reading put on the Order Paper so that it could have come after rather than before the report of the committee. No matter what urgency there may be, it was not necessary to proceed immediately to second reading.

Hon. A. Hamilton McDonald: Honourable senators, I must accept some responsibility for the preparation of the scroll, and I object to the arguments that are being put forward by the senator at this moment. Neither I nor anyone else has any right to interfere.

Hon. Mr. Grosart: On a point of order, I believe I have the floor. If the honourable senator wishes to ask me a question I will be delighted to do my best to answer, but I would suggest if he wishes to enter the debate I am sure there will be time even in spite of the tremendous urgency. I am also sure there will be time before the debate is over for him to make his comments.

The Hon. the Speaker: Order please. May I comment on the remarks of the honourable Senator Grosart? I think in this particular instance he had a perfect right to rise as he did. May I ask the honourable Senator McDonald if he rises now on a point of order, a motion of privilege or on a simple question?

Hon. Mr. McDonald: I rise on a point of order and to make a suggestion to my honourable friend that if he would like to adjourn this debate until later today, then we can have the report of the committee. This of course could have been done before my friend ever entered the debate. He could have asked to have the report of the committee moved to the top of the Order Paper, and we would have proceeded in that fashion. All I want to point out is that we have no prerogative to change the Orders of the Day as the procedure is laid down. We can change them once they are before us in this house, but the persons responsible for making up the scroll cannot change them.

Hon. Mr. Grosart: On the point of order, may I say it is not for us on this side to decide the order in which matters will be debated, regardless of what the Order Paper happens to say. It was the sponsor of the bill who, on behalf of the Government, moved second reading and who asked leave of the Senate, and I objected.

Honourable senators, I will move the adjournment of the debate.

Hon. Mr. Martin: Until later this day?

Hon. Mr. Grosart: I will move the adjournment, and let someone else deal with the time.

Hon. Mr. Martin: We want to hear you.

Hon. Mr. Grosart: Very well. I am glad that the Leader of the Government has now decided to be precise about these matters. In deference to what he has just suggested, I move the adjournment of the debate until later this day.

Hon. Mr. Martin: I should indicate that in the suggestion which Senator McDonald has made, it was not that he did not want to hear Senator Grosart; he was very anxious to hear Senator Phillips (Rigaud).

On motion of Hon. Mr. Grosart, debate adjourned until later this day.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B) AND REVISED SUPPLEMENTARY ESTIMATES (B) ADOPTED

Hon. Lazarus Phillips, for Hon. T. D'Arcy Leonard, Chairman of the Senate Committee on National Finance, to whom was referred the Estimates laid before Parliament for the fiscal year ending March 31st, 1969, presented the following report:

(Read by the Clerk Assistant)

By Orders of the Senate respectively made on Tuesday, February 25, 1969, and Wednesday, March 5, 1969, the Senate Committee on National Finance was directed to examine and report upon the expenditures set out in the Supplementary Estimates (B) and Revised Supplementary Estimate (B), laid before Parliament for the fiscal year ending March 31st, 1969.

Your committee has examined the said Supplementary Estimates (B) and Revised Supplementary Estimate (B), and heard evidence from the Secretary of the Treasury Board and members of his staff thereon and reports as follows:

1. These are the fiscal Estimates for the fiscal year 1968-69 and bring the total of all Estimates for the year to the sum of $10,822,797,126 and the total of all Loans, Investments and Advances to $754,918,126.

2. Your committee has noted with approval that for the current year the Supplementary Estimates, in number or in total amount, have been less than for many years. This is a step in the right direction which we hope will be maintained in the years to come.

3. The said Supplementary Estimates (B) contained over forty (40) items of one dollar ($1) each, and your committee asked for explanations of these items individually. The explanations have been received from which it appears that these items fall into three categories:

(a) Items authorizing transfers within Votes previously approved by Parliament. (b) Items authorizing transfers from Votes previously approved by Parliament. (c) Items which are legislative in nature.

While the committee has not approved of the general practice involved in these one dollar ($1) items, and particularly of those involving statutory amendments, it accepted the explanations with respect to such individual items contained in the said Supplementary Estimates (B) and Revised Supplementary Estimate (B). These explanations will be appended to the printed proceedings of the committee.

All which is respectfully submitted.

T. D'Arcy Leonard,
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Phillips (Rigaud), with leave of the Senate, moved that the report be taken into consideration now.

He said: Honourable senators, first, I should like to subscribe to the observations made by Senator Grosart with respect to the effective way in which Senator Leonard conducts the affairs of this important National Finance Committee. I have been a member of the committee for a short time only, but I can vouch for the tremendous leadership which Senator Leonard gives us in this respect.

This being my first time on the floor in my capacity as a member of this committee, I should like also to pay my respects to Senator Grosart. I have learned a great deal from him in the course of these proceedings. I know that his application to the deliberations of the committee is an encouragement to younger members like myself.

Honourable senators, I have but two observations to make, in view of the fact that the report of the committee has been read by the Clerk Assistant and is obviously self-explanatory as to content.

My first remark would be to explain the reference to the Revised Supplementary Estimates (B) which we have had before us. Reference is made now not only to Supplementary Estimates (B) but also to the phrase "Revised Supplementary Estimates (B)".

In this connection, if honourable senators have before them a copy of Supplementary Estimates (B), I would draw attention to Item 12b which appears on page 12 thereof. In the event of some senators not having this particular booklet before them, I should like to explain the meaning of the reference to "Revised Supplementary Estimates (B)".

Item 12b, as originally included in the Supplementary Estimates, provides for compensation pursuant to the Government Employees Compensation Act to employees of the Cape Breton Development Corporation who incurred silicosis as a result of employment in the coal mines prior to their acquisition by the Corporation, as if the injury were incurred subsequent to their acquisition by the Corporation.

Honourable senators, it has been found that there were a number of persons who have contracted the unfortunate disease of silicosis by working in these mines and who are not now employees of the Crown Corporation, and who therefore would have been excluded from proper compensation and attention were not the revision made. Therefore, although Item 12b will read in the form in which it appears in the original supplementary Estimates, there will be inserted after the word "corporation" the words "and other persons". That will have the effect of dealing with this oversight.

Honourable senators, the only observation I should like to make is with respect to the important reference by way of the penultimate sentence in dealing with the subject matter of the ordinary one dollar items—in respect of which, as a new senator, I am receiving considerable instruction.

For the guidance of the Senate and for our information, I understand that for the first time these explanations will be appended to the printed proceedings of the committee.

In this respect, I must pay my compliments again to our chairman and to Senator Grosart opposite who co-operated with our chairman and with other members of the committee in that respect.

It has been a most useful exercise in the finance committee to study the method whereby the finance committee has dealt with the reallocation of sums heretofore voted by Parliament, and, in view of the desire of Parliament and of this house, notwithstanding it being a money bill, to see that the vested rights of the Parliament be not lost in terms of the control of the expenditures, I think it is a matter of vital importance that this finance committee in its report has received all the explanations with respect to the so-called $1 items and, by way of supplement, not only is it important that we have received the explanation but that they are very detailed in character. The Department of Finance has co-operated with the committee in this respect, and these detailed explanations will be a matter of great interest to honourable senators, if they will take the trouble to read them.

Hon. Allister Grosart: Honourable senators, may I just make the comment that Senator Phillips (Rigaud) was quite immoderate in his reference to me and much too modest in his reference to himself. Perhaps I may be permitted to say that he is the new acting chairman of the committee and will be chairing the committee for our next four or five sessions. I am sure honourable senators would wish to congratulate him on his very rapid rise.

Report adopted.

APPROPRIATION BILL NO. 1, 1969

SECOND READING

The Senate resumed from earlier this day the adjourned debate on second reading of Bill C-177, for granting to Her Majesty certain sums of money for the Public Service for the financial year ending 31st March, 1969.

Hon. Allister Grosart: Honourable senators, I think there might be general agreement that the course of the debate will be improved by the fact that we have now had from Senator Phillips (Rigaud) a very excellent report from the committee on the bill that is before us. Senator Phillips (Rigaud) made reference to what is perhaps the outstanding feature of this bill, which is the very large number of $1 items included in it. He said over 40—my own count was 50.

I am sure we have never had supplementary Estimates or a supplementary appropriation bill before us that had this strange new

look. Because I am a member of the committee, I am, of course, fully in accord with the recommendation that the committee has made, that every effort should be made to avoid in future the use of $1 items to amend acts of Parliament. I might say that this has been a matter that the committee has engaged itself in for two or three years now. It is naturally a matter of satisfaction to me, and I am sure to other members of the committee, that at least we are getting this kind of action.

Senator Phillips (Rigaud) referred to the fact that probably for the first time in the history of this Parliament, the public servants have now undertaken to explain in writing the reasons for these $1 items. It is true that in the Supplementary Estimates (B) the majority are, as the sponsor of the bill mentioned, vote transfers within a department. I am sure honourable senators are aware of the necessity for that being done by an act of Parliament, because the Financial Administration Act prohibits the transfer of funds beyond a vote.

The bill before us transfers something like $50 million from one vote to another in the Estimates. If honourable senators have wondered why some of us have been regarding this as a very important matter to be discussed and recommended upon by the Finance Committee, perhaps I can give an example that will help to explain. The committee suggested to the Secretary of the Treasury Board that the reason for these large numbers of transfers might be that, when the departments came to the Treasury Board with requests for authorization of additional appropriations amounting to some $50 million, the Treasury Board said to the departments, "We have no more money. Find your $50 million within your present Estimates." That is the suggestion we made to the Secretary of the Treasury Board, and he said, "It is not only a fair question; that is the fact."

This immediately raises the question: Were the Estimates $50 million more than they needed to be? It also raises the point that if there had been financial stringency previously, and if previous Governments had said to departments when they came forward with supplementary Estimates, "Sorry; you go no further. We have no more money", this might have meant savings of millions or hundreds of millions of dollars over the years? I think that is a fair question, because the evidence we have before us is that when the Treasury Board said "No" to the departments, the departments found the money they needed within their present departmental votes. That is in the evidence before the committee which honourable senators can read. It is the main single reason given for this large number of transfers.

I think at this time it would be appropriate for me to add to the tribute that Senator Phillips (Rigaud) has paid to Senator Leonard. We on the committee were somewhat disturbed when we lost by promotion our previous chairman, who was promoted of course to the high position he now holds as Speaker of the house. However, we were happy when we found that Senator Leonard could be drafted back, and, as usual, he did not prove to be a draft dodger. To him must go most of the credit for the fact that our Senate committee has raised this issue and has got action, and that this whole matter is the subject of alarmed and thorough discussion in the other place—or was—on this particular appropriation bill. So, while it is sometimes said that in this place we do not get too much credit for what we do, at least on this occasion we have got action.

I hope I may have the indulgence of the chamber to refer back to the previous report of the committee, because this was to be discussed yesterday, although to accommodate the Order Paper it was left over. But the subject matter of the two reports is almost identical in respect of the major principles that are involved in the recommendations made. The committee in these two reports has made three major recommendations. The first is on these $1 items. We drew to the attention of the Assistant Secretary of the Treasury Board this morning a rather interesting example of what can happen when appropriation bills are used to legislate. The matter we drew to the attention of the appropriate public servant this morning was that in the current issue of the *Canada Gazette*, Part 2, there is notice of an intention to make certain dispositions by Order in Council dealing with the matter under the authority of Appropriation Act No. 5, 1955. In other words, in 1955 there was an amendment—in this case it was not a $1 item—in this Appropriation Act to a statute, and that amendment has yet to find its way into the statutes. In other words, as the public official said, "We are waiting for the consolidation of the statutes."

Now I suggest to all honourable senators, particularly to all those who are learned in the law, that this is surely an impossible situation; but it is one that should be remedied, because in this case and in many others a lawyer looking at the Act of Parliament and advising a client as to his eligibility under the act would have to tell him, "You are not eligible under the act"—unless somehow that particular lawyer happened to hear by radar or some other way that the act had been amended in an appropriation act in 1955.

I stress that point because I have been told when I spoke on appropriation bills before that these changes were just temporary matters to deal with emergency situations and they were not really amendments to Acts of Parliament. That is the reason I am most happy that the committeee in such a clear way has recommended that there be an end as soon as possible to the amending of Acts of Parliament by $1 votes. I am not saying there should be an end to all $1 votes. It is obvious that there are times when emergency situations arise and it is necessary to get immediate action in an appropriation bill. I am not objecting to that at all, particularly where the effect of that amendment applies only to a particular case. It is gone; that is the end, and I have no objection. I have no objection to some of the other uses of $1 items. I am speaking entirely of the abuse of this device by amending acts of Parliament in this fashion, and particularly the untidiness on somebody's part in not getting around in 14 years to incorporating that amendment in the act. It maybe laziness, untidiness or a careless disregard for Parliament. Whatever it is, it is something that I would urge requires limitation.

The second major recommendation of the committee deals with a matter that has come out of our discussions of other aspects of the Estimates. In brief, it is that those who have the responsibility for the expenditure of public funds in the federal field as well as at other levels of government should now make it an absolute rule that in future the increases in the percentage of our G.N.P. that is required by governments should remain constant.

If I may give an example, the Minister of Finance speaking in Washington on Monday night, pointed out that the percentage in developed western nations is somewhere between 30 and 40 per cent, that is to say that the level of all government revenues or expenditures, whichever way you like to take it, is between 30 and 40 per cent of the G.N.P. of any given country. The Minister of Finance said we are about half way between that. At the moment, then, we can assume that the requirements of government are 35 per cent of the money our economy earns. The federal share of that is approximately 17.5 per cent, or about half. It depends on the components that any particular economist puts into that figure, and there are considerable variables. The Minister of Finance certainly gave us no hope that this 17.5 per cent out of the total of 35 per cent would decline in the next few years. He said in his speech, "At today's levels there is nothing to indicate that these levels can be dramatically reduced in the near future."

Now it can be argued, and it has been argued, that there should be a reduction both in the percentage of the G.N.P. required by the federal Government and the total percentage by all levels. The committee does not argue with that. The committee, I think, says, "Let us accept the fact that it is going to continue to cost about 35 per cent or 17½ per cent of the G.N.P. to run the country, but let us not go beyond that." This would mean that in the Estimates as we have them from time to time, we would be asking the Government to hold its increase in total expenditures at least to the level of the increase in the G.N.P. This has not been done over the last few years. I think we are all aware that the levels of increase in the G.N.P. in the past eight years have been very large, averaging out at 7 or 8 per cent. The committee report in Appendix A points out that in 1960 the percentage increase in federal Government expenditure, including Old Age Security, was 5.9 per cent and in succeeding years it was 4.3 per cent, 8.3 per cent, 2.2. per cent, 5.4 per cent, 3.9 per cent, 8.2 per cent, and this brings us up to 1966. In 1967 it skyrocketed to 13.7 per cent, and in 1968 to 14.2 per cent. Now, of course it is this huge increase in federal Government spending that many people have said is one of the contributing factors to the scourge of inflation that we have in this country today.

Hon. Mr. Martin: Surely that is true of all levels of government.

Hon. Mr. Grosart: I am sorry, but I did not hear the honourable Leader of the Government.

Hon. Mr. Martin: I have been following the honourable senator with great interest. He

referred to the Minister of Finance's speech in Washington. There, he was speaking not only on federal expenditures, but on expenditures of all levels of government.

Hon. Mr. Grosart: Of course, there is no question about that. Even so, if the federal level had been held down, the total level would have been held down too. I may say there are some who say the federal Government might well set an example to others in this field.

Hon. Mr. Martin: That is what we are trying to do now.

Hon. Mr. Grosart: The honourable Leader of the Government says, "That is what we are trying to do now", and I am glad to be able to give him some support for that statement, because I have worked out the figures for the year ending March 31, 1969 and for the year ending March 31, 1970, based on Estimates at the moment, though the 1969 figures are pretty well all in. With regard to the 1970 figures, we can hope that the Minister of Finance will be able to carry out his intention of not exceeding the estimates.

I said the figure for 1968 was 14.2 per cent; that is the increase in total federal Government expenditures. If my arithmetic is correct, the 1969 figure will be almost exactly 10 per cent, and the 1970 figure will be 9.14 per cent. So that while this will still be considerably ahead of anything we can anticipate as the increase in G.N.P., at least I can say here that the honourable Leader of the Government in quite right in saying that the Government is trying, because it is certainly a decrease compared to these extraordinary increases of 1967 and 1968. I am sure all honourable senators wish the Government unqualified success in persuading themselves and others to implement this recommendation of the Senate Committee on National Finance, and that it is of urgent necessity, for the future of this country, and particularly for the control of inflation, that governments do not increase their expenditures above the increase in the G.N.P.

Hon. Mr. Lang: May I ask a question on this point? Does the honourable senator know if at any time in the past—that is, during the last war—the relationship between total government expenditures and G.N.P. ever exceeded the 35 per cent figure to which he has referred?

Hon. Mr. Grosart: I thank honourable Senator Lang for his question. I asked a similar question of the representative of the Treasury Board this morning, and he said that he would let us have the answer. I was referring only to more or less current Public Accounts. I am not able to say what the percentage was during the war years. It is possible that it exceeded this figure of 35 per cent for all levels, and 17.5 per cent federal, but I am sorry that I did not come prepared to answer that question. I suggest to the honourable senator that he might more appropriately ask the sponsor of the bill, rather than myself, a mere critic—and I recognize the fact it is much easier to be critical than correct.

Hon. Mr. Martin: The G.N.P. in 1945 was only about $5 billion; today it is over $60 billion. So one would have to take into account the rise in the G.N.P. over the years.

Hon. Mr. Grosart: I agree, but this does not affect the percentage, and this is why I believe this recommendation of the committee has the value it has. It is simple; it does recognize the fact that the honourable Leader of the Government has just mentioned, that there are increases. We all know that. One simple reason is the increase in population. However, what the Senate committee recommendation urges is that this be tied to the increase in the G.N.P.

Perhaps it is fair to say that the minister gave an explanation of this very matter. He explained why we are not going to be able to reduce this percentage when he said:

> The size of the public sector is a direct reflection of the complexity and interdependent nature of our society, and of the consequent demands by our citizens that governments provide more and better services, and in more areas of life. Governments are building more and improved schools, universities and hospitals. We are extending the highway systems and the welfare programs and we are embarking upon new and expanded programs for the economic development of the have-less regions of our country.

I quote that to show that I am fully aware of the fact that governments need money and will need more money. I am merely emphasizing the fact that the Senate committee has come up with a tool that I believe would solve many of the problems that confront Canada and finance ministers.

Hon. Mr. Burchill: Did I understand the honourable senator to say that 14.8 per cent was the federal Government's share of the 35 per cent?

Hon. Mr. Grosart: No, Senator; the 14.2 figure I quoted was the percentage increase in federal Government spending in the year ending March 31, 1968 over the year ending March 31, 1967. The 17.5 figure I mentioned was an estimate of the total percentage of G.N.P. being expended by the federal Government.

Hon. Mr. Burchill: Do we have figures as to the breakdown of Government spending as between the federal and provincial governments?

Hon. Mr. Grosart: I thought I had indicated that the breakdown between federal, on the one hand, and provincial and municipal on the other, is about 50-50. I do not have the breakdown between provincial and municipal. It used to be done, but it is not done so much now because of recognition of the fact that the municipalities are creatures of the provinces. So, the tendency is to lump provincial and municipal expenditures together and to come up with this equation that roughly half is now being spent by the federal Government and half by the other two levels of government.

Honourable senators, the time is getting on, and there were some other comments I might have made, but perhaps I should reserve them for some other occasion.

However, I would like to mention briefly the third recommendation of the committee, that we should put an end to these open-ended transfer agreements between the federal Government and the provinces. The Minister of Finance, in explaining the fact that his calculations were out last year, drew attention to this. He said that these open-ended agreements make it almost impossible for the federal Government to forecast accurately its own spending. This is so, of course, because by the nature of these agreements the federal Government offers to match the expenditures of provincial governments in certain areas. A very large amount of money is involved here. Nothing is contemplated in the present Estimates that are before us, nor in the Estimates for next year. However, this is a question that goes beyond mere financial considerations. There are political aspects.

I draw the attention of the Senate to the fact that the committee has made its recommendation, which is one that would certainly make the control of finances by the federal Government much simpler than it is at the present time.

Honourable senators, that is all I have to say. Once again, I think the honourable sponsor (Hon. Mr. Langlois) for his explanation, and Senator Phillips (Rigaud) for his presentation of the report of the committee, and the honourable Leader of the Government (Hon. Mr. Martin) and his deputy (Hon. Mr. McDonald) for helping me out of the priority problem I had in respect to the Order Paper.

Motion agreed to and bill read second time.

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

On motion of Hon. Mr. Langlois, bill placed on the Orders of the Day for third reading at the next sitting.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, March 11, 1969, at 3 o'clock in the afternoon.

At this time perhaps I should indicate that it is the intention to have Royal Assent given to certain bills before 6 o'clock on Tuesday afternoon. As the committees will need some time in which to catch up on their work, it is proposed Wednesday be reserved for that purpose.

Hon. Mr. Flynn: All day Wednesday?

Hon. Mr. Martin: Yes, all day Wednesday. The Senate will, of course, resume on Thursday.

Motion agreed to.

PRIVATE BILL

THE PERTH MUTUAL FIRE INSURANCE COMPANY—SECOND READING

Hon. Daniel A. Lang, for Hon. T. D'Arcy Leonard, moved the second reading of Bill S-30, respecting The Perth Mutual Fire Insurance Company.

He said: Honourable senators, this is a private bill respecting The Perth Mutual Fire Insurance Company. As the name implies, it is a mutual insurance company. The purpose of this bill is to convert the company to a

joint stock company, to change the name of the company to The Perth Insurance Company and, in French, Perth, Compagnie d'Assurance, and to convert all existing policies issued by the company on the mutual system to policies on the cash system, consistent with the proposed framework which is a share capital framework.

The Perth Mutual Fire Insurance Company has its roots deep in the history of Canada. Its predecessor company was incorporated more than 100 years ago, prior to Confederation, under a statute of the Province of Upper Canada. It derives its name from the County of Perth, where its business was started and where its headquarters have been. Its business grew and flourished, and in 1952 the company decided to acquire a federal charter to facilitate the doing of business throughout Canada. The federally incorporated company acquired the assets and business of the old provincial one, and has continued to grow and expand. However, the company was a mutual company without share capital, and in the course of time it decided that for further adequate expansion it should change from a mutual company to a joint stock company with an authorized capital of $5 million. This is the first purpose of the bill that is before us today.

The name of the company is changed by dropping the word "Mutual", which is no longer appropriate. The name "Perth" is retained and, therefore, the history and traditions of the company, and its association with the County of Perth, are retained. The head office remains in Stratford.

The company has arranged for the Economical Mutual Insurance Company to subscribe for $1 million of the share capital, and therefore it will have control of the company. Section 8 provides that the Economical Mutual Insurance Company cannot reduce its share holdings below two-thirds of the aggregate share capital without the consent of the Superintendent of Insurance.

By section 11, the act will not come into force until the Superintendent of Insurance has been satisfied that at least $1 million of the subscribed capital stock has been paid up.

A special general meeting of the members of The Perth Mutual Fire Insurance Company was held on November 6, 1968 to approve an agreement with that company for the arrangements set out in the act, and for the subscription by the Economical for 10,000 shares of the par value of $100 each in the new company. This meeting approved of the act and of the agreement with the Economical Mutual.

The Economical Mutual will, at the request of any holder of a mutual policy in the Perth Mutual, exchange its policy on the Mutual system covering the same risk, for the balance of its term with the same rate of premium as was in force immediaely before this act comes into effect.

All the arrangements have been discussed with the Superintendent of Insurance and he has no objection thereto. However, as it is intended to refer the bill, if it receives second reading, to the Senate Committee on Banking, Trade and Commerce, the superintendent will presumably, as usual, be a witness before the committee. The company will also be represented at such meeting to answer any questions of honourable senators.

Hon. Mr. Burchill: May I ask if this is a mutual company?

Hon. Mr. Lang: That is right. It is taking control of another mutual company, which is referring to a shared capital company. The Economical Mutual Insurance Company, as I understand it, is a wholly-owned Canadian company like Perth.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lang, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 549 to 564, inclusive, which were presented yesterday.

Hon. F. Elsie Inman, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 549, for the relief of Joseph Jean Jacques Belec.

Resolution 550, for the relief of Rejean Quesnel.

Resolution 551, for the relief of Dorothy Patricia Blyth Baker.

Resolution 552, for the relief of Jacques Cote.

Resolution 553, for the relief of Joseph Rodophe Tremblay.

Resolution 554, for the relief of Ursula Martha Frieda Brodowiak Young.

Resolution 555, for the relief of Jeannette Altschuler Karpel.

Resolution 556, for the relief of Benjamin Alexander Garson.

Resolution 557, for the relief of Yvonne Cora Le Grys Wright.

Resolution 558, for the relief of Mary Janet Frezell Hibbard.

Resolution 559, for the relief of Mary Rosanna (Roseanna) Jacqueline Crepin Frazer Pieluch.

Resolution 560, for the relief of Alexander Frederick Wicken.

Resolution 561, for the relief of Robert Prince.

Resolution 562, for the relief of John Colivas.

Resolution 563, for the relief of Noreen Jane Hanorah Myles Liddy.

Resolution 564, for the relief of Elizabeth Ann Westwell Janssens.

Resolutions adopted, on division.

The Senate adjourned until Tuesday, March 11 at 3 p.m.

THE SENATE

Tuesday, March 11, 1969

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

Prayers.

BRETTON WOODS AGREEMENTS ACT CURRENCY, MINT AND EXCHANGE FUND ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-138, to amend the Bretton Woods Agreements Act, and the Currency, Mint and Exchange Fund Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

PEST CONTROL PRODUCTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals.

Bill read first time.

Hon. Mr. Martin moved that bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Mr. Martin tabled:

Report by the Tariff Board, dated December 5, 1968, relative to the Investigation ordered by the Minister of Finance respecting Greenhouse Vegetables, Reference No. 140 (English and French texts), together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, chapter 261, R.S.C., 1952.

Sixth Annual and Final Report of the Centennial Commission, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1968, pursuant to section 16 of the Centennial of Canadian Confederation Act, chapter 36, Statutes of Canada, 1963. (English and French texts).

Report on the Administration of the Public Service Superannuation Act, Parts I and II, for the fiscal year ended March 31, 1968, pursuant to section 34, chapter 47, Statutes of Canada, 1952-53 and section 27, chapter 44, Statutes of Canada, 1966-67. (English and French texts).

Capital Budgets of the Cape Breton Development Corporation for the year ending December 31, 1969, pursuant to sections 21 and 26 of the Cape Breton Development Corporation Act, chapter 6, Statutes of Canada, 1966-67, as approved by Order in Council P.C. 1969-339, dated February 20, 1969. (English and French texts).

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate I move, seconded by honourable Senator Langlois, that when the Senate adjourns today it do stand adjourned until Thursday, March 13, 1969, at 3 o'clock in the afternoon.

Honourable senators will recall that it was agreed last week that this house would not sit tomorrow in order to give the committees an opportunity to catch up with their work.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. Leopold Langlois moved, with leave of the Senate, that the Standing Senate Committee on Legal and Constitutional Affairs be empowered to sit while the Senate is sitting today.

Motion agreed to.

COMMISSIONS OF INVESTIGATION

APPOINTMENT, TERMINATION AND COST—INQUIRY ANSWERED

Hon. Earl A. Hastings, pursuant to notice of inquiry, requested of the Government the following information in respect to each Royal Commission or Commission of Inquiry appointed by the Governor in Council since June 21, 1957,

(a) The date of appointment of each Commission,
(b) The date of termination of each Commission, and
(c) The cost of each Commission to December 31, 1968

Hon. Paul Martin: Answered.

In so far as the Prime Minister's and Privy Council Offices are concerned, the answer is:

See attached list of Royal Commissions since June 21, 1957, and the answers to subparagraphs (a), (b) and (c).

For text of answer see Appendix, page 1185.

UNITED STATES ANTI-BALLISTIC MISSILE PROGRAM

QUESTION AS TO CANADA'S PARTICIPATION

On the Orders of the Day:

Hon. Hazen Argue: Honourable senators, before the Orders of the Day are called I would like to direct a question to the honourable Leader of the Government in the Senate. I believe the subject-matter of this question is of tremendous importance to the people of Canada. It arises out of the consideration which I believe is being given at this time by the administration in the United States to the possible establishment of an anti-ballistic missile system.

Hon. Mr. Flynn: Question.

Hon. Mr. Argue: I feel this is of importance because it could well mean a serious escalation of the cold war and the unnecessary use of large resources in the free world for this purpose, and of especially great concern to Canada because Canadian soil will be the "kill" area of any possible system.

My question is: Has the Canadian Government made its position known to the government of the United States, and has concern and opposition to such a possible move been expressed by the Government of Canada?

Hon. Paul Martin: Honourable senators, last week Senator Argue mentioned that he wished to ask this question, and Senator Prowse also indicated his interest in it.

In replying I have to take into account the terms of the question itself. What the United States government does is, of course, a matter for that government to decide. With regard to the light anti-ballistic missile program, which the former Secretary of Defence Mr. McNamara said was directed against China, the Canadian Government indicated that we did not propose to participate, financially or otherwise, in this program. We made this clear when we renewed the NORAD agreement. Similarly, with regard to the larger program, which would involve an expenditure of several hundred million dollars, we would not be financially or otherwise directly involved.

I would simply express the hope as an individual that it would be possible for the government of the United States and the government of the Soviet Union to reach an agreement in the matter of arms control which would avoid the serious launching in either country of such a program. In my personal judgment, if that were done it would make it very difficult for an arms control program to succeed in the foreseeable future. It is clear that the Canadian Government is not involved in either program. This was made clear with regard to the lighter program when we signed the renewal of the agreement known as NORAD.

APPROPRIATION BILL NO. 1, 1969

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-177, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1969.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

11 March 1969

Sir,

I have the honour to inform you that the Right Hon. J. R. Cartwright, P.C., M.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate

Chamber today, the 11th March, at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

QUESTION OF PRIVILEGE

Hon. David A. Croll: Honourable senators, may I, on a question of privilege, rise to ask why Royal Assent could not be given at 8.45 or 9.30 this evening, without disrupting the normal business? We have often had the representative of the Crown here in the evening for the purpose of giving Royal Assent. Why must we have it at 5.45 today?

Hon. Mr. Martin: Honourable senators, the reason is that we had to pass this measure before 6 o'clock, so that certain accounts might be paid.

Hon. Mr. Croll: I remember one occasion when honourable Senator O'Leary (Carleton) held up an appropriation bill dealing with the payment of accounts—and all the bills were paid.

Hon. Mr. Martin: One illegal act does not excuse another.

Hon. Mr. Croll: He never does anything illegally.

The Hon. the Speaker: Do I understand that the question of privilege raised by the honourable Senator David Croll has been disposed of—for today, at least?

Some Hon. Senators: Agreed.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, February 26, the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Daniel A. Lang: Honourable senators, at the outset and in connection with the motion we have before us, I would like to add my commendations to those already given before me in this debate for the excellent, efficient and expeditious work done by Senator Molson as Chairman of the Special Committee on the Rules. I was a member of that committee and saw firsthand how well run a committee of the Senate could be. I think all of us on that committee were impressed with the capacity of the chairman. I should add that the handicap under which Senator Molson worked, namely, having a vice-chairman of the committee as an absentee vice-chairman in the person of myself, did not appear to hinder the work of the committee but, I suspect, rather the reverse.

It was for me one of those unfortunate overlaps to which we seem to be so prone nowadays in our time of heightened activity, that I was in Brussels at the NATO assembly meetings during the latter part of the committee hearings and, indeed, at the time the report itself was drafted.

I must say, however, that when I returned and had an opportunity to read the report of this committee, I was very impressed with it in that it did reflect accurately the feelings of the members of the committee on the matters dealt with and did present a very accurate summation of the various statutes and regulations that we must further deal with and to seek amendment thereto if we are to get some effective reforms in this chamber.

Senator Molson brought to this committee his unique talents, and I for one would like to see these talents more broadly and frequently exercised in this house.

Honourable senators, before dealing with the specific items contained in the motion and because this debate does open for us the opportunity to discuss the Constitutional Conference of a few weeks ago and the White Paper there presented by the Government, I would like to first bring certain matters contained in that paper to the attention of this chamber.

As honourable senators know, the document that I am referring to is entitled "The Constitution and the People of Canada". In the introduction to this paper there is a statement which I think is quite significant and indeed sets the tone of all the other matters therein. It reads:

> A task of historic importance to all Canadians was undertaken by the Constitutional Conference when it assembled in early 1968. At its first meeting held in Ottawa February 5, 6 and 7, the heads of

> the federal and provincial Governments agreed to undertake a review of the constitution.

There we have the initiation of this study.

> Without limiting the general scope of the review, the conference identified a number of areas which needed careful consideration. These were official languages, fundamental rights, the distribution of powers, the reform of institutions linked with federalism, including the Senate and the Supreme Court of Canada, regional disparities, the amending procedure and provisional arrangements and the mechanism of federal-provincial relations.

Honourable senators, I think it is apparent from the enumeration contained in that clause that what is referred to in the paragraph itself, namely, a number of areas that have been identified to be brought under review, is in fact our entire constitutional structure, for contained within those words everything pertaining to our Constitution comes under scrutiny.

Honourable senators, that is indeed a most formidable task and one which today particularly may be fraught with great political danger. The introduction goes on to state:

> The decision of the conference made possible two approaches to the review of the Constitution. One approach would involve separate consideration of particular areas of the Constitution where urgent problems have appeared. The other approach would involve a general and comprehensive review commencing with the objectives and principles of the Constitution and proceeding systematically through all its aspects. The Government has favoured the latter approach because it appeared to offer the best opportunity for success.

Honourable senators, if we assume that there is a real necessity today for change in our Constitution—and I think our present difficulties right across Canada, together with finding ourselves in the midst of emergencies, would lead us to assume that this necessity is real, then I think we would be foolish not to profit by our history over the past 50 years of Canadian attempts to grapple with this problem. From massive royal commissions extending over long periods of time—such as the Rowell-Sirois Commission, the innumerable dominion-provincial conferences and parliamentary studies of the B.N.A. Act, a most exhaustive one being that of the House of Commons in 1935, a transcript of which I would like to have put verbatim in *Hansard* today and no one would recognize any difference—from these surely we can realize the practical difficulties with which we are faced in this task. The almost insurmountable obstacles, frustration and defeats we have met with in the past, we should profit from now. It is safe to say that all these obstacles, difficulties and dangers are still with us, perhaps many times compounded today.

The pragmatism of my Common Law background would indicate to me that in all these circumstances the approach chosen by the Government, namely, an over-all comprehensive review of the Constitution, is far less likely to succeed than the alternative posed by the Government itself, namely, separate consideration of particular areas of the Constitution where urgent problems have appeared.

Legalistic perfectionism, appealing as it may be to the academic mind, may very well hinder rather than advance the cause of recreating, remoulding and formulating a Canadian Constitution—a Constitution that I suggest must not restrict, ossify, or hem in our law and our institutions, but must rather give them capacity to grow and develop deeper and change with the needs and aspirations of the Canadian people as those needs and aspirations develop.

Be that as it may, I state my fear and suspicion of the codifier, my fear that in enunciating, spelling out and entrenching objectives of Confederation and fundamental rights we will delimit these objectives and restrict those fundamental rights rather than assure them and guarantee them. But if this is to be done, the White Paper under those two heads is a good start.

Honourable senators, the next head in the White Paper is entitled "Constitution of the Government of Canada". With one exception this is merely a codification of the statutory framework found in the B.N.A. Act, together with the constitutional conventions of Government that we now live with and accept. The one exception is that part dealing with the Senate, and in a few moments I would like to deal with that in conjunction with the report of the rules committee itself.

Honourable senators, the balance of this White Paper deals with two more heads, namely, provincial constitutions and the judicature. In the careful wording of the brief page entitled "Provincial Constitution" we

come very close to the very heart of what we are concerned about in Canada today, and really the most basic reason for going through this momentous exercise. I say we come very close, for at the last moment the White Paper refuses to touch the very quick of the issue. The page itself starts out with the reassuring words that the Government of Canada recognizes that provincial constitutions are primarily the responsibility of each province, however, with two provisos. The first is that each provincial constitution must provide for the office of a lieutenant-governor, and the other, and by far the more important proviso, is to the effect that each provincial constitution must (a) respect the text and objectives of Canada's Constitution, (b) provide for the fundamental rights of individuals as defined in the Constitution and, (c) provide for election by universal suffrage every five years.

Now, in reverse, honourable senators, I know you will recognize that the provision for universal suffrage is to prevent the unlikely happening of a provincial government by constitutional change turning itself into a dictatorship or an oligarchy. Perhaps such a requirement is necessary today. Honourable senators will also recognize that the proviso as to the observance of the fundamental rights of individuals is designed to protect Canadians against provincial enactments of police state laws.

Finally, as to the requirements for respecting the text and objectives of the Canadian Constitution, what that means is somewhat more obscure, but what I suggest to honourable senators it does mean and what I suggest it should spell out in very clear language is that no province has the right to separate itself from the union. If, however, we believe in Canada, and we know that the vast majority of Canadians believe in our country, I think we should in no way evade this basic, fundamental and immutable tenet. If we do, all the constitutional conferences, all this debate, the work of the committee, of officials, has been for naught. I think we should insist that the tenet should be implemented in our Constitution in unmistakable language as the first and most fundamental proposition of the document.

Honourable senators, I have already dealt too long with this paper, but I have done so because I felt that it is important and because I think it merits a continuing examination by this chamber. I would like to see this paper referred to the Standing Committee on Legal and Constitutional Affairs for study, not at some later date, or after the Commons Committee on Constitutional Affairs has had a chance to study it, but rather now. This paper, imperfect as it is, is an initiative and it is our duty and opportunity to seize that initiative.

The final heading on the White Paper deals with the judicature, more particularly the Supreme Court of Canada. I do not want to go into this area in detail today because it is not entirely germane at this moment. It is sufficient to say that, like the Senate, the Supreme Court is suspiciously regarded in certain sectors of this country as a centralist institution. I hope it will long be a central institution. That it should be a constitutional rather than a statutory institution as proposed is, I think, most sound. If, however, appeals from the Province of Quebec, unlike those from any other province, should be heard by a court consisting of not less than three judges from that province, so be it. It is not necessary for me to say that the Supreme Court of Canada is a court of which all Canadians can be proud no matter what province they come from, and all the constitutional protection we can give to that court we should certainly give it.

Finally, honourable senators, I would like to return to the report of the Rules Committee and the relevant section of the White Paper dealing with the Senate. As I have said before, whereas basically the White Paper merely proposes the codification of existing constitutional statutes, conventions and laws, it departs from this only where it deals with the Senate. The proposals with regard to the Senate involve a basic change of its role, and I suggest that this came about for three reasons. First, I suspect that there has been a fundamental misunderstanding by the drafters of the White Paper as to the primary purpose of the Senate today as an institution of Parliament. Secondly, I suggest that the recommendations may stem from a desire to placate certain elements, particularly in Quebec, who regard this as a centralist body. And, third, I suspect that it may be an easy means of giving provincial elements, particularly in Quebec, a supposed sense of involvement—and I underline the word "supposed"—in federal affairs.

Before going further into that, it would be useful if we quickly reviewed the evolution of our parliamentary system and the role of an Upper Chamber in it. I will attempt to be

brief here. The White Paper itself says, "The basic intent of these propositions is to preserve the system of Parliamentary democracy." If this is so, we must know what the words we are using mean, particularly the words "parliamentary democracy." I wonder whether the drafters of the White Paper are quite clear as to the effect these proposals in regard to the Senate would have on our parliamentary democracy.

The word democracy, of course, as you all know, comes from the Greek word *demos* meaning "people" and *kratos* meaning "rule". It is interesting to note that the Greeks developed an intense and concentrated form of political life in their very small and uncomplicated city states. There, everyone except the women and slaves knew every law, voted on every edict and participated directly in every election. Theirs was a direct democracy in the classic sense. Today it would be called rather loosely a participatory democracy.

I cannot help turning aside here to comment that it should be apparent to anyone but the most unsophisticated that with the evolution of society and western democratic institutions over the last two thousand years the last direct or participatory democracy possible vanished from the scene with the disappearance of the civilization of Ancient Greece. I suggest that the words "participatory democracy" in their real sense, applied in the context of a modern, complicated industrial state today, have absolutely no meaning.

However, the Greeks started it, but it was not until 1792 that Rousseau in France gave the philosophical dimensions from which the modern democratic governments in all their forms evolved. The lineage of our responsible, representative democracy in Canada is clearly British, and with it we inherit both the very great strengths and the very great weaknesses of that system. First, I think we should remind ourselves what we are not. We are not a direct democracy like the Greeks; that is, a direct or participatory democracy. We are not a constitutional democracy like the United States. And I trust we are not a totalitarian democracy like Russia—and I do not want you to think there is a contradiction in those two terms. Ours is a representative democracy whose roots lie in the pragmatism of Bentham and the moral concepts of Mill. Deeply embedded in our system is the notion of parliamentary sovereignty conceived in moral rather than legal terms. I contrast that with the legalism of the White Paper. Our tradition recognizes no distinction between ordinary and constitutional law, and insists on complete legislative sovereignty in the Queen and Parliament.

Now, honourable senators, I give to you a summation of the tremendous weakness that is involved in these concepts. The effect of this doctrine under modern conditions is to give practically unlimited powers to the leader of any party able to win an absolute majority in the lower house. The place of the modern Senate of Canada in our constitutional framework, I think, must be viewed today against that background. Because honourable senators are so familiar with the debates about the role of this body at the time of Confederation and subsequently, I do not want to elaborate on that. May I rather quote from F.A. Kunz's recent book *The Modern Senate of Canada,* in which, in my opinion, he summarizes the political equation of that time entirely correctly. This has to do with the role of the Senate, as emphasized at the time of Confederation. He says:

> The assertion of the federal formation of the Senate at the time of Confederation, therefore, was rather a well calculated political device used as a constitutional tranquilizer to palliate the sectional fears of the weaker partners to federalism from the numerical majority of the House of Commons. In order that such fears might not endanger the ultimate outcome of the bargain—

That is Confederation.

> —the value of the Senate as a reliable safeguard of provincial rights had to be stressed.

Honourable senators we all know the famous words of George Brown when he said: "Without it"—that is without the Senate—"we could not have advanced a step."

The point I wish to make this afternoon is that at the time of Confederation the role of the Senate as a safeguard of provincial rights was deliberately overplayed in order that the bargain might come about, but I similarly suggest that that may never have been the primary role of the Senate. I suggest that the prime imperatives of a modern Senate in Canada are not—and I repeat not—in the words of Sir Alexander Campbell, "to give to each of the provinces adequate security for the protection of its local interest," but rather

its role today is to secure a check and balance on the increasing executive power inherent in the parliamentary system of a complicated modern industrial state, when such executive is acting through a conditioned party majority in the Commons.

This is the great danger or weakness in the parliamentary system we have inherited. This is a weakness well guarded against in the United States in their constitutional system. You may very well ask me why we may be more vulnerable to this weakness than the people of the United Kingdom. I would suggest it is because in a very real measure our multicultured society does not carry deeply embedded in it the broad uniform respect for individual liberties and civic morality that is so characteristic of the British people in the tradition of Bentham and Mill—perhaps sometimes very crudely summed up in the phrase "sense of fair play". Weak in this tradition, we must recognize the pre-eminent role that must be played by the Senate as the independent counterpoise to the exercise of power by the executive.

As representative of regional, provincial and minority interests, the Senate plays its part, but today the House of Commons can also play that part. Indeed, provincial governments play it more effectively than any other bodies in Canada. For political reasons these considerations were played dominant to assist the bargain made at Confederation. I suggest that the evolution of our society and institutions of government have for now and for the foreseeable future rendered the Senate's function in this respect secondary.

Conversely, with the intensification of governmental activity in a modern state and the concomitant concentration of more and more power with the executive, the importance of an independent Senate as the only effective counterbalance in our parliamentary system becomes paramount.

Honourable senators, if my thesis has merit, then how do the proposals contained in the White Paper bear on it? In fact, proposal No. 38 to the effect that the term of office of a senator should be limited to a specific number of years, perhaps six, with the possibility of renewal, would effectively destroy the Senate as an independent body, and effectively destroy it in its main and primary role. As I see it, in modern Canada, the only constitutional safeguard in our party parliamentary system against unbridled exercise of executive authority is the Senate. To downgrade this role today would be a mistake of momentous tragedy. Some of the objection to such a proposal would be removed if the term of office were not subject to renewal. At least the subservience implicit in such an appointment—that is, for a term subject to renewal—would be mitigated. Then, however, I ask: How many able, competent men would accept appointment here, accept the abandonment of their private careers, especially during their most productive period in life, to serve for six years in the Senate and then start over again? I leave that for the consideration of honourable senators.

The other proposals contained in the White Paper, particularly the re-organization of the Senate to provide for more direct representation of the provincial and regional interests, and for nomination in part by provincial governments, appear to me to be based on archaic notions of the primary role of the Senate, as that role was stressed, for the reasons I refered to, at the time of Confederation.

Such proposals in themselves are not objectionable to my mind, per se; but in order to give emphasis to the secondary role, that is, as a regional representative body, it is necessary—and for very obvious political reasons—to stipulate, as the White Paper has done, that the Senate's power of rejection be curtailed. This stipulation is very artfully downplayed in the middle of the paragraph of proposal No. 40. It is obvious that a Senate consisting of a large representation of provincial appointees, subservient under six-year terms to those governments, even if they were not in a majority, could frustrate the federal legislative process beyond endurance—and because such a body would, of necessity, take on a very strong political hue, far more so than anything the Senate has ever experienced, such curbs on the legislative power of the Senate would of necessity have to be imposed.

Therefore, the price of direct provincial representation is, of necessity, curtailment of the Senate's legislative power and reduction of its role from that of an equal parliamentary institution with the House of Commons.

Therefore, I consider that these proposals would destroy the basic essential elements of this chamber. Among those elements, it would destroy the high degree of non-partisanship which prevails here now. It would destroy that quasi-judicial attitude and

approach which I feel is so essential in this body. It would destroy the equality with and independence from the elected parliamentary body. We would in fact have a Senate subservient to 11 parliamentary executives—10 provincial and one federal—intensely partisan with the result that the Senate would be deprived of its primary constitutional role, namely, that of a counterpoise to parliamentary executive power.

The further suggestion in the White Paper, that the Senate, reduced as I has indicated, be then given additional powers to appoint judges, ambassadors and cultural heads, is a suggestion which I do not think worthy of comment. It seems to me like something borrowed from United States constitutional practice. At best, it would be an odious task, humiliating to anyone who may be considered for appointment to any of those offices, and a task for which this chamber, I feel, is quite unfitted.

Honourable senators, if I may, I will turn now to the Report of the Rules Committee. I should say at the outset that, having been absent from the country, I had no part in its formulation. I think honourable senators will recognize that the point of view I have been expressing this afternoon is to a considerable degree reflected in the report itself.

Paragraph 11 of the report reads:

> The era we now live in reveals a great deal of public discussion and considerable evidence of the danger of parliamentary democracy deteriorating into an authoritarian executive supported by a strong and experienced bureaucracy with Parliament itself relegated to the role of a debating society. When the growing demands, increasing complexity and almost instantaneous communications of problems presented to Government are considered, these fears appear to be not unreasonable.

Thereafter, in the report follow the three sections which have met with the most opposition in this chamber. I feel that the objection taken to those three sections is based on a misconception of the sections themselves and the meaning behind them and lack of understanding of what I consider to be the primary function of the Senate. I refer to sections 12, 13 and 14, those which deal with broadening the base of appointments to this chamber and with the matter of attendance at party caucus by senators.

I think honourable senators would allow me to acknowledge that my own appointment to this chamber was probably as partisan an appointment as has been made, and I think honourable senators will also consider that as far as toiling in the party vineyard is concerned, I have probably done so for as long and as deeply as any other person in this chamber.

Hon. Mr. Connolly (Ottawa West): Do not apologize for that.

Hon. Mr. Lang: With that acknowledgment, and notwithstanding I fully endorse the spirit behind these sections, I think that this afternoon I have developed most of my reasons for doing so, and they are summed up in the first sentence of paragraph 13 of the report, where it says:

> The experience of 100 years now indicates that there is some reason for the Senate to approach its task with full capability and independence.

If I had been writing that sentence I think I would have emphasized more strongly the importance of the word "independence".

Honourable senators, I do not feel that partisan appointments to this chamber are inconsistent with that objective, nor do I feel that attendance at party caucus is inconsistent with that objective. However, I think that every senator here will serve the public interest effectively only if he has a clear understanding of the nature and function of the Senate and if he can place its interests ahead of those of party and of the executive of Government, when it is necessary to do so.

In my opinion, that is the meaning of these paragraphs in this report. If a person cannot place his party loyalties to one side when the paramount legislative function of this chamber is inconsistent with them, then I do not think that person should be here. Such occasions will likely be very few, but they will arise; and ofttimes a person not immediately under the influence of party caucus will perceive the line of demarcation more readily.

The quasi-judicial nature of the Senate requires a degree of detachment not unlike that of a court of law. Attendance at party caucus, particularly by supporters of the Government in the Senate, militates against that sense of detachment. It is not unlike that of a judge who is going to try a case after having sat in beforehand with the plaintiff and the plaintiff's solicitors when the plain-

tiff's solicitors are being briefed by the client. That is an exaggerated example, but it is in that sense that this recommendation comes into the report.

I am not one who is prone to believe that there is any magic in elections that endows the elected representatives suddenly with an omniscient and unique capacity to interpret the "will of the people."

If we bear this in mind strongly, those who wish to do so may very well find enjoyment in attending caucus—and, I suspect, probably with very little loss of judgment, if anything else.

Hon. Mr. Connolly (Ottawa West): Perhaps loss of time.

Hon. Mr. Lang: Finally, honourable senators, I would like to deal very briefly with a recommendation that I might have included in this report if charged with its drafting. It is a proposal consistent with the line of reasoning I have endeavoured to develop this afternoon.

I strongly suspect that the root of concern we so often feel here and which leads us to continual self-examination is the dichotomy between a realization of the equal and independent nature of this body made implicit at Confederation by the security of tenure afforded to us and, indeed, by the refusal at that time to permit the executive to swamp by unlimited appointments—a dichotomy between that and our roles, respectively, as supporters of the Government and of the Opposition. However, senators have in the past been able to adapt to that form of schizophrenia and maintain a balance which has been the hallmark of this institution.

However, I have also long thought that the position of the Leader of the Government in the Senate, when he was also a member of the cabinet, imposed upon the incumbent a dual role of a most onerous nature. Let me quote from the words of such a leader, the Honourable Wishart Robertson, given in this chamber in 1951 shortly after he assumed office. I am reading now from *Hansard* of February 12, 1951, page 53. He said:

> I can particularly recall Mr. King speaking about the growing complexity of modern government, and how difficult it was for Parliament to keep abreast of it all. He said it was a matter of regret that the Senate, which was equal in authority and responsibility with the House of Commons, and which numbered in its membership men of vast experience and wide general knowledge, could not be made more use of in the general business of the country. I returned to the Senate, and in an informal way discussed this conversation with some of my colleagues.

He goes on to say:

> I recall one friend, who is not in the Senate now, but whose judgment I depended upon a great deal, being opposed to it.

This is as to his accepting the leadership.

> He did not argue that sometime, somehow, some changes would not have to be made, but he said to me: 'Your position is that of the Government Leader in the Senate, your responsibility is to the Government, to initiate legislation and get it through, and the better you are able to accomplish that the better you will discharge your responsibility to those who appointed you to office. True, you are also leader of the Senate, but that is only incidental; your primary position is that of government leader'. He went on to say: 'You are relatively new in this position, and my advice to you is to concentrate on the business of doing what you were appointed to do and not worry too much about the Senate. It has withstood a good many attacks and suggested changes of one kind and another. My advice to you is to concentrate on carrying out the duties of government leader.' That advice was very easy to follow then, and is perhaps as easy to follow now. Primarily my position was as outlined in that statement. The government leader comes into this house without having been chosen by his colleagues. I do not know what goes on behind the scenes, but the peculiar fact is that the members of the Senate have nothing whatever to do with the choice of their leader, except to the extent that some of them may be able to influence the government of the day.

Senator Robertson was at that time introducing a motion to study the procedures of the Senate, and one of the recommendations that he himself included in his own motion was that consideration be given to substituting for the position of the Leader of the Government some new machinery that would enable Senate members to be better informed on all

aspects of Government policy and which at the same time would provide the Senate with leadership of its own choosing.

Honourable senators, the Senate and the House of Commons Act recognizes that the "approved Leader of the Government" in the Senate may or may not be a member of the Cabinet and provides for payment to him in the event that he is not such a minister. This section, therefore, recognizes the various roles that such a person can play. I think that we must at all times have in this chamber a representative of the Government in the person of a cabinet minister and one charged with the responsibility of getting Government legislation passed here with the responsibility of informing and advising this house on all Government matters and all Government policies.

That man will be chosen by the Prime Minister of our country. His responsibility would be first and foremost to the Government of the day. I think also that in addition we must have another man here, a Leader of the Senate who is not a member of the Government and who is charged with the conduct of the day-to-day business of this body, and he would receive his emolument for so doing under the provisions of the Senate and House of Commons Act. He would be chosen by the Senate here and his primary responsibility would be first and foremost to the interests of the Senate as such.

Now, most times I know these two responsibilities can be discharged in complete constancy, but there will be other times when this will not be the case, and those are the times when one man cannot serve two masters. Upon those occasions, if we only have one leader in a dual capacity, it will be the interests of the Government that must prevail and not the interests of the Senate that will be served.

I suggest, honourable senators, that if the independence of this body is to prevail—and I think that independence is absolutely paramount to the *raison d'être* of our being—then such a reform is desirable and essential.

Perhaps I have dwelt too long this afternoon, particularly on the role of the Senate. But I have done so because I am satisfied that this institution, notwithstanding all the things that are said about it, is extremely, extraordinarily and admirably suited to carrying out the role for which it was designed—partisan but not too partisan; political but also judicial; a check but not a block; representative of regions but dedicated to the unity of our country.

I have been overlong, particularly because I want above all to see the independence of this body maintained. There is no place for me, and I am sure many others would feel as I do, in an emasculated, subservient constitutionally meaningless Senate.

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Lang: We should remember that the events bringing the greatest credit to this chamber were events when the Senate exerted its independence in the interests of Canada from the days of the Naval Bill, to the class-and-kind legislation, to the Coyne Affair.

Hon. Mr. Aseltine: And the Crowsnest Pass Agreement.

Hon. Mr. Lang: That is right. But there are lesser events that do not catch the headlines that happen here continually, and their accumulative effect over the long run is absolutely tremendous. The Senate's role has changed and will continue to change as our Constitution evolves but, honourable senators, I leave with you finally the proposition that throughout this change the constitutional role of this body, as an independent counterpoise to the executive acting through our Parliamentary democracy, must remain inviolate and immutable.

Hon. Chesley W. Carter: Honourable senators, Senator Lang has already dealt at some length with the points which caused me to participate in this debate today. I hasten to compliment him on the masterful presentation to which we have just listened. However, I intend to approach this point from a slightly different angle, and while my observations may indicate that great minds think alike, I can assure you that there will be very little repetition.

Before going further I would like to add my voice to those who have already congratulated the Special Committee on Senate Rules and its chairman, on the excellent job they have done, as evidenced in their report which is now before us. The restructured committee system appears to be working well, spreading the work load much more uniformly among the senators and enabling the senators to make a more effective contribution.

I should like also to express my thanks to the Committee on Internal Economy for mak-

ing electric typewriters available to Senate secretaries. Honourable senators know that as a matter of principle I have been advocating that Senate secretaries and Senate offices be provided with the same type of equipment and facilities as the secretaries of the other house. Otherwise, we are downgrading the Senate to the status of a second-class institution.

Senator Grosart has already suggested that the Internal Economy Committee should report periodically to the Senate. As a matter of principle I suppose every creature of the Senate should be required to report back to the parent body. I realize the Internal Economy Committee often deals with matters that affect individual senators personally, but I presume that what Senator Grosart had in mind was not a detailed report but a general report, and I see no reason why this could not be done.

A few days ago the Senate amended Bill S-26 requiring the Governor in Council to report back to Parliament for ratification of any changes made in the schedules of that bill. For the sake of consistency the Senate can hardly be less democratic in its own procedures than we require others to be.

On coming to the Senate from the other place I could not help being struck by the civilized way in which the rules are respected in this chamber as compared with the practice in the other house. I can only conclude that senators have a much greater sense of propriety. During the seventeen years I spent in the other house, I listened to countless points of order and of privilege although I never found it necessary to raise a single one myself. Many of the points of order I listened to were spurious, raised in order to get the floor by false pretences so as to put something on the record that the rules were designed to prohibit. It is that kind of a dishonest practice that brings Parliament into disrepute.

Even when genuine points of order were raised and challenged, I discovered that the great authorities, May, Bourinot and Beauchesne, very often disagreed on the point in question, and the result was that equally eminent authorities could be quoted to support both sides of the argument.

From the standpoint of expediting the business of the house, very often much more time was used for debating the point of order than would have been required to state the grievance that gave rise to it in the first place and which invariably ended up on the record anyway.

My experience has been that parliamentary rules and procedures are a combination of good manners and common sense, and are designed for people who appreciate those virtues. Rules are useful for the orderly and expeditious conduct of business, but I am personally delighted with the informality with which they are applied in this chamber. I hope this will continue. On the other hand, I think Senator Grosart's point is well taken, that if they are treated too lightly or waived too often unnecessarily, they will lose their effectiveness.

Honourable senators, what I have said so far is by way of leading up to the main reason for my intervention in this debate. Rules and procedures cannot be discussed in a vacuum; they have relevance only in the context of the functions of the institutions to which they apply. In our own case it is the Senate, and I think it is extremely important that we have a clear concept of what the real function of the Senate is or should be, and how that function will be affected if the proposals set forth in the White Paper submitted by the Government to the recent Constitutional Conference are adopted. I do not share the view of honourable senators who regard these proposals as merely a basis for discussion. I think they are much more than that. They are proposals which have emanated from a great deal of discussion already. Moreover, they are proposals on which the provinces have shown a wide measure of agreement and the federal Government a willingness to accept. They should therefore be a matter of great concern to all who are anxious lest our parliamentary democratic system be destroyed. Too many people take our present democratic institutions for granted, but I for one think the danger of losing them is very real, and the White Paper proposals increase rather than alleviate my fears.

We can assess the role of the Senate only in terms of the parliamentary system of which it is an integral part. The parliamentary system itself can be assessed only in terms of our democratic concepts. What is democracy? It is not merely elections and voting; it is the liberty of the individual and his protection by law not just against bureaucracy but against all other individuals, factions, cliques and organizations so that he can have a free choice. In short, democracy is freedom, and

the whole purpose of a democratic system of government is to ensure freedom and individual liberty.

The two most common forms of the democratic system are the congressional system as in the United States of America and our parliamentary system here in Canada which is patterned after the Mother of Parliaments in Britain.

In terms of the expeditious transaction of the nation's business, neither the congressional system nor the parliamentary system is a very efficient form of government. They are not meant to be. We accept that because we value freedom more highly than we value efficiency. Since their main function is to preserve freedom, both the congressional and the parliamentary systems are composed of different parts which often impede the transaction of business, but they are necessary because these various parts are designed to act as checks and balances to each other.

Our Canadian parliamentary system is composed of the Crown, a bicameral legislative system and the judiciary. Our bicameral lawmaking system consists of an appointed body, the Senate, and an elected body, the Commons. Very often the relationships between the two houses are not as good as they should be. This is largely because members of the other house are so burdened with work that they have no time even to think about the Senate, much less to find out first hand what the Senate's role is, or to appreciate the very great amount of excellent work done in this chamber. I know that was the case with myself. There are others in the elected house who take an adverse attitude towards the Senate simply because it is an appointed body with powers equal to their own. They reason that the elected body should be superior because it represents "the will of the people."

Let us look at that claim for a moment. When does an elected person represent the so-called "will of the people"? Is it when he gets more than half the total votes cast, or is it when his votes total more than half the eligible voters? If you take the first criterion, only 119 of the 264 members now sitting in the other place received more than half the votes cast. Some received as low as 30 per cent—scarcely a sound basis for claiming to represent the will of the people.

What it amounts to is that the remaining 145 present sitting members were in effect elected, not so much by the people as by the type of electoral system used. In a sense they can be regarded as being appointed by the electoral system itself. Had a different system been used—say a proportional representation system—they would probably have been defeated.

If you take the second criterion, only 11 of the present 264 sitting members received votes totalling more than half the eligible voters. When you consider that a large number of votes are cast not so much for the individual as for the party or the party leader, the claim to represent the will of the people becomes even less valid.

There are some who would do away with the Senate as the first step towards the destruction of the parliamentary system. These are the enemies of democracy whose objective is to replace it with a totalitarian system. There are others who honestly see no need for the Senate as a second legislative chamber. These people see the provinces getting along with a unicameral system without any apparent handicaps. Provincial legislation might not finally be drafted quite as well, but if the laws are really bad, then sooner or later public opinion or difficulty of administration causes them to be changed, and they argue quite logically that the same would apply to federal legislation. These people, of course, regard the Senate merely as a lawmaking body. They overlook the role of the Senate as a guardian of their individual liberty. I believe that we ourselves are largely to blame for that. So much of our time is taken up with legislation that it is natural for us to look upon it as the Senate's main function, and so we foster that concept to the exclusion of the Senate's other role as an essential part of the democratic machinery designed to protect and safeguard our freedom. By so doing we play into the hands of the very people who want the Senate abolished.

Not for one minute would I wish to minimize the importance of the Senate's legislative function, nor the excellent work it does in drafting and in improving legislation that comes to us from the other house, but, on the other hand, it seems to me that the Senate's role in safeguarding the individual liberty is at least equally important and deserves equal emphasis. I believe the Senate has been very remiss in not exercising this function more fully. We should have interested ourselves much more actively in language rights, in the rights of Indians and of other minorities. Perhaps we should have a standing committee on fundamental rights and freedoms.

If the legislative function is, in fact, the chief reason for the Senate's existence, then I doubt very much if that by itself is sufficient to ensure the Senate's survival, because I cannot see the Canadian people getting very excited over a second law-making body.

Personally, I do not regard the legislative function as an end in itself but rather a means to an end, because without it the Senate could not perform its role as a part of the democratic machine designed to preserve individual rights and freedoms, the end for which Parliament itself was created.

As Senator Lang and other honourable senators have pointed out, the White Paper proposals would radically alter the present character of the Senate to the point where it would no longer be capable of performing this second role. When you alter the Senate you are altering the whole parliamentary system. I do not think the Canadian people realize that. The alterations outlined in the White Paper proposals would, if adopted, emasculate the Senate, destroy its independence and make it incapable of acting as a check or balance against the power of the Prime Minister or of the executive, or of the so-called establishment. The elected chamber alone is not capable of doing this. The sitting members in the other place themselves realize this. One of their chief complaints, one of their greatest frustrations, is their helplessness to cope with the power of the establishment and of the executive. They are seldom consulted when decisions are made that affect their ridings. Very often they do not even know about it until an announcement is made in the press or over the radio. Members of the other place have been struggling against this for years, but their efforts to try to exert more influence on government policy through caucus and parliamentary committees have had only limited success. They have had no success at all in checking the growth of power on the part of the executive and the establishment, because in our parliamentary system there is no way of doing it except through a powerful and independent second chamber that is prepared to exercise its powers and independence when necessary. That, in my opinion, should be the chief reason for the existence of the Senate.

Far from diminishing, the power of the Prime Minister, the power of the executive and of the establishment is actually increasing. More and more legislation is being passed conveying powers to the Governor in Council and to the establishment to enable them to legislate by regulation and to govern by regulation.

But to make matters worse, in recent years a new element has been introduced into our parliamentary system which threatens to supersede the elected bodies both federal and provincial. I refer to the Federal-Provincial Prime Ministers' Conference.

The provincial premiers and the Prime Minister of Canada come together behind closed doors. In secret they make commitments and arrive at agreements which they take back to their respective legislative bodies and present as *faits accomplis*. Thus the elected chambers, both federal and provincial, are by-passed and reduced to the status of rubber stamps for the Federal-Provincial Conference. That is not too much different from the Soviet system. Where does the will of the people come in there? The more the elected chambers are by-passed the more unnecessary they become. The power of the Commons is being steadily eroded in many ways and the only way I see of getting it back is to convert wholly to the congressional system. The more I contemplate the changes which are taking place in our Canadian parliamentary system, the more I am driven to the conclusion that, as a guardian of individual liberties and freedoms, the congressional system is superior because it is less susceptible to alterations brought about by manipulation from within.

Even without those changes which are taking place, it is easy to see that a single elected chamber cannot be an adequate safeguard of freedom. There is nothing to prevent a party with a totalitarian outlook from being elected to office. There is nothing to prevent a party from developing a totalitarian philosophy after having been elected to office. And what about minority governments when splinter parties, holding the balance of power, can dictate the terms on which a government will be permitted to remain in office? A Senate incapable of safeguarding freedom, in my opinion, may as well be abolished; and the White Paper proposals, if adopted, may prove to be the first step in this direction.

With no Senate, or with a Senate emasculated, dependent and powerless, as envisaged in the White Paper, how can our rights and liberties be guaranteed? Someone may say: What about the Constitution? We hear a great deal about the Constitution, in these days. The Government has suggested a brand new shiny one, with a bill of fundamental rights enshrined in it.

I studied the written constitutions of several nations and one impressed me so much I should like to quote a small part of it. This particular Constitution has a whole chapter, Chapter X, entitled "Fundamental Rights and Duties of Citizens".

Honourable senators, I am quoting only excerpts, for the sake of brevity. I am using only the operative words and I am leaving out those words not necessary to convey the meaning. The relevant parts are:

> Article 123:
> Equality of rights of citizens . . . irrespective of their nationality or race . . .
> is an indefeasible law . . .
> Article 124:
> . . . Freedom of religious worship . . .
> is recognized for all citizens.
> Article 125:
> The citizens are guaranteed by law (a) freedom of speech; (b) freedom of the press; (c) freedom of assembly, including the holding of mass meetings; and (d) freedom of street processions and demonstrations.

Honourable senators, probably you have guessed already the country to which this Constitution belongs. If not, I can tell you that it is the Constitution of the U.S.S.R.—and we all know how much that Constitution is worth in terms of individual rights and freedoms.

The Russian Constitution is worthless because there is no independent machinery to uphold it, and the same will be true of our Canadian Constitution if the Senate is abolished or emasculated. It is ironic that the document setting forth the basis of a bright new shiny Constitution should also contain proposals for rendering impotent an essential part of the machinery required to uphold that Constitution and to make it effective.

Honourable senators, the very existence of a powerful, independent Senate is in itself a deterrent to the abuse of power. Without it, our Canadian Constitution will not be worth the paper it is written on and there will be no means of checking the growing tendency towards totalitarian practices in our Government, even if the outward democratic forms are preserved.

Perhaps I am over-sensitive to the threats to our individual rights and liberties. I am not against change: I realize that change must come and that changes must take place in the Senate. But, someone has said that "Eternal Vigilance is the price of Freedom." So many countries have taken the attitude that "it cannot happen here," only to find later, to their sorrow, that it did happen, that we cannot afford to be complacent.

Honourable senators, the freedom we enjoy today is not free. It was purchased at a terrible price and it is maintained at a frightful cost—111,000 Canadians, along with millions of others, gave their lives in two world wars, and countless millions more shed their blood and gave their limbs and their health that we might be free.

When I think of that price, I feel I would not be keeping faith with them if I did not speak out against any step which would tend to make their sacrifice futile.

On motion of Hon. Mr. Argue, debate adjourned.

OMBUDSMAN COMMITTEE

MOTION FOR APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, March 5, the adjourned debate on the motion of Hon. Mr. Croll that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the Ombudsman Committee.

Hon. Romuald Bourque: Honourable senators, my address at this time is to resume the debate on a motion that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the Ombudsman Committee. I intend to make my address in English, but since the preparation of my address, I discovered an article entitled "When there is an Ombudsman", which appeared in *Bien-être Social Canadien,* a French publication of the Canadian Welfare Council, the November-December 1968 issue. Before speaking in English, I would like to cite a few paragraphs from this French publication, which was prepared for Workshop No. 3 of the Canadian Conference for Human Rights:

[*Translation*]

> In the light of recent events which, in Nova Scotia, surrounded the appointment of a provincial ombudsman, a working paper, prepared by Mr. D. C. Rowat, for workshop No. 3 of the Canadian Conference for Human Rights, will certainly be of interest to readers of *Bien-être social canadien.*

The title of the paper is: The Ombudsman.

Here are a few excerpts.

> The ombudsman is the bridge between individual citizens and officials who perform administrative duties regarding these individuals. On the one hand, where there is an ombudsman, citizens who are victims of administrative abuses can express their grievances to an influential official who has the authority to inquire into the procedures that gave rise to the grievance, and to make recommendations to the department concerned. On the other hand, the ombudsman serves the government by indicating which administrative areas need improvement, which administrative mechanisms do not work properly in their dealings with the people. Besides, his report to the department concerned will be based on a more objective and more logical analysis than the report of the citizen who feels he has been wronged.
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> Before a more careful consideration of existing institutions of the ombudsman, it is useful to find out the general characteristics of an ombudsman and some analogies between existing institutions, to obtain a more definite image of the role, the functions and the duties of an ombudsman. In general, the ombudsman is appointed by the legislature, although selection methods differ. Usually, he is independent from the government to ensure that he will be able to judge different cases objectively. This independence is the most vital point. He would not be efficient if ties of a kind could influence his inquiries or recommendations.
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> Wherever there is an ombudsman, complaints can be made by individuals who have grievances, but sometimes the ombudsman has the authority to inquire on his own initiative. He is allowed to search through office files and correspondence, except when the communication of such information could endanger national security. In many cases, the departments and services that are open or closed to the ombudsman investigations are indicated.
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> According to the different institutions, there is a variety of powers of recommendation.
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> The need of the Ombudsman is directly related to the greater expansion and complexity of government. The need does not point to a particular weakness of the administration, but it rather arises from the fact that the government, with an expanding sphere of action, affects the life of citizens in a thousand different and increasingly complicated ways. Besides the simple errors officials are exposed to, the government machinery might not have foreseen some abnormalities susceptible to impair it, as when new and special cases upset the rules of the game. Complaints made to the Ombudsman can raise problems such as expropriation, definition of security risk, limitation of freedom, abuse of official functions, delay, indifference, unjust action, licence granting, etc.

[*English*]

Honourable senators, I am pleased to give my complete support to the most interesting proposal made by honourable Senator Croll, that serious consideration be given to the establishment in this country of an office similar to that operated in other countries, and in at least two Canadian provinces, an office of citizen's protector, or as it is now commonly known, an Ombudsman. I understand that the province of Quebec is also in the process of setting up the office of Ombudsman.

I would also like to pay tribute to the honourable proposer of this measure, the distinguished member of this chamber who during a long career has done so much to promote humanitarian interests and to make more effective the principles of democracy in which we all believe but which we so often fail effectively to support. Senator Croll has a deep understanding and affection for the underdog; and it is precisely for the underprivileged citizen, the man, woman or child who does not enjoy under our present system all the real advantages of our democracy, that the office of Ombudsman was first envisioned and then, by other governments, created.

As the complexities of our modern society increase and as the business of Government and law enforcement and public welfare becomes more and more entangled in nets of bureaucratic red tape, the ordinary citizen for whom it was always believed the democratic system was devised, has become, if not the forgotten man, at least a frustrated one. It

is a brave Canadian today who ventures to enter the hazy maze which surrounds the day-by-day activities of Government bureaux, overtaxed law courts, expanding and increasingly impersonal big business and an ever-more complex social system.

This is not said in criticism of Canadian Government departments or the civil servants who man them; it is not a critism of the courts of law, federal, provincial or municipal, or the judges or lawyers or officials who attend them; neither it is a criticism of the management of big business or the enormous labour unions or of our social welfare organizations, either public or private.

It is simply recognition of the fact that everything has become too big, too busy and inevitably too impersonal to serve effectively the people these political, economic and social organizations were created to serve. The purpose of Government departments is not, as some people might suppose, to provide employment or increase Government prestige. It is to provide competent, humane and effective services for Canadian taxpayers. The fact that these services are not always available to those who need them most is the fault, not of the individuals concerned, but of the constant proliferation of bureaux, the growth of business "conglomerates" and the overwhelming overlapping of social agencies of all kinds.

Add to all this confusion the problem created by a growing population spread across thousands of miles, with a division into two official language groups and the added difficulty of comprehension among peoples whose mother tongues are neither French nor English.

The institution of Ombudsman, while very new in concept to most Canadians, has ancient roots. The Ombudsman is in essence a "citizens' protector" and in one form or another, not always known as Ombudsman, he exists in nine different countries. He was created in answer to the question, "How best can we inquire fully and quietly into asserted official impropriety or insensitivity," and his manner of procedure is very clearly described in an international survey conducted by Walter Gillhorn, Professor of Law at Columbia University, and published in book form by Harvard University Press.

In ancient days rulers with supreme power, going back to the time of Solomon, listened themselves to their subjects' complaints even, and in fact most often, when these complaints were directed against the king's own servants. The ruler then rendered a judgment dismissing dishonest or incompetent servants, if he considered the complaints justified. There was a certain risk involved in this procedure, however. An unsuccessful complainant might well find himself deprived of his liberty, or even his head.

Today, in our vast and infinitely complicated society, few if any private citizens, however put upon, have real access to the foot of the throne. The rights of the citizen, including his right to protest and to be heard are enshrined in masses of laws, rules, regulations, constitutional amendments and honoured traditions—but a thousand anonymous faces block his progress to the seat of power.

He need not be an advocate, but an understanding and informed listener and guide who will lead him through the corps of King's agents, advisors, judges, tax collectors, policemen, all of whom have now come to speak in the King's name. For these agents may be incompetent instead of wise, they may be ruthless instead of understanding or sympathetic, disloyal instead of dedicated, corrupt instead of upright—he is nevertheless at their mercy. A loyal subject, or an honest citizen in a democracy such as ours sometimes needs a protector not against his ruler but against his ruler's agents. In our case in Canada he needs protection even against the servants of Parliament.

Majority government, Mr. Gillhorn points out in his excellent treatise, can be just as tyrannical, just as misinformed and just as dangerous to individual rights as an absolute monarch. But it lacks one essential power; it cannot long remain a majority in the face of frequent injustices. People will turn against it and throw it out. It is consequently as much in the interest of government to see that the voters are not treated unfairly, by dishonest or incompetent officials or agents, as it is in the interest of the voter to see that his interests are protected. Government, then, as much as the individual citizen has much to gain from the appointment of an Ombudsman who can sift out serious troubles before they become critical.

An Ombudsman may in many respects be compared to the grievance handling machinery in a private enterprise. Business long ago discovered that it was wisdom to have in their organizations individuals or committees before whom employees could air grievances and from whom they could expect to receive intelligent redress. Businessmen realized that the old workman-boss relationship was no longer possible and they had to impose fore-

men, superintendents, managers and others between themselves and their employees. This was the first step. Later, management realized that it was not infallible, that it and its agents can make mistakes and that when such mistakes do occur it is to the benefit of the employer that a grievance be aired and that, if it is justified, a remedy be found for it.

It is against that background that we should study and make recommendations regarding the form in which we in Canada should make such citizens' protection available. In the Scandinavian countries they have had Ombudsmen for nearly two centuries, beginning in Sweden. New Zealand now has its own Ombudsman, and here in Canada we have such an official in the provinces of Alberta and New Brunswick, and now they are in the process of setting up the office of Ombudsman in the Province of Quebec.

I am sure Senator Croll will agree that the services which a true Ombudsman could and should perform for Canadian taxpayers are too numerous to be outlined here. He would agree, too, I am sure, that while we refer for purposes of discussion to an Ombudsman as if he were a single individual, what we will really need is a corps of Ombudsmen working out not only in the national capital but in all parts of Canada, perhaps in co-operation with each of the provinces.

It is easy to anticipate the objections which will be raised to such a project. This, people will say, is just the creation of more jobs, more official positions which in turn will not help but will stand in the way of the citizen seeking justice or help. Instead of going direct to the department concerned, the harassed citizen will now be compelled to make his complaint first to the Ombudsman, or his assistants, and then proceed from there, after further delays to the departments or offices he should have gone to in the first place. This is a reasonable argument and one which must be carefully considered when action towards the appointment of an Ombudsman is taken, as, I believe, it inevitably will be. Great care must be exercised to see that such does not occur.

Fortunately, we have other examples to go by, and experiences to date have shown that Ombudsmen have very successfully performed the tasks which we envisage for them. The institution is an ancient one in Scandinavia and one that those proudly democratic peoples have never abandoned. At home, in Canada, the Province of Alberta has such a position, and after a short trial period is apparently determined to continue it. The first occupant has publicly described both successes and failures and, after being confronted by personal problems of several thousand Albertans, is only the more impressed by the need for the office.

Canada on all three levels, political, legal and social, is already engaged in projects which are both idealistic and practical. We have in the world a reputation as peacemakers, as helpers of peoples of all races, colour and creeds when they are in distress. We have an international reputation for our standards of justice and our respect for law, and in the fields of social science and social welfare we are among the most enlightened nations.

In short, we give money for foreign aid, not enough some would say, but on a level of generosity higher than that of most other countries. We provide money for legal assistance for individuals charged with criminal offences who cannot afford to hire their own lawyers, even though in many cases those so helped are confirmed criminals. Privately and through numerous government agencies, we provide financial aid to the sick, the blind, the unemployed and the homeless.

We have all the facilities for the Just Society. Where we fail is in providing a clear, traffic-free bridge between the facilities that are available and the plain, ordinary everyday citizen who may find himself in need of them. There are laws on our statute books to protect every citizen against every form of legal chicanery and every kind of violence or threat of violence. There are departments and services in almost endless array sufficient to meet every individual's legitimate needs and help him over almost every emergency.

But when the emergency arises, when the citizen needs help, he is far too often lost in a bewilderment of laws and regulations. He needs a guiding hand, an experienced hand which can tell him what his rights are, what he can do about them and where and to whom he should go. And he needs to be sure that the agents or agencies he approaches are well and honestly run, capably administered and efficiently operated, and judged so by a competent, independent assessor—in short, an Ombudsman.

No citizen today can expect to be an expert on even municipal regulations. If he believes he is unjustly accused of an offence against

some local regulation; if he believes he is unjustly assessed for taxes or payments of any kind; if his home is threatened by expropriation, or if his dog is illegally carted off to a pound, there are only two courses open to him: he can make the round of local offices, filling out forms or pouring out his story to unsympathetic departmental clerks' ears, or he can hire a lawyer at his own expense, not to get justice for him but to tell him what to do to get it for himself.

These are some of the kinds of problems with which an Ombudsman will deal. They are not very important problems perhaps in the terms of the national interest, but what, indeed, is the national interest but the combined interests of each of a nation's citizens, rich or poor, sick or well—yes, even good or bad?

People were not made for governments; governments were made for people. We may have lost sight of that fact as we go on erecting magnificent public buildings, hiring more and more public employees, becoming more and more involved in gigantic structures and projects, all of them very far removed from the daily life of the people who create us and whose daily activities and dollars support us. It may seem strange that today, when we talk so much about freedom and democracy and the great advantages of our way of life, the people should need an intermediary between themselves and their own creation—government. But the need is there, and it is nobody's fault; it is just the penalty we pay for our constant human desire for size.

We in this historic chamber are better informed than most Canadians about the complexities of our laws and our social agencies. Many of us have been actively engaged in public life for many years, some as law-makers in our country's various legislatures, others engaged in important undertakings in our own provinces and cities. Yet I venture to say that any one of us, faced by any number of personally important problems affecting our freedoms, our economic security or just some of our daily pleasures, would be hard pressed to decide what we should do without having the advice of someone we know and trust to guide us. We have among our associates that person to go to; he is in a sense our own personal ombudsman, although we would not think of referring to him as such.

But what about the middle-aged man living in a working community in a big Canadian city? He may have come to Canada from another country and have a poor command of either French or English. Over the years he has worked hard and saved enough money to buy a small home. Now, after his payments are almost completed, he is told that he has not bought a house at all; what he has been doing is paying rent, and he is now about to be turned out for another tenant. He is frightened and bewildered. To whom can he turn? He does not have a personal ombudsman to help him solve his problem. He does not have money to pay for a lawyer. When he does appeal to an official agency for help he can never be sure that that agency is not the cause of his catastrophe in the first place. Multiply his case by a few hundred thousand, add a few thousand illustrations of the kinds of things that can happen to any honest, decent Canadian in any walk of life who is just unable to find his way around in government, big business, social and legal circles, and you have a job ahead for an Ombudsman.

Perhaps it is the duty of every citizen to find his own way in our modern society's maze; perhaps a man should look after himself and not expect the state to look after him. But perhaps we should realize that in this modern world, much more than in the past, we must be our brother's keeper, because if we are not we will find more and more social unrest, more and more of the kind of trouble that besets us now. There are many restless people in our world today, and they are not by any means all the sons and daughters of the poor and the downtrodden. Many of them are from well-to-do, middle-class homes, homes whose families have been educated people, sometimes professional men and women, sometimes successful business executives—sometimes, let us face it, successful politicians. Their restlessness, evident in our universities and among what we term the young intellectuals, is a product of an affluent society which boasts of everything man could wish—except humanity.

We have everything money can buy. Our major concern seems to be the ability to consume everything that is spread before us. Once, a few years ago, we charged our young people with being materialistic; all they were interested in was money, the least possible work for the biggest possible return. Today money is not their main interest. They look upon success in business with a certain amount of scorn. They riot and demonstrate, demand a bigger share in shaping their own lives, turn to drugs which were unknown in

our youth, and generally appear to be doing everything they can to shock their elders. This is not a disease, honourable senators, it is a symptom. It is a reflection of the one great lack in our society—a lack of the human, understanding touch. The world today is not our world. Out of it has gone, for one thing, the comfort that many people found in religion. Society has become its own god, and society is itself a vain impersonal thing.

Nobody would suggest that the appointment of an ombudsman would end the restlessness, the futility and the desperation which seem to stamp our new society. But if it served to reassure large numbers of people and to restore some of their faith, if not in a god, at least in their fellow human beings, that would be well worthwhile. The principal value of an appointed ombudsman might well be the psychological effect it would have among people. Men and women living under constant stress might be relieved to know that somebody cares, someone is willing to act on their behalf to make a living reality of the "just society."

What will it cost? No one can say. What does it cost to send aid to the starving in Africa or Asia, to help the people of India raise themselves by their own bootstraps, to redevelop a slum area in a Canadian city, or to provide legal aid to a criminal awaiting trial? All these are necessary, and the taxpayer, whether gladly or not, foots the bill. All the works of government are his; all the creations of industry or our private or government agencies in whatever field of endeavour are his. The least we can do, it seems to me, is to give him the help he sometimes requires when he is overcome by the complexity of what he, through his representatives in the board rooms and in government, has built.

The honourable Senator Croll has in his time paved the way for many enlightened acts to become part of the *Statutes of Canada.* His concern has always been for those who are unable for one reason or another, not necessarily economic, to look after themselves. His proposal to have an Ombudsman for Canada is a logical plank in his personal platform of enlightened liberalism.

On motion of Hon. Mr. Macdonald, debate adjourned.

PESTICIDE RESIDUE COMPENSATION BILL

SECOND READING

The Senate resumed from Thursday, February 27, the adjourned debate on the motion of Hon. Mr. Hays, for the second reading of Bill C-155, to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards.

Hon. Hazen Argue: Honourable senators, I have a few brief remarks I should like to make on second reading of Bill C-155, which was introduced a few days ago by the honourable Senator Hays, when he very capably explained the main features of the bill.

I think it is particularly appropriate to be dealing with this bill at this time, since it follows the outstanding speech just delivered by the honourable Senator Bourque.

Some Hon. Senators: Hear, hear.

Hon. Mr. Argue: The honourable senator has pointed out, in an exceedingly able manner, how necessary it is for the Parliament of this country to make certain that the ordinary citizens do not become victims of Government action over which they have no control and about which they have no appeal.

This particular measure is rectifying, in its own way, in its own field, that very thing the distinguished senator has been speaking about. This legislation provides that the Government of Canada will make compensation to agricultural producers who are required to destroy their vegetable or animal products because they are found to be contaminated. Until this time, compensation has been difficult to obtain and in many well-known instances was not obtained at all.

A few years ago, a dairy farmer in Grand Forks, British Columbia, was able to procure cull potatoes at a very low price. He fed them to his dairy cattle, and it was found that those potatoes contained DDT and thus had contaminated the farmer's milk. He had to destroy his whole production, and he was forced out of business; but, under the existing law, he did not receive compensation. This is the kind of thing which the honourable Senator Bourque had in mind, I am sure. Producers of agricultural products who may face the necessity of destroying those products

because of contamination, who lose incomes because of contamination, through no fault of their own, will be compensated under this legislation.

I feel that the provisions of the act, providing for an assessor to make an appraisal, the assessor being a judge, providing also for an appeal to another assessor, if necessary, who also would be a judge, should go a long way to guarantee fair and reasonable compensation to agricultural producers.

Honourable senators, when I adjourned this debate some days ago, my main purpose at that time was to deal with the great danger which derived from the use of many pesticides in this country. Looking over this bill, and Bill C-157 which was given first reading today, I feel that the main body of my remarks are in fact related to Bill C-157 much more than to Bill C-155.

Therefore, honourable senators, with those few comments, I wish to support this legislation and to congratulate the Minister of Agriculture and the Government on taking this very important step forward.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Argue, bill referred to the Senate Committee on Banking, Trade and Commerce.

MASS MEDIA

MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, February 5, the adjourned debate on the motion of Hon. Mr. Davey, that a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada.

Hon. Charles McElman: Honourable senators, I wish to commend Senator Keith Davey for drawing the attention of Parliament to the vitally important subject of ownership and control of mass media in Canada and the influence exercised by such media upon Canada and Canadians.

Let me also extend my compliments to Senator Davey on his outstanding and informative address in introducing this motion.

It is my considered opinion that a Special Committee of the Senate should be constituted to consider and report upon this urgent matter. I use the word "urgent" advisedly. Although we yet have time, in this nation, to protect the public interest by preventing ownership and control of all major elements of mass public communication from falling into the hands of a very few influential people or a very few powerful conglomerate corporations—although we yet have time, that time, I suggest, is becoming limited.

In relative terms, the broadcast media have been with us for only a very short period of time, and television for a much shorter period of years than radio. And yet, already, the ownership and control situation is out of control in the United States.

Multiple ownership, cross ownership of different media—newspapers, magazines, television, radio, cablevision—by conglomerate corporations, cases of almost total ownership of all major media in a given state or region, and other undesirable situations, have been permitted to develop to such a degree in the United States that, at least for the present, the Government agencies established to protect the public interest are virtually hamstrung in their attempts to do so.

These multiple, cross and conglomerate ownership situations have advanced their control of the major means of mass communications in the United States, during the past few years, at such a rapid pace that they now exercise an influence upon legislators, through lobby and intensive public relations campaigns, which prevents legislators and responsible government agencies from reasserting the public interest in licensing of broadcast media.

There are a few exceptions to this generalization, the prime one in recent years being the intervention by the United States Justice Department which prevented the ultra-powerful International Telephone and Telegraph from acquiring ownership and control of the influential American Broadcasting Company network.

Let me call upon your patience, honourable senators, while I relate, as briefly as possible, some aspects of this now famous case.

There is little need to explain to this house the almost unbelievable national and international influence of the ITT conglomerate, nor the exceptional influence upon United States public opinion of the ABC network. But, for the record, it should be noted that ITT encompasses 433 separate boards of directors and has significant holdings in at least 40 foreign countries. It is the ninth largest industrial

corporation in the world in size of work force. It is also important to remember that approximately half of its domestic income comes from U.S. government defence and space contracts.

The American Broadcasting Company, in 1966, had 399 theatres in 34 states, five VHF television stations, six AM and six FM stations—all in the top 10 broadcasting markets—and one of the three major television networks—and one of the four major radio networks in the world.

At the time of that merger application before the US-FCC (Federal Communications Commission)—the body established to protect the public interest in broadcast media ownership and licensing—the ABC had 137 primary television network affiliates which could reach 93 per cent of the then 50 million television homes in the U.S.A., and its radio network affiliates could reach 97 per cent of the then 55 million homes in the U.S.A. with radio receivers. ABC also had interests in, and affiliation with, stations in 25 other nations, known as the "Worldvision Group." The proposed merger of ITT and ABC would have placed this vast accumulation of mass media, and one of the largest purveyors of news and opinion in America, under the control of one of the largest conglomerate corporations in the world.

The FCC hearings on this application were held in 1967. Testimony then taken revealed that ITT exerted pressure upon representatives of both AP and UPI wire services and reporters of the *New York Times* to change their stories to favourably reflect ITT interests. A senior vice-president of ITT went so far as to spread false information in defamation of one of the members of the Federal Communications Commission then hearing the application. Despite all of this, the FCC in a 4-to-3 majority decision approved the application.

At this point the U.S. Justice Department stepped in and appealed the decision before the U.S. Court of Appeals.

In the face of this unusual determination to protect the public interest, ITT aborted the merger and thus failed to acquire ABC.

Mr. Nicholas Johnson, one of the three dissenting members of the FCC in this case commented on his reasons for opposing the merger application, in these words:

> To do an honest and impartial job of reporting the news is difficult enough for the most independent and conscientious of newsmen.
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> ABC newsmen could not help knowing that ITT had sensitive business relations in various foreign countries and at the highest levels of our government, and that reporting of any number of industries and economic developments would touch the interests of ITT.
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> The mere awareness of these interests would make it impossible for those news officials, no matter how conscientious, to report news and develop documentaries objectively, in the way that they would do if ABC remained unaffiliated with ITT. They would advance within the news organization, or be fired, or become officers of ABC—perhaps even of ITT—or not, and no newsman would be able to erase from his mind the idea that his chances of doing so might be affected by his treatment of issues on which ITT is sensitive.

Nicholas Johnson, on the basis of evidence and testimony before the FCC, made this further comment on control of media and the power influenced through them in the U.S.A.

> I fear that we have already reached the point in this country where the media, our greatest check on other accumulations of power, may themselves be beyond the reach of any other institution: the Congress, the President, or the Federal Communications Commission, not to mention governors, mayors, state legislators and city councilmen. Congressional hearings are begun and then quietly dropped. Whenever the FCC stirs fitfully, as if in wakefulness, the broadcasting industry scurries up the Hill for a congressional bludgeon.

Honourable senators, I apologize for the length of my remarks concerning this United States case, but it was my thought that we should be aware of how "the power game" is being played in that nation through control of the media. This is one of the few recent cases in which the public interest was fully protected and only then through intervention by the United States Justice Department in appealing the decision of the responsible federal agency which had failed to perform its designated public duty.

I stated at the outset of these remarks that we still have time in Canada to avoid the pitfalls of media ownership and control into

which our United States counterparts have stumbled. We must use that time judiciously. The inquiry proposed by Senator Davey, if approved, should provide authentic information and facts upon which proper conclusions may be reached. Out of such a study there could come guidelines which may help to ensure that the "public trust" shared by those who own and control the mass media will be exercised in the "public interest."

Some may suggest that we are meddling in an area where we have no business, or that we may be tampering with freedom of the press. I say: Not at all. There are those in the media field whose greatest delight comes with prying into the private lives of men and women in public life.

Surely, there can be no justifiable objection to shedding public light on the mere facts of ownership and control of media in Canada. Surely the public is entitled to this information. It is my strong opinion that such a study is called for on the basis of the situation in New Brunswick alone.

Some honourable senators may recall that during the debate on the new Broadcasting Act last year I referred to what I considered to be an undesirable concentration of ownership and control of media in New Brunswick.

At that time I referred to the vast holdings and interests in the province of Mr. K. C. Irving and the scores of companies owned or controlled by him.

You were advised that the Irving interests held effective financial control of four out of five English-language daily newspapers in the province, one out of only two English-language television stations, and one out of only two privately-owned radio stations in Saint John, the largest of our cities. You were also informed that these same interests had repeatedly tried to gain control of the only other television station in the province.

I suggested that all of these represented too great a concentration of ownership and control over the principal means of mass communication in New Brunswick. And since we were then considering the new Broadcast Act, which provided for the new CRTC and effective powers to remedy such situations, I urged that the responsible authorities "should carefully consider the advisability of suggesting to the owners of CHSJ-TV and radio stations that they divest themselves of effective financial control of those stations, and that such action should be prerequisite to any favourable consideration of renewals, in due time, of broadcasting licences to those stations." I further stated my belief that the public interest demanded such action.

The following day, the Canadian Press news story of my representations was faithfully reported by the Irving newspapers and broadcasting stations.

On the next day, the Irving-owned *Telegraph Journal*, with by far the largest daily circulation in the province, published an editorial entitled "A disservice to News Media." The lead paragraph read as follows:

> Senator Charles McElman, whose long-time service to the Liberal Party of New Brunswick was rewarded in 1966 with an appointment to the Senate of Canada, has come forth with a broad, generalized and undocumented case against the news and broadcast media in New Brunswick.

That, honourable senators, was "just for a starter." I have not yet figured out how my "reward" for "long time service to the Liberal Party of New Brunswick" became the prime reference of the lead paragraph of the editorial—although I am grateful for the years that were given me to be of some service to my province, as well as to my party.

The editorial went on in its attempt to show how unfair I had been to the media. It concluded by saying:

> Senator McElman is performing no useful service by crying wolf in Ottawa where other politicians unfamiliar with the daily performance of the press and broadcast media in New Brunswick could attach unrealistic importance to his views.

Needless to say, that put me in my place.

Since the publisher-editor of the paper missed the point that I had endeavoured to make at that time, I may also have misled some honourable senators, as he suggested. Let me try to clear away any misunderstanding.

Not once in that editorial was the name "Irving" mentioned. Not once did that editorial refer to the scores of industrial and commercial interests of the Irving empire, and the fact that ownership and control of news and broadcast media just might, possibly, constitute a "conflict of interest"—something that editors so often attribute to persons in public life. Not once did the editor find any reason to feel uneasy that such a situation

might be in conflict with the public interest. Perhaps he was so engrossed with giving due emphasis to my "reward" that those less important matters evaded his attention.

However, the ramifications of this cross, multiple, concentrated, corporate ownership and control of media in New Brunswick did not escape the attention of the newly established Canadian Radio-Television Commission.

The CRTC held public hearings in Moncton, New Brunswick, last September. From testimony taken there, and from information tabled in our Transport Committee last year, it can now be revealed that the radio-television licensee, New Brunswick Broadcasting Company Limited, is owned 99.22 per cent by New Brunswick Publishing Company Limited, which also financially controls the newspaper chain. New Brunswick Publishing, according to testimony of L. F. Daley, President of New Brunswick Broadcasting, is 100 per cent owned by Mr. K. C. Irving and his immediate family. That is a fair degree of ownership. These same Irving interests are a potent force in almost every important sector of the industrial and commercial community of New Brunswick.

In due course, following the Moncton hearings, the CRTC made known its decisions. The Irving-sponsored application to establish cablevision service to Saint John was denied. The CHSJ radio licence was renewed, tentatively, for only one year, rather than the normally longer period of years. The CHSJ-TV licence has not yet come up for renewal. No doubt it will be given close study.

I might add that, in view of the outstanding job being done throughout the country by the CRTC, with its thoroughgoing and capable staff, I no longer have any apprehension that the Irving interests could conceivably acquire the second television station in the province. In fact, because of the multiplicity of their conflicting interests, I should hope that they may yet see the wisdom of divesting themselves of control of the one they now own.

It should be of interest here to note that the CRTC is using the teeth that Parliament put into the new Broadcasting Act. Many in the industry were startled, and made to appreciate the new rules of the business, when the CRTC refused to renew the licence of an offending radio station in Nova Scotia.

Of even greater significance, the CBC is being made to realize that it is not a power unto itself. Honorable senators will recall the infamous and damaging program "Air of Death" that was televised last year by the CBC, and how they took an imperialistic attitude in ignoring the findings of an inquiry into the matter that was conducted on behalf of the Government of Ontario. I am sure that the CBC top management are not ignoring the precedent-setting significance of the inquiry into the same program that now has been ordered by the CRTC.

The interests of New Brunswickers are being well met by a further policy announcement by the CRTC, which, because of its precedent-setting quality, has drawn industry attention from throughout Canada. Through the re-scheduling of affiliation by the existing television stations and their satellites, all New Brunswickers will have channel choice between CBC and CTV programming, and CBC French-language television will become available to all areas of the province. This is a most constructive and imaginative development.

Let me turn now from broadcast media to daily newspapers. We have only one French-language daily, and the ownership and control of it is broadly based. There are five English-language dailies. Two are in Saint John and two in Moncton, and these four are all controlled by the Irving interests. The fifth, the *Gleaner*, is in Fredericton. I am now informed, through sources that should have authentic information, that this too has passed to the financial control of the Irving group. The deal is reported to have taken place some six months ago, but I have seen no public announcement of any change of ownership or control. Such information should become public immediately a change occurs.

The residents of a one newspaper city—in this case the capital of the province—are fully entitled to know what influence lies behind the powerful editorial and news columns of their daily newspaper. It should not be too much to ask that those who hold or control such a "public trust" trust the public.

At this point, I would refer to an editorial published in the Moncton *Daily Times*—one of the Irving group—on February 7 last, following Senator Davey's address on this motion. The editor states that, "He (Senator Davey) accused the industry (media) of

obscuring ownership". The editor went on to say:

> Senator Davey stated, for example, that the press of New Brunswick is controlled by a single owner. Reading this, we are immediately dubious of the validity of his other remarks, be they favourable or otherwise to the mass media.

Honourable senators, the cardinal sin perpetrated by Senator Davey was that he failed to qualify his remarks by saying that *L'Evangeline*, the only French-language daily, is not controlled by the Irving group, although reportedly all the English-language dailies are controlled by that group. How far does one split a hair in order to make an editorial attack? The editorial in question did not, even once, mention the name "Irving", nor did it make any reference whatsoever to the many other and conflicting interests of that corporate empire. Yet Senator Davey was accused of misrepresentation.

It is of further interest to note that, while the Moncton and Fredericton dailies faithfully reported the Canadian Press story of Senator Davey's remark that "In New Brunswick the press was controlled by a single owner", the Irving home town paper, the *Telegraph-Journal*, saw fit to edit or change the Canadian Press story to read: "In New Brunswick much of the press was controlled by a single owner." This is quite an unusual thing but, again, a very delicate hair-splitting operation.

I should add that neither the Saint John nor Fredericton dailies considered Senator Davey's comment upon the New Brunswick media as being worthy of any editorial comment whatsoever. And that is very interesting.

Senator Davey should not feel slighted, however. There have been many situations in New Brunswick that cried out for media coverage because of involvement of public interest, but they received little or no attention from the Irving group because of the danger of involving an Irving interest other than the mass media.

One recent example of this fact relates to the serious pollution of the St. John River watershed, our largest inland waterway, which runs from our northern border with Maine and Quebec all the way down through the province to the Bay of Fundy on the extreme south. This river is international water in the upper reaches of the watershed.

Last year a food-processing firm in the State of Maine was responsible for serious and extended pollution of a tributary that flows into the main stem of the river in New Brunswick. When the offending company failed to co-operate quickly in correcting the source of pollution, a group of hardy New Brunswickers assembled a number of bulldozers, dammed the tributary and backed up the polluted waters into the State of Maine. Action was forthcoming in short order.

The Irving-owned newspapers, radio and television in Saint John covered this story, ad nauseam, for days on end and gave first-rate support to those imaginative New Brunswickers who blocked off the tributary stream. And yet, within the very confines of the City of Saint John—where the St. John River meets the Bay of Fundy, there is a pollution problem of real magnitude about which the Irving-controlled press, radio and television never raises its voice—not even in a whisper.

The pollution is the raw waste of a pulp and paper mill that is dumped daily in hundreds of thousands of gallons, directly into the river, precisely at that world-renowned wonder, the Reversing Falls.

The senior staff of the Irving-controlled media cannot help but see the physical evidence of this pollution many times weekly, or even daily. They pass it by. It whips up a deep froth on the surface of the river and falls that is wondrous to behold. And yet this serious pollution of the mouth of one of the most beautiful rivers in North America entirely escapes their editorial attention. The pulp and paper mill is owned, of course, by the Irving interests.

No doubt the editor of the *Telegraph-Journal* will feel that I am doing a serious disservice to the media by mentioning this strange anomaly in their treatment of pollution problems.

I must say that generally, with only one or two exceptions, I have known the managerial staff of the Irving-controlled media for years, and I hold them in warm regard. I have shared their very human experience of having to provide the necessities of life to my wife and family. I am totally aware of the "Great White Father" presence that is all-pervasive in their everyday activities.

Sixty miles upstream, at the capital of Fredericton, the mouth of the beautiful Nashwaak River, a tributary of the St. John River, is plugged with the Irving pulp drive for approximately two months of every year. Boat owners are thereby prevented from using the stream in its lower reaches. The

mouth and bottom of the river are seriously polluted by the bark which gathers to a depth of many feet. As the water level lowers, the massed pulp comes to rest on the gravel bars and bottom of the river and seriously hampers or even stops the passage of Atlantic salmon to their spawning waters.

In recent years this situation has been the source of much complaint by local residents—but nothing is done. And the Irving-controlled media maintain a strange silence over the whole matter. Their concern over the public interest in pollution matters is most selective.

There are numerous similar examples of that selectivity that I could give today, but I will withhold them, hopefully, for the hearings of the proposed special committee.

Let me mention only one more aspect of this concentration of media ownership and control in New Brunswick.

Along with many others, I have been deeply concerned with the reported total control of the English-language daily newspapers by the Irving group. Some weeks ago, it occurred to me that this must constitute a monopoly situation, in which news, opinion and information would be considered as a product—and in which the existing anti-trust or anti-combines legislation would apply. I have sought competent legal advice and have been given the opinion that such is the case.

In this light, I now call upon the responsible authorities in the Department of Consumer and Corporate Affairs to undertake an investigation of the reported ownership-control of all English-language daily newspapers in New Brunswick. And if the evidence shows an improper monopoly, then I should hope that the law will be applied to remedy the situation.

Honourable senators, I apologize for having taken so much of your time in this debate. There is much more to be said and many more questions to be asked concerning ownership and control of media in all parts of Canada. I should hope to have further opportunity to pursue with you this whole broad field of inquiry if we are given that opportunity to question witnesses before the special committee proposed by Senator Davey. I will support the motion.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable J. R. Cartwright, P.C., M.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker:

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1969.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until the call of the bell at approximately 8.00 p.m.

At 8 p.m. the sitting was resumed.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Serré has been substituted for that of Mr. Durante on the list of members appointed to serve on the Joint Committee on the Printing of Parliament.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that message had been received from the House of Commons to acquaint the Senate that the name of Mr. Bell has been substituted for that of Mr. Macquarrie on the list of members appointed to serve on the Joint Committee on the Library of Parliament.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

Leave having been given to revert to Order No. 3:

The Senate resumed from Wednesday, March 5, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. L. P. Beaubien: Honourable senators, in resuming the debate on Bill C-165 let me at the outset congratulate the honourable senator who introduced the bill, and also the honourable Senators Aseltine and Walker on their very fine speeches. Following three distinguished members of the Bar is not very easy, but it has one great advantage; it is not necessary for me to work too hard to explain the bill.

Honourable senators, I wish first of all to deal with part 1 of the bill. My first comment is that I think that the gift tax rates are too high. People who put away a little money and want to leave it to their children are going to think the Government is unfair, and if the public thinks a law is unfair, then it is a bad law. It will be interesting to ask the minister when we have him in committee what additional revenue he hopes to get out of this measure. Personally, I do not think he is going to bring in very much, and I think he will incur heavy expense in trying to catch the people who are going to try to dodge this tax.

With reference to part II, I agree with the honourable sponsor. I think the government which spends the money should raise the money. To have the federal Government raising the entire tax and then giving 75 per cent of it to the provinces is a mistake. If the federal Government were to continue taxing foreign estates and gave up taxing domestic estates, it would lose only $47 million a year. When we are planning to spend $1 billion more in this coming year than we have ever spent before, surely we could snip $47 million off something.

Honourable senators, if the Government claims that because of ways and means it needs the $47 million, I suppose there is not very much we can do about it, but I think we could do something about the 75 per cent which is paid to the provinces. Therefore, when the bill goes to committee I intend moving an amendment which would have the effect of allowing an estate to pay 25 per cent of the tax imposed by this bill directly to the federal Government, and to pay the 75 per cent to the province concerned if that province demands it.

Let us to say a man is lucky enough to die in Alberta and leaves an estate of $321,600, the tax thereon would be $100,000. Twenty-five thousand would go to the federal Government and $75,000 to the province. The province's share would be returned to the estate when the estate was settled, but if that took eight months, interest on the $75,000 would cost the estate about $4,000. Furthermore, many estates would find it a great hardship to raise the province's share, which in the case I mentioned would amount to 24 per cent of the estate's value. Does it make any sense to force the estate to go to a lot of trouble and expense when the province has stated that it intends to refund to the estate its share of the tax?

Honourable senators, I welcome the abolition of the tax as between spouses on gifts made during their lifetime or after the death of one of them. It is disappointing that to get this deferment of tax we are asked to accept a higher rate of tax on small- and medium-sized estates. On larger estates the tax is slightly reduced.

In considering the bill in committee I hope we shall have a witness before us who can give us some idea of the estate taxes and the gift taxes below the border. Also it would be

helpful if we could have before us some Government official who would know thoroughly the laws of the different provinces which have succession duty and gift taxes.

To sum up, honourable senators, am I not right when I say that a man who is hard working, diligent and careful, who puts away some money and who dies leaving a comfortable estate, is a much better citizen for Canada than someone who might earn as much money but fritter it away and die leaving nothing? If that is the case, why would we make it our policy to discourage the sort of natural desire, which all good men have, to save something to leave to their children? It almost seems as though there were a deep-seated plot to tax and tax so that, finally, people in their old age would be reduced to living on some sort of a government hand-out.

Honourable senators, I wonder if we would not be more concerned with this bill if it affected us more directly. Many of our vintage have already made provision for their children. Not many of us are likely to kick over the traces and to squander our money on slow horses and fast women.

To my mind, the harm that will be done by this bill will be done to the young eager beavers who may be discouraged from doing their best by the never ceasing efforts of the Government to relieve them of a larger and larger slice of the fruits of their labour.

Hon. Lazarus Phillips: Honourable senators, in dealing with the subject matter of Bill C-165, an Act to amend the Income Tax Act and the Estate Tax Act, we have had the advantage of hearing the brilliant analysis and incisive observations of Senator Hayden, followed by the highly critical but extremely informative reviews by Senator Aseltine and Senator Walker. We have had the further opportunity this evening of listening to some very important ancillary remarks of Senator Beaubien. I am extremely indebted to all these gentlemen, as I am sure is every honourable senator, because this house is now in a position to appraise the merits and demerits of the bill.

Before dealing with some substantive suggestions which I hope will be of some value, I should like to refer to the rather lengthy provisions of the bill. In this connection the attention of honourable senators is drawn to the bottom of page 1109 of the *Debates of the Senate* of March 4, 1969, where Senator Hayden is reported as saying that he was almost convinced that the motto used in the preparation of this bill was "Never use one word where six can be fitted in." I subscribe to this observation. This bill reminded me of the famous description by Disraeli of Mr. Gladstone—"A sophistical rhetorician inebriated with the exuberance of his own verbosity".

At close quarters the legal officers of the Crown vie with each other in brilliance and ability. This has been my experience. When they come to the drafting of bills, however, they seem to become affected, for some unknown reason, by an illness which I can only describe as legal pluralism. I ask these lawyers in the future to be good enough to consult both the New and the Old Testaments before they proceed to the drafting of legislation. The Ten Commandments and the Sermon on the Mount seem to have had some influence on the history of civilization in spite of their conciseness and majestic simplicity.

The bill itself is guilty of the unpardonable offence of what is known as double taxation. This bill not only taxes your pocketbook, it also taxes your nerves. As we have an escalation in rates in respect of both gift tax and estate tax, we can proceed by way of escalation in the description of this bill by the use of such terms as "grim", "frightening", and "confiscatory".

Why am I justified in using these strong terms? From the Department of Finance itself we have a summary of the main features of the Estate Tax, and I will quote only the highly important and cogent ones.

The gross federal rates under this new act range between 15 and 50 per cent; under the old act the range was between 10 and 54 per cent. Under the new act the top rate begins to apply at taxable value of $300,000. Under the old law the top rate begins to apply at the taxable value of $2 million. Note, from $2 million down to $300,000, then we start to get the application of the top rate! Again from the Department of Finance for our guidance we learn as the main features of the gift tax that the range is between 12 and 75 per cent on the net amount of the gift after tax; under the old law the range was between 10 and 28 per cent on the net amount of the gift after tax. The top rate begins to apply at $200,000 of taxable value. Under the old law the top rate applies at 1 million.

I therefore feel, honourable senators, that I was justified in using the strong term "grim and confiscatory". I imagine that somewhere

along the road the Department of Finance accepted the view that gift taxes should be put on the same level as estate taxes. The present schedules reflect the acceptance of this ill-thought out conception. The schedules make no provision for allowance for the well known principle of discount for cash. A thirty-year-old with a forty-year life expectancy is asked to pay in current cash a tax comparable to dispositions to his children that his estate would be obliged to pay forty years hence. No allowance is made for the difference between values today and values forty years hence. This is a classic example, honourable senators, to support the argument which so many of us have strongly pressed for years, that tax legislation should be the subject of intensive committee study in Parliament before we are faced with a *fait accompli* and a decision *ex cathedra*.

I appreciate that notwithstanding the attenuated powers that the custom of the Constitution, if not the law thereof, has created in so far as our views in this chamber are concerned, we should nevertheless not abdicate the right to express the opinions we entertain in the hope that sooner if not later some of these views may be reflected in the taxation system of our country. There are some who entertain the view that estate taxes should not be levied at all, at either the national or the provincial level. I refer to estate taxes first because gift taxes usually are consequential in their operation upon the character of the estate taxes.

Provincial estate taxes, in my opinion, should be a thing of the past. I do not entertain the view that federal estate taxes should be completely repealed. In my opinion, no taxpayer in Canada is endowed with that degree of superiority in terms of quality or attainments which entitle him to an excessive accumulation of wealth by way of disparity with his fellow citizens. Therefore, the point should be reached where upon demise a portion of the wealth so accumulated should be returned to the national exchequer for purposes of redistribution or rediffusion. I make this statement because in addition to brains and luck, the national resources of the country, the protection of the laws which we all enjoy, and the consumers of the country all contribute to the accumulation of wealth so that excessive residual privileges should not remain completely with individuals or with corporations which they control.

Having said the immediate foregoing, I entertain the view with profound conviction that in developing a tax structure, incentive in terms of economic activity should not be excessively impaired or entirely eliminated.

The head of the family should be particularly encouraged to accumulate a respectable amount of capital for transmission to his wife and children so as to provide for the continuance of their standard of living, for education and for dignified co-operation in the life of the body politic.

We hear much about the necessity of maintaining the family as a unit. Excessive gift taxes and estate taxes can be more corrosive and more damaging than any other factor in breaking up a family unit. For this reason, in my opinon, the taxation of the estate should not exceed in all, and purely on a national basis, the maximum rate of 25 per cent. The exemptions presently granted under the proposed legislation should be extended for the particular and specific reasons to which I will be referring before the completion of my remarks.

Honourable senators, having been somewhat critical up to this point, I should like to refer to some of the constructive aspects of this legislation. This is done by way of my attempting to be fair, objective and analytical in considering the contents of Bill C-165. With respect to the estate tax, the bequests to the spouse by way of complete exemption for outright gifts and exclusion of life interest, including annuities and pensions is all to the good. This replaces the previous $60,000 exemption if there was a surviving widow. The maximum exemptions now granted to children are as follows: a healthy child over 25 years, $10,000; a healthy child under 25 years, $35,000; an infirm child up to the age of 71, a possible maximum total of $80,000.

The previous exemptions had been limited to children under 21 years or wholly dependent because of infirmity. The amounts were, $10,000 per child under the old law where there was a surviving widow or infirm widower, and $15,000 for each orphaned child. There was no exemption for children where there was a surviving, healthy widower.

By way of summary, therefore, the exemptions to the spouse and to the children are much more liberal than they were under the old law but, of course, the offset is the higher rate of taxation dealt with in the schedules which have already been the subject of

lengthy discussions by the previous honourable senators to whom I referred at the outset of my remarks.

In so far as the gift tax is concerned, there is not much I can say even by way of faint praise. Even the assistance of the amplification system which we have here will not enable honourable senators to hear from me anything by way of commendation—other than with respect to the important exemption of gifts between husband and wife.

Under the new law with respect to gifts to a spouse there is complete exemption for outright gifts and exclusive life interest. The exemptions to others have been, unfortunately, seriously and significantly reduced.

Honourable senators, this is by way of a summary of the bitter-sweet characteristics of this bill. I shall not deal with the administrative or more detailed aspects, as these were completely covered by Senator Hayden and, further, because such detailed study will be made in due course in committee. By way of example, he has dealt with the subject matter of valuations, deemed to be gifts, liability of executors and donors and donees, and the intricacies of trusts. These problems constitute the stock-in-trade of tax lawyers and the bane of the long-suffering taxpayers.

Honourable senators, I should like now to deal with what may be regarded as three constructive suggestions, in the hope that in the proper quarters they will receive due consideration, with a further expectation that these suggestions will be implemented by action in the appropriate manner.

The first is that this house and the country at large has been advised by the Minister of Finance that we should expect a White Paper which presumably will reflect the deliberations and wisdom of many competent people who have been considering the revision of our national tax structure.

It is my present view that it would have been highly desirable to postpone the introduction of this Bill C-165 or at least that it should have been restricted in scope, as I will suggest in due course. It should not have been introduced until such time as a White Paper would be available for the study of the entire tax position in our country in so far as our national finances are concerned.

I would hope that the passage of this bill, as is or as amended, should not be considered as constituting the intention of this Parliament to approve this legislation in the sense of deeming it to be part of the permanent tax structure for many years to come.

Put differently, the passage of this bill, as is or as amended, should be conditional upon either an amendment being made to the bill or the receipt of assurances from Government that the White Paper will include appropriate sections which will enable us to consider gift tax and estate tax legislation in its broadest aspects.

We do not wish to be told that because this bill may be passed, as is or as amended, it is not necessary to include in the White Paper any reference to gift taxes or estate taxes. I regard this matter of considerable importance and I ask the sponsor of this bill, who is also the chairman of the committee to which it will be referred, that an appropriate amendment should be made which would be constitutionally sound and which would attach conditions such as I have enunciated.

Alternatively, but only by way of a last resort, we should ask the Leader of the Government in this house to obtain for this house the appropriate assurances with respect to the inclusion of the subject matter in the forthcoming White Paper.

The second suggestion I now come to is the consideration of a matter which affects more particularly my beloved Province of Quebec, where I was born and raised and where I have had the privilege of practising law for well nigh half a century. I believe that the Minister of Finance and his colleagues have overlooked the special position in which we in Quebec find ourselves with regard to the subject matter of the making of gifts between husband and wife. The escalation in the rates of gift taxes is related to the change in the estate tax rates, and so in considering this problem between spouses in Quebec we must consider the estate tax changes which are made in this bill.

On January 30, 1969, the Department of Finance issued a news release which was headed, "Budget Proposals on the Estate and Gift Tax". On page 1 of this release we read:

> The Budget proposed to exempt from tax outright gifts and bequests between husband to wife and wife to husband.

And further, on page 1, we read:

> ...to offset Revenue Losses from these broader exemptions, the estate and gift taxes were to be increased.

On page 3 of this release there is a heading:

> An Explanation of the Main Estate Tax Proposals of the Budget.

Immediately thereafter we read the following:

> Widow's Exemption
> The budget's central proposal on the estate tax was to provide a full exemption for bequests left to a widow by her husband and to a widower by his wife.

Senator Hayden, at the bottom of page 1108 and at the top of page 1109 of *Hansard* of March 4, 1969, stated the following:

> You start off with the principle that you are going to exempt gifts in the lifetime or, in passing on, it would fall between husband and wife. That is the main theme that runs through the gift tax and estate tax amendments.

Later at the top of page 1109, in the same paragraph, he states:

> Therefore, the rates went up.

In other words, because of the exemptions granted between spouses the gift tax rates and the estate tax rates were escalated. In the process, however, nobody seems to have paid any attention so far as I can see to the law of my province, which prohibits gifts between husband and wife. And, for purposes of the record, I quote article 1265 of our Cipil Code, which reads as follows:

> After marriage, the marriage covenants contained in the contract cannot be altered, (even by the donation of usufruct, which is abolished), nor can the consorts in any other manner confer benefits inter vivos upon each other, except in conformity with the provisions of the law, under which a husband may, subject to certain conditions and restrictions, insure his life for his wife and children.

The basis of this Article was taken directly from Article 282 of the *Coutume de Paris*, which in turn was taken from Roman law. There are many laymen in this house, and I do not wish to bore them with a legal brief. However, I draw the attention of my legal colleagues specifically to the Commentary on the *Coutume de Paris* by Ferrière and, with respect to our own Article 1265 of the Civil Code, the summary of the purposes of Article 1265 are found in a book by Louis Marceau at page 129, headed as follows: "De l'Admissibilité des Contrats entre Époux".

I have before me three cases of our courts in the Province of Quebec which confirm the applicability of the provisions of Article 1265, which is firm law in our Province of Quebec sanctioned by judicial decision. I shall not burden the record with reference to these cases, but these are available to any honourable senators who are interested. I, therefore, feel, honourable senators, that having regard to the laws of Quebec and until such time as the same are changed allowing gifts between spouses, the rates of taxation envisaged by this bill should be those that were heretofore in force, or, in any event, the rates should be substantially reduced because of the inability of residents in the Province of Quebec to avail themselves of the exemption in the making of gifts between spouses.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator permit a question at this point?

Hon. Mr. Phillips (Rigaud): Certainly. But you will have to speak loudly, Senator, the amplification system is not working.

Hon. Mr. Connolly (Ottawa West): The question I have to ask the honourable senator, whom I know to be an expert on the Civil Code, is this. When people are married in Quebec without a marriage contract, the provisions of the Code prohibiting gifts between husband and wife apply, but in the case of a marriage contract where there is a gift to be made by the husband or wife in the course of time, is the situation at all different?

Hon. Mr. Phillips (Rigaud): In the case of a gift arranged for contractually before marriage, it would be allowed, notwithstanding article 1265. But I draw your attention to the fact that when young people are getting married the amounts provided for contractually by way of gift is limited because usually the young man is starting off in business or a profession and can provide only for a reasonably modest sum. Therefore, although your point is correct in terms of the validity of the amount allowed under the marriage contract, basically it does not affect my line of reasoning.

Hon. Mr. Connolly (Ottawa West): I realize that. Perhaps the honourable senator would permit me another question on the same point. If a gift is made pursuant to the provisions of the marriage contract, the rate under the Income Tax Act would apply to that gift even though made under a contract?

Hon. Mr. Phillips (Rigaud): I would presume so, because the honouring of the obligation under the marriage contract would be deemed to be a gift.

Generally speaking, honourable senators, it is not desirable to have different rates applicable to residents in different provinces, but because of the dramatic escalation in rates for gift tax purposes and because of the modification or justification for such increase, having regard to the exemption of gifts between spouses, I submit that my request in this instance is justified. I, therefore, ask the Leader of the Government and the sponsor of this bill, within the framework of the law and custom of the Constitution, to see that the necessary amendments are made in committee in order to give effect to what I have been saying under this particular heading.

I now come to my last suggestion which will deal with the subject matter of a particular aspect of estate taxes. We are prone to overlook the fact that the estate tax bite is not restricted to estate taxes. Usually the husband predeceases the wife and, in addition to estate taxes, there is an immediate loss of what can be described in the family revenues as the earning power of the husband earning a salary or wage, or a professional man earning his income. The change in terms of income resulting from these facts are very serious, so that the over-all reduction in family income and the impairment on capital account is greater than the amount merely covered by the rates of estate taxation. When an estate consists entirely of liquid assets such as cash and securities the damage still remains considerable but may not be catastrophic. But where the main or specific asset of an estate consists of an operating commercial or industrial endeavour, the results could be catastrophic. We have listened in this house particularly to Senators Walker and Aseltine dealing with the subject matter of forced sale of businesses. I believe that all industrial and commercial businesses should be exempt from estate taxation, or, at worst, there should be only a flat, modest rate exacted from that portion of an estate which consists of a commercial or industrial business. In that way we could avoid the liquidation of these businesses and, as a rule, their absorption by outsiders. In the taxation laws of our country I can think of a precedent where the rates of taxation and the treatment of a tax is different when applied to an industrial or business establishment as distinguished from interest or dividend income derived from moneys or securities.

May I draw the attention of honourable senators to the Canada-United States Reciprocal Tax Convention where a distinction is drawn between the tax treatment of industrial and commercial profits resulting from operating enterprises as distinguished from that type of income which is described as rentals, royalties, interest, dividends, management charges and capital gains. This distinction is dealt with in Articles 1 and 2 of the Canada-United States Reciprocal Tax Convention—and, incidentally, in a number of other conventions we have with other countries—and I draw the attention of honourable senators and those in interest to these particular articles. It would be a boon to the citizenry of Canada if these commercial enterprises were eliminated entirely from the estate tax structure.

I must now deal with the proper claims of those engaged in farming. I am heartily in favour of the $10,000 once-in-a-lifetime gift of farm property from one parent. Indeed, with our constant and persistent companion, inflation, the amount should be increased above $10,000. In respect of estate taxes, I would assimilate the farming activity to that of a commercial and business enterprise and have it granted complete exemption or reduced rates, as I have just stated. Those engaged in the fishing industry should receive the same treatment.

We have already before us, as a result of the previous speeches and the questions put by other honourable senators, the amounts of money that are left residually in the national exchequer in the application of the laws as contemplated by Bill C-165. We truly have here an instance of a mountain trembling and a mouse coming forth, but in the process the trembling of the mountain shakes the foundations of family life and the survival of commercial, farming, fishing and industrial enterprises.

The foregoing three suggestions, honourable senators, have come to my mind in the reading and study of this bill. There are, of course, minor suggestions that I entertain, not relevant in time to the second reading, but which I hope to deal with in committee. I sincerely trust that the alleged consitutional limitations and the fact that this bill has passed the other house will not prevent this house at least giving serious thought to what I have just said. The only legislation that we should have had at this stage, pending the White Paper, is an act that would have grant-

ed exemption to spouses in respect of gift taxes and estate taxes as provided in the bill now before us.

Hon. John J. Connolly: Honourable senators, I do not intend to detain the Senate for more than a few moments but I would like to refer to the point raised by the honourable Senator Phillips (Rigaud) about the procedure of the Government producing a White Paper some time in the late spring or early summer.

I think it is a wise move and it is going to be a great deal more salutary for the Government, and certainly for Parliament and the country, that we should be confronted by a White Paper giving a comprehensive review and the Government's position with respect to the recommendations contained in the Carter Report. These recommendations, if implemented as a package, as was suggested by the commission, would indeed put Canada's taxation system completely out of step with those of most of the major developed countries of the world. For that reason, I think we should make haste slowly.

I am delighted that we are not to be confronted with a bill which would propose legislation to Parliament arising out of the recommendations of the Carter Report because a bill, in a sense, commits the Government, even though the Government says to any committee, "Take it, look at it and study it."

Of course, in our consideration of taxation bills we in this chamber are severely circumscribed. Everyone accepts that; no one objects. We may not like the rates of taxation but, like death, taxes are with us and always will be. However, I have one concern—and I hope in this respect we will have an assurance from the leader—that when the White Paper is produced we will have an opportunity here, either in a standing or a select committee, to review the full implications, regardless of what is done in the other place. I say that because the whole theory of taxation which the Carter Commission recommended is something that every parliamentarian should have an interest in. A great deal of help can be given and a great deal of wisdom can emanate from considerations which would result from a study by a Senate Committee of the White Paper with the background of the Carter Report, even though constitutionally our fiscal power is restricted as it is.

On motion of Hon. Mr. Flynn, for Hon. Mr. Thorvaldson, debate adjourned.

The Senate adjourned until Thursday, March 13, at 3 p.m.

APPENDIX

(*See p. 1154*)

COMMISSIONS OF INVESTIGATION

APPOINTMENT, TERMINATION AND COST—INQUIRY ANSWERED

QUESTION:

Hon. Mr. Hastings inquired of the Government the following information in respect to each Royal Commission or Commission of Inquiry appointed by the Governor in Council since June 21, 1957,

(*a*) The date of appointment of each Commission,

(*b*) The date of termination of each Commission, and

(*c*) The cost of each Commission to December 31, 1968.

ANSWER:

In so far as the Prime Minister's and Privy Council Offices are concerned, the answer is:

See following table of list of Royal Commissions since June 21, 1957, and the answers to sub-paragraphs (*a*), (*b*) and (*c*).

Name	Appointment	Termination	Cost (to 31/12/68)
			$
Energy Policy	October 15, 1957	September 2, 1959	414,557
Price Spreads of Food Products	December 12, 1957	December 1, 1959	290,224
Box Cars	January 31, 1958	April 1959	—
Seabird Island Indians	February 2, 1958	August 1958	2,506
Freight Rates and Transportation	May 13, 1959	September 1962	555,946
Great Slave Lake Railway	June 4, 1959	November 1960	46,920
Indians in Mackenzie District	June 25, 1959	May 1960	8,245
Coal	October 6, 1959	August 1960	99,166
Automotive Industry	August 2, 1960	April 1961	57,841
Complaints received concerning certain activities of Station CHEK-TV, B.C.	September 6, 1960	November 1960	4,720
Royal Commission on Government Organization	September 16, 1960	February 1963	2,791,915
Canadian Publications and other periodicals	September 16, 1960	May 1961	136,121
Health Services	June 20, 1961	December 1964	1,466,602
Principles and provisions of the Unemployment Insurance Act	July 17, 1961	November 1962	—
Banking and Finance	October 18, 1961	April 1964	747,473
Taxation	September 25, 1962	February 1967	3,483,424
Pilotage	November 1, 1962	Volume I 17/7/68 Volume II 20/12/68	1,024,171
Bilingualism and Biculturalism	July 19, 1963	Volume I, 5/12/1967 Volume II, 9/12/1968	7,633,490
Irregularities in processing claims under Prairie Farm Assistance Act	December 21, 1963	August 1964	17,957
TCA Overhaul and Maintenance Base, Winnipeg, Manitoba	June 11, 1964	May 1966	55,340
Crash of TCA Aircraft at Ste-Thérèse	October 8, 1964	August 1965	21,038
Export Marketing Problems of Salt Fish industry in the Atlantic Provinces	October 29, 1964	December 1965	42,116
Dorion Inquiry	November 25, 1964	June 1965	180,053
Irregularities in 1963 Federal Election—B.C.	March 2, 1965	August 1965	14,107
Inquiry into Freshwater Fish Market	July 9, 1965	October 1966	39,611
Inquiry into Group D. Salary Increases	July 23, 1965	September 1965	7,193
Working Conditions in Post Office Department	September 1, 1965	October 1966	78,960
Inquiry into Mr. Justice Landreville	January 19, 1966	August 1966	55,831
Inquiry into Complaints made by one George Victor Spencer	March 7, 1966	July 1966	13,099
Inquiry into matters relating to one Gerda Munsinger	March 14, 1966	September 1966	54,708
Farm Machinery Costs	May 26, 1966	Pending	940,461
Security	November 16, 1966	December 1968	406,686
Status of Women in Canada	February 16, 1967	Pending	963,674
Hay River	July 4, 1967	March 15, 1968	15,923

THE SENATE

Thursday, March 13, 1969

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

Prayers.

LOBBYING

NEWSPAPER ARTICLE—QUESTION OF PRIVILEGE

Hon. David Walker: Honourable senators, I rise on a question of privilege.

On Monday, March 10, the Canadian Press carried a story which appeared in many newspapers throughout eastern Canada. It dealt with the general subject of lobbying. Presumably, by "lobbying" is meant the efforts by friends of people in public life or in the public service to secure favours, possibly at public expense, for friends or customers of the lobbyist. It is a promotional activity.

The example given of the lobbyist, however, was one of our own colleagues, the former Leader of the Government in the Senate, Senator John J. Connolly, P.C., a member of the Bar of Ontario and the Bar of Quebec for over thirty years. Now in the practice of his profession in Ottawa, as may be expected, he has been consulted by corporate and other clients who have problems to be solved within various departments of the federal Government. These include tax problems, customs matters, contract settlements and other matters requiring the services of lawyers. This work, of course, is not confined to lawyers who live in Ottawa; every day the planes are filled with lawyers coming to Ottawa in connection with work such as this. It is work which is performed by lawyers from all parts of Canada. With the growth of administrative tribunals and the increase of problems in relation to Government, this work becomes necessary in the interests of the business of the client. This is not lobbying. To call it such is libellous—and I have some knowledge of the law of libel.

Our colleague Senator Connolly has been a respected member of the Bars of Ontario and Quebec for a long time. He was President of the County of Carleton Law Association, and I recall him as a member of the Council of the Canadian Bar Association. He was a respected and able leader of this honourable house; as a matter of fact, he was one of the ablest since the days of Arthur Meighen—of course, I have to put that in!

Hon. Senators: Hear, hear.

Hon. Mr. Walker: And I am sure that no official in any part of the Canadian Government service would ever feel that, because the honourable gentleman happens to be a senator, when he appears before them as a lawyer with a client, he is doing any more than his professional duty requires him to do for a client.

I resent, and I know from talking with many members on both sides of this house that most senators resent, the insinuation in the article. I resent the malice, the innuendo, the insidious reflection, by which the article attempts to question or smear the reputation which Senator Connolly enjoys in this house and throughout Canada and, I might add, because of his work in the Commonwealth Parliamentary Association, throughout the Commonwealth itself.

I am trying to be objective in making these remarks because, after all, I do not live in Ottawa, nor do I work or do business here except the work of the Senate. What does annoy me is the fact that Senator Connolly, a man of high ethical standards, has been singled out for this malignment and what I suggest is a vicious attack.

Hon. John J. Connolly: Honourable senators, needless to say it is rather distasteful to be exhibit A in a matter of this kind. I had intended to ignore the stories which appeared in the press, and to which Senator Walker has referred, in the spirit perhaps of the man who, while being ridden out of town on a rail, said: "Except for the honour of it, I might have objected."

It is heartwarming to me, and I am most grateful, that this matter has been brought to the attention of this house by a fellow-lawyer who is not only a senior counsel in Ontario but a Bencher of the Law Society of Upper Canada, and who is himself a member of the Privy Council, and in particular is a member of the Opposition in this house. What he has said means a great deal to me, but I think it has wider implications. The fact is that the tentacles of government in the welfare state reach into almost every area of the national economy. You are bound to have pressure groups seeking to promote certain propositions in any democratic society. They are called "lobbyists". These are not the people Senator Walker is talking about. He objects, as I do and as I think any professional person would, to professional and business men being assimilated to lobbyists. Business firms

and business men have problems pertaining to tax, customs, contracts, testing and reporting problems of all kinds. The plain fact which underlines the importance of what Senator Walker has said, is that in the Government service there are hundreds of lawyers, accountants, engineers and other professional people looking after the interests of the Government, as is proper.

When professional people from outside come here to interview such people, they do not come to seek favours; they come to try to find solutions for the problems of their clients, and at times businessmen come alone, without professional help. In my own experience, which has been lengthy, they do not go to ministers; they seek the advice of officials and argue their case before officials.

Who inspired this newspaper article I do not know; who wrote it I do not know, except that it bears the by-line of the Canadian Press. Certainly, I repudiate the implications so far as I or any professional man in Canada is concerned. I am prepared to add that I deplore the fact that the press, certainly of eastern Canada, has seen fit to make such a major issue of this and give it such wide publicity. I am quite confident that, no matter what is said here today by Senator Walker or myself in answer to these insinuations, the kind of coverage given to the original story will not be given to the answers given today.

Senator Walker has protested about unfairness to a colleague. But, if I may say so, he has done a service to people in the professional and business life throughout Canada. For my part, I can only say that I am deeply grateful to him for what he has done.

I am very proud indeed to be a member of the same profession to which he belongs.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1969, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S.C., 1952. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, March 12, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

PRIVATE BILL

THE PERTH MUTUAL FIRE INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Lazarus Phillips for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-30, respecting The Perth Mutual Fire Insurance Company, and had directed that the bill be reported without amendment.

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

Hon. Daniel A. Lang moved that this bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lazarus Phillips for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-156, to amend the Animal Contagious Diseases Act, and had directed that the bill be reported without amendment.

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

Hon. Paul Martin moved that this bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PLANT QUARANTINE BILL

REPORT OF COMMITTEE

Hon. Lazarus Phillips, for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-154, to prevent the introduction or spreading of pests injurious to plants, and had directed that the bill be reported with the following amendment:

Hon. Mr. Connolly (Ottawa West): Mr. Speaker, I suggest that we dispense with the reading of the amendment. I was at the meeting of the committee, and I know the amendments are fairly voluminous; also, I understand it is proposed that consideration be deferred until the next sitting.

(*The text of the amendments is as follows:*)

Page 2: Strike out clause 3 and substitute therefore the following:

"3. (1) Except as provided by this Act and the regulations no person shall knowingly introduce or admit into Canada, spread within Canada or convey within or from Canada any pest or any plant or other matter that is infested or likely to be infested with a pest or that constitutes a biological obstacle to the control of any pest.

(2) The Minister may order compensation to be paid in respect of any plant or other matter destroyed or prohibited or restricted from sale or any restriction of the use of any property or premises pursuant to this Act in the amounts approved by, and subject to the terms and conditions prescribed by, the regulations."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Phillips (Rigaud): On behalf of Senator Hayden, I move that this report be taken into consideration at the next sitting.

Motion agreed to.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

REPORT OF COMMITTEE

Hon. Lazarus Phillips for Hon. Mr. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, and had directed that the bill be reported with the following amendments:

Hon. Mr. Connolly (Ottawa West): Dispense.

The Hon. the Speaker: I understand that these amendments will be explained later by the honourable Senator Hayden, when the report is being considered. In the meantime they will appear in *Hansard*.

(*The text of the amendments is as follows:*)

1. Page 6: Strike out lines 36 to 41, both inclusive, and substitute therefor the following:

"12. The Governor in Council may make regulations respecting the exploration and drilling for and the production and conservation, processing and transportation of oil and gas and, in particular, but without restricting the generality of the foregoing, may make regulations".

2. Page 9: Strike out lines 14 to 21, both inclusive, and substitute therefor the following:

"(b) the locating, spacing or drilling of a well within a field or pool or within part of a field or pool or the operating of any well that, having regard to sound engineering and economic principles, results or tends to result in a reduction in the quantity of oil or gas ultimately recoverable from a pool;".

3. Page 15, line 1: Strike out "two" and substitute therefor "one".

4. Page 19: Strike out clause 25 and substitute therefor the following:

"25. (1) No person shall produce any oil or gas within a spacing unit in which there are two or more leases or two or more separately owned working interests unless a pooling agreement has been entered into in accordance with section 21 or in accordance with a pooling order made under section 22.

(2) Subsection (1) does not prohibit the production of oil for testing in any quantities approved by the Chief Conservation Officer."

5. Page 19, line 14: Strike out "two" and substitute therefor "one".

6. Page 20: Strike out clause 27 and substitute therefor the following:

"27. (1) Notwithstanding anything in this Act, where, in the opinion of the Chief Conservation Officer, the unit operation of a pool or part thereof would prevent waste, he may apply to the Committee for an order requiring the working interest owners in the pool or part thereof to enter into a unit agreement and a unit operating agreement in respect of the pool or part thereof, as the case may be.

(2) Where an application is made by the Chief Conservation Officer pursuant to subsection (1), the Committee shall hold a hearing at which all interested persons shall be afforded an opportunity to be heard.

(3) If, after the hearing mentioned in subsection (2), the Committee is of opinion that unit operation of a pool or part thereof would prevent waste, the Com-

mittee may by order require the working interest owners in the pool or part thereof to enter into a unit agreement and a unit operating agreement in respect of the pool or part thereof.

(4) If in the time specified in the order referred to in subsection (3), being not less than six months from the date of the making of the order, the working interest owners and royalty owners fail to enter into a unit agreement and a unit operating agreement approved by the Committee, all drilling and producing operations within the pool or part thereof in respect of which the order was given shall cease until such time as a unit agreement and a unit operating agreement have been approved by the committee and filed with the Chief Conservation Officer.

(5) Notwithstanding subsection (4), the Committee may permit the continued operation of the pool or part thereof after the time specified in the order referred to in subsection (3) if it is of opinion that a unit agreement and unit operating agreement are in the course of being entered into, but any such continuation of operations shall be subject to any conditions prescribed by the Committee.".

7. Page 28: Strike out lines 21 and 22 and substitute therefor the following:

"and, subject to section 41, is binding upon the Committee and upon all parties.".

8. Page 29: Immediately after line 2, add as new subclause (5) of clause 41, the following:

"(5) Any order made by the Committee pursuant to subsection (4), unless such order has already been dealt with by the Governor in Council pursuant to section 40, shall be subject to that section.".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Phillips (Rigaud): On behalf of Senator Hayden, I move that this report be taken into consideration at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, the Standing Senate Committee on Foreign Affairs will meet on Tuesday morning next. Senator Roebuck has spoken to me about the desirability of his committee meeting as often as possible to complete an assignment in respect of a bill which has been before this house for some time. He proposes that his committee meet on Tuesday afternoon next. In order to enable the committees to carry the extra burden on Tuesday, the Senate will not convene until that evening.

With leave, I move, seconded by Senator Langlois, that when the Senate adjourns today it do stand adjourned until Tuesday next, March 18, at 8 p.m.

Hon. Mr. Roebuck: Honourable senators, may I thank the leader for that announcement.

Motion agreed to.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, March 11, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. Gunnar S. Thorvaldson: Honourable senators, Bill C-165, an Act to amend the Income Tax Act and the Estate Tax Act, has had a most unusual career in its course through the Senate so far. The honourable Senator Hayden sponsored the bill in his lucid and thorough manner, but those who heard his speech or have read it in *Hansard* must acknowledge that he damned it with but faint praise.

All the senators who have entered the debate—Senators Aseltine, Walker, Beaubien and, last but not least, Senator Phillips (Rigaud)—have torn this measure apart limb from limb, and the entrails of this inglorious animal are by now strewn all over the floor of this chamber.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Langlois: What a mess!

Hon. Mr. Thorvaldson: It can be said first that the provisions of this bill begin with a carrot dangled before the public, namely, the proposition of tax-free gifting and tax-free bequests between husband and wife. As has been shown so clearly in this debate, this concession is fairly limited and of doubtful value, especially with respect to people who have sought expert advice regarding their estate problems. Moreover, as Senator Phil-

lips (Rigaud) had so clearly shown, it is a completely ineffectual device under the laws of the Province of Quebec, which comprises approximately one-third of the people in Canada.

Secondly, I would say that the price paid by all Canadians for this device of such secondary importance is fantastically high. Not only is the price high for individual Canadians, it is very high for Canada as a nation, a nation that has been built and developed to date by individual savings, by prudence, by the collecting together of pools of capital in families, and in prudent financial institutions such as insurance and other companies whose business it is to pool the savings of the people and use them in the development of this country.

But now this measure strikes not one but several blows at the ability of Canadians to do these things. What are these blows to which I refer? There will first be a deadening of incentive to save and acquire financial independence. The cry will be, "Why should I work hard and accumulate savings? Why not live high on the hog and be merry? In the first place, the Government prevents me from sharing with my family during my lifetime. In the second place, except for rather unimportant concessions as between spouses, this bill also rings the death knell of a family business except in such exceptional circumstances as where the head of the family can outguess the grim reaper as to the point of time of his demise and have sufficent time on earth to satisfy the appetite of Bill C-165 and thereby save his business for his children.

But these things are not serious only for individuals; there is a tragic ring in all this business so far as Canada itself is concerned. What about capital formation and the need for Canadians to own at least a part of their own country? What about the effect of this bill on this aspect of nation building? Surely there is no need to expand on that here. The fact is that there is a hue and cry in many quarters demanding that the ownership of this country shall not reside entirely outside our borders, and with it the demand that everything possible within reason, good faith and business integrity be done to pass laws to facilitate such a result. This bill flies clearly in the face of greater ownership by Canadians of our own country. In fact it would appear the clear intention of the bill is not to add to the revenues of the exchequer, but it's clear intent is to destroy the ability of Canadians to gather pools of capital and thus hinder and prevent investment by Canadians in our own country.

If we are willing to listen we must recognize that the clearest ring in this bill is "destroy the wealthy; let us have in course of time a levelling of all Canadians to a common denominator of, let us say, a middle class." But let me say this, the Minister may be wrong when he thinks of all becoming a middle class. Instead of that, in 50 or 100 years from now we all may have become a poverty-stricken class and may have reached the category of hewers of wood and drawers of water, while our neighbours to the south flourish like a rose.

There is almost no end to the other criticisms of this bill that I personally would like to make, but other senators have dealt fully with the detailed provisions of the bill and there is no purpose in my now doing more than endorsing what they have said.

There are, however, two matters I would like to mention briefly. The first one—and it is a question that must be answered in committee—is: How does the impact of the percentage of tax and duty compare with those of other countries, particularly the United States? Hence, what migrations of people and capital as between our two countries may result from the operation of this bill? Also, what migrations of people and capital may result within our own country because of the estate tax remitting measures already enacted by the Province of Alberta, as well as the legislation now intended to be enacted by the Province of Saskatchewan, and a similar measure hinted at a few days ago in the Speech from the Throne of the Province of Manitoba. I shall read to you the paragraph in the Speech from the Throne of my own province which is as follows:

> My Ministers report that they joined in making representations to the Government of Canada which led to some modifications in the federal estates tax. They find, however, that there is still widespread concern over the probable effects of the tax. Under the circumstances you will be asked to consider legislation to enable my government to make adjustments to ensure better equity for estate taxpayers in Manitoba.

The other matter to which I would like to refer briefly was alluded to by Senator Phillips (Rigaud) in his speech, and also by Senator Lang in his question to Senator Hayden on page 1117 of Senate *Hansard* when he asked this question:

> ...Does this bill bring into the exchequer any more money than was realized under the Act as it now stands? Are we dealing with nothing more than a philosophical concept, or are we dealing with the matter of raising money for the exchequer?
>
> Depending upon the answer to these questions I shall regard this bill in a certain light. On the other hand, also depending upon the answers, I think it might be somewhat beyond the purview of this chamber.

Senator Hayden's reply was as follows;

> I do not have the answer but I can put one and one and one together, and very often get three out of it, and that seems to be the right answer.

The point I am making is that it would appear that this bill will not have any appreciable effect upon the exchequer of this country; that is to say, it will not affect ways and means and is therefore subject to any type of amendment or even defeat by the Senate.

Hon. Mr. Martin: May I ask my honourable friend where that quotation comes from? I am sorry I just entered the chamber as he was quoting and I did not hear the source of it.

Hon. Mr. Choquette: It is from Senate *Hansard* and he is quoting the sponsor of the bill.

Hon. Mr. Thorvaldson: I am quoting Senator Hayden the sponsor of the bill, but the last words were my own. I said the point I was making was that it would appear that this bill will not have any appreciable effect on the exchequer of this country; that is, it will not affect ways and means and is therefore subject to any type of amendment and even defeat at the hands of the Senate. In other words, I submit there is no constitutional problem involved in senators dealing with this bill as they see fit.

Surely the latter end, namely its amendment or defeat by the Senate, is what this bill deserves, and in my judgment it is high time the Senate should now show that its wisdom is much greater than that of the very immature Minister of Finance who now, unfortunately, is in control of that important ministry.

From time to time lately we have heard two much used phrases, namely "the just society" and "co-operative federalism". I would indeed be shocked if anybody should say to me that there is any justice involved in compelling a father who desires to make gifts to his children, to have to pay the exorbitant and escalating taxes that are provided for in this bill. Apart from the fact of mere injustice, it also appears true that in Canada we have come to the end of building family fortunes.

I have no intention of philosophizing on the importance of the building of family fortunes in any nation. I merely wish to ask this question: What would be the standard of living and wealth in the United States of America today had it not been for the efforts of the giant pioneers of that country, including, first, the railway builders, then the steel makers, such as the Carnegies, the developers of the oil industry, such as the Rockefellers, of the motor car industry, such as the Fords, the Chryslers, and the Kettingers, of the chemical industry, such as the DuPonts? And I could name myriads of other industries which have been developed by such great entrepreneural families.

Lose those, and you will lose your nation. I challenge anyone to suggest for a moment that that great country south of us would have developed as it has and created the highest standard of living, as that nation has, had it started 150 years ago with a system of—shall I say for lack of a better word—"socialism," whatever that means, rather than having that country developed by these great men, their families and descendants and others who followed them. In my judgment the United States would still be a country of poor pioneers were it not for the fact that these families had enough freedom from taxation to thrive and develop, to build huge pools of capital with which to build a nation and at the same time having by far the highest standard of living of any people on earth.

I might say the same of Canada, but I do not wish to mention names. You all know who the great families are. I also invite all honourable senators to envisage a much lower standard of living of everyone in this country if those great men, both of the past and the present, had been prevented by tax laws such as Bill C-165 from developing their empires, which have not only benefited themselves and their descendants but have also been of the most fantastic value in developing a strong Canada as well as a people whose standard of living is second only to the best

in the world, namely, that of our neighbours to the south. That is how great nations are made.

I say with firm conviction that the passage of this bill will not only sound the death knell of the family farm, as was so eloquently referred to by Senator Aseltine, and the death knell of the small business, but also the end of the development of the family pools of capital which, at least in my judgment, have been and are of inestimable value in the building of our nation.

And now, what of the phrase "Co-operative Federalism"? As we all know, the federal Government retains only 25 per cent of the gross amount of all taxes levied from gifts and estate taxes under this bill. Nevertheless, from the remarks of Premier Thatcher of Saskatchewan, and of other provincial government spokesmen, it is quite clear that the federal Minister of Finance has taken it upon himself, without consultation with the provinces, to enact these tremendous changes in our estate tax. Surely, by no stretch of the imagination can this be called co-operative federalism. Consequently, is it any wonder that at least three provinces have or are taking steps to alter the incidence of tax levied under this bill? Unquestionably, every other province will, in due course, be compelled to do likewise in their own self-defence.

I say with sincere conviction that this bill is an outstanding example of the various methods being adopted by the present Government to hasten the dissolution of this great country. I ask you not only to listen to me in this regard, but let me re-quote the words of Premier Thatcher of Saskatchewan, as cited at page 1128 of *Hansard* in Senator Aseltine's speech of March 5. Senator Aseltine said:

> Mr. Thatcher is also quoted as having said that the estate taxes have caused "an economic hemorrhage which capital-short Saskatchewan can ill afford."
>
> Mr. Thatcher described the new federal estates tax law as "as iniquitous and heavy-handed a piece of legislation as was ever introduced into the House of Commons".

Further down in the article Mr. Thatcher says:

> No socialist administration could have been more arbitrary.

Honourable senators, that is all I have to say in regard to this measure. You have possibly perceived from these remarks that I am not in favour of the bill.

Hon. Mr. Martin: That was fairly clear!

Hon. Mr. Thorvaldson: However, I just want to repeat that this bill creates a most wonderful opportunity for the Senate to display its wisdom and the good works it can do, if it wants to, for the people of this country.

On motion of Hon. Mr. Flynn, debate adjourned.

BRETTON WOODS AGREEMENTS ACT CURRENCY, MINT AND EXCHANGE FUND ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Paul Martin moved the second reading of Bill C-138, to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

He said: Honourable senators, the purpose of this bill is to provide parliamentary authority for Canada to accept amendments to the Articles of Agreement of the International Monetary Fund which will empower that international agency to create and to allocate to its members what are called special drawing rights.

These special drawing rights provide a supplementary international reserve on which some 111 countries may draw to meet particular economic or financial situations in their own country, although in the terms of the agreement, as honourable senators will find, the purpose of creating these special drawing rights is to create a second international reserve which will enable the fund to meet particular situations.

The bill amends the Currency, Mint and Exchange Fund Act to permit the Exchange Fund Account to receive, hold, and sell this new kind of reserve asset.

I need not tell the Senate that this is a timely and important measure. The Bretton Woods Agreement which came into being in 1944 has been amended on two occasions. It has been debated in this house. If I recall correctly, the last time it was debated was in 1965 when there was a minor amendment made to it. It was debated also in 1963. The International Monetary Fund has served Canada and its members now for 25 years and, while there have been monetary problems in the world, the relative stability provided among the trading nations in this period has more than justified the conception of the International Monetary Fund itself.

The financial difficulties in our own country, and the monetary problems in the world today, are a good indication of how essential this international collective effort in the field of monetary stability is. When we recall the difficulties that attended even the most powerful nations following the collapse of the economic conference in 1931, and how successful since the end of the Second World War this effort in the international monetary field has been, we realize that in discussing today these amendments to the agreement we are discussing an agreement of the most fundamental kind, particularly to a trading country like Canada.

The establishment of a scheme to create special drawing rights in the Fund means that nations will be able to create international monetary reserves by deliberate and joint action, and thereby ensure that the growth of international trade and payments can continue without the handicap which would be imposed by a shortage of liquidity. No country, as I hinted a moment ago, benefits more from international trade than Canada, and no country has benefited more from the opportunity to sell its goods and services to others, and buy their products in return. So, this measure is in our interest as well as in the interest of the international community.

These special drawing rights—and this is the fundamental purpose of the bill—are essentially a new kind of international reserve which can serve the same purpose as gold and reserve currencies, such as U.K. sterling and U.S. dollars, in enabling countries to balance their international accounts and maintain the international value of their own currencies. The special drawing rights, as they are called, will be created by the International Monetary Fund and allocated to the participating members in proportion to their contributions to the International Monetary Fund. Since the objective is to meet the long-run growth in the world's reserve needs—not, as I said a moment ago, within the meaning of the actual wording of the text, to meet the balance of payments needs of individual countries—decisions to create special drawing rights will be taken every five years, and the amount decided will be distributed in equal proportions annually. A provision is made, however, that the annual distributions can be adjusted if there is a considerable change in the situation.

Decisions will be taken by the Board of Governors of the Fund, on which all of its members are represented by an 85 per cent majority of the weighted votes. Canada is represented by the Governor of the Bank of Canada who, incidentally, had a lot to do with the discussions in Rio de Janeiro and later in Stockholm, which led to the agreement in the bill that is now before us. The Board of Governors will act on a proposal made by the Managing Director of the Fund with the concurrence of the executive board, which will reflect the managing director's judgment of the world's needs for reserves.

Canada would receive $35 million of special drawing rights out of every $1 billion of the new asset which is created. I would estimate on the basis of evidence given by the Deputy Governor of the Bank of Canada, and on the basis of the present Gross National Product and our priority position with the bank, that our share would likely be about $350 million.

Countries will be able to use their special drawing rights to obtain from other countries the foreign currencies which they need. In our case we would expect to obtain United States dollars, since this is the currency we use in order to maintain the value of the Canadian dollar in the foreign exchange market and, thereby, to balance our books in foreign transactions. So, we would expect to use these special drawing rights in the same way as we use the gold which we hold in our exchange reserves.

Countries under the agreement may use the special drawing rights freely and unconditionally with a minimum of necessary safeguards. At the present time, if a country wants to draw on the international monetary reserves of the bank, it may do so if it gets the necessary consent, but on conditions. With regard to these special drawing rights—this secondary reserve—there are no conditions except the condition implicit in the agreement, that the members live up to the main purpose of the agreement itself.

There is, therefore, a minimum of safeguards, but they include the requirement that the special drawing rights be used only where there is a need to do so, and not simply to obtain more of another reserve asset. Countries will be expected to maintain on an average a minimum holding amounting to 30 per cent of the special drawing rights which have been allocated to them.

The International Monetary Fund will assist members in arranging for transactions wherever countries will use their special drawing rights to acquire foreign currency from other countries with a strong balance of payments and reserve position, and there is

an obligation on such countries to accept special drawing rights up to the point where their holdings are three times the cumulative amount of special drawing rights which they have received for allocation.

It is this acceptance obligation that underwrites the value of the new reserve asset. I think honourable senators will see when they come to examine this agreement, I suppose in committee, the obligation put upon nations that have sufficient reserves to meet the international payments obligation of countries who wish to take advantage and cash in on their special drawing rights. These special drawing rights will not be backed by any particular asset but rather by the willingness and obligation of countries to accept them in exchange for convertible currencies. The new asset is thus a fiduciary asset like the domestic currencies of most countries.

In addition, special drawing rights will be gold value guaranteed, which means that their value will be protected against changes in the values of international currencies, and they will earn a moderate rate of interest—initially one and one half per cent—the cost of which will be assessed against members in proportion to the amounts of special drawing rights that have been allocated to them in the past.

I am sure honourable senators will have observed that this important new function of the deliberate creation of a new kind of reserve asset is to be entrusted to the International Monetary Fund, an existing and highly effective international institution with which this country has been closely associated since its inception and the success of which has been an important objective of Canadian foreign and domestic financial policy. As I indicated earlier, its origins are to be found in the Bretton Woods Conference of 1944 as part of the overall plan for post-war reconstruction. It was instituted in order to provide a framework for a more satisfactory international monetary system.

Members of the funds have agreed to avoid imposing destructive restrictions on international trade of the type which had been so common in the 1930s, and to maintain their exchange rates within one per cent of their parities, which may be changed only if the fund agrees that fundamental balance of payments difficulties require it.

This bill has nothing to do with a fixed rate of interest or a floating rate. I say this because in the examination of the evidence of the committee in the other place there was a lot of discussion as to whether there should be a margin in the floating rate, either up or down. This point has nothing to do with this bill. That phase of the evidence I regard as wholly outside the purpose of the bill, although it was fairly widely discussed in committee in the other place.

The members of the Fund have also contributed to a pool of gold and currencies which the Fund can lend to members in temporary balance of payments difficulties, thereby helping them to avoid exchange restrictions or unnecessary devaluations. These loans are not obtainable automatically. As I said, the Fund can, and does, impose conditions designed to make sure that the country will correct its payments situation and thus be able to repay the Fund within a period of five years.

The Fund has been the centrepiece of the post-war international monetary system, which has contributed to the achievement of the objective of Bretton Woods—a free and expanding world economy. World production, trade and real incomes have grown dramatically; depressions have been avoided; convertibility has been re-established and the barriers of trade have been lowered; a considerable degree of exchange rate stability has been maintained. While continued payments difficulties have been experienced by many countries, particularly many developing countries, they have received help from the Fund, both in the form of credits and as advice and technical assistance.

This historical perspective reminds us that the Fund was not established to exercise the central banking function of making permanent additions to the supply of international money, but rather to act like a commercial bank in providing short term repayable accommodation to its members. It is only, however, in the last ten years that what is called the problem of international liquidity, or a sufficient body of reserves, has become a matter of very serious concern. I remember very well when Mr. Pearson made his first visit to the President of the United States at Hyannis Port, one of the major items of discussion was this very problem. The discussion between the two heads of governments, and the discussions between other heads of governments, led to the setting up of the meeting that took place a short time ago in Rio de Janeiro. This led to the establishment of this special drawing rights conception.

It has always been accepted, of course, that international reserves would have to grow if

a rising trend of international trade and payments was to be sustained. Yet the need was adequately met in an unplanned way by the supply of gold, dollars and other reserve currencies, particularly sterling and United States dollars. However, the fact is that the supply of these reserve assets has been declining. The inflow of gold from the mines to international reserves has slowed because production itself has been slowing down and because the private demand for gold for industrial and other uses has risen.

These trends have been reflected further in the emergence of the two-tier price system for gold, which was agreed on a few months ago following the threat to the French franc, the urgings for an increase in the level of the German mark, and to invasions made on the currencies of certain countries, including our own. These trends, therefore, have been avoided by this two-tier agreement. Dollars were supplied to international reserves in large quantities as a result of the payments deficits of the United States, which ended the war with such a disproportionate share of international liquidity, but by the mid-1960s it became clear that these deficits could not continue indefinitely without impairing the strength of the dollar.

It was therefore in response to these trends that the new facility for special drawing rights was evolved. It represents, in my judgment and in that of the Government, an important new stage in the development of the international monetary system and a further evolution of the role of the International Monetary Fund, which, as I said a moment ago, has been one of the most successful international organizations set up since the end of the Second World War.

In future, the Fund will operate with two separate and distinct accounts. Through the special drawing account the fund will provide the special drawing rights—a form of unconditional liquidity. Through the general account the Fund will continue to provide its short-term balance of payments assistance of a conditional nature. The amount of this conditional credit which the Fund can extend to its members may be increased from time to time by increases in members' quotas which are normally reviewed every five years.

We need not accept this agreement. No country need accept it, and in refusing to accept this agreement no country will suffer as a result in respect of its existing commitment to the bank, with respect to the existing and primary reserves.

However, the amount of the conditional credit which the Fund can extend to its members may be increased from time to time by increases in members' quotas which are normally reviewed every five years. With these two strings to its bow, the Fund will be able to provide both types of liquidity, conditional and unconditional—conditional under the old reserve arrangement and unconditional under this special drawing rights conception—both of which are needed for the effective functioning of the international monetary system.

The amendments to the articles of agreement, as set forth in Bill C-138, are primarily concerned with establishing the legal framework for this special drawing rights scheme, but they also include a number of amendments to the existing articles in order to modify the rules and practices of the existing machinery of the Fund. These changes are rather technical and many do no more than clarify or codify the practices which have evolved over the past quarter of a century, and are currently followed in the Fund's operations. Others are consequential upon the establishment of the special drawing account and the establishment of the special drawing rights scheme.

One or two of the more important of these are worth mentioning. Certain major types of decisions will in the future require an 85 per cent majority vote of the governors. The consequence of this is to remove the right within the terms of the agreement of the absolute veto of the United States.

One such decision is a general increase in quotas which has been subject to an 80 per cent majority requirement until now, which gave to that powerful country the sole and effective right of veto or power veto. This brings the Fund's practice in this matter in line with that proposed for the special drawing rights and thereby underlines the similarity of decisions to create conditional and unconditional liquidity.

Other changes affect the rate of charges and the rate of interest on general account decisions. Hereafter, countries will receive remuneration at the same rate of 1½ per cent on their creditor positions in the Fund's general account as they will receive on their excess holdings of special drawing rights.

In most years since 1963 Canada has been in a substantial creditor position in the Fund and we may expect to benefit from this amendment in the future.

I believe that this is a historic measure. It has been five years in the making. Intensive discussions have taken place in both the Fund and within the group of 10 major industrial countries of which Canada, represented by the Governor of the Bank of Canada, was a member when the meeting took place in Rio de Janeiro. I believe the then Minister of Finance, Mr. Sharp, along with the Governor, represented Canada, but at the meetings in Stockholm Canada was represented by only the Governor himself.

An outline scheme was prepared jointly at these meetings by the executive directors of the Fund, and the deputies of the group of ten, in time for the 1967 annual meeting of the Board of Governors, which instructed the executive board to formulate detailed proposals for amendments on the basis of this outline. The proposed amendments were carefully considered by the Board of Governors and they were approved by a large majority last year, and 111 member countries, including Canada, are now asked to accept the amendments so that they can come into force.

The amendments constitute a highly negotiated package, and thus are to be accepted or rejected as a whole. It will be seen in the evidence that Mr. Lawson of the Bank of Canada said that there are some features of the agreement with which he was not personally in full concurrence, but it is necessary to accept the agreement as a whole under the terms of the agreement.

Throughout these discussions and negotiations, Canadian representatives played an active part, as they did in the discussions leading up to the creation of the International Monetary Fund itself 25 years ago. For the amendments to come into effect they must be accepted by at least three-fifths of the members, that is 67 countries, holding at least 80 per cent of the total votes. As at March 10, 37 member nations, having 52.85 per cent of the votes, indicated their acceptance.

Our acceptance will add a further 3.2 per cent to the votes. Not only will this bring the scheme nearer to reality, but it will also encourage other countries to indicate their acceptance.

Special drawing rights will not solve all the problems in the international monetary system—monetary creation, I suppose, never does solve anything. Continued difficulties and concerns are presently reflecting the difficulties which countries encounter in keeping their own affairs in order and maintaining their international payments in balance. This measure can make an important contribution to the continued effective functioning to international monetary arrangements and thus to the continued growth of international trade and payments which is so much in the interest of exporting nations like Canada.

I suppose that the Senate Banking, Trade and Commerce Committee is the committee to which this bill should be sent. I had thought that it might be desirable to establish the precedent of sending international agreements to the Senate Committee on Foreign Affairs, but this particular bill touches so much the domestic and, admittedly, international life of the country that it seems best, in the circumstances, to have it sent to the Senate Committee on Banking, Trade and Commerce. I will so move at the appropriate moment.

Hon. Harry A. Willis: I would like to ask a question. Did I understand the leader to say that 37 of 111 countries have accepted and have passed legislation accordingly?

Hon. Mr. Martin: Yes.

Hon. Mr. Willis: Honourable senators, I move the adjournment of the debate until Wednesday, March 19.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator allow me to ask a question before the motion for the adjournment of the debate is put?

Hon. Mr. Willis: Certainly.

Hon. Mr. Connolly (Ottawa West): Perhaps the honourable leader has the information available. As I understand it, arrangements are possible under the new agreement whereby credit would be extended to member countries and easier credit facilities provided.

As I understand it, originally member countries had to deposit with the Fund a certain amount of their own currencies. The leader may not have this figure, but if he has it might be helpful at the moment to know how much in the way of Canadian currency is on deposit with the International Monetary Fund.

Hon. Mr. Martin: I cannot give Senator Connolly (Ottawa West) the exact figure, but there is no doubt that, under the conditional reserve system, Canada and other countries have to make contributions to the Fund and to guarantee that provision was made for this in their exchange accounts. There is likewise an obligation with respect to the special

drawing rights currency reserve that is created.

I was seeking to point out that, unlike under the first reserve arrangement, this secondary reserve will enable a country automatically to be the recipient, if it applies. There is an obligation on the part of the board to assign to some country, in possession of sufficient currency reserves, an allocation to the applicant country.

Hon. Mr. Connolly (Ottawa West): As to the amount of those reserves, this one and a half per cent interest is provided?

Hon. Mr. Martin: That is right.

On motion of Hon. Mr. Willis, debate adjourned to Wednesday, March 19.

PEST CONTROL PRODUCTS BILL

SECOND READING—DEBATE ADJOURNED

Hon. William J. Petten moved the second reading of Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals.

He said: Honourable senators, this is the first occasion on which I have taken part in debate in this assembly, and I should hope that you will permit me to make a few remarks prior to my comments upon the bill itself.

I have been much impressed with the manner in which the Honourable the Speaker presides over this assembly and I wish to join with those who have preceded me in wishing him well. I would like to thank all honourable senators on both sides of this house for the kindness and courtesy shown to me as a new member.

It will be twenty years this September since my late father made his maiden speech in this house, and I feel I can best express my own feelings as I stand here by quoting from his speech. On that occasion, he said:

> I would like honourable senators to know that I realize that the privilege granted me of speaking on the floor of this house today is an honour to the province I represent rather than a tribute to any merits which I myself may possess ...Honourable senators, I am also fully aware that in this chamber I stand amongst some of the most distinguished of Canada's senior statesmen, men whose voices carry weight in the councils of the world, and whose worth has been proven on a stage of great vastness and scope.

I, too, deem it a great honour to represent my province in this chamber, and my earnest hope is that I will be able to live up to the very high standard set by the honourable members of this assembly.

During my late father's maiden speech he outlined his hopes and aspirations for his Province of Newfoundland. At some later date I would like to acquaint you with mine.

I would like to thank honourable senators for their courtesy in permitting me to make these few observations prior to my remarks on Bill C-157—the Pest Control Products Bill.

Pesticides have a great deal to do with the high standard of living enjoyed by the average Canadian today. Not only do they enable farmers to produce greater quantities of high quality food more economically, but they also make it possible for all of us to live, work, and play in considerably more comfort than did our forefathers.

The list of pests arrayed against us is formidable. There are about 2,500 different kinds of insects and related organisms that from time to time attack Canadian crops and gardens. There are some 2,000 plant diseases. There are approximately 1,000 kinds of weeds. And there are several hundred types of animal diseases and other animal pests.

It is estimated that one-third of all crops is lost to weeds, pests, and disease, despite the current use of pest control products. What would be the toll without pesticides? It is a fact that some crops, including most fruits and vegetables, could not be produced commercially without chemical help. In other crops, yields would also suffer, with many items being infected or damaged by worms, fungi and other pests.

Honourable senators, the agricultural industry is presently the largest consumer of pest control products. They are one of the several major input items to agriculture, responsible for the efficient and increasing production of wholesome food and feed products for Canada and the world. It is because of this that adequate regulation of pesticides and their use is necessary, to assure that Canadian agricultural food and feed products conform to national and international standards relative to pesticide residues.

Pesticides are filling a growing need in the management and use of Canada's forests and fresh water resources. They have played a major role in reducing the effect of spruce budworm attacks on the forest of New Brunswick and elsewhere and are now being used to control the hemlock looper that is threaten-

ing the forests of Newfoundland, so necessary to the pulp and paper industry. They also are being used to improve the game and commercial fisheries of our lakes, in the control of "weed fish"; for example, the lamprey eels in the upper Great Lakes.

Pest control products find wide application in the community; for example, fumigants kill bugs in warehouses, growth suppressants control weeds at airports and other industrial sites; pesticides control pests of all kinds in the home garden, rodenticides rid residential areas of rats and mice; pesticides keep our clothing and rugs free from fabric-chewing insects, and fungicides prevent mildew in a host of household articles.

Pesticides are opening up new recreational and work areas. Spray programs have reduced mosquito and biting-fly populations to allow us to enjoy what were previously unusable locations. Public health officials depend heavily upon pesticides to assist them in disease control and the improvement of public health. In fact, these products fill a need in virtually all areas of modern society and human activity. It is true that pesticides now play a very important part in all our lives. We certainly could not live in the manner to which we have become accustomed without them.

Pesticides have dual personalities. Like fire, they bring us untold benefits. They also can get us into trouble if they are not handled properly. Careless use of pesticides can lead to food contamination, damage to crops, domestic animals and wild life, as well as serious injury or even death to people.

Scientists are making steady progress in developing new and alternative and safer methods of controlling pests, such as improved management practices, resistant crops, and biological control. They are also striving for safer control products, but until alternate hazard-free controls are available to protect us against pests, pesticides will be needed and measures will have to be taken to reduce as far as practical any adverse effects caused by them.

Government control of these necessary but potentially harmful products is required if we are to reap the benefits they can provide, yet protect people from the consequence of misuse.

The bill now before us, in general terms, brings the Pest Control Products Act of 1939 up to date. While it is framed in the same general context, there are some significant changes and improvements. The increased use of pesticides and associated products and a greater concern over their potential for harm, as well as for good, necessitate a broader authority for regulation than in the past. This is provided in the proposed legislation by adding the authority to regulate the manufacture, handling, use and advertising of such control products. Authority is also included to regulate manufacturing establishments in regard to certain prescribed control products for export or inter-provincial movement.

The present act provides only for the regulating of the product itself as to composition, packaging and labelling. The authority to regulate manufacturing establishments could only be used for specific products prescribed by the Governor in Council. At the present time there do not appear to be any control products in use in Canada that would call for this measure. It is expected, however, that in the next few years products will be developed, such as biologics or live predator cultures, that, if not properly prepared, could release a plague on desirable plants or animals. The registration and inspection of manufacturing premises could be the best way to ensure that such products will be useful and safe. The contamination of one control product with another does happen now, and if measures short of regulations at the manufacturing level fail to keep the incidence low, then authority could be used to correct the situation. Serious residue and other problems can be caused by such contamination.

The authority for export control is expected to be necessary at some time in the future in order to meet import requirements of other countries calling for certification by the exporting country. Such is now the case with exports of live plant materials and animals.

In addition to true pesticides, the new legislation also applies to other control products and products to be used along with or as a supplement to pesticides and control products. The present act does provide some protection for the public against deception in merchandising pesticides but only indirectly. This bill will permit more direct control over advertising and some aspects of labelling that would be difficult to regulate at present. For example, numbers used in the name of a product could be misleading as to the strength of the product. Advertising could seriously misrepresent a product as to usefulness and safety. A package could be so constructed as to cause accidents in emptying or to leak its contents. The new legislation retains the au-

thority of the present act to regulate products through registration, standards and labelling, but adds authority over packaging.

In my view, this new legislation will provide for a more effective service to the agricultural industry and other users of control products and a greatly improved means of protecting the public interest, while at the same time avoiding an unreasonable regulatory burden on the pesticide industry.

Honourable senators, I thank you for your attention and courtesy during this, my first address to this house. If this bill should receive your approval and be given second reading, it is my intention to propose that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Hazen Argue: Honourable senators, I am sure I express the sentiments of all members when I say to honourable Senator Petten that he has made a most excellent speech as his maiden effort in this chamber. With the standard that he has set for himself and for all of us I am sure that we shall look forward to many more excellent interventions by the honourable senator.

Some Hon. Senators: Hear, hear.

Hon. Mr. Argue: I warmly congratulate him on his fine effort.

Honourable senators, I would not be speaking at this particular stage of this debate, if an honourable senator in the Official Opposition had been ready to make a speech without also moving the adjournment of the debate. I may be away myself next week, and therefore I would like to participate in this debate at this time.

It is a most important bill; it is a most important step forward. It is presented to Parliament by the Government because there is need, great need, for regulation of pesticides and their use. As the honourable senator has said, pesticides have been of value to agriculture and to humanity but, as he also said, pesticides have a dual personality and, while they may be very useful if properly used, they may be very detrimental if improperly used. Moreover, if certain pesticides continue to be used they may constitute an exceedingly grave threat to animal life, bird life and even to human life itself.

One has to say that the Government of Canada, the Department of Agriculture and the Food and Drug organization, are active in the field of endeavouring to protect Canadians and our environment against the improper use of pesticides. However, I think it is reasonable to ask ourselves whether or not additional measures are necessary because of the grave threat of the pesticides if they are misused. Since these are, of course, a part of the general problem of pollution in Canada and in the world, they enter the picture in that respect as well.

I have endeavoured to get whatever information I could on this subject over the last number of weeks. I understand that the Food and Drug Directorate makes a number of food tests across the country, monitoring, as they call it, to see to what extent contamination in fact does take place. They have been testing some 3,000 samples per year of foods to see whether they are contaminated, and they have found contamination of a dangerous level ranging anywhere from 4 per cent to 6 per cent. It would seem to me as a layman that conducting this number of tests is not good enough. It amounts to some 10 per day, and if you think of the size of Canada you can understand that very few tests are made in any given locality in a given year, and in many localities none at all. I think there is room for expansion of this kind of work. There is room also for a more cautious approach to this whole question than has heretofore been the case.

There are many eminent scientists who feel that some of these particular pesticides are not only dangerous but, in fact, should be outlawed. There are a number of quotations I wish to refer to. The first is by Dr. C. W. Wurster, a molecular ecologist from the State University of New York, who is attributed as saying that DDT threatens fish, birds and other wildlife with extinction, that it is impossible to eradicate, that its toxic influence lasts for decades, and that more of it is being pumped each day into the air we breathe and the water we drink. It is a long article and I shall just quote from it one more sentence.

> But it is impossible to use DDT safely. It is uncontrollable. The only answer is to outlaw it.

Another article appeared in the *Citizen* of July 12th under the heading "Warning given on 'bug killers'."

> A Department of Agriculture horiculturalist has warned against the continued misuse of almost every home garden bug control compound, most of which contain some DDT.

He criticized home gardeners who constantly use these chemicals without regard to the instructions on their labels.

"A lot of these people really think they're good gardeners. They are not good gardeners and they're not even good citizens."

A scientist in Ottawa, Dr. Quentin N. LaHam, is doing research work at the University of Ottawa, and in an article in the Ottawa *Citizen* of March 2, 1968, I find the following:

An Ottawa scientist, while producing malformed chicks to help find out what causes deformed babies, has grown fearful of how future generations will be harmed by insecticides.

"There are some on the market," said Dr. LaHam, "that are so bloody dangerous we don't even use them in a laboratory."

There is no doubt that birds, domestic and wild animals can sicken and die from accumulated DDT or other insect and weed killers.

There are scientists who believe from their researches that DDT in fact is a cause of cancer. And now our own Food and Drug Organization has done a great deal of work during the last few years into the possible effects of cigarette smoking on lung cancer, and we have all become startled by the kind of statistics and the kind of information that is being produced. I think we all agree that on the basis of the evidence presented to us, cigarette smoking is a dangerous thing and that the government and the public are right in bringing this information to the fore so that people may be able to act accordingly and reduce the incidence of cigarette smoking and the incidence of cancer. I think it follows that if any substance is causing cancer or may cause cancer, then it is something to which our legislators should direct their attention.

Hon. Mr. Flynn: But you would not call cigarette smoking a pesticide?

Hon. Mr. Argue: No, I would not, although I am not sure that nicotine might not be a pesticide in certain circumstances.

I now refer to an article in the Toronto *Telegram* of January 27, 1969, which is headed "Pesticides Linked with Cancers in Cattle". It goes on to say:

German scientists have discovered a link between cancerous tissues in cattle and chemicals used in pesticides, the annual meeting of the Ontario Veterinary Association was told yesterday.

The discovery was made in preliminary studies involving the exposure of cattle to chlorinated hydro carbons, found in DDT, a common pesticide.

Another statement along the same lines appears in the publication *Good Farming* of September, 1968. It is as follows:

Dr. John Higginson, director of the International Agency for Cancer Research, announced a few weeks ago that the countries of Western Europe and the Soviet Union have joined forces to conduct elaborate experiments on DDT following preliminary evidence that the chemical caused cancer in laboratory mice.

With this kind of evidence before us, I think the authorities should be considering the outlawing of DDT, particularly when it is being stated by authorities that there are alternative pesticides that can be used to do the same job without the very sad and possible disastrous effects.

In my view the question of DDT pesticides is just part of the question of pollution of our environment. There are more and more people taking an interest in this. I came across an editorial in the Regina *Leader Post* of March 8 which sets out the dangers of DDT and makes among others three very important points. It is pointed out that in the State of Arizona the Pesticide Control Board has banned the use of DDT in commercial agriculture for one year because of fears of excessive residues in livestock and food crops. It says:

In Pennsylvania, a state Senate investigating committee has recommended, after a seven-month study, that "hard pesticides" like DDT should be banned in the state.

What may be a landmark challenge to DDT and another pesticide, dieldrin, has been launched in Wisconsin. There, a Long Island-based conservation group, the Environmental Defense Fund, is pitting all the scientific evidence it can muster against the equally persuasive arguments the agricultural chemical industry is expected to present.

Canada is certainly aware of the pollution problem of which pesticides form a very important part, so much so that a Member of Parliament, Robert Kaplan, spoke before the United Nations in December on this very grave problem. He made some statements which amounted to an important contribution. In one part of his speech he said;

> If you fall from a boat in Lake Erie you are advised to have a tetanus injection.

The article from which I am reading goes on to say:

> So bad was the pollution of the lake that one proposal is that it be drained entirely.
>
> Water pollution was not the only concern of Canada.
>
> There is also contamination of the air from such things as industry and auto exhaust, coastal waters from shipping and urban waste disposal and "poisoning of the soil and crops through uncontrolled use of chemicals and the effects which such chemicals have on the balance of nature—"

I suggest that with this kind of evidence—and despite what is being done and the concern already shown for this problem by the federal, provincial, and municipal governments, and many organizations all across the country—it is time the Government of Canada took a real lead in this question. I suggest they set up a body to gather the best possible scientific information on this whole question of pollution. This body should consider this evidence and come forward with recommendations that would be of assistance to the Government of Canada and the people of this nation.

I think this is a question of such far-reaching urgency that a royal commission should be established to look at the whole question of pollution—pollution of our streams, pollution of our atmosphere, pollution by industry and pollution by individuals all across this country. I think it is urgent; I think it is important.

I could have referred to other statements made by eminent scientists, statements far more hair-raising than the ones I have quoted, some of them to the effect that human life itself may not be able to exist on earth for more than 60 years if the trend towards pollution of the atmosphere and the waters of the world is not arrested. I would think that such a royal commission would receive the co-operation of all governments and all bodies in this country that are concerned.

As I say, it is a widespread problem. In Alberta in recent weeks there have been reports of cattle dying because of industrial pollution. The Alberta Farmers' Union have just made a presentation to the Government of Alberta pointing out the dangers from pollution generally and the need for action.

I have had some personal experience with chemicals, treating grain on farms in western Canada. There is one particular seed treatment for smut in which you use chemicals that have a mercury content, and mercury is certainly a very dangerous and highly poisonous substance. There are hundreds of farmers who poison themselves year after year through using mercuric compounds. I have read in many publications about the value of mercury treatment for the control of smut. I am sure that the honourable Senator Pearson has an opinion on this that may be more accurate and more up-to-date than mine, but from the body of evidence I have seen the scientists themselves are not certain that the mercuric dust treatment of seed grain does in fact materially control smut infestation. I would say that when the scientists themselves cannot make up their minds, then there should be some kind of balance provided to the large amount of advertising and the extravagant claims that are made by the industry for the use of mercuric materials for the control of smut in seed grain.

Honourable senators, I have not made this statement to detract in any way from the importance and value of the legislation that is now before us, but merely to point out, as Robert Kaplan said at the United Nations, that this whole question of pollution is a very urgent one. I would ask that the Government of this country consider establishing a royal commission to inquire into the whole question of the use of these materials, the question of whether DDT, in fact, is causing cancer. They may find it is a far worse offender than cigarette smoking, because when cigarette smoking was first accused of being a cause of cancer it was pooh-poohed by everyone. I am sure there are enough scientists who feel this question is urgent, and on all counts the Government would be fully justified in taking the steps I have suggested.

Hon. Allister Grosart: Honourable senators, I would like to draw to the attention of the

chamber what appears to be an omission in this act.

It will be recalled that when we discussed Bill S-26, which was a bill known as the Hazardous Products bill, the bill's title being, "An Act to prohibit the advertising, sale and importation of hazardous products," we found that there was in that act provision for a Review Board. The purpose of that board was to give a manufacturer whose product was prescribed by regulation an opportunity to appeal the action taken by Order in Council.

Hon. Mr. Martin: That is section 5.

Hon. Mr. Grosart: Section 9, I think it was.

Hon. Mr. Martin: No, section 5 of this bill.

Hon. Mr. Grosart: Section 9 of Bill S-26 reads:

> Where a product or substance is added to Part I or Part II of the Schedule by order of the Governor in Council, any manufacturer or distributor of that product or substance or any person having that product or substance in his possession for sale may, within sixty days from the date of the making of the order, request the Minister that the order be referred to a Hazardous Products Board of Review.

It would seem to me this is a similar case. In Bill S-26 we were dealing with hazardous products, and here we are dealing with another hazardous product referred to in this bill as the "control product"—that is, a product that comes under the control of and regulation by Order in Council.

I point out that in this act the control products are not named; they are left entirely to prescription by Order in Council. I would suggest that if it makes sense in the one bill, the hazardous products bill, to have a board of review, then it would certainly make sense to have a board of review here.

In effect, I am saying that I am again objecting to the extension of the powers of Parliament to those responsible for making regulations by Order in Council. I have said before, and I repeat, that I know there are occasions when the power to make these regulations by Order in Council is necessary, but I am one who believes that that necessity should be subject, as far as possible, to some kind of check; and in the absence at the moment of any mechanism for a parliamentary check of regulations, I would suggest that this bill would be greatly improved if a section similar to section 9 of Bill S-26 were added to provide for a board of review.

Hon. Mr. Roebuck: Honourable senators, may I ask Senator Argue a question? In the first instance, let me say that I thoroughly enjoyed and benefited from his vigorous speech and the work he has evidently done in preparing the material he has laid before us on a most important subject.

He spoke about DDT and said that there were several—I think he used that word—alternatives to DDT which might be used and which were not dangerous. Could he give us the names, or some indication of what those alternatives are?

Hon. Mr. Argue: I do not have in my notes the names of such alternatives. I am not sure I have seen any names, but I have seen statements made by scientists in some of the material to which I have referred, wherein they have said that there are alternatives to DDT, and that therefore DDT is not necessary. I would be very happy to do further research to see if I can come up with generic names of the substances referred to.

Hon. Paul Martin: Honourable senators, I too thought the contribution made by Senator Argue was a valuable one. I rise now to answer a suggestion that he made, but in doing so may I say that it seems to me this debate normally would not have taken place after such an able introduction as Senator Petten's; possibly it would have gone to committee. However, as I have said before, it does strike me that there is an advantage in having a debate in the chamber before some of these bills go to committee. I think the intervention of Senator Argue proves the point, as does the intervention now of Senator Grosart. Certainly the suggestion he made is one that we will want to consider in the light of the successful amendment made to another bill as the result of the initiative taken, I think, by Senator Leonard.

I want to say to Senator Petten that I am very grateful for his presentation of the bill. He mentioned his father, who was a good friend of mine. He may be sure that we all regard him as a worthy son of a worthy member of this house.

Senator Argue called upon the Government to establish a royal commission to inquire into the whole question of pollution. There is no doubt that in the country there is great concern about pollution of our provincial and

international waters. The late Senator Lambert was greatly interested in this problem, and he spoke often on the pollution of the nearby provincial waters.

I would simply indicate that I doubt very much that a royal commission is the proper means of dealing with this problem. A great deal is known of the extent of pollution in our international and domestic waters. It is not so much a question of knowing more as it is of finding ways of providing the remedies, and this is a costly undertaking.

But, studies are being made of pollution. The International Joint Commission, for instance, has been engaged for a number of years in a study of pollution of the Great Lakes, and it has conducted studies on air pollution in certain cities on the border particularly to indicate the extent of the problem of pollution on land, as well as in the air and in the water.

Under our Constitution, it is the International Joint Commission that makes the study, and it then brings its conclusions to the attention of the governments of both the United States and Canada. The Government of Canada in turn brings those reports to the attention of the provincial governments, in which rest the authority in respect of domestic waters, for action.

What I am seeking to indicate by these comments is that I doubt that a royal commission would yield much more knowledge. I doubt that that is the way to make some progress in the matter. Progress is being made, although certainly not as much as I, as a former Minister of National Health and Welfare, would like to see. However, I recognize the limitations.

Senator Argue said that he would not be here next week. That is most disappointing news to me, because I had hoped he would go before this committee and extend to it the benefit not only of his oratory but his great knowledge of this problem.

On motion of Hon. Mr. Flynn, debate adjourned.

The Senate adjourned until Tuesday, March 18, at 8 p.m.

THE SENATE

Tuesday, March 18, 1969

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

Prayers.

THE LATE HON. JOHN BRACKEN, P.C.

FORMER NATIONAL LEADER OF THE PROGRESSIVE CONSERVATIVE PARTY—TRIBUTES

Hon. Harry A. Willis: Honourable senators, may I have your consent to say a few words about the Honourable John Bracken who passed away today.

Hon. Senators: Agreed.

Hon. Mr. Willis: Honourable senators, the Honourable John Bracken, whom I knew for many years, died this morning at the age of 85. He was born on a farm in Leeds County, Ontario, and after receiving his primary education there he attended the Ontario Agricultural College, which is now known as the University of Guelph, where he obtained his degree. He was named special student of the year and took a very active part in athletics.

He went to western Canada and became president of one of the agricultural universities there. In 1922 he was summoned by a new political party in the west to be its leader, and eventually he became Premier of the Province of Manitoba. He was Premier of that province from August 8, 1922, until January 8, 1943, having in the previous month been elected leader of the Progressive Conservative Party of Canada. He retained that post until 1948, when he resigned. Since that time he has lived with his wife on a farm in Manotick, Ontario, some 15 miles from Ottawa. He was a great farmer, very interested in horticulture and agriculture, and a fine breeder of horses and cattle. I was associated with him in Ontario for six years; wherever he went I went in that province. In my opinion he was one of God's gentlemen and a great Canadian.

I pay tribute to his charming wife, who added so much to his leadership of the party. I extend my sincere sympathy to her and to the family, most of whom reside in Winnipeg.

I take this opportunity to pay tribute to a man who lived to be 85 years of age, who throughout his lifetime was interested in Canada and was a great Canadian himself.

Hon. Paul Martin: Honourable senators, I am sure that Senator Willis has spoken not only for his party, but for all of us in the Senate. However, I should like on behalf of those who sit on this side of the chamber to join with him in an expression of regret on the passing today of a distinguished Canadian, a former leader of the Opposition in the other place, the Honourable John Bracken, and who for 20 years was Premier of the Province of Manitoba.

Mr. Bracken served Canada with distinction and great honour. I had the pleasure in September 1946 of serving with him on the Canadian delegation of the United Nations, and as well in the House of Commons. To his widow and family go our sincere sympathy and the gratitude of the people of Canada who will long remember his services to this country.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copy of a Study of Harbour Administration in Canada, dated September 16, 1968. (French text.)

Report of Permits issued under the authority of the Minister of Manpower and Immigration for the year ended December 31, 1968, pursuant to section 8 (5) of the Immigration Act, chapter 325, R.S.C., 1952. (English and French texts).

Capital Budget of Air Canada for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C. 1952, together with copy of Order in Council P.C. 1969-390, dated February 27, 1969, approving same. (English text).

Capital Budget of the National Harbours Board, for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, (English and French texts), together with copy of Order in Council P.C. 1969-391, dated February 27, 1969, approving same.

Capital Budget of the St. Lawrence Seaway Authority for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with a copy of Order in Council P.C. 1969-392, dated February 27, 1969, approving same. (English text).

Copies of Ordinances, chapters 1 to 5 inclusive, passed by the Council of the

Yukon Territory at its 1969 First Session, which was concluded on February 5, 1969, pursuant to section 20 of the Yukon Act, chapter 53, Statutes of Canada, 1952-53, together with a copy of Order in Council P.C. 1969-452, dated March 4, 1969, approving same. (English text).

Copies of a Press Release, dated March 13, 1969, issued by The Canadian Wheat Board, relating to the final payments on Oats and Barley delivered to the Board during the 1967-68 crop year. (English and French texts).

HON. JAMES DUGGAN

RETURN TO CHAMBER AFTER ILLNESS

Hon. Paul Martin: I wish to take this opportunity to extend a warm welcome to Senator Duggan on his return to this house. We sincerely hope he has now completely recovered from his very serious accident. I know he will warm up our proceedings.

CANADA SHIPPING ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Hedard Robichaud, for Hon. Gunnar S. Thorvaldson, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-23, to amend the Canada Shipping Act, and had directed that the bill be reported with the following amendments:

1. Page 15: Strike out lines 17 to 41, both inclusive.

2. Page 17: Strike out lines 17 to 21, both inclusive, and substitute therefor:

"(a) providing for the licensing of persons acting as members of the crew or employed in connection with the maintenance and repair of air cushion vehicles used in navigation, and for the suspension and revocation of such licences;"

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Robichaud moved that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

PRIVATE BILL

THE PERTH MUTUAL FIRE INSURANCE COMPANY—THIRD READING

Hon. Daniel A. Lang moved the third reading of Bill S-30, respecting The Perth Mutual Fire Insurance Company.

Motion agreed to and bill read third time and passed.

ANIMAL CONTAGIOUS DISEASES ACT

BILL TO AMEND—THIRD READING

Hon. Mary E. Kinnear moved the third reading of Bill C-156, to amend the Animal Contagious Diseases Act.

Motion agreed to and bill read third time and passed, on division.

PEST CONTROL PRODUCTS BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, March 13, the adjourned debate on the motion of Hon. Mr. Petten for the second reading of Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals.

Hon. Jacques Flynn: Honourable senators, may I yield to Senator Pearson.

Hon. Senators: Agreed.

Hon. Arthur M. Pearson: Honourable senators, I must say at the outset that I am not enamoured of Bill C-157, an act to regulate products used for the control of pests and the organic functions of plants and animals. The most familiar of these chemicals are DDT, 2,4-D, warfarin and the detergents.

Honourable senators, this bill by and large is good in that it is aimed at protecting the public as much as possible from rather dangerous chemicals.

I have taken a clipping from the *Free Press Weekly* of March 15, 1969, written by Dr. C. S. Cooper, Manager of Technical Services for Cyanamid of Canada, Limited. He goes into considerable detail in his article on how to protect oneself and the public while using or after having finished using these products. I do not intend to read the article; I merely mention it to indicate that the chemical industry is concerned about the need to be careful with these chemicals because they are considered dangerous.

I also have a clipping from the Ottawa *Journal* of March 14, in which Dr. D. A. Chant is reputed to have said that some day the chemical insecticide DDT could severely reduce North America's oxygen supply because it is being washed into the oceans and is killing small green organisms that replenish this continent's day-to-day oxygen supply. Apparently this is what Dr. Chant told a Conservation Council of Ontario conference. Dr. Chant is Chairman of the University of Toronto's zoology department.

For these reasons, I certainly agree with the intent of this bill, which updates the former act known as the Pest Control Products Act of 1939. Certainly, there is need for this new bill because of the tremendous advances made in the chemical industry.

Having said that, honourable senators, I must add that there are some points I do not agree with and which I feel need some changes. These same points have been strongly criticized by the chemical industry. I agree with the industry.

The points in the bill itself are clause 4(2), clause 5(d) and (k), clause 9(2)(c), and clause 10(2) and (3). I agree that these clauses, which I shall mention later and to which I have just drawn your attention, are necessary in this bill so as to put teeth into the enforcing of a very necessary precaution in the handling of dangerous products. But, honourable senators, why is no appeal allowed from decisions of the minister in these particular items? Clause 4(2) says:

> No person shall export out of Canada, or send or convey from one province to another any prescribed control product unless such product was manufactured in an establishment that
>
> (a) complied with prescribed conditions; and
>
> (b) was registered and operated as prescribed.

That is to say, unless the product was manufactured in an establishment that complied with certain regulations. In other words, an inspector has control of the conditions of work and operations in the plant and if he is not satisfied he can close down the plant until the owner has complied with his wishes. There is no appeal from this situation.

As far as paragraph 5 (d) regarding registration is concerned, I find it unusual that it should be necessary to register a plant for the manufacture of products. With the registration of the products I agree, but why should the Governor in Council require a manufacturing plant to be registered? The matter of registration apparently hinges on the judgment of one man, the inspector. If he is not satisfied with the layout of the plant he shall not allow registration. There seems to be no appeal against his decision. The inspector may and probably will be correct in most cases, but at least the operator of the plant who has invested a great deal of money should have a right to appeal the inspector's judgment.

Hon. Mr. Roebuck: May I ask the honourable senator a question? Does not an appeal lie to the minister under those circumstances?

Hon. Mr. Pearson: Yes, but the inspector is the man who makes the decision, at the plant, and then his report goes to the minister.

Hon. Mr. Roebuck: But there would be an appeal to the minister.

Hon. Mr. Pearson: Yes, to the minister, but not to a civil court.

Paragraph (k) of clause 5 provides that the Governor in Council may make regulations,

> respecting the packaging, labelling and advertising of control products and packages thereof . . .

Is the Governor in Council and, through him, the inspector to be an expert on modern advertising? Will he be required to tell the experienced businessman or the advertising expert how to do his specialty job and, if he does not agree, close down the plant, with no provision for appeal except to the minister?

The other provision I do not agree with is clause 9 (2) (c), which reads:

> (2) Any control product seized and detained pursuant to subsection (1) shall not be detained after . . .
>
> (c) the expiration of six months from the day of seizure, or such longer period as may be prescribed with respect to any control product.

My point is, why should it be necessary to hold a control product for six months or more before a decision one way or the other is made by the minister? The seasonal period during which a control product is saleable and/or usable would have passed and a merchant would stand to lose fairly heavily, possibly through no fault of his or of the manufacturer. Again, there is no further appeal than to the minister.

Section 21 of the act of 1939, known as the Pest Control Products Act, contained this provision:

> No proceedings taken under this Act against any person shall in any way interfere with, or lessen the right of, an aggrieved person to any legal remedy to which he may be entitled.

I cannot see why such a provision has been omitted from this bill, honourable senators. It seems to me that we have tight control by all departments of government now, and this is just one more example of the Government taking control and the individual having no right of appeal. I do not agree with this preponderance of government control, and I think we should have the right to appeal to a civil court.

On motion of Hon. Mr. Prowse, debate adjourned.

PLANT QUARANTINE BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce Bill C-154, to prevent the introduction or spreading of pests injurious to plants, which was presented on Thursday, March 13.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, I should tell you, in very few words, the purpose of the amendment made to this bill in committee.

The bill provides for the Governor in Council passing or enacting regulations, one of which deals with the terms and conditions for the awarding of compensation where a plant, for instance, has been destroyed because it is infested. Elsewhere in the bill provision is made for an appeal on the question of compensation, but nowhere in the bill could we find any substantive provision by which any person was given the authority to fix compensation. Therefore, the regulations had no statutory authority upon which to rest.

By a strange coincidence we had before us last Wednesday also a bill to amend the Animal Contagious Diseases Act. In the course of consideration of this bill I looked at the Animal Contagious Diseases Act and discovered that it contained provision for compensation, and also for special authority to a minister to fix compensation. We had, therefore, a basis for regulations and also for appeals.

What the committee did was add to the bill subsection 2 of section 3 which, as honourable senators will see by referring to page 1188 of the *Debates of the Senate* of last Thursday, reads as follows:

> The Minister may order compensation to be paid in respect of any plant or other matter destroyed or prohibited or restricted from sale or any restriction of the use of any property or premises pursuant to this Act in the amounts approved by, and subject to the terms and conditions prescribed by, the regulations.

Once that is in the bill you then have provision for regulations and also for appeals. The big difficulty here was that there was no basic authority to provide for compensation, and in that respect the only amendment was made.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

REPORT REFERRED BACK TO COMMITTEE

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, which was presented on Thursday, March 13.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, as you will see from the *Debates of the Senate* of last Thursday a number of amendments were made to Bill S-29 by the committee, most of which arise out of a brief presented by the Canadian Petroleum Association whose representative appeared before the committee and explained the reasons why they thought these amendments should be made. These representatives had no objection to the scope and purpose of the bill which, in essence, as we were told during the debate on the motion for second reading, is to provide statutory

authority in connection with oil and gas production in the Yukon and Northwest Territories.

At the instigation of the chairman of the committee and the Law Clerk of the Senate, these amendments were then discussed with the departmental officers, who were charged with the preparation of this bill and who would be in charge of its administration after it became law, and they accepted the amendments in principle, with the exception of one minor suggestion that was not adopted.

All but the last two of these amendments—that is, the amendments dealing with sections 40 and 41 of the bill—developed as a result of the presentation of the Canadian Petroleum Association. As a matter of fact, in relation to section 27 the departmental officers undertook to take away the material and make their own redraft of the section. You will see that section 27, which is quite lengthy, deals with unitization to prevent waste. I shall no doubt make a bad fist of explaining unitization, but I think it means that you put together a group of producing wells, which may be under different ownership, so as to have a more productive and more economic operation, and in that way you prevent substantial waste. Section 27 lays out the provisions under which unitization might be required in the interests of preventing waste.

The objection of the Canadian Petroleum Association was that there was no provision with respect to hearings, nor with respect to appeals from decisions that might be made by the committee in those circumstances. The objection of the Canadian Petroleum Association was felt to be substantial, which the department recognized, and as a consequence section 27 is re-drafted, to provide in respect of a hearing and an appeal. I see Senator Pearson nodding his head, because this lends substance to the objections he made to a bill we were considering a few moments ago.

These represent most of the amendments to this bill, but there are two that were initiated by the committee itself. May I take just a moment to tell you what they are? In section 40 of the bill there is provision for an appeal from an order of the committee by way of petition to the Governor in Council. This is a general appeal. There are no limitations on it. The reasons could be political or factual, but whatever they are there is a right to appeal to the Governor in Council, and when the Governor in Council makes a decision the Committee must then incorporate it as its decision. But at the end of section 40 you find this language:

> —any order that the Governor in Council makes with respect thereto—

That is, with respect to the subject matter of an order which the committee has made, and which some interested person is challenging.

> —becomes a decision or order of the Committee and is binding upon all parties.

That language would appear to be the end so far as any further rights are concerned, but then section 41 of the bill goes on to provide for an appeal to the Supreme Court of Canada on any question of law or of jurisdiction. When the parties are heard and the Supreme Court announces its decision, the committee must then amend or revise its order so that it reflects the decision of the Supreme Court of Canada.

We felt there were two things missing in connection with these two procedures. One was that if an appeal was not taken to the Governor in Council in the first instance, but was just an appeal to the Supreme Court on a question of law or jurisdiction, on which the Supreme Court gave its decision, that decision might uphold the committee's decision or might vary it. The question then was: Has the interested person lost his right to go to the Governor in Council where he has a broader appeal? It looked as though the door was being shut on him by that language which I read to you from section 40, which provides that any order that the Governor in Council makes becomes a decision or order of the committee and is binding upon the committee and upon all parties. We thought an interested person should still be able to go to the Supreme Court of Canada even though he had first gone to the Governor in Council. We simply added these words, so that it now reads:

> —a decision or order of the Committee and, subject to section 41—

That is the right of appeal to the Supreme Court of Canada.

> —is binding upon the Committee and upon all parties.

We have now corrected that.

The decision of the Supreme Court of Canada, which must be incorporated and become the decision of the committee, may differ from the committee's original decision, and we therefore felt that an interested person should have the right, perhaps to raise

entirely different issues, to go to the Governor in Council where he has a broader right of appeal. We therefore put a further subsection into section 41. The new subsection 5 reads:

> Any order made by the Committee pursuant to subsection (4), unless such order has already been dealt with by the Governor in Council pursuant to section 40, shall be subject to that section.

By making these two changes we have left the door open for any interested party who is aggrieved, who feels he has rights, where the complexion of a different decision may be changed in the course of one or more of these appeals, to go back and be heard and present his case on the changed conditions.

Hon. Mr. Martin: Which subsection is that?

Hon. Mr. Hayden: It is now subsection 5 of section 41. At present the bill ends at subsection 4.

These are the reasons why the amendments were made, and in the opinion of the committee there were good grounds for making them. Except for the last two, most of them were made with the support of the Canadian Petroleum Association, and with the adoption of the submissions made by the Canadian Petroleum Association by the departmental officers who will be charged with administering this bill. We feel we were united in a common purpose to produce a better bill. The committee took full responsibility for sections 40 and 41, which are changed to make sure there is a full measure of appeal rights in all circumstances.

Hon. Daniel A. Lang: What Senator Hayden has told us tonight about this bill is evidence of the necessity, for the benefit of the people of Canada, to bring this kind of bill before the Senate first. This committee, so ably chaired by Senator Hayden, has carefully examined these small items, which apparently have relatively little significance to the public and are little appreciated by the public, yet are of great importance to the rights of individuals. These small changes made by this committee under Senator Hayden illustrate the significant function the Senate is performing.

In summary, I would say that we do have lousy legislation coming to us from the departments, but by having it brought first into this chamber, and particularly into committees such as that chaired by Senator Hayden, we will produce good legislation for Canada.

Hon. J. Harper Prowse: Honourable senators, I wish to make it quite clear that I agree with everything said by Senator Hayden and Senator Lang. Perhaps I should apologize for introducing this matter now, but not being a member of this committee I probably do not owe them an apology.

Since the report was made I have received a communication from a professor in the Law Department of the University of Alberta, who is not without some knowledge and experience of this type of thing. As a matter of fact, he was co-author of what is considered to be the definitive work on oil and gas law in Canada. I received this communication only today so that it was not possible for me to contact anybody concerned until I met Senator Hayden a few moments ago and explained to him, in the short time available, what I had received.

It would seem that in this bill there is a serious shortcoming that we should take care of by having another committee meeting. As might be expected, the technical people involved in writing this bill have been concerned with problems connected with the production of gas reservoirs or oil reservoirs. In other words, they were examining conservation problems simply from a sub-surface point of view. Since the real development may be a year, two years or three years away, and the oil is generally considered to be frozen anyway, they have no thought in drafting the bill to providing the Governor in Council with authority to have some control over the surface that will inevitably be disturbed as a result of the search for oil. This disturbance can result from people running out lines and deciding that in winter conditions they want to go across a certain area, where they can do permanent damage because of the permafrost. There should be some control. At present there is no authority in the bill for anybody to make regulations to control this type of thing.

I do not propose to waste your time by pretending that I know everything that can happen, but I can say that the effect of oil discovery on surface owners has been a matter of continual and continuing concern to governments in Western Canada. While at the present time most of the surface of these areas in Northern Canada is either not owned by anybody or is owned by the Crown, without perhaps the Crown realizing they own it, there are some areas owned by individuals. The areas owned by individuals will increase, so it is a matter they will have to deal with.

Now that we have been advised of this oversight, I think it would be better to correct the legislation before we let it go, rather than pass it on to somebody else and then receive it back and have to approve the necessary change.

With that in mind, I move that the report be not now received, but that the bill be referred back to the committee for further consideration.

The Hon. the Speaker: Honourable senators, it is moved in amendment by the honourable Senator Prowse, seconded by the honourable Senator McElman, that the report be not now adopted, but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further consideration. Is it your pleasure, honourable senators, to adopt the amendment?

Hon. Mr. Hayden: Honourable senators, I have one comment. If my friend wants the bill to go back to committee, who am I to interfere with it, but when he said that there was an oversight I do not think in the consideration of the committee there was any oversight. As a matter of fact, my friend spoke to me just before we resumed our sittings this evening, and while he has an opinion from a very authoritative person calling his attention to this, I think it is equally recognized that the Canadian Petroleum Association had an opposite view and did not think that it was necessary to have this provision.

I would call the attention of the Senate to the fact that there is power in the regulations under the bill to pass regulations for the prevention of waste within the meaning of this act. When I pointed this out to my friend he said that this was not the kind of waste he was thinking about, that it was waste apart from the oil and gas operations which might arise in the course of the development of facilities for the production, processing and transportation of gas and oil. But I would like to point out that "waste" is defined in section 13, subsection 2 of the bill, as follows:

> In this Act "waste", in addition to its ordinary meaning, means waste as understood in the oil and gas industry and in particular, but without limiting the generality of the foregoing, includes—

Then there follows a long list of things. I would point out that since the power to regulate is the power to prevent waste within the meaning of the act, and waste is defined, in addition to its ordinary meaning, as including any reference to anything that may relate to the oil and gas industry, the authority to make regulations is broad enough to deal with any kind of waste, whether it is included specifically in relation to the oil and gas industry or to anything that arises from the operation of the oil and gas industry.

Now, how do we resolve whether or not there is enough power? If it goes back to committee, how do we resolve it? It looks to me, from reading it, that there might be some question of interpretation as to whether there is adequate authority. It may well be that when it becomes law the operations under this act will go on for a period of time before you will be confronted with that kind of consideration. It may well be that the Governor in Council, in enacting his regulations will assume for purposes of his regulations that waste is a generic term, that it includes waste in the ordinary sense, which might be the kind of waste my friend thinks there has been an oversight in not providing for.

I wanted to make this explanation. If you think any purpose is going to be served by sending it back to committee, the committee can consider it again tomorrow. It is your judgment as to whether, in the light of what I have told you, there is likely to be any change or addition to the bill.

Hon. Mr. Flynn: Was a specific point raised in committee by Senator Prowse or was it discussed?

Hon. Mr. Hayden: No.

Hon. Mr. Flynn: It might be useful to put the question to the officers of the department concerned.

Hon. Mr. Hayden: I have no objection.

Hon. Mr. Prowse: Honourable senators, may I be permitted your indulgence. First, I did not intend to suggest by anything I said that it was anybody's fault there had been an oversight. I had hoped I had made it abundantly clear that this matter had been brought to my attention in the mail only this morning, and so there was no opportunity to present it to the committee.

Secondly, I submit that in section 13 "waste" refers to reservoir waste. What I am talking about is not waste in the sense that it is referred to in this act, but in the protection and preservation of the surface and other things. This is all. There is no reflection on anyone. I think we are fortunate to have this

gratuitous bit of information which may enable us to give the people of Canada better legislation more quickly than would otherwise have been possible. That is all.

Hon. Mr. Flynn: The committee is sitting tomorrow in any event?

Hon. Mr. Hayden: Yes.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Hayden, seconded by the honourable Senator Langlois, that the report be now adopted. In amendment, it is moved by the honourable Senator Prowse, seconded by the honourable Senator McElman, that the report be not now adopted but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further consideration. Is it your pleasure, honourable senators, to adopt this motion in amendment?

Hon. Mr. Carter: Honourable senators, when a report like this is being referred back to committee for consideration, should not the motion include the exact purpose for which it is being referred back?

The Hon. the Speaker: I understand that the answer is "no" to the point raised by the honourable Senator Carter. I now ask honourable senators if they are in favour of the motion in amendment presented by the honourable Senator Prowse?

Motion in amendment agreed to.

OMBUDSMAN COMMITTEE

MOTION FOR APPOINTMENT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, March 11, the adjourned debate on the motion of Hon. Mr. Croll that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the Ombudsman Committee.

Hon. John M. Macdonald: Honourable senators, while listening to the debate on this motion it has occurred to me that perhaps there has been some misunderstanding as to just what the terms are in this motion. For this reason, before making a few observations about it, I would like to read the motion:

> That the Senate considers it desirable to establish at an early date a committee of the Senate, to be known as the "Ombudsman Committee", to inquire into and report to the Senate on any matter or thing within the jurisdiction of Parliament relevant to the protection of human rights and fundamental freedoms, and the prevention of unjust or arbitrary conduct, and in particular to investigate and report upon any grievance complained of as a result of administrative action for which no other remedy is available.

You see, honourable senators, that the terms of the motion are very wide, but when moving the motion the sponsor narrowed it considerably and explained its intent and purpose. I would like to quote what he said at that time:

> ... the sole purpose of this motion, which was first introduced at the last session of the previous Parliament, is to seek your approval of the establishment of a committee of this house which would serve, in effect, as a collective ombudsman to investigate, rectify where possible, and report upon when necessary, any grievance complained of by a Canadian citizen, and allegedly arising from maladministration, error, or carelessness on the part of any department, agency, or service of the federal Government below the ministerial level.

Honourable senators, if I might interject an observation here which may have no bearing on what I intend to say about the motion, I do not think the sponsor could have meant "Canadian citizen" in the technical sense of the term when he mentioned that this would be open to any Canadian citizen. It seems to me that it could very well be that those who are not Canadian citizens, who come to our country and for some reason or another have not yet become citizens, would perhaps more than others wish to avail themselves of the protection such an office would afford.

I would not agree that this principle should apply only in relation to acts below the ministerial level: I would think that some administrative acts of ministers of the Crown could be complained about by people affected.

This debate could be divided into two parts. In the first place, there was a considerable amount of discussion as to the need for an ombudsman or protector, or whatever one may call it. In the second place, there is the idea of a Senate committee to do this work.

As regards the need for such an official, convincing and compelling reasons have been put forward. Government has become so large and so complex, and affects citizens in so many ways, it is obvious there should

be some official or office to look after the rights of the citizen.

Apart from that, this would give the ordinary person a feeling of assurance that he did have a friend at court, as it were, if some point arose where he felt he was being subjected to discrimination. It might be said that much of this work has already been done by members of the other house.

Hon. Mr. Roebuck: And by this house.

Hon. Mr. Macdonald: And by some by us. However, the members of the House of Commons are in more direct contact with the people they represent than we could be in this chamber. For example, my own Member of Parliament, who represents that fine constituency known as Cape Breton—

Some Hon. Senators: Hear, hear.

Hon. Mr. Walker: Is he a Conservative?

Hon. Mr. Macdonald: Honourable senators, we must remember that these complaints which come in might be in regard to matters under the jurisdiction of municipal or provincial officials instead of federal officials. Some of those examples given during the course of this debate, showing the need for such an official, have been examples of matters under the jurisdiction of municipal or provincial governments.

A member of the House of Commons or of this house might be helpful in this regard, especially in areas not densely populated; but I do not see how such a member could adequately take care of such matters in an area with a high concentration of population.

If such an office were set up, it would assist those people now trying to do this type of work. The case has been well proven for the appointment of an ombudsman. Personally, I do not like that title, but I do not know of a better one. In one or other of our official languages it should be possible to find a term better suited to our purpose.

Honourable senators, as regards the second part of this debate, the suggestion that a committee of the Senate should be set up to act as a collective ombudsman, there I must part company with the sponsor and those advocating such a committee. I do not think such a committee could fulfil the duties in a satisfactory manner. In the first place, no committee would give the type of service which the people would want. A committee would be bound to have discussions, there would be various opinions, and there could be delays which would not be helpful to the matter in hand.

In the second place, if it were a Senate committee, it would be able to sit only during the time the Senate or Parliament were sitting. There would be no meetings during periods of recess, when we are not here, as the committee could not be expected to sit. That would mean those sending in complaints against administrative actions would feel they were not being given the consideration they were led to expect.

Honourable senators, in such a matter as this, I believe there should be one official responsible for the administration. It should be an official set up in a somewhat similar way to the Auditor General of Canada, responsible to the Parliament of Canada and to no one else. Such a person would then be absolutely independent, in a full-time job, and likely to give good service.

Therefore, while I regret I cannot support the motion as it is, I agree with the principle that we should have such an official.

On motion of Hon. Mr. Langlois, debate adjourned.

MASS MEDIA

APPOINTMENT OF SPECIAL COMMITTEE

The Senate resumed from Tuesday, March 11, the adjourned debate on the motion of Hon. Mr. Davey, that a special committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada.

Hon. John M. Macdonald: Honourable senators, may I yield to the honourable Senator Grattan O'Leary.

Hon. Senators: Agreed.

Hon. M. Grattan O'Leary: Honourable senators, having the aftermath of Asian flu and it fighting a nasty rearguard action, I shall detain you for only a few minutes. I wish to give conditional support to Senator Davey's motion.

The ownership of the press, of the communications media in Canada, is a subject which should engage the serious attention of all of us. In fact, there are three areas in the structure of a nation which the people of that nation should control. The first is banking, the second is transportation, and the third, but not the least important, is communications.

In one of the last speeches he made, the late John F. Kennedy told the newspaper editors of America that, in his opinion, a nation's communications were of equal importance to a nation's defence forces. I believe this myself.

A few years ago I spent some time as chairman of a royal commission delving into the ownership and control of our periodicals and, to a lesser extent, our newspapers. We made what I thought was a very extensive survey of the situation; we made a report and we put forward certain recommendations. I think Senator Davey would agree with me that the report and the recommendations which we made have stood up well in the light of subsequent events. Well, very unfortunately I thought, neither the Conservative nor the Liberal government of the day saw fit to go along with all of our recommendations. But that does not disturb me too much. Someone once said that if Moses had been a royal commissioner, the Israelites would still be in Eygpt. And of course this is the story of royal commissions and their reports in Canada.

But, personally, I still feel that I would not give a licence, charter or any authority whatsoever to any person to publish a Canadian publication or newspaper or magazine or any other periodical in Canada who did not possess a Canadian passport. I would apply this to citizens of the Commonwealth as much as I would apply it to citizens of a foreign country, including the United States.

When I entered journalism in the City of Saint John, New Brunswick, 60 years ago, there were, in that little city of perhaps 40,000 to 45,000 people, five daily newspapers. One of them, the Saint John *Globe* was owned by a distinguished member of this Senate, Senator Ellis. There was also the *Daily Telegraph,* the *Evening Times,* the *Morning Sun* and the *Evening Star* and, last and greatest of all, the Conservative Saint John *Standard.*

These newspapers were not in the newspaper business as business enterprises. They did not make much money. The *Standard* was owned by the Conservative Party, actually, and I am sure that the Liberal papers were more or less owned or controlled by the Liberal Party. I do not object to that. I believe in party newspapers. I do not believe in neutral newspapers. I do not believe in so-called independent newspapers: They are not independent—they are neutral.

I must say I was disturbed to learn last week from a distinguished member of this house that the last newspaper in New Brunswick owned by an individual, the Fredericton *Gleaner,* had been purchased by Mr. K. C. Irving. Mr. K. C. Irving is a distinguished Canadian. I know him well. But I do think it is a serious thing for this nation to have all the newspapers in a province such as New Brunswick owned by a single individual—not only all the newspapers, but the television stations and radio as well.

You may argue, and I would argue it myself, that a lot depends upon the character of the individual who owns these newspapers. This is true of chains as well. People say chain newspapers are a menace. Well, perhaps in principle they are, but again a lot depends on the gentlemen who own the newspapers.

There is no doubt about the ownership of the principal newspapers of Ontario and the western provinces. Mainly, they are owned by the Southam interests or the Sifton interests. If you go to the West Coast you find the Vancouver *Sun,* the Vancouver *Province* and the *Daily Colonist* in Victoria, all owned by F. P. Publications. My newspaper is also owned by F. B. Publications. But these newspapers are owned by newspaper people. They are owned by the Siftons, a great newspaper family who know what newspapers are all about. My objection and my fear would be about newspapers owned by purely business interests, people of no newspaper tradition who run newspapers as they might run sausage factories, their eye mainly on the balance sheet.

Now this is not true of the Southams. This is an old and distinguished newspaper family with a tremendous consciousness of public service, as is true of the Siftons. But families die and pass away and other people take their place, and I think there is no doubt about the possibility of all communications media in Canada, of all the great newspapers, passing into the hands of a few individuals, an event which would not be good for Canada or for that discussion, dialogue and debate which

we say are the glory of our Parliamentary and democratic way of life.

I, therefore, do support the principle of Senator Davey's motion, although I have a few reservations about it. In the first place, if we set up in this Senate a committee to deal with newspapers—and I think Senator Davey has gone too far afield—what will be its effect upon the inquiry started in the Province of Quebec into the ownership of newspapers there by a certain gentleman or by, let us say, the Power Corporation?

A one-time great family newspaper *La Presse*—God forgive them that they did not always agree with my party, but in fact were vicious on the other side—was owned by an old and distinguished French-Canadian family who had some idea of what journalism was about. But what does the Power Corporation want a newspaper for? Why are they buying up all the newspapers in the Province of Quebec? Surely this is a question we have to ask ourselves. To that extent it might be well to start an inquiry here, but I am afraid that if we did start an inquiry in this Senate it might blur or overshadow or interfere with or impede the inquiry that has begun in the Province of Quebec where it is truly desperately necessary.

The motion of Senator Davey goes further than that. He wants to inquire into the cost of newspapers. This will lead nowhere. If you had the experiences I have had in running a newspaper as publisher and having to be responsible for costs, you would know that, if a Senate committee were to bring in a report on costs, within six months of the report it would be absolutely valueless because of the escalation in costs. There are contracts with unions every two or three years; newsprint prices go up; the prices of ink and of metals and of everything are going up. So an inquiry into costs would lead you to almost endless investigation and, finally you would have nothing that would stand up to one year's examination. On the other hand, I must say, and I am speaking on balance, that I do think this inquiry would do good.

By the way, the Toronto *Star* last week said that if this inquiry were set up in the Senate, "Grattan O'Leary should be its chairman." Whereupon, the next day the Toronto *Telegram*, a Conservative paper, said that, if Grattan O'Leary were its chairman, it would be a perfect disaster. This shows, honourable senators, the excellence of freedom of expression we have in Canada.

I suggest that the Senate should support this motion.

Hon. Keith Davey: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Davey speaks now it will have the effect of closing the debate.

Hon. Mr. Davey: In rising to close this debate I would of course like to thank all honourable senators for their generous remarks on my initiative in this matter and on the speech I made in the Senate, remarks which have been made to me by honourable senators both inside and outside the chamber. I am no more grateful to any honourable senator than I am to Senator O'Leary, for I think this kind of discussion can only benefit from any contribution he makes, and so I particularly single him out to thank for his very special contribution. I am particularly grateful for his support, even if it is conditional. I have taken careful note of his reservations and will take under advisement with sympathy and concern the position he has taken on these particular points.

I fear my original speech was much too long and so I will detain you only a moment or two now.

The response to my motion was gratifying indeed, and has been more and better than for anything I have done at any time either in or out of public life. I received a particularly heavy flow of mail, especially from media people and the academic community; I received mail from every province, most cities and from persons in every walk of life. I also received a remarkable editorial response in a great many newspapers across Canada, and I would like to quote from three of these editorials. The three newspapers concerned are the three Toronto dailies. I realize in doing this I am being somewhat parochial, but I am also mindful of the fact that these papers in the past have not editorialized too favourably on some of my activities. All three editorials appeared on Thursday, February 6. I want to make it clear that I am quoting them only in part.

The *Globe and Mail*, in an editorial headed "A helpful investigation", said the following:

> Senator Keith Davey's words in the Red Chamber this week...did in substance form an indictment which the proprietors of newspapers, magazines, radio and television stations would be ill-advised to ignore. The senator's words

were softer than those of Prime Minister Pierre Trudeau or Metropolitan Chairman William Allen but they reflected a growing measure of public doubt or bewilderment with the purpose and practice of journalism in Canada today.

The editorial also said in part:

He wants to know how well the public is served by chain ownership, mixed media ownership and monopoly situations. He wants to know if advertisers influence editorial policy or news judgment; if editorial salaries are high enough to attract "bright young people to sensitive positions of influence". He wants to know what, if any, standards exist in the business and how these are applied to the need to obtain mass circulation. He wants to know the extent to which the presence of reporters—particularly television reporters—can make or influence news. Senator Davey believes, and we agree, that a Senate study of these and related issues would be useful to the public and the press itself.

On the same day the Toronto *Telegram* said in part:

The Canadian Senate should agree to the proposal of Senator Keith Davey to set up a special committee to investigate ownership and control of mass media in the country, with particular emphasis on the press...

The Senate, so often regarded as a political anachronism, would serve a useful purpose in setting up such a committee without delay.

Then on the same day the Toronto *Star* said, and again I am quoting only in part, the following:

Our only regret is that Canadian newspapers didn't beat Senator Davey to the punch by setting up a press council to investigate complaints of press abuses, errors and omissions, and to promote better standards of journalism.

A vital industry which has shown itself so reluctant to engage in public self-examination and self-criticism is in a weak position to object when politicians ask to take a look on the public's behalf.

In any case, Senator Davey's speech to the Senate makes it clear that far from wishing to restrict the press's freedom to seek and publish information, he is concerned about situations—newspaper monopolies, chains and multi-media ownership—which might tend to inhibit this freedom.

As honourable senators will realize, the basic purpose of the study which I have proposed is to determine whether or not we in Canada simply have the mass media we deserve or rather the mass media which we as Canadians require. In other words, is the mass media in Canada of 1969 contemporary and relevant?

I am confident that honourable senators will agree with me that this would be a meaningful study for a special committee of the Senate.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 19, 1969

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

Prayers.

DOCUMENT TABLED

Hon. Mr. Martin tabled:

Report on the Administration of the Canada Student Loans Act for the loan year ended June 30, 1968, pursuant to section 18 of the said Act, chapter 24, Statutes of Canada, 1964-65. (English and French texts).

OIL AND GAS PRODUCTION AND CONSERVATION BILL

REPORTS OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had re-examined the report on Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories, and had recommended its adoption by the Senate.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: I move, with leave of the Senate, that this report, together with the report the approval of which was moved yesterday, be adopted now.

The Hon. the Speaker: With leave of the Senate, it has been moved by honourable Senator Hayden, seconded by honourable Senator Langlois, that this report be now adopted.

Hon. Mr. Hayden: The original report was presented earlier and its adoption was moved yesterday evening. Then, by motion in amendment the report was referred back to the committee. Therefore, my motion now is for adoption of the report now being presented, together with the report presented March 13 and moved for adoption yesterday.

Reports adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, with leave of the Senate, may we now proceed to Orders of the Day and call Order No. 1 for third reading of Bill C-154, Order No. 2 for resuming debate on Bill C-157, and Order No. 5 for resuming debate on Bill C-138.

I am informed by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce that if this were done he could hold a meeting of his committee this afternoon at 4.30 for the purpose of dealing with these measures. In view of the work ahead of us next week, and the desirability of meeting the objective of an adjournment, it seems to me that we should take advantage of this suggestion of the chairman of the committee.

PLANT QUARANTINE BILL

THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill C-154, to prevent the introduction or spreading of pests injurious to plants.

Motion agreed to, and bill as amended read third time and passed.

PEST CONTROL PRODUCTS BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Petten, seconded by the Honourable Senator Eudes, for the second reading of the Bill C-157, intituled: "An Act to regulate products used for the control of pests and the organic functions of plants and animals". —(Honourable Senator Prowse).

Hon. J. Harper Prowse: Stand.

Hon. Paul Martin: My honourable friend asks that Order No. 2 stand. This is one of the bills to which I referred a moment ago. We are hoping to get it before the Standing Senate Committee on Banking, Trade and Commerce later this afternoon. I wonder if Senator Prowse has any special reason for asking that the order stand. If he wishes to speak further on this bill, he could do so on

third reading. That might be one way of facilitating our consideration of the bill in committee this afternoon.

Hon. Mr. Prowse: Honourable senators, perhaps I should apologize. I moved the adjournment of the debate as a result of a conversation I had with Senator Argue, who spoke very effectively on the bill the other evening. He told me that he had some witnesses he wished to bring before the committee. He is away this week but will be back next week. He asked me to move the adjournment of the debate so that it would be put over until next week when he will be able to call his witnesses.

The house now knows as much as I do. I have done what I thought was proper in the circumstances, and of course I am in the hands of the house in respect of the matter.

Hon. Mr. Martin: Honourable senators, I still think a useful purpose will be served if this bill is referred to the committee this afternoon. When the committee reports to the house on the bill a request can be made to refer the matter back. There would be no objection to that. In fact, this was done yesterday as a result of the initiative taken by Senator Prowse in respect of another bill.

I suggest that in order to rationalize our business we agree to this procedure so that the committee can deal with the matter this afternoon.

Hon. Mr. Prowse: Honourable senators, I have explained the position. It may be that the chairman of the committee (Hon. Mr. Hayden) has made arrangements for witnesses to appear today. I have no objection to that, if the committee will then adjourn in order to hear additional witnesses. I have no intention of delaying the business of the house.

The Hon. the Speaker: Honourable senators, do I understand correctly that in the circumstances honourable Senator Prowse is withdrawing his request that the order stand?

Hon. Mr. Prowse: I yield.

The Hon. the Speaker: It is moved by the honourable Senator Petten, seconded by the honourable Senator McGrand, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

29234—77

REFERRED TO COMMITTEE

On the motion of Hon. Mr. Petten, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BRETTON WOODS AGREEMENTS ACT CURRENCY, MINT AND EXCHANGE FUND ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, March 13, the adjourned debate on the motion of Hon. Mr. Martin, for the second reading of Bill C-138, to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

Hon. Harry A. Willis: Honourable senators, I am not an international financier nor am I a Philadelphia lawyer. As a matter of fact, I am not a financier at all. I congratulate the Leader of the Government (Hon. Mr. Martin) on his lucid explanation on the introduction of this bill, which contains 46 pages. What I object to is that the civil service experts in the Department of Finance should travel from Rio de Janeiro to Stockholm and back again without having any representative from this house or the other place, except perhaps Mr. Sharp, the Minister of Finance at the time, who went to Rio de Janeiro. Apart from that, the only persons who represented Canada at these conferences were civil servants, whom I hasten to add I admire as highly placed officials in the Department of Finance. The Governor of the Bank of Canada was present at some of these conferences.

We have had introduced here a bill containing 46 pages, on which the Finance, Trade and Economic Affairs Committee in the other place held five meetings, at which they had experts from every department and discussed the matter thoroughly. It is now presented to us without any explanation other than the bill itself and the remarkable speech of the Leader of the Government when introducing it—and I again congratulate him on the completeness with which he did so. However, I do object that we in this house should have thrust upon us a bill of this magnitude, after it has been the subject of discussion at five sittings of the Finance, Trade and Economic Affairs Committee in the other place, at which the best financial experts to be found in Canada gave evidence. Yet, having read the reports of all those meetings I am no further ahead in my understanding of this bill than when I started.

This bill is all about foreign exchange and balance of payments. The Leader of the Government did a remarkable job in explaining that it was just another amendment to the agreement into which Canada entered in 1944, just before the end of the war, in an attempt to stop fluctuations in exchange values. I admit that a pretty good job was done until about two years ago. Since then nobody has known what the exchange is in Paris, nobody knows the value of the franc, or the value of the German mark, or of the English pound. Indeed, nobody really knows the value of the United States dollar, and the Canadian dollar is of course based on the value of the U.S. dollar.

I think that better arrangements could be made by the Government. I ask the Leader of the Government the question, whether they could not have made better arrangements than have all these jaunts by civil servants. I do not wish to detract from their ability and I do not criticize them at all. I think Mr. Handfield-Jones did a magnificent job. The officials were probably escorted by some of their juniors, but why in heaven's name could not a member of this house and a member of the other house have accompanied them on a matter of such grave importance to Canada and to the world, so that at least we would know first hand what we were talking about?

Here I stand today with five reports of the evidence of witnesses called by the Committee on Finance, Trade and Economic Affairs of the other place, and I have to try to digest what they said in their answers to members of that committee. Furthermore, it was debated on three occasions in the other place and almost every one who took part in the debate had a different answer. Look at the experience that we have had in the last two years! The franc was almost devalued, and not more than two months ago the German mark was threatened with devaluation. The Canadian dollar was similarly threatened last spring, and the United States dollar is continually being threatened with devaluation because of a number of undertakings by that country, particularly the war in Vietnam and domestic matters about which they have passed legislation.

I make the suggestion that on matters as important as this, we should have one or two representatives from each party in each house accompany our civil servants when they make these journeys. This was started in 1967 at a meeting of the International Monetary Fund held in Rio de Janeiro. As the honourable Leader pointed out at that meeting there were present the then Minister of Finance, Mr. Sharp, and other members of the Department of Finance whom I have mentioned, and the Governor of the Bank of Canada.

Honourable senators, we must remember that there are 111 members of the International Monetary Fund, of which we are only one. These officials I mentioned were given instructions, and they in turn instructed their deputies and departmental representatives to try and draw up a satisfactory amendment to the Bretton Woods Agreement, which would have a steadying influence on the various world currencies. At a later meeting in Stockholm, which I believe was held in the spring of 1968, these people met and drew up the proposals which are now presented to us.

Now, in the short space of time that we have to examine this bill, we are expected to understand all the details of it and either to pass or reject it. Let us assume, as the honourable leader stated, that this will be referred to the Standing Senate Committee on Banking, Trade and Commerce. I expect that there we shall have the evidence of these persons who appeared at the five committee meetings of the other place and give the same evidence over again. Now, is that not a waste of time and money?

I think there should be some arrangement whereby representatives of this house could attend the meetings of the appropriate committee of the other place. Perhaps that is unconstitutional—I do not know—but when I see five financial reports and the evidence of a host of witnesses who appeared and testified with regard to the dozens of rates of exchange, I say why do we have to go to the expense of repeating it all over again before our committee? This is what we will have to do.

As the honourable leader pointed out, this amendment to the agreement is to provide for a special drawing power which will enable various countries to draw moneys from this special fund. It will be entirely separate from the International Monetary Fund which we have established, but it will be guarded and watched over by the Chairman of the International Monetary Fund and his executives.

As was pointed out, there are 111 countries involved. This matter would not become law until four-fifths or three-quarters of the voting power approves. In my reckoning, that

will mean that at least 80 countries will have to pass legislation in order for this measure to become law.

As the honourable Leader of the Government pointed out in his excellent address, up until March 10, which was a week ago on Monday, 37 countries had passed such legislation. That is a far cry from the required number which will have to pass legislation in order that this may become law.

Honourable senators, what we are asked to do here is to pass legislation in the hope that at least 80 per cent of the other countries will pass similar legislation to make this matter legal.

Furthermore, the moneys which are borrowed from this special drawing fund are not used for anything for which a country may desire money: it must be something useful and something which is not going to disturb the rate of exchange.

We have speculators on the foreign markets of the world and, as has been pointed out by learned men in the evidence before committees in the other place, such speculators are operating all the time. They are after the English pound, the German mark, the French franc and the United States dollar. A member speaking in the other place pointed out that when the German mark was not devalued, within 24 hours a huge sum of money was diverted back to U.S. dollars.

I think what we need is something in addition to what we are asked to pass in this bill, something which will give us a stable currency, which will not make us look at the paper each morning to see whether the currency of some country has been devalued.

Honourable senators, of course we are very close to our neighbours in the south, our greatest export recipient, the United States market, and in my opinion the Canadian dollar is completely tied up with the U.S. dollar. Whatever happens to it will happen to the Canadian dollar. I ask the Government to give this more intensive study and more serious attention. I am not saying that those men who did study it, at the request of our Ministers of Finance, did not do a good job. They did a good job, no doubt at all about that. However, it was a limited job and it went only to a certain point. We all know that something more is required. This S.D.R.—Special Drawing Rights—will be held in a separate account and will be supported by whatever is required of us as a country to place into the reserve.

There is reported in the *Hansard* of the other place various views expressed by experts. Mr. Herbert E. Gray, Parliamentary Secretary to the Minister of Finance, spoke. Views were also expressed by Mr. Lambert, who is the financial critic of the Progressive Conservative Party, and by Mr. Knowles and Mr. Caouette.

I do not propose to detain the house on this, but I do propose that something further has to be studied in this whole matter. The last witness called was a Mr. Marsh, who is Economic Adviser of the Bank of Canada. To my mind it would be worth the time of every senator to read what Mr. Marsh said before the committee. He is for a different sort of set-up and, according to his words, it might end the whole financial mess in which all these countries find themselves.

Now, I do not know the names of the 37 countries who have passed legislation already, but I do know that there are a lot more countries before whom this legislation has to come.

The Bretton Woods Agreements Act was first passed in 1944 and was amended slightly in 1966 and 1967 by the Government of Canada. What I now say is that if we are going to do this job we should study it thoroughly and take it to heart. Therefore, I hope what when this matter comes before the Standing Senate Committee on Banking, Trade and Commerce, we will have Mr. Marsh of the Bank of Canada with us as a witness, because he has an entirely different view of this whole matter than most of the other witnesses.

I repeat, I am not a financial expert, let alone an international financial expert, but I can say, from perusing these documents as assiduously as I have, that the whole thing is like trying to nail jelly to the wall, and, if you can visualize that, you know what I mean. Surely there must be some better method for a bill of this magnitude and nature to come to this place and for us to give it more and better consideration.

I must agree with the Leader of the Government that this is a step in the right direction, but in my opinion it does not go far enough and, in spite of the fact that it has been studied for two or three years by our financial experts, the witnesses called have belied some of the provisions in this bill. The Leader of the Government the other day suggested that what they said had nothing to do

with the bill whatsoever. That may be, but as a responsible body I think we should hear them and study the matter further.

Hon. Salter A. Hayden: Honourable senators, I do not intend to delay matters long. I should point out that the original Bretton Woods Agreements Act which was considered in the Senate, and the creation of the International Monetary Fund, was in or about the year 1944.

Hon. Mr. Martin: It was 1945.

Hon. Mr. Hayden: If my recollection serves me correctly, I was the person charged with the responsibility of giving the explanation at that time. I did not go back and read what I said, because there is nothing in what I said then that I could change now.

Apparently it was not a bad bill and it was not a bad explanation, because somehow or other this Bretton Woods Agreements Act has worked during the intervening period. But, in international exchange and in international trade, situations change very materially over the years. As I see it, the changes that are proposed here are simply an effort to try to find some means of replacing in the agreement some of the conditions that have worked in the past in an effort to stimulate to an even greater extent the promotion of international trade and the provision of the necessary international reserve funds to that end.

So far as the Senate in its consideration of this bill is concerned, this bill is not in a category different from most of the other bills that we consider. We give independent consideration to the bills that come to the Senate. We do pay attention to what has been said in the other place, we do consider the representations that have been made in the other place and the evidence that has been submitted there, but I am not prepared to accept the statement that all the wisdom and all the independence of judgment or of analysis is in the other place. In my view there is opportunity here for analysis and the application of one's knowledge, intelligence, and experience. Therefore, I think we should proceed on our own basis and, if we feel a bill requires evidence to explain some of the purposes and the intent, it should be dealt with in a committee of the Senate.

I will agree at the same time that there may be some bills—I am not sure that this is one of them—where it might be felt that before a bill is advanced to any extent in either house the subject matter of the bill or the bill itself should be referred to a joint committee. That has its limitations in one sense. It may amount to almost a commitment in both houses that what the joint committee does is what the house is going to do.

We could do to some bills what was done in 1940 when the Old Age Pension bill came in and there was a time limit within which the bill was to become operative. That did not permit enough time for full consideration in both houses in succession. In that instance the House of Commons set up a committee and the Senate appointed several observers who had all the status of members of the committee except that they could not vote. Those observers were supposed to become fully informed and then come back to the Senate and give the explanation and the benefit of what went on in the hearings.

It worked very well. I do not know if it could have worked better. I was one of the observers and I did take part in the questioning. In relation to that particular bill it was a satisfactory way of dealing with it, but I think for most of our legislation the practice we have is the practice we should follow in the main. I think it is good practice in the case of this bill, because it is not as though this agreement were to become operative now. You have a solid basis and these are supplements to the bill. Different approaches may be needed to deal with problems that have arisen much later than when the bill was originally designed, and, if the witnesses that we have do not give all the explanations to our satisfaction, we can always reach further afield and find more. However, the proposal is that we should make this examination in committee and get started with it, and see where it leads us.

We should be flexible enough to pursue the matter to the extent that we get full satisfaction in the explanations that are given. I can only say that if you read the bill, and if you have followed all the discussions and debates that have gone on in connection with the exchanges in various countries, the problems of exchange, the flight of money and the need for various countries to have some method or some place where they can be provided with some form of international monetary exchange in the interests of promoting further and greater international

trade, then I think that should be the most desirable objective of the Government of the people of Canada. It is in their best interests, and I think, to the extent that this bill will help, we should speed its passage. If we approve it, we are then one more country, and it takes us that much closer to the required number.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Hayden: I move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. May I add that the committee will convene this afternoon at 4.30.

Hon. Mr. Willis: May I ask the honourable Senator Hayden a question? Is it the intention that this bill should be discussed by the committee this afternoon at 4.30?

Hon. Mr. Hayden. Yes.

Hon. Mr. Willis: Have witnesses been subpoenaed?

Hon. Mr. Hayden: Not subpoenaed, but they have been notified and will be in attendance.

Motion agreed to.

THE SENATE

USE OF SENATE CHAMBER BY COMMITTEES

Hon. Arthur W. Roebuck: Honourable senators, I have a matter to bring before the Senate and a motion to make. Late last week, as chairman of the Standing Senate Committee on Legal and Constitutional Affairs, I was asked to call the meeting of that committee in the Senate Chamber. There were no rules particularly to guide me in the matter and at that time it seemed to be rather a good idea.

It had been suggested by the Rules Committee in its fourth report, among other things, as follows:

> Further, from time to time, select committees of the Senate should hold committee meetings in the Senate Chamber itself. In this way the public would have an opportunity to see the Senate performing what is undoubtedly one of its most useful roles—the examination in depth of the legislation submitted to it. This is suggested with the thought of enabling more people to appreciate where and how the Senate makes its vital contribution in Parliament. Public opinion properly informed would soon realize that the debates which are listened to from the Gallery in the normal course of our sittings are those dealing with matters of principle only, and in no way encompass the full consideration and careful treatment given to bills that come before our Chamber.

So with that substance in mind I thought it was a fairly good suggestion. Thousands of visitors pass our door from time to time during the session. They look into the chamber and see a long array of empty benches, and may carry away a very inadequate and erroneous impression.

Only yesterday 300 young people were addressed in this chamber by the Leader of the Government Senator Martin, Senator Connolly and Senator Stanbury. Senator Stanbury is President of the Canadian Liberal Federation. I am sure that group of young people went away with a much better impression of the chamber than they would have had if they had simply looked in and seen an empty room; much better, I suggest, than if they had just seen, to use that classic phrase, a beggarly array of empty benches.

Honourable senators, there are many precedents for the use of the chamber for purposes other than sittings of the Senate itself. For as long as I can remember we have had meetings in this chamber of such bodies as the Commonwealth Parliamentary Association, Federal-Provincial conferences, and very soon I understand there is to be a meeting of the Speakers of all the legislative bodies of the Commonwealth. They will be accommodated in this chamber and entertained here. I am sure they will go away with a much better impression than if they were received in any other place in Ottawa or, for that matter, in all of Canada.

Further to that, and perhaps even more cogent, is the fact that this chamber should be a useful place. With the exception of one other committee room, it is the only place where we have instantaneous translation. We have only two committee rooms and we have 11 standing committees, not to mention our special committees. So, frequently it is difficult to find rooms for all those Senate committees who wish to meet. Only yesterday the committee of which I have the honour to be

chairman heard a most important delegation from the Canadian Labor Congress, representing as many as 1,600,000 working people. Their brief which had been most carefully prepared, and a most important document, was read in French. There were five people in the committee who understood or at least I hope they understood, the presentation. It is true that we had copies of it in English as well, but the other members of the committee did not follow the presentation as read. They would have been able to follow it if we had had instantaneous translation such as we have in this chamber.

I think honourable senators will agree with me that there are real grounds of usefulness, if we deal with the matter intelligently, in allowing our special and standing committees and other similar bodies that are directly connected with this chamber, to sit at times in the chamber and make use of these facilities.

However, that is the way it appeared to me at the time and even though there are no rules governing the matter, I took it upon myself to accept that suggestion. Following that request, a notice was sent out to our members to the effect that we would sit in the Senate chamber, and I wired asking them to attend as it was necessary to have a full attendance.

However, as one senator objected, and even though it was only one, I felt it was not proper to hold the meeting in the Senate chamber, but rather that I should bring the matter before this body itself. After all, the Senate owns its own chamber, and it is the Senate who has the right to determine how we should use it. So, we held the meeting in one of the committee rooms which happened to be free at that time. No harm was done, but on the other hand the incident brings firmly before the house the problem of how we should most effectively use the facilities we have here, the principal of which is this chamber.

I would point out, honourable senators, that there is nothing sacrosanct about this chamber. I admit it is a beautiful room, that it has a wonderful tradition, and that it is a place we should preserve with great care. On the other hand, it is not a temple of the gods; we do not take our shoes off when we step on the red carpet. To use another well-worn phrase, the Senate is a workroom, not a theatre. I think it is our duty to see that our facilities are used to the best advantage in the public interest. I am not an extreme advocate of this idea; it is something we should all consider very carefully.

This is the motion I would lay before you.

It is moved by myself and seconded by Senator Fergusson, with leave of the Senate:

> That the Senate considers it desirable that the Senate Chamber be fully used for meetings of Senate Committees and other bodies;
>
> That rules governing such use be prepared by the Standing Committee on Standing Rules and Orders for adoption by the Senate; and
>
> That the Speaker be empowered to grant or withhold permission for such use of the Senate Chamber and to administer the rules relating thereto.

You will observe from the wording of the motion that the first thing we ought to do is to provide some rules governing the use of this chamber—this we have not done today. I thought the proper persons to draw those rules would be the members of our Standing Committee on Standing Rules and Orders. But, more than that, I think it is most important that the administration of the matter be in the hands of someone in whom we have every confidence and who, in his position, carries the right to do that sort of thing. The members of a committee are not always here. Granting permission is one thing; withholding it is another. Watching the chamber and seeing it is not abused is quite a third matter. The Speaker is always here; he has his chambers right beside this chamber and can supervise its use.

It has been suggested that if we allow others than ourselves into this chamber, damage might be done; but it is perfectly obvious that an ordinary delegation or group of visitors would be put in the galleries and would not be allowed to run free in this chamber. On the other hand, if we had a committee sitting in this chamber, as I planned it the chairman would no doubt sit where the Clerk is now sitting, the witnesses to his left, the reporters on the other side of the table, and senators in their seats. If there were others who were in some way officially interested or taking part in the proceedings, we could have chairs placed on the floor of the chamber, as they do in the Commons when we senators go there.

They accommodate us on the floor of the chamber, chairs being brought in for the occasion.

I see no practical difficulties. I am not impressed when I am told that the chamber is in some way sacrosanct, that our respect for it is in any way decreased by the fact we use it to the very maximum of our powers. In view of the number of committees we now have sitting, the important matters before us, and the need for additional accommodation, it is necessary to show the people of Canada that we are active and are not hiding in rooms where no one sees us, but are right here in public view, where visitors can come and look in. These are considerations which are far superior to any idea of making this a sacred place where only members can show their heads.

So, honourable senators, I submit the motion to your wisdom. I think that you, ladies and gentlemen, the members of the Senate, are the ones to decide this matter.

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Roebuck, seconded by the honourable Senator Fergusson, with leave of the Senate:

> That the Senate considers it desirable that the Senate Chamber be fully used for meetings of Senate Committees and other bodies—

Shall I dispense with reading the motion in full?

Hon. Senators: Dispense!

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Some Hon. Senators: No!

Hon. Harry A. Willis: I would like to ask the honourable Senator Roebuck a question. I was shocked when he said yesterday that the President of the Liberal Federation received students in this chamber, with the honourable Leader of the Government and the honourable Senator Connolly (Ottawa West). I have no objection to that whatever, but I take objection to this chamber being used as a political forum. What is the senator going to say if the Social Credit Party asks to hold a meeting in this chamber, or the Progressive Conservative Party or the N.D.P.?

I think the honourable senator should amend his motion to exclude political meetings from this chamber, because, apparently, that is what occurred here yesterday.

Hon. Mr. Roebuck: It was not a political meeting. It so happened that an important person, a man holding a public position, made the address. I have done it myself, and certainly no one would accuse me of being non-political. I certainly made no political speech to a group of children in this chamber, and I did not personally bring them in to the Chamber. However, both the Leader of the Government and I addressed them and sent them away, I think with some information as to the Senate, the public life of Canada and of Canada itself—which is much better than if we had just allowed them to look into an empty chamber and go away.

It was not a political address made by the gentleman to whom I referred. I only mentioned the fact that he was President of an organization to indicate that he was a man of importance, with some knowledge of public life.

Hon. Mr. Willis: What is the difference?

Hon. Mr. Roebuck: There is a whole lot of difference. And not only so, but if any of the leaders of the various parties to whom my friend referred had been here, I would have been very pleased to have heard them address these children as well.

Hon. Mr. Willis: I only raise objection to the fact you referred to him as President of the Liberal Federation.

Hon. Mr. Langlois: He is also a senator.

Hon. Mr. Willis: I realize that, but are you going to bring politics into this place?

Hon. John J. Connolly: Honourable senators, on a point of privilege, I think I should say something, if the honourable senator would not mind.

Both before and during the time I was leader I was asked, and indeed several times since I have been asked and sometimes have even volunteered, to see a great many students here, to explain, first of all, the physical features of the Senate and some of the functions of the chamber. I hope that when such opportunities arise, all honourable senators will take advantage of the opportunity to do this, and also allow the students to ask questions. I have found too that the questions are never political. Perhaps that is my fault,

because I made this a non-political discussion of a second chamber. That is the way in which a senator should discuss this chamber before an audience of this kind.

Sometimes there are so many people that you have to let them in beyond the bar. You tell them that this is a special privilege, but you always have a constable present. The reaction of young people to this kind of treatment from a member of this house is, I think, very good. The more senators can participate in this the better. However, I agree with what Senator Willis has said, that these are not occasions upon which political discussion should take place. You tell them where the parties sit, where the Clerk sits, about the paintings, the ceiling, the functions of the chamber. the committees, the tenure, and the number of senators. They always want to know how many lady senators there are. You express the hope that some of them will come back not as visitors but as members, and you send them away in a very happy frame of mind. The more this kind of thing is done, the better, and I hope the task will not fall upon the shoulders of just a few senators. I have often done it voluntarily when I have seen a large group, because I know that the sometimes perfunctory explanation given when a large number of groups are being conducted through may not be completely adequate.

Hon. George S. White: Honourable senators, Senator Roebuck has asked for leave to make this motion. I object to leave being given because if leave is given a vote may be taken. I think that a matter of this importance should be adjourned so that other members of the house will have an opportunity of discussing it. For instance, when the honourable senator started to speak I was out of the chamber attending a short meeting, and I did not hear his opening remarks.

I object to the motion being debated now.

Hon. David Walker: Honourable senators, I object to this departure from our rules at any time. In my opinion, this is a ridiculous suggestion.

This is the Upper Chamber of the Parliament of Canada which has behind it one hundred years of tradition, respect, and achievement, and we should not cheapen it by having a committee meeting here to which will be called all sorts of members of the public to give evidence. To have that happen in the chamber with the Mace under the Table would be to cheapen the function of the Senate. I have yet to learn of any time at which there has not been accommodation for the meetings of the various committees.

With respect to the point about there being here the facilities for instantaneous translation, I should like to mention that we got along for one hundred years without it, and yesterday, at a meeting of this very committee, we had the privilege of reading in English simultaneously exactly what a witness was saying in French. I might say also that was the first time in a long time that we had a witness before one of our committees who wished to speak in the French language.

The whole thing is contrary to the traditions of this house. It is not done in the United States Senate, and the honourable Leader of the Government can tell us whether it has ever been done in the House of Commons. I will ask him directly: Is the House of Commons used for that purpose?

Hon. Mr. Martin: No.

Hon. Mr. Walker: Then why in the name of heaven should it be done here?

Hon. Mr. Haig: Senator White has refused consent allowing this debate to continue. Therefore, it goes over until tomorrow.

The Hon. the Speaker: Honourable senators, I understand that honourable Senator Roebuck has asked for leave. Is this question being asked of the honourable Senator Roebuck or of the honourable Leader of the Government?

Hon. Mr. Croll: No; an objection has been made.

Hon. Mr. Martin: Honourable senators, Senator White has raised an objection to this proceeding without notice and, as I understand it, Senator Roebuck is about to accede to that suggestion.

Hon. Mr. Flynn: Very well, tomorrow.

Hon. Mr. Walker: When will this be continued?

Hon. Mr. Hollett: Honourable senators, I should like to ask the mover of this motion a

question. If his committee had been sitting in this chamber at a time when a group of visitors arrived, would he have turned out the committee, or would he have told the visitors to go away?

Honourable senators, I do not want to waste any words over this, but I must say that I object very strongly to the use of this chamber as a committee room. I should like to say a few more words, but for the moment I ask only that question.

Hon. Mr. Roebuck: If the honourable senator is asking what I would do with the crowd of visitors, I would put them in the gallery, of course.

Hon. Mr. Croll: As I understand it, we are not proceeding—

Hon. Mr. Roebuck: I move that the debate be adjourned until tomorrow.

Hon. Mr. Choquette: The six months' hoist.

Hon. Mr. Martin: No, no.

Hon. Allister Grosart: Mr. Speaker, I rise on a point of order. We have rules. A special committee of this house was appointed to study the rules. It spent a great deal of time on that task, and presented to this house a new set of rules which are not yet in effect. However, we do have rules that are in effect, and I suggest with respect that they provide that when leave is refused Your Honour should intervene and end the matter right there.

The Hon. the Speaker: Honourable senators, my understanding is that the honourable Senator Roebuck commenced his remarks with the words "by leave". I had no indication of objection by any honourable senator at that time to the presentation of this motion. If there is any honourable senator who for any reason wishes to object, I am ready to entertain a motion for the adjournment of the debate.

Hon. Mr. Roebuck: I am moving that the debate be adjourned.

Hon. Mr. Grosart: I rise again on a point of order, Mr. Speaker. When there is no motion before the house, how can the debate on the motion be adjourned?

While I have the floor, I should like, with respect, to point out that Your Honour is quite correct in saying that when Senator Roebuck rose he prefaced his remarks by the words "with leave". I believe we have a rule that requires any honourable senator asking for a suspension of a rule of this house to state what the rule is and why he wishes it suspended. I have spoken to this before, Your Honour, and I suggest that if we observe our present rules the sort of thing that has just happened will not happen. That is the purpose of the rule.

When an honourable senator rises and merely says "by leave", and then carries on, our rules are not operative. There is a good reason why our rules at the present time state that when an honourable senator wishes to suspend one of them he is required to state the rule that he wishes suspended and to give his reasons.

Hon. Mr. Martin: Honourable senators, I appreciate Senator Grosart's concern for the observance of the rules, and in that he is right. Today Senator Roebuck began his remarks by saying "with leave", and at that time no one took exception to the introduction by him of the subject matter of the present discussion. It was when he had finished, after some interval, that Senator White, quite within his right, said that in view of what he thought was the importance of this matter notice of the resolution should be given. As I understood it, Senator Roebuck was ready to accede to that at once. What we now have before us is a resolution in Senator Roebuck's name, which has been presented to us, and we are going to observe the rules by requiring that the prescribed period of notice be given. That is the situation, and Senator Roebuck has acceded.

Hon. Mr. Hayden: But you do not adjourn.

Hon. Mr. Martin: Senator Roebuck has acceded to that, even though he had obtained the right by consensus to make the statement he did make. Senator Hayden is quite right; I do not think we will correct our procedure by a motion that we adjourn.

Hon. Mr. Hayden: Give notice.

Hon. Mr. Martin: He simply acknowledged the request made by Senator White that the required notice should be given. Senator Roebuck has acceded to that. To me, that is the situation, and I feel there is nothing further for us to do.

Hon. Mr. White: What the honourable Leader of the Government has said is quite correct. If you are going to have the rule on a hairline, that is all right. If an honourable

senator rises to move a motion and says "By leave", how can any honourable senator object before he knows what the motion is?

Hon. Mr. Walker: Exactly.

Hon. Mr. White: I am glad to know that we will have the rule on a hairline from now on, and I for one will observe it.

Hon. Donald Smith: Honourable senators, it seems to me that there is a difference of opinion here that is not altogether important. We are going to adjourn this debate or cancel it and start all over again, so perhaps what I am about to say is not important either.

I do not blame Senator Grosart for his attitude—he is a stickler for the rules—but I would remind him and Senator White, who has had experience in the chair, that Senator Roebuck had no other alternative but to say, "By leave". When he had finished his statement, Mr. Speaker immediately rose to his feet to keep others in their places until he had formally put the motion. He said, "By leave", and started to read the motion. At that time no senator made objection and the debate went on. It would have been very simple for Senator White, or me, or anyone, to have given reasons and said quite simply, "I move that the debate be adjourned until tomorrow," and that would have ended the whole thing. I want to see my interpretation on the record alongside the experts on the other side.

Hon. Mr. Choquette: You break even that way.

The Hon. the Speaker: It is moved by the honourable Senator Smith, seconded by the honourable Senator White, that this debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Hon. Mr. Grosart: On a point of order, may I ask Your Honour, with respect, how the debate can be adjourned when the debate has not taken place?

Hon. Mr. Martin: It is not being adjourned.

Hon. Mr. Croll: It is a notice of motion.

Hon. Mr. Martin: It is a notice of motion.

The Hon. the Speaker: I would remind honourable senators that a regular motion was made by the honourable Senator Roebuck and was duly seconded. He began by saying, as I remember, "By leave". At the time I heard no objection; I put that motion and the debate was on. I do not have to give advice to honourable senators, but we now have a regular motion to adjourn this debate, and if honourable senators agree to adopt the motion the debate will be postponed until the next sitting.

Hon. Jacques Flynn: Mr. Speaker, I suggest that after you put the motion the honourable Senator White was the first to rise, and if he took objection to granting leave he was in time because you had just put the motion. Therefore, I think the simplest way of settling this problem is to take the motion presented by Senator Roebuck as a notice of motion. It will be on the Order Paper tomorrow, and we do not then need a motion to adjourn.

Hon. Mr. Martin: That is the way Senator Roebuck has taken.

Hon. Mr. Flynn: That is the way Senator Roebuck takes it and that is the end of the matter.

The Hon. the Speaker: Is it agreed, honourable senators, that the motion stand until tomorrow as a notice of motion?

Hon. Senators: Agreed.

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

CHANGE IN MEMBERSHIP

Hon. Leopold Langlois: Honourable senators, with leave of the Senate, and invoking the suspension of Rule 24, I move:

> That the name of the honourable Senator Phillips (Rigaud) be substituted for that of the honourable Senator Inman on the list of senators serving on the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

CANADA SHIPPING ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Transport and Communications on Bill S-23, to amend the Canada Shipping Act, which was presented yesterday.

Hon. Hédard Robichaud, for Hon. Gunnar S. Thorvaldson, moved that the report be adopted.

Hon. Leopold Langlois: Honorable senators, I should like to explain the amendments.

The first amendment strikes out lines 17 to 41, both inclusive, at page 15, clause 24 of the bill. The effect of this amendment is to defer the proposed new section 495D, which places an absolute and unlimited liability upon the shoulders of the owner, the charterer and the master of the vessel for all expenses incurred by the minister in removing, destroying or selling a vessel and its cargo or fuel pursuant to section 295C, and by Her Majesty in preventing the spreading of any cargo or fuel, and in cleaning any property fouled by any cargo or fuel, that has escaped or been discharged from a vessel.

Under this proposed new section, Her Majesty could alternatively claim such expenses from the person whose fault or act, or whose servant's act or fault, caused the distress, stranding, wrecking, sinking or abandoning of the vessel, or the escape or discharge of the cargo or fuel from that vessel.

This amendment was moved following various representations made before the committee by witnesses appearing on behalf of the International Chamber of Shipping, the Canadian Chamber of Shipping, the Chamber of Shipping of British Columbia, the Shipping Federation of Canada, the Canadian Shipowner's Association, the Canadian Merchant Service Guild, the Canadian Maritime Law Association, the Dominion Marine Association, the Protection and Indemnity Associations, and their re-insurance group from London, England.

The second amendment strikes out paragraph (a) of subsection 2 of the proposed new section 712A on page 17 of the bill and substitutes the following:

> (a) providing for the licensing of persons acting as members of the crew or employed in connection with the maintenance and repair of air cushion vehicles used in navigation, and for the suspension and revocation of such licences;

The original wording of subsection 2 provided for regulations by the Governor in Council prescribing the qualifications required of persons acting as members of the crew or employed in connection with the maintenance and repair of air cushion vehicles used in navigation.

The effect of this amendment is to provide for regulations for the licensing of such persons and for suspension and revocation of such licences.

Hon. Jacques Flynn: Honourable senators, I attended the committee when it examined this very important piece of legislation and I want to thank Senator Langlois for explaining the amendments which were made in committee.

In particular, I want to put on the record that the committee has done an excellent job in studying all of these amendments to the Canada Shipping Act, mainly those concerning the application of the part of the act in regard to the air cushion vehicles and also those concerning the powers of the minister to deal with wrecks, fuel or cargo which is likely to cause pollution.

The amendment which was made by the committee deleting the section 495D as included in section 24 of this bill is merely to give the occasion to the department to reflect over the consequences of this very important provision.

Again, I want to say that the committee did an excellent job and served the public very well on this occasion.

Report adopted.

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

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—ORDER FOR RESUMING DEBATE STANDS

On the Order:

> Resuming the debate on the motion of the honourable Senator Hayden, seconded by the honourable Senator Langlois, for the second reading of the Bill C-165, intituled: "An Act to amend the Income Tax Act and the Estate Tax Act".—(*Honourable Senator Flynn, P.C.*)

Hon. Jacques Flynn: Honourable senators, I was ready to proceed on this bill this afternoon, but it is unlikely we can complete the debate on second reading this week, certainly not today. In order to facilitate the work of the Standing Senate Committee on Banking, Trade and Commerce, I ask that this item stand.

Hon. Paul Martin: Honourable senators, I do not want to say I cannot agree to this, but I might point out to Senator Flynn that if he is ready to speak now and if there is no one else to follow, this could mean that we could get the bill to the committee a little ahead of time.

I cannot guarantee what our period of adjournment next week will be. But in making plans for next week it looks as though we will have a fairly heavy load. It may be possible that we can complete our work in time to begin the Easter adjournment at the end of next week. That would presuppose that we will have dealt with some of the matters now before us. If we could proceed today with this measure, it would certainly meet my program of arrangements. If the senator does not feel he can proceed, I am in his hands.

Hon. Mr. Flynn: I am willing to dispose of as many items as possible before the adjournment, but what I am suggesting to the leader is that it is unlikely that we will be able to dispose of this bill this week. There are others who want to speak on it and, therefore, it will go into next week. It is unlikely, I think, that we would be able to have the committee consider this bill before the adjournment. That is the reason I suggest it may be more useful for me to stand this item now, and give the committee a chance to deal with the other matters that have been referred to it.

Hon. Mr. Martin: I hope it would not mean that we would not be able to deal with the bill before adjournment.

Hon. Mr. Flynn: There is no urgency about this bill because it is retroactive in any event. Even if we pass it when we come back after the Easter recess, it will be enforceable from the date of the budget speech.

Hon. Mr. Langlois: All right.

Hon. Mr. Croll: It does not make any difference in April?

Hon. Mr. Flynn: No, it makes no difference.

The Hon. the Speaker: Do I understand that item No. 6 stands?

Hon. Senators: Stand.

Order stands.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, February 5, the adjourned debate on the motion of Hon. Mr. Argue, for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. Paul Martin: Honourable senators, I yield to the Senator from Madawaska-Restigouche, who wishes to speak.

Hon. Edgar Fournier: Honourable senators, I know that time is late to go to committee, but I have only a few remarks to make on this bill.

[*Translation*]

Hon. Edgar Fournier: Mr. Speaker, when the mover of this resolution, honourable Senator Argue, introduced this bill he first accused the Conservatives of always being against lowering the age of voters.

I believe that Senator Argue must have been surprised when the first senator to support the bill was Senator Hollett. Moreover, I believe that the latter still sits on this side of the house and that he does not intend to move.

I must add that the remarks of the honourable Senators Argue, Hollett and Macdonald (Cape Breton) are generally quite relevant, but I think we must look further than that. I do not believe that the majority of our young people are ready to vote at the age of 18, because I consider voting as the key to democracy, or a passport into society, and to belong to democracy, as has often been said in this house, entails obligations on our part, obligations of a civic nature—

[*English*]

Hon. Fred M. Blois: Mr. Speaker, on a point of order. Can we not have translation while this speech is being given? Some of us are unable to follow what is being said, I am sorry to say.

The Hon. the Speaker: I hope that this trouble is only temporary, but I shall inquire right away.

Hon. Mr. Choquette: I do not think it is a defect in the system; I think there is no interpreter on hand.

Hon. Mr. Fournier (Madawaska-Restigouche): In a few minutes I will be changing lines.

[*Translation*]

We have often mentioned that there were sometimes disappointments in this Chamber; this is a good example of what I had in mind.

Hon. Mr. Martin: We certainly should have simultaneous interpretation. Does it work now?

[*English*]

I think the objection that has been taken is right, and I am sure, in fairness to both the speaker and to all senators, we want to make sure that the simultaneous translation is operating. This is the second time within a short period that this has happened. We ought to know why. I am sure it is not because of any inefficiency. It is working now.

[*Translation*]

Hon. Mr. Fournier (Madawaska-Restigouche): Thank you. I was saying that democracy brings obligations: civic, religious and even moral obligations which are the structure of society itself. When the structure crumbles, society crumbles too.

However, before obtaining a passport or a key to enter society, we must have given evidence of ability, and established a sense of responsibility. Today, young people are disturbed by a development so rapid it has become dangerous for society; and that too often leads to retaliation, disorder and rebellion.

I understand that respect for the authority and fulfillment of obligations are sometimes not easily accepted. But it is the price a well-balanced society must pay; unfortunately, a great number of our young people find this funny. The free society many of them are dreaming of is heading straight ahead for a worldwide fiasco with disastrous results.

Let us not forget that it is easy to lose our freedom but, on the other hand, it would be extremely difficult to get it back if we ever lost it, as some European countries have found out. There are two roads: the road of freedom and the road of control. The road of freedom is democracy, and the other, the road of communism and socialism. Need I say more?

[*English*]

Honourable senators, Senator Hollett has mentioned the young people in the army, the young fishermen and the young lumbermen and the young members of our labour force. Senator Macdonald mentioned that he would be satisfied by a lowering of the age to 17 years.

I would say that young people today at the age of 12 know more about politics than I knew at my voting age. It is true that we have the tradition to vote from our heritage. In my early days there was very little interest in politics on the part of young people: we followed what our grandfather or father had decided was the way to vote. That is the way we did it, and I believe it was very good. Through better education, our young people are getting away from this habit.

Honourable senators, I am not worried about that group which has already accepted that sense of responsibility which is the key to our society. But when we read about these disorders in the universities, the lack of respect for authority, the disregard for the obligations which are part of a sound education, I wonder and I am troubled. I wonder more so, because these are the cream of our young generation.

This is the privileged group who will take over in the very near future. I am worried and I am asking myself, are they ready to accept the responsibility. This bill does not convince me that they are ready at the moment. I find it quite disturbing. I agree that some reforms are in order and I am quite confident that before very long the voting age will be lowered to 18. But where do we go from here? Should we deprive the good and responsible young people of the right to vote at 18, as mentioned by Senator Hollett? To that I say "no". On the other hand, I cannot support this bill in its original form. One reason is that I am not entirely sure whether this bill was not ill-conceived. I am not sure whether the Leader of the Government and those on the other side support it. I believe that if this bill were submitted through proper channels, I might have a different opinion. At the moment it is difficult for me to give it support, although I see something in it. I hope more senators will speak before this debate is closed.

Honourable senators, I am not suggesting any amendment. What I would suggest very strongly is that any of our boys who have

joined the armed forces, and are at the age of 18, 19 or 20, who have been men enough to join up and to sign their names on the list, should have the right to vote. I believe there is a bill in the other place now to that effect. I think this should be considered by the people that those who are in the armed forces and wear the uniform should have the privilege of voting at the age of 18.

Furthermore, any young people who are taxpayers, who pay municipal taxes or income tax, who are part of our working force, who have left school and who are Canadian citizens and are part of our society, who work for a living and who pay into the provincial or federal treasuries some of that money which they have earned by their sweat, should be allowed to vote.

As regards our students in universities, I believe that some exceptions could be made, that the good students should be given the right to vote. It should be easy to keep records in the universities. On the other hand, the trouble makers, the people who cause disorders, those who do not want our society, who want a world of their own, they should not be given the right to vote. I know it would cause some problem as to how these persons would be sorted out. I am not dealing with that question. I can see some of the difficulties, but I think the aim should be to give the right to vote to those people I mentioned, when it is possible.

Honourable senators, in the Province of Quebec some two or three years ago—I do not have the specific date—the voting age was lowered to 18. It was thought that there would be great support for the party responsible, but we know what happened. Most of the young people, having got the right to vote, did not vote Conservative, they did not vote Liberal, they voted Independent, RIN, and for anything they could find in the Province of Quebec which was not for democracy. This is something we must keep in mind and be careful about.

In the Province of New Brunswick, at the last provincial election there was a referendum on the question of whether the young people should be allowed to vote, and the answer was three to one against giving them the right. On the other hand, it was not the young people there who were asked whether they should have the vote or not: it was the older people who were asked whether the young people should be allowed to vote.

If we look at the other side, we find that most young people are not asking for this right. It is the older people, some of us, who are trying to pick up a group of young people, for many reasons which you know as well as I do, trying to get them to themselves, by opening the doors to the vote, when the young people themselves are not asking for this right.

It is the irresponsible people who are asking for the right to vote, the hippies, the good-for-nothings, who will not accept or contribute to our society; it is the free lovers, the rebels, sponsored by the communist parties. Those are the people who seek it. Let us be careful and take conscience of what we are doing. Are we going to walk hand in hand with the communists? Let us take our time. It is better to be sure today than be sorry tomorrow.

On the first occasion, perhaps at the next election, it would be easy to add another line on the voting paper, as they did in the Province of Quebec, for a referendum on this matter, asking the Canadian people if they want the young people to have an earlier right to vote. If the Canadian people agree to this, I will go along with it. If the Canadian people do not agree, then we could let it stand for some time. It is a matter which should not be decided by the Senate, but should be decided by the elected representatives in the other house or by the Canadian people at large.

On motion of Hon. Mr. Grosart, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 20, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copy of an Agreement, signed at Charlottetown on March 7, 1969, between the Government of Canada and the Government of the Province of Prince Edward Island, for the economic expansion and social adjustment of Prince Edward Island. (English and French texts).

Report of the Governor of the Bank of Canada, and Statement of Accounts certified by the Auditors, for the year ended December 31, 1968, pursuant to section 16 of the Bank of Canada Act, chapter 88, Statutes of Canada, 1966-67. (English and French texts).

Order in Council P.C. 1969-346, dated February 20, 1969, authorizing under Section 21A of the Export Credits Insurance Act, a third sale by the Export Credits Insurance Corporation to Philippine Long Distance Telephone Company by Automatic Electric (Canada) Limited, pursuant to Section 21A of the said Act, chapter 105, R.S.C., 1952, as amended. (English and French texts).

Order in Council P.C. 1969-345, dated February 20, 1969, authorizing under Section 21A of the Export Credits Insurance Act, increase to financing by the Export Credits Insurance Corporation to Nacional Financiera, S.A. and Spaulding Fibre of Canada Ltd., pursuant to Section 21A of the said Act, chapter 105, R.S.C., 1952, as amended. (English and French texts).

Order in Council P.C. 1969-344, dated February 20, 1969, authorizing under Section 21A of the Export Credits Insurance Act, the Export Credits Insurance Corporation to provide financing to Nacional Financiera, S.A., pursuant to Section 21A of the said Act, chapter 105, R.S.C., 1952, as amended. (English and French texts).

Order in Council P.C. 1969-343, dated February 20, 1969, authorizing under Section 21A of the Export Credits Insurance Act, further financing by the Export Credits Insurance Corporation to Ministerio de Sacienda y Comercio, Lima, Peru, and Hawker Industries Limited, Toronto, Ontario, pursuant to Section 21A of the said Act, chapter 105, R.S.C., 1952, as amended. (English and French texts).

PEST CONTROL PRODUCTS BILL

REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals, and had directed that the bill be reported with the following amendment:

Page 9: Insert the following next after clause 12 and renumber clauses 13 and 14 as clauses 14 and 15 respectively:

"Appeal Procedure

13. The provisions of section 9 of the Hazardous Products Act apply *mutatis mutandis* in respect of any order made under this Act that directly affects the rights or interests of any person, as if that section were incorporated in this Act and as if the words "Control Products Board of Review" were substituted for the words "Hazardous Products Board of Review" in subsections (1) and (2) of that section."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden, with leave of the Senate, moved that the report be taken into consideration now.

He said: Honourable senators, the amendment made by the committee to this bill is simple in its terms. The bill provides for the regulation and registration of what are called control products, and it also provides authority under which the product might be de-registered at any time. This could be a matter of substantial concern to those manufacturers, for instance, who may have been manufacturing their product in conformity with a formulation which carried the approval of the department. The committee felt that if there existed such an arbitary power to de-register, which really means that the product becomes a prohibited product, there should

then be some provision for review of that decision and, therefore, it incorporated such a provision in the bill.

In the interest of simplicity and speed, the committee incorporated that provision by means of a *mutatis mutandis* section, by which the provision for a Board of Review under the Hazardous Products Act will apply in connection with any review under this bill. That is what the language of the amendment means. It simply provides a right to review a decision, for instance, to de-register products, or other decisions made under this bill.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PESTICIDE RESIDUE COMPENSATION BILL

REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-155, to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards, and had directed that the bill be reported with the following amendment:

Clause 5: Strike out subclauses (1), (2) and (3) thereof and substitute therefor:

"(1) Where he deems it necessary the Minister may require as a condition for the payment of any compensation to a farmer under this Act, the consent of the farmer for the Minister to pursue any action that the farmer may have in law against any person whose act or omission resulted in or contributed to the presence of the pesticide residue in or upon an agricultural product.

(2) Where the Minister receives, as the result of any action taken by him pursuant to subsection (1), an amount of any judgment for damages in excess of the amount paid or to be paid to the farmer in compensation, he shall reimburse the farmer to the extent of such excess.

(3) The Minister shall in paying compensation take into account any amounts realized by the farmer in any action in law the farmer may have pursued against any person whose act or omission resulted in or contributed to the presence of the pesticide residue in or upon the agricultural product.".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden, with leave of the Senate, moved that the report be taken into consideration now.

He said: Honourable senators, as you know, Bill C-155 deals with the provision of compensation to farmers whose agricultural products are contaminated by what is called pesticide residue. It also provides for appeals from compensation awards.

The substance of the amendment is this. A farmer might put forward a claim for compensation because a degree of pesticide residue has been detected in his product, such as carrots, tomatoes or cabbages. Under the Food and Drugs Act such a product would be classified as adulterated and could not be sold. In those circumstances this bill is to provide compensation within certain limits, and the conditions to be satisfied under the bill are these. There must be a ruling or decision by the Food and Drugs Division of the Department of National Health and Welfare that the product is in that sense an adulterated product; then the further condition must be satisfied that the pesticide residue which occurs in this agricultural product has not been caused by any fault or negligence on the part of the farmer or producer.

In a later section of the bill provision was made that in order to be entitled to compensation the minister might require, as a condition of getting such compensation, that the farmer take proceedings against the manufacturer of the product in a case where the infestation, or whatever you wish to call it, might be traced to something in connection with the formulation of the pesticide used.

In another subsection provision was made for what we as lawyers recognize as the doctrine of subrogation. That is, there was a provision under which the minister himself might require, as a basis before paying compensation, the farmer's consent to the taking of an action in his name against the person who may be responsible for producing the pesticide residue.

In the opinion of the committee it was too onerous an obligation to impose on the farmer—who may be located in the country far

away from the courts—as a condition of getting compensation, that he must in his own name start and put forward such an action.

Hon. Mr. Roebuck: At his own cost?

Hon. Mr. Hayden: Yes. Therefore, we amended the bill by striking out that provision and leaving in the provision for subrogation. In other words, if the minister feels that there is a manufacturer who is blameworthy in connection with the contamination of the article and therefore its prohibition for sale, he may, as a condition of payment of compensation to the farmer, demand a consent from the farmer, so that the minister may, in the name of the farmer, prosecute an action against the negligent person and secure a judgment, if he can make out that kind of a case. The minister, in such an action, might obtain a judgment for a greater amount in damages than the amount of the compensation which the minister would pay or agree to pay to the farmer. That could arise because, under this bill, there is a minimum amount of compensation below which the minister has no obligation to pay any amount; and there is also a maximum. Operating in that area, the minister may arrive at an amount of compensation which, we were told in committee, could be of the order of, say, 80 per cent of the retail or sale value. So, it is quite conceivable that in an action for damages a larger judgment might be obtained than the amount of compensation to which the farmer was entitled.

In those circumstances, since it was the farmer who had suffered, we felt that when the Government was reimbursed for what it had agreed to pay or had paid to the farmer, the excess in the judgment should be paid to the farmer, and we have so provided in this amendment.

Hon. Jacques Flynn: Honourable senators, I believe the amendment suggested by the committee is indeed a good one. It occurred to me, however, that the problem might arise as to whether the minister, when he collects in excess of the amount of the award he has paid, would be entitled to deduct his costs for exercising the action for which he has been subrogated. However, I do not think we need provide anything in the bill in that respect. It could be included in the form of subrogation. It would be only fair that, if the farmer does not take the risk of taking an action, the minister should not be penalized for doing so in his place; and the minister should be entitled to take from the excess the amount of his own costs in recovering from the third party.

Hon. Mr. Hayden: In answer to my friend's suggestion, this matter was discussed in committee. In framing the second subsection in the amendment of section 5, we did provide that where the minister receives, as the result of any action taken by him pursuant to subsection 1, an amount of any judgment for damages—and you notice it is "judgment for damages"—in excess of the amount paid or to be paid to the farmer in compensation, he would reimburse the farmer to the extent of such excess.

As lawyers know, a judgment for damages is one thing. You may get X dollars for damages, but then it carries with it the right to be paid your costs on a party and party basis, but that is an additional amount and those costs can be taxed. When they are taxed and the person against whom they are taxed is obligated to pay them, that is not part of the amount of the judgment for damages.

Hon. Mr. Flynn: I was thinking of the fees in respect of solicitor and client.

Hon. Mr. Hayden: We discussed that too. Our thought was that if an action were being taken by the minister, he has a staff of lawyers, and the tariff of costs on a solicitor and client basis are greater than on a party and party basis. However, this is a matter that is peculiarly within the hands of the minister.

Hon. Mr. Flynn: It could probably be taken care of in the form of subrogation. That is why I suggested there was no necessity to mention them in the amendment. It is just for the information of the other place, when they consider the amendment.

Hon. Mr. Hayden: That is right, yes.

Hon. Mr. Connolly (Ottawa West): Does the Leader of the Opposition agree that it is wise to have the wording the way it is suggested by the Chairman?

Hon. Mr. Flynn: Yes; that is what I say.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BRETTON WOODS AGREEMENTS ACT CURRENCY, MINT AND EXCHANGE FUND ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-138, to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Paul Martin: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, before making the motion for the date of reconvening, I would like to indicate, because our objective is to adjourn for the Easter recess on Friday next, that it appears that the program next week will be fairly heavy. I anticipate that a number of bills now in the other place will be before us by then—the Superannuation Bill, the Financial Administration Bill, and the Government Organization Bill, and possibly others. We will also have to deal with an interim supply bill. Nevertheless, I think we can accomplish this program, or least as much of it as the Government is desirous of having dealt with before the Easter recess. I am not at the moment in a position to say how long the Easter recess will be. I hope to be able to give you more information on that Wednesday next when we will have an opportunity to judge the progress made.

Therefore, honourable senators, with leave of the Senate I move, seconded by Senator Langlois that when the Senate adjourns today it do stand adjourned until Tuesday next, March 25th, at 3 o'clock in the afternoon.

I should also indicate that the Standing Senate Committee on Legal and Constitutional Affairs, dealing with hate propaganda, intends to sit that day during the sitting of the house, and will be asking special leave of the Senate for that purpose. I also understand that the Standing Senate Committee on Foreign Affairs will not be meeting on Tuesday morning. Nevertheless, as I have said, I think we can anticipate that it will be a fairly heavy week.

Hon. Jacques Flynn: Honourable senators, I can inform the Leader of the Government that as far as we on this side of the house are concerned, we will do our best to accommodate ourselves to the program which has been outlined. I think it should not pose too great a problem to dispose of the legislation that needs to be passed before the adjournment. I suggest that the main thing will be to have the other place send us the interim supply bill so that it can be passed by this place next Thursday or Friday. If this were done we would be in a position to adjourn on either Thursday or Friday for the Easter recess. Some of the other bills the leader has mentioned can be dealt with rather speedily, I think.

As I have mentioned before, I doubt that it will be possible to deal with the Estates Tax Bill before Easter. Furthermore, several amendments have been suggested by members on the other side of the house and it will be useful to give time to the Department of Finance to consider them so that they can be dealt with adequately when the bill is referred to committee, if it is so referred.

Hon. Mr. Cameron: Is it the intention of the house to sit Tuesday evening as well?

Hon. Mr. Martin: Yes.

Hon. Mr. Grosart: Is it the intention to refer the interim supply bill to the Standing Senate Committee on National Finance?

Hon. Mr. Martin: I think so, yes.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. Leopold Langlois moved, with leave of the Senate, that the Standing Senate Committee on Legal and Constitutional Affairs be empowered to sit while the Senate is sitting on Tuesday, 25 March, 1969.

Motion agreed to.

TASK FORCES AND COMMITTEES OF INQUIRY

APPOINTMENT, PERSONNEL, REPORTS AND COST—INQUIRY ANSWERED

Hon. Earl A. Hastings, pursuant to notice of inquiry, requested the following information in respect to:

1. Committee on Election Expenses.
2. Agriculture Task Force.
3. Task Force on Housing and Urban Development.
4. Task Force on Sport for Canadians.
5. Labour Relations Task Force.
6. Committee of Inquiry into the Unemployment Insurance Act:
(a) Date of Appointment.
(b) Name and Occupation of each Committee or Task Force Member.
(c) Date of Interim or Final Reports, and
(d) Cost of each Committee or Task Force to December 31, 1968.

Hon. Paul Martin: Answered.

(*For text of answers see Appendix pp. 1241-42.*)

THE SENATE

USE OF SENATE CHAMBER BY COMMITTEES—DEBATE ADJOURNED

Hon. Arthur W. Roebuck moved, pursuant to notice:

That the Senate considers it desirable that the Senate Chamber be fully used for meetings of Senate Committees and other bodies;

That rules governing such use be prepared by the Standing Committee on Standing Rules and Orders for adoption by the Senate; and

That the Speaker be empowered to grant or withhold permission for such use of the Senate Chamber and to administer the rules relating thereto.

He said: Honourable senators, I have already spoken on this question and I have no desire to say anything further. I have said all I require to say, and I hope that what I said previously, whether in order or out of order, may be considered as part of the present debate.

The Hon. the Speaker: Honourable senators, because of what happened yesterday, and in order that we may proceed in an orderly fashion, I must say that although the honourable Senator Roebuck spoke on this motion yesterday and has again spoken on it now, this does not conclude the debate.

Hon. George S. White: Honourable senators, my remarks will be brief.

I am opposed to the motion by the honourable senator which, if passed, would mean that this chamber would be used for committee work. I have carefully read the honourable senator's remarks in *Hansard*, and I am unable to find even one reason for the use of this chamber as a committee room.

Some Hon. Senators: Hear, hear.

Hon. Mr. White: I fear that its use as a committee room might result in this chamber being turned into a theatre.

Hon. J. Campbell Haig: Honourable senators, this debate affords me the opportunity of raising the whole question of the use of the Senate committee rooms. I am opposed to this motion to use this chamber as a committee room.

The other day I was in attendance at a meeting in Room 256-S when nearby a very noisy party was in progress. Room 356-S was not being used at that time.

In this building we have four rooms which are used for committee meetings: Room 256-S, Room 356-S, the Smoking Room and the Reading Room, only one of which has simultaneous interpretation facilities. Room 256-S is a very inadequately equipped room for committee work, the acoustics are poor and the chairs uncomfortable. Room 356-S has air conditioning, is well lighted, has simultaneous interpretation facilities and comfortable chairs.

The Smoking Room is used for committees consisting of a small number of members in which we do not hear witnesses, and is suitable for that purpose. In fact, the Rules Committee met there many times.

The Reading Room, immediately behind this chamber, is a make-shift committee room and does not serve that purpose efficiently; it is very run down.

Honourable senators, my suggestion is that the committee chairmen and the Whips should arrange some orderly method by which the committee rooms can best be used. Why should Room 356-S stand idle while we are sitting in make-shift accommodation such as the reading Room or the poorly equipped Room 256-S?

Hon. Senators: Hear, hear.

Hon. Mr. Haig: There should be some coordination so that committee work can be arranged in an orderly fashion. We have the Foreign Affairs Committee meeting on Tuesday, and Banking, Trade and Commerce on Wednesday—there being other committees to be fitted in. Why should we have placed on our desks every day two or three yellow slips informing us of meetings of committees? This affects me personally because Senator Macdonald, who sits directly beside me, gets annoyed when I receive two notices and he receives only one. I do not think that is fair to Senator Macdonald!

The leaders or their representatives, or the Whips, should get together to organize the proper use of our committee rooms. I repeat that I am against using this chamber as a committee room.

Hon. W. M. Benidickson: Honourable senators, I have great respect for the sponsor of this motion, but I must say to him that I oppose it. Where tradition is concerned I am not usually too conservative in my views.

Hon. Mr. Connolly (Ottawa West): Small "c"!

Hon. Mr. Benidickson: Yes, small "c". However, I do not think the time has yet arrived when we need to use this chamber for committee meetings. Of course, reference is made in the motion to "other bodies". If we were hosting an international conference, or a body of that nature, I think the prestige of this chamber should be afforded them.

After reading the newspaper report on it, I did make it my business to inspect the splendid, modern committee room we have on the third floor. As it happens, of the committees that I belong to, only one, Banking, Trade and Commerce, meets almost invariably in the room on the second floor, of which we have heard some earlier complaints. Until today, I have not been obliged to attend a committee meeting in this splendidly equipped new committee room on the third floor. Together with two other honourable senators who are fellow members of the Banking, Trade and Commerce Committee, I went up to Room 356-S after a meeting of the Transport and Communications Committee on the second floor, for the express purpose of seeing the new facilities in use, but unfortunately the Banking and Commerce Committee had adjourned.

I cannot believe that our accommodation is so inadequate that we need to encroach upon the facilities of this chamber, except, as I say, perhaps for certain international functions when the Senate is in adjournment. I notice that Senator Roebuck's motion includes a provision that the Speaker has control, and has a reference to "other bodies" under the jurisdiction of the Speaker. However, honourable senators, I do not think I can support this motion at the present time because we have other rooms that can be used, and this renders unnecessary the use of this chamber in a routine way by a body that is something less than prestigous.

Hon. Leopold Langlois: Honourable senators, I move that this debate be adjourned until April 22 next.

Hon. Mr. Flynn: That is very indicative.

Hon. Mr. Martin: No conclusions should be drawn from the motion.

On motion of Hon. Mr. Langlois, debate adjourned.

The Hon. the Speaker: Honourable senators, will you permit me to make a few remarks about this matter, even though it has been disposed of?

There were some questions asked as to the past practice with respect to the use of this chamber. I have had some research done, and can now inform the Senate that when Parliament is not in session—and that includes, of course, both houses of Parliament—it has been left to the best judgment of the Speaker to decide whether the chamber should be used for meetings of an international character. In this respect I refer to the meeting that will be held in September, when Canada will be the host to a meeting of the Speakers of the Commonwealth Parliaments. Because of the prestige of this house, I have been asked if these meetings can take place in this chamber and, using my best judgment, I have agreed to this on the condition that we are not in session at the time.

When Parliament is sitting—and all honourable senators may not be aware of this—any honourable senator can use the desk which bears his name at any time of the day. So, when Parliament is sitting this chamber belongs to all honourable senators, and only the Senate itself can give permission for another use to be made of it.

I am putting these remarks on the record, the debate having been adjourned until April 22, so that all honourable senators will be able to take these facts into consideration during the interval.

NEWSPAPER REPORT

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Malcolm Hollett: Honourable senators, before the Orders of the Day are called I rise, with great regret, on a question of privilege. I hold in my hand yesterday's issue of a newspaper published in Ottawa, and a clipping from another newspaper published in Ottawa, which contain an article that upset me very much. I am sure it will upset you. It is by the Canadian Press, and it reads:

> Senate Heats Up Over Hate.
>
> An angry bout of name-calling erupted in a Senate committee Tuesday during discussion of draft legislation designed to outlaw hate propaganda.
>
> Senator Malcolm Hollett (PC-Newfoundland)...

And that is me, as I think you all understand.

> ...turned on Senator David Croll (Liberal-Ontario) after a buildup of antagonism that upset the customary pattern of senatorial politeness.
>
> Senator Hollett called Senator Croll, Canada's first Jewish Senator, a "hypocrite" and "the phoniest person in the Senate."
>
> Senator Arthur Roebuck (Liberal-Ontario), at 91 dean of the upper chamber and chairman of the committee on justice and legal affairs, appeared stunned as Senators Hollett, Croll and Lionel Choquette (Liberal-Ontario) argued.

Hon. Mr. Langlois: Liberal?

Some Hon. Senators: Shame!

Hon. Mr. Hollett: The article continues:

> Finally, Senator Roebuck stood up and said, "Gentlemen, stop it."
>
> The argument ceased.
>
> The outburst came when Senator Croll tried to check Senator Choquette who, with Senator Hollett, had been sharply criticizing the draft bill and closely questioning special witnesses, including executives of the Canadian Labor Congress.

Honourable senators, I rise on a point of privilege to tell you that I did not make any reference whatsoever to Senator Croll. I did not fall out with him. I did not say he was a hypocrite, or the phoniest person in the Senate. I made no remark relative to him whatsoever.

I spent most of last evening in the House of Commons listening to the excellent debate there, and I might tell the honourable senators on the other side of this house that I was greatly pleased by the speech made by the Right Honourable the Prime Minister in respect of the American anti-ballistic missile defence system. When I arrived home my wife gave me this newspaper, and I was not very pleased to read the article to which I have drawn your attention. I telephoned the offices of this newspapers, and also the Canadian Press, who apologized very sincerely. I told them that I had said nothing about Senator Croll, and that in any event I would not say anything like that because I have great respect for Senator Croll. Even if I did not have respect for him, I would not get up in a public committee and say these things—not unless I was inspired by something which inspires people.

I want honourable senators to know that I said no such thing, and I will not stand for the Canadian Press attributing these things to me. As I have said, I called the Canadian Press about this matter and they apologized, and said they would call me back. They did call me back, at which time they were pleased to tell me what the trouble was, namely, that they had had an inexperienced reporter in the committee room at the time. I cannot tell you what I said to them about their having an inexperienced man attending the meeting of the committee but I was very indignant, and at this moment I feel badly about it.

I feel like resigning from the six or seven committees of which I am a member. If a senator cannot attend a committee meeting without fear of being blasted out of existence by some reporter who is inexperienced, then it is better not to attend.

I must say that I do not see much reason for having reporters, particularly those of the Canadian Press—and I am not criticizing them, because they are a great institution—present at meetings of the Senate committees. I see no reason why there should be various reporters present at these committee meetings.

On Tuesday we sat in that committee for about two hours, during which we had before us three representatives of the Canadian Labour Congress, who told us they represented about one and three-quarter million workers. They did a wonderful job in presenting

their brief to the committee, yet that reporter who was there wrote nothing whatsoever about the brief. All he wrote about was what Senator Hollett was supposed to have called Senator Croll. I deny that I ever said it, and I want Canada and the world to know it.

I must say that the Canadian Press were very good when they discovered I had not made these remarks. They assured me they would wire every newspaper across Canada to deny that I had said such a thing.

Honourable senators, that is the question of privilege on which I rise. I think some steps should be taken to regulate the reporting of committees. Why did the reporter not confirm with me whether I used these nasty words about another senator instead of just making his report and getting the newspapers across Canada into trouble? Some steps must be taken. I must say, I agree entirely with Senator Davey's motion on mass public communication. This whole subject should be examined. If a man cannot attend committee meetings without getting into difficulties we should do without committees altogether. We are now considering having more committees, and even having committee meetings in this chamber.

I would ask the honourable chairman of that committee, Senator Roebuck, if he will kindly tell the Senate that what I have now said is correct and that I used no such words as are attributed to me.

Hon. Arthur W. Roebuck: Honourable senators, I am very glad indeed to be able to support the honourable senator in his denial of having made use of these words. He said nothing of the kind, nor, so far as I know, did he join in the little hassle that took place on that occasion. He is perfectly justified in his protest.

On the other hand, I think it only fair to the newspaper to say that the words of which he complains were used. The mistake made by the newspaper was in attributing those words to the wrong person, which of course should not have happened.

I would like to add that I have glanced through the official report of the committee meeting, which is quite voluminous and has not yet been printed, which completely supports what Senator Hollett has been saying. It not only supports him but gives the full account of what took place on that occasion.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

THIRD READING

Hon. Leopold Langlois, for Hon. Salter A. Hayden, moved the third reading of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

Motion agreed to and bill read third time and passed.

CANADA SHIPPING ACT

BILL TO AMEND—THIRD READING

Hon. Leopold Langlois moved the third reading of Bill S-23, to amend the Canada Shipping Act.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, March 13, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. Jacques Flynn: Honourable senators, I hope not to detain the house very long. Because I share the views already expressed, I do not intend to re-hash the objections and criticisms made by previous speakers to this bill, except in one respect. I refer to the criticism made by Senator Phillips (Rigaud) on the granting of exemption from gift tax to gifts between spouses without attention being paid to section 1265 of the Civil Code of the Province of Quebec, which prohibits gifts between spouses after marriage unless in accordance with the marriage contract entered into before marriage.

If and when this bill goes to committee, I would like the most serious consideration to be given to the suggestion made by Senator Phillips to maintain the present rate or grant a reduction in the proposed rates to Quebeckers as long as the prohibition of Article 1265 of the Civil Code is there.

Hon. Mr. Martin: Is that the section which deals with community property?

Hon. Mr. Flynn: Article 1265 prohibits gifts between spouses married under the separation of property unless in the marriage

contract such a gift has been provided. Usually young people who get married cannot provide very large gifts in a marriage contract. Now, the present provision would exempt up to $60,000, I understand. The remainder, only in the survivor's estate, would be taxable eventually. Therefore, there is no possibility for Quebeckers who are married under the system of the separation of property, to take advantage of the exemption which is provided in this bill, and which I think is the only good thing in the bill. They cannot take advantage of it.

I am merely suggesting that if we go to committee with this bill, consideration should be given to trying to equalize opportunities so that those who are prohibited by Article 1265 of the Civil Code of the Province of Quebec may take advantage of what was intended in this bill.

Before I touch on my main point about this bill I want to say that I am rather surprised no one yet has spoken in favour of it.

Hon. Mr. Martin: The debate is not over, of course.

Hon. Mr. Flynn: No, but I hope that those who support the bill and who think this legislation is good will reply to the criticism and objections which have been made. It has been a one-sided debate. Even the sponsor of the bill has not done more than give a very clear explanation—the usual explanation that Senator Hayden gives of any bill—for which we are indebted to him. His speech does not indicate any commendation of the bill. On the contrary, I suggest that there are strong reservations in the mind of Senator Hayden. No one has yet told us that this bill is a good bill and should be adopted. I hope that some of those who intend to support the bill will stand up and say so, otherwise the normal decision of the Senate should be to vote it down. That is what I would expect if the debate continues in the same vein as it has been going.

Hon. Mr. Martin: I would expect that my speech would change all of that.

Hon. Mr. Flynn: I would expect that. I am sure that the one speech, if it is given by the Leader of the Government, would change the whole climate—I will not insist on this—because of the particular influence that the leader has on this chamber.

There is one main point that I want to make against this bill. It has been touched on only indirectly by I think one who has taken part in the debate, and this would lead me to the conclusion that this bill is inopportune, ill-timed and should not have been introduced under the present circumstances. The reason is that it touches on a matter affecting the federal-provincial relations at a time when the Constitution is under review. As you know, honourable senators, the estate tax is one which has been initiated by the provinces. It has always been considered in practice as being the exclusive field of the legislatures. Of course, it is a direct tax but it is also one which affects directly property and civil rights.

The federal Government never entered this field until the last World War. At that time, because of the heavy financial requirements of the war, it asked the provinces to give up their rights in this taxation field for the duration of the war, in lieu of certain compensation. All the provinces agreed, but then the war ended and history repeated itself in the way that we had witnessed after the first World War with regard to income tax. One remembers that when income tax was introduced during that war the then Minister of Finance was very apologetic. He said that it was only on a temporary basis that the federal Government was taxing income, and that as soon as the war was over it would get out of this tax field because it considered it to be one belonging to the provinces. Whether he was right or wrong is not important for the conclusion to which I will come later. In any event, after World War II the federal Government did not vacate the field of estate tax any more than it vacated the income tax field after World War I. It made arrangements with some of the provinces, and the majority of them agreed to continue to give complete authority to the federal Government in lieu of some compensation. As honourable senators know, many provinces objected, especially Quebec, Ontario, and British Columbia, and I am not sure about Alberta.

Hon. Mr. Martin: Yes, Alberta too.

Hon. Mr. Flynn: These provinces objected strongly to the federal Government remaining in this traditionally provincial field of taxation. For several years now we have been making a review of our Constitution and, other than the sharing of legislative authority, the big problem is the division of taxation fields as between the provinces and the dominion.

Hon. Mr. Martin: The spending power.

Hon. Mr. Flynn: The spending power. When discussing these problems, the provinces I mentioned indicated strongly that they hoped the federal Government would get out of the estate tax field.

I am not rejecting at this time the proposition made by Senator Phillips that estate tax should be a federal tax in a new Constitution. He may be right in this respect, but a new Constitution will be the result of negotiations. It will be a package deal. If the federal Government keeps the estate tax it will have to give to the provinces compensation in other fields. I am not saying at this time that definitely under the new Constitution the estate tax should be a provincial tax. What I am saying is that the federal Government, after many people in many provinces were convinced that it was going to get out of the estate tax, has now reversed its stand and is only occupying the field for merely strategic purposes—and this is my conviction—at a time when we are reviewing the Constitution and discussing the sharing of taxation powers. I think the Government or its advisors are not acting in good faith. They are not helping to create a favourable climate in the negotiations that are going on.

Another argument has been put, that we should have waited for the report of the White Paper on taxation. The Government is not really occupying this field because it needs money. It has been proven, and I think it would be proven in committee, that the Government will draw very little from this source, after returning to the provinces their share, and after paying for the cost of administration. It could certainly have found other sources from which to balance the budget than the amount it will draw from the increase in the estates tax.

It is a very substantial increase in so far as the taxpayer is concerned, but it is not a very substantial increase in so far as the federal treasury is concerned. I think this bill was only to put before the provinces a *fait accompli*. It was put forward merely to prevent some demands from the provinces, or in order to be in a better bargaining position.

Honourable senators, I regret very much that this bill will not assist the negotiations. The Government would have done much better to wait for the progress in the constitutional talks, to wait for the review of the discussion on sharing in the taxation field, before it started on this very delicate matter. This has always been a sore point with many provinces.

This is a bad bill, as the reasons given by the previous speakers indicate—except, again, for the exemption. It would have been better not to have had the act at all, even losing the benefit of the exemption granted to spouses for gifts between them. I say the Government would have been wiser, it would have acted in better faith, and it would have helped to improve the position between the provinces in the present constitutional talks, if it had waited.

For those reasons and for others which have been given, I have to oppose this bill. If it passes, I hope that the improvements which have been suggested will be made in committee. On a matter of principle, I think the Senate would render great service to this country—perhaps not to the federal Government as such, but to this country—in voting the bill down.

On motion of Hon. Mr. White, debate adjourned.

The Senate adjourned until Tuesday, March 25, at 3 p.m.

APPENDIX

(*See p. 1235.*)

TASK FORCES AND COMMITTEES OF INQUIRY

ANSWERS TO INQUIRY

1. Committee on Election Expenses:

(a) Date of appointment: October 27, 1964.

(b) Name and occupation of members:
Mr. François Nobert—Lawyer (deceased), Chairman effective October 27, 1964.
Mr. Alphonse Barbeau—Lawyer (Chairman from January 1965).
Hon. M. J. Coldwell, P.C. LL.D.—Retired Member of Parliament.
Mr. Gordon R. Dryden—Lawyer.
Mr. Arthur R Smith, D.F.C.—Businessman.
Dr. Norman Ward—Author and Professor of Political Science.

(c) Date of final report—October, 1966.

(d) Cost—1964-65, $8,359; 1965-66, $185,-134; 1966-67, $162,413;—Total $355,906.

2. Agriculture Task Force:

(a) Date of appointment: September 22, 1967.

(b) Members:

Chairman, Dr. David L. MacFarlane, Professor and Head of the Department of Agricultural Economics, Macdonald College.
Prof. Donald Ralph Campbell, Professor of Political Economy and Associate Dean of Arts and Science, University of Toronto.
Mr. Pierre Comtois, partner of Bélanger, St-Jacques, Sirois, Comtois & Co., Chartered Accountants, Sherbrooke. He is a member and a director of Bélanger, Chabot, Nobert, Angers, Management Consultants, Montreal.
Dr. J. Clayton Gilson, Professor and Head of the Department of Agricultural Economics at the University of Manitoba.
Dr. Donald H. Thain, Professor of business policy at the School of Business Administration, University of Western Ontario.

(c) First report, 26 February, 1969. Final report due in latter part of 1969.

(d) Cost to December 31, 1968—$361,503.

3. Task Force on Housing and Urban Development:

(a) Date of Appointment: August 29, 1968

(b) Name and occupation of members:
Dr. Doris Boyle, Professor of Economics, Xavier College, Sydney.
Dr. Pierre Dansereau, Professor of Ecology, Institute of Urbanism, University of Montreal.
Mr. Peter Carter, Mortgage Controller, The Royal Bank of Canada, Montreal.
Mr. Robert Campeau, President, Campeau Corporation Limited, Ottawa.
Dr. James Gillies, Dean of the Faculty of Administrative Studies, York University, Toronto.
Mr. C. E. Pratt, F.R.A.I.C., Architectural Firm of Thompson, Berwick, Pratt and Partners, Vancouver.

(c) Date of Final Report: January 22, 1969.

(d) Cost to December 31, 1968: $107,637.35.

4. Task Force on Sport for Canadians:

(a) August 2, 1968

(b) Mr. W. Harold Rea—Chairman, Task Force on Sport, Chairman of the Board of the Great Canadian Oil Sands Co.
Dr. Paul DesRuisseaux—Member, Task Force on Sport, Medical doctor, specialist in sports medicine.
Miss Nancy Greene—Member, Former World Champion Skier.
Mr. Harry Walters—Director of Research, Task Force on Sport, Chairman of Physical Education and Recreation Department, Mount Royal Junior College, Calgary, Alberta, resigned Oct. 23, 1968
Mr. Christopher Lang—Director of Administration, Task Force on Sport, Honour graduate in Business Administration, Univ. of Western Ont. Previously employed with the Mercantile Bank of Canada in Winnipeg and New York.

(c) Estimated date of final report—March 15, 1969

(d) $34,000

5. Labour Relations Task Force:

(a) and (b) Dean H. D. Woods, Faculty of Arts and Science, McGill University; appointed September 2, 1966.
Dean A. W. R. Carrothers, Faculty of Law, University of Western Ontario; appointed December 1, 1966.
Abbé Gérard Dion, Department of Industrial Relations, Laval University; appointed December 1, 1966.
Professor John H. G. Crispo, Centre for Industrial Relations, University of Toronto; appointed December 1, 1966.

(c) An interim report (Progress Report) was tabled in the House of Commons on February 29, 1968; a final report is in process.

(d) Expenditures on account of the Task Force to December 31, 1968, totalled $938,105.

6. Committee of Inquiry into the Unemployment Insurance Act:

(a) Was appointed on 17 July, 1961.

(b) Commissioners:
Mr. Ernest C. Gill (Chairman) President, The Canada Life Assurance Company, Toronto, Ontario.
M. Etienne Crevier, President, La Prévoyance Compagnie d'Assurance, Montreal, Quebec.
Dr. John James Deutsch, Vice-Principal, Queen's University, Kingston, Ontario, and
Dr. Joseph Richards Petrie, Consulting Economist, Montreal, Quebec
Secretary and Director of Research Richard Humphrys, F.S.A. Counsel Thomas R. Walsh, Q.C.

(c) Final report, November 1962.

(d) This information is not available from the Unemployment Insurance Commission as the Commission has no record on the cost for the Committee of Inquiry.

THE SENATE

Tuesday, March 25, 1969

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

Prayers.

PROPERTY QUALIFICATION OF SENATORS

SUPPLEMENTARY RETURN PRESENTED

The Hon. the Speaker: Honourable senators, in accordance with the motion adopted by the Senate on October 29, 1968, I have the honour to table herewith a supplementary list of names of members of the Senate who have renewed their declaration of property qualification.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-172, to amend the Financial Administration Act.

Bill read first time.

Hon. Leopold Langlois, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

GOVERNMENT ORGANIZATION BILL, 1969

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-173, respecting the organization of the Government of Canada and matters related or incidental thereto.

Bill read first time.

Hon. Leopold Langlois, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1969

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-178, to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act.

Bill read first time.

SECOND READING

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

Hon. Azellus Denis, with leave of the Senate, moved the second reading of the bill.

[*Translation*]

He said: Honourable senators, the present bill which I have the honour to introduce with a view to having it passed, could rightly be called an omnibus bill, since it amends five existing pension acts, thus reducing the number of bills which otherwise would have had to be introduced in this house.

On reading this bill, you must have noticed that amendments to the various acts are similar in nature and deal especially with administrative questions, correction of anomalies, definitions of terms. At the same time they aim to adjust those acts to others passed in recent years, such as the Canadian Forces Reorganization Act and the Canada Pension Plan, and aim to standardize the various retirement plans, to clarify and simplify them and to provide some supplementary benefits to the contributors.

At this stage, I do not intend to dwell on each class of this bill. Experts will do it better than I when the bill is considered by the committee. However, let it suffice to point out some of the advantages that are to be found either for the contributor or for the administration in implementing the amended laws.

We find that the male contributor in the Canadian Forces as well as the one in the Royal Canadian Mounted Police will pay 6½ per cent of his pay instead of 6 per cent, less an amount equal to the amount he would be required to contribute under the Canada Pension Plan. This rate is also required from the contributors in the Public Service.

[*English*]

The reason for the changes in the rate of these contributions is based on a recent

actuarial report indicating a need for such changes. The changes are also required partly because of the cost of the benefit improvements which are proposed in a number of clauses of this bill.

[*Translation*]

The contribution rate for the female members of the Canadian Forces is reduced to 5 per cent and this is the rate now required by the public service.

This bill provides an allowance for the children at the death of a contributor until the child has reached 25 years of age, if he is attending school, while formerly the statute restricted those allowances to children up to 18 years.

The widow, who lost that allowance when she remarried and got it back after the death of her new spouse may, under that bill, obtain the allowance in the case of a dissolution or an annulment of the marriage.

This bill strikes out the clause providing a reduction of the amount of the annuity to which a contributor is entitled under the legislation when he is entitled to a disability pension under the Canada Pension Plan, upon application.

The bill also contains a clause enabling to assume death in cases of disappearance of persons to whom a benefit was payable. That provision which can be found in the Public Service Superannuation Act will also be applied to the Royal Canadian Mounted Police Superannuation Act.

Another clause provides that when the monthly pension is less than $10, the delay to exercise an option in favour of a capitalized amount instead of a monthly pension will begin following the notice of the minister advising the recipient about the pension, while formerly that delay began on the very day he acquired that right.

Another provision of the present bill authorizes the Governor in Council to make regulations outlining the circumstances under which service during the war by a civilian contributor must be considered continued service.

Those are the comments I wish to make on second reading of this bill.

There are also other interesting provisions concerning the administration and application of the statutes amended by Bill C-178, or for the benefit of a contributor, and honourable senators will certainly have the opportunity in committee to get the information they wish, at the time of the clause by clause study, with the help of Government officials.

Upon reading the legislation, honourable senators will see that it refers to half a dozen existing statutes, notably the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Act, the Canadian Forces Reorganization Act, the Canada Pension Plan, the National Defence Act, and the Department of Veterans Affairs Act. So I ask honourable senators to be indulgent, because within a few days I would have had to study and know by heart all those statutes to answer every question that could be asked of me and which arise from them. However, with the help of our able officials in Ottawa and higher authorities, I am sure we shall satisfy the curiosity of all because, in committee, you will have the opportunity of consulting experts in this field.

[*English*]

Honourable senators, we hope that in the near future means will be found to improve the situation of all pensioners covered by the social security measures.

The Prime Minister stated that he had arranged a thorough review of the cost and benefits involved in our social security system. He said that this report will take into account the question of difficulties now being experienced by those living on pension; and the question of increasing the pension of retired public servants was included in this general review to which the Prime Minister referred. That report has been received and is being studied by the Government at present.

[*Translation*]

Honourable senators, I have the honour to move the second reading of the bill, so that it may then be referred to a committee for consideration.

Hon. Mr. Fournier (Madawaska-Restigouche): Could the honourable senator tell us when we will receive a copy of this bill?

Hon. Mr. Denis: If I am not mistaken, honorable senators, the bill was passed on third reading last night in the other place and I am sure that we shall receive it shortly. At any rate, I believe that copies of the first draft of this bill are available, but the new version should include the amendments moved and passed in committee of the whole at the other place, and which have now been tabled.

[*English*]

On motion of Hon. Mr. Macdonald, for Hon. Mr. Choquette, debate adjourned until later this day.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report of the Dominion Bureau of Statistics for the fiscal year ended March 31, 1967. (English and French texts).

Order in Council P.C. 1969-389, dated February 27, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the President of Pakistan for the purchase of diesel-electric locomotives, spare parts and services from MLW-Wortington, Limited, Montreal, Quebec, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Report of the Central Mortgage and Housing Corporation, together with a Statement of its Accounts certified by the Auditors, for the year ended December 31, 1968, pursuant to section 33 of the Central Mortgage and Housing Corporation Act, chapter 46, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of Operations under the Atlantic Provinces Power Development Act for the fiscal year ended March 31, 1968, pursuant to section 6 of the said Act, chapter 25, Statutes of Canada, 1957-58. (English and French texts).

GRAIN MOVEMENT

NUMBER OF REVENUE FREIGHT CAR LOADINGS FOR GRAIN AND OTHER COMMODITIES—INQUIRY STANDS

On the Inquiry of Hon. Hazen Argue:

1. What was the number of revenue freight cars loaded in Canada in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969,

(a) in the Western Division, and

(b) in the Eastern Division?

2. What was the number of carloadings in the Western Division in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969,

(a) for wheat, and

(b) for other grains?

Hon. Hazen Argue: Honourable senators, I should like to ask when I might expect an answer to this inquiry, which has been on the Order Paper since February 27. In my view this is an important question because it seeks to bring forward information that I feel will show that the railways, in fact, fell down on the job of hauling grain within the last few months.

Honourable senators, I have made it my business to find out whether these statistics are published and are available. They are available from the Dominion Bureau of Statistics. I believe that the last figure asked for should have been available as public information about three weeks ago.

It makes a mockery of the Senate itself to have a question that is simple to answer on the Order Paper for such a long time, when the information is readily available. This inquiry should have been answered forthwith.

I know that the honourable Leader of the Government (Hon. Mr. Martin) and the acting Leader of the Government (Hon. Mr. Langlois) do everything they can to have inquiries answered. I would ask the acting Leader to inquire when I might expect an answer.

Hon. Mr. Langlois: I shall be pleased to look into the matter, and to expedite the supplying of the information sought.

Inquiry stands.

CANADIAN BROADCASTING CORPORATION

REVENUE FROM FILMS "THE ERNIE GAME" AND "WAITING FOR CAROLINE"—INQUIRY STANDS

On the Inquiry of Hon. Edgar Fournier:

1. What was the revenue to March 1, 1969, from the film entitled "The Ernie Game" shown on television November 8, 1967, on the Canadian Broadcasting Corporation program "Festival"?

2. What was the revenue to March 1, 1969, from the film entitled "Waiting for Caroline" shown on television November 29, 1967, on the Canadian Broadcasting Corporation program "Festival"?

Hon. Edgar Fournier: Honourable senators, my feelings are the same as those of Senator Argue. This inquiry has been on the Order Paper since March 4, and I cannot believe that the revenue in respect of these films is so great that this inquiry presents a problem to the C.B.C. I have asked a simple question,

and surely the answer to it involves simply looking at the books or records of the C.B.C. This long delay gives the administrators of the Corporation a very poor image.

I do not blame the honourable Leader of the Government, because I know he has done his work. He has made his request, but the answer has not been forthcoming.

[*Translation*]

Hon. Mr. Langlois: Honourable senators, I am happy to repeat the commitment I made to Senator Argue, that I shall make every effort to secure the reports requested by him.

Inquiry stands.

[*English*]

PEST CONTROL PRODUCTS BILL

THIRD READING

Hon. William J. Petten moved the third reading of Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals, as amended.

Motion agreed to and bill as amended read third time and passed.

PESTICIDE RESIDUE COMPENSATION BILL

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-155, to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards, as amended.

Motion agreed to and bill as amended read third time and passed.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, March 13, the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. George S. White: Honourable senators, it is with some hesitation that I rise to take part in this debate because all the previous speakers are corporation lawyers who deal with estates amounting to millions or hundreds of thousands of dollars, whereas I am just a country lawyer with some slight experience of gifts and estates of a few thousands of dollars. I have always lived in the country, and have had the usual practice of a country lawyer.

I admit that I am very old-fashioned in my thinking, because I have always been opposed to the imposition of succession duties, inheritance taxes and estate taxes of any nature by any government. Succession duty and estate tax have been described as a tax that robs the dead; it involves the tax collector hounding the grave. Another definition describes succession duty and estate tax as legalized robbery. I agree entirely with both definitions.

Previous speakers have covered in a most complete and capable manner the effect of this bill on the future of family farms, ranches and small businesses. They have given many examples of the effect of the new gift taxes and have dealt with the timing of this bill. I will not repeat their remarks, but simply state that I agree entirely with their views.

I was a member of the House of Commons in 1941 when the Dominion Succession Duty Act was passed. While it was not definitely stated, it was more or less understood that it was a war measure and would disappear at the end of the war. Of course, I was younger in those days and more of an optimist. I should have remembered what happened to the temporary war measure passed in 1917, known as the Income Tax Act. I was opposed in 1941 to the Dominion Succession Duty Act. I opposed the Estates Tax Act when it was introduced in 1959. I feel that all succession duty, inheritance and estate taxes should be left to the provincial governments.

Honourable senators of the legal profession have had much experience in the administration of estates. They know only too well just how heavily provincial succession duty, estate tax and income tax bear on an estate. They know only too well that in many estates no funds are available to pay these taxes. Estate tax and succession duties have an adverse effect on the volume of saving and re-investment. The abolition of these taxes would encourage the ownership of Canadian industry by Canadians.

Death duties imposed by any government penalize those who rightly think it is their responsibility and duty to provide for their own kith and kin. Most taxes are levied on what is earned and consumed. Estate taxes are levied simply because a person, having

made his contribution in these and other respects, dies. The federal Government and three of the provincial governments tax estates. Aside from the consideration of principle, there is the real question whether, in the long run, more is being lost than is being gained.

Much capital was driven out of the country before this bill was introduced. This bill with higher taxes will tend to drive many more persons and much more capital out of this country to tax havens in less grasping countries. When individuals leave this country and take their capital with them, they also take with them initiative and a measure of prosperity.

Hounding the grave is not taxation—it is simply grasping at fruits of individual enterprise and thrift for the benefit of governing bodies who save nothing. Whether succession duties and estate taxes are collected to provide spending money or to reduce the finances of citizens nearer to a common level, they tend to destroy individual initiative and responsibility. It is doubtful if such taxes have produced revenue nearly sufficient to compensate for the initiative and resulting other revenues they have destroyed. Succession duties and estate taxes were never a soundly based tax. These taxes may have satisfied the politicians' desire to show that they were not afraid to soak the rich—now other taxes are preventing people from becoming rich. When death comes, it is often necessary to sell the business the deceased has built up in order to pay taxes on his estate. The desirability of encouraging small businesses and family-owned businesses is a favourite topic of all politicians. Yet small businesses are frequently forced by succession duty and estate taxes on to the auction block. Who buys them? They are usually scooped up by big business—often foreign controlled—because no one else can afford to buy them.

The inequity of these taxes is nationwide, although the degree varies. Three provinces have succession duty acts, but the federal Government allows only partial credit on moneys paid to the province when it collects under the Estate Tax Act. The result is that it is cheaper to die, say, in Manitoba than in Ontario or Quebec, provided that the estate is owned in the province of residence at the time of death.

These taxes diminish the fund of capital needed by Canada to finance the industrial expansion that alone can provide the increasing number of jobs that must be created now and in the future to care for the yearly increase in the labour force. In a country always short of capital, it is folly to dissipate accumulated wealth by taxation.

This act imposes taxes that amount to confiscation. In many estates the testator, by his own initiative and hard work, built up a substantial estate. In building up that estate he already has paid heavy income taxes on every dollar forming part of his estate. In payment of income taxes he has made his contribution to the federal exchequer, but on his death the federal Government, under this act, by means of legalized robbery makes another raid on the estate.

I would like to ask Senator Hayden, the sponsor of the bill, when he closes the debate, to answer some questions. Perhaps it is my fault that I have not got it clear, but there may be some other senators also in doubt.

Under this act, in an estate of $250,000, where one-half the estate goes to the widow and the other half to the children, there is no tax on the one-half to the widow. My question is, do the children who receive $125,000 pay on that amount the rate of estate tax that applies to an estate of $250,000, or do they pay at the rate of estate tax that applies to an estate of $125,000?

My second question is this: if a testator at the date of his death was receiving a pension which, at his death, provided a pension of $5,000 to his widow, the widow would also receive a pension of $1,000, under the Canada Pensions Act. Therefore, on the death of the testator, the widow would have a pension amounting to $6,000 a year. This would be capitalized, say, at $100,000. Is the sum of $100,000 added to the total value of the estate for tax purposes? The same question applies to various gifts which are made to the wife during the lifetime of the husband and to other people. Are those gifts all brought back into the estate for estate tax purposes?

Senator Hayden in several instances described the gift to the wife as an outright gift or a straight gift, yet in answer to a question by Senator Aseltine he expressed the opinion that in the case of any moneys given to the wife by means of an outright gift, the income on that money would be added to the husband's income. If it was an outright gift or a straight gift it would seem to me there should be no strings attached, if I am correct that the husband is still liable to the payment of income tax. Secondly, if the value of that gift

on the death of the husband is brought back into the estate in order to calculate the amount of the estate tax, I for one would not regard it as an outright gift or a straight gift. Under the old Dominion Succession Duty Act and under the Ontario Succession Duty Act the degree of relationship between the deceased and the beneficiary was recognized in the rate of duty applied to the legacy. In Ontario there are three categories—preferred beneficiaries, collateral beneficiaries, and strangers. Under the Estate Tax Act a child, father or mother, pays the same rate of duty as a total stranger would pay.

I cannot understand or appreciate the reasoning whereby under the Estate Tax Act the same rate of tax is applied to every degree of relationship as to strangers. Surely no one will argue that a son or a daughter has not the right to expect more from their parents than a total stranger. Yet a total stranger, a nephew or niece, is taxed on a legacy at the same rate as a son, daughter, father or mother of the deceased.

In many estates there is an overpayment of duty, but where a refund is made by the department they allow a rate of interest which is about half the amount they charge when a penalty is imposed for late payment of duty. In my view, honourable senators, the same rate of interest should apply in both cases.

We also find that the department makes no allowance for executors' fees and legal fees which should be allowed as a debt against the estate and deducted as such. Certainly the beneficiaries do not receive the moneys paid to executors and solicitors, but they pay estate tax on these two amounts, in addition to which both the executors and solicitors pay income tax on their fees. As a result we find ourselves in the situation where both estate tax and income tax is being paid on the same moneys. It would be a very simple matter to work out a flat rate on a percentage basis to cover executors' and legal fees. In many cases the allowance for these amounts against the estate would reduce the value of the estate to less than $50,000, in which case it would cease to be subject to the estate tax. I realize, of course, the folly of expecting that this allowance would make the estate free of tax.

In arriving at the value of an estate for estate tax purposes, no deduction is made from the taxable value of the estate or the amount of succession duty paid to a provincial government. Thus in Ontario on an estate of, say, $250,000, succession duty of $40,000 is paid to the province, and no allowance is made by the federal Government in allowing this as a debt against the estate. In other words, the federal Government will tax this estate at the full value of $250,000, which means that the estate is paying tax on the sum of $40,000 succession duty already paid to the province.

Because of the manner in which the government introduced this bill and then announced the changes—one to the effect that an estate valued at less than $50,000 is not taxable—a large number of people are confused. They have the idea that all estates are exempted up to $50,000. They will simply tell you that they read in the press a statement by the minister that an estate valued up to $50,000 was exempt. I would point out here, honourable senators, that there is an element of unfairness involved where an estate of $50,000 is exempt from taxation while an estate of $60,000 is allowed only the basic exemption of $20,000 and is therefore taxed on the remaining $40,000.

My suggestion is that the basic exemption on all estates should be an even $50,000. If you examine the assets of any estate you will agree that this sum of $50,000 is a reasonable exemption. Take the realty, the home of the deceased. Consider the enormous increase in the value of property. A good building lot is priced today at from $5,000 to $15,000. The dwelling house of the deceased and the contents together with a motor car can easily amount to $50,000. The same rate of increase applies in the value of summer cottage property. But we must keep in mind that the dwelling house is certainly a necessity for the widow and family of the deceased. That is why I say an exemption of $50,000 is no more than reasonable in view of the present value of realty.

However, the Government is always slow in making any adjustment in basic exemptions. Let us take the income tax as an example. The exemption there for a wife is $1,000, a figure which was arrived at many years ago and has not been changed. Yet the Government has changed and increased the amount of income tax many times, without paying any attention to the small basic exemption for the wife, without paying any attention to the huge increase in the cost of living, and without paying any attention to the value of our dollar due to inflation. Such an attitude is not realistic.

Under the former act there was a basic exemption of $40,000, which was more or less fair and reasonable, but to reduce the basic exemption under this Act to $20,000 is being most unjust to the beneficiaries.

Honourable senators have received a brief from the Trust Association of Canada, and everyone will agree that trust companies have a wealth of experience in the administration of estates, and have had much experience regarding gift taxes and estate taxes. On pages 4 and 5 of the brief I read a quote from a report of the Ontario Economic Council, as follows:

> Death taxation fails, therefore, in one extremely important aspect: it fails to provide incentive toward keeping private capital employed at the highest possible rate of return. A less productive allocation of resources ensues. Those responsible for guiding the course of our nation's development need only to look to history to find proof that nearly every past civilization has hastened its ruin through its dissipation of capital by taxation.

On page 5 of the brief it is stated that the Ontario Economic Council has demonstrated, with considerable success:

> ...that transfer taxes, particularly when imposed on the death of a Canadian investor, influence the sale of many Canadian-owned businesses to foreign investors. The foreign investor possesses a distinct advantage over a Canadian would-be investor since acquisitions by a privately owned Canadian company serve only eventually to compound the death tax payments of the new owners.

This comment is from the trust companies:

> The experience of trust compagnies in handling estates suggests that it is frequently the expectation of heavy death taxation that is a dominant factor leading to sales of privately owned businesses.

Further on in the brief:

> The total impact of taxation on capital, that is to say on investment, in Canada by all governments has now reached a level which is, in our opinion, extremely unhealthy. That this dissipation of capital should be increased by the current taxation proposals causes us great uneasiness.
>
> Such a situation leads inevitably to flights of capital—then to action to restrain such flights and so on, inevitably, to all the sorry list of restrictions on individual economic liberty.

There are included in the brief comments of the presidents of various trust companies that they made at their annual meeting. The first one is by Mr. F. E. Case, President of Montreal Trust Company:

> On the surface, levying high estate and gift taxes against the owners of capital gives the impression of helping the wage earner. With due respect, I disagree. High tax rates on capital transfers, in my view, work against labour by reducing the amount of capital available for investment in the development of our resources or in the machinery of production. In fact, the appropriation by the state for its own current operating expenses of a large part of the capital which an individual has been able to save after payment of income and other taxes seems to me to be akin to what the pioneers of this continent regarded as one of the ultimate follies, or disasters —the eating by a settler of his seed corn.

Mr. J. G. Hungerford, Q.C., Chairman of National Trust Company, Limited in his remarks stated:

> No one is going to argue with the proposal to exempt benefits to widows. This, however, is just the sugar coating. The cruncher comes when gifts are made to the next generation either by will or during lifetime.
>
> The need for private pools of capital for investment by Canadians in their own country requires no emphasis. The need today is greater than ever before. While we are being urged to invest in Canada, the Government is doing its best to drain off the means to make it possible.

Honourable senators, if this bill is an example of paving the way for a just society in Canada, the taxpayer will be much dismayed.

Let me state just a few of the many injustices in this bill: tax on gifts increased; estate taxes increased to unreasonable rates; taxable gifts in donor's lifetime with gift tax paid included in donor's estate for estate tax purposes; savings made difficult and almost impossible; the gift tax and estate tax discourage accumulation of wealth by savings; the future difficulty of the family farm, ranch

and business and other small businesses being passed on to the next generation and kept in the family.

This bill encourages the flight of capital and, with it, a measure of initiative and prosperity. The bill prevents Canadians investing in Canadian corporation, as their savings are being reduced. This bill legislates out of existence the desire and ambition of parents to create and save wealth, and to pass it on to their children. This bill scatters existing pools of capital, which is economically regressive and disrupting to economic development. This bill will tend to increase the percentage of our economy owned by foreigners. And there are many other injustices in this bill.

During this session there have been several speeches on the reform of the Senate. I suggest that this bill presents an opportunity and a challenge to all senators. The Senate has been presented with a glorious opportunity to do a great job for the taxpayers of Canada, and to answer in a fine, credible manner much of the press criticism of the Senate. This can be done by the Senate taking a long, hard, sober second look at this legislation and refusing to pass Bill C-165.

In these few remarks I hope I have made it clear that I am opposed to this bill.

Hon. G. Percival Burchill: Honourable senators, we have listened to many able speeches in this debate. The bill was introduced by Senator Hayden in his usual clear and eloquent style, and those who have followed him have furnished us with a mass of information in their excellent and able speeches. However, if I am correct, those who have participated in the debate thus far have all been lawyers—every one of them.

Hon. Mr. Flynn: That is bad!

Hon. Mr. Burchill: Perhaps it would be useful, and not out of place, if a businessman—for I am not a legal man in any sense of the word—with a lifetime of experience in business, made a few statements as to how this bill will affect the small business, the family business.

We have just listened to an able speech, which I thoroughly enjoyed. Although all these speeches were excellent, they were delivered from the standpoint of a lawyer, how they personally regard the bill and how they would advise their clients. Now, I am going to put on record a few statements regarding my feelings as to how this bill will affect the common chap who is trying to make his living in a small business. In fairness, however, I must add that some of the earlier speakers dealt with the phase of the bill as it affects small business; and Senator Aseltine particularly drew our attention to what, in his view, it will do to the small farmer.

Before I go further, I want to point out that in the area in which I live small businesses have, to a great extent, been built up over the years and by many generations through savings, through putting back into the business everything it has earned. That is the way the business has been built.

Since the last war and particularly during the last few years, these small businesses have had a rough time. Their working capital has become depleted on account of the fact that they have been obliged to invest in new manufacturing techniques, and to replace obsolete equipment with a more modern type in order to maintain productivity, to compete with larger corporations, and to stay in business. The result of all this is the fact that annual statements show an increase in fixed assets but a very serious decrease in working capital. Bank borrowings have supplied the needed cash.

A large area of the economy is, as we all know, occupied now by governments, and that is one of the factors that has pushed the cost of money up to its present height. The Dominion of Canada, our own great country, is obliged to pay interest at the rate of 7½ per cent in order to sell its bonds. Honourable senators, in view of that fact, I ask you, what chance has a small company of producing any money through the sale of bonds? Even if it could find a broker willing to buy its bonds, what prohibitive rates of interest would it have to pay? When I consider the economy of Canada today, indeed, the economy of the whole North American continent—because I understand conditions in the United States are as bad as, if not worse than, they are in Canada—that is one of the sobering facts in the outlook at the present time. The huge corporate giants can take care of themselves, but the small companies today are faced with the fact that money for expansion or operation is just not procurable.

Honourable senators, as I speak this afternoon I am thinking particularly about small manufacturing companies which, in addition to the competition they face from the large corporations, are caught in the financial squeeze. The estate of the proprietor of a

family business, or the estate of the principal stockholder in a small business, upon which the business is dependent, will be called upon to seriously deplete its financial resources to save the business or wind it up.

I should like to put on the record two examples showing a comparison of the tax payable under the present legislation and this bill. As I figure it, on an estate of $500,000 the tax is $116,300. Under the bill that is before us that amount will be $184,200. That is the measure of the increase.

In the case of a small estate of $350,000, the present tax is $69,500, while under this bill it will be $109,240, an increase of $40,000.00.

I should like to quote from the document from which Senator White read. In this document which the trust companies sent to all members of the Standing Senate Committee on Banking, Trade and Commerce, there is this statement:

> There seems to be little doubt that the existence of many successful family businesses, including farms and ranches, would be seriously endangered by higher taxes to the detriment of private business in this country.

Honourable senators, there is a bill before this house that was read the first time this afternoon, respecting the organization of the Government of Canada, including the establishment of a Department of Regional Economic Expansion, by which the minister, the Hon. Mr. Marchand, seeks to rely on a better climate to stimulate private investment and encourage the establishment of industries in those regions of Canada which require assistance. At the same time we have this bill which I am discussing, the effects of which will be the very opposite. It will make things more difficult for businesses that are established in those regions at the present time, and will encourage them either to wind up or to find some large corporation to take them over. I can only assume that the gentlemen who framed this bill are not aware of the conditions that small business faces today in this country.

Hon. Paul Desruisseaux: Honourable senators, I join with my colleagues who have addressed you today, and congratulate all honourable senators who have spoken on this bill. I thank them for their enlightening presentations and their frank discussion. It is quite remarkable to find that no honourable senator who has spoken in this debate supports this bill. Even the honourable sponsor (Hon. Mr. Hayden) had reservations about it.

I was impressed by Senator Hayden's lucid and objective study of the proposed amendments to the Income Tax Act and the Estate Tax Act. I shall not endeavour to comment further on sections of this bill, because this was ably done by a few of my predecessors. However, I do feel that I should make known to you my thoughts on what appears to me to be a sophistical reasoning for justifying the proposed amendment affecting those who would be taxed in the upper brackets. I believe also it would be useful to discuss some of the social and economic effects of this bill.

In its application this proposed act will not, in my opinion, do what it claims to do, since it generally retakes eventually more than it appears to give to Canadian taxpayers.

The minister in his budget address stated that the bill was a recognition of the role played by the wives to conserve and augment the family wealth, and that the bill would eliminate some grievances. Widows receiving $50,000 in gifts would be tax exempt, to be sure, but the proposed sharp increase of the tax rates is out of reasonable proportion as the gift increases from $80,000 to $1,500,000. I will later point out at what odds and disadvantages this may place widows living in the Province of Quebec.

There will now be the integration of gifts and estate taxes, the unreasonable high rate of gift tax and the inclusion of the amount of taxable gifts made in the donor's lifetime with the gift taxes paid in the donor's estate for estate tax purposes.

Honourable senators, it is my opinion that the existence of many successful family concerns, including farms and ranches, will be seriously affected. Socially, philosophically and economically, the heavy taxations provided for, on the death of the donor of property, will have important consequences which may be far-reaching.

Our Canadians, for their continued economic prosperity must, on their own, accumulate and preserve as much capital as possible for Canadian economic developments and investment. This, according to sound economists, is of great importance for our future prosperity.

Enterprising Canadians also need to rely somewhat on the sometimes not too easy importation of capital from other willing countries. There is not presently a satisfactory accumulation of savings in Canada. Even

now we sometimes feel drawbacks caused by the scarcity of capital investment from within or from without.

As is so often proven, high rates of taxation make accumulation of savings both too difficult and too slow to fill the increasing gap caused by the Canadian economic rate of growth. Economic growth, of course, assures higher and better employment, but it depends directly on investment.

The proposed act goes a long way to make the accumulation of private capital harder than ever before to realize. This will create discouragement, and I doubt if many will want to make use of the bill in the levels of taxation on gifts above $80,000.

There is a great hunger for capital to meet the commitments made by our governments, past and present. I believe we now have passed all reasonable bounds for taxation and we no longer can help the country by continuing, as presently, the support of odd gimmicks to collect more taxes to meet more demands, because after all it is apparent that the aim of the bill is less a concession than an approval of a way, now or eventually, to collect more taxes.

I believe we cannot avoid facing again the consideration of the true solution: an important cut-back in government expenditures, a re-assessment of some of the more costly governmental projects, and, until our economic situation permits, the consideration of a planned progressive withdrawal from any expensive economic commitment here and, yes, even abroad. Otherwise, we will be taking away from individuals and from corporations too many of the necessary means to build and maintain an adequate economic structure for a growing Canada.

I believe that if an individual or a corporation has shown business acumen and ability and has succeeded in establishing capital through savings, there should not be a penalty for such good behavior but there should be a reward and a recognition, "for they are the greats of Canada." With all the added social services now being provided to Canadians, in my opinion, we have become the most socialized country in the Americas and, outside the Iron Curtain, I believe that, on a per capita basis, we now have one of the most expensive socialized countries in the world. In my view, socialization is the principal reason for the great need in Canada for more government funds.

The answer to the question: "Should we continue along the path toward even more socialization by seizing or confiscating through tax gimmicks important accumulations of savings for state expenses regardless of consequences and by penalizing the frugal, the intelligent savers and the investment planners?" is becoming crystal clear in the minds of many.

The end results of some fifty years of socialization in certain countries, the failure of these countries as good producers and manufacturers, is to me a net indication of what we may expect here with the continuation of costly socializing government programs. For us it is a rationale for carrying on an aggressive battle against a philosophy that could only downgrade Canada as a good country in which to live.

How about this bill? A brief on this proposed legislation gave the following pertinent quotation, which I repeat here for the record. It is from a recent report of the Ontario Economic Council:

> The pressure of death taxation toward maintaining in each potential estate an adequate pool of liquid funds subtracts from the national pool of risk capital at risk. Failure to maintain such funds contributes to the absorption of increasing numbers of private businesses by large corporations with the attendant displacement of private risk capital. Such pressure toward maintenance of liquidity detracts from expanding economy dependent upon the need for incentives to substain adequate supplies of risk capital.

Substitute reduce-risk marketable securities for the risk capital of private enterprise, and the substitution is investment for earned income. Substitute investment income for earned income, and the substitution can be a reduced level of productivity.

The national economic effects of death taxation, at this stage of our nation's development, are reflected in a dissipation of estates through a tendency toward increased consumption by predecessors. For example, a measurement of this is the lower retirement age of businessmen who must thereafter live upon capital or investment income; absorption of private businesses into increasingly large corporate concentrations, and significantly increased economic importance of charitable organizations fostered by their tax-exempt receipt of gifts and bequests.

The national economic effects are potentially measurable in reduced productivity both from labour and from capital. Absorption of the private business by corporate giants frequently assures the first; substitution of ready-marketable public securities for private capital can produce the second. Death taxation fails, therefore, in one extremely important aspect; it fails to provide incentive toward keeping private capital employed at the highest possible rate of return. A less productive allocation of resources ensues.

The overall impact of taxation by all governments on investment is already regarded as very high. That it should again be increased in the case of a great many is a damaging proposal which will again drain heavily on savings in the upper level and is of grave concern to many in this house.

Taxation is essential to balance the needs and the commitments of the Government, but it must not be obtained at the expense of possible eventual economic reverses. It is important that some rule of containment be now applied.

In regard to the transfer tax, the Ontario Economic Council says:

> Transfer taxes, particularly when imposed on the death of a Canadian investor, influence the sale of many Canadian-owned businesses to foreign investors. The foreign investor possesses a distinct advantage over a Canadian would-be investor since acquisitions by a privately-owned Canadian company serve only eventually to compound the death tax payments of the new owners.

One of the briefs submitted records that:

> Canada, as a large importer of capital, has a total transfer taxation income as a percentage of total tax revenue, higher than that of many Western nations who are exporters of Capital.
>
> Tax aspects of Canada's International Competitive Position by the Private Planning Association of Canada (1963) indicates that among thirteen Western nations plus Japan, Canada has the highest percentage of tax on capital in the group. Admittedly the data is such that the conclusions should not be overemphasized but its significance is very real.

Bill C-165 proposes drastic changes in the gift tax legislation. Indeed, taxpayers will pay, at the top level, almost three times more than presently. The new concept of a cumulative gift sum makes taxable gifts more expensive to the donor as the cumulative gift sum increases. Here are some resulting objections expressed by some important administrators of estates about the integration of the cumulative gift and estate taxes and its paying back into the estate because, of course, it is all for estate tax purposes.

Senator White quoted from Mr. Case's statement. I will not repeat it here since it has already been mentioned. He also mentioned a statement by Mr. Hungerford, Chairman of the National Trust Company, when he said:

> No one is going to argue with the proposal to exempt benefits to widows; this, however, is just the sugar coating. The cruncher comes when gifts are made to the next generation either by will or during a lifetime.

Taxation policies such as those reflected in the proposed bill would contribute in the upper level in having the state replace the individual as a source of savings and investment. I can hardly see the state, from past history, able to achieve the ability for saving and investing its savings.

Honourable Senator Phillips (Rigaud) made a reference in his address to article 1265 of the Civil Code of the Province of Quebec, prohibiting contracts, donations, and gifts between husbands and wives. I would also like to say that because of this article, to which there is no exception that I know of, husbands and wives cannot give one another gifts, donations or money advantages except those that have been established by a premarital contract entered into before marriage. No other alternative is permitted in the Province of Quebec. I believe we must look for any position of inequality that could be created by this bill for Canadians living in Quebec. I believe that equal benefits should be assured to Quebeckers.

One or two historical economic facts on taxation are worth repeating here. Between 1914 and 1968 the purchasing power of the Canadian dollar decreased gradually from a $1 value in 1914 to about 33 or 34 cents value in 1968. During the same time income and estate taxes appeared and have increased steadily from nothing to what they are now. We have been taking an added percentage of taxes on a progressively diminishing value, and progressively we have been drawing more of the savings, stating quite openly in

some quarters as a justification that fortunes should be slashed and equalized as a normal economic objective for the betterment of this country's affairs. It is a false philosophy and an obvious sophism which, like the tragic Keynesonian theories, saps and destroys the nation's strength, instills unstableness and will surely lead the nation to general poverty if maintained.

Economists, like philosophers, disagree in almost any area of thinking or theories, but nearly all agree readily that, in fact, unless there are means for the individual as well as for the corporation to accumulate savings for expansion, for growth and for investment, there is a resultant stage set for economic retraction with causative withdrawals of investment, for serious unemployment and for national stagnancy. The economic history of the Spanish Latin-American countries, of the poor African countries and of the Roman Empire at the beginning of Christianity should provide us with the true guidelines when we consider these kinds of extractive tax legislation.

It is my understanding that this bill will be referred to committee. I trust it will receive there what I have come to call a good "Haydenization".

On motion of Hon. Mr. Langlois, debate adjourned.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Hedard Robichaud moved, with leave of the Senate, the second reading of Bill C-172, to amend the Financial Administration Act.

He said: Honourable senators, you will recall that at various times since the publication of the report of the Royal Commission on Organization, better known as the Glassco Report, the Government has announced measures which have been taken to implement the recommendations contained in that report. Only earlier today two of the bills reported from the House of Commons, Bill C-173 on government organization, and Bill C-172, an act to amend the Financial Administration Act, which we now have before us for second reading, indicate the Government's decision and intention to proceed with the implementation of the Glassco Report.

Honourable senators are doubtless aware of conditions which existed in the days preceding the commission's inquiry. The situation was, of course, well documented in the report. The commissioners referred to numerous deficiencies. They attributed the most significant weaknesses of the machinery of government to a failure to adjust the concepts and processes of public administration to a dynamic society, with the result that departments of government had become severely limited in their capacity to manage effectively their large and complex operations.

The commissioners noted the formidable structure of central controls, which they considered both costly and unnecessary; they noted that these controls seriously weakened the sense of responsibility of departmental management.

In short, techniques of modern management were almost totally lacking. Organizations were not sufficiently responsive to changing conditions and priorities, and aimed at a proliferation of controls that tended to fragment responsibility and accountability and tended to stifle initiative.

It was against this background that Glassco set out a clear, modern concept of management that would revolutionize the machinery of government itself. This proposal, as I stated earlier, did not lie fallow. The challenge of the Glassco Report was quickly taken up, and a vast program of administrative reform was undertaken. Central agencies were reorganized to provide the necessary leadership for implementation of the report. Extensive training programs were developed to prepare departmental staffs for changed responsibilities, and, where resources were inadequate, highly qualified personnel were recruited. Management consultants were employed to speed the process of reform, and we developed our own specialized consultant capacity to ensure that the momentum of management improvement would be maintained.

It is a source of great satisfaction to all, and a tribute to the prodigious efforts of the late Grant Glassco and his eminent colleagues, that departments of government have reached a level of managerial competence where it is now possible to implement the remainder of the most fundamental proposals respecting financial administration and organization in the report. The effect of the proposals will be to greatly improve the efficiency and effectiveness of administration in government. Responsibility will be clearly and rationally assigned, as Glassco urged, and considerable economies will be achieved.

Honourable senators, this bill is closely related to the Government organization bill which, as I said earlier, is also designed to implement major recommendations of the Glassco Commission. Where, in this bill, the control functions of the Comptroller of the Treasury would be transferred to departments, in the Government organization bill the office of the Comptroller would be the base on which would be built the services side of the Department of Supply and Services. This organization would have a new and vital role to perform in Government operations, and in the pursuit of efficiency and effectiveness in support services. All of this was visualized by Glassco when he discussed a new approach to the tasks of management, and the concept of common supporting services.

The Financial Administration Act and the proposed amendments are quite voluminous and rather technical. However, I believe that if I highlight the significant proposals in the bill I will convey the important changes that the bill is designed to accomplish.

I spoke a moment ago of the proposed transfer of financial control functions to departments. This change would involve the offices of the Minister of Finance, the Receiver General, and the Comptroller of the Treasury, and the functions of pre-audit, commitment control, allotment control, the keeping of the Accounts of Canada, and the preparation of the Public Accounts.

The proposal would end the duplication of work and divided responsibility in the area of financial control, and it would permit—indeed, it would require—departmental managers to assume full responsibility for their own financial management. Thus, it would be possible for managers to be held accountable for their performance in managing their operations. In addition, as I said earlier, considerable economies may be expected from implementation of this proposal.

Honourable senators will know it is proposed that the office of Receiver General would assume the statutory responsibilities of the Comptroller of the Treasury, other than those which will be transferred to respective departments. In addition to current Receiver General responsibilities, the office of the Receiver General would be assigned responsibility for such major functions as cheque issue, keeping the Accounts of Canada, and preparing the Public Accounts.

Among other proposed amendments is one respecting fees and charges for services. This amendment would permit the introduction of a more efficient and rational system for setting fees and charges. Glassco dealt at some length with the question of non-tax revenue and the need for improved management in this area.

Part V of the act, Public Stores, is now considered inadequate to meet the needs of modern property and materiel management and should therefore be amended. It is proposed, first, to rename the part "Public Property," so that the amended part would cover both real property and materiel; and second, to empower the Treasury Board to regulate the custody and control of public property.

The section which refers to revolving funds would be deleted. Very extensive and complex directions are needed today in respect of revolving funds, since these funds now cover a wide variety of activities which were not contemplated in the existing sections which concern only stores activity. Therefore, it would be more effective and realistic to control this aspect of administration by regulations. Naturally, it is understood that these regulations will be controlled through Treasury Board.

A proposed new Part VIIIB, which is entitled "Assignment of Debts Due to the Crown under Payment Bonds," is the last major proposed amendment I wish to mention. This proposed part concerns the assignment of debts due the Crown under labour and material payment bonds. These bonds are purchased by contractors who enter into government contracts, and are designed to protect subcontractors and suppliers in the event of the bankruptcy of a prime contractor. Such protection does not exist under the present regulations.

The purpose of this new part is to give subcontractors and suppliers working on federal Government contracts the right of action before the courts by making them assignees of the right of the Crown to sue under payments bonds. Subcontractors and suppliers working on federal Government contracts will then have protection similar to that afforded by provincial mechanics' lien legislation.

Honourable senators, I have discussed very briefly only some aspects of this bill. However, I believe the significant provisions have been described in such a way as to demonstrate the true import of the bill's intent.

When this bill receives second reading, it is my intention to move that it be referred to

the Standing Senate Committee on National Finance.

On motion of Hon. Mr. Flynn, debate adjourned.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

GOVERNMENT ORGANIZATION BILL, 1969

SECOND READING

Hon. Leopold Langlois moved, with leave of the Senate, the second reading of Bill C-173, respecting the organization of the Government of Canada and matters related or incidental thereto.

He said: Honourable senators, Bill C-173 which we have before us for consideration today is the most important piece of legislation of its kind, concerning the organization of government, that has been presented to this chamber in some time. Development and change in our society demand continual adjustment in the government apparatus. A willingness to adjust government organization to the needs and realities of the day should be a recurring and frequent requirement in modern government, if government programs are not to suffer from the limitations of outmoded institutions. This is the spirit which inspired this legislation.

Two key principles are embodied in the changes being introduced in Bill C-173. These are: (a) to structure government organization so that government goals and objectives are effectively achieved, and (b) to enable programs to be carried out with the most efficient use of available resources. The Glassco Commission emphasized the extreme importance of both effectiveness and efficiency in government operations, and accelerated a pattern of thought and interest in altering the structure of government to better meet the needs of the federal Government and the nation. It is the expectation of the government that all the measures embodied in the 15 parts of Bill C-173 will greatly enhance both the effectiveness and efficiency of government operations.

This bill establishes five new departments of government, although in the process it also eliminates five existing departments. All five of the new departments consolidate existing and major components of the Public Service in such a way that ministerial authority and responsibilities are more clearly defined.

The new Department of Fisheries and Forestry brings together two major components of government, both of which are concerned with renewable resources. The complementary relationship between the fishing and forestry industries, in terms of renewable resource policies, makes this newly proposed alliance one of great promise for the future.

The Department of Industry, Trade and Commerce brings together the complementary program areas of industrial and trade development. Six years ago the Government brought together scattered industrial development staffs from different departments and agencies to form a Department of Industry. Around this nucleus a minister was able to concentrate his attention in forging a modern industrial development capability. Our prosperous and rapidly growing automotive and machinery industries are a testimony to the wisdom of creating this new organization. Times have now started to change. It is anticipated that in the future further growth of our manufacturing industry will require a better response to foreign market conditions. The time has now come, therefore, to integrate with the Department of Industry, the Department of Trade and Commerce.

The Department of Communications provides the Government with a focal point for communications policy and Government communication services. This naturally includes the Post Office Department which historically has been one of the main communications elements in the nation. At the same time it provides a better base for the Government to support and guide the telecommunications revolution which is introducing new and challenging developments such as chequeless accounting, national information utilities and satellite communications systems. Increasingly into the future the interchangeability of the modes of communication will demand that the new department develop an integrated national policy designed to provide these essential services in the most effective combination to serve the nation.

The Department of Regional Economic Expansion brings together several small components of government deeply involved in complementary programs designed to cope with problems of regional economic disparity. It is this portion of the bill which to my mind holds out the greatest expectation for the future. Indeed, by providing a clear focus on

the serious problems of regional disparity through one minister and one department, greater effectiveness will result. The existence of the new ministry will undoubtedly permit more effective collaboration with the provinces in the setting of goals and objectives and in achieving them.

The Department of Supply and Services, in line with well-known Glassco Commission recommendations, continues the consolidation of common services in Government in the interest of better service and lower cost. The proposed new mandate assigned to the Minister of Supply and Services will greatly accelerate the opportunities to secure administrative savings throughout the Public Service.

In addition to the first five parts of this bill, which deal with substantive new agencies, there are nine other parts which make provision for changes and modifications to other agencies of government.

One of the most significant changes concerns the Medical Research Council. This council is being closely aligned with the Minister of National Health and Welfare because of its close relationship to the other programs of that ministry. At the same time it retains all the corporate advantages which it previously possessed.

Another important provision of Bill C-173 places the Science Council on the same footing as the Economic Council. It will become a separate employer and will have the right to publish its own reports. In view of the detailed interest which many honourable senators have recently had in science policy, I am sure the changes proposed in respect to the Science Council of Canada will be recognized as a further positive step towards the better direction of science policy in this country.

As already suggested, the main purpose of most of the other parts of the bill has been to increase governmental efficiency. This is true of the changes proposed concerning the Department of Consumer and Corporate Affairs, the National Council of Welfare, and the Royal Canadian Mint. The goal has been to provide a more effective governmental apparatus for Canadians.

In conclusion, I would like to support the changes proposed in the bill with confidence because they were conceived by looking intelligently at the whole apparatus of government. It is not a patchwork exercise. Indeed, careful consideration of the many interrelated facets of government agencies were studied in broad perspective before Bill C-173 was drafted in its present form. The changes embodied in the bill will better enable the present Government to cope with the problems of today. However, as noted early in my remarks, we live in a dynamic world in which change and development are increasing in tempo. Undoubtedly further changes in government organization will be required to meet the needs of tomorrow.

Hon. Jacques Flynn: Honourable senators, as the sponsor of the bill (Hon. Mr. Langlois) has indicated, this is of course a very important bill since it reorganizes to a very large extent the Government set-up, and in fact redistributes the responsibilities of the administration. We are indebted to the sponsor for his very clear explanation.

The most significant changes are those that were announced last year by the Prime Minister after he formed the Government following the election of June 1968. I wish to mention especially the new Department of Communications, which replaces the Postmaster General's department by adding to the responsibilities of that minister those concerning telecommunications, the development and organization generally of communication undertakings, facilities, systems and services for Canada.

Secondly, the Department of Industry, Trade and Commerce merges the former Department of Industry with the traditional Department of Trade and Commerce. This is, I think, a logical move.

The newest concept is the one embodied in the organization of the Department of Regional Economic Expansion. This is something entirely new, and the bill provides for the minister in charge very wide powers and heavy responsibilities. It will be interesting to see how this department will serve in the future.

The Department of Supply and Services does away with the former Department of Defence Production and, I would say, will streamline the problem of supply and of purchasing for the Government. This is an area where there need be only one policy and it should not be left to each department, as was the case in the past.

Finally, the last department which I wish to mention, and which is somewhat new, is the Department of Consumer and Corporate

Affairs. Corporate affairs, of course, we always knew about: consumer affairs is a new concept and we are still at the experimental stage. It will be interesting to see what can be produced by this department.

Honourable senators, most of these changes follow the recommendations of the Glassco Commission, which have been under consideration and study for years. These are logical conclusions from that report.

In practice, this bill is very technical, and whether the line has been drawn in exactly the right spot is a matter which may provoke discussions and differences of opinion.

The bill was examined thoroughly by the other place, both in the house and in committee. It certainly is that kind of bill which is better examined in committee. I presume that the sponsor will move that it be referred to a committee here, so that honourable senators may obtain information as to the way these new departments will operate.

Honourable senators, it is interesting to note that there are now 26 members of the cabinet with portfolio or the equivalent. That is a substantial increase from the situation only a few years ago.

I also draw your attention to the fact that section 97, Part XIII, now classifies the Leader of the Government in the Senate, who is a member of the Queen's Privy Council for Canada, as a full-fledged minister with portfolio, putting him on the same standing as a minister with portfolio. That recognizes the responsibility of the Leader of the Government in the Senate.

I am somewhat surprised to see that the salary of the minister is being left at $15,000. With the last increase granted to deputy ministers, most of them now earn more, or will earn more, than the minister, if my memory serves me aright. I think it has been indicated that deputy ministers of the senior departments will receive now a salary of $40,000, whereas a minister will receive only $35,000, that is, including the expense allowance of $6,000 as a member of Parliament, and $2,000 as a member of the Government, in lieu of an automobile.

Possibly the Government has in mind to do something about this. It is a very unusual situation when the minister is paid less than the deputy minister.

Hon. Mr. Choquette: Yes.

Hon. Mr. Flynn: This is a very considerable bill, having 106 sections, without counting the schedule referring to the numerous acts which have to be amended to give effect to the legislation. On account of the numerous provisions in the bill, it does not appear to be one for global discussion in the chamber. I think the best way to deal with the bill at this stage is to refer it as soon as possible to a committee where we can make the kind of examination which is really useful and practical.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On the motion of Hon. Mr. Langlois, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1969

SECOND READING

The Senate resumed from earlier this day the adjourned debate on the motion of Hon. Mr. Denis for the second reading of Bill C-178, to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act.

Hon. Lionel Choquette: Honourable senators, may I first congratulate the sponsor of this bill and my good friend, the honourable Senator Azellus Denis, on his clear and comprehensive explanation of its contents. This was no easy task. In the first place, this is an omnibus bill which amends seven existing acts. I have an instinctive aversion to such bills, which I have expressed before and which I will no doubt have occasion to express again later this session.

We have had so many omnibus bills in recent years that I can hardly wait for the revised statutes to appear in order that not only myself but thousands of other people may find out what the federal law really is! I only hope that when they do appear we will thereafter follow more intelligible practices as we amend them. Canadian statute law is now a "dog's breakfast".

Secondly, this is a highly technical bill, as are all pension bills. As a lawyer I am not sure whether they could be drafted more sim-

ply, but, as they stand, they are difficult both to explain and to understand. There being no single principle involved, we must abandon the usual basis for debate on second reading. This is a housekeeping bill of a generally beneficial kind and I do not oppose its second reading. I do think, however, that it should be referred to committee where we may have the benefit of expert advice on the several clauses.

This is a highly technical bill which comes to us at the last moment, and we are asked to pass it in a hurry. It would, therefore, be futile for me to try to analyse it clause by clause and criticize it. I think that the best course to follow is the one advocated by my desk mate, the Leader of the Opposition, with respect to the previous bill with which he just dealt, namely, that the committee is probably the best place at this stage to discuss that type of bill.

Only this afternoon a sheet was placed on my desk here because I was interested in this bill and it was known that I was to speak on it this afternoon or this evening. It reads, "Amendments made by the House of Commons to Bill C-178, intituled An Act to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act." It then enumerates on this single sheet the seven amendments made by the House of Commons to this act, in clauses 7, 18, 19 (1), 33 (1), 34 (1) and 47.

Now, honourable senators, we know that when a report is made after a committee has studied an omnibus bill, or a bill of any sort, the sponsor or the chairman of that committee usually rises and explains the amendments that were made, tells us the meaning of those amendments and why they were made and how the bill shall read as amended. Now, we do not have time to do that today, nor do I have the time to go behind the deliberations of the other place and explain or criticize all the amendments contained on this sheet that was placed on my desk this afternoon while I was busy in committee, as honourable Senator Roebuck knows. Therefore, the only alternative for me this evening is to say that those of us who are interested in this bill should be at the meeting tomorrow morning to ask questions, seek explanations and find out why all these amendments were made and what they mean.

I like the provisions extending the pension rights of widows and children of retired civil servants. Perhaps our discussions in committee could shed some light on the adequacy, or perhaps I should say inadequacy, of the pension rights of the widows of retired senators. It might be a good idea to raise that question because we all know how inadequate the pensions of senators' widows are. In the event of the death of a retired senator, the widow would get not one half of $8,000 to which the retired senator is entitled, but one-third, and I am wondering how a widow could live on $266.00 a month. I throw this suggestion into the discussion just to make it a little more interesting.

Finally, I consider that it would be no more than simple justice to adjust the pensions of retired civil servants and other pensioners in accordance with the changes in the cost of living. I know of a widow, for example, whose husband had a small salary. As his widow she obtained probably one-half of his pension, which I think was the equivalent of two-thirds of his ordinary salary. That was a pittance, and yet that widow and others like her have been living without an increase in their pensions, notwithstanding the high cost of living and the rising costs that are occurring every day. I sometimes wonder how these people have been able to subsist on such small pensions.

These are all questions, honourable senators, that may be discussed in committee and may be advocated, if not now, at a later date. Of course, the present bill does not purport to do that, so I will not belabour the point. However, it is my opinion that these pensions should be adjusted as I have suggested, and, further, that the legislation making the adjustments should provide for further pension adjustment in the future, corresponding to changes in the cost of living, so that our past errors will not be repeated. It should not be beyond the capacity of the computers to work out appropriate escalator provisions.

In concurring in the second reading of this bill, I must not be taken as approving of all of its clauses. On the other hand, I think that it should be subjected to careful examination in committee.

Hon. Edgar Fournier: Honourable senators, during his speech I noticed that Senator Choquette mentioned the pensions that senators' widows are now receiving, being one-

half or one-third of the senator's pension. We must not overlook the fact that many senators' widows receive nothing.

Hon. Mr. Flynn: Yes, it is only the widows of former senators who receive a pension.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Denis, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 26, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of The Canadian Wheat Board for the Crop Year ended July 31, 1968, including its Financial Statements certified by the Auditors, pursuant to section 7(2) of the Canadian Wheat Board Act, chapter 44, R.S.C., 1952. (English and French texts).

Report of the Canadian Transport Commission for the year ended December 31, 1968, pursuant to section 21 of the National Transportation Act, chapter 69, Statutes of Canada, 1966-67. (English and French texts).

Copies of "A Survey of the Contemporary Indians of Canada—Economic, Political, Educational Needs and Policies", Part I, dated October 1966 (French text) and Part II, dated October 1967. (English and French texts).

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1968, pursuant to section 70(2) of the Financial Administration Act, Chapter 116, R.S.C., 1962. (English and French texts).

GOVERNMENT ORGANIZATION BILL, 1969

REPORT OF COMMITTEE

Hon. Lazarus Phillips, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-173, respecting the organization of the Government of Canada and matters related or incidental thereto, and had directed that the bill be reported without amendment.

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

Hon. Leopold Langlois moved that this bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1969

REPORT OF COMMITTEE

Hon. Lazarus Phillips, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-178, to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act, and had directed that the bill be reported without amendment.

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

Hon. Azellus Denis moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PETITIONS FOR PRIVATE BILLS

SUSPENSION OF RULE 110 AND EXTENSION OF TIME FOR FILING—REPORT OF COMMITTEE ADOPTED

Hon. Leopold Langlois, Acting Chairman of the Standing Committee on Standing Rules and Orders, presented the committee's second report:

Your committee recommends:

1. That Rule 110, in so far as it relates to the time-limit for filing petitions for private bills, be suspended; and

2. That the time-limit for filing petitions for private bills, which expired on Friday, 25th October, 1968, and extended to Thursday, 27th February, 1969, be further extended to Tuesday, 15 April, 1969.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Langlois: I move that the report be adopted now.

Report adopted.

DIVORCE

CERTIFICATE OF DEATH OF RESPONDENT TABLED

Hon. Mr. Roebuck: Honourable senators, as chairman of the Standing Senate Committee

on Divorce I have a statement to make in the matter of the petition of Marie Rita Therese Deschamps Paré Briscoe, of Montreal, Quebec, praying for a Resolution of the Senate to dissolve her marriage to Fred Richard Briscoe.

A resolution dissolving the marriage between Marie Rita Therese Deschamps Paré Briscoe and Fred Richard Briscoe was adopted by the Senate on December 19th, 1968.

I have now received from the attorney for Marie Rita Therese Deschamps Paré Briscoe, the petitioner, a certificate issued by the Demography Branch of the Department of Health of the Province of Quebec, attesting to the death of Fred Richard Briscoe in Montreal, Quebec, on January 12, 1969, and on his authority lay the same on the Table.

Hon. Mr. Connolly (Ottawa West): Could the honourable senator say what the purpose of the statement is and what effect, if any, it has on the action taken by the Senate?

Hon. Mr. Roebuck: Yes. A comparison of the dates I have just mentioned will show that the death of the party, according to the document I have just laid on the Table, took place within thirty days following the resolution. The effect of that, everyone can judge for himself. The resolution ordinarily does not become effective until thirty days after the resolution has been passed by this body.

As you will observe, the statement is short, and designedly so, to state only that we have received a document purporting to show the death of the party, and that is as far as I wish to go.

Hon. Mr. Connolly (Ottawa West): I suppose the purpose that the petitioner has in filing notice of this kind and arranging to have it tabled by the chairman of the Divorce Committee would probably have some bearing on the estate of the deceased husband and perhaps her rights in it.

Hon. Mr. Roebuck: It has two effects: firstly, we will not issue a certificate that there was a divorce; and, secondly, without any authority on my part or that of anyone else, the document may be produced and proven, if they can prove it—and I am not interfering in any way with the action which may follow—

Hon. Mr. Connolly (Ottawa West): No, quite properly.

Hon. Mr. Roebuck: —either by the executors or administrators of the deceased's estate or by any court which is asked to take action in this matter.

INQUIRIES OF GOVERNMENT

Hon. Paul Martin: Honourable senators, Inquiry No. 1 is a matter for Senator Argue to deal with.

I ask leave of the house to mention Inquiries Nos. 2 and 3. Yesterday Senator Langlois said that he would make inquiries. This has been done. The information sought by Senator Argue in Inquiry No. 2 is quite extensive. It entails responses from many sources outside the Government service, none of which have yet been received.

The reply to Inquiry No. 3 is ready except for the portion that comes from the National Film Board, and that, in turn, depends upon responses from parties outside the Government service.

I am satisfied that every endeavour is being made to compile these replies as quickly as possible. As soon as the information is complete, they will be tabled.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion for the second reading of Bill C-172, to amend the Financial Administration Act.

Hon. Jacques Flynn: Honourable senators, this bill to amend the Financial Administration Act results in large measure, as was explained by the honourable sponsor (Hon. Mr. Robichaud), from the recommendations of the Glassco Commission. Senator Robichaud gave us an excellent explanation of the purposes of the bill, which is designed to modernize the methods of control of governmental expenditures. It is a technical bill which deals only with methods of operation and, therefore, it is not, in my thinking, a bill that should be discussed in detail in this chamber. It might be described also as a housekeeping bill that can be adequately dealt with in committee. It is a preoccupation more of the House of Commons than it is of this house, in that it concerns the control of the purse, which is one of the main responsibilities of the elected Members of Parliament.

Senator Robichaud has summarized the amendments this bill will make to the Financial Administration Act, the most important of which, to my mind, is that which abolishes the functions of the Comptroller of the Treasury and transfers this responsibility to the

deputy minister or the administrative head of each department, with the idea of decentralizing and placing more responsibility at the departmental level. The departments, of course, will be responsible to the Treasury Board and to the Cabinet, but this amendment will mean that all the controlling powers will not be concentrated in the hands of the Comptroller of the Treasury, as is the case at the present. I think it is a sensible change. I doubt that the Comptroller of the Treasury, even if assisted by competent officials, would be able to assess all the problems of all the departments and decide in each case whether the department was correct or not in initiating certain decisions or suggesting certain expenditures. Each department should be able, in a general way, to assume its responsibilities in the field assigned to it.

It is interesting to note that the Receiver General will no longer be the Minister of Finance. Why this change is made I am not too sure. This is one question that can be asked in committee, and I am quite certain we will be given an adequate answer.

The whole bill is almost exclusively within the field of the techniques of modern administration, and therefore a sensible discussion of it can take place only in committee. That is why we on this side of the house do not intend to prolong the debate at this stage.

Hon. Arthur W. Roebuck: May I ask a question? Section 1(2)(h) says:

> "fiscal year" means the period beginning on the first day of April in one year and ending on the thirty-first day of March in the next year.

At what time of the day? I know there is general law on this matter. The interpretation of the judicial day, for instance, is well settled. This may be found in the Interpretation Act. However, if it stands as it reads it will certainly give rise to argument as to whether, if it terminates on the 31st day of March, it terminates at 12 o'clock midday or 12 o'clock midnight, or when it terminates. There will also be argument over when it begins. I think we should have some information now or when we reach the committee stage on the law in this regard so that we may determine whether it needs some attention.

The Hon. the Speaker: The honourable senator has asked a question of the sponsor of the bill (Hon. Mr. Robichaud). Does he wish a reply now?

Hon. Mr. Roebuck: Yes, if he is able to answer.

Hon. Mr. Robichaud: This amendment, which reads,

> "fiscal year" means the period beginning on the first day of April in one year and ending on the thirty-first day of March in the next year...

is in line with the Interpretation Act. The amendment was made so that when "fiscal year" was mentioned it would refer to the definition in the Interpretation Act.

Hon. Mr. Roebuck: Do I understand the honourable senator to say that the problem is cleared up by the Interpretation Act? Is that what you are saying?

Hon. Mr. Robichaud: Yes.

Hon. Mr. Flynn: I think it is less rigid than before.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Robichaud: I move that Bill C-172 be referred to the Senate Standing Committee on National Finance.

Hon. Lazarus Phillips: Honourable senators, I have the honour to be Acting Chairman of the Standing Senate Committee on National Finance and I would like to advise the honourable senators that the committee will be meeting this afternoon, as soon as the house rises, for consideration of this bill.

May I further advise honourable senators that the regular meeting of the committee will be held tomorrow morning at 11 o'clock to which we have invited an outside witness from one of the universities. May I ask for as full attendance as possible.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 27, 1969

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

Prayers.

APPROPRIATION BILL NO. 2, 1969

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-185, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

Bill read first time.

SECOND READING

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

Hon. Leopold Langlois: Honourable senators, I move, with leave of the Senate, that this bill be now read the second time.

Hon. Jacques Flynn: Honourable senators, we have no objections, but before we grant leave perhaps the Government Leader will indicate what the situation is as to the adjournment. As I understand that this is the last piece of legislation to need the approval of the Senate before we adjourn for the Easter recess, perhaps the Leader of the Government could give some information for the benefit of honourable senators who wish to make travel plans.

Hon. Paul Martin: Honourable senators, it is intended to have Royal Assent tomorrow afternoon. We hope to adjourn until April 22, with the understanding that in all probability we will have to return a week before that date. While I cannot say that definitely, it would appear at this stage that we may have to come back on April 14 or thereabouts. We are moving for an adjournment until April 22, with the possibility of being recalled at an earlier date, if such is necessary. I hope it will not be necessary, but that is the situation at the moment.

In brief, honourable senators, we hope to adjourn tomorrow until April 22 subject to recall.

Hon. Mr. Choquette: When will Royal Assent be given?

Hon. Mr. Martin: Tomorrow afternoon.

Hon. Mr. Flynn: That means that the Senate will meet tomorrow afternoon?

Hon. Mr. Martin: Yes. Tomorrow afternoon the honourable the Speaker has made arrangements to have all the Speakers and their Clerks of the legislative assemblies in Canada who are in Ottawa at this time attend the ceremony. I might add that this suits the schedule of the other place.

Hon. Leopold Langlois: Honourable senators, as you will recall, the Estimates for 1969-70, on which this bill is based, were tabled in the Senate on February 6, 1969 and referred to the Standing Committee on Finance on February 12. These Estimates were discussed in committee with Treasury Board officers on March 6 last.

The 1969-70 Estimates total $12,472,309,561, consisting of budgetary expenditures of $11,857,651,503, and of Loans, Investments and Advances of $614,658,058.

The bill now before us is the first interim supply bill for the 1969-70 fiscal year and will release a general proportion of three-twelfths of all votes in those Estimates, except Loans, Investments and Advances, Vote L10, for which no proportion is granted, plus additional proportions for 22 special items.

Vote L10 is a $5 million loan to the Canadian Overseas Telecommunication Corporation which, I understand, will probably be withdrawn from the Estimates because other arrangements can be made for the money. I probably should add that this item will likely be withdrawn as a result of the corporation's retained earnings being higher than originally expected.

This bill provides for expenditures totalling $1,770,365,753.42. The balance of the Estimates to be voted in later supply bills totals $6,800,443,829. The proportions being asked for in this bill are intended to provide for all necessary requirements of the Public Service to June 30, 1969. This bill is in the usual form for an interim supply bill and in no instance does it request release of the total amount of any item.

In addition to the general proportion to be released of three-twelfths, some 22 votes require additional proportions. In general these requirements can be grouped as follows. The first group comprises votes in which it is

customary to pay grants, scholarships and fellowships early in each fiscal year. These are four in number, and are as follows: Energy, Mines and Resources, Vote 60; Indian Affairs and Northern Development, Vote 1; National Health and Welfare, Vote 55; Treasury Board, Vote 25.

The second group comprises votes which provide for seasonal requirements or programs. They are two in number, and are as follows: Indian Affairs and Northern Development, Vote 25; Public Works, Vote 25.

The third group comprises votes which provide additional proportions required to cover a backlog of accounts on hand, due to the annual Estimates providing for calendar year requirements rather than fiscal year requirements. These are Votes 15, 25 and 65 of the Department of Transport.

I should perhaps explain that these votes cover payment of deficits and subsidies to railway companies, including the C.N.R., which operate, as honourable senators know, on a calendar year basis rather than on a fiscal year basis, as does the Government of Canada. Consequently, payments to be made before June 30 of this year are for the first six months of the year—that is, starting in January down to June—with the consequence that the department is three months behind in its payments at the start of the fiscal year. It has been the custom in the past to provide in the Estimates for the requirements of the fiscal year only. For these subsidies which should be paid on a calendar year basis, it means that the Estimates provide only for the nine months comprised within the fiscal year for which these Estimates are tabled. For this reason at the beginning of the new fiscal year we have to provide for six months instead of three. The fourth group comprises votes for which additional proportions are required for specific purposes. They are thirteen in number and are as follows:

> External Affairs, Vote 35; Indian Affairs and Northern Development, Vote 34; Labour, Vote 5; National Defence, Vote 20; Parliament, Vote 20; Supply and Services, Vote 15; Transport, Vote 30; Loans, Investments and Advances, Votes L50, L55, L80, L150, L155 and L160.

If honourable senators wish any further information on certain votes, I shall be glad to provide it.

A borrowing authority of $2 billion has been included in this bill, as is usual, to provide for authorized payments out of the Consolidated Revenue Fund through the issue of treasury bills, Canada Savings Bonds and non-marketable securities, for the financing of the ordinary operations of the Government, non-budgetary cash requirements such as loans and advances to Crown corporations, and to meet the requirements of the Exchange Fund Account.

The passing of this bill will not prejudice the rights and privileges of honourable senators to criticize any item in the Estimates when it comes up for consideration in committee. 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 the present measure.

Hon. Jacques Flynn: Honourable senators, the sponsor of the bill has explained thoroughly the reasons why the Government at this time require interim supply. Generally, if my understanding is correct, this bill will provide supply for only one month, or one-twelfth of the current expenditures of the Government.

Hon. Mr. Langlois: Three months.

Hon. Mr. Flynn: I was referring to paragraph (d) of section 2 where it says one-twelfth of the total of the amounts of the several items in the said Estimates in Schedule D, $30 million. Is it three months generally up until the end of June?

Hon. Mr. Langlois: Yes.

Hon. Mr. Flynn: Then it is 25 per cent of the budget as a whole, is that right?

Hon. Mr. Langlois: Yes.

Hon. Mr. Flynn: So, no further interim supply bill will be required before the end of June? As the sponsor has indicated, all the Estimates for the current fiscal year have been referred to our Standing Senate Committee on National Finance, where examination can be made and all questions asked. Therefore, generally speaking, when we are dealing with an interim supply bill, discussion in this house need not be extensive.

However, I suggest that under special circumstances, for instance, if any honourable senator would wish one particular item to be dealt with in committee, the request should be met. I do not see the need at this time but I merely want to put it on the record that as a general rule we do not need to refer an interim supply bill to a committee, but occasionally this might be good if we have a

problem, or one specific item, or a series of specific items that we would wish to discuss or to question in committee.

Hon. Mr. Martin: Would my honourable friend permit me to say a few words? Last week Senator Grosart, asked me whether it was our intention to send the supply bill to the committee. Frankly, at the time I thought he had in mind the Financial Administration Bill. That was in my mind at the very time, and I replied, "Yes, I think we will send it to the committee."

It was only after I had left the chamber that afternoon that I realized we were talking about two different things. He was talking about the supply bill. It has not been the practice in this house to send the supply bill to the committee.

In fairness I thought I should advise Senator Grosart at once what has been on my mind. I telephoned him at his home in Toronto—I regret that he is ill now—to explain to him that when I said it might be referred I was not speaking of the supply bill but of the Financial Administration Bill

In fairness to Senator Grosart and in fairness to what I said in reply to his question, I make this observation. I thank the honourable senator for allowing me to make it in the midst of his statement.

Hon. Mr. Flynn: Perhaps my remarks were intended to provoke the Leader into making that statement. Again, I agree with him, that as a general rule an interim supply bill need not be referred to a committee. I was pointing out to the leader that occasionally when there are some special reasons or some special items which we want to question or discuss, we should ask that, for the specific purpose, an interim supply be referred to committee.

It is all very well that the rights of the senators be reserved to discuss any item when we are dealing with Estimates generally in the Finance committee. It is not the same as objecting, let us say, to certain items at the time we are called upon to approve them and sanction them in a bill. It would be useless to say that we could criticize any item afterwards: if we have already voted that item, the money will have been spent and to criticize it would be an exercise in futility. That is why I want to have this reservation.

Hon. Mr. Connolly (Ottawa West): No item has ever been completely spent.

Hon. Mr. Flynn: In any event, once we have started, it may still be an exercise in futility to try to stop the current.

Hon. Mr. Connolly (Ottawa West): It may be, anyway.

Hon. Mr. Flynn: It may be, anyway; but at least in principle, if we have an objection to one item, it is better to object before we vote any part of it. That is why I say I agree with the general rule, but I reserve the right on a given occasion or in special circumstances to request that a bill of that kind be referred to a committee—not as a general rule, but occasionally. In the present instance I am satisfied to wait for the Finance Committee to deal with the Estimates generally and, as the Government needs the money now for the reasons indicated by the sponsor of the bill, we are ready to give second reading to this bill.

Hon. Mr. Fournier (Madawaska-Restigouche): Honourable senators, I wonder if the sponsor of the bill can elaborate on Vote 20 and Vote 25? I have a question on Vote 25. What type of research is involved in the Royal Society? I see that they have a grant of $17,000.

Hon. Mr. Langlois: To which department does Vote 20 apply?

Hon. Mr. Fournier (Madawaska-Restigouche): Vote No. 20, National Defence, as in Schedule A to the bill, and Vote No. 25, the Treasury Board, as in Schedule B to the bill, page 5.

Hon. Mr. Langlois: Vote 20, National Defence, is for $700,000. This vote provides for payment of transitional grants to the Province of New Brunswick in respect of financial assistance to the Town of Oromocto, the military base of Gagetown. These grants were previously paid directly to the town. Additional provisions were requested since, under the terms of the Federal-Provincial Agreement with the Province of New Brunswick, the full amount of the grant is available in April of each year commencing with the calendar year of 1969.

Hon. Mr. Fournier (Madawaska-Restigouche): Does the honourable senator know the total amount of the grants?

Hon. Mr. Langlois: The total is $700,000.

Hon. Mr. Fournier (Madawaska-Restigouche): Is it a continuous grant?

Hon. Mr. Langlois: It is granted each year, yes.

Hon. Mr. Fournier (Madawaska-Restigouche): Is it $700,000 each year?

Hon. Mr. Langlois: Yes, and it has to be voted each year.

Hon. Mr. Fournier (Madawaska-Restigouche): For how many years?

Hon. Mr. Langlois: There is no period of years. I do not have the agreement before me and I regret I cannot give the period covered by it.

Hon. Mr. Fournier (Madawaska-Restigouche): Will it last forever?

Hon. Mr. Langlois: No. I am sorry I do not have the information with me now.

Hon. Mr. Fournier (Madawaska-Restigouche): At any rate, the Province of New Brunswick is desperate for money and the grant will be welcome at this time. That is all I wish to say.

Hon. Mr. Langlois: What was the question on Vote 25?

Hon. Mr. Fournier (Madawaska-Restigouche): What type of research is involved in the Royal Society, that they would receive a grant of $17,000?

Hon. Mr. Langlois: Vote 25, Treasury Board, National Research Council, is a total vote of $64,760,000. This provides for the payment of grants, scholarships and fellowships based on the merit of the individual, and the payment of grants towards capital and operational costs of large research facilities at universities. The object of this vote is the promotion, encouragement and stimulation of science and engineering research at Canadian universities.

This vote also provides support to other scientific organizations by grants, payment of fees to international scientific organizations on behalf of Canada, and grants for conferences and for the universities' share in international research programs. This program is administered centrally at Ottawa. The additional provisions are requested at this time to enable the Council to pay, the customary 50 per cent of the grants awarded during the first three months of the year. The grants committee has already met and designated the grants to be paid.

Is that satisfactory?

Hon. Mr. Fournier (Madawaska-Restigouche): It is satisfactory up to a point, but my question really concerned the research that is being done by the Royal Society to justify their receiving a grant of $17,000. Is it atomic research, medical research, or what? May we have a word on that?

Hon. Mr. Langlois: It is quite broad. It covers, as I said in my statement, science and engineering research.

Hon. Mr. Fournier (Madawaska-Restigouche): I will accept that, but it is not very satisfactory.

Hon. Mr. Choquette: You will have to accept it. It is all you can get.

Motion agreed to and bill read second time.

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

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Report of the Task Force on Labour Relations entitled "Canadian Industrial Relations", dated December 1968, together with a summary thereof. (English and French texts).

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Lazarus Phillips, Acting Chairman of the Standing Senate Committee on National Finance, reported that the committee had considered Bill C-172, to amend the Financial Administration Act, and had directed that the bill be reported without amendment.

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

Hon. Mr. Phillips (Rigaud) moved that this bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

MASS MEDIA

APPOINTMENT OF MEMBERS TO SPECIAL COMMITTEE

Hon. Leopold Langlois moved, with leave:

That the Special Committee of the Senate appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, and in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public, be composed of the Honourable Senators Beaubien, Davey, Desruisseaux, Everett, Giguère, Hays, Irvine, Laird, Langlois, Macdonald (Cape Breton), McElman, Petten, Prowse, Sparrow, Urquhart, Welch, Willis and White.

Motion agreed to.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS—DEBATE ADJOURNED

Hon. Hazen Argue rose pursuant to notice:

That he will call the attention of the Senate to the large losses suffered by contractors in construction of the Great Slave Lake Railway and to the extreme hardship and financial burden placed on the contractors due to the unnecessary and oppressive use by the Canadian National Railway of clause 16 of the construction contract;

To the completion of the Great Slave Lake Railway ahead of schedule and at less than the estimated cost which was accomplished in substantial measure by the exploitation of the contractors and resulted in the loss to the contractors of many millions of dollars, such loss in certain instances having resulted in the bankruptcy and the financial destitution of contractors who at the commencement of the building of the Great Slave Lake Railway were solvent progressive companies with proven records of efficiency in the construction business; and

To the responsibility for these losses which is that of the Government of Canada inasmuch as the Canadian National Railway (an agent of Her Majesty) and those engaged in the construction of the Great Slave Lake Railway were carrying out the expressed wishes of Parliament as set forth in chapter 56 of the Statutes of Canada, 1961.

He said: Honourable senators, I feel that this motion sets forth in a very brief form the grievance I wish to bring before the Senate this afternoon, as it affects the contractors who took part in the construction of the Great Slave Lake Railway.

This railway was built in northern Alberta and into the Peace River with a termination at Pine Point, its principal object, among others, being to help develop that area and to provide facilities for the moving of the products of the Consolidated Mining and Smelting Company's operation at the end of the railway line.

I feel that this grievance is something to which the Senate and, indeed, Parliament may well address itself because in the building of this railway line the Canadian National Railway was not operating as a Crown corporation, as it does in the ordinary conduct of its business. Rather, it was operating as an agent of Parliament as specified in Bill C-126 passed in 1961.

Hon. Mr. Martin: For what did that bill provide?

Hon. Mr. Argue: It received first reading on September 15, 1961, and was passed subsequently in that session. It provided for the construction of the Great Slave Lake Railway with a termination date of December 31, 1966.

The complaint of the contractors is that in building this railway they really did not have a chance to perform and to use their judgment in an efficient way because standing over them all the time were the C.N.R. engineers who, in their opinion and based on their experience, they believe acted from time to time in an arbitrary, high-handed and unfair manner, and at times in a most incompetent way.

There is in the contract clause 16 which, in my opinion, is a most onerous one, and a blot on the kind of contracts that the C.N.R. has been drawing up and indeed a blot on the Parliament of Canada. In my opinion it is archaic and outdated. It is something, I understand, the provincial governments do not use. When a contractor undertakes a contract for the department of highways, it does not contain this type of clause.

I wish to put this offending clause 16 on the record. I do not wish to quote the entire clause, although I can if honourable senators wish me to do so. It is quite long and I think

it sufficient to read the major part of it, which is as follows:

> If the Engineer shall at any time consider the number of workmen, quantity of machinery, tools, plant, equipment, or of proper materials or things, respectively employed or provided by the Contractor on or for the said works, to be insufficient for the advancement of such works, or any part thereof, towards the completion within the time limited in respect thereof, or that the works are, or some part thereof is, not being carried on with due diligence, the Engineer may, in writing, order the Contractor to employ or provide such additional workmen, machinery, tools, plant, materials or things as he may think necessary, and in case the Contractor shall not, within three days, or such other longer period as may be fixed by any such order, in all respects comply therewith, the Engineer may provide and employ such additional workmen, machinery, tools, plant, material, equipment and things respectively or employ a Sub-Contractor, or Sub-Contractors as he may think proper, and may pay such additional workmen such wages, and for such additional machinery, tools, plant, materials, equipment and things respectively and to such Sub-Contractor or Sub-Contractors such prices as he may think proper; and all such amounts so paid shall be repaid on demand by the Contractor, or the same may be retained and deducted out of any sum that may then or thereafter be due from the Company to the Contractor.

It was the indiscriminate and unfair use of this all-powerful clause in the hands of the C.N.R. through its engineers that forced the bankruptcy or near bankruptcy of many of the contractors who took part in the construction of this railway.

Further complicating the whole construction of the railway was the fact that in the summer of 1962, 52 inches of rain fell on most of this area, an all-time record, making construction conditions almost impossible. The use of clause 16 in an arbitrary fashion, complicated by the tremendous amount of rainfall—which incidentally up until September had delayed 75 per cent of the highway construction in that area—brought about very disastrous results.

Honourable senators, I have studied a considerable quantity of material in this matter and I certainly have no axe to grind in any way, but I have a very strong feeling that the contractors involved should have a right to be heard. I do not believe they have asked anybody in Parliament to seek any money for them. All they have said is that they believe they have a grievance, that they would like an independent body of some kind set up to hear that grievance, and that they will abide by whatever recommendations may be forthcoming. It is my hope that honourable senators taking part in this debate will help bring this about.

One of the specific complaints of a number of the contractors was that there was an undue delay from the time the contract bids were opened until the contracts were available for signature and the equipment could be brought in and put to work. J. J. Lucas Construction Company stated that they had to wait 38 days from the time of the opening of the bids until the contract was in operation. Hatch Construction Company had to wait 53 days. They pointed out that the practice in the case of provincial governments is that about one week elapses from the time the bids are opened—and they are opened in public—which gives the provincial officials time to ascertain to their satisfaction that the contractor can perform the contract for which he has bid. That takes the provincial administration one week, In one case it took C.N.R. 38 days, and in the other 53 days.

Another general complaint made by the contractors is that in order to build the railroad and to begin construction of this section in northern Alberta and the Northwest Territories, they felt it was necessary, based on the time limit they had, to begin some construction in the early spring of the year, and they pointed out that this would entail the removal of some frozen material. The C.N.R. engineers took the position they would have to wait until there was no frozen material; that they would have to wait until midsummer. The contractors pointed out that in that case it would be absolutely impossible for them to meet the deadlines in their contracts. Then, when they were able—some of them in 1962 and some in 1963—to commence operations, at a time when they had to remove a few feet of frozen material, initially, in order to reach the unfrozen material, the C.N.R. engineers were determined they should be paid only the lower price for unfrozen material for all the material removed. When they went down 50 feet, and the first six feet was frozen, the C.N.R. said, "Your excavation is not frozen, and we will pay you only at the

cheaper non-frozen rate." The contractors felt, in order to do the job, they should have been allowed, and encouraged, to make an earlier start in those construction years.

As a matter of fact, the C.N.R. changed their tactics, and in the spring of 1963 they so badly wanted frozen material removed immediately that they said unless the contractors hurried up and moved the material they were going to invoke clause 16. So the C.N.R., through their engineers, completely changed their mistaken policy the next year.

One of the contractors, J. J. Lucas Construction, undertook to build a certain section of the railway. The highway in that area intersects this railroad at Mile 110. It so happened that at Mile 110 there was a huge fill to be made which would take about 42 per cent of the yardage in that company's entire contract. The contractor proposed that he be allowed to set his own schedule. He asked that he be allowed to begin this large fill at Mile 110 in the spring because, he said, due to wet weather he could use a borrow-pit and so, by using some wet material from the excavation and some dry material from the borrow-pit, he could make a mix that would be firm and would do the job. The C.N.R. engineers said, "No, we do not want you to start at Mile 110. We want you to go down to the extremities of the line you are to build and do the small grading initially."

It was pointed out that the ground in that area had a very high moisture content and that it would be much better, from every standpoint, to use the earlier part of the construction period to put in the big fill, and then to use the warmer summer period to put in the regular, ordinary right-of-way fill, because the ground would be in a drier state at that time.

It was further pointed out that if this construction firm could start its construction at Mile 110, the intersection with the highway, its big Euclid earth-moving equipment—and we have all seen this type—could build a serviceable road which would be the right-of-way when it was constructed, and once they came to Mile 110 it would take only a few minutes to move their equipment to the particular section they were constructing.

The C.N.R. engineer said, "No, you go out to the extremities of this section and begin construction there." It was wet, and the equipment bogged down. It has been stated in this material that it took two hours on many days to move the crew from Mile 110, at the highway junction, out to where the construction should take place, and to move the crews out to that equipment, whereas it should have been taking only a few minutes. All the time the railway engineers were threatening to invoke clause 16 if the construction, in spite of the worst summer in history, did not fit in with the C.N.R.'s timetable.

With regard to the building of this fill at Mile 110 following the orders of the engineers, the material was wet and after a good deal of work had been done the material itself slid, and they had then to start over again and put in the proper kind of material. So, the construction firm, with its own engineers, appeared to have a much better understanding of how grading and construction should take place than the C.N.R. engineers who were complete dictators and had absolute authority under clause 16 in the contract.

The shallow grade was finally completed, in spite of the very difficult circumstances, and in spite of the fact that the rubber-tired equipment would bog down and the wheels would spin in the mud. The C.N.R. engineers came out and looked over the right-of-way that had been constructed and said, "It is too wide; you have put too much material in," and they ordered it trimmed and narrowed.

The next year it was falling away. The C.N.R. engineers brought in additional equipment to extend the right-of-way, to put it back where it should have been and had been, and all at additional cost, much turmoil, and headache.

It is stated that during this rainy period, when construction could not take place—and obviously it could not take place for some days—the contractors were required to keep all crews on hand at all times ready to proceed in case the weather cleared up. These crews had to be paid, and that entailed another huge and unnecessary additional expense to the contractor.

Many of the contractors who have made separate statements on their own behalf have said that the general C.N.R. engineering of this project was haphazard, inaccurate and not up-to-date. That is indicated by the fact that as the work proceeded the C.N.R., piece by piece and step by step, decided their original estimates calling for the removal of 1.3 million yards were seriously in error, and that they would have to be increased by 50 per cent. So, instead of having to move 1.3 million yards, they would have to move two million yards. This is a huge error, and the

contractors said this made it impossible for them to perform on the basis of their original estimates of cost.

Clause 16 was invoked from time to time, and when the C.N.R. engineers, in their position of virtual dictators on this construction project, decided that additional equipment should be brought in, they hired additional equipment. They paid on an hourly rate, and charged the amount of work done and the cost of the additional equipment to the original contract. It has been stated that on the basis of the equipment brought in it cost the C.N.R.—and this was charged to the contractors—$1 per cubic yard to move much of this material, whereas in the original contract it was 29 cents a cubic yard. The C.N.R. could not lose. They had a time-table. They were in a hurry, and decided they needed additional equipment. The worse the weather became, the more additional equipment the C.N.R. called on to the job, charging the whole cost to the contractors who were doing the work, and the faster the contractors went broke.

Surprising as it may seem, the railway was completed 18 months ahead of schedule. The C.N.R. engineers were exceedingly successful; they beat Parliament by 18 months. How many contracts have been performed on time? Very often they are late. Another absolutely astounding thing is that the construction was completed at a cost considerably lower than that estimated. It was originally estimated that it would cost $99 million to complete this railroad. I have seen a variety of figures, but $88 million is the highest I have seen for the final cost. Using the highest figure, therefore, the C.N.R. was able to construct this railroad 18 months ahead of schedule for $11 million less than the estimated cost. Unless somebody can show me that I am in error, this saving was achieved at the expense of the contractor. The federal Government has entered into other contracts that have not been fulfilled at the original contract price. For example, Habitat at Expo—

Hon. Mr. Martin: Would the honourable senator permit me to interrupt? He has mentioned that there are other contracts the Government has entered into, and he went on to say something that, in my opinion, is not consequential to the argument. Surely this is a contract, not with the Government, but between the C.N.R. and the contractors. I think this distinction is very important to bear in mind in this discussion.

Hon. Mr. Argue: I think it is important but it does not entirely remove responsibility for Parliament. For instance, if, after discussion of the whole question, we were to agree to the motion to have an ombudsman, there would be some recourse for the citizens of this country who feel they have been treated unfairly. Even though perhaps this damnable contract is a legal contract in every way, there should be some kind of appeal. I know that the honourable Leader of the Government, who is a distinguished lawyer, knows much more about these legal questions than I, who only took a couple of classes in law.

Hon. Mr. Martin: You are doing very well.

Hon. Mr. Argue: I have heard of *ex gratia* payments; I have heard of governments who, when everything was finalized, have said that a contractor should be paid a fair and reasonable price based on the work he accomplished. I suggest that these contractors were not paid a fair and reasonable price based on the work they did. I submit this is not fair or just. It is not in keeping with the "just society" to say that a vicious provision like clause 16 should be used indiscriminately in a year when 52 inches of rain fell—a record in that area. There is not an "act of God" provision in that contract to protect the contractor from something unforeseen happening.

I am informed that had these conditions existed in a province there might well have been an adjustment, as there often is, in the basis of the contract. There would also always be a determination by the provincial authorities that the contractors would be given an opportunity in other ways, at later dates, to perform other contracts that would help to some extent make up for the losses involved.

This railway has been good for Canada. This has been a good project. The C.N.R. should be happy. They built it 18 months ahead of schedule. They saved the taxpayers at least $11 million, but they took it out of the hides of the contractors.

I am not really versed in the contracting business. I have merely done what I could to learn what I might from the information given me. I am told of one relatively small contractor who, after a life's work, was worth something in excess of $1 million. He had a contract on this railway. He performed well. He must have done so, because they built the railway 18 months ahead of schedule, and at a saving of $11 million. He has lost his equipment. He is not in bankruptcy, but he is near bankruptcy. He has lost his life's savings. He has lost the garages he had constructed. He

has lost his life insurance, which he turned in some years ago. He is now in the process, he feels, of being turned out of his home in the City of Regina; he is in danger of being put out on the street.

I do not think the public of Canada, or any politician in Canada, wants this sort of thing to happen—if what I have said is correct, and I stand to be corrected if there should be an answer to these facts. That is why I think there should be a public inquiry by a fair tribunal. If this information is correct—and I have no reason to believe it is not—I say that there is not one honourable senator or member of the other House who would want this sort of thing to happen.

If this is brought to the attention of the Senate and the other place, as these matters are from time to time, and if, despite the busy life of senators and members of Parliament, it can be given an airing, I believe that justice will be done. These people are not asking for anything that is unfair. They are merely asking for a hearing. They started by asking the then Prime Minister of this country, the Right Honourable Lester Pearson, in 1965, and they have been to cabinet ministers since. They have been to senators. His Honour the Speaker gave them a very fair hearing, as did the honourable Senator Leonard, and the honourable Senator John J. Connolly. In any conversation in which I was a participant I heard no one challenge the statements that have been put forward by these contractors.

Hon. Mr. Martin: Would my honourable friend permit another question? We have listened to him with great interest, and he is certainly making a strong case. As he sees it, what was the reply of the Prime Minister in 1965? What was the reply given by any minister of the Crown? Were any judicial proceedings taken with the railway?

Hon. Mr. Argue: I do not have the reply from the Prime Minister on my desk. I do not know that I have ever seen it, but I do know that a submission was made to the Prime Minister and to ministers of the Crown. I do not know what was said, or whether or not they closed the door entirely, but I do happen to have in my hand a copy of the letter written by the present Minister of Transport to Mr. Lucas of Lucas Construction Company. I do not know if the Senate is interested in the whole of this letter—

Hon. Mr. Martin: What is the date of the letter?

Hon. Mr. Argue: The letter is dated January 20, 1969. The most pertinent paragraph reads:

> Nevertheless, I must admit, reluctantly, I cannot find grounds for direct intervention by me in a matter which relates to a dispute between your company and the C.N.R. Neither do I feel justified in making a reference of the question to the Standing Committee on Transport and Communications.

Why should there not be a reference made? If I read the record of *Hansard* correctly, there was to be a reference made. It went before the Commons, but someone had made a typographical error in submitting the recommendations, and the thing that was passed made no sense. It meant nothing, and on this technicality the Government said there was no authority for the Transport Committee to look into it. They were not looking into the claims of the contractors, but into the Great Slave Lake railway.

I can understand that some secretary in typing this up thought the inquiry was only as to the Great Slave Lake railway and not as to the loss to the contractors. In any event, it was not proceeded with. It may be that I am not able to read the minds of members in the other house. Possibly the Transport Committee will look into this question in an incidental way when they are dealing with the Estimates. I do not know. I know there are members of Parliament in every political party, including the party to which the Leader of the Government and I have the honour to belong, who are very disturbed, and who sincerely believe an inquiry should take place. They are not out to hold up the Government for millions of dollars.

I know these M.P.s, and I have copies of some of their correspondence here. They are private members, and when some of these submissions were made they were parliamentary secretaries. As far as I know, they all suggested that there should be an inquiry.

I think with a new Prime Minister who believes that in this day and age grievances should be aired and that justice should be done, the contractors may have a chance. From the floor of the Senate I make an appeal to the Prime Minister to have an appropriate inquiry by a committee of the Commons, a committee of the Senate, a task force, or a royal commission—whatever form he might consider appropriate. I would ask the Prime

Minister of this country, who I know has the interests of the ordinary people at heart, and particularly, those who are unable in a real sense to fight their own battles, to see that some action be taken.

I think the C.N.R. has been coddled too much and that it can be overprotected. When I had a motion on the Order Paper asking for the production of the contract, from which I read clause 16, the Government Leader—and I am not criticizing him at all—in carrying out his full responsibility in relating to this chamber the opinion of the Minister of Transport, said that this would interfere with the competitive position of the C.N.R. Competitive in what way? The contract was ended years ago. I had it in my office. I could have tabled it, but I thought I should get it into the regular channels. I then asked for the up-to-date contracts and the more recent ones to see whether the C.N.R. had removed some of these onerous clauses. The Minister of Transport said that you have got to protect the C.N.R., this small, weak, ineffective Crown corporation, against some great, big contractors who want to have their contract forms produced in public. After his refusal, my office phoned the C.N.R., and I am very happy to report to the Senate that within a few days the proper official of the railway, at the headquarters in Montreal, sent to my office the pertinent contract. Therefore, the Minister of Transport is trying to protect the C.N.R. in a way and manner that the C.N.R. does not care to be protected.

I think if we are to have an open society we should forget about trying to cover up for the Crown corporations. I said there are many contracts that go over the original estimates, such as that for the National Arts Centre, which will no doubt be a great credit to Canada. I think Canadians generally supported the original estimate of $18 million for the National Arts Centre. Now they are saying the cost will be $46 million. Yet the Great Slave Lake Railway was built at $11 million less than the estimate because they took the savings from the contractors by the unwarranted use of clause 16. In effect, the C.N.R. has confiscated the equipment of these contractors, has confiscated their life insurance—has even placed their very homes in jeopardy. I would think that when the country saved $11 million we all should be pleased to ask why this extraordinary thing happened.

The President of the Exchequer Court has from time to time made speeches about the difficulties in which contractors find themselves, and he is on record time and time again as saying that these contracts should be overhauled and that they should not be weighted against the small contractor, but slanted in his favour. He has said that there should be a fair return to the contractors for a fair job done. We operate in what we call a free enterprise system and under a democracy. I think if that system is to function, as I hope it will, that the very basis of competitive enterprise is that individuals and small companies should be given a fair return, and neither a huge Crown corporation like the Canadian National Railways nor the Parliament of Canada itself, either directly or indirectly, should take advantage of good work performed by competent contractors carrying out their work in a sincere and energetic manner. I would ask that, as this debate proceeds, the members of this chamber address themselves to what I believe to be a great injustice, just as the Senate has addressed itself to other injustices in the past. I would hope that some appropriate action will take place.

Honourable senators, as far as my personal opinion is concerned, I believe the case is so good and so strong that, whether this month or next month, this year or next year, some day, some government, some party of Parliament—and I would expect it to be this Government and this Prime Minister—will see, not that the contractors are handed $11 million or any other sum, but that some independent authority will look at the evidence and hear the complaints. If such an authority should recommend *ex gratia* payments it would mean that the contractors carrying out this important project for the welfare of our nation have received a fair hearing, and justice has been served.

Hon. Donald Cameron: Honourable senators, this seems to me to be an amazing statement and one which I never expected to hear in the Senate. I am sure I speak for all my colleagues when I say no one here wants to see injustice done. But I am also sure that we are likely to ask some questions.

When the contractor signed the contract, he did so voluntarily. We can only assume that he studied the terrain, that he had engineers make the assessment, and that he entered into an agreement on which he expected to make a profit. In the circumstances, it did not turn out that way, but there are a few interesting facts. It is true that there was 52 inches of rain that year, which would make it

very difficult to carry out the contract on schedule. The senator has indicated that the road was completed 18 months ahead of schedule. Therefore the question arises, was it necessary to do all the work in this period of very inclement weather?

Furthermore, if they had estimated the cost of $90 million or $100 million, and if they did it for $88 million, again the facts do not add up.

I do not want to prejudge the case, but it does not seem to me to make sense to plead a cause of this kind in this house. Even on nearby Wellington Street, a contractor went broke building, I think it was, the Department of Veterans' Affairs headquarters, but he did not come to Parliament crying for a readjustment.

If we look back at the history of railway building, at Sir Donald Smith, the Van Hornes, and the shades of Mackenzie and Mann, we recognize the unfortunate way the people of Canada had to get into the railway business, because contractors went bankrupt. I hope we will never hear of such cases again. It is unfortunate that the circumstances so turned out and that the people concerned lost money. But this is happening every day, under the so-called free enterprise society. Surely we are not going to be asked to re-open every contract where the contractor lost money.

Frankly, I never expected to hear a plea of this kind put in the Senate. When a contractor enters into a contract voluntarily and with his eyes wide open, and does not make a profit, I cannot see how, on the basis of either justice or equity, he can come to us expecting the case to be re-opened.

On motion of Hon. Mr. Prowse, debate adjourned.

GOVERNMENT ORGANIZATION BILL, 1969

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-173, respecting the organization of the Government of Canada and matters related or incidental thereto.

Motion agreed to and bill read third time and passed.

STATUTE LAW (SUPERANNUATION) AMENDMENT BILL, 1969

THIRD READING

Hon. Leopold Langlois, for Hon. Mr. Denis, moved the third reading, of Bill C-178, to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, March 25, the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. Muriel McQ. Fergusson: Honourable senators, I regret that today I am unable to address you in my normal tone of voice. However, as I am leaving Canada tomorrow and may not be back in Ottawa when the debate on Bill C-165 is continued in this chamber, I wish to express today my support for it and for the principles on which I believe it is based. I ask your indulgence.

Honourable senators, although I disagree with practically all the speeches that have been made on this bill in this chamber to date, I fully appreciate that excellent speeches have been made by some of my most brilliant colleagues. I compliment all the speakers, even though they have not been able to persuade me to agree with their reasoning. Because for many years I have been concerned over what I consider a very inequitable situation in regard to widows under the Estate Tax Act, I welcomed with delight the announcement made by the Minister of National Revenue on October 22 of last year that thereafter gifts and property passing from one spouse to another would be free of tax. Even though this change in the act necessarily involved a transfer of some estate taxes to other persons liable under the act so that the amount of money raised through the Estate Tax Act would not be diminished, nevertheless, I felt that this legislation, which recognizes human rights in that it recognizes equality between the spouses, would be so universally acclaimed that it would pass quickly through this chamber. I thought everyone would approve, and so I did not plan to express my ideas about it. However, this has not been the case and I wish to give some of my reasons for supporting the legislation.

Prior to the announcement by the Minister of National Revenue to which I referred, a wife who had contributed equally with her husband to the building-up of his estate, on the death of her husband was required after certain limited exemptions to pay estate tax when the family property passed to her. The situation was aggravated when the property she inherited on the death of her husband was an annuity or a pension, for in such a case she was required to pay estate tax on the commuted value of her future pension or annuity. That is, she paid estate tax on the amount it was calculated she would receive over the period she would probably live. If she died very soon thereafter, or at any time before the end of the period used in the calculation, she would have paid estate tax on money she never received. The estate tax, particularly that levied in relation to annuities or pensions, often left such widows in very straitened circumstances. Some widows even found it necessary to go into the labour market to provide for the current expenses of themselves and their children, and in some cases even to raise the money to pay the taxes. This, even though the husband, in contemplation of death, had considered that he was leaving his wife well provided for.

Another result of the provisions of the former act was that the widow was not only required to pay the estate tax on the property she might never receive, but, if she did live and did receive the annuity, she was required, when she received it, to pay income tax on it also. In this way she was taxed twice on the same money.

Over a number of years these inequities have again and again been brought to the attention of the Government and of the Prime Minister of the day by various groups, especially the National Council of Women, the Canadian Federation of Business and Professional Women and other similar groups, who have asked that this situation be rectified. These people must be very gratified, as I am, that relief from this inequitable taxation is being provided now under Bill C-165.

Some of the strong objections made to this bill, both in this chamber and in the press and in propaganda concerning it, which has been widely circulated throughout Canada, are, I believe, unjustified. It has been claimed that the changes brought about by this bill will affect very many Canadians; but, when we realize that only 5 per cent of all the estates of Canada pay any estate tax at all, we realize that it will not affect a very great many Canadians.

Some of the arguments used would lead one to think that this legislation is something new, that it is a tax that we have not had before. But we have had estate taxes for years, and succession duty taxes before that. Whether we believe in this kind of tax or not—and I do not want to enter into an argument on that—they are not new, but have been accepted by the people of Canada who know that money has to be raised in some manner to pay for the many things that Canadians demand of their Government.

We know that the estate tax is going to continue to be levied, and really the only question is, what is the most equitable way to levy it. I believe that to relieve the widow of paying tax on what she through the years has already earned is only fair, just and equitable, even if it does involve somewhat higher rates for other persons who are taxed under the act.

Some people claim that the period of time the widow will have to enjoy the use of the money that has come to her through not having to pay tax will probably be negligible. It may not be very long, but on the average wives survive their husbands by at least seven years, and seven years is a long time in anyone's life.

If the widow, during the period of her widowhood, should invest the money saved for her through exemption from paying estate tax, by the time she dies and the estate is ready to pass on she may well have accumulated through her investment a much larger amount than the child or children inheriting will be called on to pay in estate tax, and, therefore, this will be all to the good. They will get just that much more. But even if no such saving occurs through investment of the widow, many people—and I am one of them—would consider that many of the fears which have been expressed are exaggerated and unfounded.

It has been stated that small businesses will be bought up by foreigners. Why is it more likely that small businesses will be bought up and absorbed by foreign buyers than large businesses?

Fear has been expressed that by reason of these taxes the sons of farmers will be driven from their farms. The truth is that sons of farmers, and daughters too, are leaving farms every day for urban living, which is what attracts them. The fear of paying estate tax has nothing to do with it. A son who inherits a farm, even though he is required to

pay estate tax, is an extremely fortunate person. Many other people would be only too happy if they could acquire the same property, even if it were encumbered by a debt the size of the estate tax.

It is also claimed that this bill bears heavily on the sons of those who own small businesses and whose sons are associated with them in business. I cannot see why the sons of men owning small businesses, or of farmers, should be relieved of this kind of taxation any more than the sons of business managers, or teachers, or public servants, who may have contributed more to Canada and Canada's growth and development than either farmers or the owners of small businesses.

I certainly do not feel it is incumbent on me to reply to the various criticisms made in this chamber about this bill. This will be done adequately by the sponsor of the bill on closing the debate and by the officials of the department, if the bill goes to committee. However, I would like to point out some additional provisions of the bill which I think are especially good.

Besides the exemption of spouses from paying gift tax and estate tax, I also support as humanitarian legislation the provision that gives an exemption of $10,000 to all adult children over 26 years of age. For healthy children there is an added exemption of $1,000 for each year the child is under the age of 26. If the surviving child is incapacitated and unable to support itself, it is allowed an additional exemption of $1,000 for each year of its life after the parents' death until he reaches the age of 71. The maximum exemption such child could get under this provision is $30,000.

It seems to me these are provisions to which we must all give our approval. Who could oppose them? They, with the exemption from taxation of gifts between spouses, and the exemption of spouses from estate tax, are the reasons for the increases in rates to other persons covered by the bill. But surely able-bodied adult young people in Canada are willing and able to assume these added burdens to make life easier for those not so fortunate.

On introducing and explaining this bill in his usual clear and concise manner, Senator Hayden said on page 1108 of Hansard:

> ... everybody is called on to contribute because of the remissions that are involved in making gifts between one spouse and the other exempt either from gift tax or estate tax.

I think everyone is also called to contribute so as to give these added exemptions to children, whether healthy or incapacitated.

To me this legislation is thoroughly modern and takes Canadian law on this matter out of the thinking of the 19th century and into the more modern thinking of the 20th century which recognizes the contributions made by wives to the accumulated wealth of a family and also recognizes, as frequently was not done by earlier generations, that all people should follow the precept that we should "bear one another's burdens".

In any case the real issue is whether the tax will or will not be more equitably distributed, and not whether the transfers of taxes are good or bad for the economy of the country.

From the speeches made in this chamber on this bill, it would appear there is considerable misunderstanding of the technicalities involved. I, too, would like to have some matters clarified, and I expect they will be clarified if the bill goes to committee.

Hon. Mr. Martin: It will.

Hon. Mrs. Fergusson: However, because we must surely agree with the principle underlying these changes, the bill should receive second reading and go to committee where the minister and his officials will undoubtedly explain to our satisfaction any technicalities which are causing criticisms. Surely in Canada we believe that the good of human beings, which is the basic reason for the changes in this bill, should receive priority in our legislation over more mundane and selfish considerations.

It is scarcely necessary that I tell you I support this bill and trust it will receive second reading.

On motion of Hon. Mr. Martin, debate adjourned.

OMBUDSMAN COMMITTEE

MOTION FOR APPOINTMENT OF COMMITTEE—DEBATE ADJOURNED

The Senate resumed from Tuesday, March 18, the adjourned debate on the motion of Hon. Mr. Croll that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the Ombudsman Committee.

Hon. Richard J. Stanbury: Honourable senators, in speaking briefly on this matter I would first of all like to congratulate in his absence Senator Croll for having brought the

matter of an ombudsman to the fore. I agree with what all the former speakers have said concerning the need for the function of an ombudsman, and, as others have said, we are not alone in expressing this concern. There have been a number of references to this matter before, and most of them have been mentioned by other speakers in this house.

First of all the House of Commons Standing Committee on Privileges and Elections in 1965 recommended that the Government consider the establishment of an office like that of an ombudsman for the purpose of investigating and reporting on administrative acts of the Government of Canada complained of by members of the public. In the Speech from the Throne of April 5, 1965 we find the following:

> My Government will appoint a royal commission to study the status, form and procedures of adjudicative and regulatory bodies and to investigate the desirability of instituting a parliamentary commissioner or Ombudsman for Canada.

Hon. Mr. Martin: What year was that?

Hon. Mr. Stanbury: April 5, 1965.

The Liberal Party of Canada in convention in 1966 adopted the following resolution:

> That a Royal Commission be appointed to study and to make recommendations on:
>
> 1. The redrafting of the Canadian Bill of Rights.
>
> 2. The entrenchment of the Canadian Bill of Rights in the Constitution.
>
> 3. The establishment of an Ombudsman for the Federal Government.
>
> 4. The adoption of any other techniques or institutions for the promotion of civil liberty.

The Government has in the meantime responded by taking a serious look at the problems of exercising ministerial discretion and some remedies which might be provided. It has also set up special proceedings for grievances under the proceedings and adjournment motion.

While these steps are moving in the right direction, the Government has not yet moved to the point of accomplishing what I sense most of us feel is necessary, the establishment and definition of the post of Ombudsman and the development of guidelines for that office. It is highly desirable that we, in the ways open to us, remind the Government of the urgency of proceeding with such legislation and its responsibility for doing so.

However, the establishment of the role of Ombudsman, whether that role be played by an individual or a committee, it is a matter of basic and substantive importance and is a decision which should be taken by the elected representatives of the people. As Senator Croll himself points out, the role was established in the constitution of Greece, Rome, Sweden, Finland, Denmark and Norway. It was established by act of Parliament or of the legislature in New Zealand, Alberta, New Brunswick and other parliamentary democracies patterned on the British system.

The decision to establish the role of Ombudsman has nowhere been taken by simple motion of an appointive body to appropriate to a committee of its own the role of protector of the individual. For the Senate to take such an important step, without the concurrence of the elected representatives of the people, would mean that Canada would be sliding into the Ombudsman function without having done its homework, without having defined the role and without having developed an effective Bill of Rights for guidance, without having had a debate in the House of Commons on the question, without having stimulated a public debate, and without any real opportunity to make the public aware of the existence of the committee or their right to appeal to it.

Honourable senators, I want a real Ombudsman system; one which is available to the people in their own communities; one which is available to them all year around; one which brings pressure to bear through its recommendations, not only on the administrative bureaus of government, but on both Houses of Parliament as well. I want an Ombudsman role, whether it is performed by an individual or by a committee, to be established by act of Parliament.

I so badly want the Ombudsman role to be effective and highly respected that I cannot support Senator Croll's motion, much as I admire him for having moved it. The result of the passage of the motion would be the creation of a pale reflection indeed of what we must have. All we would be doing would be to supply the Government with an excuse for not proceeding with effective legislation on the subject, even though it has clear recommendations from the Liberal Party and a parliamentary committee, and a commitment of its predecessor expressed in the 1965 Speech from the Throne to proceed with such legislation.

Hon. Mr. Argue: A major split in the party!

Hon. Mr. Stanbury: If the motion were to set up a committee to study the methods whereby such a function should be established and defined, a committee which would do the kind of work in this area which has come to be expected of honourable senators in such areas as divorce reform, science policy, the problems of aging and so on, then I would support it, because it would take the place of the commission proposed in the 1965 Speech from the Throne and in the Liberal Party resolution of 1966. But doing the spade work for Government and providing guidance and assistance is quite a different thing from removing from Government its own responsibility for action. I will vote against the motion.

Hon. Mr. Argue: I hope it carries.

Hon. Mr. Roebuck: May I ask the honourable senator a question? I had the honour to second this motion, and I ask if it would not be possible for a conference to take place between the honourable senator and Senator Croll by means of which a resolution satisfactory to all of us could be achieved. I think there is a great deal in what the senator has said—make this a study instead of an assertion, as it now is.

Hon. Mr. Stanbury: I would be very pleased to meet with Senator Croll on this matter.

On motion of Hon. Mr. Langlois, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, March 28, 1969

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

28 March, 1969

Sir,

I have the honour to inform you that the Right Hon. J. R. Cartwright, P.C., M.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 28th March, at 4.30 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to
the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

OFFICIALS OF LEGISLATIVE ASSEMBLIES

VISIT TO PARLIAMENT

The Hon. the Speaker: Honourable senators, I take pleasure in calling your attention to the visit today to Parliament by the Speakers and the Clerks of the Legislative Assemblies of Canada. We welcome them to Ottawa, and we will have an opportunity to meet them in my chambers later.

THE LATE GENERAL DWIGHT D. EISENHOWER

FORMER PRESIDENT OF THE UNITED STATES OF AMERICA—TRIBUTES

Hon. Paul Martin: Honourable senators, the Prime Minister of Canada, in the name of the Government and the people of this country, has expressed to the Government of the United States and its people our deep regret on the passing of a former President, General Eisenhower. It seems to me appropriate that it should be known that the members of the Senate, as one of the Houses of Parliament, share the deep regret on the passing of so distinguished a citizen of the United States and so distinguished a man in the history of our times.

General Eisenhower served as President of his country for two terms. The occupant of the office of President becomes a household word in Canada. In this case, it was not only well known, it was highly respected.

General Eisenhower was Supreme Allied Commander of the United Nations forces in the Second World War. With his capacity for leadership, he welded together the armies, navies and air strength of the Allies, the forces which brought about the defeat of Hitler and the preservation of freedom and peace in the world. It is appropriate that we should remember the late General in this capacity; it is also appropriate that we should remember him as the President of a friendly country, our closest neighbour.

We received General Eisenhower during the latter period of the Mackenzie King administration. There are members of this house who remember that occasion and the great impression that General Eisenhower made, which confirmed the judgment Canadians had made of him based on his great military leadership, and the fine qualities of humanity and manhood that he displayed during those very difficult days.

Canadians served under him. Canadians will respect his memory.

Hon. M. Grattan O'Leary: Honourable senators, on behalf of those who sit on this side of the house I should like to join with the honourable Leader of the Government in the moving tribute he has paid to a great American, a citizen of the world.

We shall have to await what history will say of Dwight D. Eisenhower as a soldier. I think history will say of him what Winston Churchill once said so movingly, that his great contribution to victory in World War II was not so much in his capacity as a soldier, great as that was, but in his genius—and it did amount to genius—for maintaining that vital thing in the achievement of victory, namely, unity among the Allies.

All of us knew—and we know it even better now when we can read the memoirs of the soldiers of that period—how vitally important

it was to keep the Allies working together. This was the great and memorable achievement of Eisenhower in World War II.

I wish I had brought with me the tribute paid to him by Churchill when the war was over, but I did not in fact know of General Eisenhower's death until a few moments ago. I wish I had also brought with me the words spoken by President Eisenhower himself in London when a great meeting was held to pay tribute to him.

The solemn beauty of his language then, the modesty and the humility of it, was something that should be read, treasured and remembered.

General Eisenhower was, as the Leader of the Government said, the President of the United States for two terms. During those terms he paid two visits to Canada. In those years he also showed an understanding of, or at least a desire to understand, the problems and aspirations of the Canadian people.

The whole free world will mourn him today and remember him as a great champion of freedom in an hour when freedom was under siege. All we can say in this chamber is that a great American is dead. May God rest his soul.

Hon. John J. Connolly: Honourable senators, I will delay the Senate only a moment.

This is an occasion upon which honourable senators would want to emphasize the feelings expressed so movingly by both the Leader of the Government and the honourable Senator O'Leary (Carleton). One of the great days of our time was D-Day in Europe, when the conglomeration of those tremendous forces that had been moulded together as a single force, as the honourable Senator O'Leary pointed out, successfully attacked fortress Europe. Perhaps it was one of the great days in the history of mankind. What Senator O'Leary said of Churchill's tribute to General Eisenhower perhaps pointed that out more emphatically than anything else. But he was not only a great military leader during wartime, he was also the first commander of the NATO forces. He was the first Supreme Allied Commander at SHAPE. He realized the importance of preserving the peace which his forces had won at such a great cost.

I particularly wish to recall the late general's two visits to Ottawa, the first when he came here after the allied victory and before he went to SHAPE. On that occasion I can imagine what went on in the minds of the Government and of the Prime Minister of the day as to what could be done for a man like this. What this country did—I think it did with a whole heart—was to name one of the majestic mountains of the West, Castle Mountain, *Mount Eisenhower*. As one looks down the valley where that majestic mountain stands, it looks like the Valhalla where, according to the Indian legend, the nations of the world may some day be gathered for judgment. If so, *Mount Eisenhower* will be there to survey the scene.

General Eisenhower came later when he was President. Then he personally not only made a profound impression upon the Canadian people, but from my own recollection and memory a tremendous impression was made by his very lovable, most charming and able wife, Mrs. Eisenhower. To her and her family our hearts certainly go out. And to the American people I say that I think we feel as they do. They have produced a great man, and they can thank God that in their country's time of need there was a man as great as Dwight D. Eisenhower to perform, not only on their behalf, but on behalf of the entire world.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of Polymer Corporation Limited. Including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Copies of correspondence, dated January 24, 1969, exchanged between the Vice-President of the Council of Ministers of the Province of Quebec and the Minister for Foreign Affairs of the Government of France. (French text).

Copies of Ordinances, chapters 1 to 19 inclusive, passed by the Council of the Northwest Territories at its 38th Session, held in Yellowknife, Northwest Territories, January 13 to February 1, 1969, pursuant to section 15 of the Northwest Territories Act, chapter 331, R.S.C., 1952, as amended 1953-54, together with a copy of Order in Council 1969-506, dated March 11, 1969, approving same. (English text).

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 652 to 698, inclusive.

The Hon. the Speaker: Honourable senators, when shall these reports be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, as we are about to rise for some time, I would suggest that we pass these reports now. All 47 of them are dismissals for want of prosecution. There are a few, about a half dozen, in which the fee of $110 has been paid, and in all of which the Commissioner makes no recommendation for repayment. Of the balance, the parties have not only paid fees but some of them go back as far as 1946, and all are vastly in arrears and their petitions should beyond question be dismissed. They have been given every opportunity to comply with the rules, to come forward and justify the prayer of petition, and they have failed to do so.

I personally have read every one of these petitions and I agree thoroughly that it is time to dismiss them. Therefore, with leave, I would suggest the reports be adopted now.

Hon. Mr. Connolly (Ottawa West): Would the chairman of the committee permit a question at this stage?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Connolly (Ottawa West): Would the disposition of these reports in this manner in any way preclude the taking of action in the courts?

Hon. Mr. Roebuck: As a lawyer, I think I can say very definitely that it does not preclude their taking further action in the courts. I have no doubt that a number of them have allowed this dismissal to take place—they have had every warning—because they intend to take action in the courts.

There are several reasons why the parties might take other action. I think the main one is that when action is taken in the courts the petitioner may also ask for alimony. There are many provisions in the new Act which do not appear in the former law. So, certain advantages, to some at least, are now obtainable in the courts but were not available under our former rules. There is no possibility of a plea being entered of—

Hon. Mr. Langlois: *Autrefois acquit.*

Hon. Mr. Roebuck: Not exactly.

Hon. Mr. Martin: *Sub judice.*

Hon. Mr. White: *Res judicata.*

Hon. Mr. Roebuck: Yes, *res judicata.* Thank you for giving me the word.

Reports adopted.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate, I move, seconded by Senator Langlois, that when the Senate adjourns today it do stand adjourned until Tuesday, April 22, at 3 o'clock in the afternoon.

It may be that we will have to return earlier, though I have no reason for believing so at the present time. It is not proposed that we sit on Tuesday evening, because on that evening the Speaker of the Senate will be receiving the Prime Minister, as he does annually. However, we will meet in the afternoon.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. Paul Martin moved, with leave of the Senate, that the Standing Senate Committee on Legal and Constitutional Affairs be empowered to sit while the Senate is sitting on Tuesday, April 22.

Motion agreed to.

APPROPRIATION BILL NO. 2, 1969

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-185, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

He said: Honourable senators, before we proceed with this motion, I would like to elaborate on the answers I gave yesterday to questions by Senator Fournier (Madawaska-Restigouche). The first question had to do with Vote 20, the Department of National Defence, payment of transitional grant of $700,000.

Up to this year a grant from the Department of National Defence has been paid to the town of Oromocto to assist in meeting the operating costs of municipal services provided by the town. Changes in the grants structure are proposed with a view to giving Oromocto the status of a normal municipality in the Province of New Brunswick, instead of receiving special assistance from the federal Government.

A transitional grant of $700,000 is to be paid to the Province of New Brunswick in 1969-70 in accordance with an agreement signed in late 1968. This agreement covers a period of five years during which a total sum of $2,600,000 will be paid by the Department of National Defence, as follows: April 1969, $700,000; April 1970, $700,000; April 1971, $600,000; April 1972, $400,000 and April 1973, $200,000. This agreement is to be terminated in 1973.

In addition to this transitional grant, the Province of New Brunswick will receive for the first time the usual grants, in accordance with the Municipal Grants Act, in respect of military property in the town of Oromocto.

The second question, which had to do with Vote 25, Treasury Board, was:

> What type of research is involved in the Royal Society, that they would receive a grant of $17,000?

The Royal Society of Canada receives an annual grant from the National Research Council. This grant is paid by the Government of Canada in recognition of the role of the Society in the encouragement and support of scholarly endeavour in Canada. One of the many sectors of this Society is devoted to the natural sciences. This sector provides for the publication of various scientific articles and arranges for meetings to discuss research and the exchange of results of scientific research. The Society does not do research itself, but takes a leading role in establishing communication between the various learned societies.

Hon. Edgar Fournier: Honourable senators, I want to thank Senator Langlois for answering those questions today to my satisfaction. I must say that I realize my questions yesterday were somewhat embarrassing to my honourable friends, although that was not my intention. The detailed answer given today is quite satisfactory, and for that reason there will be no need for me to place a notice of inquiry with respect to those questions.

At a later date, however, it is likely that I may place a notice of inquiry to cover the much larger field of all grants paid across Canada by the National Research Council.

Motion agreed to and bill read third time and passed.

FINANCIAL ADMINISTRATION ACT

BILL TO AMEND—THIRD READING

Hon. Hédard Robichaud, for Hon. Mr. Phillips (Rigaud), moved the third reading of Bill C-172 to amend the Financial Administration Act.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-165, to amend the Income Tax Act and the Estate Tax Act.

Hon. Paul Martin: Honourable senators, I think it is desirable at this time that I on behalf of the Government should say something about this bill. I had intended to do so at a later stage, but I think it is appropriate that I should do so now so that it may be on record for those honourable senators who find it necessary to be absent on public business. In this way they may know the Government's views on this matter.

We have had honourable senators speaking here who on perusing this bill have questioned the validity of death duties in general and death duty levied by the federal Government in particular. They have also questioned the general weight of estate and gift taxes proposed in the measure now before us. Therefore I wish to comment on some of the questions they have raised.

The main reason for gift and estate taxes is simply the need for government revenue. This is true in the sense that if governments did not have spending programs, it is unlikely they would levy taxes of any kind. Beyond this the general level of the Government's spending programs has an obvious and direct effect on the level of taxes levied.

I am sure there are few Canadians who suggest that government should cease activities altogether. It is clear that there will be government spending and there will be need for a tax system. Honourable senators may

take the position that there has been too much spending; that is an arguable point, but the point I am making is that as long as there is spending the Government must raise the necessary revenues to meet that spending, and I would be prepared to argue substantially that government spending is related to the public will.

The question then becomes: what taxes should be levied and what should the relative weight of those taxes be? The Government believes it is important to raise some portion of its revenue requirements through death taxes. There are only two progressive taxes in Canada, and by progressive I mean the tax that bears more heavily on the rich than it does on the poor; in short, a tax which is levied on the basis of ability to pay.

The other progressive tax is, of course, the individual income tax. If the basis for income tax were a perfect measure of ability to pay, there would be much less of a case for the estate tax. However, many assets held by Canadians do not produce income that is taken into account in determining taxable income. Automobiles, cottages, boats, homes, furniture, paintings and even cash stuffed in a mattress—none of these assets produces money income, though they all increase the standard of living of the taxpayer and are a measure of his ability to pay. Since the Income Tax Act ignores this part of the taxpayer's ability to pay, the estate tax is a necessary adjunct if we are to have a fair and equitable tax system.

There is another facet to the ability-to-pay argument. The Government is committed to the principle that we should strive in Canada to provide for Canadians a more nearly equal opportunity to obtain the good things of life. In keeping with this philosophy it seems fitting that these young people in the community who would inherit substantial wealth, and so have a running start at life, should help to contribute, for instance, to the cost of government services such as secondary and post-secondary education, which are designed to give a better start to the far greater number of young Canadians who do not inherit substantial wealth. This seems even more important when one realizes that the young people who will inherit wealth will, in almost every case, also be able to obtain a higher education.

The purpose of the federal estate tax is not to confiscate inherited wealth. If it were, the exemptions would not be so large and the top rate of taxation would not stop at 50 per cent. The purpose is to enhance the fairness of the revenue-raising system in so far as that can be done.

In particular, the purpose of this bill is not to raise more money from these sources, but to shift the present burden of the tax so that widows and dependent children will bear less and other successors will bear more. More specifically, the main shift in burden is to eliminate the tax on property passing to widows or, on occasion, to widowers, to reduce the estate tax on the portion passing to dependent children and, with some exemptions, to increase the tax on the portion of an estate that passes to others. Although there are likely to be minor revenue effects, the new proposals are not designed and are not expected to result in much change in revenue.

Once it is agreed that a death duty is a proper way for a government to raise revenue, the question arises whether it is the federal authority or the provincial authorities, or both, that should impose the duty. As I said, I am aware of the argument made by the Leader of the Opposition (Hon. Mr. Flynn) a week ago. The Government believes there are compelling reasons for Parliament to exercise its constitutional power in this field.

A national tax is appropriate for an accumulation of wealth that is usually derived, particularly in the case of larger estates, from all of Canada, even though at death only one or two of the provinces are constitutionally able to tax it.

Moreover, a national tax is appropriate in cases where provinces do not or cannot tax. They do not tax property situated outside Canada unless both the decedent and the beneficiary are within the province. In addition they do not tax foreign real estate at all.

Then too the provincial legislatures do not have the capability that Parliament has to tax the assets situated in Canada of persons domiciled outside the country. For example, Parliament can by statute deem the shares of companies incorporated in Canada to be situated in Canada for estate tax purposes, and hence taxable in such cases, whereas the provinces can tax only if the shares are effectively dealt with—that is, transferred—in the province.

It has become increasingly obvious that the taxation of estates must be related to the taxation of gifts, and as far as possible be integrated with them, as this bill proposes to do. Otherwise taxes on property will fall unfairly on the unsophisticated, and tax evasion will be practised by the unscrupulous. In

a country whose citizens change their domicile or residence from province to province with increasing frequency, such an integration can be achieved only by the federal authority, which is the only authority that can tax without regard to the province of domicile or residence, or to the provincial situs of the property itself. If Parliament did not continue to impose transfer taxes, such as estate and gift taxes, the use of the death duty field by provincial governments would be jeopardized.

The taxation of estates and gifts is also related to the taxation of personal income. The capability not only of the federal Government but also of the provincial authorities to levy personal income taxes in a fair and efficient way is strengthened by having the federal authority take a last look at the taxpayer's affairs at the time of his death. This also works in reverse. Information from income tax returns across the country is available to disclose assets and gifts sometimes not declared for death duty purposes, or to provide information for the valuation of private companies that a province may not be able to obtain.

Similarly, the annual income tax return can be used to help collect the gift tax, which in turn protects both the income tax and the estate tax. The presence of Parliament in the death duties field helps the provincial governments in two ways. First, for those provinces which wish to cultivate part of the field, it helps prevent the provincial tax base from being eroded. In the absence of a federal estate tax it would be easy for well-informed taxpayers to avoid death duties on most of their estate by making use of either a province or a foreign country in which there were no death duties. The presence of the federal authority in the estate tax field, and its ability to obtain co-operation from foreign governments, prevents or restricts such use of tax havens.

The second way in which Parliament helps the provinces by imposing an estate tax is that it can, in effect, collect a death duty for those provinces which need the revenue, but which do not wish to levy their own duty because it is more expensive and less efficient for them to do so.

In this connection, I remember what the Leader of the Opposition (Hon. Mr. Flynn) said about what he called the untimeliness of this measure at this time. But I can assure him that in bringing this measure forward the Government was not trying in any way to gain a march in respect of the discussions it is having with the provinces over the general field of taxation or the spending power, as I hope later to show.

In this connection I should like to make it clear, in answer to questions from several honourable senators, that the cost of collection of the federal estate tax and gift tax is small, at present less than one per cent of the revenue collected. It would be difficult, if not impossible, for any province to collect such a tax without incurring a larger proportion of collection costs than does the federal tax administration, because of the greater ability of the federal administration to spread its overhead costs.

Finally, it is only the federal authority that can enter into internationally recognized agreements with authorities of other countries, for such purposes as avoiding double taxation of its domiciliaries or residents who own property situated outside of Canada, aiding in the enforcement of Canada's estate and gift tax laws and encouraging investment in Canada by means of reciprocal tax credits. So the participation of Canada, of Parliament, in the estate and gift tax fields rounds off and reinforces the whole Canadian tax system.

I trust that honourable senators will agree that there are good reasons for Parliament to impose an estate tax and a gift tax integrated with it, and that one of the most important of these reasons is that it strengthens the revenue raising capacity of the provinces. Indeed, this aspect of federal estate and gift taxes has always been important, and in recent years has been close to paramount. Perhaps I could make this point clearer if I describe, as briefly as I can, the origin and the development of federal-provincial tax sharing in this field.

The federal gift tax was imposed in 1935 and the federal estate tax in 1941. However, before this time—indeed, before Confederation—there had been a great deal of discussion about a principle mentioned several times during the debate on this bill by honourable senators who made an able contribution, namely, that those who are responsible for spending public money should also be responsible for raising it. The enunciation of this principle has been ascribed to Sir Wilfrid Laurier. Like other honourable senators, I can agree that this is a sound principle, but like Sir Wilfrid I can also agree that there can be compelling reasons for departing from it to some extent in appropriate circumstances.

Let me quote from Sir Wilfrid's speech of February 21, 1905, on a motion to introduce a bill to establish and provide for the Government of the Province of Alberta. I do so because so much has been made of this principle that those who spend money should also be responsible for receiving it. Sir Wilfrid said, speaking in the other place:

> Now I come to the financial terms which should be given to the new provinces. Our Constitution, which is to be found in the British North America Act, contains a very remarkable provision. It contains the provision that out of the Federal treasury there shall be paid to the provinces a large amount of money in the shape of subsidies to assist them in carrying on their business.
>
> This, I say, is a very extraordinary provision. It is, I believe, unique. At all events, so far as my information goes, I do not know that any similar provision is to be found in the constitution of any other federal government. It is a sound principle of finance, and a still sounder principle of government, that those who have the duty of expending the revenue of a country should also be saddled with the responsibility of levying and providing it. That principle has been departed from in our case, and no doubt was departed from with some object. What can have been the reasons which induced the fathers of confederation in 1867 to depart from so obvious a principle of finance and government.
>
> The reasons are simply these. Confederation was the result of several compromises. It would have been impossible to establish it if there had not been a policy of give and take adopted among all the constituent bodies. And I am quite sure, I am speaking absolute historical truth when I say that neither Nova Scotia, New Brunswick, Ontario nor Quebec would ever have consented to part with their revenues, to give up their powers of taxation in customs and excise, if they had not been promised that out of the federal revenues they would be allowed a certain sum every year to defray the expenses of their own local governments and administrations. This is the reason why this provision is to be found in the British North America Act. It is there. I do not think it is sound, but though in my judgment unsound, it is the duty of everybody in this House and in this country to take confederation as we find it, with its good points and its blemishes, and carry it to the end on the principle upon which it was established. Therefore upon this point I believe it is the duty of the Canadian parliament to continue that policy in this instance and make a liberal provision for these two new provinces which we are about to admit into the Canadian family.

Two years later, on March 25, 1907, after a dominion-provincial conference and on the occasion of moving an address to His Majesty for the purpose of amending the British North America Act to change the scale of the statutory subsidies to the provinces, Sir Wilfrid reiterated this principle. This is to be found in the *Hansard* for that day. I will not read it, but it has a very great relevance to some of the arguments that were made by at least two senators who emphasized the importance of the principle to which an exception is now made. The federal gift tax was introduced in the last budget brought down by the Government of the late Right Honourable Mr. Bennett in the spring of 1935.

In introducing that measure the then Minister of Finance, Mr. Rhodes, said:

> This form of tax, adopted by many countries, is being imposed primarily to operate as a deterrent to transfers of property by gift, chiefly within family groups which would have the effect of reducing personal income to lower brackets and thus securing income tax assessment at rates lower than would otherwise be applicable. It is particularly expedient to introduce this measure at this time in view of the higher rates of taxation provided for in the new surtax on investment income. Not only should this tax put our income tax structure on a more secure foundation but also it should operate in a like manner with regard to succession and inheritance taxes levied by the provinces.

Honourable senators will observe that the purposes of the tax have not changed over the years, except that it is now intended to protect also the federal estate tax.

The federal succession duty was first imposed in 1941. In introducing it, Mr. Ilsley, Minister of Finance, said:

> This field of taxation has previously been used by the provinces and not by the

dominion, though neither has any exclusive legal rights in it. Some of the provincial legislatures have exploited this field to a greater degree than others, but on the whole I believe they have not fully occupied it and that there is room for an additional and independent dominion tax at moderate rates, made up in the light of the existing provincial rates. The compelling need for revenue which induces us to enter this new field arises from the war, but I would not suggest that this new dominion tax is a temporary war-time tax only. It would be manifestly unfair to pick out for special heavy taxation that minority of the population whose parents or husbands happened to die during the war rather than after it. Consequently, one should regard this measure as something of more permanence than, say, our proposed increases in income taxes or indirect taxes. The rates of tax proposed must also be judged in this light.

Death duties, in general, are a very good type of tax, second only to income tax in their essential fairness and the possibilities of adjusting them progressively to ability to pay. They are even better than income tax in so far as they do not have as much tendency to reduce an individual's incentive to hard work and initiative. It is reasonable and just that one should be able to provide something for his wife and children, and others, after his death. It is also reasonable and just, however, that the state should share in what one leaves, at a rate dependent upon the amount of wealth being transferred. Indeed, I find this view so generally held in this country that it is not necessary to do more than call it to mind.

The general level of the rates I am proposing is roughly comparable with the level of the provincial taxes, but probably somewhat lighter on the average than the rates in most provinces.

Honourable senators, this quotation is taken from *Hansard*, April 29, 1941, at pages 2349 and 2350.

Honourable senators will have observed that the purposes of the original federal succession duty were much the same as those that I have suggested are applicable to the present and proposed estate tax. Honourable senators will also have observed that the federal Government proposed to stay in the death duty field indefinitely and to share it with the provinces on a fifty-fifty basis. This policy of sharing the field with the provinces has continued since that time by various arrangements for co-operation and sharing so that the provinces have always participated to the extent of at least one-half, and in recent years to the extent of at least three-quarters. At the same time, the provinces have always been free to levy their own duty or to have Parliament, in effect, levy and collect it for them. Because the federal estate tax in its present form is an indirect tax, the provinces cannot levy a tax in this form as a certain percentage of the federal tax, as they are able to do for personal income tax, and have the federal Government collect this tax for them. Consequently for those provincial governments that do not wish to levy a death duty, it is necessary for Parliament to impose the full tax, unabated, and pay the appropriate part of the proceeds to the provincial governments concerned. My honourable colleague, Senator Hayden, has explained most lucidly the various ways in which provinces are now participating in these tax-sharing arrangements.

I said earlier that the Government believes that it is important to raise some portion of its revenue requirements through death taxes. Obviously, most provincial governments share this belief. This is in spite of the fact that death duties admittedly, are not, great revenue producers.

There has been criticism in the debate in this chamber, and elsewhere, that death duties do not in fact raise enough revenue to be worth the trouble they cause. I did not get the impression, however, that the honourable senators who advanced this argument were advocating that the rates should be increased to make the tax worth the trouble.

I think it can be admitted that in comparative terms it is clearly true that death duties are not major revenue producers. Death duties in Canada raise less than 2 per cent of the combined revenues of the federal and provincial governments. In the United States and in the United Kingdom the percentages, while higher, are still only in the order of two and a half. Nevertheless, the $200 million raised by death duties in this country by the two senior levels of Government is not an insignificant sum.

As the Minister of Finance has indicated in several speeches, it would require a surtax of 15 per cent on the incomes of taxpayers with

incomes over $10,000 to raise the same amount; or, alternatively, a doubling of the tax on those with incomes over $50,000; or, again alternatively, an addition to the social development tax of approximately one percentage point. Obviously, if death duties were abolished in Canada, the federal Government and the provincial governments, which occupy three-quarters of the field, would be faced with the prospect of some rather unpleasant alternative methods of raising the same amount.

I have mentioned the $200 million—and this sum is growing at the rate of about 10 per cent a year—that is currently being collected by the federal Government and the three taxing provinces. I should refer also to the $110 million or so that is being collected by the federal Government alone and then shared with most provinces in the form of what could be called tax abstention payments.

It is true to say that after this sharing the federal Government would have only $50 million left, on the assumption that these payments are charged against the estate tax collections, and it would be true to say also that the federal Government retains only 25 cents out of the estate tax dollar that would have been levied, if no abatements in respect of provincial duties had been made. But it must always be borne in mind that, if the federal Government did not levy an estate tax and make tax abstention payments, all the provinces would have to levy equivalent taxes or secure equivalent amounts from other federal sources in order to be in the same financial position as at present.

The federal Government raises its share, but, to the extent that I have indicated, this money goes to help the provinces to meet, partially, their responsibilities under the constitution.

I have suggested that there should be a system of death duties, and that these duties should not be considered, as indeed they are not, insignificant. I recognize that what I have said does not necessarily argue directly for the particular weight of tax proposed in this bill. Let me repeat that the total revenue expected to be realized under this bill will be about the same as at present, subject of course to normal growth. The distribution of this burden, however, will be different. In particular, it will be different where there is a surviving spouse, as Senator Fergusson pointed out in her very thorough speech yesterday.

The elimination of death duties on estates passing to widows has long been one of the objectives of the women's organizations in Canada, and their complaint has, in my view, been justifiable. The estate tax will also be eliminated or substantially reduced where there are young or infirm children. The provision of greater exemptions in respect of property passing to dependent children will recognize the responsibility of a parent to provide for the education of his young children, and to provide for the care of children of whatever age who are unfortunately by reason of infirmity dependent upon the parent for support.

Apart from cases where the beneficiaries of the estate are a surviving spouse and dependent children, the proposed estate tax will be less in certain other cases as well. Where there is no surviving spouse but three adult children benefit to the extent of at least $10,000, the tax will not be heavier until the estate exceeds $160,000; where four children benefit to this extent, the tax will not be heavier until the estate exceeds $210,000; and where five children benefit to this extent the tax will not be heavier until the estate exceeds $250,000. But where there is no surviving spouse and fewer than three adult children who benefit, the tax under this bill will always be more. It is these cases, and cases of estates valued at more than a quarter of a million dollars, that have attracted criticism.

Whether the rates in these cases are too heavy or not is, of course, a matter of opinion. One way to judge is to look at the weight of tax in other countries and in our own provinces. The proportion of taxes raised by death duties is higher in the United States and in the United Kingdom than it is presently in Canada, and higher than would be the case under the proposed system. It is true that in the United States they raise this amount of revenue with rates that are generally lower than those which the government of Canada has proposed.

However, in that respect two things must be borne in mind. First, we do more through the public sector than the Americans and it is the electors who have determined what government programs they want.

The second point to keep in mind is that the United States finances its programs on a higher tax base per capita than we have here in Canada. Obviously every government program has its cost, and this must be met through the tax system. Just as obviously if

we in Canada need to get the same amount of revenue per capita on a smaller tax base, then our rates must be higher than theirs.

While I am discussing rates I should like to point out that the proposed total weight of tax, after abatement in recognition of provincial succession duties, will generally be less than the total weight of the existing provincial succession duties. For example, under the present tax sharing arrangements we abate our tax by 50 per cent for Ontario estates, and if the weight of the Ontario duty were equal to ours, their revenue from the same estates would be the same. But an examination of the figures in the 1969 Ontario budget papers indicates that the Ontario government's revenue from its succession duty is, in fact, about one-third greater than the federal estate tax obtained from the same sources in Ontario. Since our proposed tax will yield about the same as our present one, this differential will continue to exist in the absence of some change.

Surely, this should provide an answer to those who have suggested that the proposed system would mean the end of family businesses and family farms in Canada. Ontario businesses and Ontario farms have, for many years, been subjected to higher death duties than those now proposed, and it is surely agreed that Ontario is the most prosperous part of this country.

In this connection, I am pleased to see that in his White Paper on tax reform the Provincial Treasurer of Ontario has indicated that he is willing to repeal his succession duty act, and to accept instead a share of the federal estate tax. In effect, he is agreeing to the form of the proposals contained in the present bill, and seems to be prepared to reduce the weight of the Ontario death duties to bring it into the appropriate relationship with what will be the weight of the federal tax.

I should like to comment briefly on some specific comments and suggestions made by honourable senators in the course of this important debate. Several senators have suggested that the timing of the bill is inopportune, and that it should have waited for the White Paper on tax reform. There were good reasons for bringing in the reforms proposed in this bill without further delay. In any case, the die has been cast and at this stage it would be difficult, if not impossible, to go back to the situation as it existed before the budget of October 22, 1968. The increased exemptions have been widely acclaimed and accepted. Testators have changed their wills and gifts have been made.

As far as the White Paper on tax reform is concerned, I would expect that honourable senators would not be inhibited in any way by the passage of this bill from discussing all the aspects of the tax system dealt with in the White Paper and, for that matter, any aspect of the tax system that is not dealt with.

It has been suggested by Senator Phillips (Rigaud), in his able speech, that there should be lower rates of estate tax in Quebec, in recognition of the fact that husbands are limited in the gifts they can make to their wives in virtue of the Civil Code. I presume the honourable senator is not considering this matter as a simple problem of transferring property from a husband to his wife, or vice versa. The new tax provisions will allow a completely tax-free transfer on the death of the husband as well as a completely tax-free transfer during his lifetime. Therefore, if the Civil Code forces a husband to wait until death to transfer property to his wife, he nevertheless gets the same benefit from the greater exemptions.

It is virtually impossible for a tax system to grant a greater favour than complete exemption.

It may be that Senator Phillips (Rigaud) was concerned that residents of Quebec will be unable to make the same use of the exemption of $2,000 on transfers to other individuals. One normally thinks of this in connection with children. In the other provinces it will be possible for the father to give $2,000 to each of the children, and for the mother also to give $2,000 to each of the children. Further, she might well get the funds with which to make her gifts from the father. In this way, the exemption per person could effectively be increased from $2,000 to $4,000.

If this is what is troubling Senator Phillips (Rigaud), as I believe it is, then some Quebec residents may indeed be at a disadvantage, but those who are in community of property will not be at a disadvantage. This is the brunt of the question that I put to him when he was speaking. Since the Tax Appeal Board's decision in 1967, the Department of National Revenue has, I am advised, treated a gift made out of community of property and having been made in part by the wife and in part by the husband in accordance with their shares in the community. Consequently, a Quebec couple in community of property would be able to make use of an exemption of $4,000 per donee since half of the gift will

be considered to have been made by the wife, and half by the husband.

For those people who are separate as to property the situation is admittedly very different. They will still be entitled to transfer property to their wives tax free, but, of course, they will be limited by the Civil Code in the amount that they can transfer to the amount set out in their marriage contract. Senator Phillips (Rigaud) indicated that this could cause a problem, especially where the amount is small.

There are, however, two considerations which weigh on the other side. For some considerable time we have had federal death duties, and those persons in Quebec in community of property have had an advantage in that only half the community property was taken into account when a husband died, and the death duty rates applied to the estates of those persons were not increased to offset this disadvantage. The second point is that this is an impediment arising from the provincial law, and the province has 75 per cent of the death duty field. Surely, if some accommodation should be made it is possible for the Province of Quebec to make it within its share of this tax field.

Perhaps Senator Phillips (Rigaud) will wish to comment on this when the bill is before the committee, but I understand that the Civil Code may be amended in the near future to permit gifts between husband and wife. I understand also that there have been many instances of such gifts in contravention of the Code, and no doubt there is considerable pressure to remove the restriction.

A good many honourable senators who have taken part in this debate have expressed concern about the effects of the proposed gift and estate taxes on families which have accumulated substantial savings, especially where these are in the form of family businesses, family farms, or family fishing enterprises. The particular objections cited are the increased rates and lowered exemptions of the gift tax, the generally increased rates of estate tax, and the liquidity problem for family businesses, including farming and fishing businesses.

It is true that in some cases gift tax exemptions have been reduced but it is also true that they will be increased in other cases. Under the existing law a person could make any number of gifts to any number of people so long as the total given in any year to the same person did not exceed $1,000. The aggregate amounts given to donees who received more than $1,000 was then taken into account for gift tax, and from this sum was deducted the greater of $4,000 or half of the person's previous year's taxable income minus tax. Under the new system a person can give each of an unlimited number of donees $2,000 each year, and in the case of a married couple this can effectively become $4,000 by reason of the tax-free transfers from husband to wife, as I have just stated.

It seems likely, therefore, that the exemptions have effectively been increased in most cases in which there are two or more people to whom the taxpayer wishes to make substantial donations. There has been some reduction in those cases in which there is some prospective beneficiary of a taxpayer's bounty.

Even if, in the case of, say, a family business, shares in the business have not been given away in this manner over a period of years before the death of the chief shareholder, the complete exemption of amounts left to a wife should be of considerable assistance in meeting any liquidity problem posed by the estate tax. If the husband predeceases the wife, then there will be a period of time before the estate tax is due. During that time either the family can plan for meeting the ultimate estate tax under a regime where likely the sons of the family are managing the business, or the family has time, without the pressure of estate tax falling due, in which to negotiate a sale of the business if it is decided that the sons are not interested in carrying it on. I would point out that this deferral of tax, for an average period of, say, five years, until the death of the spouse second to die, particularly at current rates of interest, can be of very great value to the family.

Now, the Government and the other place have recognized this liquidity problem in another way by providing for a payment of estate tax in annual instalments, as many as six, as a matter of right. It has been proposed that special consideration by way of exemption or lower rates should be given to the part of an estate that consists of a family business. It would be difficult to provide a specific exemption or a reduction of taxes by reference to a family business. The difficulties which occur to one immediately are in the technical field, having to do with definition and in describing the circumstances in which a family business would qualify for the reduced rate. For example, would it be necessary for a member of the family to continue to run the business? If so, for how long? How long

would the business or the farm have to be under the control of the deceased? Would a death-bed purchase qualify, particularly of farm property? Would it be necessary that the deceased have taken an active interest in the business, or would the shares of any private corporation qualify? These are some of the questions that have been asked in this debate.

Apart from these technical control problems, there is the question of equity to taxpayers whose assets are not in the form of a business. Canadians who inherit stocks, bonds or the proceeds of life insurance policies would likely feel discriminated against if others who were inheriting something, perhaps of far greater value, were to be charged with a lower tax.

Senator Phillips (Rigaud) made the observation that the proposed gift tax schedule does not make any allowance for discount for early payment. The existing gift tax schedule does not, of course, make any such allowance either. The rates in the new schedule do contain some provision for discount, although it does not vary with the age of the donor, or with the time before his death that he makes the gift. Honourable senators will recall that the principle on which the proposed rates are founded is that the amount of gift tax should be related to the amount by which a person's estate is depleted, and this depletion is not only the gift but the tax on the gift that the donor pays. With a top rate of estate tax of 50 per cent for example, this would call for a matching gift tax rate of 100 per cent. The gift tax rates have not been set at this level but at 75 per cent of the estate tax rates, and so, in effect, there is some discount for early payment.

Then, too, the matter of a discount seems of doubtful validity when the property is transferred earlier, because the donee has the enjoyment of it earlier, and the donor's estate is depleted not only by the gift and the gift tax on it, but also by any growth in the asset transferred or the income from it.

Senator Phillips (Rigaud) agrees with me that it is right and proper that the federal Government should be in the estate tax field. He suggests, however, that the maximum rate of tax should be 25 per cent, because, and I quote from him:

> The head of the family should be particularly encouraged to accumulate a respectable amount of capital for transmission to his wife and children so as to provide for the continuance of their standard of living, for education and for dignified cooperation in the life of the body politic.

The complete exemption of amounts transferred to wives, the increase in the exemptions with respect to dependent children, and the provision for the first time of an exemption with respect to adult children, all seem to me to be directly responsive to this point.

Honourable senators, it is not feasible in the time available—too much of which I have taken up already—for me to deal with all of the interesting and useful comments that honourable senators have made, but I trust that these will be fully explored when we are in committee. What I have sought to do today is to put on the record the reasons the Government feels makes it desirable for the Senate to give its approval to the bill now before us, and to reply to some of the various comments and suggestions by members of this chamber who have, once again, made a notable contribution to the public debate on this important matter.

The Government has given this bill a great deal of thought. It has been carefully considered in the other place. When it was introduced some objections were taken to some of its provisions. Amendments were made that I think generally satisfy most of the complaints that have been registered. In any event, I speak to this bill with the full conviction that it warrants the support of the house.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Langlois, debate adjourned.

The Senate adjourned during pleasure.

At 4.30 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable J. R. Cartwright, P.C., M.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased

to give the Royal Assent to the following bills:

An Act to amend the Animal Contagious Diseases Act.

An Act to amend the Bretton Woods Agreements Act and the Currency, Mint and Exchange Fund Act.

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

An Act to amend the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Royal Canadian Mounted Police Pension Continuation Act and the Public Service Superannuation Act.

An Act to amend the Financial Administration Act.

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March 1970.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, April 22, 1969 at 3 p.m.

29234—82½

THE SENATE

Tuesday, April 22, 1969

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

Prayers.

INTERNATIONAL LABOUR ORGANIZATION

CONGRATULATIONS ON FIFTIETH ANNIVERSARY

Hon. Paul Martin: Honourable senators, this is the fiftieth year of the foundation of the International Labour Organization. The Prime Minister has called the attention of the other place and of the country to this fact, and today I should like to express congratulations to the organization on the occasion of its fiftieth anniversary. The ILO was set up in 1919 under the Peace Treaty following the First World War, and later this year it will complete half a century of useful activity.

The ILO was established as part of the structure of the League of Nations and it thus formed part of mankind's first organized effort to establish a rule of law on a world-wide basis as a means of achieving world peace. The role of the ILO was to do something about the extremes of poverty that affected working people, even in the most advanced countries in those days. The concept was that in order to work for peace one had to work also for social justice.

A most unusual decision was that ILO meetings would be attended not only by delegates representing governments from member countries, but also by delegates representing workers and employers. This tripartite participation in all important decisions remains a unique characteristic of the organization.

Over the years, the ILO has adopted 128 draft treaties, known as International Labour Conventions, and there have been more than 3,000 ratifications of these Conventions by member countries.

In recent years, the ILO has become heavily involved in operational programs of technical assistance to the developing countries. It currently has a budget of over $26 million with an extra $17 million being provided under the United National Development Program and in other ways.

Canada has been a member of the ILO since its inception. During the war years, when the ILO abandoned its neutrality in the face of the Nazi invasion of Western Europe and decided to seek a base overseas, the Canadian Government invited the ILO to come to Montreal, and accordingly the organization established its headquarters on the campus of McGill University. Several sessions of the Governing Body and one session of the ILO General Conference were held in Canada during the war and early post-war years.

I would be remiss if I did not mention the fact that Mr. David Morse, the Director-General of the organization, chose a Canadian, Kalmen Kaplansky, to be world-wide organizer for the fiftieth anniversary celebrations. Mr. Kaplansky will be known to many as a distinguished member of the Canadian labour movement who served for many years on the Governing Body of the ILO as Canadian Worker-member and is now Director of the organization's Ottawa Bureau and Special Representative of the Director-General.

During its stay in Montreal, the ILO worked hard on programs designed to achieve a better world in the post-war years. I well remember my own participation in the ILO Philadelphia Conference in 1944 when I had the honour to be chairman of a committee which drew up an important recommendation concerning employment organization in the transition from war to peace. The recommendation contained principles designed to ensure the maximum fairness to individuals during the demobilization of the armed forces, the reconversion of war industry, and the repatriation of prisoners-of-war, persons who had been deported and others.

It was at this conference that the Declaration of Philadelphia clarified, with remarkable foresight and vision, the aims and purposes of the ILO and the principles which should inspire the policy of its members. The declaration stated that poverty anywhere constitutes a danger to prosperity everywhere. It set forth the principle that all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity.

The Declaration of Philadelphia set forth the solemn obligation of the ILO and its members to achieve full employment—a revolutionary goal for nations which had known the misery of the depression years of the 1930's.

It asserted the need for policies in regard to wages and earnings, hours and other conditions of work, calculated to ensure a just share of the fruits of progress to all. It called for the effective recognition of the right of collective bargaining, and the co-operation of management and labour in the improvement of productive efficiency. Principles such as these have guided the work of the ILO during these past fifty years.

When I read the statement made in this house by Senator Dandurand at the end of the war, I could not but feel how fitting it was to recall Canadian participation in this organization.

The work of the ILO has had an interesting bearing on our federal-provincial relationships. We have always had a problem in dealing with conventions whose subject matter is partly within provincial jurisdiction. Consultations with the provinces and co-operative participation in ILO meetings have enabled us to ratify three such conventions. I had the honour of personally signing Canada's instruments of ratification of two of these conventions on the occasion of the ILO American Regional Conference to which Canada played host in this capital city in September 1966.

Federal-provincial consultation is continuing, and there is interest throughout the country in our objective of further ratifications of conventions.

The federal Government, the provincial governments, and labour and employer organizations are joining in a number of activities this year in celebration of the ILO fiftieth anniversary to help make the organization better known in Canada and to move towards the achievement of some of its objectives. In May Canada will issue an ILO commemorative stamp. The Public Archives is planning an exhibition of documents relating to Canada's ILO history. Later this year we will be convening in Ottawa a tripartite conference which will bring together representatives of the principal employer and employee organizations, and the federal and provincial governments. Other nations are planning similar activities.

Honourable senators, I think we are entitled to some measure of pride that this international organization, whose headquarters was in this country during the war, and to which we have given support over the years and which commands the loyalties of workers and employers in Canada, should continue to provide leadership in the world-wide struggle against poverty and for social justice. We welcome this anniversary, and we extend our greetings to the ILO, its Director-General, David Morse, and to the Chairman and Vice-Chairmen of the Governing Body.

Hon. Jacques Flynn: Honourable senators, any intergovernmental body achieving half a century of active and useful life is worthy of the highest praise, and it was quite proper for the Leader of the Government (Hon. Mr. Martin) to refer to the celebration of this anniversary of the International Labour Organization.

Like the International Court of Justice at the Hague, ILO is the natural child of the League of Nations and an adopted child of the United Nations Organization. After the Versailles Peace Treaty, the Conference of Paris in 1919 set up a commission for international labour legislation, headed by Samuel Gompers, President of the American Federation of Labour. The commission put aside the first idea of a body with legislative authority for one with power to make recommendations only to national governments by the composition of a tripartite body in which half of the representation would be by governments and one-fourth each by labour and by employers. Subsequently the peace conference adopted these proposals and inserted them in the treaty, thereby setting up the ILO.

As has been mentioned, during the Second World War the ILO moved from Geneva to Montreal. Then, following the war, the San Francisco founding conference snubbed the ILO at the beginning and the United Nations Charter made no mention of it. It was only in 1946 that the ILO became one of the specialized agencies of the United Nations.

The initial role of the ILO was to improve the conditions of the working people, which in those days, even in the most advanced countries, left much to de desired. Even if the ILO cannot take credit for all the progress in working conditions in the last fifty years, it had nevertheless a decisive influence.

Since the end of World War II, although conferences and recommendations concerning proper minimum standards of labour conditions have been a major preoccupation of the ILO, the emphasis was shifted somewhat to the problems of the underdeveloped countries of Asia, Latin America and Africa. No doubt the ILO has done a lot in this new area where, however, much remains to be accomplished.

[*Translation*]

Honourable senators, for all those reasons, it is appropriate to celebrate the jubilee of the International Labour Organization and to take this opportunity to acquaint the general public with the very useful work accomplished by that Organization during its first fifty years of existence. Canada has a right to be proud of having given its continuing support to the Organization, and all those who have worked for the Organization deserve the gratitude of all mankind.

[*English*]

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

MEETING DURING SITTING OF THE SENATE

Hon. Arthur W. Roebuck: Honourable senators, as a matter of privilege, may I point out that because so many committees are meeting these days it has been found necessary for the Standing Senate Committee on Legal and Constitutional Affairs to sit this afternoon while the Senate is in session. I would therefore like to be perfectly sure that Your Honour understands that, without any disrespect to the Chair or to the Senate, it is necessary for the members of that committee to withdraw now to carry on a very heavy program.

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-102, to amend the Patent Act, the Trade Marks Act, and the Food and Drugs Act.

Bill read first time.

Hon. Mr. Martin, with leave, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

FARM MACHINERY SYNDICATES CREDIT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-112, to amend the Farm Machinery Syndicates Credit Act.

Bill read first time.

Hon. Mr. Martin, with leave, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

NATIONAL LIBRARY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-171, respecting the National Library.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

HAZARDOUS PRODUCTS BILL

COMMONS AMENDMENT—REFERRED TO COMMITTEE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-26, to prohibit the advertising, sale and importation of hazardous products, and acquainting the Senate that they had passed the bill with one amendment, to which they desire the concurrence of the Senate:

1. Page 7, Line 6: Delete subclause (3) of clause 8 and substitute the following:

"(3) Every order adding a product or substance to Part I or Part II of the Schedule shall be laid before the Senate and the House of Commons not later than fifteen days after it is made or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

(4) If both Houses of Parliament resolve that an order or any part thereof should be revoked, that order or that part thereof is thereupon revoked."

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move that this amendment be referred to the Standing Senate Committee on Banking, Trade and Commerce for consideration and report.

Motion agreed to.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—COMMONS AMENDMENT

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-28, to amend the Co-operative Credit Associations Act, and acquainting the Senate that they had passed the bill with one amendment to which they desire the concurrence of the Senate:

1. Page 10, line 19: Add new clause 18, as follows:

"18. (1) Where, in the opinion of the Minister, an association would, at the coming into force of this Act, suffer undue financial loss by complying with section 45 of the Co-operative Credit Associations Act as amended by section 6 of this Act, the Minister, on the application of that association, may, by order, defer the operation of section 6 of this Act in respect of that association for such period not exceeding five years from the date of commencement of this Act as may be fixed in the order.

(2) An order made under subsection (1) may set out such conditions as the Minister deems appropriate in the case of the association in respect of which the order is made and, subject to any such conditions, for the period fixed in the order section 45 of the Co-operative Credit Associations Act, as it read before the coming into force of section 6 of this Act, applies to that association."

The Hon. the Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Martin: I move that this amendment be taken into consideration at the next sitting.

Motion agreed to.

PESTICIDE RESIDUE COMPENSATION BILL

COMMONS DISAGREEMENT WITH SENATE AMENDMENT—MESSAGE REFERRED TO COMMITTEE

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons returning Bill C-155 to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards:

Ordered: That a Message be sent to the Senate to acquaint Their Honours that this House disagrees with the amendment made by the Senate to Bill C-155, An Act to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards, for the following reasons:

The amendment changes the principle of the bill so that compensation is payable even if the pesticide residue resulted through the fault of a pesticide manufacturer or another person. It makes it a responsibility of the Minister to pay and carry out court action against a third party. It would also remove the precise requirement that the Minister may require a farmer to take action to reduce losses before paying compensation, such as washing, trimming, changes in storage, etc. If this requirement is removed, it would substantially increase the costs involved in applying the provisions of the legislation. The amendment would also increase the possibility of marginal or frivolous claims.

The Hon. the Speaker: Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate, I move that this message be referred to the Standing Senate Committee on Banking, Trade and Commerce for consideration and report.

Motion agreed to.

PEST CONTROL PRODUCTS BILL

COMMONS DISAGREEMENT WITH SENATE AMENDMENT—MESSAGE REFERRED TO COMMITTEE

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons returning Bill C-157, an act to regulate products used for the control of pests and the organic functions of plants and animals:

Ordered: That a Message be sent to the Senate to acquaint Their Honours that this House disagrees with the amendment made by the Senate to Bill C-157, An Act to regulate products used for the control

of pests and the organic functions of plants and animals, for the following reasons:

It is difficult to foresee all the ramifications of an appeal procedure provided by cross reference to another proposed statute that was substantially amended by the House after the amendment to this bill was made by the Senate;

The amendment provides for a review procedure that was considered by the House of Commons and rejected; and

Any manufacturer, under the proposed statute without this amendment, would have not only an opportunity, but an obligation to present in detail all required technical information, and, in addition, a review procedure already is provided for all cases where goods are detained.

The Hon. the Speaker: Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move that this message be referred to the Standing Senate Committee on Banking, Trade and Commerce for consideration and report.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of Operations under the Bretton Woods Agreements Act and the International Development Association Act for the year ended December 31, 1968, pursuant to section 2 of the first-mentioned Act, chapter 13, Statutes of Canada, 1966-67, and section 5 of the latter Act, chapter 32, Statutes of Canada, 1960. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, March 26 and April 9, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Reports of the Roosevelt Campobello International Park Commission, including its Financial Statements certified by the Auditor General, for the fiscal years ended March 31, 1965, 1966, 1967 and 1968, pursuant to section 7 of the Roosevelt Campobello International Park Commission Act, chapter 19, Statutes of Canada, 1964-65. (English and French texts).

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1970, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952 (English and French texts), together with copies of Order in Council P.C. 1969-625, dated March 27, 1969, approving same (English text).

Report of the National Harbours Board, including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to section 32 of the National Harbours Board Act, chapter 187, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of Air Canada for the year ended December 31, 1968, pursuant to section 29 of the Air Canada Act, chapter 268, R.S.C., 1952, as amended 1964-65. (English and French texts).

Auditors' Report to Parliament on the Accounts of Air Canada for the year ended December 31, 1968, pursuant to section 29 of the Air Canada Act, chapter 268, R.S.C., 1952, as amended 1964-65. (English and French texts).

First Annual Report of the Department of Consumer and Corporate Affairs for the fiscal year ended March 31, 1968, pursuant to section 9 of the Department of Consumer and Corporate Affairs Act, chapter 16, Statutes of Canada, 1967-68. (English and French texts).

Report of the Canadian Livestock Feed Board for the crop year ended July 31, 1968, pursuant to section 22 of the Livestock Feed Assistance Act, chapter 52, Statutes of Canada, 1966-67. (English and French texts).

Report of the Department of Transport for the fiscal year ended March 31, 1968, pursuant to section 34 of the Department of Transport Act, chapter 79, R.S.C., 1952. (English and French texts).

Report of the Northern Transportation Company Limited, including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the National Energy Board for the year ended December 31, 1968,

pursuant to section 91 of the National Energy Board Act, chapter 46, Statutes of Canada, 1959. (English and French texts).

Report of the Canada Deposit Insurance Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to section 43 of the Canada Deposit Insurance Corporation Act, chapter 70, Statutes of Canada, 1966-67. (English and French texts).

Report of the Cape Breton Development Corporation, including its Financial Statements and Auditors' Report, for the year ended December 31, 1968, pursuant to section 33 of the Cape Breton Development Corporation Act, chapter 6, Statutes of Canada, 1967-68. (English and French texts).

Report of Eldorado Nuclear Limited and its subsidiary, Eldorado Aviation Limited, including their Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Department of Defence Production for the year ended December 31, 1968, pursuant to section 34 of the Defence Production Act, chapter 62, R.S.C., 1952. (English and French texts).

Copies of final communiqué issued following the Ministerial Session of the North Atlantic Council held at Washington, April 10 and 11, 1969. (English and French texts).

Report of the Department of Public Works for the fiscal year ended March 31, 1968, pursuant to section 34 of the Public Works Act, chapter 228, R.S.C., 1952. (English and French texts).

Report of the Export Credits Insurance Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 17(3) and 18 of the Export Credits Insurance Act, chapter 105, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Order in Council P.C. 1969-580, dated March 20, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation for the purchase of goods from Canadian suppliers by Companhia Vale do Rio Doce, Rio de Janeiro, Brazil, for the second phase of the expansion of its capacity for the production and exportation of iron ore, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-579, dated March 20, 1969, authorizing, under section 21A of the Export Credits Insurance Act, increased long-term financing by the Export Credits Insurance Corporation for the purchase of telecommunication equipment and associated technical services from Northern Electric Company Limited, Montreal, Quebec, by the Organization of Telecommunications of Greece Ltd., Athens, Greece, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Copies of a joint communique issued following the fifth meeting of the Canada-Japan Ministerial Committee, held at the Ministry of Foreign Affairs, Tokyo, April 17 and 18, 1969. (English and French texts).

STANDING SENATE COMMITTEES

LEGAL AND CONSTITUTIONAL AFFAIRS—CHANGE IN MEMBERSHIP

Hon. A. Hamilton McDonald, with leave of the Senate, moved:

> That the names of the Honourable Senators Giguère and McElman be removed from the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS—CHANGE IN MEMBERSHIP

Hon. Mr. McDonald, with leave of the Senate, moved:

> That the name of the Honourable Senator Nichol be substituted for that of the Honourable Senator Lefrançois on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

GRAIN MOVEMENT

NUMBER OF REVENUE FREIGHT CAR LOADINGS FOR GRAIN AND OTHER COMMODITIES—INQUIRY ANSWERED

Hon. Hazen Argue inquired of the Government, pursuant to notice:

1. What was the number of revenue freight cars loaded in Canada in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969, (a) in the Western Division, and (b) in the Eastern Division?

2. What was the number of carloadings in the Western Division in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969, (a) for wheat, and (b) for other grains?

Hon. Paul Martin: Honourable senators, I have the answers to the inquiry by the honourable Senator Argue.

[*For text of answers see appendix A, pp. 1317-18.*]

CANADIAN BROADCASTING CORPORATION

REVENUE FROM FILMS "THE ERNIE GAME" AND "WAITING FOR CAROLINE"—INQUIRY ANSWERED

Hon. Edgar Fournier inquired of the Government, pursuant to notice:

1. What was the revenue to March 1, 1969, from the film entitled "The Ernie Game" shown on television November 8, 1967, on the Canadian Broadcasting Corporation program "Festival"?

2. What was the revenue to March 1, 1969, from the film entitled "Waiting for Caroline" shown on television November 29, 1967, on the Canadian Broadcasting Corporation program "Festival"?

Hon. Paul Martin: The answer to the honourable senator's inquiry, by the honourable the Secretary of State, is as follows:

I am informed by the National Film Board as follows:

1. $4,000.
2. $106,000.

THE SENATE

RETURN OF HONOURABLE SENATORS AFTER ILLNESS

On the Orders of the Day:

Hon. Paul Martin: Honourable senators, before we proceed with the Orders of the Day, may I on behalf of all honourable senators extend a warm welcome back to this house to Senator Orville Phillips. And, while illness has not kept him away as long as Senator Phillips, we are also glad to see that Senator Grosart, minus his appendix, is back with us and in good health.

Hon. Mr. Argue: He is a good man with or without it.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Friday, March 28, the adjourned debate on the motion of Hon. Mr. Hayden, for the second reading of Bill C-165, to amend the Income Tax Act and Estate Tax Act.

Hon. John J. Connolly: Honourable senators, as this order stands in the name of Senator Langlois, I would ask leave to speak in his place. Moreover, I should have leave in any event because when Senator Phillips (Rigaud) spoke on this bill some time last month I had occasion to ask a number of questions at the end of his speech and then to make a few remarks in connection with them.

The Hon. the Speaker: Honourable senators, is leave granted to honourable Senator Connolly (Ottawa West) to speak now?

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): I thank honourable senators very much for this privilege. I should like to say first that I think Bill C-165 has been well debated in this house. The debate has been of a high order. Unfortunately, it has been dispersed a bit, because it began on March 4. But certainly the bill was well explained by the exemplary explainer of this house, the Chairman of the Standing Senate Committee on Banking, Trade and Commerce. It has been well analysed by experts in the field of taxation, and I must say that in reading the reports of the debate, I think the bill has been more generally criticized than endorsed.

However, in the Senate, when it comes to a tax bill we cannot do very much more than call attention to its defects and point the way to a better method.

I had intended to speak on the last day before the Easter recess, but on that day we

were having a Royal Assent. That morning I read an address which came to my desk and which was given by Graham F. Towers, the former Governor of the Bank of Canada, the Chairman of the Board of the Canada Life Assurance Company and a man who is known throughout this country as a fiscal and monetary expert. At the annual meeting of that company, Mr. Towers made a few remarks which I intend to quote. While the quotation is somewhat lengthy, I think it is deserving of the attention of this house. At one point he said:

> At the time of our Annual Meeting in January 1965 I expressed concern about the rapidly rising expenditures of governments at all levels in Canada, and the inflationary effects which this might produce on the economy at a time when our resources were rather fully employed—
>
> Over the years, governments are so frequently exposed to exhortations to practise economy, however it may be defined, that they may come to regard such views as meaningless platitudes.
>
> However, quite recently, governmental attitudes towards increased expenditures and the resultant deficits have shown some signs of change. There has been some willingness to suggest that certain programmes, which normally would be classified as desirable, be at least postponed on the basis that they cannot be afforded under existing circumstances. More than one government leader has pointed out the possibly disastrous effect of allowing our public commitments to continue increasing faster than resources available from taxation.
>
> I must admit that I am not completely sanguine, as yet, about this apparent change of attitude, although I find it encouraging. It is interesting to speculate on the reasons behind the change for, by doing so, one may get some impression of the likelihood of the new approach being maintained.
>
> No doubt the unpopularity of the 16 per cent rise in the cost of living during the past four years, and recognition of the hardships it has caused, and is causing, has played a part. So too might the course of events in the fields of wages and costs of production, heavily influenced as these were by the general atmosphere of inflation. But I would be inclined to hazard a guess that the greatest contribution to a more realistic understanding of the whole problem came from the fear that governments would simply be unable to continue to find buyers for their long-term bonds on anything like the massive scale of recent years. When inflation causes fixed-interest obligations to come under suspicion, borrowers may not be able to solve their immediate problem simply by paying higher and higher rates of interest. An offer of 15 per cent per annum will find no takers if it inspires the belief that the borrower expects, even intends, to repay in a greatly depreciated currency. At times during the last year Ministers of Finance and Provincial Treasurers may have caught more than a passing glimpse of the potential abyss.

It is no secret that the cash requirements of governments are great and are growing still greater. Competition for funds in the money markets has raised and is raising interest rates. Governments need a large cash flow and a large percentage of the available savings in the country. As Mr. Towers says, spending contributes to inflation. He also says that inflation in turn imperils the prospect of governments' marketing their long-term bonds, and I need not repeat the quotation of which I have just given part and which refers to this point.

Apart from the political nightmares visited upon ministers by bigger deficits, higher taxes and growing inflation, there is now developing a potent monetary nightmare for them. The plain fact is that governments may not be able to market their bonds except at increasingly higher costs.

Honourable senators, this bill exacts more taxes. It is no pain killer. On the contrary, it is painful in many respects which have been pointed out already by experts in this Chamber.

Now why is this the trend? I believe, and I think all honourable senators believe, that very little if any of it is attributable to irresponsibility in government. Very little if any of it is attributable to a desire to ensure the political popularity of a government. I think it comes in part from the higher costs of desirable national policies and projects—policies and projects in the field of defence, public works, urban redevelopment, education, relief of poverty, and security for the aged,

the afflicted and the sick. It comes from a desire to achieve a higher standard of living and a better environment for all our people.

Coming up Elgin Street the other day, I saw on a notice board outside St. John's Anglican Church a sign which read, "Canada enjoys one of the highest standards of living of any country in the world and yet provides the poorest institutions of detention that are to be found in any of the developed countries." The plain fact of the matter is, and this sign pointed it out, that people want and desire more and better services and they want governments to provide them. Canadians, too, want to hold their heads high in world affairs, in the field of defence, in the field of external aid, in support of international agencies like the United Nations, the World Bank, the International Monetary Fund, NATO and the rest.

We should remind ourselves that every social security program, regardless how worthy it is, is not necessarily fiscally reasonable. We should remind ourselves that existing social security programs are not necessarily still valid. It is not good enough of course to pass the burden for these programs on to the provinces. The leader has very validly pointed out Laurier's dictum which still applies: the spender on these programs should be the taxer who provides the money to pay for them. If the tax burden is passed on to the provinces it still comes out of the pocket of the same taxpayer. We should remind ourselves further that many of the payments made under these programs are statutory payments in that they are not controllable. They are open-ended. I give as an example the Childrens Allowance program. The plain fact is that planning and priorities are essential, and I use those words even though they were used particularly by Premier Roblin when he was premier of Manitoba, and I think we all agree.

The question of secrecy of the budgetary proposals may be a shortcoming of our modern parliamentary methods. Perhaps Parliament should debate White Papers in the absence of budgets or before budgets are presented and discuss the budgetary proposals. Perhaps the statutory programs should be converted in part at least to budgetary control. Perhaps the Federal-Provincial Conference or the Tax Structure Committee should be brought into play to deal with this question of priorities. In any event, it is my submission that a review is urgently needed, it should be continuing and it should be widespread. Corrective development should be considered; greater productivity, innovation leading to new processes and new products; new and expanding markets both at home and abroad; expanding but well regulated immigration. These are some of the factors which lead to economic growth and perhaps in the process will ease the tax take.

Honourable senators, the budget of last October forecast its intention to tax life insurance companies, and on this I should like again to quote Mr. Towers. He says this:

> Last October the federal Government introduced a special budget...notice of intention to impose several new taxes was given. Included was a proposed tax on life insurance...In view of the well-documented beneficial effects to the individual and the economy of saving through life insurance, the rationale for this tax is questionable. But its imposition at a time when both the bond market and mortgage market are suffering from a lack of capital is particularly difficult to understand... There are other forms of taxation which tend to have the effect of reducing savings and therefore supplies of capital, but none, I think, where the result is so direct and complete as in the case of life insurance. In a world suffering from a relative shortage of capital, such taxes can only serve to aggravate the problem...
>
> Now it is easy for an outsider to tell governments to cut expenditures but in reality the scope for absolute reductions is small... the taxpaying citizen can ask, rather insist, that no new programmes be legislated without a detailed analysis of their cost this year and in the future, combined with a clear statement of how that cost will be met.

I may say at this point that having been a member of the last Government, I too must shoulder my own share of the blame in respect of the trends that have developed and that are really forced upon governments.

I cannot say in all truth that life insurance companies should not be taxed. But I do say that, since most of them are mutuals, in the long run either their premiums must be increased or their dividends, which are savings too, must be decreased. Is this path leading to a desirable social objective? Personally, I do not know the answer. Certainly,

the companies themselves, or at least most of them, cannot plead poverty. Our life insurance companies are sound and well managed, but the proposal introduces complications and difficulties which will touch many, if not most of our citizens, as Mr. Towers has pointed out.

Why is it done? It is done, no doubt, because governments must get the money somewhere to provide the services people nowadays insistently demand. I am sure this particular decision was not an easy one for the Government to make.

Then we have the Carter Report. I cannot say that I am one of its staunch supporters. It may appeal to the theoretical economists, and many United States economists have loudly applauded it. I am very glad that the Government will bring in a White Paper on this subject. I hope the debate on the White Paper will be realistic and influential upon public opinion and the Government. I have always firmly believed that in this young, promising country initiative and enterprise should be encouraged through the Tax Act. Grants and subventions to development have their place at times, but tax incentives allow enterprises to plan ahead, to plan their investment programs and to assess their markets.

Two areas especially concern me in the conclusions reached by the Royal Commission on Taxation in the Carter Report. They are: firstly, the proposed capital gains tax; and, secondly, the withdrawal of tax incentives to our resource industries. I must say that capital gains mean very little to me personally, but they do attract capital to risky development, including industrial development and the discovery and exploitation of our immense but wasting resources like minerals, oil and gas. Who can measure how much such industries have contributed to our national development in the course of our history? Who can count the social and economic advantages such industries have brought to our remote regions in the Laurentian Shield, the Arctic wastes, the foothills of the Rockies, the underdeveloped parts of the eastern section of our country?

I remember some ten years ago talking to an eminent citizen of the Town of Timmins, who observed, "It will not be very long before this town becomes a ghost town, because the mineral wealth and the resources that have been available up to now for the employment of our people are fast running out and the mines are running down." It did not happen—one reason was the exploration and development which resulted in the tremendous finds of the Texas Gulf Company, I believe it was, and now Timmins is off and running again.

Who can determine the contribution these industries have made to the growth through the years of our Gross National Product, of our trade, indeed, of our reserves of foreign currency, of our increases in industrialization?

If changes are to come about, it will not be good enough for advisers to governments to proceed on some theoretical basis. There are times when one can with advantage change horses in midstream, but the exercise must be conducted with an eye on the consequences.

If incentives are withdrawn from the resource industries, long-term contracts may be affected, competition may become difficult or impossible, especially competition in foreign markets. Indeed, foreign markets may be destroyed and the good faith of the original investors may be violated. What we need, and what this type of industry has given to this country, is increased productivity, innovation, new methods, new machinery, new products, and they have supplied the great capital needs.

I am not impressed when people suggest that only big companies are helped by such policies. When a large enterprise benefits as a result of tax concessions, the whole community in which that enterprise is based receives a benefit. The workers already there or the workers who are attracted there receive benefits; the region benefits. The profits of a big enterprise generate new investments and new opportunities for our people. Our G.N.P. rises. The balance of payments increases through our foreign sales. These big companies, which are the target of so much irresponsible abuse, will not simply go out of business. All they will do is go away, and we will be the losers. If the Government gets too far into the boardrooms of the nation, the directors will certainly vacate. The result will be disastrous for this country, because the result could easily be rampant socialism.

Hon. Salter A. Hayden: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if the honourable Senator Hayden speaks now his speech will have the effect of closing the debate.

Hon. Mr. Hayden: Honourable senators, the debate on Bill C-165 has been fairly extensive, and has stayed very close to the basic principles involved in the bill which have to do with the spouses' exemptions and the increase in the rates in relation to gift taxes under the Income Tax Act, and also the increase in rates in so far as estate taxes are concerned.

Much has been said in relation to those aspects of the bill, and what was said indicated a genuine concern at the level to which these rates have gone at this time, and the disturbing effect—and, indeed, some even suggested terrifying effect—that these rates, when carried into practice, will have in relation to people and the economy of the country.

There is nothing much that I can add at this stage. There is no question but that the rates are extremely high, and they will take a very substantial additional bite out of estates in comparison with the existing rates.

There is no doubt too that the increase in rates and the integration of these gift tax rates with the estate tax rates will have the effect of diminishing very substantially the desire of people to make use of gifts in their lifetimes as a basis for passing on some part of their property.

You will recall that in my opening I indicated the progress of gift tax. First of all it was to expose to some taxation the division that was occurring, because a person who had a certain amount of capital invested, which would be subject to income tax, could by the division of capital among various relatives or friends reduce the incidence of taxation as far as he was concerned, and also the overall amount that that capital might attract by way of income tax. So, the thought was to put a tax, and a reasonable tax, on gifts *inter vivos* so that the revenues of the country would benefit to some extent.

We have now moved to the next stage, as I indicated before, and that is a definite policy stage of integration of gift tax rates with estate tax. There are strong reasons under those rates why a person who might otherwise feel free, and even impelled, to make gifts in his lifetime, might think twice and decide not to do it because in the circumstances, if he does not make a gift in his lifetime, then at least he retains the use of the money and the right to spend it. This may stultify to some extent the sense of thrift that a man might otherwise have, because there has been no estate law yet devised that proposes to tax the money, which is tax-paid money, which you have either wisely or foolishly spent. Here the integration and the relationship of gift tax rates where you make a gift in a lifetime, as against an estate tax on those amounts if you retained them and they became part of your estate, almost inevitably—there may be some exceptions—force the person contemplating making a gift in his lifetime, to refrain from doing so and to go his way—and in some instances his merry way—and to enjoy himself, and when he has run his course, then on whatever is left and whatever he has not been able to fit into the exemptions, and to the extent that he has not been able to do that, his estate faces a very substantial tax payment.

But, this is a matter of Government policy, and the design of it would appear to be to enable estate taxes to produce more revenue.

Hon. Mr. Flynn: That is not very convincing.

Hon. Mr. Hayden: Well, I am glad that my friend reacted as he did, because I intended by what I said and the way in which I said it, to infer that that is not a very convincing reason. I am glad that he has co-operated so fully.

Of course it is not convincing. There is the inevitability of erosion, and also of the movement of capital out of the country and away from the jurisdiction of the tax collector. I hope there are not many people in government or elsewhere who are so naive as to think that the capital and assets for which an individual has worked and which he has accumulated, have such a substantial patriotic shade attached to them that the present holder is not going to move some or all to jurisdictions where more of them may be retained for himself and his family.

These are facts of life. I am simply presenting them to you the pro and con. I am prompted to do this because the honourable Leader of the Government (Hon. Mr. Martin) is reported at page 1284 of the *Debates of the Senate* as saying:

> In the absence of a federal estate tax it would be easy for well-informed taxpayers to avoid death duties on most of their estate by making use of either a province or a foreign country in which there were

no death duties. The presence of the federal authority in the estate tax fields, and its ability to obtain co-operation from foreign governments, prevents or restricts such use of tax havens.

May I tell you what is the factual situation? We have in Canada today about the greatest conglomeration of crazy-quilt work of succession duty and estate tax law that you could find anywhere. Alberta and Saskatchewan are two provinces that have rented their succession duty field to the federal authority, and they are being paid each year 75 per cent of the estate taxes that are collected under the federal estate tax law in each of those provinces. Those two provinces have enacted laws under which they will provide for a rebate of that 75 per cent to the estate in the province. Manitoba has a bill on the way through its legislature to do the same thing.

Now we have a federal estate tax law which is supposed, as my honourable friend said, to provide a greater method of controlling the exodus of assets than any provincial law, although he did not mention the stage that provincial law may have reached in Canada.

What has happened in Alberta and Saskatchewan is bound to happen elsewhere in Canada in other provinces when they realize the advantages. The federal authority collects from an estate tax levied in Alberta and Saskatchewan—and Manitoba, when it comes into this circle—25 per cent of the full rates provided in this bill.

I should point out that Ontario and Quebec each get a payment of 25 per cent of the revenues collected under the federal estates tax law and the taxpayer or the estate in these two provinces gets a rebate of the federal tax to the extent of 50 per cent. In the last couple of years British Columbia raised its tax rates so that there is a federal abatement of 75 per cent to the taxpayer in that province, which the province then picks up under its own statute, and all the federal Government gets is 25 per cent. The Maritime provinces get paid 75 per cent of what the federal estate tax on estates in those provinces will produce.

There you have a conglomeration, a crazy patchwork quilt of estate tax law, and all these provincial manoeuverings and things done by the federal authority produce for the federal authority 25 per cent of taxes at the full rate provided in the federal tax law.

When a Canadian seeks a tax haven outside of Canada, presumably he would go to a place where there is no estate tax law. Presumably, too, by design the government of such a country has provided for that non-taxability of estates so as to encourage capital to come into the country. I suggest that there is no influence the Canadian Government might be able to exercise upon a country that does not tax estates and that welcomes capital on that basis by which, because we have a federal estate tax law, the Canadian Government is in a better position to save tax revenues for Canada than is a provincial authority. I would say that neither one is in a position to take action against the movement of capital by a resident of Canada to some other country that may provide a tax haven. Mind you, at the moment I am not arguing patriotism, justification or anything else. All I am doing is analyzing the facts.

In that situation one then asks what is the real justification for increasing the rates at this time. I do not want to quote from what the minister said in his explanations in the other place, because many bulletins have been issued and he has made speeches. He has said that the purpose of the increase in the estate tax rates was to obtain exactly the amount of money that would be lost in revenues by the grant of these exemptions to spouses.

That forces me to the next point. The minister also gave the amount required as $45 million. On the basis that the federal authority gets only 25 per cent of what it collects from the different provinces, in respect to reimbursement of the federal authority on the basis of 1968 revenues, which is estimated at about $200 million, it would mean that 25 per cent of that $45 million is to bring the federal tax up to where it would be if these exemptions had not been granted. You are talking in terms of $12 million or $13 million. The rest of it is to maintain payments to the provinces.

When one looks at the Federal Provincial Fiscal Arrangements Act of 1967, where the agreement was confirmed by statute, or where in the form of the statute we have the agreement in relation to succession duty payments and equalization payments, it is strange that in section 5, dealing with succession duty payments, the payments are on a basis of percentage; in other words, there is no guarantee of a specific amount of money to be produced from these revenues in a year. However, when one attempts to justify an increase in rates on the basis that you want to

restore the revenues to what they would be if these exemptions had not been granted, you must approach it on the basis that you have, should have or ought to have a guarantee between you and the provinces that they will get the amount of money that they got in 1968. There is nothing in the law saying that we have guaranteed what the 75 per cent of the estate tax rate levied at the full rate will be and what it will produce; it is a variable. Once you move in and say you are increasing the rates so as to build up and restore the amount given away in the exemptions, you are proceeding on a basis that is not in the statute. There it is on a basis of percentage. Having the higher rates, which are designed to produce in the first year about $45 million, simply means that as to 75 per cent the design is for the benefit of the provinces. Whether that is sound policy or not is a matter on which I am expressing no opinion at this moment.

Hon. Mr. Flynn: It is not necessary to express an opinion.

Hon. Mr. Hayden: I would think you have your own opinion.

Hon. Mr. Martin: There may be several arguments on that point.

Hon. Mr. Hayden: Oh yes, there are always good arguments and bad arguments. It depends who is making it and what he thinks about it, whether it is a good or a bad point.

Hon. Mr. White: You are making a good argument.

Hon. Mr. Hayden: Thank you. All I am doing is presenting facts and trying to draw what I regard as reasonable conclusions from them. I am distinguishing between arguments and opinions. People may hold opinions and may express views, but I think you have to take a statement of facts and endeavour to conclude what reasonably flows from them.

I think that what I have said about the increase in rates and the obligation of the federal authority under the Federal-Provincial Fiscal Arrangements Act is factually correct, and I would defy any person to draw a different conclusion from the one to which I have come in relation to that. I have not expressed an opinion, and no doubt your opinion on policy in those circumstances—

Hon. Mr. Flynn: Like, for instance, if we were to say the Government has lost faith in free enterprise, that would be an opinion you would not express.

Hon. Mr. Martin: That might be a political observation.

Hon. Mr. Hayden: Political observations, factual situations and reasonable and logical conclusions from a statement of fact are not necessarily synonymous terms.

There is one more thing I want to point out. The greatest need for revenues by the federal authority to make up for the loss of revenue by the granting of exemptions to spouses would, in my view, occur in the first year in which the act is operating. In that year, to the extent that donor spouses die and leave substantial parts of their estates to their widows, or the other spouse dies and leaves a substantial part of the estate to the husband, whether it is an outright gift by will or a life interest, in those circumstances the value of the donor spouse's estate will be lost to the extent that there are donor spouses who die in the first year, and any tax on the transfer by way of gift is deferred until the donee passes on. But we have to assume, and I think this is reasonable and logical and not an opinion, that in the normal course of the evolution of nature, at some stage donees are going to die and the incidence of tax comes in right away at the higher rates on what was exempt earlier. Therefore, inevitably, in years succeeding the first year, in relation to what the donee receives free of tax from the donor's estate, his assets are going to be increased and attract full estate tax at death. Therefore, the revenues from the Estate Tax Act will be increased by that amount.

In those circumstances I find it difficult to justify in my mind a high tax rate of the kind that we have in the present bill that goes on in perpetuity or until Parliament changes it. I think rather that this should be looked at on the basis that there should be a period of time, whatever it may be, two or three years, at which time you will have the history of the functioning under these rates and will be able to see whether the calculations and figures are constant only in relation to the first year, and whether the revenues are swelling into other years due to donees' estates coming into the taxation field. Therefore, the Government should come back to Parliament within a period of two or three years and say, "Here are the facts and these facts justify the continuation of this rate," or, "We need the money for some other purpose."

Hon. Mr. Flynn: Which is more likely.

Hon. Mr. Hayden: If the money is needed for some other purpose we should have a chance to vote on it and express our opinion.

Another reason for taking that position is this: we have been told there is a tax reform bill or paper or program to be submitted to Parliament, perhaps within a year. The minister has said on at least one occasion that that tax reform paper, draft bill, or whatever it is, will not enter into the areas touched by this present bill, and I am satisfied that the minister is sincere in his statement. But I have been in Parliament too long and I have run into so many such statements equally sincerely made, and I have found that when you come to a point later in time when they may be implemented, this is not done because of events and circumstances that have occurred in the meantime. Even though the minister now says that these areas that are affected by this bill will not be part of the subject matter of this tax reform bill, I for one am not prepared to assume that inevitably that will be the situation.

I will tell you why I am concerned. It is because the Carter Report, after having had a period when it was lazying around in the doldrums, seems now to have come back into some prominence and we now have the aspect of suggested capital gains tax. We have the suggestions that have been made even in the Carter Report that capital gains tax should apply to an estate as well.

If you get to the situation where a capital gains tax applies at the time a person becomes an estate, then you figure the combination of any capital gains tax to which ordinary income rates may apply. If you do as is done in the United States and you held something, say, for six months, then there is a special capital gains tax of 25 per cent. Whichever way you look at it as to rates, if you take the combination of the possible capital gains tax and the estate tax rate, you can imagine what that is going to do to the sum total of the estate left by the deceased.

I therefore say at this time that we should not commit ourselves in perpetuity to these rates. I think it is a reasonable proposition to say that the Government needs the money. When my friend the Government Leader made the statement in his opening remarks, as far as support for this bill was concerned that would have been an excellent place to stop because the Government needs the money and this is a source from which it can get it. Therefore, in those circumstances and since it is part of the ways and means, we should see to it that the Government is provided with the money unless the resulting situation is so unfair and so confiscatory that we would resent it. As far as I am concerned, I am unable to take that position at this time.

There are many things in connection with the Estate Tax Bill administratively that I think require correction, but that is a matter for committee. One change should be a limitation of the period of application. It does not involve the Government in anything or hurt the Government in any way, except that it will have to come back at the end of two or three years and say it wants to continue these rates and give its reasons. If justified, I am sure Parliament would continue such rates.

Hon. Mr. Flynn: If the experience justified it.

Hon. Mr. Hayden: That is right, or if at that time it was needed for another purpose. We have a chance to discuss it for such other purpose. Here we are shutting and blocking ourselves out forever until such time as the Government may decide to have these rates reconsidered in Parliament.

Senator White asked me some questions when he was making his speech. I am sorry I was not in the house. Ordinarily I might say they were questions that could be answered in committee, but I have such a regard for Senator White that if I had been here I would have answered them promptly. I hope the Senate will not feel that I am taking undue time to give the explanation now. The two questions Senator White asked appear on page 1247 of *Hansard*, as follows:

> Under this act, in an estate of $250,000, where one-half the estate goes to the widow and the other half to the children, there is no tax on the one-half to the widow. My question is, do the children who receive $125,000 pay on that amount the rate of estate tax that applies to an estate of $250,000, or do they pay at the rate of estate tax that applies to an estate of $125,000?

There are certain assumptions I have to make arising out of the statement of fact that Senator White made. I assume that within the $250,000 estate 50 per cent goes to the widow and 50 per cent to the children. I also assume, for purposes of being able to make any calculation at all, there are two children and they are both 26 years or older, because I need some firm basis on which to operate. Then I

assume that the children share equally. Now, the estate of the donor becomes $125,000 because $125,000 goes to the widow and it does not form part of the aggregate net value of the estate for tax purposes. Then, I also assume that since the two children share equally in the $125,000 which is left, that to the extent of $10,000 for each child there is that exemption. That brings you down to an aggregate taxable value of $105,000. All you have to do then is to look at the rate schedule which you will find on page 28 of the bill and you will see that the total amount of the tax, if my arithmetic is correct, would be in the order of $16,950.

The second question that my friend put was:

> If a testator at the date of his death was receiving a pension which, at his death, provided a pension of $5,000—to his widow, the widow would also receive a pension of $1,000, under the Canada Pensions Act. Therefore, on the death of the testator, the widow would have a pension amounting to $6,000 a year. This would be capitalized—

I take it Senator White means valued, as used in the language of estate law.

> —say, at $100,000. Is the sum of $100,000 added to the total value of the estate for tax purposes? The same question applies to various gifts which are made to the wife during the lifetime of the husband and to other people. Are those gifts all brought back into the estate for estate tax purposes?

I have to break up the answer a bit. On the first question, that is, if the testator at his death is in receipt of a pension under which his widow becomes entitled to receive $5,000 yearly for life and she is also receiving $1,000 a year pension under the Canada Pension Act, and if you capitalize that as you have suggested, or valued it at $100,000, then you ask, is this sum of $100,000 added to the total value of the estate for estate tax purposes?

The answer is this. The $5,000 to the widow is property passing on the husband's death and, under the existing law before Bill C-165 came in, both the $5,000 and the $1,000 would be valued—that is, the present ascertained value at the time determined—and would be included in the deceased's estate and would be subject to tax on the estate.

Now, under Bill C-165, such property passing on the death of the deceased is deductible from the aggregate net value to arrive at the aggregate taxable value. It is part of the aggregate net value but then it is added, subject to the deduction from the aggregate net value to arrive at the aggregate taxable value. You will find that in the proposed paragraph (a) of section 3(1) at pages 21 and 22 of the bill.

However, as the capitalized value is part of the aggregate net value, and while that amount is just in and out and attracts no tax, there is one area where you might get hurt, that is, your $50,000 exemption for an estate is $50,000 aggregate net value and not aggregate taxable value, so that in the inclusion of this capitalized amount in the estate you might achieve an aggregate net value after all other exemptions in excess of $50,000. If everything were going to the wife, it would not matter because it would be exempt, but if it were going elsewhere it could well be that an estate of an aggregate taxable value of $50,000 would entitle you to only the $20,000 exemption from tax, rather than having the whole estate of $50,000 exempt.

On the next point my friend asked as to gifts to the wife and other persons. Let us assume that the gifts were made after October 22, 1969. As to the wife, if made in the donor's lifetime, they are exempt from gift taxes and if by will they are exempt from estate tax, although they are included in the aggregate net value. Therefore, there is no effect taxwise on the situation. If instead of an outright gift there is a trust created in the lifetime of the husband, and the wife is entitled to the income thereof in her lifetime, there is the same result, starting at once, that is, there is no tax.

As to the other question, I have to assume that my friend means "strangers".

Hon. Mr. White: Yes.

Hon. Mr. Hayden: If made within three years of the death of the donor the amount goes back into the estate, under section 3(1), in the proposed new paragraph (c), and is taxable in the estate. But credit would be given for the gift tax paid.

But if the situation arose where the gift were of such a nature that it attracted no gift tax, there would be no gift tax credit available, so it would mean there would be no deduction from the tax otherwise payable, to which those gifts would be subject. And, because you are then to be subject to the higher rates after October 22, the net result in

taxes would be a larger amount than those under the rates of tax in force before October 22.

Hon. Mr. Thorvaldson: You referred to "strangers" a moment ago. Does that include children, or does it not?

Hon. Mr. Hayden: For gift tax purposes you have a spouse's exemption and you have $2,000 you can give each year to any person.

Hon. Mr. Thorvaldson: But my question is, when you referred to "strangers", does that include everyone except the wife?

Hon. Mr. Hayden: All excepting the spouse, yes. But you will understand that in the law as it existed before this bill there were no limitations on the person to whom you might make gifts, and as there may be some gifts that were made and in respect of which taxes were paid, where the donors die after this bill comes in and before the three-year period, the gift has to come back into the estate. That is so under the existing act, quite apart from the new act.

I hope, within the limits of time, I have dealt with your questions, but we will have people in committee to clarify what I may not have clarified now, or to unmuddle whatever I may have muddled in the process of giving the explanation, although I have done the best I can for you.

Hon. Mr. White: Honourable senators, before the honourable senator goes on, may I express my thanks and appreciation for the very full and informative way in which he has given the answers in relation to those two questions.

Hon. Mr. Hayden: Senator, I could not do otherwise for you.

Honourable senators, one of my other comments is in relation to the speech of the Leader of the Government in the Senate. It embarked on quite a philosophical discussion of the justification for estate taxes. I think that in places it even—I will not say advocated—supported the imposition of estate tax on the basis that it would lead to some redistribution of wealth. I did not read anything in the speech of the Minister of Finance to the effect that he was supporting this bill and the increases in taxes on any other basis than that he wanted money to make up for the exemptions he had granted and the loss of revenue thereby suffered. He did not attempt to justify it on the basis that it would accomplish a redistribution of wealth.

However, I do find—and this may be the subject of a private debate between the Government Leader and myself—a great deal of confusion seemed to develop as to what "income" means.

We have three different concepts of income. In one case, which the Government Leader seems to have been discussing, it is on the basis of ability to pay. Then again, he suggests that income, under the Income Tax Act, ignores cases where the person concerned owns paintings, a home or an automobile, and that there is some way we should get at those. Well, of course, the estate tax gets at those. I have not understood anything anyone said in this chamber in the course of this debate to raise the question that there should be no succession duties or estate taxes.

I said very definitely and positively that I felt that the federal authorities should not be in the field, that it was a provincial field and I thought they should be in it. Why should we in the federal sector be levying those taxes and paying the money over to such a large extent to the provincial authorities?

It got me back to what I have been preaching here for a long time. There was a certain ancient Roman, Cato, who, every time he got up to speak in their Forum said—and it was after they had been disastrously defeated by the Carthaginians and associates—that when he died if his heart were cut open they would find inscribed in it, "Carthage must be destroyed."

Hon. Mr. Flynn: *Delenda est Carthago.*

Hon. Mr. Hayden: One could paraphrase my quotation, as far as that is concerned, by saying that the tax authority and spending authority should be the same people. Then they would have a more healthy respect for money, because if they wanted to take any money from us they would be more concerned about the people from whom they were taking the money and would not spend in such an extravagant way. It is rather remarkable that to that extent our emphasis seems to be on the basis that we have these expenditures and therefore have to find the money to meet them. This is not the principle of thrift as I knew it at one time. The idea was that if you did not have the money, you were not going to go into debt over your head

to get the things you wanted. You did with what you could get and with what you could do and you practised the art of thrift.

Now, today, using the word thrift puts me in the antediluvian classification, I suppose. I belong in a world apart, even to mention the word. The idea today is that the income must somehow catch up with the expenditures. And when I say that I am referring not just to the federal Government but to all governments at all levels. They had better get back at some stage, or the people will, to the idea that there is such a thing as meeting the ability of the people to pay and encouraging them to continue to work and to prosper and to see what there is to spend. The Government can take two or three years on a program instead of trying to do it in one year.

However, my friend also suggested that it was a good idea to have this estate tax because it took money from those who had inherited wealth and that money would be available for, as he said, secondary and post-secondary education so that a far greater number of young Canadians who do not inherit substantial wealth would have the ability to get this education.

From what I have seen going on lately in the area of education and student activity, it would appear to me that the last thing students want is education. They just want their own way. I do not know why they even consider going to school at all, because they want to tell the teachers what they should teach them. People who are that intelligent do not need to go to school. I am surprised that they want to go to school, because their attitude, judging from what they say and from their conduct, is such that they think they know more than the teachers.

Students seem to have the idea that they are free to demolish property of the schools—I think of the multi-million dollar computer that was destroyed in Montreal. Why? Because the students did not agree with the approach of a faculty in dealing with one of its professors. If this is the justification for increasing the estate taxes, then I would be against the increase 100 per cent.

Moreover, education is a matter for the provinces. We can make contributions, but, when we levy this estate tax, we are not levying it for the purpose of secondary and post-secondary education. We are levying it and paying it over without any restrictions on the provinces. They can spend it as they will, and we are enabling some of the provinces to establish themselves very strongly in the hearts of their people and to encourage migration to those provinces by giving them 75 per cent of the revenues collected from estates in those provinces and enabling them to take the glory and the honour of paying that 75 per cent back to those estates.

To me, this is basically a wrong approach. I do not expect that it is going to be cured in this bill, but it may be. Cato made speeches for years and, ultimately, the Romans beat the Carthaginians. I do not know whether I can go on that long or whether it could be expected that an event of the kind I am urging could happen in any immediate future. I do see some hopeful signs at times. For example, when the Minister of Finance, not just inferentially but positively, made a statement in the last year that, if the provinces wanted more money they had better find it. Now, that is a wholesome thing.

I might say that I am not discussing the question of both powers occupying the same fields of taxation. This is a problem that will work itself out, or ultimately the people will. Basically, the thing is to have the people who are going to spend the money levy the taxes. It would be wholesome and much better for our finances.

I am sorry I got on to that topic, but I always do when we come down to one of these questions. I have not much more to say. I listened with interest to what Senator Phillips (Rigaud) had to say about the situation in the Province of Quebec. It is a difficult situation, because the law in that province prohibits one spouse from making to the other a gift *intra vires*.

It does not enter the area of estate taxes and estates. My understanding, and I do not confess to be a student of the law of Quebec, is that, by will, residents in Quebec make gifts, and there is no prohibition. With this bill you have the situation that the spouses are provided with exemptions, and the bill provides increases in rates. But in the Province of Quebec the spouses are not able, as a matter of law, to take advantage of these exemptions. They are subject in all their gifting, outside the spouses, to the higher rates of taxes so as to make up the deficiency that occurs in collections from the other provinces by reason of the spouses' exemptions.

There does seem to be something inherently inequitable in that. There is certainly a bit

of inequity inherent in that situation. What the solution is to overcome that problem, frankly I do not know at the moment, but I think it should be discussed and seriously considered in the committee, even to the extent of having the minister there to explain what the thinking is. I am sure they must have recognized the problem and that there must be reasons why they did not evolve some method of dealing with it.

I have just about come to the end of what should properly constitute a reply. I do not propose to impose on you any further, except to say that, as and when this bill goes to committee, there are a number of organizations who have representations to make and who wish to be heard. I would say that most of their representations are on the administrative end of the bill, with the object of trying to work out a better bill administratively and to overcome the problems that are inherent in any estate tax administration.

There are one or two such matters to which I called attention in my opening explanation of the bill. I have discussed these in the Department of Finance and I expect these representatives will be in a position to discuss them in committee.

One final point is that if this bill is referred to committee today, I would propose that we have our first sitting tomorrow morning.

The Hon. the Speaker: Honourable senators, it is moved by Hon. Senator Hayden, seconded by Hon. Senator Langlois that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: No.

The Hon. the Speaker: I understand that there is uncertainty as to agreement. Those in favour of the motion will please say "content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those who are against the motion please say "non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the Contents have it.

Hon. Mr. Flynn: Let us have a vote.

The Hon. the Speaker: Call in the members.

Motion of Hon. Mr. Hayden agreed to on the following division:

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Honourable Senators

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Argue	Inman
Boucher	Isnor
Bourget	Kickham
Bourque	Kinley
Burchill	Kinnear
Carter	Laird
Connolly	Lefrançois
(*Ottawa West*)	Leonard
Croll	Martin
Davey	McDonald
Desruisseaux	McLean
Eudes	Petten
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Honourable Senators

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The Hon. the Speaker: I declare the motion carried.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, bill referred to Standing Senate Committee on Banking, Trade and Commerce.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, March 11, the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Hazen Argue: Honourable senators, I understand that honourable Senator Molson, Chairman of the Senate Committee dealing

with the proposed changes in the Senate rules will be here tomorrow and will conclude the debate. As the adjournment motion is in my name it has been suggested that I should make my few remarks this afternoon and I take it that would leave Senator Molson the right of way to close the debate when he returns to the Senate.

First of all, I think I should express agreement with those who have congratulated the committee of the Senate on the long and arduous work it has done in proposing improved Senate rules and in bringing forth this report.

As has been said on previous occasions, we debate this report now in light of another event of perhaps much more significance, and the debate takes on perhaps an air of emergency or, if you want to be pessimistic, an air of futility, because the Prime Minister—a new Prime Minister, an energetic Prime Minister, an advanced thinking Prime Minister, who is pioneering in many fields—has decided, as the Prime Minister of this country, that he should recommend to the provinces of Canada important and sweeping changes as far as the Senate of Canada is concerned.

Over recent months many senators have expressed in this chamber their dismay and abhorrence, their almost unbelief, that there should be advanced by the Prime Minister in a Federal-Provincial Conference called to discuss constitutional matters—without any prior consultation, as far as anyone is aware, with the Senate itself or generally with the membership of the Senate—sweeping reforms that would so change the Constitution and the set-up of the Senate that it would hardly be recognizable were these effected. Not only would these change the very basis upon which the Senate is constituted but, in all probability, these would change very quickly, by one method or another, the present personnel of the Senate and the method by which senators are appointed.

After watching our new Prime Minister, I am convinced that we have to take seriously —as we all do, on the face of it—anything of far-reaching importance that he suggests, because he has already tackled some of the most difficult and controversial questions facing the country. He is going forward, and I am pleased that he is, with a policy to bring about the recognition of Red China. This takes courage. Certainly, the Prime Minister has plenty of courage to undertake anything concerning which he is convinced. He has decided, the Government has decided, that there should be sweeping changes as far as Canada's attitude towards NATO is concerned, and this in the light of great opposition in various parts of Parliament, in large sections of the country, and even, I would think, within the party the Prime Minister has the honour to lead.

So it was in keeping with this kind of public pattern that there were placed before the Federal-Provincial Conference the sweeping proposals concerning the Senate. As far as I can see, this is one more clear demonstration that the Senate, in the minds of the public and in the mind of the Prime Minister, requires sweeping change and sweeping reform.

I thought the honourable Senator Molson summed up the attitude towards the Senate in a nutshell at page 983 of the *Debates of the Senate* when he said—and I take it out of context, but I do not think it alters the meaning:

> ... the Senate is not held in very high regard.

Now this proposal has been made to the Federal-Provincial Conference, and I am all for anything that can be done to enliven the Senate, to make all of us in the Senate more active, to make us collectively more energetic in tackling some of the great problems and questions of the day.

I am not certain whether or not in Canada's present stage of constitutional development we will gain by having appointed to the Senate those whose first loyalty will be to their provinces, regions and local interests. However, this is the way it will be and, certainly, if they are up for reappointment, these new senators representing the provinces are going to be a new breed and will be trying to demonstrate that they should be reappointed. If they are not reappointed, I think they will be energetic, because if they are political types—and I am not too convinced you should have in the Senate those who abhor politics and have little or no knowledge of politics—some of them will use the Senate and their experience in the Senate as a method, over a few years, to gain public attention. They will use the experience gained from their temporary appointment to seek election elsewhere. I certainly see no harm in that happening if this kind of reform takes place.

However, I do express my personal surprise that in considering making these

proposals there was not some consultation with senators, with the more experienced senators, with those who understand what the Senate has been doing, because of their intimate participation over the years. I wonder if steps should not now be taken to bring about that consultation.

I want to make it perfectly clear that this is no plea, as far as I am personally concerned, for any modification in the proposals that have been made. I think they are going forward in any case. I think they are almost a *fait accompli*, although they are still in the discussion stage. Of all the matters which were before the Federal-Provincial Conference, very few received the general support that the proposals to reform the Senate received at that conference. I can see no harm, and I can see much value in the members of the Senate asking to meet with the Prime Minister and to discuss with him what he would like the presently appointed senators to do. Sure, the Government may hand over, Parliament may hand over the appointment of 50 per cent of the senators to the provinces; but, surely, if the Government feels the Senate is in such great and dire need of reform, it would be interesting to learn from the Government precisely what it would like this Senate to do now, so that it may fully discharge its duties and functions.

I would like to see such a meeting held in public. I would like the Government of this country to present to the senators its suggestions about Senate reform—not a few brief pages about provincial appointments, but some detailed proposals as to what these senators right now could do to improve the operation and the function of the Senate in the public interest. I would like to see such a public discussion between the Government and the Prime Minister and the members of the Senate, so that concrete proposals may be brought forward as to what the Senate might do to improve its functions.

I have been associated with politics for a long, long time, and over the years, as I have sat in party caucuses, I have felt that there is a great need of reform of the caucus apparatus. From seeing the caucus functioning I would say that a majority of its time is spent discussing what are really trivial matters, such as whether the member was invited in advance to a public function in a constituency, or whether he is notified when a member of the cabinet or other political dignitary comes into his constituency.

Hon. Mr. Thorvaldson: Honourable senators, I do not greatly object to the remarks of the honourable senator, but I do submit that he is completely out of order in what he is saying. His remarks are far removed from the subject under discussion, and if he continues in this fashion I shall find it necessary to move the adjournment of the debate and speak in this debate myself.

He is speaking on the order:

> Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Smith (Queens-Shelburne), for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Every honourable senator who has spoken in this debate has made it an occasion for speaking on the subject matter indicated in the Orders of the Day, namely, the Rules of the Senate. Senator Argue is not speaking on the Rules of the Senate. He is speaking on much broader questions which are entirely outside this field.

Personally, I have no objection to the honourable senator's continuing, but we have had problems arise in the Senate in the past where such wide latitude has been allowed in a debate that it has required an opening up of the subject again and necessitated reply by many other honourable senators. These are very, very wild remarks that are being made by the honourable senator who is speaking, and I suggest that there should be some limit applied to the extent of this debate.

Hon. Mr. Argue: If I may say so, honourable senators, I feel that a discussion of the Rules of the Senate is necessarily a very broad discussion. When the Chairman of the Special Committee of the Senate on the Rules of the Senate made his statement, he pointed out that he felt members of the Senate should not attend political caucuses. The political caucus is certainly an important part of this discussion. Other honourable senators have referred to it. Senator Stanbury referred to it, and violently objected to this particular proposal. Senator Lang, I believe, made some very advanced suggestions as to how the leaders in the Senate might be appointed.

I would think that if the Senate is to discuss the rules in any realistic and fair fashion, then all honourable senators must be given the same latitude that other senators were given on prior occasions.

I was about to refer to the Senate caucus, or the caucus of the Senate. I was making a general reference to caucuses, and now I wish to proceed to do that in particular. As other honourable senators have been allowed to discuss the question of whether senators should attend the caucus—or a new method of appointing the leader in the Senate, and certainly that should be a part of the constitution of the Senate—I feel that the remarks I have made are very much in order, although some honourable senators may object to the contents.

The Hon. the Speaker: Honourable senators, we are now debating the motion for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate. I do not have a copy of the report before me at this moment, but, as I remember, it referred to the question of reform of the Senate in general. Up to the present, at least twelve honourable senators have spoken in this debate and I have tried not to be too strict in the application of what we call the rule of relevancy of debate. Of course, when an honourable senator rises to speak he must confine his remarks to the question under debate. It is sometimes difficult to determine whether some remarks go beyond the scope of the subject under discussion, and I would be inclined to take as broad a view as possible in the application of the rule of relevancy of debate, especially in this particular debate. Nonetheless, I understand from the last remarks of the honourable Senator Argue that he is discussing the proceedings of the party caucus, and I am wondering how this is to be linked to the subject under discussion.

I have taken note of the point that has been raised by the honourable Senator Thorvaldson, and I ask the honourable Senator Argue to keep as much as possible within the subject now before the house.

Hon. Mr. Argue: I thank His Honour the Speaker for his comments. I shall endeavour to keep within the general principles of debate on this question, and not to go beyond a discussion of the rules, what changes might be made to the rules, and how the Senate might improve its function, particularly in the ways that have been referred to by other honourable senators preceding me in this debate

I have been referring to caucuses generally, and have said that I felt in the majority of instances much time was taken up in discussing questions that in the context of the needs of the nation are rather trivial. I would think that a committee of the Senate in the future should give consideration to bringing in a report that would spell out recommendations—perhaps these are things that it is not necessary to have in the Rules of the Senate—as to how caucuses might function more effectively and more democratically in the interests of the Senate itself.

Senator Molson has already referred to the caucuses by saying that we should have nothing to do with political party caucuses. I presume that honourable senators would still need a caucus, even though it had no political label attached to it.

I think that one of the great needs for reform in the Senate, within the Senate internally, within the other place internally, and within Parliament, is to have a more democratic set-up, a set-up in which the individual senators and individual members of Parliament have a greater role to play and an important part in decision-making. I do not think it should be revolutionary to suggest that when a political caucus of senators meets, that caucus should formally, not informally but formally, select its own chairman, its own vice-chairman and its own secretary. I would suggest that in the interests of democracy within the Senate and within the caucus there should be a set of minutes kept of each caucus meeting. I further suggest that within the caucus it should be considered accepted practice for a member of the caucus to present a formal motion, to have that motion debated in the caucus and a democratic decision taken there. The caucus itself should use some of the very basic principles of democracy to decide its own policies.

Our caucus meets about once a month; no set date, no set agenda, on a kind of ad hoc basis. We are all fine fellows usually and when we go into the caucus we are all happy fellows and we are—

The Hon. the Speaker: I would not like to say or do anything to prevent the honourable Senator Argue exercising his right of freedom of speech, but I understand that clause 14 of the Report of the Special Committee of the Senate on the Rules of the Senate has something to do with caucuses, whether certain members should attend the caucus of their party and so on. What strikes me is that in his present remarks the honourable Senator Argue is referring to party caucuses.

Hon. Mr. Argue: That is right.

The Hon. the Speaker: He is referring to how they should or should not be handled. I do not see how we can go very far in a discussion along these lines, because I think it is agreed that the way these caucuses should be handled is a matter for the Government leader on one side and the Opposition leader on the other side. The report mentions the caucuses in a much broader manner, and I would hope that the honourable Senator Argue has nearly finished his remarks on the way to handle caucuses on both sides of the house.

Hon. Mr. Argue: Honourable senators, I was referring to it in taking a position different to that of Senator Molson, who said that political caucuses are just bad and that senators should keep out of them. I do not think they are that bad. I think they are bad enough that they need some drastic improvement, and I was making a rather elementary suggestion on how we could try a little democracy.

Your Honour has said that the caucus is a matter for the leader to decide. This has been the attitude. I am a great admirer of the Leader of the Government in the Senate (Hon. Mr. Martin); I always have been, and I hope no one will take anything I have said as a criticism of his capacity or of his actions. However, I do feel this is a time for some democracy. I am not sure I go quite as far as other senators have gone who have said, "Let us elect the leader. Let us have no more of this Government foisting of a member of its party on the Senate. Let the members decide." This is what others have said. They have suggested that the Senate of Canada should take a leaf out of the book of the Senate of the United States and let the senators select from the majority party the Leader of the Government and from the minority party the Leader of the Opposition. I would like this to be considered. As far as I am concerned, I am happy with the present leadership. If something were being done in the direction I suggest, I think it would happen some time after the relinquishing of the excellent leadership of the present Government leader in the Senate.

I am expressing the opinions of many senators as they have expressed them to me in saying that senators would be happier and would feel more like functioning as senators if they had a say in the selection of their leader. While some have said it here and some have decided not to say it—you cannot say everything you want to on every occasion you like—there is a great deal of support in the Senate for this kind of very elementary exercise in democracy.

Hon. Mr. Thorvaldson: That has nothing to do with the Rules of the Senate. Is the honourable senator not aware that the appointment of the Leader of the Government in the Senate is provided for in the B.N.A. Act, and that the Rules of the Senate have nothing to do with it?

Since the honourable senator continues to make these sweeping statements, perhaps I might say that I made notes of some of the remarks he made at the beginning, which indicated that this debate would have to go further if he is allowed to go as far in his speech as he seems to be doing. He started his speech by saying that there are senators—presumably many of them—who have objected to a review of the work, functioning and methods of appointment to the Senate. That is a slashing attack on senators in all parts of this house. I would ask the honourable senator to substantiate what he said and to name these senators. I do not know of one senator who has not been in agreement with the view that the Senate ought to be reformed from time to time. I object to the broadness of language used by the honourable senator, because later on he said—and I made a note of it—"Senators should be thinking about improving themselves." That is a negative way of attacking the members of this house.

For these reasons I urge that the honourable senator be asked to confine himself to the subject matter of this debate rather than making slashing attacks on senators generally without naming them.

Hon. Mr. Argue: I think the honourable Senator Thorvaldson is just too thin-skinned. I think it is quite proper to say that we can all do with some improvement.

Hon. Mr. Smith: Hear, hear.

Hon. Mr. Argue: I speak also for myself of course. I would like to see members doing a better job than they are doing.

Hon. Mr. Thorvaldson: I would agree with that.

Hon. Mr. Argue: Surely they are not doing the best job they can do.

Hon. Mr. Thorvaldson: I agree.

Hon. Mr. Argue: I think the statements I have made today are exceedingly moderate compared with the far-reaching statements made on the proposed changes in the Constitution as they affect the Senate by Senator Connolly (Ottawa West), Senator Roebuck and Senator Walker in the party of the honourable Senator Thorvaldson. Sure, I speak with a loud voice. Sure, perhaps they sound like wild statements. But read them in *Hansard,* and compared with the language used by these older and experienced senators I would suggest that mine is a rather mild comment. I have not taken violent objection to all sorts of things. All I have been saying is that surely there are methods by which we can improve the operation of the Senate, and we should be trying to do it. I do not excuse myself as one who does not need the kind of lecture I am trying to deliver, because all of us can do a great deal better.

Hon. Mr. Thorvaldson: It is certainly a lecture all right.

Hon. Mr. Argue: I do not think we are doing a good job in this Senate for the regions of Canada, otherwise the Prime Minister would not have proposed that 50 per cent of all senators be placed in the Senate in order to speak for the regions from which they come. I know there has been a tremendous controversy in the other place about the loss of the *Bullet,* which is the railway train in Newfoundland. I heard no great stirring of comment in the Senate that would suggest to me that senators think this is a place for a regional plea on regional questions. Well, I think it is such a place, and if the transportation of Newfoundland is likely to suffer drastically this is a very proper place for senators to raise this problem.

The grain business in western Canada has been in very serious difficulty. I make no apologies whatever for having made general statements in the Senate on particular problems of this region. I had the honour some months ago to present a motion in this Senate because I was invited to by other senators. Passed unanimously, it called for a thorough inquiry into the grain business in this country, but there has been no inquiry.

Hon. Mr. Thorvaldson: Honourable senators, I rise again on a point of order. I think the honourable senator should speak to the motion before the house, which has nothing to do with the problems of Newfoundland or the grain business in Saskatchewan. I will admit that when the honourable senator spoke some weeks ago in regard to the grain situation in Saskatchewan, he was speaking to a matter set out on the Order Paper and he was quite in order. But I say that all these matters that the honourable senator is speaking on now are completely outside the scope of the order before us.

The Hon. the Speaker: Order, please. A point of order has been raised having to do with regional references. I must state that in the Fourth Report, a copy of which I have in my hand, I cannot see anything that might give the honourable Senator Argue the right to expound on this particular problem. I appreciate that the report makes reference to general reforms to be brought about in the Senate, dealing with attendance at caucuses, and so on, but I would ask the honourable Senator Argue to refrain from discussing regional problems of western Canada and the Maritimes and confine his remarks to what is contained in the report.

Hon. Mr. Argue: Honourable senators, I feel that the motion before the Senate to adopt these rules has been brought in, as the sponsor has said, in an atmosphere of urgency. The committee itself met in an atmosphere of urgency, because of the feeling, if not knowledge, that the Prime Minister and the Government were about to move in the way of sweeping Senate reform and therefore this was most urgent, and this has already been said in this debate.

This was the urgency of bringing forth change, for example, in Senate rules, following the meeting of the Federal-Provincial Conference Committee. I have in my hand the report of this meeting and on page 5 of this document, "Constitutional Conference, Second Meeting, Ottawa, February 1969" I find in paragraph (a):

> The Senate could represent in a more direct and effective manner than at present the interest of the provinces and regions of Canada.

I would certainly think that is an important question to discuss in the light of whether or not the rules being presented to the Senate are likely to bring about this kind of desired result. I think these rules will not bring about this kind of desired result, but perhaps if we could visit with the Prime Minister we might learn that he would like the present members of the Senate to exercise themselves a little more energetically in the discussion of regional questions.

I think it was perfectly proper to point out that the people in the region I represent are suffering economic catastrophe today. Things economically, in relation to conditions one or two years ago, are absolutely unbelievable. In the light of this regional disparity I think it is very proper to have made a reference under the rules and under consideration of the rules as to how the Senate might assist in dealing with some of these regional problems.

I cannot, of course, read the Prime Minister's mind as to what reforms he would like the Senate itself to undertake, except by reading the public record. However, I do feel there is an urgent need for the Senate under the rules or under further improved rules to bring about a discussion of some of the serious problems of the day and to address ourselves to them and to not leave all of it either to the cabinet or to the cabinet in conjunction with the Members of Parliament.

I feel that under the Rules of the Senate we are independent and are relatively free from political and party pressures and have an opportunity in an unbiased way to direct their attention to many important problems that face the country. That is what we should be doing to an even greater extent than we are today. Let us remember that in addressing ourselves to a question like NATO or the recognition of Red China, under the rules of the Senate we can discuss these questions without an application of party whips. I think we can bring independent judgment to questions of this kind. In practice the Senate itself should come to some conclusions on these major problems, and this is not to usurp the function of the House of Commons or of the Government. We cannot make policies, but surely we could recommend policies. Surely we could adopt measures and send them to the Government for its consideration.

When we have been discussing the problems of senators in relation to a given question I have had senators ask me, "I wonder what the Government thinks?" I have had other senators say, "Now, you won't get very far if you are not in step with the Government in power."

Hon. Mr. Thorvaldson: Who are those senators?

Hon. Mr. Argue: My honourable friend who asked the question said it to me in private. If he wishes me to relate a private conversation I will, but I prefer not to. Certainly I am not fabricating anything. It is understandable. A lot of senators feel they should do nothing here that would rock the boat as far as the Government in the other place is concerned.

Hon. Mr. Thorvaldson: I suggest you speak for yourself.

Hon. Mr. Argue: I think we should rock the boat once in a while and then the Government in the other place would have more respect for us than they appear to have. If we would rock the boat and bring in some decided opinions or recommendations on many questions, as we have done on rare occasions, I think the Government would consider our suggestions.

When the Prime Minister makes it obviously clear that the Postmaster General should go about this country before a decision is made, opposing the Government policy with respect to NATO—

Hon. Mr. Thorvaldson: What has that to do with this?

Hon. Mr. Argue: I believe the Prime Minister would be very much more favourable to senators if we were to make our opinion known on various questions, even though controversial.

In the discussion of private members' bills, in the discussion of motions, there should be a method, a formality, by which a motion or a bill may be brought to a vote. No matter what the fate of that bill or resolution may be, it behooves the Senate to take a decision. I would like to see us take some decisions.

I may be reading the mind of the Government wrongly, or I may be reading public opinion wrongly, but I would think the country would like to see the Senate raise a little cain, stir up controversy and pass judgments on leading issues.

The Senate of the United States is constituted differently from ours, of course, but there is a great debate going on in the Senate of the United States today on the policy with regard to anti-ballistic missiles. When I read the *Congressional Record* I feel the utmost admiration for the senators in that country who take strong stands on important public questions, whether or not in a given instance I may agree with them.

Even though we are an appointed Senate, even though we do not have a public mandate individually to do something specific, I believe we should be using our judgment on important and controversial matters to make

decisions in the Senate by way of recommendation. I believe we should send to the Government from time to time bills, resolutions and recommendations as to what senators collectively feel are the policies the Government should be considering and fostering. I believe this would be welcomed by the Government, by Parliament, and by the country. I would hope that as the days go on more and more senators will find it possible, as I think they are already doing, to exercise this kind of prerogative.

Hon. Edgar Fournier: Honourable senators, I do not rise to participate in the debate but I have a question in my mind which has been troubling me ever since I came here. As we are speaking of reforms, I think that this is the proper time to bring up my question. Why is it that when we talk about the House of Commons we refer to it as "the other place"? Today, when you presented a bill, Mr. Speaker, you spoke of a bill "received from the House of Commons". That was quite right: it is so, it is the place from whence it came. But when we speak in the house here, we avoid referring to "the House of Commons" and we say "the other place". Are we afraid to mention that the other place as the House of Commons? When they talk about the Senate they do not say "the other place". They refer, for instance, to "the Senate discussion". I would be glad if someone could answer that question. I do not expect an immediate answer, as it may be quite embarrassing. How this custom was arrived at I do not know, as it was before my time. It has always puzzled me. I see nothing wrong with referring to the House of Commons by its name.

The Hon. the Speaker: Honourable senators, before there is a motion to adjourn this debate, may I accept the invitation of the honourable Senator Fournier (Madawaska-Restigouche) and tell him that I will provide an answer to his question.

On motion of Hon. Mr. McDonald, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 1298*)

GRAIN MOVEMENT

NUMBER OF REVENUE FREIGHT CAR LOADINGS FOR GRAIN AND OTHER COMMODITIES—INQUIRY ANSWERED

QUESTIONS:

1. What was the number of revenue freight cars loaded in Canada in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969, (a) in the Western Division, and (b) in the Eastern Division?

2. What was the number of carloadings in the Western Division in each week of November and December in the years 1966, 1967 and 1968, and in each week of January in the years 1967, 1968 and 1969, (a) for wheat, and (b) for other grains?

ANSWERS:

The following figures have been abstracted by Dominion Bureau of Statistics from DBS Carloadings Catalogue No. 52-001.

1. NUMBER OF REVENUE CARS LOADED

	Western Division			Eastern Division		
	1966	1967	1968	1966	1966	1967
November:						
1— 7	33,694	28,533	30,786	45,657	44,977	47,156
8—14	29,626	27,614	27,304	46,650	41,919	43,719
15—21	34,217	29,065	30,620	49,112	44,916	45,239
22—30	45,875	38,222	37,540	66,197	62,061	58,342
December:						
1— 7	29,065	27,846	27,454	44,776	43,846	45,101
8—14	28,302	26,471	27,594	45,039	43,884	45,473
15—21	30,252	24,807	26,300	44,552	42,567	42,715
22—31	30,392	24,455	20,531	49,966	44,506	43,099
	1967	1968	1969	1967	1968	1969
January:						
1— 7	24,315	17,410	16,460	35,867	32,323	33,785
8—14	30,047	22,611	22,404	43,868	38,707	43,327
15—21	27,418	24,783	23,025	43,566	40,461	45,189
22—31	35,417	37,280	31,539	61,574	65,170	72,067

2. CARS OF WHEAT AND OTHER GRAINS

	Western Division					
	Wheat			Other Grains[1]		
	1966	1967	1968	1966	1967	1968
November:						
1— 7	8,381	4,334	5,032	1,452	1,674	1,519
8—14	7,281	5,030	4,427	1,162	1,453	1,214
15—21	8,817	5,926	4,866	1,665	1,509	1,370
22—30	11,980	7,403	6,063	1,828	1,782	1,471
December:						
1— 7	6,933	5,535	3,938	1,006	1,569	1,166
8—14	6,966	5,151	3,972	1,011	1,822	1,123
15—21	8,254	4,760	3,756	1,181	1,517	1,074
22—31	7,864	4,929	2,987	1,412	1,347	664
	1967	1968	1969	1967	1968	1969
January:						
1— 7	6,674	2,811	2,197	1,122	713	513
8—14	8,211	3,024	2,477	1,412	1,060	821
15—21	6,111	4,514	2,242	1,132	1,384	1,062
22—31	5,470	6,543	3,071	1,411	2,082	1,160

[1]Includes: Corn—Sorghum grains—Oats—Barley—Rye—Rice—Grain, n.o.s.—Soybeans—Flaxseed.
Excludes: Rapeseed.

THE SENATE

Wednesday, April 23, 1969

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

Prayers.

PRIVATE BILLS

CANADIAN PACIFIC RAILWAY COMPANY—FIRST READING

Hon. A. Hamilton McDonald, for Hon. Mr. Nichol, presented Bill S-31, respecting Canadian Pacific Railway Company.

Bill read first time.

Hon. Mr. McDonald moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

THE CANADA NORTH-WEST LAND COMPANY (LIMITED)

Hon. L. P. Beaubien presented Bill S-32, respecting the Canada North-west Land Company (Limited).

Bill read first time.

Hon. Mr. Beaubien moved, with leave, that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

ATLANTIC MUTUAL LIFE ASSURANCE COMPANY—FIRST READING

Hon. Earl W. Urquhart presented Bill S-33, to incorporate Atlantic Mutual Life Assurance Company.

Bill read first time.

SECOND READING

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

Hon. Mr. Urquhart, with leave of the Senate, moved the second reading of the bill.

He said: Honourable senators, this company, when incorporated, will be subject to the provisions of The Canadian and British Insurance Companies Act of Canada.

This bill has received the approval, as to form, of the Superintendent of Insurance; and, further, it follows closely in form earlier bills enacted by Parliament for the purpose of incorporating mutual loan companies. This company will have a guarantee fund and no share capital.

The persons named as the incorporators in the bill are all trustees of Maritime Hospital Service Association, which organization operates Blue Cross. Maritime Hospital Service Association will pay in the total amount of the guarantee fund of $1 million.

The federal Department of Insurance requires that a guarantee fund in the amount of $1 million be established and available to Atlantic Mutual Life Assurance Company to serve as a guarantee that Atlantic Mutual Life Assurance Company can meet its obligations in fulfilling member contracts.

I offer the following as background in order that you will understand the reasons for seeking this legislation. Maritime Hospital Service Association is a non-profit organization incorporated by special act in Nova Scotia. Since 1943, the year of its incorporation, it has been engaged in the business of providing health services to its subscribers, of whom there are now more than 400,000. By the payment of monthly subscriptions persons in the Atlantic provinces, including Newfoundland, have insured themselves against payment of hospital and doctors' bills, and other matters of a like nature. However, in recent years various forms of government, hospital and medical plans have reduced the area of coverage formerly provided by Maritime Hospital Service Association, the most recent being Medical Services Insurance in Nova Scotia.

Maritime Hospital Service Association is presently providing health insurance in other areas, notably pharmacare and dentacare, but its trustees consider that it can perform much more useful services by providing limited life insurance, personal accident insurance, and sickness insurance to its subscribers.

Two years ago a bill was presented to the Legislature of Nova Scotia for the purpose of enabling the association to broaden its corporate powers accordingly. However, the legislature refused to pass the bill on the ground that the province was not equipped to supervise the activities of a large insurance company, which Maritime Hospital Service Association would have become in part. It was suggested that Maritime Hospital Service Association should seek the incorporation in Parliament of a life insurance company which would be subject to the supervision of the Department of Insurance. This is what the proposed bill relating to Atlantic Mutual Life Assurance Company is intended to do.

At the current session of the Nova Scotia Legislature, a bill was passed amending the Maritime Hospital Service Association's Act of Incorporation to give it power to invest the sum of $1 million in the guarantee fund of Atlantic Mutual Life Assurance Company, and the legislature was fully advised of the proposal to seek legislation in this Parliament. It can therefore be said that the proposal has received the sanction of the Legislature of Nova Scotia.

Honourable senators, the purposes of Atlantic Mutual Life Assurance Company are as follows. First, to make more readily available services to meet members' needs in situations such as the following. If the father of a family dies after a prolonged illness:

(a) his hospital bill will be paid by the government;

(b) his doctor's bill now will be paid by the government;

(c) loss of income during period of illness: Atlantic Mutual Life Assurance Company could provide for loss of salary;

(d) funeral expenses and provision for financial assistance for a reasonable period of time: Atlantic Mutual Life Assurance Company could provide this needed assistance through life insurance.

It must be noted that the foregoing are all caused by illness and therefore closely related to the present interests of Maritime Hospital Service Association.

Secondly, with sound actuarial help Atlantic Mutual Life Assurance Company would attempt to eliminate the current practice of choosing only the more selective risks, and thus make needed services more readily available to present and future members.

Thirdly, through effective and economical non-profit administration Atlantic Mutual Life Assurance Company would make such services available at lower costs.

Fourthly, to enable Maritime Hospital Service Association to offer wage and salary indemnity policies, accident insurance and group life as a package to groups presently covered by Maritime Hospital Service Association and to groups to be enrolled in the future. Such package offerings are necessary if the new company is to compete successfully with the package offerings of the insurance industry. In addition, it will help to preserve the business Maritime Hospital Service Association now has.

Some people ask why is a separate corporation necessary. I offer the following by way of explanation: First, the Blue Cross approval of standards set by the American Hospital Association state that only hospital care may be associated with the Blue Cross symbol. Second, similarly the American Medical Association has decreed that the use of Blue Shield is restricted to use with medical services only. Third, the legal advisers of Maritime Hospital Service Association have advised that it is not possible to extend Maritime Hospital Service Association to underwrite the new services contemplated, and that a separate corporate entity is necessary.

Accordingly, honourable senators, that is the purpose of this bill.

Hon. Senators: Hear, hear.

Hon. Allister Grosart: May I ask the honourable senator who sponsored this bill a question? It is not clear to me how the transfer of the interest of the former company to the new company will be effected. All we have before us is a bill to incorporate a new company. The sponsor has indicated that it arises out of obligations of the former company, but nothing in the brief statement indicates what protection the original policyholders will have.

Hon. Mr. Urquhart: Under this legislation the Maritime Hospital Service Association has been authorized by the Legislature of Nova Scotia to pay the $1 million that is required by way of a guaranteed fund to this new company to be incorporated. The new company, in addition to carrying on the remainder of the services that are now available to Maritime Hospital Service Association —the remaining services due to the fact that Medicare has been implemented, and all the additional Government services—will provide the various types of insurance that I enumerated in my remarks, such as salary indemnity policies, accident insurance and group life insurance, as a package deal. Maritime Hospital Service Association has been authorized, as I have said, to provide the guarantee of $1 million which is required by the Department of Insurance.

Hon. Mr. Grosart: The import of my question really was, have the policyholders of Maritime Hospital Service Association, the company, been consulted and have they approved of this? The policy owners who have an interest and who are to be affected by this bill, as we are told, have they approved this proposal? Have they been consulted? Have they been called together?

Hon Mr. Urquhart: Under the Maritime Hospital Service Association there are no policyholders—you join the plan and you pay a quarterly instalment for specific coverages—but there would be policyholders under this new company when it is incorporated.

You are free to drop out from the Maritime Hospital Service Association any time you wish, whether you are an individual or part of a group. There is no obligation on any member to continue in the Maritime Hospital Service Association plan. They can drop out at any time after they make the quarterly payment, which is contrary to the belief that my honourable friend holds, because there are no policyholders in the Maritime Hospital Service Association.

Hon. Mr. Grosart: I accept that explanation by the honourable senator, but there is a million dollars involved that belongs to somebody; that is being transferred, as I understand. Do the members of this former association have any interest in this million dollars? If so, I again ask, have they been consulted?

Hon. Mr. Urquhart: The solicitor for the Maritime Hospital Service Association will appear before the Standing Senate Committee on Banking, Trade and Commerce and will provide the detailed answers to these questions. The Maritime Hospital Service Association have asked for this particular type of legislation and it is out of their non-profit organization that the $1 million will come. It will be transferred into the new company.

Hon. Mr. Grosart: Is the honourable senator not prepared at this point to say whether those whose contributions built up this million dollars, have been consulted? Do I understand he is not prepared to answer the question?

Hon. Mr. Urquhart: I thought I had made it clear to my honourable friend that there are no policyholders in the Maritime Hospital Service Association. They have been paying instalments for certain coverages, and beyond that they have no obligation to the Maritime Hospital Service Association, nor has the Association any obligation to the individual or group that pays in the quarterly instalments to the association for specific coverages. They can drop out at any time.

Hon. Mr. Grosart: As I understand it, this is a non-profit association?

Hon. Mr. Urquhart: That is right.

Hon. Mr. Grosart: Yet there is $1 million on hand. I would like to know to whom that money belongs.

Hon. Mr. Smith: It was good Maritime management.

Hon. Mr. Urquhart: Yes, it was good Maritime management.

Hon. Mr. Roebuck: Honourable senators, I would like to know whether there is any agreement, or whether it is just a statement of intention to transfer the $1 million to the new company. I understand that the new company will take over such moral obligations as the association had previously carried, so those who have paid their money into the association will not lose anything, either morally or legally. Am I right in that respect?

Hon. Mr. Urquhart: At the current session of the Nova Scotia Legislature, the Maritime Hospital Service Association Act of Incorporation was amended to give it power to invest the sum of $1 million in the guarantee fund of Atlantic Mutual Life Assurance Company. Does that answer your question?

Hon. Mr. Roebuck: Not quite.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Hon. Mr. Urquhart, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 699 to 714, inclusive, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald moved, with leave of the Senate, that the Standing Senate Committee on Legal and Constitutional Affairs be empowered to sit while the Senate is sitting tomorrow, Thursday, April 24, 1969.

Motion agreed to.

ADDITION TO MEMBERSHIP

Hon. Mr. McDonald, with leave of the Senate, moved that the names of the honourable Senators McGrand and Smith be added to the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

FARM MACHINERY SYNDICATES CREDIT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. A. Hamilton McDonald moved the second reading of Bill C-112, to amend the Farm Machinery Syndicates Credit Act.

He said: Honourable senators, I am sure that all honourable senators realize that this is a comparatively new piece of legislation in that it was enacted by Parliament in 1964 and lending commenced under this legislation January 1, 1965. It made provision whereby three or more farmers could band themselves together to form a syndicate and through that syndicate make loans from a federal institution to purchase farm machinery.

From the inception of the Farm Machinery Syndicates Credit Act until July 31, 1968, there were approximately 444 loans granted under the legislation. These 444 loans were made to some 346 syndicates and amounted to a total of somewhat more than $3½ million, and purchases of some 1,388 pieces of farm machinery were made under the act. I mention this to indicate that the act met with favour with farmers and that they have used it to improve their operations. But in the ensuing period from 1965 to date it has been found that the act does not quite do all the things that farmers would like it to do. Consequently, we have before us today this bill proposing certain amendments. One indication of the acceptance of the act by farmers is the fact that some syndicates have sought a second or third loan, and on one or two occasions the same syndicate has been back seeking as many as four loans.

One of the needs is to broaden the purposes for which loans can be made under the Farm Machinery Syndicates Credit Act. The first amendment suggested by Bill C-112 is to change the name of the act from the Farm Machinery Syndicates Credit Act to the Farm Syndicates Credit Act. The reason for this change is that there is a demand by our farmers to obtain loans for purposes other than the purchase of farm machinery, and if they are to do this it is necessary to change the title of the act. This is further explained in clause 3 which sets out the purposes for which loans may be made other than the purchase of farm machinery.

The second amendment is found in clause 2. As the act stands at present, farmers must be farming independently of one another in order to be members of a syndicate. Co-operation in the use of machinery often leads farmers to extend co-operation to other aspects of their farming operations. As an example, they may pool their land resources to overcome a problem related to timeliness of seeding, harvesting and other operations. This clause therefore proposes to eliminate the requirement that members of a syndicate be farming independently of one another.

This co-operation is taking place on a large scale at the present time, particularly in western Canada. The fact that farmers originally involved themselves in co-operative activities or syndicates for the use of farm machinery has led to the practice where three or more farmers may combine their total farm operations, and of course once this is done provision has to be made for the total return from a total involvement of land operation being divided among the number of farmers involved in the operation. If you fail to do this, once the machinery has been purchased, you may find the situation arising where farmer A and farmer B and farmer C each wants to seed his land first, and the same problem arises when these farmers come to harvesting. To obviate this difficulty some farmers have now put their land into a pool as a co-operative or syndicate, and since that has happened there is more need for loans under this act. In another clause the bill also covers the need for co-operative buildings.

So, honourable senators, clause 2 proposes to eliminate the necessity of farmers operating independently of one another. It also eliminates the necessity of certain farm corporations and of certain co-operative farm associations having to enter into syndicate agreements. Such legal entities already have terms of incorporation or association which would fulfill the requirements and purposes of the agreement.

Clause 3 of the bill, as I mentioned earlier, makes provision for loans for purposes other than the purchase of farm machinery. Some types of farm machinery which are suitable only on co-operative or corporate farms can

only be used when they are permanently attached to the property or permanently installed in a building. Under the present act there is no way of making loans to buy the land or buy the building in which the equipment is to be installed. I am thinking, for example, of fruit farming where there is need to have grading and storage facilities, and of row crops such as potatoes and small vegetables. There is at the present time no provision for the construction of a building or the installation of machinery in a building. Clause 3 proposes making appropriate provision to meet this need.

This clause also makes provision for groups of farmers to band themselves together to build residences for large numbers of workers necessary in the production of row crops or for fruit pickers or tobacco workers. In the past it has been impossible to make loans so that groups of farmers could combine together to build houses or hostel accommodation for workers in a given area. The officials believe that this provision would fill a need that is not being met by the act as it stands today.

Under subclause 2 of clause 3 as it stands at present syndicate loans may only be made to syndicates composed of individual farmers who sign a promissory note involving the joint and several liability of individual members. As amendments in this bill provide for loans directly to farming corporations or co-operative associations, it is necessary to amend the provisions with respect to the promissory note, as a co-operative farm association or farming corporation has a limited liability rather than joint and several liability.

Clause 4(1) provides changes in terminology consequential upon the expanded meaning of "farm syndicate" provided in clause 2. Clause 4(2) provides a change which is also consequential upon the amendment defining "farm syndicate." It details the provisions for setting maximum loans, relating them to $15,000 for each individual who may be involved in the operations of the syndicate either as an individual, as a shareholder in a farming corporation or as a member of a co-operative association.

I come now to clause 4, honourable senators. This amendment relates to the maximum period of seven years for a loan for the purchase of farm machinery which is not installed in a building, but extends to 15 years the maximum term of a loan or loans for the purchase of building sites, the erection or improvement of buildings and the purchase of farm machinery that is, or will be, installed in such buildings.

In clause 5 of the bill we find that the amendments are purely consequential on other amendments to the bill which make it necessary to delete the word "machinery" from the term "farm machinery syndicates loan fund".

Clause 6. As the amendments proposed to the act will permit loans to farming corporations under certain circumstances, this clause gives the Farm Credit Corporation authority, subject to the approval of the Governor in Council, to define a farming corporation by regulations, for the purposes of the Farm Syndicates Credit Act.

Honourable senators, these are the main amendments in the bill, and I recommend them to you for your consideration and approval.

Should you agree to give this bill second reading, I intend to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Connolly (Ottawa West): Before the debate is adjourned, may I ask the sponsor a question? In view of the fact the debate is to be adjourned, I wonder if at the next sitting the sponsor would inform the Senate—or perhaps he could do this in committee or on closing the debate—of the number of loans that have been made under this act by province, and what has been the record of repayment since the initiation of the act.

This was a very salutary piece of legislation, but figures tell the story, and I think we should have them if they are available. I am sure they would be available in committee, in any event.

Hon. Mr. McDonald: If they are not made available in committee, I will certainly see they are presented to the house on third reading.

On motion of Hon. Mr. Pearson, debate adjourned.

CO-OPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill S-28, to amend the Co-operative Credit Associations Act.

Hon. Chesley W. Carter moved that the amendments be concurred in.

He said: Honourable senators, the first point I wish to emphasize is that this amendment does not change any part of Bill S-28, which has already been approved by the Senate. Honourable senators will recall that Bill S-28, as approved by the Senate, contained seventeen clauses. None of these clauses have been amended.

The amendment in which I am asking concurrence is the addition of a new clause to the bill, clause 18. To understand the need for this clause, I would refer you back to section 45 of the present Co-operative Credit Associations Act, which reads as follows:

> An association shall not make any loan and shall not invest any funds otherwise than in government securities, municipal securities, or school securities
>
> (a) if the aggregate of
>
> (i) its cash on hand and on deposit in chartered banks in Canada, and
>
> (ii) the market value of its government securities, municipal securities, and school securities, excluding any such securities as are pledged by the association as security for money borrowed by the association or for any other obligation of the association,
>
> is less than twenty per cent of the total amount of money on deposit with the association, or
>
> (b) if the making of such loan or investment would reduce the aggregate mentioned in paragraph (a) to an amount less than twenty per cent of the total amount of money on deposit with the association.

Bill S-28, as approved by the Senate, repealed that section 45 and substituted a proposed section, which reads as follows:

> Subject to subsection (4) of section 83, an association shall not make any loan and shall not invest its funds otherwise than in government securities
>
> (a) if the aggregate of
>
> (i) its cash on hand and on deposit in chartered banks in Canada, and
>
> (ii) the market value of its government securities, excluding any such securities as are pledged by the association as security for money borrowed by the association or for any other obligation of the association.
>
> is less than twenty per cent of the total amount of money on deposit with the association; or
>
> (b) if the making of such loan or investment would reduce the aggregate mentioned in paragraph (a) to an amount less than twenty per cent of the total amount of money on deposit with the association.

The only difference between the proposed section 45 in Bill S-28 and the former section 45 is that municipal securities and school securities can no longer be included in the aggregate for the purpose of making loans. In other words, the liquidity requirements have been changed and made more restricted. It has been pointed out that this change could cause financial loss or hardship to a number of co-op associations. Therefore, this new clause which constitutes the amendment has been added. Its purpose is to enable the minister to suspend the operation of the new section 45 for a period of up to five years, and to permit any co-op association which needs this help to continue operating under the old section 45.

The proposed clause 18 also permits the minister not only to suspend the operation of the new clause 45, but also to impose certain conditions under which that can be done. It is purely an enabling clause, giving discretion to the minister to take action to suspend the operation of the proposed section 45 in Bill S-28 when it can be shown that a co-op association will suffer financial loss or financial hardship.

It is, therefore, a necessary amendment, and I ask your concurrence.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I had hoped, in accordance with the arrangements made, that we could proceed with Orders 4, 5, and 6. However, we shall not be proceeding with Orders 4 and 6. Senator Grosart is unable to proceed with Order No. 5 because of his required attendance at a meeting of the Special Committee on Science Policy.

Senator Lang is at present on his way from Toronto. He would have been here earlier had it not been for the suspension of services by Air Canada. He is expected momentarily, and when he arrives he will proceed with Order No. 1.

I have no alternative, therefore, but to move that the Senate do now adjourn until the call of the bell.

The Senate adjourned during pleasure.

At 4.40 p.m. the sitting was resumed.

Leave having been given earlier this day to postpone Order No. 1:

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill C-102, to amend the Patent Act, the Trade Marks Act, and the Food and Drugs Act.

He said: Honourable senators, I apologize for my late arrival in the chamber this afternoon, and I must say I am deeply appreciative of the precedent-setting honour that has been accorded me. I feel that I shall have to surpass my efforts in previous similar endeavours, and turn a rather dull and technical subject into an interesting one. Please accept my apologies.

Honourable senators, this bill was first introduced in the House of Commons on February 12 of last year by the then Minister of Consumer and Corporate Affairs, the Honourable John Turner. After passing the stage of second reading in the House of Commons in the spring of last year, it died on the Order Paper upon dissolution of Parliament. It was re-introduced last fall with slight amendments, to which I shall refer later, by the new Government, and it received second reading on October 17 of last year. The bill now comes to us after having been passed in the other place.

Honourable senators, I myself little realized the length of time in which there had been in Canada, in certain areas of government and in sectors of the public a very real and deep concern at the unreasonably high cost of drugs when compared to the cost of the same drugs in other countries. In fact some examples that were given in the other place and which appear in the *House of Commons Debates* are quite startling. I shall make only this reference to them, and those honourable senators who are interested in comparative prices in this area may look them up.

As I have said, honourable senators, this problem in respect of the price of drugs in Canada when compared to the price of drugs abroad has been with us for a long time. Indeed, it was first brought forcibly to the attention of the public by the Ilsley Commission, the Royal Commission on Patents, Copyrights and Industrial Designs. Later, in 1964, the Hall Commission studied this problem and made many recommendations concerning it. In 1963, the year before the Hall Commission issued its report, the Restrictive Trade Practices Commission looked into the problem in the exercise of its investigatory powers under the Combines Investigation Act and, in turn, made recommendations.

Finally, in 1967, the House of Commons set about a thoroughgoing study in this area designed particularly to elicit all of the information possible on the subject, and to devise specific means whereby the problem might be overcome. This special committee of the House of Commons, as honourable senators know, was under the chairmanship of Dr. A. C. Harley, and it reported to the house before Dr. Harley, to the great loss of both houses of Parliament, retired from public life.

In all the reports to which I have referred certain recommendations were put forward, and in the legislation before us today we see that some of them have been adopted in whole, some in part, and some with modifications. We see also that this legislation is only part of an over-all program aimed at the reduction of the price of drugs in Canada, mainly through the injection of more competitive factors in the manufacture and wholesale distribution of these commodities.

Specifically, the program that the Government has undertaken involves certain actions which I shall mention briefly. The first thing the Government did to effect the object in view was to remove the sales tax on drugs. This has had an effect which all honourable senators know is already evident. The Government also reduced the customs duty on drugs from 20 per cent to 15 per cent, and narrowed the application of anti-dumping duty on imported drugs.

The Government has also introduced in the Department of Industry a program known as the Pharmaceutical Industrial Development Assistance Program. This program is designed to provide funds to those Canadian companies which are prepared to compete against the international concerns in the drug business and which find themselves unable to do so effectively because of limitation of capital and lack of access to adequate capital markets. This program is now in effect and the Department of Industry is receiving applications for assistance in this area from the Canadian pharmaceutical industry.

The Government has also worked on and, as of now, has largely completed a program to provide an information service to the medical profession, to be implemented by the

Food and Drug Directorate of the Department of Health and Welfare, assisted by the Department of Consumer and Corporate Affairs, to give to the medical profession ready access to information on the comparative prices of drugs of the same quality, and to enable the profession to prescribe drugs knowing the cost factor and the quality factor accurately. It is expected that the first bulletin under this program will be in the hands of the medical profession before the end of this coming summer.

In addition, it is also the intention of the Government at forthcoming federal-provincial conferences to bring this whole area into that field, because not only are the prices of these commodities affected by factors at the manufacturing level and the distribution level, but also by factors at the retail level, and here the problem can be dealt with effectively only within the provincial sphere of jurisdiction. It is hoped that from these conversations provincial legislation will be forthcoming to supplement the federal action taken in this field to date.

Finally, honourable senators, the bill before us is probably the most significant step the Government is taking in this same program. As I have mentioned, the reduction of the customs duty and the removal of the sales tax have been accomplished; the information service will shortly be in full development. The assistance of the pharmaceutical industry is now being provided, and this bill when it becomes law will complete the federal program in its own sphere of jurisdiction.

Honourable senators, I should now like to deal more specifically with the bill and how it tackles the problem. We might refer first to the Patent Act as it now stands. The various inquiries to which I have already referred came to one unanimous conclusion, that the high cost of drugs in Canada was due basically to lack of competition in the industry. This lack of competition was due to the combined effect of tariffs, the patent and trade mark laws as they now exist in Canada, and what are referred to as new drug regulations. I might briefly explain that the new drug regulations are the requirements imposed upon any person introducing a new drug into the market, which he must satisfy before that drug is made available to the public. These are not new regulations but are regulations affecting new drugs. They materially slow down the introduction of a new drug, and understandably so in the interests of public safety, to prevent such tragedies as have occurred in Europe and elsewhere in recent years over the premature introduction of the drug thalidomide.

To tackle this problem, the bill blends many of the recommendations of these commissions, and is in much the same form as the bill originally introduced into the other place in the spring of last year. However, as a result of representations made at that time and arguments pressed in the other place during second reading, certain sections have been changed and certain new provisions introduced, but basically not of a fundamental character. They do provide more flexibility in the fixing of royalties, for instance. This bill underlines the necessity for compliance by licensees with the regulations under the Food and Drugs Act.

I should like to refer very briefly to the law as it now is, because I think it is by having an understanding of it that the significance of the amendments becomes apparent.

Today the owner of a drug patent has by statute the exclusive right for 17 years from the issue of the patent to make, use, or sell the invention that is patented. As honourable senators know, the patent owner may grant a licence to another person to use the patent, or he may be required under the Patent Act as it now stands to grant a compulsory licence to someone applying for it. This is peculiar to patents on chemicals intended for use as foods or drugs. The Patent Act as it now stands provides for this compulsory licensing to manufacture drugs in Canada. What this bill now before us does is extend that power of compulsory licensing as to manufacture in Canada to include a compulsory licence permitting the importation of drugs from abroad into Canada. That, honourable senators, is as far as the Patent Act is concerned.

We now come to the Trade Marks Act. The law today under the Trade Marks Act provides that the owner of a trade mark in Canada has the exclusive right to the use of that trade mark. He can, of course, prohibit others from importing or selling a drug bearing that trade mark even if the importer purchased that trade marked drug, say, from the parent company of the Canadian owner of the trade mark.

One of the main purposes of this bill is to permit the importation into Canada of trade marked drugs without that importer being subjected to an action for infringement by the owner of the trade mark in Canada. It will be self-evident to honourable senators that here we are interfering with an established proprietary right.

Hon. Mr. Roebuck: Importation and sale.

Hon. Mr. Lang: Importation and sale.

Honourable senators, Bill C-102 is divided into three parts. The first part contains the amendments that this bill makes to the Patent Act. The second part contains the amendments proposed to the Trade Marks Act, and the final part contains the amendment proposed to the Food and Drugs Act.

From pages 1 to 6 this bill amends one section of the Patent Act, namely, section 41. I might add that in addition it adds one section to the end of the Patent Act, as referred to under clause 2 on page 6.

Section 41 of the Patent Act, which is under amendment here, deals with commercial products and substances intended for use as food or medicine. This section was enacted first in 1923 and it was copied from legislation in the United Kingdom. It created a patent that did not exist relating to foods and medicine and it also created a patent on the process by which the chemical is turned into a food or medicine. This is quite different from any other patent in the act. In other words, the patent is not on the product itself; the patent is on the process by which the product is manufactured. This is known in the legal trade as a process patent.

This unique kind of patent is created under the first subclause of section 41. Subclause 2 puts the onus in an infringement action on the inventor of a new food or medicine made from a chemical to prove that his product is not made by the process under patent and to which he is not entitled. So, it shifts the onus onto the manufacturer, as opposed to placing it on the patent owner. I mention this just as an aside in order to help you grasp the final subsections of section 41, which are the ones we are dealing with in the bill.

Subsection 3 establishes what is very important to all our discussions on this bill, the principle of compulsory licensing of these process patents. It also sets out the principle upon which compulsory licences will be granted, as well as the purpose for which they will be granted. These purposes can be summarized as being the provision to the public of medicines at the lowest possible cost consistent with a due reward to the inventor of the product. It should be noted here that under this section, upon an application for a compulsory licence, the Commissioner of Patents, who has the power to grant the licence, "shall" grant the licence—not "may" grant the licence, unless he sees good reasons to the contrary.

Honourable senators, I am talking about the law as it now exists, not as it is proposed in the bill. Subsections 4 and 5 of section 41 have been done away with. Subsection 4, being an appeal provision, is carried forward in the new bill in somewhat modified form. Subsection 5, which makes section 41 applicable only to patents granted after 1923, is abandoned in the bill, because all such patents have now expired and that subsection is redundant.

On the first page of the bill before us we will notice that subsection 3 of section 41 is re-enacted in exactly the same wording as that contained in the old Patent Act, except that the word "medicine" is left out. The word "food" remains. That segregates food and medicine for our purposes. Subsection 4 now sets out on an entirely new tack with regard to the procedures in dealing with patents on medicines. As I said, the principles remain the same, namely, compulsory licensing with availability to the public at the lowest cost with due reward to the inventor. These principles remain but the procedures are very radically altered.

I can recall from my school days that a famous judge once said that the substance of the law is to be found in the interstices of procedure. I am afraid that at the time I was not quite aware of what was meant by that phrase, but I think that in this bill we have a very good example of just that.

Hon. Mr. Martin: It sounds like Mr. Justice Riddell.

Hon. Mr. Lang: It may very well have been, Mr. Leader. I cannot recall who it was. It is when we deal with the procedures under this act that the real rub comes. These procedural changes which follow on pages 2, 3 and 4 of the bill are already of great interest to the holders of patent rights on medicines in Canada. They will also be of great interest to the legal profession dealing in patent law. Basically, they are attempting to expedite the applications in this field of compulsory licensing.

These sections do so by providing that, if the Commissioner of Patents has not finally disposed of an application within six months after it is filed, and if the applicant applies for a temporary or interim licence, the commissioner shall grant him that licence—again, unless he knows good reason not to do so.

Honourable senators will realize immediately the effect of such a procedural change on the substantive law of patents. Once that

applicant can get into the manufacture of these products on an interim basis, he has his foot in the competitive door. If the applicant is granted a temporary licence at the end of the six-month period, he can then proceed to make use of the invention. Undoubtedly, the fact that the Commissioner of Patents and the person protecting the patent are faced with this six-month period, by that fact alone, the whole procedure of the Patent Office will be expedited, because the Commissioner would wish to avoid having to adjudicate, in addition, on the merits and demerits of an interim licence and would much prefer within that period of time to dispose of the application in its entirety.

I must say that my sympathies go to our new Commissioner of Patents, Mr. Laidlaw, who will be faced with the task of administering these new and rapid-fire procedural changes.

After that, the bill goes on to provide under the new subclause 7 that the principles which apply to an interim licence are to be the same as those applicable to a main licence.

In the new subsection 8 the bill provides for the bond which must be given by the person getting an interim licence. The new subsection 9 deals with duration, that the interim licence shall continue for six months, renewable for one more six-month period.

I should refer honourable senators to the new subsection 10, where it is required that the Commissioner of Patents dispose of the application within a period not longer than 18 months. So he faces not only a time limit within the six-month period for the interim licence, but he faces also the overall obligation of dealing with the whole question within a time limit of 18 months.

Honourable senators, the other subsections do not make substantive changes in procedures. The new subsection 11 provides for a right of appeal, which existed before to the Exchequer Court but specifically precludes any appeal from the granting of an interim licence, so that litigation cannot be introduced in the Exchequer Court to hold up the licensee from actually getting into business.

Under the new subsection 12 we have a technical amendment required because, under the Patent Act as it now stands, importation from abroad which unduly restrains the holder of a patent from exploiting a patent in Canada is deemed actually to be an abuse. If that subsection stood without a change, encouraging imports in effect might be considered an abuse of patent, under the old section. This amendment is to obviate the possibility of that defence being raised or being pressed by a patent holder against the importer of a drug.

The new subsection 13 is concerned with the safety of drugs. It requires notification to be given to the Department of National Health and Welfare immediately upon an application for a compulsory or an interim licence, that is, to manufacture or import those drugs. This is to give the Food and Drug Directorate a full opportunity to determine ways and means of inspection and enforcement of regulations which must be carried out in the interests of the public safety.

The bill goes on, under subsection 14, to provide that the Governor in Council may make rules and regulations governing these procedures before the Commissioner of Patents. These govern matters such as the fixing of the amount of royalty, the representation before the Commissioner, the form of evidence; and there is the general purpose clause, as a catch-all, "generally for the carrying out of the purposes and provisions" of the act.

Subsection 15, which puts the time limit of 18 months on the disposition of the application will be very important in expediting the procedures.

Under subsection 16, we have a clause put in *ex abundanti cautela*, from an abundance of caution, to make sure that nothing in a licence permits any holder of it to avoid full compliance with the requirements of the Food and Drugs Act and the regulations under that act and which are there for the protection of the public.

Honourable senators, I have covered the amendments in this bill to the Patent Act, except for those contained in clause 2 of this bill, and those do not deal with drugs but for convenience are put in to get them through at this time. The amendments in clause 2 provide for the date, if the Patent Office is closed for filing, i.e., on Saturdays or holidays. The profession does not wish to attend then and the Patent Office does not wish to be open, so the date is extended to the next business day. I cannot understand how the office carried on for all these years without such a clause. All this does not concern the bill itself, is not germane to the bill, but is

purely for administrative convenience in the Patent Office and for the legal profession.

Honourable senators, the second part of the bill deals, as I have mentioned, with amendments to the Trade Marks Act. These are very important amendments in terms of accomplishing the objectives which the Government has set.

Under the law as it stands, if the owner of a trade mark is a foreign company and if anyone buys trade marked drugs from that foreign company, he could of course import such drugs into Canada and sell them without hindrance. However, if the foreign holder of a Canadian trade mark has licensed a Canadian firm as a registered user of the trade mark or has, in addition, given to the registered user the exclusive right to the trade mark in Canada, such an importer bringing those trade marked goods in would not be subject to an action by that Canadian licensee, but the Canadian licensee has recourse by way of breach of contract against the person from whom he holds his licence.

So, here we have two cases in which the importation of trade marked drugs are not hindered; namely, when they are purchased abroad from the holder of the trade mark or are purchased from the holder abroad, even if the trade mark is also held in Canada by a registered user or licensee. Those areas are not the concern of the Government in the implementation of policy.

However, we come now to the situation which does create a problem. If, in the circumstances I have mentioned, the owner of a trade mark is a Canadian company and somebody in Canada goes abroad and buys these trade marked drugs and imports them into Canada for sale, that person can be prevented from so doing by the Canadian owner of the trade mark, even though those goods were bought from a company which may be the parent of the Canadian owner of the trade mark.

What this amendment does is take away from that Canadian owner his right to sue the importer for infringement of the trade marked drug. In other words, the amendment deems all related companies not to be separate legal entities, that is, related companies, whether they be parents and subsidiaries or subsidiaries and parents in and out of the country. The definition of "related" is in the Trade Mark Act itself very much like that in the Income Tax Act. It deems all these companies not to be separate legal entities at all but rather branch offices of one company.

So, if an importer purchases from any one of the many possible related companies, he can sell that trade marked product in Canada, notwithstanding that there is a Canadian company in Canada which is the owner of the trade mark here.

Now, I think honourable senators will realize the significance that amendment will have in freeing up the flow of trade marked drugs into Canada from abroad. Most drugs in the world, as I am advised, are manufactured by large international corporations which have branch offices in practically every country in the world and which are selling their products abroad so that they are available for Canadian importers to import from abroad; and the parent company abroad will sell these goods to Canadian importers even though the parent may have a subsidiary in this country which is the owner of the trade mark in Canada.

In other words, by removing this liability to an action for infringement, we allow a Canadian importer to go abroad to buy these trade marked goods at the best possible price on a world market and bring those goods into Canada for sale here and relate his price to those world prices and not to the Canadian price.

Now, this right does impose upon the importer certain understandable restrictions; for instance, the product he sells, distributes and advertises must bear the name of the manufacturer, who may be in Switzerland or some other country, as well as the name of the importing distributor.

I would like to refer very briefly to subsection 2 here, because this has been raised in the press as an objection to these provisions to some extent. This objection arises out of an allegation that there may be a trade marked drug sold abroad as "X" and sold in Canada as "X", but the dosage in the drug as sold in England, for example, would be different from the dosage contained in the drug as sold in Canada. Accordingly, a physician prescribing that drug would not be aware of the possibility of differing dosages, if the drug were one that came from abroad.

This subsection provides that if such a situation does exist, then this immunity to an infringement action can be terminated by the Minister of National Health and Welfare, who

assumes full responsibility under the drug directorate for policing these possibilities.

Honourable senators, the final section is a definition section. In the Patent Act the word "medicine" is used. In the Trade Marks Act the word used is "pharmaceutical preparation", and the word "drug" appears only in the Food and Drugs Act. But, by reason of the development of law in the Patent Office and under the Trade Marks Act definition of pharmaceutical, these basically are concerned with exactly the same commodities. The definition of "pharmaceutical preparation" contained in subsection 3 also excludes from the operation of this act mixtures that are registered under the Proprietary Patent Medicine Act. These are pink pills and so on which are not drugs in the sense that we are concerned with.

Again, the time for opening and closing the Patent Office and the service of papers is set out and repeated in the Trade Marks Act.

Then we come to what is the final section of the act, which amends the Food and Drugs Act. This amendment is basically to confer the widest possible authority on the Governor in Council covering control of drugs manufactured abroad, including the power not only of regulating imports but of dealing with the drugs after they are in the country.

This power, I am advised, now exists under the Food and Drugs Act, but this section spells it out again and even more explicitly for the purpose of putting this broad controlling power beyond any question.

Honourable senators, I hope I have been able to give to you, through a rather technical discussion, an idea of the social implications of this legislation. This is a piece of legislation that I can support with all conviction, because it is not only a Liberal piece of legislation with a capital "L"; it is a liberal piece of legislation with a small "l". Basically, it is a piece of legislation to free trade; it is a piece of legislation to bring to the Canadian public in a very important and necessary area the same price advantages that the citizens of other countries enjoy. It may tread upon the toes of some dealers or manufacturers of drugs who are established in their monopolistic or quasi-monopolistic positions in Canada under the protection of the provisions of the Patent Act and Trade Marks Act as they now stand.

In the other place it was stated that the profit margin for people in this industry was generally around 20 per cent, as opposed to an average national figure for all manufacturing industries at about 10 per cent.

Hon. Mr. Everett: Will the honourable senator permit a question? I wonder if that percentage applies to investment or to sales and if it applies before or after taxation.

Hon. Mr. Lang: There is an old saying—and my Latin may be somewhat rusty—*de minimis non curat lex*, which means the law takes no account of details. I cannot advise you how those figures were arrived at, but in summing up I think I can say that the drug manufacturers and importers in Canada have enjoyed a very affluent period. They have served the country well but I do not think the liberalizing of the industry by this legislation will very seriously harm any of them who are vigourous, competitive and in keeping with the trends in the industry as they are exhibited in the world today.

Hon. Mr. Everett: I know it may seem a small point, but would the honourable senator not agree that return on investment is probably the important test? It might be possible for an industry—and I am not taking the side of the drug industry—to have a 20 per cent return on its sales as against an average of 10 per cent in manufacturing, and yet really have a smaller return on investment than is enjoyed by all manufacturers? While it may be an unimportant point, nevertheless, if incorrectly phrased it may be very dangerous.

Hon. Mr. Lang: I think the important consideration here is probably not how much money drug manufacturers make, but whether the Canadian people are getting a fair shake for the money they spend on drugs as compared with other people in the world. I think that the interests of the consumer will be the determining factor rather than the extent of the margin of profit in the industry. In committee honourable senators will probably have an opportunity to question the witnesses we will have before us as to the specific knowledge they have of the industry. This has been very thoroughly examined by the House of Commons committee under Dr. Harley, and in the proceedings of that committee you will find sheafs of evidence on those factors. We will have an opportunity of developing these matters in committee, and I would not want to attempt to do it on second reading.

As I have said, honourable senators, I consider this to be a worth-while piece of legislation. I think it is good social legislation. I

think the questions raised as to the purity of drugs and the adequacy of markings are very important matters, but I am assured by the people in the Food and Drug Directorate in the department that they will be able to deal with these problems as they arise if and when this bill becomes law.

Hon. Mr. Sullivan: I move the adjournment of this debate, particularly since it involves a medical subject.

On motion of Hon. Mr. Sullivan, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 24, 1969

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

Prayers.

RULES OF THE SENATE

REPLY TO QUESTION ASKED IN DEBATE

[*Translation*]

The Hon. the Speaker: Honourable senators, on April 22, 1969, as reported on page 1316 of the *Debates of the Senate*, the honourable Senator Fournier (Madawaska-Restigouche) asked a question which I shall summarize as follows:

> Honourable senators... why is it that when we talk about the House of Commons we refer to it as "the other place"? When you presented a bill, Mr. Speaker, you spoke of a bill "received from the House of Commons" .. But when we speak in the house here, we avoid referring to "the House of Commons" and we say "the other place". Are we afraid to mention that the other place is the House of Commons? When they talk about the Senate, they do not say "the other place"... I would be glad if someone could answer that question...

As this is a matter of procedure and as the honourable Senator Fournier (Madawaska-Restigouche) addressed his remarks to the Chair, I stated that I would try to find an answer to his question.

I have looked into this matter and I am inclined to believe that the honourable Senator Fournier (Madawaska-Restigouche), when he made his remarks, probably had in mind an unwritten rule whereby one house cannot, during a discussion, refer to the debates of the other house. This rule is rather flexible, however, because senators have always been permitted to refer to the debates of a previous Commons session. Here I should like to quote Bourinot, one of our much respected authorities on parliamentary procedure. At page 357 of the fourth edition he states:

> It is also a part of the unwritten law of parliament that no allusion should be made in one house to the debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness. Members sometimes attempt to evade this rule by resorting to ambiguous terms of expression—by referring, for instance, to what happened "in another place"; but all such evasions of a wholesome practice should be stopped by the Speaker, when it is evident to whom the allusions are made. It is perfectly regular, however, to refer to the official printed records of the other branch of the legislature, even though the document may not have been formally asked for and communicated to the House.

I would like to add, honourable senators, that the practice of using the expression "the other place" seems to have come about in order to avoid anything that could create a conflict between the two chambers and to prevent a debate which could result from a discussion in the other chamber.

Honourable senators, that explains why the expression "the other place" instead of "House of Commons" has come into use. The question asked by the honourable Senator Fournier (Madawaska-Restigouche) shows that through usage that expression has become widely accepted and is used quite wrongly, it seems, to the exclusion of the other during debate.

Honourable senators, there is no particular rule which requires that we use "the other place" instead of "House of Commons". When the Chair informs the Senate that an official message has been received from the House of Commons, it is simply called by its name because it is a branch of Parliament, as defined in section 17 of the British North America Act of 1867, which reads as follows:

> There shall be one Parliament for Canada consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

Honourable senators, I wish to call your attention to the fact that in 1954 a member of this house asked the Speaker, the Honourable Wishart Robertson, a question similar to that asked by the honourable Senator Fournier (Madawaska-Restigouche). I fully adopt the following opinion then given by the honourable Senator Robertson:

> It is very clear that no attempt on the part of honourable senators to allude to the debates and proceedings of the other branch of parliament, during the current session, can properly succeed whether the expression "House of Commons" or such

apparent evasions as "another place" are used in the process. On the other hand, when it is in order to refer to the other branch of parliament, far from the term "House of Commons" being out of order, it is indeed the proper description to use.

This is an excerpt from the 1953-54 *Debates of the Senate*, page 360 in the French version and page 343 in the English version.

I hope this information will be satisfactory to Senator Fournier (Madawaska-Restigouche) and that it will be useful in due time to other members of the Senate.

(*English*)

Hon. Edgar Fournier: Thank you very much, Mr. Speaker. Your explanation is very instructive to me and I am sure it is also helpful to many of the honourable senators. This is the first time we have had this question explained to us. I would prefer that the House of Commons be referred to by its proper name as much as possible.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of Agreements made under the Agricultural Products Co-operative Marketing Act for the fiscal year ended March 31, 1969, pursuant to section 7 of the said Act, chapter 5, R.S.C., 1952. (English and French texts).

Report of the Department of Labour for the fiscal year ended March 31, 1968. (English and French texts).

Report of the Canadian National Railways for the year ended December 31, 1968, pursuant to section 40 of the Canadian National Railways Act, chapter 29, Statutes of Canada, 1955. (English and French texts).

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1968, pursuant to section 17 of the Canadian National Railways Capital Revision Act, chapter 311, R.S.C., 1952. (English and French texts).

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, April 29, 1969, at 8 o'clock in the evening.

This will permit certain committees to meet during Tuesday morning and afternoon.

Motion agreed to.

CONSTITUTIONAL CONFERENCE

COMMITTEE ON SENATE REFORM—INQUIRY

On the Orders of the Day:

Hon. Daniel A. Lang: Honourable senators, before the Orders of the Day are called, I should like to direct a question to the Leader of the Government (Hon. Mr. Martin).

I have in my hand an article from the Toronto *Globe and Mail* of April 4 concerning the forthcoming conference between the federal and provincial governments on the Constitution. The writer states that the federal Government hopes that the five ministerial committees assigned the study of specific parts of the Constitution can also meet before July. I assume that that date is now June 11 to 13. Reference is then made to the five ministerial committees, namely, the Tax Structure Committee under the chairmanship of Finance Minister Edgar Benson; the Bill of Rights and Supreme Court Committee, under the chairmanship of Justice Minister John Turner; the Regional Disparities Committee under the chairmanship of Regional Economic Expansion Minister Jean Marchand; the Official Languages Committee under the chairmanship of Secretary of State Gérard Pelletier; and a fifth committee that was set up in February to examine Senate reform.

I ask the Leader of the Government if he would advise this house of the name of the chairman of the Constitutional committee set up to examine Senate reform, and to tell the house when that committee intends to meet, who are the provincial representatives delegated to it, what proceedings it will take, and what, if any, representations it will hear.

Hon. Paul Martin: Honourable senators, the chairman of the committee to examine federal institutions, including the Senate, will be under the chairmanship of the Honourable Otto Lang. I am a member of that ministerial committee. The other member is the Honourable Eric Kierans. All the provinces have not indicated who their representatives will be. As a matter of fact, all of the provinces have not yet replied to the invitation to appoint representatives.

The Constitutional Conference will be meeting about June 11. This is a committee of ministers, set up at the Constitutional Conference in February. Its purpose is to examine the position papers of the various governments filed for the February Conference, which the conference indicated would serve as a basis for discussion.

Hon. Mr. Connolly (Ottawa West): Would the Government leader say whether any of the position papers to which he refers would be available to the Senate for tabling here in advance of the committee meeting?

Hon. Mr. Martin: I think that could be done at once. I am glad Senator Connolly has asked that question. There is no reason why we should have to wait. We can do that right away, and I shall see that it is done. Of course, all the provinces did not submit position papers, but to the extent that they are available I will see that they are all tabled.

Hon. Mr. O'Leary (Carleton): Honourable senators, I rise on a question of privilege. Members on the other side have been having a cosy time talking among themselves. I wish they would turn and address this side of the chamber as well so that we could hear what is being said.

Hon. Martin: I am sorry. I was not aware that the acoustics were so bad. The reason I turned to look at Senator Lang was not because he was better looking than anybody else but because I was replying to his inquiry.

Hon. Mr. Choquette: You are still doing it and we cannot hear you.

RULES OF THE SENATE

PRINTING OF REVISED RULES—INQUIRY

Hon. J. Campbell Haig: May I ask the Leader of the Government when we may expect the composition of the rules to be sent to us?

Hon. Paul Martin: That will be done within a very short time. The Clerk and the Speaker have been working on the volume, and I understand it will be available very soon. Perhaps the Clerk can give me an indication now as to a possible date. I am told perhaps in two weeks.

FARM MACHINERY SYNDICATES CREDIT ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. McDonald, for the second reading of Bill C-112, to amend the Farm Machinery Syndicates Credit Act.

Hon. Arthur M. Pearson: Honourable senators, Bill C-112 is necessary to correct some omissions in Bill C-121, which was introduced by the then Government Leader in the Senate (Hon. Mr. Connolly, Ottawa West) in October 1964. The then leader gave an excellent exposé of that bill on second reading at that time. In his explanation he mentioned certain machinery that might be included for purposes of a loan, but some of the items he mentioned were not considered by the department as coming within the ambit of the bill. This is now cleared up, as will be seen by paragraph (b), subsection 1 of the new section 3, which reads:

> to purchase, erect or improve buildings—

and also by paragraph (c) of the same subsection 1 of section 3. It is further emphasized in clause 4 of the bill, by paragraph (a) of the new section 5, subsection (la) which states as follows:

> where the loan is made to purchase farm machinery that is installed or is to be installed in buildings—

Apparently under this bill farmers will be able to buy certain machinery such as feed mills, grain crushing machinery and possibly dryers amd have them installed in buildings.

Honourable senators, in speaking on the matter of co-operative farm associations, I have some grave doubts on these being worked out to the satisfaction of the Corporation. I have seen a few of these co-operatives fail utterly because the members could not agree even after a wonderful year or two of good service. Co-operatives, in my opinion, must be big enough so that they are more impersonal to the average member.

Secondly, Bill C-112 contains a new approach to the question of our Indians on the reserves. Under this bill they will be able to obtain loans to buy machinery by forming one of the various types of syndicates outlined in the bill. This certainly will be well received by the Indian population. There is, however, one stickler to these loans to the Indians, in that two departments of Government are involved, the Department of Agriculture, represented by the Corporation and the Department of Indian Affairs and Northern Development.

The Corporation has been able to develop these loans with considerable speed, but in granting a loan to an Indian co-op or syndicate they will have to get the consent of the Minister of Indian Affairs and Northern Development. This to my mind will entail

considerable delay. I think nearly everyone has had some experience with departments in trying to get answers to letters they have written. I would suggest that the Indian people get their applications for loans in as early as possible—even a year in advance of when they will need the machinery.

Hon. Mr. Connolly (Ottawa West): Would the honourable Senator permit a question? Does he refer only to Indians on reserves, or to the enfranchised Indians as well?

Hon. Mr. Pearson: Just Indians on reserves.

The increase in time and the repayment of certain of these loans from seven to 15 years is most necessary at this time because of the great disparity between the farmer's revenue from his product as compared to the price of farm machinery and the cost of money.

I would like to commend the Government on this addition to the loans, and in allowing the Indians on the reserves to borrow. On the other hand, why not control the price of machinery so that it bears some relation to the price of the farm products? All across Canada the price of machinery is too high. Therefore, something has to be done quickly or the farmers will not be able to pay for the machinery they do buy, and they will be out of business.

In the past year, 1968, in western Canada the machine companies have had a very difficult time. Their sales went down very much, and they had to let staff go in the cities and other centres where they supply the machinery. All this was due to the high cost of machinery. This is one of the problems we will have to face and for which we need to set up an inquiry. This might be a very appropriate subject for the Senate to consider.

Hon. Mr. Fournier (Madawaska-Restigouche): Honourable Senators, if I understand aright, this bill is to provide money for Indians who want to buy implements through a co-operative movement. My curiosity at the moment is as to whether the Indians in the west have much larger reserves than the Indians have in the east. I believe that in the east very few reserves are large enough to go into large-scale farming. Is it the same situation in the west? Are the reserves large enough to have farms on which they could grow wheat?

Hon. Mr. Pearson: Yes. We have quite a good farming area in most of the reserves. Many are large enough and are being used to some extent for farming, but the Indians have had quite a lot of difficulty in getting machinery. They have had to allow their land to be broken up by settlers outside the reserves. Those settlers outside have been breaking up the land and farming it for three, four or five years and then turning it back to the Indians. This is the only way they have been able to get the land cleared. Now they will be able to buy this machinery in co-operation with other Indians on the reserve, have their lands cleared for farming and be able to grow wheat as they should.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

On motion of Hon. Mr. McDonald, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 699 to 714, inclusive, which were presented yesterday.

On motion of Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to presentation of petitions:

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 565, for the relief of Gaston Sauve.

Resolution 566, for the relief of Edna Aronovitch Goldstein.

Resolution 567, for the relief of Lorne Charles Webster.

Resolution 568, for the relief of Linda Marian Hinds Taunton.

Resolution 569, for the relief of Hannelore Seemann Fiedler.

Resolution 570, for the relief of Ronald Osborne Bilow.

Resolution 571, for the relief of Andre Sauve.

Resolution 572, for the relief of Jacques Rouleau.

Resolution 573, for the relief of Yvon Crevier.

Resolution 574, for the relief of Jean Paul Lessard.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, I move that these resolutions be placed on the Orders of the Day for consideration on Tuesday next.

Motion agreed to.

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Lang, for second reading of Bill C-102, to amend the Patent Act, the Trade Marks Act, and the Food and Drugs Act.

Hon. Joseph A. Sullivan: Honourable senators, before I address myself to this legislation I would like to take this, my first opportunity, to express my warm congratulations to the Leader of the Government in the Senate. He and I have been friends for many years. We were both school boys at St. Michael's College, and, indeed, it is a great pleasure for me to make these few remarks pertaining to him.

Secondly, I take the opportunity of expressing to the Chairman of the Standing Committee on Standing Rules and Orders, the honourable Senator Molson, my sincere congratulations on a task well done. My absence was unavoidable; it was only because I was engaged in the most important research work that I was not here.

Honourable senators, it is said that a surefire formula for making a good speech is to have a good beginning and a good ending and keep them as close together as possible. Well, I do not think this will be a good speech because the beginning and the end will be as far apart as possible.

I would like to express to the sponsor of this bill, honourable Senator Lang, my warm congratulations on how well he explained it in the truly learned legal phraseology of the profession of which he is a most distinguished member.

I am fully cognizant of the honour and privilege of being a Senator of Canada. As one who never sought or ran for a political office, I feel that my record in this house has been one of complete impartiality. What I have to say would be said irrespective of what political party happened to form the government of the day.

Now, most significantly, no scientific body has endorsed this legislation; in fact, scientific opinion generally appears to be overwhelmingly against it.

A dilemma has been described as a situation in which you have only two choices, both of them bad. The conclusion is obvious: this legislation is a dilemma.

I speak to this legislation today as a medical man and one who has been engaged in scientific medical research for many years. I made these particular remarks after Bill C-190 was introduced in the House of Commons, Mr. Speaker, at the very moment that I was engaged in a most profound piece of research, the culmination of which endeavour I am looking forward to most hopefully. I will briefly refer to that endeavour, but what I am interested in in this legislation is people—patients, not legal technicalities.

I am interested in the fact that the doctor has to prescribe the drug—nobody else. The patient has to receive it, and we want to give him the best drug possible.

Since it is not generally known that some Canadian scientists are making a significant contribution to the American space program in so far as medical research is concerned, I would like to bring the following to your attention as indicative of research for which we assume considerable responsibility.

1. An understanding of the effects of weightlessness on orientation in space. This involved exposing one of us, my associate Walter Johnson, Ph.D, and experimental animals—Rhesus monkeys—to numerous flights in high performance aircraft of such a nature as to produce weightlessness.

2. To expose humans—Dr. Walter Johnson—to long periods of spinning, lasting several days, in order to learn more about human adaptation to an artificial gravity situation in orbiting space laboratories of the future.

3. Evaluation of anti-vertigo and anti-nauseant drugs for the protection of astro-

nauts, with the complete co-operation, help, financial and otherwise, of the pharmaceutical industry in the vertibular research clinic of St. Michael's Hospital in the University of Toronto.

4. Frequent consultation with the national aeronautics and space administration by invitation, to discuss the significance of the medical findings to date and to plan experiments for future space flights.

In these projects we are participating in fundamental research directly applicable to astronaut performance in space flight, affecting the internal ear.

Honourable senators, I might point out that the astronauts did not suffer from flu, as was indicated in the press, but suffered from excessive movement in a weightless atmosphere and they responded to a great degree to the drugs hyoscine and amphetamine.

In these impatient times of social reform there is some validity to the warning that what we now obtain so cheaply we will one day esteem too lightly. If we can find no purpose in life and become neurotic, we want vitamin pills, aspirin, tranquillizers and the great variety of anti-stress pills, so popular nowadays.

This is the age of basic research, and Canada is better equipped to play a leading part in medical and pharmaceutical science than in the arms race now occupied by other countries.

There is reason to believe that, if an equal amount of talent and money were diverted to the study of cardiac death, cancer or aging, these perennial enemies of man would be more resilient to scientific attack than some of the other problems which are receiving priority today. For the record, the percentage increase of the Medical Research Council budget this year is less than half of what it was last year. By the same token, it seems the funds now available for increasing the personnel of the Food and Drug Directorate and the Department of Health and Welfare seem unlimited.

I am speaking in the interests of medical science. As the medical representative of the Board of Governors of the University of Toronto on the Connaught Committee and a member of that board for 20 years, associated with its medical school in professorial rank for many years, I feel I might be qualified in speaking with some degree of authority, and so what I propose to present to you, as honourable Senator Hayden so ably expressed, are plain basic facts, not opinions.

What no physician would do to the human body, the social engineers are doing to society en masse. Any physician would be laughed out of the room who came up with magic ideas, developed in his dreams and unsupported by a survey of the literature pertaining to the idea or controlled study of the idea in practice.

Good science is inseparable from study of controls—which is an odd example of how a good word, as used here, can become a bad word when it means coercion over individuals. It is no good to say, *post hoc ergo propter hoc*, that the sick man got well because of the pill administered or the operation performed. Perhaps this is true, but the only truly admissible proof of the assertion would be to take the man back to his identical condition before the treatment, not treat him, and see what happens. This is difficult in medical science; a treated patient can rarely be put back and started over the route again. Instead, we use controls. We treat one, do not treat another, and when we have a statistically significant number of cases with ages, sex, degree of illness and many other variants equilibrated, we may proceed to a cautious conclusion.

Some time in the past there were rather unkind remarks made about my profession in which it was stated that high drug prices in Canada were not the result of sinister behaviour by industry but of doctors who were not price-conscious in writing out prescriptions. Well, any physician worth his salt receives the publication known as *The Medical Letter*, which can be had for $14 a year. It is published in New York, is issued every two weeks and contains the latest and most up-to-date information. It is not sponsored by any drug firm but by the leading men in the field in America.

Then, too, honourable senators, there is the *Journal of the American Medical Association* which is published weekly. Another volume available to him is *New Drugs*, which is evaluated by the American Medical Association Council on Drugs and is published by the American Medical Association. I have here the 1967 edition, and there will be a new one out very shortly.

Then, honourable senators, there is a *Compendium of Pharmaceuticals and Specialties*, published in Canada, which contains the names and descriptions of a comprehensive list of drugs. With a very slight change this

could become the bible for the medical profession in Canada and its proper use could save the unnecessary spending of a great deal of money. The budget for this bulletin for the first year is $410,000, and taking into consideration the Parkinsonian Law of natural increase in Government offices, the bulletin could cost $1 million annually once it is started, if they need all the references here. I should say to Senator Lang that he has all his own references in law and he does not have to have a bulletin issued from the Department of Justice to keep a distinguished member of the Bar such as himself so well informed. Hence, I question the validity of carrying out such a procedure at the expense involved in doing so.

Honourable Senators, it is necessary, in view of some remarks I wish to make, to refer to a speech made by the Minister of Health in the House of Commons on Friday, January 17, 1969. Am I permitted to make reference to this?

Some Hon. Senators: Agreed.

Hon. Mr. Sullivan: I refer to page 4423 of *Hansard* where it states as follows:

> Of the imported drugs in finished dosage form analyzed in 1967 by the Food and Drug Directorate of my department, 16 per cent were unsatisfactory for one reason or another. The percentage of domestically produced drugs in finished dosage form found unsatisfactory was identical—16 per cent. Thus the data provides no support at all for those who claim that imported drugs, as a class, are of inferior quality to those produced in Canada.

I wish to underline that it is a legitimate concern, if it is possible for inferior drugs to appear on the Canadian market. However, the position of the medical profession has primarily revolved around the fact that the imported products will be non-proven, not that imported drugs are intrinsically inferior to those of Canadian firms. I feel that the Canadian consumer has a right to expect the reassurance that comes from knowing all the medications he might take have had to prove themselves safe, potent and effective. On this basis the profession has no quarrel with imports; they will serve an economic purpose and will provide competition of which Canadian member companies cannot disapprove.

However, I should remind you that Dr. Chapman, in his testimony before the Harley Committee, stated that drugs imported from abroad, "are not all of satisfactory manufacture." I take that statement from page 2113 of the proceedings of that committee of January 31, 1967.

He goes on to say:

> Continued vigilance by the Food and Drug Directorate in the area of drug importation is imperative, for we find that there are many European companies who do not have proper production facilities and, applying merely patent specifications, fail to achieve the same accuracy and precision of analytical quality control as the original manufacturer.

I am surprised at the identical 16 per cent figures shown for unsatisfactory finished dosage form analysis in 1967. During the Harley Committee hearings, Dr. Chapman had the officers of the Directorate correlate all the data on this subject, which showed that, of imported drugs tested, 12.5 per cent were unsatisfactory while only 10.1 per cent of domestic drugs were unsatisfactory. I would like to know the breakdown of the further data supporting the new 16 per cent figures. Does this mean the Canadian drug supply is becoming less reliable than a few years ago?

A careful reading of the report "Some Observations on Drug Control in Europe", by Messrs. Allmark, Levi and Ferrier, makes it apparent that we are living in a fool's paradise if we expect that imports will come from countries with advanced food and drug legislation and manufacturing standards. As an example of the problems that are possible with unscrupulous international drug entrepreneurs, I can only draw your attention to the problems that have been encountered in Great Britain in trying to stop the activities of a manufacturer moving in and out of the British Isles, including Ireland, in such a way that his hazardous activities cannot be stopped. This is the kind of situation which I decry and from which the medical profession wishes to protect Canadians.

In an important communication to the Food and Drug Directorate, Dr. George F. Wright, one of the international authorities in chemistry, stated—and I read briefly from his letter, as follows:

> Since the majority of imported material is likely to be in finished dosage form the amount of work required from the Directorate would seem to be astronomical in magnitude if Bill C-102 is passed.

> Do you have forty or fifty Dr. Greenbergs to send around the world for initial and continuing inspection?
>
> I have many reasons for disapproving of this Bill which are not appropriate for discussions with you. However I consider that it is appropriate to enquire whether you have made clear to the authors of this Bill the amount of effort in which it would involve the Directorate.
>
> A regulatory body like the Directorate cannot maintain its efficiency when its commitment is an impossible one.

Now, the Canadian Medical Association objected to Bill C-190 on the basis that it could open the door to drugs whose safety and effectiveness are below the standard expected and deserved by the Canadian public. That particular act was subsequently amended and presented to the current Parliament as Bill C-102 by the new Minister of Consumer and Corporate Affairs, the Honourable Ronald Basford. In addition to changes in the Patent Act and the Trade Marks Act, as so clearly described by Senator Lang, there was also—and perhaps this is of particular significance to the medical profession—added to the original legislation an addition to the Food and Drugs Act. As Senator Lang explained yesterday,

> Section 24 of the Food and Drugs Act is amended by adding thereto, immediately after subsection (1) thereof, the following subsection:
>
> (1a) Without limiting or restricting the authority conferred by any other provisions of this Act or any Part therefor carrying into effect the purposes and provisions of this Act or any Part thereof, the Governor in Council may make such regulations governing, regulating or prohibiting
>
> (a) the importation into Canada of any drug or class of drugs manufactured outside Canada, or
>
> (b) the distribution or sale in Canada, or the offering, exposing or having in possession for sale in Canada, of any drug or class of drugs manufactured outside Canada,
>
> as the Governor in Council deems necessary for the protection of the public in relation to the safety and quality of any such drug or class of drugs.

Following the presentation of Bill C-102, the Canadian Medical Association through its President, Dr. H. D. Dalgleish, sent the following wire to the Honourable Mr. Basford and to the Minister of National Health and Welfare, the Honourable Mr. Munro.

> Bill C-102 places extremely heavy responsibility on the Department of National Health and Welfare, Food and Drug Directorate. The Canadian Medical Association appreciates that original legislation has been amended to specifically designate that the Food and Drug Directorate is responsible to ensure safety and efficacy of imported drugs. Previous Canadian Medical Association reviews indicate that the Food and Drug Directorate is inadequately equipped and staffed to provide assurance that freely imported drugs will meet the necessary safety and clinical standards of Canadian produced products. Respectfully request assurance that the federal Government can, and will, guarantee safety and effectiveness of drugs imported as a result of C-102.

The minister gave his assurance in the other house that could be done, and I will refer to it later.

Hon. Mr. Thorvaldson: What was the date of that letter, if I may ask?

Hon. Mr. Sullivan: The date of the wire from Dr. Dalgleish?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Sullivan: I do not have it here, but I can find it for you. I could write a thesis on pharmacy, if I wanted to spend the time on it!

I would like to refer, as have others, to the tables produced in the other place. I shall be brief on this, but I want to bring to the attention of honourable senators a most glaring defect in the table produced in the other house on October 17, 1968, where they name nine drugs, and also in an article in *Time* magazine. The minister said that he had obtained the current prices of the same patented prescription drugs to the retailer in Canada. It transpired that five never had patents: Chloromycetin, the patent has expired; Achromycin, the patent will expire in 1970; Decadron never did have a patent; Equanil, expires in 1973; Butazolidin never did have a patent; Premarin has expired.

What is very important is the dosages quoted. If you look at the table, on the right-hand

side it says so much a hundred. Then take three drugs—Librium, Enovid and Decadron. If I am prescribing a drug I want to know what I am prescribing. Librium comes in five, ten or 25 milligrams—this was never specified. Enovid has dosages of 5 and 10 milligrams. Decadron has dosages of 0.75 and 0.5. We certainly want to know what would be the variations in price for the various strengths of drug. That was never brought out.

In general, it needs to be emphasized that drugs called by the same name do not necessarily act the same way. It is wrong for the Governments to try to force doctors to prescribe brands with which they are not familiar just because they may be a little cheaper.

The Food and Drug Directorate cannot guarantee the safety of all imported drugs or even those made in Canada. Most honourable senators will recall that it was just last year, I believe, that a lot of "health salts" caused illness in many persons before it was recalled by the manufacturer, and health salts are very simple preparations.

The efforts of the Food and Drug Directorate make it probable that generic drugs are good enough most of the time, but not always. In principle it is wrong to make a virtue of price competition for drugs. It gives too much advantage to the less scrupulous merchandisers. The Government cannot control them all.

For more complex drugs it takes many years or even decades to develop the kind of tests which can be used reliably by Government testing laboratories or pharmaceutical laboratories. A good example is Salk vaccine. Even after a decade of most rigorous Government specifications and double checking, some manufacturers were making good vaccine, but others were manufacturing very inferior stuff.

Hon. Mr. Martin: I am sure the honourable senator would agree that the record of Connaught Laboratories in the manufacture of Salk vaccine was of the highest order; they had no troubles.

Hon. Mr. Sullivan: That is where that information came from, Senator Martin. I have a lot of information here from Connaught Laboratories, which I will mention later.

I would like to quote another international authority, Dr. Louis Lasagna, Associate Professor of Medicine and of Pharmacology and Experimental Therapeutics at Johns Hopkins University. Discussing what he called that "prickly" problem of generic drugs, he said that after years of "naïve faith" in the validity of the United States Pharmacopoeia standards for drug quality, "it is now clear that these old-fashioned techniques are not sufficient to predict the biologic performance of drugs." Both large and small manufacturers "have shown their ability to make and sell drugs of inferior quality, not because of purposeful corner-cutting but because our quality control techniques are simply not good enough."

In personal correspondence with Dr. Lasagna, in a letter dated April 19, 1969, he goes on to say:

> The 1962 amendments stipulated that all batches of antibiotics be certified by the FDA, but we have all recently read of nine brands of chloramphenicol being withdrawn from the market after measurements of biological fluids in human volunteers revealed a variable and inferior performance from the generic versions of chloramphenicol. .
>
> ...Is it in fact *ethical* to try an unproven generic version of an important antibiotic or drug in a seriously ill patient? ..
>
> As you can see, I think a great deal of spadework has to be done if we are to tackle this problem sensibly rather than politically.

Now I want to come to what I call the meat of my presentation, particularly because it has to do with the so-called headlines of "Those High Drug Prices". A doctor wants low drug prices for his patients. He is dealing with them every day and is writing them prescriptions and he wants them to have the best at the lowest possible price.

Are drug prices too high? Many persons who take their doctor's prescription for a new and important drug into their local pharmacy come out with a strong conviction that they certainly are high. Yet I am sure that the same people, or most of them, would, on reflection, probably agree that all drugs are not too expensive.

Without quoting surveys or arguing about what is a fair price, I would agree that the prices to the pharmacist, and thus to the retail customer, of many of the newer and more important drugs are too high. I believe

that the prices of these drugs can be reduced, and that there are several reasonable ways to do so. None of these ways is contained in this legislation.

Bill C-102, as it is called, proposes to change the Patent Act and the Trade Marks Act so as to permit and encourage the importation of drugs from countries where they can be bought more cheaply than in Canada or the United States. Hungary, Italy and Japan are among several possible sources of cheaper drugs. The idea seems feasible because there are in Canada many small enterprises in the drug business. They include importers, wholesalers, packagers, tableters and even some manufacturers. Businessmen in such enterprises would presumably be eager to seize any chance to buy expensive drugs cheaply, and offer them to druggists in Canada more cheaply than the company which invented and developed the drug and holds the patent in Canada. More price competition at the wholesale level should, one would suppose, cause a general lowering of prices of newer drugs. The idea is plausible. How would it work?

There would be, of course, some extra expenses, some delays and some risks, for the importer who tries to sell new drugs in a responsible and legal manner. The importing company would be required to get a licence from the Commissioner of Patents and to pay a royalty to the patent holder. The amount of the royalty would be set by the Commissioner. The importer would also be required to satisfy the Food and Drug Directorate in Ottawa that the imported drug and its manufacturer abroad have complied with all the rules and specifications which the Directorate imposes on the drug and on its manufacturer in Canada.

For a new drug, the rules of the Food and Drug Directorate are exceedingly rigorous. It can take a very long time to get clearance for the sale of a new drug. It might even be beyond the scientific competence of the importer to meet the requirements of the Directorate.

Let us suppose, however, that he succeeds. He now has another problem. He must persuade doctors to prescribe the imported product. Most doctors would not know the name under which the importer must sell it. They probably would not know the name or reputation of the importer or manufacturer. They do know the trade marked name of the original preparation and the reputation of its manufacturer. They have seen medical reports on the advantages and limitations of the trade-named drug, and these have been confirmed at staff meetings—which are held in our hospital each week—by the experiences of their colleagues. Why should they take a chance with an unknown product of an unknown company? Am I going to take a chance on an unknown product with one of you honourable senators? No, sir, I am not! They know that the Food and Drug Directorate cannot guarantee that the imported substitute will act exactly like the brand-named product with which they are familiar.

So far, then, it seems that as a business proposition, trying to import and sell the newest and most expensive drugs is not likely to pay off quickly. It would be easier to try to cut into the market for not so new, less expensive drugs. Many of these are made in Canada.

Another problem to which I should like to briefly refer in this discourse is that of drug counterfeiting. Drug counterfeiting has been practised as a profitable enterprise for several years in the United States. Counterfeiting means copying as closely as possible the size, shape, and appearance of the capsule or tablet of some successful brand-named drug and selling it to druggists and doctors for dispensing when the brand-named drug is prescribed. In the trade they call these drug counterfeiters the "me-tooers" or the molecular manipulators.

Just recently a very extensive counterfeit drug operation was detected in Canada. Perhaps it was launched a little prematurely, in the expectation that this bill would have been passed several months ago.

It is important to note that that counterfeiting operation was not detected by the Food and Drug Directorate. This should make us wonder just how well the public can be protected by the Food and Drug Directorate, and how well it will be protected if importation of drugs is made much easier. It is timely to recall that a very highly respected former director of the Food and Drug Directorate has repeatedly warned legislators that the most important safeguard for the public is the integrity and competence of the manufacturer. Dr. Morrell, speaking to the Special Committee of the House of Commons on Drug Costs and Prices, on January 26, 1967, said:

> I am loath to have people say that a drug is guaranteed by the Food and Drug Directorate. I do not see how we can

> guarantee it. There are many subtleties, and we do not have the facilities to detect differences...you cannot put "Government approved" on a drug.

I want to mention another point here. It seems shortsighted to penalize the most competent and reliable segment of the drug industry for the benefit of the more unstable and opportunistic segment. The Food and Drug Directorate does not function at its best in controlling deliberately illegal operations. If anyone doubts that, let him think about LSD, or marihuana, or the black market in barbiturates or the host of new psychedelic drugs.

Granted that action is desirable to reduce prices on certain expensive drugs, what alternatives are there to the proposals in Bill C-102? In the first place, the Government, through its Department of Consumer and Corporate Affairs, should identify the most expensive drugs and seek some disinterested advice as to which ones may be over-priced.

To deal with specific cases, no amendment of the Patent Act is needed. Section 19 of the act gives the Government of Canada the right to use any patented invention, with payment to the owner of a royalty to be set by the Commissioner of Patents. I am not advocating that the Government should manufacture the more important of the expensive drugs or even buy them in large volume for distribution at cost. These possibilities could, however, be subjects of discussion between the Government and the individual firms concerned. Discussion is the key word. It is a proper attitude for the Government of Canada to take towards the nation's inventive industries, whether foreign owned or Canadian owned. It is silly to bully, pillory, and penalize such industries. Canada needs the scientists and businessmen of technically advanced and profitable industries. Let us sit down and talk to them.

I should like now to discuss for a moment a phase of this legislation that has not been at all adequately covered. It was referred to by a member of my profession in the other place, and he was not answered by the minister. I am referring to the clinical equivalency of drugs. What is meant by "clinical equivalents"? "Clinical equivalents" means those chemical equivalents which, when administered in the same amounts, will provide essentially the same therapeutic effect as measured by the control of a symptom or a disease. I am all the more interested in mentioning this subject because there is to be an international symposium on "The Physiological Equivalence of Drug Dosage Forms" here in Ottawa, sponsored by the Food and Drug Directorate of the Department of National Health and Welfare, on June 26 and 27, 1969.

I am quite sure that if the latest meeting which was held in Washington at the end of March and the beginning of April is any indication of what clinical equivalency means, somebody is in for quite a shock, but I shall refer to that later.

Dr. Goddard, Commissioner of Food and Drugs in the United States, speaking to the American College of Clinical Pharmacology in Atlantic City, New Jersey, had this to say:

> The United States Pharmacopoeia and the National Formulary provide no biological performance test from which we conclude whether a particular dosage form of a particular drug will perform as it is supposed to perform in the human.

He goes on further to say:

> I am deeply disturbed at our situation today. I am taking this opportunity, I am using this particular forum, to express my misgivings to you, and through you, to all our colleagues in medicine. What, then, are the elements of this issue which must be vigorously and immediately explored? We know that different drug products which are generically equivalent have been shown to perform differently *in vivo*. How widespread is this phenomenon? How many different drug classes are involved? How serious is this phenomenon in the public health field? And what does the F.D.A. intend to do about it?

He concludes by saying:

> Science has been accumulating a great deal of observable information about drugs over the past one hundred years. In the recent past we have sought, through good law, reasonable legislation and good science to document this information, particularly as to safety and effectiveness, but our documentation falls far short of what we need.

Honourable senators, drugs at their best are never too good.

I have here a whole series of quotations from the *Medical Services Journal, Canada,*

published in March, 1967. These remarks are rather important because they do not now agree with what they said in 1967. I cannot understand how science could have advanced so rapidly in such a short space of time.

I quote from page 276 of the *Medical Services Journal, Canada,* of March, 1967:

> At the present time, many of the imported products are tested outside of Canada and we have had some difficulty in obtaining satisfactory Certificates of Analysis which clearly indicate that the products have been sufficiently well tested.

If our Government, in its wisdom, has decided that Canadian drug prices are too high, are we willing to sacrifice quality and safety in order to save but a fraction of the less than ten per cent drug share of our national health care expenditure? The price of a drug product cannot be directly related to its social benefit, except in the presumably intolerable case of a defective or deficient product. In the latter instance you may lower the price but not necessarily the cost.

On February 27, 1969, the Food and Drug Administration of the United States published proposed abbreviated new drug application regulations. In the last week of March and the first week of April 1969, government, university and industry scientists participated in a conference in Washington regarding formulation factors which influence the therapeutic efficacy of pharmaceuticals. This latter symposium and the United States Food and Drug Administration actions would seem to explode once and for all the myth of generic equivalency which was bandied about so much in the other place as the answer to the whole thing. G. C. Walker, Ph.D., Professor of Pharmacy, University of Toronto, attended that meeting. I have gone over this very thoroughly with him, and two members of the Food and Drug Directorate were down there as well. My concluding remarks on that particular meeting are as follows.

There is no question overall but that the drug itself and the drug in the dosage form present many problems aside from the inherent variability in the human *per se* as far as absorption, metabolism, distribution and execretion are concerned. The Food and Drug Departments of Canada and the United States are constantly striving for an increase in standards and quality of pharmaceutical products which embraces also the concept of availability as well as the more recent potential hazard to rear its head, that of microbial contamination. The directorate of this country has done much in developing standards, and in ensuring control of pharmaceutical products —a very, very difficult task indeed, and there can be no slacking—but I ask the Food and Drug Directorate not to allow the minister to state with such bland assurance that they have all the answers, and remind them that what they said in 1967 still holds in 1969.

I have here quite a few quotations from various authorities, which I wish to put on record, and some from a group in Vancouver. I have from Dean Hughes, Chairman of the Deans of Pharmacy of Canada, a long letter to me dated November 21, 1968, in which he states:

> Further to your letter of October 31st and my reply of November 11th, I am pleased to enclose herewith copy of a letter which I signed on behalf of the Association of Deans of Pharmacy of Canada expressing their views on Bill C-102.

He concludes that letter with these remarks:

> Although we have not referred to it in our letter, the fact cannot be ignored that it has been amply demonstrated patent protection is essential to encourage the development of new, more effective drugs. In a recent report, August 30, 1968, of the Task Force on Prescription Drugs of the U.S. Department of Health, Education and Welfare the following statement appears:
>
> "Virtually all the important new drugs of recent years have come from countries providing patent protection. Few, if any, have come from Eastern European nations which offer little or no patent protection."
>
> As is pointed out in the last paragraph of the letter on behalf of the A.D.P.C., we have "grave doubts that the proposed measures could possibly reduce the cost of medication sufficiently to compensate for the long term damage to the Canadian economy and to pharmaceutical education and research in Canada."

I have a wire from outstanding authorities of the University of British Columbia, namely Dr. M. Darrach, Professor and Head of Biochemistry, Faculty of Medicine; Dr. M. Pernarowski, Professor of Pharmacy; and Dr. D. K. Ford, Associate Professor, Department of Medicine, which says:

> Please feel free to use our wire any way you wish.

The wire reads as follows:

> The new method of referral to committee has had an excellent trial in Bill C-102 being referred to the Committee on Health and Social Welfare. The proceedings of the committee indicate clearly that the committee system, if given more autonomy, could easily bring to light evidence which had not been clearly documented before.

This wire was sent to that committee with its contents and was not produced. They continue:

> It is very significant that it was brought to light for the first time by committee questioning that this is a bill to change the Patent Act and not to reduce the cost of drugs—
>
> The committee brought out this evidence and was powerless to go further or recommend changes in the light of its discovery. Why did we bother to discover it? It would appear to me that this is prime evidence of autocratic control acting on the advice of officials whose opinions and recommendations must be suspect when these opinions are not supported by research and factual evidence to support the proposed legislation.

I have here further communications from Dr. Wright, Professor of Chemistry, and Dr. Kenneth Ferguson, Director of the Connaught Medical Research Laboratories, but as I have been speaking for a long time now I wish to bring my remarks to a conclusion.

As I have stated, the bill will virtually wipe out patent protection. It was only Connaught's patent that saved insulin from being debased and its development reduced to chaos. It was patent rights that made money for Connaught to plough back into other medical research.

Having read the committee hearings and newspaper stories of the other place, it seems to me that one important point has been almost entirely neglected in regard to therapeutic drugs and their use. Medicine—and thank God this is true—is practised by physicians, not by retail men, not by advertising agency copywriters or speech writers, not by members of the Food and Drug Administration and not, with all due respect, by Cabinet ministers or Members of Parliament.

When I see a sick child or an individual who is handicapped with some physical disability, or an elderly patient, I am Dr. Sullivan and that person is my patient. And Cabinet ministers or Civil Service personnel are not going to destroy or impinge upon that relationship in how or what I prescribe, because this is my life and my profession.

Probably this problem could be solved by the Government forming a Crown corporation for drug distribution. I think it would be a much better expenditure than some other Crown corporations we have. The British Government has commissioned Imperial Chemicals to make tetracycline for it, and perhaps other drugs too. Anyway, tetracycline is advertised in the *British Medical Journal*, and a very cheap price is shown, namely, about three cents a capsule. Discussion is the key word.

Honourable senators, I draw these conclusions. The Commissioner of Patents may not issue a compulsory licence for importation of any drug until he has received in writing an assurance from the Food and Drug Directorate which covers the following points:

(1) That the importer has been accurately identified and registered by the directorate;

(2) That the importer has the scientific competence and commercial organization to assure responsibility for the proper shipping, storage and distribution of the drug;

(3) That the Food and Drug Directorate has identified the channels of distribution of the drug in Canada so that specific lots may be removed from the market if necessary;

(4) That the Food and Drug Directorate has identified all the foreign manufacturers from whom the importer may purchase the drug;

(5) That the Food and Drug Directorate has inspected the premises of all such manufacturers;

(6) That the facilities and methods of the manufacturers comply with those prescribed for Canadian manufacturers;

(7) That the Food and Drug Directorate has obtained from the open market, and tested samples of, at least three serials or lots of the drug as produced by those manufacturers;

(8) That all appropriate tests by the Food and Drug Directorate indicate that the samples are satisfactory with respect to identity, purity, uniformity, safety and efficacy.

This removes the dangers of the bill but it is still useless for the purpose of reducing the

price to retail customers. In my opinion, responsible men in this field in this country feel as I do, that it is still unjust because it confiscates proprietary rights from competent manufacturers for the private gain of manipulators and the "me-too's".

I close with the words of Bacon:

> Those who determine not to conjecture and guess but to find out and know, not to invent fables and romances of worlds but to look into and dissect the nature of the real world must consult only things themselves.

I would admonish the minister by rewording one of the beatitudes, "Blessed are they that listen". I apologize for the time taken and thank you for listening to me.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. McDonald, debate adjourned.

NATIONAL LIBRARY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Muriel McQ. Fergusson moved the second reading of Bill C-171, respecting the National Library.

She said: Honourable senators, although there had been for many years demands by Canadians for a national library, it was not until 1952 that an act was passed which provided for the establishment on January 1, 1953 of a national library. However, although the National Library was established on that day various reasons prevented the immediate construction of a building to house the library. It was only in 1967 that the National Library moved into its own magnificent and impressive building on Wellington Street. Although it was not strictly a Centennial project, having been completed and occupied in 1967 it serves as one of Canada's most memorable accomplishments of Centennial Year.

Having been a member of the Joint Committee on the Parliamentary Library for the past 15 years, I have become aware of the many developments taking place very rapidly in the library world. In that committee we have learned that electronic techniques for storing, for processing and for transmitting bibliographic material are coming into use. When adopted, these techniques greatly improve systems of information-retrieval and electronic communication surpasses in speed and accuracy any exchange of information that we could have dreamed of a few years ago.

The various Government libraries in Ottawa own large stocks of books through which the Government and the other parts of the country could benefit. If these collections were co-ordinated and if common services using electronic techniques were used, where possible, much saving would result. Through such saving the money allotted to libraries would cover the purchase of many additional books which would be available to all libraries.

It is most important that steps be taken to prevent overlapping and the waste which results from duplication of collections in these government libraries, and to make it possible for the various collections to be used interchangeably whenever that is practical.

Another reason which makes such planning urgent is that considerable funds are now available to university libraries for the purchase of books, and it would be very wise to attempt to establish some coordination of acquisition policies.

For these reasons it is imperative that all possible steps be taken both to coordinate collections and to provide for compatibility in the systems of communication which, in all probability, will be established by the principal libraries of Canada.

It is logical that the National Library should take the lead in developing the network of government libraries as well as that of other research libraries in Canada. The National Library should be the very centre of our national library network. It must also coordinate Canadian dealings with the libraries of other countries. To enable the National Library to fulfil its role in developing coordination between the Canadian libraries, Bill C-171 has been introduced to replace the outdated Library Act passed in 1952.

Honourable senators, the whole object of Bill C-171 is to enable the National Library to fulfil this role more adequately at both the national and international levels. Clauses 7 and 8 of the bill outline the powers and duties of the National Librarian. Subclause 1 of clause 7 provides that he will continue to have the powers given him under the existing Library Act. Subclause 2 of Clause 7 states:

> (2) Subject to the direction of the Governor in Council, the National Librarian may coordinate the library services of departments branches and agencies of the Government of Canada including

(a) the acquisition and cataloguing of books;

(b) the supply of professional advice, supervision and personnel; and

(c) the provision of modern information storage and retrieval services including photocopying and microfilming services, electronic and other automated data processing services and facsimile or other communication of information services.

Clause 8 makes it possible for the National Librarian to enter into agreements with other libraries, educational associations and institutions in and outside Canada in respect of library services.

Clause 9—which together with clauses 7 and 8 are the key clauses of the bill—provides for a reorganization of the National Library Advisory Board, which will advise and assist the National Librarian in this work. The National Librarian, the Dominion Archivist and the Librarian of the National Science Library of the National Research Council of Canada are ex-officio members of board. Other members are two persons, one each representing and nominated by the Canada Council and the Association of Universities and Colleges of Canada, and nine other persons, four of whom shall be appointed by the Governor in Council to hold office for a term of not more than four years.

Because it is desirable that new Canadian publications be listed as soon as possible in the national bibliography, *Canadiana*, the time limit for legal deposit has been reduced in this bill from the former time limit of one month to one week.

Under the present act the publisher of a book published in Canada is required to deliver two copies to the National Librarian within one month. If the retail value of the two copies exceeds $25, he is required to deliver only one copy. Based as it is on values of 1952, this is no longer realistic; and Bill C-171 requires a publisher to deliver two copies of such a book to the National Librarian unless the retail value of the book exceeds $50, in which case only one copy has to be deposited. A fine is provided for non-compliance.

Section 52 of the Copyright Act calls for the deposit of two copies of a book at the time of its publication. Considering that this deposit in no way adds to the protection afforded a book through registration, that Canadian publications are deposited anyway by virtue of the National Library Act, and that the majority of publications deposited according to the Copyright Act are foreign publications which the National Library has no desire to receive systematically or to keep forever, it has become advisable to repeal this clause in the Copyright Act. This is being done with the approval of the various agencies concerned, which have been consulted.

Provision is made under clause 14 of the bill that the National Librarian under the existing act will continue to be the National Librarian.

To carry out the program envisioned, it is felt that the National Library's senior staff should be reinforced. The position of Assistant National Librarian has been up-graded to Associate National Librarian, which is in keeping with the situation in the Library of Parliament where we now have a Parliamentary Librarian and an Associate Parliamentary Librarian.

Finally, the bill provides for the repeal of the present Library Act.

I trust I have given honourable senators an intelligible explanation of the need for this legislation and that it will receive the unanimous support of this house.

On motion of Hon. Mr. Yuzyk, debate adjourned.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, March 19, the adjourned debate on the motion of Hon. Mr. Argue, for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. Allister Grosart: Honourable senators, I should, first of all, apologize to the Senate for this motion having stood in my name for such a long time.

Hon. Mr. Martin: We all understood that you were ill.

Hon. Mr. Grosart: I was about to ask honourable senators to take my word for it that the delay was due to reasons beyond my personal control.

We have before us Bill S-24, to provide for the qualifications for electors to the House of Commons. I find myself in general agreement with those senators who have spoken on this bill and who have favoured the principle—the

principle being the reduction of the eligible voting age from 21 years to 18 years.

Perhaps on a first look at the possible effects of this bill one might be inclined to be rather cautious in view of the current climate of what is called the revolt of youth. However, on looking carefully at the occasions that might alarm one, I find that, generally speaking, those who are responsible for these excesses of protest and dissent are almost always people over the age of 21. The leaders are generally in their early twenties, and in some cases even in their thirties. So I think it would be quite unfair to blame all of those in the 18 to 21 age group for anything that we might regard as excesses of protest today.

Hon. Mr. Kinley: That is true.

Hon. Mr. Grosart: There are, of course, different views on the competence of young people at any particular age to exercise franchise. Long ago that very wise man, Francis Bacon, said:

> Young men are fitter to invent than to judge, fitter for execution than for counsel, and fitter for new projects than for settled business.

On the other hand a much earlier observer of human behaviour, Plutarch, quotes Themistocles to the effect, "the wildest colts make the best horses." So, there is truth on both sides.

I accept the arguments given by many honourable senators in favour of the principle of this bill, and I think there is no particular advantage in my repeating at this particular time any of those arguments. Perhaps the argument I find most effective is that we do send young men to war at the age of 18; if they are fit to fight for us, it would seem to me that we should say they are also fit to vote.

Having said that, I am not altogether sure that it would be wise for the Senate to proceed very much farther with this bill without referring it to an appropriate committee of the Senate, because I believe there is a good deal of information that we should have that is not before us at the moment. I am not suggesting that the kind of information which I will indicate in a moment would affect my opinion on the principle of the bill, but it is, I think honourable senators would agree, a careful and correct way to proceed in order to make sure that we have all the data before we reach our final conclusions.

The type of information to which I refer is, first of all, as to the constitutionality of the Senate on this bill. There is no question that it would involve an expenditure of a million dollars out of the public funds of subsequent elections. That calculation is based on very simple arithmetic. At the present time there are 10.8 million voters on the list on the House of Commons franchise. The cost of the last election was $13 million. The reliable estimate made by members of the Public Service who have the responsibility in this matter is that the effect of the bill before us would be to add a million qualified electors to the voters' list. Simple arithmetic therefore indicates that we are dealing with an additional public expenditure, if this bill were to pass, of $1 million. I am not a constitutional expert, but it seems to me that this is a matter that should be discussed in the committee when we can have available expert witnesses from our own staff or elsewhere to tell us whether this bill in its present form is within the constitutional competence of the Senate.

There are other matters of interest that I think, if we are going to proceed with this, we should at least be informed on. For example, what is the effect on the number of polling places? Honourable members who have been closely connected with elections will realize that the number of polling places in a constituency is a very important matter. It affects the efficiency of the election and it most certainly affects the cost to the individual candidate.

The matter of cost to the individual candidate is under consideration in various ways. I believe one government task force is considering at the moment this whole problem of election expenses, and the funding of election expenses, and I think it would be wise, if we are to carry this farther, to at least be able to say that we know what we are doing in this respect.

I repeat, honourable senators, that my own inclination is to approve the principle of the bill. On the other hand, I suggest that we proceed with reasonable caution. I will not move that the bill be referred to committee. I leave the suggestion with the sponsor of the bill as to whether he would consider that to be a wise course.

On motion of Hon. Mr. Smith, for Hon. Mr. Argue, debate adjourned.

The Senate adjourned until Tuesday, April 29 at 8 p.m.

29234—85½

THE SENATE

Tuesday, April 29, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Ordinances, Chapters 1 to 11 inclusive, passed by the Council of the Yukon Territory at its 1969 Second Session, pursuant to section 20 of the Yukon Act, chapter 53, Statutes of Canada, 1952-53, together with a copy of Order in Council P.C. 1969-772, dated April 15, 1969, approving same. (English text).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, April 23, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Report of the Roosevelt Campobello International Park Commission, including its Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 7 of the Roosevelt Campobello International Park Commission Act, chapter 19, Statutes of Canada, 1964-65. (English and French texts).

Report of Operations under the International River Improvements Act for the year ended December 31, 1968, pursuant to section 11 of the said Act, chapter 47, Statutes of Canada, 1955. (English and French texts).

Copies of correspondence, dated April 24, 1969, exchanged between the Prime Minister of Canada and the Minister of Transport. (English text).

Copy of a booklet entitled "Federalism and International Conferences on Education", a supplement to "Federalism and International Relations". (English and French texts).

Copies of the Declaration of the Prime Minister of Quebec on Fundamental Rights, submitted at the Constitutional Conference, February 12, 1969. (English and French texts).

Copies of the Submission of the Province of Nova Scotia to the Constitutional Conference on the subject of Regional Economic Disparity, February 1969. (English and French texts).

Copies of Working Paper on Foreign Relations, dated February 5, 1969, prepared by the Quebec delegation to the Constitutional Conference. (French text).

Copies of Propositions on the Constitution submitted to the Federal Provincial Constitutional Conference, February 1969, by the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Quebec and Saskatchewan. (English and French texts).

Copies of Proceedings of the Second Meeting of the Constitutional Conference, held at Ottawa, February 10-12, 1969. (English and French texts).

Copy of "Proposals of the Province of British Columbia on the Constitution of Canada" prepared for presentation to the Constitutional Conference set for December, 1968, at Ottawa but postponed. (English text).

PRIVATE BILL

NOVA SCOTIA SAVINGS & LOAN COMPANY—FIRST READING

Hon. Earl W. Urquhart presented Bill S-34, respecting Nova Scotia Savings & Loan Company.

Bill read first time.

SECOND READING

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

Hon. Mr. Urquhart: With leave of the Senate, I move the second reading of the bill.

Hon. Mr. Molson: May I ask if there is any undue haste in connection with this bill? This is the second time within a week that we have been asked to give first and second reading on the same day. I have not seen this bill. I do not know whether or not copies of it have been distributed, but I would just like to know if there is need for haste.

Hon. Mr. Urquhart: Honourable senators, there is an urgency in relation to the second reading, for which leave is asked this evening, and the possible referral of this bill, also with leave, to the Standing Senate Committee on Banking, Trade and Commerce, because of the transportation difficulties with which we are confronted across the country.

The President and the General Manager of Nova Scotia Savings & Loan Company, and the solicitors for the company, would be able to appear before the Standing Senate Committee on Banking, Trade and Commerce tomorrow morning. I am advised that a week from tomorrow there will be no way they could be here because of the transportation problems which now exist in the country. It is for this reason that I ask leave to have second reading tonight and if possible the referral of the bill to committee following second reading.

Hon. Mr. Molson: May I ask if copies of the bill have been distributed?

Hon. Mr. Urquhart: The bill has been printed; and I arranged this afternoon for the printed copy to be photocopied for members of the house and for use in the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Molson: We have not received them yet.

Hon. Mr. Urquhart: They will be distributed in a few moments.

Hon. Mr. Smith: Honourable senators, may I ask the sponsor a question in relation to the bill? What opportunity would there be for persons from other parts of the country to attend who may oppose the bill if it comes to their attention? Is it the intention of the sponsor to ask for leave that this bill be considered tomorrow in the Standing Senate Committee on Banking, Trade and Commerce?

Hon. Mr. Urquhart: If the bill is referred to committee, and considered tomorrow, should any interested parties wish the bill to be further considered, on another day, I am sure that could be arranged.

In addition to that, the bill will go from the Senate to the House of Commons for consideration, and interested parties will have a second opportunity to present their views, either in favour of or against this measure.

The Hon. the Speaker: Honourable senators, a point has been raised as to the propriety of this bill being read a second time now. You have heard the sponsor's remarks. I now must ask whether there is unanimous consent to put the motion that, with leave of the Senate, this bill be now read the second time. Honourable senators, is leave granted?

Some Hon. Senators: Agreed.

Hon. Mr. Thorvaldson: Honourable senators, in giving consent are we agreeing that the bill be given second reading tonight or are we merely agreeing to allow the sponsor of the bill to speak to the second reading?

Hon. Mr. Flynn: That is all we are agreeing to. That is the point.

Hon. Mr. Hayden: It will just take its course.

The Hon the Speaker: Honourable senators. I will put the motion again, after which I will give the sponsor of the bill the opportunity to make his explanation on second reading.

With leave of the Senate, it is moved by the honourable Senator Urquhart, seconded by the honourable Senator Rattenbury, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

The Hon. the Speaker: It is agreed. The honourable Senator Urquhart has consent to speak to this bill at this time.

Hon. Mr. Urquhart: I should like to thank honourable senators for granting leave for second reading of the bill now.

Hon. Mr. Thorvaldson: We are only giving you an opportunity to speak to second reading.

Hon. Mr. Urquhart: Well, in moving the second reading I am giving an explanation of the bill, and any honourable senator is free to participate in the debate this evening or to adjourn it. My purpose at this stage is to get the explanation of the bill on the record.

Honourable senators, the Nova Scotia Savings & Loan Company originated in 1849 as Nova Scotia Permanent Benefit Building Society and Savings Fund and is the oldest mortgage company in Canada. The company is now incorporated by special act of the Parliament of Canada and is subject to the provisions of the Loan Companies Act.

Throughout its history it has been owned and directed by Nova Scotians, and at present the Board of Directors consists of seven Nova Scotia business and professional men. It is today one of the only two financial institutions of any appreciable size owned and directed by Nova Scotians.

Several weeks ago it came to the attention of the directors of the Nova Scotia Savings

& Loan Company that a national company, by offering substantially more than the market price, has been acquiring a large number of shares in the capital stock of Nova Scotia Savings & Loan Company. This national company, which is the Royal Trust Company, now controls 14.3 per cent of the outstanding capital and is the largest single shareholder of Nova Scotia Savings & Loan Company.

The directors caused certain inquiries to be made and became convinced that the Royal Trust Company would endeavour to acquire control of the additional shares in the company. It was the directors' unanimous opinion that it was not in the interests of the company, its shareholders or the Province of Nova Scotia that control should pass out of the hands of Nova Scotians. Accordingly, the shareholders were asked to authorize the directors to obtain legislation which would prevent any person or associated group of persons from owning or voting more than 15 per cent of the issued and outstanding shares in the capital stock of the company.

The approval of the shareholders was obtained at the annual meeting held on March 14, 1969, at which 91 per cent of the shares of the company were represented in person or by proxy, and 84 per cent of those shares were voted in favour of the proposal to seek legislation from the Parliament of Canada in the manner now being proposed. Those shares which were not voted in favour of the legislation were almost entirely owned or controlled by the Royal Trust Company.

This was a resounding endorsement for the directors and for the proposed legislation, considering that there were 847,075 shares outstanding held by 712 individual shareholders at the time of the meeting, and demonstrated the virtual unanimity of shareholders in their desire to maintain the Nova Scotian character of the company.

The company has achieved an outstanding record of growth and accomplishment in recent years. In 1968 its assets increased by 18.7 per cent, and profits before taxes by 19 per cent. In the five-year period 1964 to 1968, inclusive, the assets of the company increased by 130 per cent and savings accounts and debentures by 143 per cent.

The company has adequate capital and such other resources as should enable it to continue to expand and prosper so that an influx of new money is not necessary or even desirable at this time. Should the company require additional funds, recourse can be had to the usual methods of increasing capital—such as the issuance of rights to shareholders—which to date have not been utilized by the company.

Honourable senators, there is every reason to believe that further successes will be realized by the company if it is left to pursue its goals in the manner so ably fashioned in the past.

The company occupies a unique position in Nova Scotia. Virtually no loan is too small for its consideration, and no borrower is refused because of the location of his home or building. This policy, which has been in existence for many years, is in marked contrast to the practice of most national mortgage companies which limit their mortgage operations to the larger centres of population and require that municipal utilities be available.

Nova Scotia Savings & Loan Company has been servicing the small borrower for many years in all areas of the Province of Nova Scotia and parts of New Brunswick. In the five-year period from 1964 to 1968, inclusive, mortgages increased by 136 per cent, and in 1968 alone the company approved 1,210 mortgage applications in the total amount of $22,141,000. Included in these applications were 2,220 housing units.

Recently the company made an analysis of mortgages recorded in the registries of deeds in those rural areas of Nova Scotia and New Brunswick where there is the greatest building activity—for example, Annapolis, Colchester-Hants and Lunenburg counties in Nova Scotia, and York and Sunbury counties in New Brunswick. This survey shows that Nova Scotia Savings & Loan Company made 38.6 per cent of all the mortgage loans in these areas over the period from January 31, 1968 to March 31, 1969, and this percentage of the loans represented 36 per cent in dollar value of the money loaned. In contrast, the Royal Trust Company advanced only 1.1 per cent of the total loans made in these areas over the same period of time.

If the legislation which is proposed is not passed, the control of the company will gradually but inevitably leave Nova Scotia. The company would become subject to the direction of a board situated far from Nova Scotia, and would be run in such a manner as is deemed best by its owner. It is submitted that such a development is not in the interests of Nova Scotia generally.

Honourable senators, much has been said these days about regional disparity, and it

seems beyond argument that such economic difficulties as exist in Nova Scotia are due as much to a lack of available capital as to any other cause. This company is not seeking financial aid from the federal Government, but is seeking protection of the capital resources presently available in the Province of Nova Scotia.

Comment should now be made on the type of legislation the company wishes to obtain. As stated in the explanatory note to the bill, the general purpose of this legislation is to amend the company's Act of Incorporation to prevent any individual or group of individuals from acquiring control of the company except by way of a direct take-over bid made to all shareholders of the company pursuant to section 90 of the Loan Companies Act, sanctioned by the Minister of Finance, and accepted by at least 67 per cent of the shareholders of the company.

The bill provides that after March 16, 1969, which is the prescribed day, the day following that on which the notice of legislation was first published in the *Canada Gazette*, no person or associated group of persons can acquire more than 15 per cent of the stock of the company. If the individual or group has more than 15 per cent on that date, the bill provides that their personal shareholdings cannot be increased, under penalty of losing all voting rights attached to those shares.

It will be noted that this legislation does not require any shareholder to divest himself of shares in the company, but it does limit future acquisitions to 15 per cent. The Royal Trust Company itself obtained certain legislation in the Quebec Legislature in 1967—

Hon. Mr. Everett: May I ask the honourable senator a question? Can he tell me whether the bill prevents someone who obtains more than 15 per cent of the stock from voting those shares, or does it prevent one from holding more than 15 per cent?

Hon. Mr. Urquhart: On which date?

Hon. Mr. Everett: I am asking for an explanation as to what the bill does.

Hon. Mr. Urquhart: For example, if on the prescribed day, March 16, 1969, a person owned 30 per cent of the shares of the company, he can still own the 30 per cent and vote the 30 per cent, but if after the prescribed date, he acquires another 15 per cent of the stock of the company—if this bill passes he will not be allowed to acquire it in the first place—he will lose the voting rights of all the shares that he holds. Does that answer your question?

Hon. Mr. Everett: Surely it is one or the other. Either a man by acquiring more than 15 per cent loses his voting rights or he is not permitted to acquire more than 15 per cent. I agree that if prior to the prescribed day he has more than 15 per cent he is entitled to retain the greater number and to vote them, but I cannot see how a bill can say that he may not acquire more than 15 per cent but if he does he cannot vote them. It just does not make sense.

Hon. Mr. Connolly (Ottawa West): The section seems to say that there is a prohibition against the transfer of more than 15 per cent, in combination or to an individual.

Hon. Mr. Urquhart: The directors would be empowered to prevent any transfer beyond what was held on the prescribed day, March 16, 1969, but if a person owned, for example, 7 per cent of the stock of the company on that day, he could still acquire shares to bring them up to 15 per cent and then could vote the 15 per cent. The prohibition is on the ceiling of 15 per cent. Is that clear?

Hon. Mr. Leonard: May I ask a supplementary question? Is not the position under this bill that a person can acquire more than 15 per cent but he cannot have them transferred into his name?

Hon. Mr. Urquhart: That is right.

Hon. Mr. Leonard: He will have the ownership of them and he will have whatever right the former shareholder had, except that they cannot be transferred into his name and they cannot be voted.

Hon. Mr. Urquhart: It could very well be that a person owning 15 per cent registered in his own name could eventually control the company by buying up all the outstanding shares he could possibly get. He would own it, but the directors would be empowered not to transfer the registration of those shares from the individuals from whom they were bought into the name of the person or the group who bought the shares. For example, an individual could own 70 per cent of the stock of a company, but he would not be able to get the shares transferred into his own name, and the shares for all intents and purposes would be out of circulation.

Hon. Mr. Beaubien: That is what you think.

Hon. Mr. Urquhart: They would not be transferred on the books of the company, therefore, they could not be voted and the person who had 15 per cent voting stock could almost control the company.

Hon. Mr. Langlois: The bill has a retroactive effect.

Hon. Mr. Urquhart: From March 16, which is the day following the publication of the legislation in the *Canada Gazette*. March 16 is called the "prescribed day" in the bill.

Hon. Mr. Everett: What do you mean, that shares would be out of circulation? Would they be in street form of some sort?

Hon. Mr. Urquhart: They would be held by the person who bought them, but the transfer would not take place on the books of the company because the directors would not be authorized to transfer them. The shares would just be held by the individual who bought them up.

Hon. Mr. Everett: Would he be entitled to receive dividends on those shares?

Hon. Mr. Urquhart: Oh, yes. The point is that they could not be transferred in his name and they could not be voted.

Hon. Mr. Beaubien: Senator Urquhart, if the shares were put in the name of Bankmount or RoyNat, why could they not be voted?

Hon. Mr. Urquhart: I did not get your question.

Hon. Mr. Beaubien: If the shares were registered in the name of Bankmount of RoyNat, why could they not be voted? If I own the shares and I put them in the name of the Royal Bank or the Bank of Montreal, can I not tell them how to vote them? I think the bill is rather childish.

Hon. Mr. Urquhart: The first question of the bill defines what is meant by an individual or groups of individuals, and it prevents an individual, or a group, or associated group from acquiring more than 15 per cent. That is the purpose.

Hon. Mr. Beaubien: Suppose I go on the market and buy the shares and have them registered in a nominee's name—Bank of Montreal, Banque Canadienne Nationale, the Royal Trust or Montreal Trust—how are you to know who owns them? Why cannot I tell the trust companies and the banks to vote the way I want them to vote?

Hon. Mr. Urquhart: There is a declaration in the bill whereby the directors can require the declaration to be made out so as to show who is the real owner, or owners, of a certain block of shares.

Hon. Mr. Langlois: Why cannot a shareholder have a dividend on the shares distributed in his name?

Hon. Mr. Flynn: This is the trouble.

Hon. Mr. Langlois: The trouble of the company too.

Hon. Mr. Molson: One wonders who would pay the income tax on the dividends that the owner did not receive but which were received by another person.

Hon. Mr. Flynn: The minister would find him, do not worry!

Hon. Mr. Urquhart: Honourable senators, I was almost finished with my explanation. I said that the Royal Trust Company itself obtained legislation in the Quebec Legislature in 1967 limiting voting rights of my shareholders or associated group of shareholders to 10 per cent of the outstanding shares. Our proposed legislation does go further and limits ownership, but only because to do less would render the legislation ineffective.

Hon. Mr. Everett: Honourable senator, may I ask another question? Does this legislation limit ownership or remove the right to have the shares transferred to your name in the books? There is a vast difference.

Hon. Mr. Urquhart: I think we already covered that ground by saying that the actual ownership of shares in a company can only be effected by the transfer of the shares into the name of an individual or a group. If you purchased a large block of shares and did not have the registry transferred from whomever you bought the shares, into your own name, then you are not the registered owner of that block of shares, as far as the company is concerned.

Hon. Mr. Everett: That is true, but I think it is quite common to hold shares in street form, in which case you are the beneficial owner, not the registered owner.

Hon. Mr. Urquhart: But it is only the registered shares that can be voted.

Hon. Mr. Everett: You would agree that the Royal Trust could continue to buy shares in the open market and not have them registered, and indeed amass 51 per cent of the outstanding shares of the company and just not have them registered at all? Is that not so?

Hon. Mr. Urquhart: They would lose the voting rights which they have up to 14.3 per cent of the shares they now own. There is a prohibition against acquiring more than 15 per cent of the shares of the company.

Hon. Mr. Beaubien: They can vote only 15 per cent?

Hon. Mr. Urquhart: They can vote only 15 per cent. If they acquired more than that by the method to which you referred they would lose the voting rights of the 14.3 per cent.

Hon. Mr. Everett: I do not understand why the legislation does not simply say that.

Hon. Mr. Urquhart: It does.

Hon. Mr. Everett: If it says a man can go out and buy 60 per cent of the shares and can own them beneficially, then the only restriction we really want is one that says that if he owns more than 15 per cent he cannot vote them. Why not just state that in the bill, instead of trying to put some obstacle in the way of transfer?

Hon. Mr. Urquhart: But the penalty is that he would lose his voting rights on the 15 per cent.

Hon. Mr. Croll: That is right.

Hon. Mr. Everett: I just do not understand why there should be a refusal of transfer.

Hon. Mr. Prowse: He also loses his right to take his profit.

Hon. Mr. Urquhart: He loses his voting rights but will of course get the profit on the shares registered in his name.

Hon. Mr. Prowse: If the shares are registered.

Hon. Mr. Urquhart: It must be remembered that the Nova Scotia Savings & Loan Company, while being a substantial force in the Province of Nova Scotia, is by no means large in comparison with other financial institutions whose operations extend across the country. If we attempted to restrict voting rights only, it is apparent that any person attempting an indirect take-over could succeed simply by continuing to acquire shares and be content to have his voting rights limited until the point was reached where 15 per cent would amount to effective control. While he could not vote his additional shares, it would scarcely matter since there would be no other shareholders to oppose him. It is for this reason that the proposed legislation is necessary and has been incorporated in the bill.

Honourable senators, that is the explanation of the bill. The president and the general manager of the company will arrive in Ottawa tonight; the solicitors for the Nova Scotia Savings & Loan Company are here now. They will be most willing to answer all the difficult questions that arise from this type of legislation.

Hon. Mr. Molson: Might I ask my honourable friend if he is going to request suspension of Rule 119?

Hon. Mr. Urquhart: If honourable senators agree that the debate on second reading of the bill be concluded tonight—it is entirely up to honourable senators and I am not going to try to force it—and if the bill is referred to the Standing Senate Committee on Banking, Trade and Commerce, then it would be necessary to move that Rule 119 be suspended so that the bill can be dealt with tomorrow by that committee and the President, General Manager and the solicitors for the company can be heard. I am in your hands, and whatever you decide will be the order of the day.

Hon. Mr. Molson: May I point out that Rule 23 requires two days' notice for a motion of suspension of a rule?

Hon. Mr. Croll: If it is agreed—

Hon. Mr. Roebuck: No, no.

Hon. Mr. Beaubien: May I ask the honourable senator a question? He told us that 84 per cent of the shareholders were against selling to the Royal Trust. If that is the case, why do we need any kind of bill? If they do not sell their stock, how could it be handed over to the Royal Trust?

Hon. Mr. Croll: It is a question of the price bid.

Hon. Mr. Beaubien: If it is a question of price, what are we trying to do here? We are trying to stop Nova Scotians from selling their stock to the highest bidder. If 84 per cent want to keep the stock, they can

keep it; and if they want to sell it, are you going to tell them they cannot sell to the highest bidder? The bill does not seem to make any sense.

Hon. Mr. Leonard: May I ask the honourable sponsor a question? He has not told us what is the view of the superintendent of loan companies on this bill.

Hon. Mr. Urquhart: I am afraid I cannot answer honourable Senator Leonard's question on that particular point. There is still nothing that will prevent a direct take-over bid, under section 90 of the Loan Companies Act, of this company or any other company in Canada, provided that notice is given to all the shareholders and is accepted by at least 67 per cent of the shareholders and receives the approval of the Treasury Board. There is still nothing to prevent a direct take-over.

Hon. Mr. Everett: I understand that section 56 of the Loan Companies Act states that every shareholder is entitled to as many votes at meetings of the company as he owns shares. The sponsor of the bill has given a very lucid explanation of what happens to somebody who, after a certain date, owns 15 per cent of the company. He loses his voting rights. Is the sponsor of the bill suggesting, since this is a company under the Loan Companies Act, that this might apply to all companies? Has he considered the possibility that this might apply to other companies under the Loan Companies Act?

Suppose other companies come to the Senate requesting the same change, saying, "We have a nice cosy position here now, and we do not want somebody upsetting it by coming along with a take-over bid". Have you considered these things? They seem to me to be very important to do that.

Hon. Harold Connolly: May I say a word or two. Nova Scotians have become accustomed over the past century to take-overs. "Take-over" is a rather blasphemous word in financial circles in that province. We have witnessed the take-over of a major trust company in the past eighteen months. We are now witnessing—aside from the attempt being made in the bill before us—the decadence of another Nova Scotian trust company, with the name falling into obscurity. That will shortly be announced.

I would suggest that, important as these questions are, they should more properly be put to technicians, to federal officials, who will appear before the appropriate committee of the Senate, which will hold a hearing on this bill, rather than be put to the gentleman who is sponsoring the bill here tonight and who obviously cannot be expected to answer every question pertaining to it.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Halifax North): It is customary for us here to react more or less gracefully when some one has imposed upon him a task which he does not seek but which out of a sense of patriotism, let us say, he agrees to take on. That is the position of honourable Senator Earl Urquhart from Nova Scotia. Like all Nova Scotians, he is a modest fellow. He does not want to appear to be too erudite before this great concourse of intellectuals: he prefers that the answers come from the paid officials of this Government.

I suggest, as one who is not an intellectual and can lay no claim to any such status, that we concede to the honourable senator the courtesy we usually extend in matters of this kind and permit the bill to go before the committee. Or, are we in a position to proceed and come up with the proper answers at this time?

Hon. Senators: Hear, hear.

Hon. Gunnar Thorvaldson: Honourable senators, I have considerable sympathy for the position of the sponsor of this bill, Senator Urquhart, and the remarks made by his colleague from Nova Scotia.

I do not intend to try to delay the bill unduly or adjourn the debate or vote against sending it to committee, but this is a type of bill which I very much doubt has ever succeeded in having received the approval of the Parliament of Canada in all our history.

This is a measure which proposes to legislate in regard to one company and one company only, and it also proposes to legislate in regard to private property. It is a bill which infringes completely the principle of civil rights and the powers of the province over property and civil rights, namely, shares of a company, be those shares of a federally incorporated company or a provincially incorporated one.

I just want to say that even if I do not object to this bill being referred to committee tonight, I hesitate greatly to support legislation of this kind in principle.

We have upon occasion had debates in this house in regard to just how far we should go in the Senate in giving second reading to bills which the majority of senators could not support in principle. I personally made some research into this some years ago. I concluded that senators were justified in supporting a bill on second reading despite the fact that such persons, individually, did not support it in principle. Consequently, and for this reason, I am willing simply to speak on the bill as I do now, and not to adjourn the debate but to allow it to go to committee.

However, my view is that to pass legislation of this kind introduces into the Parliament of Canada a most unfortunate precedent, one which would present to investors, whether Canadian or foreign, grave doubts as to the integrity of the Parliament of this country. The law is very clear in regard to the purchase of shares of companies. Anyone has the right and power to make a bid to a shareholder of a company for shares in a company.

Hon. Mr. Rattenbury: The banks do not have that right.

Hon. Mr. Thorvaldson: I will exclude the banks. That is a matter of general legislation. I am coming to that point, if you will let me proceed with my argument. I will come to the question of banks and the exceptions that have been made to this principle, but my train of thought is along the line that there is no law, apart from general legislation, in Canada or in the provinces that prohibits any person or corporation from buying shares of a company.

I can speak feelingly in this matter, because I was the president of a company in western Canada which became subject to what we call a raid. It was a federally incorporated company; it was not a big company; it did have two million dollars worth of assets and it did have 200 or 300 small shareholders. As I say, this company became subject to what we call a raid.

I do not want to say that the Royal Trust Company is conducting a raid on the Nova Scotia Savings & Loan Company, but I must say that it might be described as that, because it would appear from what has been stated here that the Royal Trust Company is attempting to purchase control of this little Nova Scotia company.

In respect of my personal experience, let me say simply that I did not come to Parliament, nor did I recommend to my directors that we should come to Parliament to get a bill to prevent that raid. But, in fact, I had to sell that company. The shareholders did very well indeed, as the assets were easily saleable and, in fact, were sold to the Eastern Trust Company. Those assets consisted entirely of mortgages, and consequently it was easy to handle that kind of situation. As I said, I did not come to Parliament to ask Parliament to prevent a raid on my company; but that is being done here.

Honourable senators, I just want to express these thoughts because this is legislation of a very dangerous type. Moreover, I cannot imagine, after this debate here, that a financial institution such as the Royal Trust Company would proceed to purchase a single share in this company until there has been a proper debate on second reading of this bill or in committee. I would deem it most irresponsible of the officers of the Royal Trust Company if, after this debate, in respect of this company, they did not hold their hand, did not wait, but proceeded instead to purchase more shares.

Hon. Mr. Connolly (Halifax North): Hear, hear.

Hon. Mr. Thorvaldson: I certainly hope they will hold off.

Coming now to this bill, what is so unfortunate to me is that the bill should seem to be necessary. Perhaps the necessity for it is caused by the present transportation situation in Canada, namely, the strike of Air Canada employees, with the consequence that the company's representatives can be here tomorrow but cannot be here next week or perhaps the week after.

It seems to me that that is a big price to pay for not having a very full and complete debate in the Senate on a bill of this kind before it is referred to committee.

In the light of these remarks, I am well aware that Parliament has legislated in regard to shareholdings of banks. We might also legislate or be asked to legislate generally in regard to shareholdings in trust companies. Perhaps Parliament should deem that no person, no individual or corporation or group, should hold more than 10 per cent or, as in this case, for example, 15 per cent of the shares of a trust company, or any other proportion that may be decided upon.

Hon. Mr. Connolly (Halifax North): Hear, hear.

Hon. Mr. Thorvaldson: But that would be general legislation and it would not be, if I may put it this way, confiscatory legislation as, indeed, this bill could be called.

My hope is that the Royal Trust Company can be trusted not to proceed with the purchase of more shares at the moment. It would be most salutary, in fact, if some way could be found to restrain that company without introducing a principle into the Parliament of Canada to which we are about to give second reading today. I think it is a very fearful thing, and we ought to recognize that we must try to be very responsible before we make amendments of this kind to an act of incorporation of a private company of this kind.

Hon. T. D'Arcy Leonard: Honourable senators, I was not aware of this bill until this evening. Perhaps I should first declare my interest in so far as I am a director of another loan company which does business in Nova Scotia as well as in other parts of Canada. While that company does the same kind of business as the Nova Scotia Savings & Loan Company, I think it is safe to say that the passing of this bill would, of itself, have no detrimental effect upon the company of which I am a director. Moreover, my knowledge of the Nova Scotia Savings & Loan Company throughout the years has created a favourable impression in my mind of that particular company.

Having declared my own personal position, I do want to say that I am opposed to the principle set out in this bill. I would be opposed to it if it were to come before my own board with respect to my own company or to any other loan company in Canada, unless it were a matter of general legislation applying to all loan companies, being brought in and sponsored by the Department of Finance and by the Minister of Finance, and being supported by the Superintendent of Loan Companies.

The bill carries a principle and a precedent that are, in my view, not in the interests of our lending or other institutions. If it is necessary for us to have the kind of legislation that restricts the amount of shares that any individual may hold in a particular company, that restriction should be imposed by general law. It should not be in the hands of the directors of a particular company to do so.

I do not propose to adjourn the debate, or prevent this bill from receiving second reading or from going to committee. I have no wish to prevent the committee from hearing all the evidence it wishes to hear in connection with the measure. I want to meet the convenience of the people sponsoring the bill. Nevertheless, if this bill is to be voted on for second reading tonight, my vote is "No", because I am against the principle of the bill. If the motion for second reading carries, I am prepared to sit in on the committee and hear the evidence in connection with the bill.

Hon. Allister Grosart: Honourable senators, like some other honourable senators who have spoken, I have the greatest sympathy with the objectives of the bill before us. We are all aware that take-overs or "raids", as Senator Thorvaldson called them, can create problems particularly in companies of this kind. I therefore say that I have every sympathy with the majority shareholders of this company in resisting this take-over attempt. However, it is intended that the bill go to committee, and I am prepared to suit the convenience of the sponsor in that matter.

I would suggest that two matters particularly should concern the committee. One is the importance already indicated of obtaining a report from the superintendent of trust and loan companies so that the committee will be fully apprised of the many broad repercussions that the passing of a bill of this kind might have. I am not suggesting that those repercussions would necessarily be deleterious to business generally. But it is the custom when such amendments are proposed to have the opinions of the appropriate officials.

The second matter I would hope the committee would be thoroughly apprised of is the fact that this is retroactive legislation. As I read the bill—and I have only had an opportunity of reading it since I came into the chamber—it would have the effect of making an action that was quite proper and legal on March 15 illegal as of March 16. We are all aware of the fact that the Constitution of the United States bars all retroactive legislation. This is not so in our own legislative system. We do under certain circumstances accept the necessity of retroactive legislation. But in a bill which affects ordinary business transactions in the commercial world, I think it is of utmost importance to consider whether it is a proper thing for the Parliament of Canada to make illegal and impossible an act or actions which a month earlier would have been fully within the ambit of the law.

The Hon. the Speaker: It is moved by honourable Senator Urquhart, seconded by honourable Senator Rattenbury, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Hon. Mr. Choquette: On division.

The Hon. the Speaker: There is uncertainty as to agreement. Would those in favour of the motion of the honourable Senator Urquhart for second reading of the bill please say "Content".

Some Hon. Senators: Content.

The Hon. the Speaker: Would those who are opposed to the motion please say "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the "Contents" have it. I declare the motion carried.

Some Hon. Senators: On division.

Motion agreed to and bill read second time, on division.

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

REFERRED TO COMMITTEE

Hon. Mr. Urquhart: Honourable senators, with leave, I move that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. Mr. Flynn: Honourable senators, is the sponsor of the bill asking at the same time to dispense with Rule 119? We have to dispense with that rule before referring the bill to committee for tomorrow.

Hon. Mr. Urquhart: I intend to do that under Notices of Motions. With leave, perhaps I could do the two at the same time.

The Hon. the Speaker: I understand that the honourable senator has moved that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce, and that he intends to move to suspend Rule 119 so that the committee will be permitted to hear the evidence on this bill without further delay. Is that the situation?

Hon. Mr. Urquhart: That is the case. I was going to move under Notices of Motions that Rule 119 be suspended because that rule requires that there shall be one week's notice before a bill can come before the committee.

The Hon. the Speaker: It is moved by honourable Senator Urquhart, seconded by honourable Senator Rattenbury that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Carried.

On motion of Hon. Mr. Urquhart, bill referred to Standing Senate Committee on Banking, Trade and Commerce.

SUSPENSION OF RULE 119

Hon. Mr. Urquhart: Honourable senators, I move, with leave of the Senate, that Rule 119 be suspended in relation to Bill S-34, respecting Nova Scotia Savings & Loan Company.

Hon. Mr. Thorvaldson: Honourable senators, on a question of privilege, I wish to point out that my consent to what is being done is based entirely on the fact that problems of transportation have been caused by the strike of Air Canada employees. We have been told that the gentlemen from Nova Scotia are here today and could be here tomorrow, but perhaps could not be here next week or the following week. Therefore, I want it clearly understood that that is the only reason I approve of dealing with this bill in this way.

Hon. Mr. Langlois: The trains are still running.

Hon. Mr. Thorvaldson: But try to get accommodation on the trains, sir.

Hon. Mr. Langlois: I did that today.

Hon. Mr. Flynn: May I add that I am willing to give leave for one obvious reason, that all honourable senators from Nova Scotia—and there are nine of them here—appear to be in favour of the bill.

It appears to be a local problem, and I think we should be in a position to trust them at this time and to trust the committee tomorrow. If the committee finds that in this bill there is a bad precedent involved—in private legislation there may be a bad precedent, but not necessarily a bad principle—I think we can trust the committee, and I put the re-

sponsibility for the action we are taking tonight squarely on the shoulders of the senators from Nova Scotia.

Hon. Mr. Connolly (Halifax North): Honourable senators, the Leader of the Opposition is gracious, as always, but is not perhaps precise in what he says. What the senators from Nova Scotia want is that this bill have a hearing.

Hon. Mr. Flynn: That is so.

Hon. Mr. Connolly (Halifax North): That is slightly different from what the Leader of the Opposition has just said.

Hon. Mr. Flynn: I said they appeared to be in favour, up to this point, of referral to committee.

Motion agreed to.

BANKING, TRADE AND COMMERCE COMMITTEE

AUTHORITY TO APPOINT PERSONNEL

Hon. Leopold Langlois moved, with leave of the Senate:

That the Standing Senate Committee on Banking, Trade and Commerce be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, in such amounts as the committee may determine.

Motion agreed to.

NATIONAL LIBRARY BILL

SECOND READING

The Senate resumed from Thursday, April 24, the adjourned debate on the motion of Hon. Mrs. Fergusson, for second reading of Bill C-171, respecting the National Library.

Hon. Paul Yuzyk: Honourable senators, the Library Act of 1952 has required revision for many years. Consequently, the introduction of Bill C-171 is to be welcomed. We in this chamber are grateful to Senator Muriel Fergusson for her lucid explanation of the objects of this bill, as well as the principal clauses outlining the administration of the Library, the powers and duties of the National Librarian and the National Library Advisory Board. The honourable senator's intelligible explanation, as she herself phrased it, makes my task that much easier.

I think Canadians must blush when they learn how long it took to achieve the establishment of Canada's National Library. The first plans for this national institution were conceived by Canada's first Prime Minister, Sir John A. Macdonald in 1883, 16 years after Confederation; yet Canadians had to wait 70 years before the National Library was established on January 1, 1953. Then it took another 14 years before the Library was able to move into its own building. Thanks to the Centennial celebrations, which undoubtedly helped to accelerate construction, the National Library officially opened the spacious and impressive modern edifice on Wellington Street in 1967.

Comparatively speaking, our National Library is one of Canada's youngest national institutions but is certainly a very important one. In our rapidly changing times and in our rapidly changing society, when our citizens are witnessing a tremendous explosion in knowledge, a national repository of all aspects of knowledge available to our leaders, scholars and citizens is vitally essential and of increasing importance. Our National Library must now serve as a complete information centre, with a highly automated system responding to the demands of the Canadian people and their institutions. Increasingly it must achieve the co-ordination of data banks, collections of research libraries, inter-library communications, electronic information retrieval systems, etcetera, which will result in speed as well as savings.

As a great library itself, and as a national centre of the Canadian library network, with the increased adoption of improved electronic techniques for storing, processing and transmitting all types of information, the National Library can and must assume the dynamic role to meet the needs of our age at national and international levels.

Bill C-171 sets up a framework to make it possible for the National Library to carry out this necessary role. The functions and powers of the National Librarian are defined. In particular, he may co-ordinate the library services of Government departments, branches and agencies, and may enter into agreements with other libraries, educational associations and institutions in and outside Canada in respect of library services.

To assist the National Librarian, the Advisory Board is reorganized to include also the Parliamentary Librarian, the Dominion Archivist, the Librarian of the National Science Library of the National Research Council of Canada as *ex officio* members, one person representing the Canada Council, one person representing the Association of Universities and Colleges of Canada, and nine other persons, at least four of whom shall be professional librarians and each of whom shall be appointed by the Governor in Council for a term of up to four years. The board may, with the approval of the Governor in Council, elect one of its members to be chairman of the board.

Provisions are made for the speedy deposit of new publications in Canada to ensure prompt listing in the national bibliography, *Canadiana*, and changes in the Copyright Act provide better protection for books.

The changes incorporated in this bill are designed to produce greater efficiency in collecting and distributing information. The powers assigned the National Librarian, who will be guided by an advisory board representing Canada's national libraries, professional library associations and professional librarians, now makes it possible for the National Library to be a vibrant nerve centre for the dissemination of information.

As it is now set up, the National Library is in reality a department of the Government for the purposes of the Financial Administration Act. Its chief executive officer is the National Librarian who apparently has the status of a deputy minister, and who reports to his minister, the Secretary of State. The new powers of the National Librarian are defined in clause 7(2) which reads as follows:

> Subject to the direction of the Governor in Council, the National Librarian may coordinate the library services of departments, branches and agencies of the Government of Canada—

Together with this clause should be considered clause 8, which reads:

> The National Librarian may, on terms and conditions approved by the minister, enter into agreements with libraries and library and educational associations and institutions in and outside Canada in respect of library services, including library services referred to in subsection (2) of section 7.

With these powers it is obvious that the National Librarian, with the advice of the advisory board, will be able to proceed with the further development and expansion of library facilities and services of the highest order. He can, however, be restrained by a higher authority as is provided in clause 4:

> The minister shall preside over and has the supervision of the management and direction of the Library.

This apparently gives the minister the right to interfere in the affairs of the National Library, and even to employ partisan patronage. If I am correctly interpreting this clause, I can see harmful consequences emanating from it.

Honourable senators, I can wholeheartedly support all the clauses of Bill C-171, except clause 4. The National Library in carrying out its functions must be free of Government interference and possible partisanship before I can support this bill. I would like a satisfactory explanation of the implications of the powers of the minister in the administration of the library, as well as of other matters to which this bill pertains.

Hon. Paul Martin: Would my honourable friend permit me to ask a question?

Hon. Mr. Yuzyk: Certainly.

Hon. Mr. Martin: I am sure Senator Yuzyk will agree that all personnel of the library come under the Public Service Commission, and no minister has the right to appoint any person to the library staff on his own authority. The various positions in the National Library are filled by the Public Service Commission, except that of the deputy minister. No minister would have the right to designate anybody to work in the library.

Hon. Mr. Yuzyk: Then, this clause is not clear. That is why I believe this bill should go before the appropriate Senate committee, which should hear evidence from the legal advisers to the Department of the Secretary of State, the National Librarian, and the Parliamentary Librarian.

Hon. Allister Grosart: Honourable senators, I support the position Senator Yuzyk has taken, and I point out that a similar objection has been made by qualified librarians across Canada. The clause to which Senator Yuzyk objects reads as follows:

> The minister shall preside over and has the supervision of the management and direction of the Library.

These are sweeping powers. They are powers that are not normally given to the minister in

other acts administered by the Secretary of State. I do not think this clause is present in the act governing the National Gallery.

I agree thoroughly with Senator Yuzyk that this matter should be explored in committee. We should have a better explanation of this than that given at another time and in another place. I support completely the suggestion that this bill go to an appropriate committee where we can obtain the reason for this very extraordinary clause.

If it were a normal clause in a bill of this kind it could be said, perhaps, that it is necessary that the minister have this kind of power, but that he will not exercise it. That is the kind of answer we very often get when such an unusual power is given to a minister.

I think there would be general agreement among those who are interested in the affairs of the National Library that its complete independence of politics and of political judgment—even the best political judgment—is of the utmost importance. This is the kind of government institution above all others that should be completely free from ministerial control. It should be every bit as free, if I may say so, as the C.B.C. The very same arguments that are so often adduced for the independence of the C.B.C. should, in my estimation, apply to the National Library. In one case we are dealing with direct communication by print and in the other with communication by mechanical means. Why should there be a difference? Why should the National Library be any more dependent upon ministerial guidance, supervision, and management than the C.B.C.? That is the question I would like to have answered, and it is the question that Senator Yuzyk has put before the chamber at this time.

Hon. Paul Martin: Honourable senators, there certainly is no intention on the part of the Government to treat the National Library in a manner different from that in which it has been treated heretofore. Senator Grosart has referred to the National Gallery, which comes under the Secretary of State. The Director of the National Gallery functions as a deputy minister, just as in this case the National Librarian functions as a deputy minister.

The Government has the responsibility for providing funds for the operation of the library. Under our system of government, the minister, and through him the Government as a whole, must be able to check on the general administrative operations of the library, but the Public Service Act, as I indicated a moment ago, precludes any minister from engaging personnel for the library. In the schedule to the relevant act the National Library is treated in the same manner as other departments of the Government of Canada. Certain Crown Corporations and the C.B.C. do not come within its ambit. There certainly is no intention on the part of the Government to interfere, but the Secretary of State does have responsibility for the operation of the National Library through the provision of funds for those matters inherent in his ministerial responsibility and which are limited by the general provisions of the act.

Neither Senator Fergusson nor I have any objection to this bill going to a committee for greater precision of answers to the questions that have been raised, but I would not want the impression to go out that the Government is going to treat the library in any other way than is required for that kind of institution.

My honourable friend Senator Grosart referred to the C.B.C. There, of course, the Government has a financial responsibility. In the very nature of the operations of the Canadian Broadcasting Corporation there can be no interference by the administration in programming. That is not a complete analogy to the National Library. With what Senator Grosart has just said I think we are all in accord, and I want him to know that that is the intention and the spirit the Government has in mind with regard to the administration of this very important institution.

Hon. Muriel McQ. Fergusson: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Fergusson speaks now her remarks will have the effect of closing the debate.

Hon. Mrs. Fergusson: Honourable senators, as the Government Leader has said, I have no objection whatever to this bill going to a committee. I personally thought it was such a simple bill that it would not require to be referred to a committee.

In response to the criticisms of Senator Yuzyk and Senator Grosart, I should like to point out that the National Library was started as a branch of Government, and in 1963 an order in council was passed declaring it to be a department pursuant to the Financial

Administration Act. Up to the present time it has continued to be a branch with the status of a department. I understand that all similar acts provide that the minister has the management and direction of the department. From what I have read it would appear that although this is a necessary provision for such a branch to be considered as a department, those who drafted the bill tried to make it less strong than similar acts covering other departments. Instead of saying that the minister has the management and direction, they said that the minister shall have the supervision of the management and direction, thus really taking the minister a step further away, barely having supervision. I do not see how we could have a department under a minister who did not have at least supervision of the management.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mrs. Fergusson: I move that it be placed on the Orders of the Day for third reading at the next sitting.

Hon. Mr. Yuzyk: May I move that it be referred to a committee?

Hon. Mrs. Fergusson: I thought perhaps the honourable senator had changed his mind.

Hon. Mr. Yuzyk: No, I have not changed my mind. I still think it should go to a Senate committee.

Hon. Mrs. Fergusson: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Health, Welfare and Science. By Rule 78, subsection (1), paragraph 11, of the Rules of the Senate adopted on November 19 last, matters to be referred to this committee include "Social and Cultural matters". I would think the National Library would come under this heading.

Hon. Mr. Connolly (Ottawa West): Social matters?

Hon. Mrs. Fergusson: No; cultural. However, it seems a little odd to me that cultural matters should be included with health and welfare. I wonder whether this was fully considered at the time. I think the appropriate body to which the bill should be referred is the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 565 to 574, inclusive, which were presented Thursday, April 24.

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 565, for the relief of Gaston Sauve.

Resolution 566, for the relief of Edna Aronovitch Goldstein.

Resolution 567, for the relief of Lorne Charles Webster.

Resolution 568, for the relief of Linda Marian Hinds Taunton.

Resolution 569, for the relief of Hannelore Seemann Fiedler.

Resolution 570, for the relief of Ronald Osborne Bilow

Resolution 571, for the relief of Andre Sauve.

Resolution 572, for the relief of Jacques Rouleau.

Resolution 573, for the relief of Yvon Crevier.

Resolution 574, for the relief of Jean Paul Lessard.

Resolutions adopted, on division.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the order:

> Resuming the debate on the motion of Honourable Senator Argue, seconded by Honourable Senator Croll, for the second reading of Bill S-24, intituled: An Act to amend the Canada Elections Act (Age of Voters).—(Honourable Senator Argue).

Hon. David Croll: Honourable senators, this adjournment should have been in my name. I requested it but I was not present. I will be prepared to speak to it tomorrow.

Order stands.

PRIVATE BILLS

CANADIAN PACIFIC RAILWAY COMPANY—SECOND READING

Hon. John Nichol moved the second reading of Bill S-31, respecting Canadian Pacific Railway Company.

He said: Honourable senators, Bill S-31 is, in fact, a request by the Canadian Pacific Railway Company to increase its trackage and running rights in several specific places in British Columbia. In order to do so, it must under the terms of the Railways Act apply to Parliament for permission. This permission will be granted if Parliament passes Bill S-31.

This submission of the C.P.R. is the result of the extraordinary and dramatic changes that are taking place in the coal industry and in the transportation industry of British Columbia concerned with the shipment of coal and other basic products across the Pacific to Japan. Between 1931 and 1962, a period of 30 years, slightly more than two million tons of British Columbia and Alberta coal were shipped to Japan. Over the years shipment was very slowly increased until a high was reached in 1966-67 when something around 1,300,000 tons of coal was shipped to Japan. I give you these figures so that you may see what is happening now when the reasonable forecast from 1970 onward is from 4 to 6 million tons a year, or approximately three times the total over the 30-year period from 1931 to 1962. This is partly happening because of the explosion in market and population on the Pacific rim. It is estimated that by 1975 the growth in the Pacific rim countries will be 325 million people to a total of over 1.8 billion; that is, in the years between now and 1975 the population of the United States will increase one and a half times.

This forecasts that between 1965 and 1975 bulk product passing through the British Columbia market will rise from 3 million to 23 million tons a year. Aside from the markets this very large increase in shipments can be attributed to a combination of major technological changes. There will be major technical changes on top of the market changes. First, there is the development of the super ships. Super ships are vessels ranging in size from 100,000 tons to 400,000 tons. These ships are presently on the drawing board of Japan. If we take an 18,000-ton ship, double its length, its width and its depth, the result is approximately a 200,000 tonner, which can carry 11 times as much cargo and will require one engine, one propeller and a crew of approximately the same size. The 200,000 tonner can move at the same speed as the 18,000 tonner by using only three times the power. In other words, it will have 11 times the carrying capacity with only three times the horsepower. It costs approximately $300 per dead weight ton to build an 18,000-ton ship but only $75 per dead weight ton to build a 200,000-ton ship. These factors result in the 200,000 tonner moving cargo for about one-third the cost of an 18,000 tonner.

These new ships need special harbours because they draw over 60 feet of water, and therefore they must have loading berths of over 60 feet of water at low tide. These are scarce anywhere in the world. Vancouver Harbour—I believe I am correct in saying this—has 39 feet at the low waters under the Lion's Gate Bridge, so that these ships cannot get in. Because of the size of the super-ships, demurrage charges are very high, ranging from $5,000 to $10,000 per day. Therefore, very large cargo assembly areas are required. Such a port as I described, a super-port for super-ships, is presently under construction at Roberts Bank in British Columbia. This is a joint project of the federal Government and the Government of British Columbia.

Those are two technological aspects. We now come to the third. Because of the high turnaround cost of the ships, special railway trains have been designed to move the coal. I could also extrapolate to grain, potash and other products in the future. Special trains have been designed to move coal from the mountains to the ocean at Roberts Bank. In order to move the proposed volume of coal, special unitrains have been designed which will make the round trip from the Crowsnest Pass to Roberts Bank in 72 hours, allowing only four hours loading time and unloading time at each end, and carrying approximately 11,000 tons of coal per trip. Approximately three of these unitrains will be operating at once. It is estimated that as many as twelve 3,000-horsepower diesel engines will be required to move each of these trains through the mountain territory.

This unitrain system, plus the super-ships will give new life to what has been a depressed part of British Columbia for many, many years, a part of British Columbia, incidentally, made famous I suppose by the dreadful slide which occurred. Perhaps some honourable senator can tell me what year it

was. I do not know the exact date; I am sorry.

This brings us now to the bill, which contains 4 clauses. In clause 1 of the bill the Canadian Pacific Railway seeks parliamentary authority to construct a branch line of railway approximately 34 miles from a point on its main line in British Columbia near Natal, B.C., extending north parallel to the Rocky Mountains towards the coal fields located in the Kootenay Land District.

Here is some detail which may be difficult to follow, but I think I should place it on the record. The line will run up the east side of the Elk River, this is a north and south river—thence along the east side of the Fording River, which is a tributary of the Elk, to a point located on Lot 6638 in the Kootenay Land District.

This railway line will be located in rolling valley country. A portion of the route is inland where commercial timber has already been removed, while another is in open cattle range. I have not been on this land, but I am given to understand that the entire right-of-way is located across land which has little or no habitation. I also understand that there is no evidence of public roads in this area. The primary use of this 34-mile extension line is to accommodate these unitrains which will be used to transport coal from the Fording River to sundry markets on the west coast, with particular emphasis for export to Japan.

The primary cost of this railway line will be $9,300,000, but I am told that this figure is not final because engineering plans have not been completed. The company estimates it will take 18 months to complete the line, providing construction gets under way before mid-year of 1969. Due to weather conditions and short summer periods—this is fairly high country—two years will be required to complete this line. Therefore, construction should start by July or August of this year if the line is to be completed by mid-1970 or 1971.

Initial production from the Fording River coal deposits will result from surface mining and open cut mining methods which will require use of very large-scale equipment. It is estimated that production of Fording River coal will be in the order of 45 million tons over a period of 15 years. This mining will, of course, be subject to the provisions of the new British Columbia legislation which deals with the reclamation and reconstruction of land after surface mining. I think this is very important in examining this proposal.

Clause 2 of the bill provides that if the railroad construction is not started within two years or operating within a period of five years, the rights conferred on the railway by the passage of this bill are rescinded on the portion of the railway which it has not completed by that time, and provisions of clause 2 expire.

We move now from the mountains of British Columbia, where this coal is going to be hauled out, down to the coastal plain in the Fraser River valley where it will be moving on its last stage to the ships in order to be sent to Japan. In the second part of the bill, clauses 3 and 4, the Canadian Pacific Railway is asking for parliamentary authority to enter into agreement with the British Columbia Hydro and power authorities in order to participate in the establishment of a rail route for British Columbia to Roberts Bank.

The second part of the bill consists of two requests to Parliament. In the first, Canadian Pacific asks that it be entitled to enter into agreements with B.C. Hydro and purchase an interest in and operate trains over three small lines of railway which B.C. Hydro has already been authorized to construct in British Columbia. Canadian Pacific further asks that it be entitled to have running rights over a portion of the line of railway of B.C. Hydro already constructed by the latter and presently forming part of its railway line in British Columbia.

Thus, the second part of the bill, as set out in clauses 3 and 4, as I previously indicated, concerns this rail route to Roberts Bank, close to the salt water. Four railways participate, namely, Canadian National, British Columbia Hydro and Power Authorities, Great Northern Railway and Canadian Pacific. The total distance of this rail route is 32 miles. It starts at mile 102 of the Yale Subdivision of the Canadian National. A short line of 2.5 miles is to be built by the B.C. Hydro. From this point westward the route runs over the line of the B.C. Hydro for 7.4 miles, from which point B.C. Hydro will complete an additional 6.8 miles. At this point the line will run for one mile over Great Northern Railway track and from that mile onward B.C. Hydro will construct the final portion of the line 14.1 miles to Roberts Bank, to the salt water.

This is rather difficult to follow without a map, but broadly speaking this complex of track runs from Fraser River near Langley diagonally across the Fraser River Delta to the super port location at Roberts Bank.

Honourable senators, I hope I have given you a sensible explanation of this bill, and have convinced you of its importance to my province and to the whole West. It is difficult to do this without the use of maps and charts. I could have prepared an explanation in tonnages and costs and so forth. Should you agree to give this bill second reading, I intend to move that it be referred to the Standing Senate Committee on Transport and Communications, where maps and experts will be available for examination by honourable senators.

Hon. Mr. Fournier (Madawaska-Restigouche): Could the honourable senator tell us whether the expenditures of this railway will be borne by the Canadian Pacific entirely, or will there be any subsidies?

Hon. Mr. Nichol: It is my understanding that there will be no subsidy. In fact, once this bill is in effect, after 1970—and perhaps the experts in committee will correct me on this—it is my understanding that the subventions or subsidies which have been paid on coal passing to Japan will be eliminated by the savings in transportation costs which arise from this complex of modern shipping techniques. If I recall correctly, the savings on subventions will be about $2 million a year to the Canadian taxpayer.

Hon. Mr. Roebuck: May I first compliment the sponsor of the bill on the skill with which he has explained it. I would ask him what knowledge we have as to the reserves of coal that will be tapped by this railway?

Hon. Mr. Nichol: I may say to honourable Senator Roebuck that I am not sure that my figure is correct, but I believe the initial amount over the next fifteen years is 45 million tons. I am not sure what stands behind that or beyond that, but I shall certainly find out.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Fournier (Madawaska-Restigouche): I have another question to ask the honourable senator. A minute ago he referred to the slide. Was he referring to the Franck slide?

Hon. Mr. Nichol: Yes.

Hon. Mr. Fournier (Madawaska-Restigouche): The Franck slide occurred at 4.15 a.m. on the April 29, 1903. I happen to know because I heard about it this morning. This is the anniversary of the Franck slide.

Hon. Mr. Martin: We will make the honourable gentleman the Senate's historian.

Hon. Mr. Roebuck: Has the Province of British Columbia passed legislation to prevent the devastation of the countryside by strip mining? Is it the intention to mine this coal by strip mining?

Hon. Mr. Nichol: Senator Roebuck, my understanding is that the principal type of mining here will be strip mining, or surface mining, something similar to the Kaiser operation, which is also moved on the same type of railway to Japan. I am told, although I am not completely convinced in my own mind, that the British Columbia legislation will control this and will demand that the corporations restore the ground as far as possible. They cannot ever restore it to what it was, but they can make sure that the situation does not arise in Canada as occurred, for instance, in West Virginia.

I would sincerely hope that will be so—in fact, I would not be here if I felt that we were going to have a situation where the province would be destroyed by this.

Hon. Mr. Roebuck: Or devastated.

Hon. Mr. Nichol: On the other hand, to be realistic about this entire project, we are facing a revival of hope in a district of my province where jobs and money have been scarce for very many years.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Hon. Mr. Nichol, bill referred to the Standing Senate Committee on Transport and Communications.

THE CANADA NORTH-WEST LAND COMPANY (LIMITED)—SECOND READING

Hon. L. P. Beaubien moved the second reading of Bill S-32, respecting The Canada North-west Land Company (Limited).

He said: Honourable senators, this company was incorporated by Private Act of Parliament and its Statute of Incorporation is found in chapter 88 of the Statutes of 1893. It is a share capital company with general powers to deal in lands, timber, real and personal property, mining, oil and gas. In the course of the company's history, three applications to Parliament were made to amend its statute.

These amendments are to be found in chapter 93 of the Statutes of 1903, chapter 36 of the Statutes of 1943, and chapter 68 of the Statutes of 1963.

Neither in the amendments nor in the original charter can any substantive provisions be found which are exceptional in their nature or which could not otherwise be provided by Letters Patent under the Canada Corporations Act, except perhaps one or two of the several powers contained in section 2(g) of the company's Act of Incorporation, and which in fact have never been used.

The board of directors of the company have now decided that further amendments are required. Some of these amendments would be to delete some of the more obsolete clauses in the charter and others would affect and change its existing share structure. On the advice of counsel, all of the changes or amendments contemplated are covered by the provisions of the Canada Corporations Act applicable to ordinary companies and do not otherwise require a special act.

Under existing conditions, however, the company can only apply to Parliament for such purposes. A number of further applications to Parliament could be foreseen, each of which would involve considerable expense and lengthy delays and undue bother to Parliament.

The company now wishes to apply to Parliament for, hopefully, the last time. The formula to achieve this is to amend the company's charter to enable it to apply for Letters Patent continuing the company as a corporation under Part I of the Canada Corporations Act. If this amendment should meet with Parliament's approval, the company could thereafter continue as a company incorporated by Letters Patent, and any changes or modifications in its powers or share structure would be subject to a simple application for Letters Patent or Supplementary Letters Patent under the Canada Corporations Act.

The matter of corporations, whose legal existence has been created by private act, has been the subject of a great deal of study recently. It has been said that a substantial number of these companies should never have been incorporated by private act in the first place, and that the need for them to return to Parliament for even minor changes not only imposes an unnecessary burden on the applicants but tends to clutter the routine of Parliament as well.

The problem was resolved at least in part in 1967 regarding certain companies, when Parliament adopted Bill S-51 to enact a new provision in the Canada Corporations Act, which is now found in section 147B of the act. Under this provision, a corporation without share capital incorporated by special Act of Parliament no longer has to go to Parliament to have its statute changed. It may now apply for Letters Patent under Part II of the Canada Corporations Act. This provides a more expeditious and less expensive method of amendment, and at the same time no longer imposes on Parliament a responsibility or a duty which, because of its increasing preoccupations, it might not wish to discharge.

The application to Parliament by the Canada North-west Land Company (Limited) is simply to make applicable to it the same provision as Parliament has already extended generally to corporations without share capital. If the amending statute is passed, the company would thereafter apply for Letters Patent and it would no longer be necessary for the company to return to Parliament.

There are, of course, any number of corporations which, by virtue of a general statute, must obtain their corporate status by private act. These include railways, banks, insurance companies, pipe lines and trust companies. The Canada North-west Land Company (Limited) does not come within any of these categories. It is in fact a very standard type of commercial company whose current activities are pretty much limited to the oil and gas industry. The powers, objects and share structure which the company might require or might wish to amend from time to time are fully covered under the Canada Corporations Act and no special enactments are required.

Honourable senators, if you see fit to give this bill second reading now, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beaubien, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until Wednesday, April 30, 1969 at 3 p.m.

THE SENATE

Wednesday, Arpil 30, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Budget Proposals relating to the Income Tax Act, dated April 28, 1969. (English and French texts).

Report to Parliament of the Auditors on the Accounts of the Canadian National Railway System for the year ended December 31, 1968, pursuant to section 40 of the Canadian National Railways Act, chapter 29, Statutes of Canada, 1955. (English and French texts).

PRIVATE BILL

ATLANTIC MUTUAL LIFE ASSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-33, to incorporate Atlantic Mutual Life Assurance Company, and had directed that the bill be reported without amendment.

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

Hon. Earl W. Urquhart moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PESTICIDE RESIDUE COMPENSATION BILL

NON-INSISTENCE UPON SENATE AMENDMENT —REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had examined the Message from the House of Commons disagreeing with the amendment made by the Senate to Bill C-155, intituled: "An Act to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards", passed by the Senate on March 25, 1969, and in obedience to the order of reference of April 22, 1969, now reports as follows:

> Your Committee recommends that the Senate do not insist on the said amendment.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Hayden: With leave, honourable senators, I move that the report be adopted now.

This report really requires no explanation. The Senate made an amendment to the bill. The House of Commons refused to accept the amendment. Rather than debate a motion in the Senate chamber for non-insistence on the amendment, the Message was referred to the committee and there was a full hearing. The minister attended, and as a result of the hearing it was decided that in the circumstances the committee would recommend to this chamber that the Senate do not insist on its amendment.

Report adopted.

PEST CONTROL PRODUCTS BILL

NON-INSISTENCE ON SENATE AMENDMENT AND PROPOSAL FOR SUBSTITUTE AMENDMENT—REPORT OF COMMITTEE ADOPTED

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had examined the Message from the House of Commons disagreeing with the amendment made by the Senate to Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals, as passed by the Senate on March 25, 1969, and in obedience to the order of reference of April 22, 1969, now reports as follows:

> Your committee recommends that the Senate do not insist on the said amendment, but do insist on the principle of the said amendment and that the following amendment be substituted for the said amendment:
>
> Page 4: Strike out paragraph (d) and substitute therefor:
>
> (d) respecting the registration of control products and of establishments in which any prescribed control products are manufactured and prescribing the fees therefor, and respecting the procedures to be followed for the review of

cases involving the refusal, suspension or cancellation of the registration of any such product or establishment;".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: I move, with leave of the Senate, that the report be adopted now.

Honourable senators, you will recall that there was a discussion in the Senate before this bill was referred to committee. Later, a report was presented from the Standing Senate Committee on Banking, Trade and Commerce, which added a provision to the bill as to the right of appeal in cases where there had been a refusal to register a product. This was one aspect for which the bill made no provision.

Due mainly to the shortage of time in drafting the amendment, we provided an appeal provision by reference to an appeal provision in another bill and said, *mutatis mutandis,* these are the provisions which shall apply.

Objection was taken in the Commons to this form of providing for an amendment, and our amendment was struck out. We received a message from that house advising us that for certain reasons they were not prepared to accept the Senate amendment. This message was referred to the committee for consideration.

In committee we prepared a broad form of appeal which, in relation to this bill, was substantively without reference to procedures in any other bill, although we borrowed fairly extensively from the appeal procedures in the Hazardous Products Bill. I submitted that proposal to the Minister a week ago, and he appeared before the committee this morning.

While the Minister had no serious objection to this form, there did arise out of the discussion a compromise course which was finally adopted and which you have before you now. Instead of having this specific provision in relation to a bill, the section in the bill which provides for making regulations respecting registration and other matters of that kind is amended in order also to encompass the dealing with a refusal to register, or cancellation of a registration, or suspension of a registration.

The Minister had used certain language which we felt did not go far enough, in that it did not include the situation where there was a refusal to register. We added those words. I think I can describe the remarks of the Minister by saying that he did not protest. The net result is that the procedure is now incorporated here. I believe that it is completely satisfactory to him and to us, because there is now some scope and some opportunity for questioning a refusal to register a product.

Report adopted.

BANKING, TRADE AND COMMERCE COMMITTEE

NOTICE OF MEETING

Hon. Mr. Hayden: May I advise honourable senators that the Standing Senate Committee on Banking, Trade and Commerce, not having been able to complete its work by one o'clock, is resuming its hearing at 4.30 this afternoon in order to hear witnesses who are here today especially to be heard on Bill C-165. I hope we will have as good an attendance as possible.

FOREIGN AFFAIRS COMMITTEE

PROGRESS REPORT ON CARIBBEAN STUDY

On the Orders of the Day:

Hon. John B. Aird: Honourable senators—

Hon. Senators: Hear, hear.

Hon. Mr. Aird: Honourable senators, I am astonished and overwhelmed by the reception. I am grateful for it, and I thank you all very much indeed.

Before the Orders of the Day are called and with leave of the Senate, I would like to make a short prepared statement concerning the performance to date of the Standing Senate Committee on Foreign Affairs, its program for the immediate future and to announce the name of the witness appearing next week.

The Hon. the Speaker: I gather from the response shown the honourable senator on rising that leave is granted.

Hon. Senators: Agreed.

Hon. Mr. Aird: Honourable senators will recall that early in February I advised that the Standing Senate Committee on Foreign Affairs planned to undertake an extensive study of the Caribbean area and its strategic implications for Canada. I expressed the conviction at the time that the Caribbean offers a unique opportunity for Canada to come to grips in a very effective way with one of the greatest of all challenges facing mankind—the

sound and healthy development of the less-advanced areas of the world.

I would like to take this opportunity to report to honourable senators that during the intervening period the committee has almost completed the first phase of its undertaking, which involved broadening its knowledge of the Caribbean and its many political, economic and social problems.

The committee has asked Mr. Peter Dobell, Director of the Parliamentary Centre for Foreign Affairs and Foreign Trade, to serve as an adviser. In addition, Mr. Bernard Wood of Carleton University will shortly join Mr. Dobell's staff to act as a full-time research assistant to the committee.

A number of informative background studies have also been compiled and distributed to members of the committee.

During the first phase of our hearings, which are now almost completed and which have helped to lay a foundation for the second phase that is soon to begin, we have heard testimony from five expert witnesses of broadly varied background and experience on different aspects of the Caribbean area and its problems.

The first to provide us with the benefit of his wide knowledge was Mr. Willis Armstrong, a man who will be familiar to many honourable senators. Now the Associate Dean of the School of International Affairs at Columbia University, he was Economic Counsellor with the United States Embassy in Ottawa between 1958 and 1960. Mr. Armstrong provided the committee with a broad insight into the background and present political and economic climate of all the major countries in the Caribbean region, together with the nature of their diplomatic relationship with the United States.

While emphasizing that he did not speak in any official capacity, Mr. Armstrong voiced his own opinion that the United States government would welcome any move by Canada to play a more active role in promoting the progress and development of this part of the world.

The Associate Dean of Columbia was followed by Mr. William Demas, Economic Adviser to the Prime Minister of Trinidad and Tobago. Mr. Demas, who has served as both a research fellow and visiting professor at McGill University, appeared in a personal rather than official capacity. He provided members of the committee with what he described as "an indigenous point of view" that was invaluable.

Of particular importance was his outline of the problems that are of foremost concern to the people of the Caribbean. These include heavy unemployment, the extent of foreign ownership and control in industry, commerce and finance, the limited degree of fabrication within the Caribbean of domestic raw materials, the possibly adverse social and economic impact of large-scale tourism, a very heavy brain drain to Canada and the United States, and an underdeveloped agricultural potential.

Our third witness was Mr. John Plank of the Brookings Institute in Washington. The author of a paper entitled "Neighbourly Relations in the Caribbean", Mr. Plank concentrated in the main on the problems of political development in the area, the prospects for revolutionary upheaval and the role played by Cuba.

He warned that a number of small countries in the West Indies were in danger of "spiralling to disaster," as he put it, unless they received substantial assistance from other, more prosperous nations. "I do think," he said, "there is humanitarian reason why Canada should play a major role in the area." He maintained that for Canada to play such a role would be "in the interests of world peace and global freedom over a longer term."

Our fourth witness, a man known to many honourable senators, was Mr. Alex McLeod, the former Chief Economist with the Toronto-Dominion Bank and now Governor of the Central Bank of Trinidad and Tobago. Mr. McLeod was particularly well placed to underline an aspect of an issue about which Canadians should have a sensitive understanding, that is, the concern of the Caribbean people that they be afforded an opportunity to obtain an increasing share in the management, operation and ownership of enterprises conducting business there.

Our last witness during this first phase of hearings was Dr. George Doxey, a Professor of Economics at York University in Toronto, at present seconded to the University of the West Indies in the Barbados.

Professor Doxey's stimulating remarks provided considerable food for thought. He proposed, for example, the formation of a public body known as the Canadian Overseas Development Corporation to foster the growth of indigenous private industry in the Caribbean and elsewhere.

He maintained that free trade with the Caribbean would provide little economic advantage to Canada, but that we stood to

lose a lot if the countries of the area imposed new import restrictions. He suggested that Canada's economic aid to the West Indies should be concentrated in the eastern Caribbean, and contended that states in this region now associated with Britain or which are among its dependents might be attracted by associate statehood with Canada.

Having established a broad foundation of knowledge about the Caribbean generally, honourable senators, the Standing Senate Committee on Foreign Affairs will soon move into the second phase of its inquiry. It seems to me that a number of very pertinent questions concerning Canada's future relations with the Caribbean grew out of the testimony presented during the first phase of the hearings. Those are questions to which we hope succeeding witnesses will help us find some answers.

The first and most crucial question is diplomatic in nature. Can Canada help to fill the vacuum being created by the seeming withdrawal of the British presence in a way that will contribute to the healthy development of the Caribbean politically, economically and socially, while at the same time respecting the national aspirations and integrity of individual countries?

Out of this question obviously arise others. Should Canada enter into a special relationship with certain of the Caribbean countries, as has sometimes been suggested? Should we pursue the idea of establishing some form of associate statehood with the eastern Caribbean? What are the advantages and disadvantages of establishing a free trade area with the Commonwealth Caribbean, which is a question that was raised for future consideration by governments during the 1966 intergovernmental conference in Ottawa.

The Commonwealth countries in the area have already joined together in establishing a Caribbean Free Trade Association, popularly known as CARIFTA. What are the implications of this development for Canada, and how does it bear on the possibility of establishing some form of special trade relationship between Canada and the Caribbean? What might be done by Canada just to enable the Commonwealth Caribbean countries to take greater advantage of the existing preferential tariff arrangements?

The committee will want to consider a number of varied questions regarding Canadian aid to the area. Should financial assistance assume a higher priority than at present? Can Canadian aid be employed in more effective ways to speed development and promote greater progress toward economic self-reliance?

Honourable senators, at the moment the development of the Caribbean is being retarded in a critical way by the massive outflow to Canada and the United States of the best trained and educated people. In the past two years alone 80 per cent of the technicians graduated from West Indian training establishments have emigrated abroad. Is there anything that Canada could reasonably do that would help reduce this brain drain?

In addition, a number of Canadian companies and financial institutions already have heavy capital investments and maintain widespread operations throughout much of the area. What opportunities exist for additional private capital investment which will mutually benefit the Caribbean people and Canadian companies? To what extent do Canadian firms meet the standards of good corporate citizenship which we ourselves expect to be observed by foreign-owned enterprises operating in Canada?

Honourable senators, obviously many of these are very important questions to which there are no ready or simple answers. But, I am hopeful that with the help of the testimony received during the subsequent hearings, members of the Senate Foreign Affairs Committee and interested citizens generally will be in a better position to arrive at some balanced and realistic judgments about the vital issues that confront us.

I should like now to say a few words about our immediate program. I am writing this week to the ministers of the departments of Government and the heads of agencies responsible for Canadian policy towards countries in the Caribbean region, in the fields of diplomacy, trade, tariffs, immigration, transport and aid. I am asking them to submit reports which will be of assistance to us in our study. After the members of the committee have had an opportunity to examine these reports, it is my intention to invite the respective ministers to appear before the committee in order to comment on their reports.

We hope to complete the major portion of this phase of our work before the summer recess. In the autumn we shall examine private Canadian enterprise in the region. Finally, it is our intention to conclude with a constructive assessment of Canadian policy toward the area.

I should now like to announce that the Right Honourable Lester Pearson has graciously agreed to appear before our committee at its next meeting on May 6. I regard his appearance as a signal honour to this committee and to the Senate. Mr. Pearson will, of course, be appearing as Chairman of the Special International Committee examining the problems of developing nations. He has recently completed a world-wide trip in this capacity and I think he can help us gain a most useful perspective of the problems of the Caribbean region as they relate to the world scene. No doubt all honourable senators will agree that Mr. Pearson's appearance before our committee is a most significant event.

I thank honourable senators for having given me leave to make this statement.

Hon. John J. Connolly: Honourable senators, may I ask the honourable senator a question—not for the purpose of stimulating a debate, because I think that would not be appropriate.

I preface my question by saying this. At the meetings of the Commonwealth Parliamentary Association, which take place annually, there is a great deal of discussion about aid. There is an expression in not only the Caribbean countries but countries in Africa and Southeast Asia of great appreciation of the kind of aid they get from Canada and the amount of it, and concern that perhaps there might be a shortfall at some time. In addition to that, recently there has been a visit by an important ministerial group to certain South American countries, where the problem of aid in some of those countries is becoming very critical.

This is my question. Does the honourable senator think that so far the impact of the work that has been done by his committee, and the thrust of the information he has had through his committee from these witnesses, that Canada should be emphasizing even more the aid she now gives in the Caribbean area, not to the exclusion but perhaps to the detriment of some of these other areas in the Commonwealth, and indeed in South America, outside of the Commonwealth?

Hon. M. Aird: I would answer my honourable colleague by referring him to the fact that yesterday morning we had a presentation from CIDA, and the members of our committee were invited to attend jointly with the Joint Committee of the other place on Foreign Affairs and Defence. There was a very full examination in a new format, which was most interesting and informative, and disclosed the relevant impact, if you like, the relative figures of foreign aid investment, not only in the Caribbean but throughout the world, throughout the Far East and such places as Malaysia. The subject was well covered.

Specifically answering the honourable senator's question, I would say that the line of questioning and the replies we have had in our committee concerning specific aid in the Caribbean relate not so much to the monetary detailed input as such but rather as to the quality of input of those dollars when they get on the ground.

Hon. Mr. Connolly: The thrust and the impact, I assume, were towards the Caribbean in preference to other Commonwealth areas.

NORTH ATLANTIC TREATY ORGANIZATION

GOVERNMENT POLICY AS TO CANADA'S COMMITMENT—INQUIRY

On the Orders of the Day:

Hon. M. Grattan O'Leary: Honourable senators, before the Orders of the Day are called, and while we are discussing external affairs—in my opinion, in a most challenging and informative way—may I ask two questions of the Leader of the Government (Hon. Mr. Martin)?

Is the Leader of the Government in a position to tell this house, and if he is, will he, tell this house, what the Government means by what it calls its phased and planned withdrawal from our European commitment to NATO? Secondly, is the Government giving its approval, or is it condoning, or is it indifferent to the spectacle of an American general coming here yesterday and telling this country what it should do about NATO?

Hon. Paul Martin: Honourable senators, regarding the first question, it will be recalled that on April 3 the Prime Minister announced the result of Cabinet discussions on NATO. That announcement affirmed Canada's support for the North Atlantic Treaty Organization and its opposition to non-alignment and neutralism. It said that with regard to our military commitment, the Government had decided to reduce that commitment in consultation with its allies.

The Prime Minister indicated that phase two would consist of an examination by the Government as to the extent of the reduction and when it would take place. The Government has assigned to the Department of National Defence, the Office of the Privy Council, and the Department of External Affairs the responsibility for making report on this phase. That examination is not complete, but we hope in the Cabinet shortly to be considering the report of this tripartite departmental study.

I have not seen any statement made by any visiting officer. I do know that General Lemnitzer, the Supreme Allied Commander, is in Canada at the present time. I do not know whether Senator O'Leary is referring to something he may have said.

Hon. Mr. O'Leary (Carleton): I am referring to what he said yesterday.

Hon. Mr. Martin: I have not seen any reported statement by General Lemnitzer, but I would say generally that Canada determines its own policy in the light of its own examination and judgment.

Hon. Mr. O'Leary (Carleton): Then may I say on a question of privilege, and I hope without offence, that the Government leader's answer to my question amounts to this: That the Government has not yet made up its mind what it is going to do about NATO; that it is trying to reach a decision without actually deciding; that what was all wrong for General de Gaulle and what was all wrong for General Norstad, apparently is all right, condoned, or gone unnoticed, in the case of General Lemnitzer.

Hon. Mr. Choquette: Hear, hear. We lost the election on that sort of thing.

Hon. Mr. Martin: I admire the spirited manner in which Senator O'Leary speaks and puts his question, but I do not agree with what he has said.

The Government has unequivocally stated its support for NATO. It has said it is opposed to a policy of non-alignment or a policy of neutralism; it is now examining the extent of its reduction and will determine, in the light of the study that is now being made, when that reduction should take place; and it will take place after consultation with our allies.

Hon. Mr. Choquette: And yet the leader tells this house that he does not even know what was said yesterday by an American general?

Hon. Mr. Martin: The observation of Senator Choquette, likewise always spirited, is in no way related to my answer.

RULES OF THE SENATE

PROGRESS REPORT ON PRINTING

On the Orders of the Day:

Hon. Paul Martin: Honourable senators, I should like to comply with a commitment I made to Senator Haig the other day, when he asked when we may expect the composition of the Rules to be sent to the Senate. I promised in my interim reply at that time that I would give a more complete one at the earliest moment. I have received a progress report.

The Clerk has been entrusted by the Senate to have the Rules printed in the English and French languages in conformity with the arrangement, style, numbering and lettering used in the Statutes of Canada, with a detailed index, an appendix showing a bibliography of related statutes, and an appendix of related forms of proceedings.

The task is nearing completion, and it is expected that honourable senators will have copies of an advance printing within the next 10 to 15 days. This advance copy will contain the new Rules which were adopted on December 10, 1968, a Table of Contents, a detailed index and a bibliography of related statutes. The final printing will come when the forms of proceedings, which are to be included as an appendix to the Rules, have been completed. This part of the work is well under way.

Honourable senators know, of course, that pursuant to new Rule 6, these Rules shall go into operation on a day to be fixed by order of the Senate.

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, April 24, the adjourned debate on the motion of Hon. Mr. Lang, for second reading of Bill C-102, to amend the Patent Act, the Trade Marks Act, and the Food and Drugs Act.

Hon. Daniel A. Lang: Honourable senators—

The Hon. the Speaker: Honourable senators, this order stands in the name of the honourable Senator McDonald. Is it agreed that the

honourable Senator Lang may speak instead of the honourable Senator McDonald?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators will understand that as this bill was sponsored by the honourable Senator Lang, his remarks at this time will have the effect of closing the debate.

Hon. Mr. Lang: Honourable senators, in closing the debate I want to thank our colleague Senator Sullivan for his contribution. He brings to this subject a medical expertise that no other member of this chamber could. Indeed I have read and re-read his remarks in *Hansard*, and I feel that I would like to have him appear, not as a member of the committee to which I hope this bill will be referred, but as an expert witness before it. What he has said raises concern about the ability of the Food and Drug Directorate adequately to police and supervise the inflow of new drugs that may come on our market as a result of this bill. I, of course, am not competent to judge the adequacy of that directorate to accomplish that purpose, and I think that should be one of the main areas of our inquiry when this bill comes before a committee. I have been assured by the minister and by responsible officials that the directorate is now gearing itself to take on this task, and is completely satisfied of its ultimate competency to do so.

Senator Sullivan can always make a valuable contribution here, and it is more than unique, I think ofttimes perhaps because he comes to it with a fresh approach and from a different professional background than the one from which I and too many others of us in this chamber emanate.

In the City of Toronto we have a Medical-Legal Society, to which I have belonged for some years, but after a while I stopped attending because I found that I could not understand the language when the members discussed medical matters.

Hon. Mr. Sullivan: And vice versa.

Hon. Mr. Lang: And vice versa.

I should like to take this opportunity to say how much Senator Sullivan's contribution in areas involving medical knowledge are appreciated in this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Lang: If this bill should receive second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lang, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, April 24, the adjourned debate on the motion of Hon. Mr. Argue, for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. David A. Croll: Honourable senators this order stands in the name of Senator Argue—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Croll should speak instead of the honourable Senator Argue?

Hon. Senators: Agreed.

Hon. Mr. Croll: Honourable senators, I had the privilege of seconding the motion for second reading of this bill to reduce the voting age to 18 years in federal elections. As Senator Argue intimated in the course of his speech, I have supported this proposition for many years. I do not think it will be long before we see it come into effect, and this is one way of bringing the matter to the attention of the public and putting pressure on Government in order to get some action.

In entering the debate I do not intend to reiterate the familiar arguments, the pros and cons, nor to retrace old ground or thresh old straw. I simply say this. The arguments which persuaded me of the wisdom of the proposal many years ago are even more cogent today.

Today's generation of 18-, 19- and 20-year olds is far better equipped educationally and otherwise than any previous generation for participation in the democratic process by which we are governed. These young men and women want to participate in federal politics and, so far as they are permitted, they have participated. I said a moment ago that I thought they were better equipped educationally. They are more mature physically,

because for many years they have had better diet and better health services. I think they are better educated than their elders, though they have much more to learn than did their elders.

Wherever you look upon the scene you realize they are actively concerned with the problems of the nation in an unprecedented scale. Sometimes they exceed the bounds, but they focus attention on evils in our society that have been too long neglected.

Young men and women today are ready and willing to assume their rights and responsibilities of full citizenship, and they are educated for citizenship very much more than was an earlier generation. My observation during the most recent election was that a greater percentage of young people than ever before participated actively and enthusiastically on behalf of all major parties. They ran errands, they carried banners, they marched, they blew up balloons—and sometimes they blew up their own candidates—but they were busy. They supported their candidates with an enthusiasm that was infectious. The whole electoral process was made more lively and more stimulating. But, when the polls opened on election day they could not cast their ballots. What a total rejection! They did everything but vote.

It was cited in the Toronto *Star* edition of April 12, that when golfer Sandra Post from Oakville received her home town's Citizen of the Year Award last year, she quipped, "I can't think of myself as a citizen as I can't even vote yet." She is 20 years of age. That indicates that at least she is interested.

My suggestion is that we should do whatever we possibly can to bring them completely into the mainstream of political life in Canada and by all means give them the franchise. It is very difficult to set a magic date. Some never have enough maturity no matter what the calendar says, and that is true of some of the oldsters. Yet, we must at all costs avoid a conflict between generations. We have got to prove to these youngsters that they are not governed by an oligarchy of the old. The greatest challenge we have is to harness this youth tide and quickly ease them into the mainstream of our political life, thus impressing on them that they can effect change through political parties by participation.

There is a deeper and a more fundamental reason why we should take this action as soon as possible. Any such action on our part should not be regarded merely as an exercise in generosity. The present generation of young Canadians is evidenced by the unrest in our schools and universities and they are crying out for a greater voice in the direction of its affairs—in the educational, social, political and other environments affecting their future.

Of course we cannot condone acts of violence, vandalism, anarchy and other acts of a criminal nature organized by a small minority of these young people. We should give effect to the legitimate aspirations of the majority of our youth for the participation in the loftiest environment of them all, that of public service at all levels.

I suggest that by endorsing this motion and sending it forward we can rechannel their youthful energies so that they may have an increasing interest in participatory democracy in this country. If these young men and women are given responsibility they will not be irresponsible. Responsibility breeds responsibility; irresponsibility breeds irresponsibility.

Keep in mind that these young people have no recollection at all of the great depression. I do not think they have any recollection of World War II. They have spent their lives in expansion and general prosperity in this country, and they are puzzled by the friction and deficiencies in our society. They direct their attention to opportunity. They are not concerned nor do they appear to be concerned with security. The young fellow or young man ventures. He challenges; he does not play it safe as we did. He feels that he can win, that he can make a better world, and he is prepared to take the risk. People with that outlook, who are prepared to take the risk and who have the imagination and desire, should be sent an engraved invitation to join our club and work with us from within.

I suggest again that we do not let the young men escape the open door of opportunity, but put upon them the responsibility which we bear of selecting men for public office and public life and in shaping the destiny of this country.

I am not going to resort to an old cliché, but I remind you that when these young men join the Canadian armed forces they are given ballots as well as bullets. Ballots and bullets—as the old saying goes, "comes up with the rations." Surely they are entitled to the ballots without the bullets, so that they may never need the bullets.

I suggest, honourable senators, that it is far better to lay out the welcome mat than to

store it in the attic. The best alternative to disorder and violence lies in the increasing participation and involvement of our young people in public affairs.

You have heard arguments that have been well presented. This resolution has considerable meaning at this time. I suggest to you that we may all involve ourselves now in the exciting business of building a new and brighter Canada, and let us invite these young people to participate. I must confess, on my own behalf and I am sure on behalf of other members of the Senate, that we have not been so wise or so successful that we cannot use their help. Therefore, I ask this house to endorse this resolution.

Hon. Mr. Grosart: May I ask the honourable senator if it is the intention of the sponsor of the bill, who is not present, to move that this bill be referred to a committee?

Hon. Mr. Croll: May I leave that to honourable Senator Argue, who will close the debate. He is entitled to close the debate, and I do not know what his wishes are.

On motion of Hon. Mr. Smith, debate adjourned.

SPECIAL JOINT AND SENATE COMMITTEES

REPORTS AND CONSEQUENCES THEREOF INQUIRY

The Senate resumed from Tuesday, February 4, the adjourned debate on the inquiry of Hon. Mr. Croll, calling the attention of the Senate to the consequences, legislative and otherwise, flowing from the adoption by the Senate of the following Reports of Committees:

1. The Report of the Special Committee of the Senate on Manpower and Employment (1961).

2. The Report of the Special Committee of the Senate on Land Use in Canada (1963).

3. The Report of the Special Committee of the Senate on Aging (1966).

4. The Report of the Special Joint Committee on Consumer Credit (1967).

5. The Report of the Special Joint Committee on Divorce (1967).

Hon. Earl A. Hastings: Honourable senators, the purpose of the inquiry before us is, as indicated by the Order Paper, to draw the attention of honourable senators to the reports of the five special Senate committees and the legislative and other consequential results flowing from those reports.

I submit the inquiry is particularly relevant at this time, in the light of the public discussion, dialogue and debate which is being carried on with respect to constitutional reform in Canada, and in particular the Senate of Canada and membership thereof.

It is also very pertinent and timely in the light of the deliberation of the Special Senate Committee on the Rules of the Senate, under the chairmanship of Senator Molson, as we proceed to upgrade our rules for the more efficient operation of the Senate.

Honourable senators, in addressing myself to this presentation, as a comparative newcomer I found it to be a useful exercise in personal education and assessment. It was education in that I was able to gain a more meaningful insight into the work which has been done by senators over the past ten years and the results which have been attained. It was an assessment, in that I considered my own personal contribution to the present day operation of the Senate and how I might better contribute in that regard.

In recent years Senate committees have conducted inquiries on broad issues of public concern. These investigations resulted in informative reports, which made a useful contribution to the public understanding and discussion of those issues. Possibly the greatest result has been the impressive amount of legislation, federal and provincial, which has resulted in meeting the challenges which have been set forth in these reports.

In dealing with these reports I propose to make a short comment as to the committee and its operations, a short résumé of the recommendations, and then give a report of my own as to the amount of legislation or any other consequential result which occurred as a result of the reports.

Honourable senators, first I would like to deal with the Senate Committee on Land Use. As the northern areas of the Prairie Provinces came under cultivation in the 1930s, the era of land settlement in Canada ended. Government policies, which previously had been directed towards utilization of our natural resources, began to evolve towards a concern for land use and the socio-economic circumstances of people involved in this basic industry.

Indiscriminate land settlement had resulted in the settlement of some marginal land throughout Canada, creating a desire for land use adjustment. More significant, however, was the post-war technological revolution which occurred throughout industry, but more particularly in agriculture, and resulted in the introduction of new advanced farming techniques, and a trend towards concentration of population in the urban centres.

As a result of this situation and because of increased concern with forest management, water pollution control, recreation resources and wild life management, and a need for improved legislative management organization, a Committee of the Senate was appointed on January 30, 1957 to consider and report on Land Use in Canada and to make recommendations to ensure that our land resources are more effectively utilized for the benefit of the Canadian economy and the Canadian people.

The chairman of the committee was the honourable Senator Pearson, one of our colleagues who can point to many years of distinguished service to the agricultural economy of Western Canada.

The committee was reconstituted in subsequent sessions, and presented its final report on December 16, 1963. It held 56 meetings and heard 190 witnesses. It recorded 1,606 pages of evidence. This work was done at a total cost over the period of $32,749.

The committee directed its attention mainly to the use of land and water for agriculture and the welfare of the people who depend on agriculture for basic income.

The committee's hearings generated widespread interest throughout Canada by the general public and legislators, and certainly contributed to a full understanding of problems involved, with particular focus on Government policies and programs assisting the agricultural economy.

The committee made four recommendations on August 20, 1958, a further ten on July 8, 1959, and five more were submitted on June 28, 1961. What has been the result?

The first result is that we may point to the establishment of the Department of Forestry in 1960. The next consequential result would be the Forestry Development and Research Act which provided financial support for programs of forest inventories, reforestation and other improvement projects. A total of $7,900,000 in federal funds have been made available annually for these programs.

Many of the suggestions contained in the report of the Senate Committee on Land Use were incorporated in the Agriculture and Rural Development Act, a program designed by the Government of the day to emphasize the importance of agriculture, to raise the standards of living in the rural areas and to increase employment opportunities for people living in those areas.

Under the first ARDA agreement, (1962-1965) federal expenditures were $27.7 million to March 31, 1968.

In drafting the second agreement of ARDA (1965-1970), provision was made for a special fund to help finance development programs in areas jointly designated by the federal and provincial governments. The fund was initially established at $50 million, and in 1966 was increased to $300 million.

The 1965 to 1970 rural development agreement also provides an annual federal expenditure of $25 million on projects covering research, land use and farm adjustment, rehabilitation, public information services and soil and water conservation. All these programs are designed to bring about increased income and employment opportunities and to raise the standard of living in rural areas, as recommended by the committee.

Many of the committee's recommendations dealt with the problems of farm credit. These recommendations have resulted in amendments to the Farm Improvement Loans Act, the Farm Credit Act, the Farm Machinery Syndicates Credit Act and amendments to the Crop Insurance Act.

In addition, the operation and procedures of the Farm Credit Corporation have from time to time been up-dated and improved in order to assist those people in need of adequate and useful credit in the operation and development of their farms.

One of the committee's recommendations was that the soil survey of Canada be accelerated. It is interesting to note that the federal soil survey staff of the Department of Agriculture was static until 1962, when the committee reported; thereafter 17 professional positions were established. At present there are 45 positions, of which seven are vacant. Land interpretation has now been completed for all land in cultivation and for an additional 135 million acres beyond the agricultural fringe.

It is also interesting to note that as a result of a committee recommendation, added responsibilities were given to the Information

Division of the Canadian Department of Agriculture for the dissemination of agriculture research results by government, colleges and business. In addition, a series of meetings between the directors of information and extension of the provinces and the federal Department of Agriculture are now being carried out on a routine basis annually. The publications from all provinces and of the federal department are co-ordinated and disseminated to the mutual advantage of all provinces. Translations are procured for any publications where they can be used in a second language. The federal Government serves as the primary distribution agency by radio and television of results of research, that is, of research directed to the agricultural economy of Canada.

I turn now to Manpower and Employment. In the early 1960's, as a result of a business recession and chronic unemployment, a special committee of the Senate was appointed with instructions to study and report upon trends in connection with manpower requirements and the utilization of manpower in Canada, along with the object of exploring the possibility of maintaining a high level of employment for a growing labour force and the large numbers that were unemployed at that time. The honourable Senator Léon Méthot was named chairman of the committee which sat through two sessions of Parliament, held 23 meetings and reported on June 14, 1961, at a total cost of $43,912.

Hon. Mr. Martin: When was the committee established? You say it reported in 1961.

Hon. Mr. Smith: It was established in 1960, I believe.

Hon. Mr. Hastings: It was established in 1960.

The committee's findings and recommendations were segregated into four broad conclusions, and I propose to discuss each conclusion and report the consequences, legislative and otherwise, that resulted.

First of all, with respect to the immediate outlook at that date, the committee found that an upward movement of business activity, which was occurring by the time the committee reported, should be facilitated and reinforced by appropriate monetary and fiscal policies. During its deliberations the committee had found that a serious lack of co-ordination developed between these two powerful instruments of economic policy. This lack of co-ordination had developed needless divergencies and uncertainties.

Amendments were immediately made to the Bank of Canada Act clearly stating that monetary and fiscal policies were the responsibility of the Government.

In the field of economic growth the committee found that adequate employment opportunities would require a massive expansion of business activity and a re-establishment of an adequate rate of economic growth. While the expansion of exports remains the paramount role in development, a heavy reliance on domestic secondary manufacturing industries would have to provide a large scale increase in employment opportunities. It pointed out that taxation could be an effective and powerful instrument to provide incentives and expenditures on research, innovation and development, for future growth in a rapidly changing world.

As to results, in July 1963 the Department of Industry was established to promote the growth, efficiency and improvement of manufacturing industries in Canada. Under this department the following programs have been administered.

The Program for the Advancement of Industrial Technology (1965), with a basic aim to assist industry, upgrade its technology and underwrite specific development projects. The Industrial Research and Development Incentives Act (1967) provides grants or tax credits available for 25 per cent of capital expenditures for scientific research and development. As was pointed out in the report of the committee, taxation could be an effective instrument. The Canada-United States Agreement on Automotive Parts (1965) provides for the removal of tariff and other impediments to trade in motor vehicle and original equipment parts. As a result, Canada is now producing an increasingly larger share of the total North American output of vehicles and components. Employment has increased substantially as investment in additional plants and expansion has been extensive. Motor vehicle manufacturers made the largest single contribution of any industry to the over-all increase in employment in 1965.

Then there was the Machinery Program (1967), designed to encourage efficiency by permitting Canadian industries to acquire capital equipment at the lowest possible cost. New tariff items provide a reduction in tariff and a remission of duty on imported production of machinery. The Defence Production Development Assistance Program was designed to sustain the technological capability in Canadian industry by sharing the cost of selected defence development projects.

Another result of the committee's report was that the Economic Council of Canada was established under legislation on August 2, 1963, with instructions to advise and recommend from time to time measures that will achieve in Canada the highest possible level of employment and efficient production in order to maintain a high and consistent rate of economic growth.

Hon. Mr. Martin: Would the honourable senator permit a question? Is it a fact that the Economic Council of Canada was recommended by the Committee on Manpower and Employment?

Hon. Mr. Hastings: It happened after the committee reported, and was designed to carry on the work of the committee.

The committee pointed out that certain areas of Canada, particularly the Atlantic region, had long endured economic difficulties which resulted in above-average unemployment. It suggested that a determined effort must be exerted to provide better opportunity for the people in these areas. For this purpose the committee recommended a coordinated program to determine the best economic potential of these areas.

As a result, I think we can point to the Area Development Incentives Act of 1965. This established a fund of $50 million which was increased to $275 million in 1968, designed to encourage the economic growth in designated areas characterized by chronic unemployment, slow employment growth and serious problems of underemployment. At the end of 1967, 1,200 firms indicated their intention to establish new or expanded facilities in designated areas, and to invest $1.8 billion. An estimated 50,000 new jobs were provided directly and a similar number provided supply and services.

The Atlantic Development Board was established in December 1962. The act was amended in 1963 to provide $100 million, and in 1966 to provide $150 million; an additional $30 million was provided in 1965, and a further $25 million in 1967, to undertake programs and projects aimed at stimulating economic growth and to prepare, in consultation with the Economic Council of Canada, an economic development plan for the region. On March 31, 1967, a total of $98,714,000 had been expended on approved projects in this area.

Another result I think we can justifiably point to is the recently created Department of Regional Economic Development, which is now to be charged with the coordination and consolidation of all these various programs designed to raise the standard of living in these areas.

With respect to manpower research, training and education, the committee reported that manpower resources of Canada were profoundly affected by far-reaching changes in the economy, as new methods and materials are introduced into production processes and as technology evolves at a continued accelerated pace. All of these things affect the demand for skilled labour and job opportunities, and the labour force would be required to adjust accordingly. The committee were firm in their assertion that these changes must be anticipated and policies formulated accordingly before the event. It also recommended utmost encouragement of manpower research, particularly with relation to the unemployed. It said a larger proportion of our resources must be devoted to education and training of all kinds. It envisaged an imaginative large-scale program which would provide advanced technical training and stated that we must be prepared above all for a world of work that is continually in evolution.

As a result of that recommendation I think we can point to the creation of the Department of Manpower and Immigration where all the manpower training programs were consolidated together with immigration, which has a direct bearing on manpower resources in Canada.

A further result is the Technical and Vocational Training Assistance Act, covering the capital cost and training under which a billion dollars has been expended in the last ten years.

We have the Occupational Training for Adults Act, designed to assist workers upgrade their skills when they find themselves out of work as a result of a lack of demand for their trade. It enables them to return to school and learn new skills. In 1967-68, 294,000 persons underwent training, at a cost of $105 million. We have the Manpower Mobility Program, where assistance is provided in the form of exploratory and relocation grants. Since its inception, 14,934 relocation grants, 10,668 exploratory grants and 48,607 travel grants have been made.

Under the Vocational Rehabilitation Act disabled persons are rehabilitated and placed in useful employment. In 1967-68 some 3,000 were restored to employment.

The operation of the former National Employment Service was brought in under

the Department of Manpower. In 1962, 241 NES offices were operated, and today 350 manpower centres are in operation.

With respect to the recommended increase in manpower research, it is interesting to note that in 1962, $17,522 was expended on manpower research, whereas in the fiscal year 1969-70, $775,000 has been allocated for manpower research.

In addition to these programs and as a result of the committee's recommendations, we can also point to the fact that the federal Government has made grants totalling $71 million to universities as an aid to higher education.

Honourable senators, I deal next with the report on Aging. In 1963 the Senate addressed itself to the problems of the aged, which had been the subject of public interest and concern. Many organizations and individuals were attempting to improve the lot of the aged. The problem had been considered in many parts of the world, but it was the Senate of Canada who first examined the matter in depth on a national scale. On July 29, 1963, a Special Committee of this house was appointed under the chairmanship of the honourable Senator David Croll, and the committee was reconstituted at the three succeeding sessions of Parliament and tabled its report February 7, 1966. The cost of this committee was $144,334.

The committee's report made 92 recommendations for the benefit of Canada's senior citizens. The recommendations affected government at every level and reached to service organizations and individuals. No aspect of the care of aged citizens escaped the attention of the committee. The committee recommendations could be divided into five general areas: income stability or security, employment status and opportunities, health care and housing status, research, and community service.

What have been the results? The Old Age Security Act of 1951 was amended in 1966, providing a progressive reduction in pensionable age from 70 to 65 to be completed over a five-year period. Until 1967 the pension amounted to $75 a month, but in 1968 and succeeding years the amount may be adjusted in line with changes in the pension index developed for the Canada Pension Plan, as recommended by the committee.

By amendment to the Old Age Security Act of 1966, a monthly guaranteed income was authorized to provide all pensioners a guaranteed annual income of $1,260 for a single person and $2,525 for a couple who are both eligible, as recommended by the Committee on Aging.

With regard to employment status and opportunities, a special branch of the Department of Manpower and Immigration has been created to deal with employment for older workers. This branch maintains educational activities by the preparation, assembly and dissemination of information designed to bring to the attention of employers the benefits of hiring an older citizen. During the fiscal year 1967-68, 36,000 items were sent out in response to inquiries. In addition, counsellors at the Canada Manpower Centres are especially trained and equipped to assist the elderly in giving advice both to the client and the prospective employers.

With respect to health status and health care of the aged, the committee pointed that while most older citizens enjoyed reasonably good health, a significant number require long-term patient care, resulting in considerable cost to the individual and his family.

One significant piece of legislation—though I do not think it is a direct result of the committee's work—is the Medicare Act of 1966. It will go a long way in assisting these people to maintain the health care they require.

With respect to housing status, amendments were made to the National Housing Act of 1964 which met the major criticism and recommendation of the committee in connection with housing for the aged. It was as a result of these amendments that between 1965 and 1968, 388 long-term, low-interest loans to non-profit corporations constructing low rental self-contained accommodation for older people amounted to $154 million and covered 22,500 units. It is interesting to note that we can anticipate additional amendments to section 16 of the Act, as announced by the Prime Minister last Friday, designed to improve housing conditions and accommodation for the aged.

With respect to research and community services, I find it difficult, if not impossible, to isolate the exact amount of money being expended by governments on research for the aged. But we do know that expenditures on health research have been increased over the last years, and I am assured by the department that the aged are receiving comparative increased expenditures on research.

Dealing with the Joint Committee on Consumer Credit, again it was early in the 1960's

when the problems and the tremendous growth of consumer credit in Canada, with its resulting growing influence and impact on the social and economic life of the Canadian consumer, was of great concern to the public and to the Government of the day. As a result, a joint committee of the Senate and House of Commons was established in November 1963 to report on all problems of consumer credit and to report with respect to the operation of Canadian legislation in relation thereto.

The committee was re-constituted in 1964, and again in March 1966, and reported on May 8, 1967. The committee held 24 public hearings, heard 48 witnesses and numerous briefs, and operated at a cost of $244,000. The honourable Senator Croll and the honourable Mr. Basford were named co-chairmen of that particular committee.

In its report the committee found that consumer credit was, in fact, a real and an acute problem and that existing Canadian legislation in relation to the problem left much to be desired. The committee made 18 recommendations designed to assist consumers in meeting pressing problems at both the federal and provincial levels of jurisdiction.

What have been the results? The first result was the creation of a Department of Consumer Affairs in December 1967, to promote and protect the best interests of the Canadian consumer, including protection from unreasonable credit terms. The Federal-Provincial Conference on Consumer Credit held in October 1968 had as the main burden a discussion on consumer credit and its attendant problems. With respect to the 18 recommendations, I can report to honourable senators that there are only four on which no action has been taken. With respect to the other 14 recommendations, legislation has been passed by the federal or provincial legislatures, is in the process of being passed or is under active consideration by the governments concerned.

The fifth and final special report I wish to address myself to is that of the Special Senate and House of Commons Committee on Divorce.

In the 1960's throughout Canada there was a demand for reform in Canada's divorce laws, which had been amended only twice in the previous hundred years. There was a widespread feeling that the existing legislation was inadequate to meet the challenge of modern-day living in Canada. It was in this house on February 24, 1966 that the honourable Senator Roebuck introduced a bill to reform the divorce laws of Canada, and called for a joint study of the entire subject by the Senate of Canada. The joint committee was subsequently established, with the honourable Senator Roebuck as co-chairman and Mr. A. J. P. Cameron, the honourable member for High Park, as co-chairman.

The committee held 24 open meetings; 70 briefs were presented; and the committee reported in June 1967, operating throughout that period at a cost of $75,151.

The committee in its report made 21 specific recommendations which, if adopted, would result in a comprehensive reform of the divorce laws of Canada. Recommendations were made to broaden the grounds for divorce in order to meet the needs of society today. The committee addressed itself and directed its efforts to divorce laws and reforms more in accordance with the needs of the people, reforms which would be more humane and at the same time more suitable to the age in which we live.

What were the results? Fifteen recommendations of the 21 made by the committee were accepted and incorporated by the Government in Bill C-187, an Act Respecting Divorce, which was adopted unanimously by both houses, and received royal assent on February 1, 1968.

Serving as co-chairman of that committee was Senator Roebuck, a man who served as Chairman of the Standing Committee on Divorce of this house for the past fifteen years. He has presided over the dissolution of possibly 15,000 marriages, and he brought to the joint committee the wisdom of his experience over those years. In this respect I can do no better than quote from the House of Commons *Hansard* of December 19, 1967 where Mr. Cameron, the co-chairman of the committee and member for High Park, is reported as saying:

> There were 24 members from the house and 12 from the Senate represented on the special committee. Many of the representatives from the house were members of the justice committee and they included some of the brightest legal minds among us. I have no doubt at all as to the efficiency of the committee. Added to that, we had the experience of the senators from the other place, and I refer in particular to my co-chairman, Senator Roebuck.
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> Senator Roebuck has been chairman of the divorce committee for many years and has heard some 15,000 cases. He is a master of the law on divorce. As co-chairman it was easy for me to assist in

the organization and in the work of the committee and to preside at some of the meetings. The real work was done by him. I think we should all congratulate him and pay tribute to him for what he has done—a 90-year-old Senator who is 90 years young.

The Minister of Justice, who is now the Prime Minister, also indicated that the report of the committee was the basis of the bill. Thus, most of Senator Roebuck's work was incorporated in the bill.

Honourable senators, I think I would be totally unrealistic and a little less than honest were I to leave the impression that all the legislation to which I have referred was the direct result of committee work. I would not want to leave the impression that this chamber is the sole source of all wisdom that has been incorporated in the legislation to which I have referred. But, I do submit, honourable senators, that the work of these committees as manifested in their reports is vivid evidence of the ever-increasing role this chamber can play in the work of the Parliament of Canada. It bears testimony to the high calibre of the men and women who have been called to this house, and who have served as chairmen and committee members throughout the last ten years. It also calls attention to the devoted and faithful public servants who serve the Senate in various capacities, in particular the Committees Branch of the Senate.

I draw your attention, honourable senators, to the cost of these committees. The total cost was $546,000, and the average cost was $108,000. Those costs may be compared with $21,675,000 that has been expended by the Government on an assortment of 34 royal commissions over the same period of time.

By that statement I do not mean to leave an impression of total condemnation or rejection of royal commissions. I do believe there are certain areas where judicial impartiality is necessary, and where a strong neutral role must be maintained. There is also that area where professional opinion and advice on very intricate and complex problems is needed. It is in this area that royal commissions can play a useful role. Indeed, it is in this area that they have had their greatest success.

In the group of inquiries which require strict judicial impartiality I place the Dorion Inquiry, The Inquiry into Mr. Justice Landreville, The Inquiry into Complaints Made by George Victor Spencer, and the Inquiry into Matters Relating to Gerda Munsinger. I have deducted the expenses of these inquiries. I have deducted also the costs of three royal commissions which I think required professional advice, and the study of very complex and difficult problems. In that area I put the Royal Commission on Government Organization, the Royal Commission on Banking and Finance, and the Royal Commission on Bilingualism and Biculturalism.

When the costs of those royal commissions are deducted, the remaining 25 royal commissions or inquiries operated at an average cost of $298,322.

I have also made a comparison with the cost of five task forces selected at random that are still operating or have reported. The Committee on Election Expenses—surely this is a task this house could have undertaken—cost $355,906. The agricultural task force has cost $361,503 to date. The task force on housing cost $107,000. The task force on sports for Canadians has so far spent $34,000, but it has only commenced operations. The Labour Relations task force cost $938,000. The average cost of these five task forces, which I have selected at random, is $359,000.

Surely, from among the 34 barrister members of this house there could have been selected a committee to undertake the investigation into the administration of justice at Hay River. There are five women members of this chamber who have many years of public service to their credit and they, with the assistance of other honourable senators, could be conducting the inquiry into the status of women.

The Royal Commission on Farm Machinery, up to December 31, 1968, cost almost $1 million. Could this particular study not have been undertaken by a group from among the 24 members of this house who have been engaged in the business of agriculture over many years, including a former federal minister of agriculture and a former provincial minister of agriculture, and others like Senator Pearson who have spent their lives in this industry, and who have practical, pragmatic experience?

There are many honourable senators from the Maritimes who are qualified, I submit, to undertake the study that was carried out by the commission of inquiry into the salt fish industry. The honourable senator from Lethbridge (Hon. Mr. Gladstone), who has had a lifetime experience in the service of his people, could have performed an admirable job had he undertaken the work of the Royal Commission on Seabird Island Indians, and

the Royal Commission on Indians in the Mackenzie District.

I repeat, honourable senators, that the average cost of five Senate committees was $108,000. The average cost of these royal commissions that I enumerated was $298,000.00. The five assorted task forces operated at an average cost of $359,000.

I hope in my remarks I have indicated this chamber has fulfilled its allotted task with respect to its responsibilities in these areas to the Government and the people of Canada. The reason we can point to these accomplishments is the fact that the chairmen and members of these committees were pragmatic, experienced and successful in their chosen occupations. They were politicians—hacks, if you will—skilled in the art of compromise, experienced in finding practical solutions, and knowledgeable in the operation of government; politicians with a deep and abiding feeling for the people, their needs and aspirations; men and women capable of considering and solving these social and economic problems, whose work was unemcumbered by the duration of a session; committees that could work in the non-partisan, dedicated atmosphere that prevails in this chamber. These committees are capable of travelling and soliciting public opinion throughout Canada, of holding public hearings at convenient locations, thereby fulfilling a useful public relations role by stimulating interest, discussion, debate, and dialogue on these problems.

Another reason for the success, I suggest, is the fact that when these committees report, honourable senators remain on the parliamentary front here in Ottawa and call the Government to account from time to time as to the implementation of recommendations, which is not the case with royal commissions, who report and thereafter their members return to their various and diverse occupations.

The Senate today, as well as fulfilling its traditional sober, second thought role in considering legislation, has numerous special committees at work. They are the Special Committee on Science Policy under Senator Lamontagne, the Special Committee on Poverty under Senator Croll, established as the result of a recommendation of the Economic Council of Canada that we address ourselves to this problem. The committee has embarked on its journey to find ways and means of solving poverty which exists in our affluent society, and it is interesting to note that the Senate of Canada rejects the assertion that the poor are always with us and is prepared to put forward an effort to find ways and means to assist in alleviating this blight on our nation.

Hon. Mr. Choquette: You do not think they will still be with us after the committee has finished its work?

Hon. Mr. Martin: That is mere pessimism.

Hon. Mr. Hastings: As a Liberal I reject that observation. I do not start out to work on that basis.

There is also the Special Committee on Mass Media under Senator Keith Davey which will commence work this fall. In addition there is the Standing Senate Committee on Foreign Affairs under Senator Aird, who presented a very informative report today on Canada's relationship with the Caribbean nations.

I hope the presentation I have made will indicate to some extent the important role of the Senate and the qualifications of all senators in making a useful and worthwhile contribution to the people of Canada; a role that is becoming more important as we move into a modern technological advanced society; a function which I submit the Senate should be ready, willing and capable of fulfilling in the future as it has in the past.

Hon. Edgar Fournier: Honourable senators, I do not rise to adjourn the debate, although I am tempted to. I avoid that because it would be a little political if I did so and I want to keep out of that. I wish to compliment Senator Hastings, in my humble way, on the wonderful report he has presented to us.

Hon. Senators: Hear, hear.

Hon. Mr. Fournier (Madawaska-Restigouche): This has been an eye-opener, as I am sure it will be for the public who read the report of his speech. He covered a lot of ground, brought out many facts and a great deal of evidence. I repeat, it is certainly an eye-opener. He deserves much credit for the work he has put into this speech. It must have involved a tremendous amount of research and labour, and the report was well presented.

I have one question to ask on the subject of research. I do not know what we are looking for when we talk about manpower research. What are we looking for? It is a simple question, if somebody has the answer. I presume some $50,000 was spent on manpower research.

Hon. Mr. Croll: You will remember that Senator Hastings said we were in the midst of the depression at that time and were trying to find out what manpower we needed for the future, and if we could employ the people, in areas where there was employment. By the time we got down to our report there was almost full employment and scarcely anything for us to do in that respect. The purpose was to find out how to utilize manpower.

Hon. Mr. Choquette: Then the Conservatives were in for only a few months and they solved the problem.

Hon. Paul Martin: Honourable senators, I too would like to say to Senator Hastings that we are grateful to him for the excellent speech he made this afternoon. I think that if the senator could undertake, as Senator Roebuck did on another occasion, to see that his statement receives wide circulation, it would prove to be informative. It would help to project the work of the Senate for many people and many bodies in a much different light than these bodies and these people sometimes regard the Senate.

The best tribute I can pay to what Senator Hastings has said today is to rise at once and strongly support what he has said and the way he said it. When I first spoke in this house I stated that in my view the work of an upper chamber was first to review legislation initiated in the House of Commons, by private members in that place or by the Government. This did not preclude the Senate itself introducing legislation, which in time would find its place in the House of Commons. I emphasized then as I do now the importance of the legislative function of this body. Indeed, if one examines the debates that preceded the Act of Confederation at Westminster, it will be seen that the leaders of Confederation at that time primarily had in mind that the Senate's main function would be legislative, as is often said, a place of second or sober thought. Sir John A. Macdonald, speaking in Picton, justifying the way in which senators were designated, emphasized the importance of the compromise that was made with the Atlantic provinces and Quebec regarding the method of appointment. He pointed out that it was contended by the Atlantic provinces and Quebec that there should be a body to represent and champion regional and minority interests. However, the Senate's main function, he thought at that time, was legislative.

There was nothing that Senator Hastings said that would in any way detract from the importance of our work in reviewing legislation. Certainly I am more than impressed as the months go by with the work that is done by this chamber and the review that the committees give to legislation which emanates from the other place, particularly with regard to Government legislation.

We had an example of that today when the Chairman of the Banking, Trade and Commerce Committee reported that with respect to two bills the Senate proposals by way of amendment had been accepted by the Government. There have been many bills this session that have been amended, sent back to the House of Commons and accepted by that body. There is no question that we do perform our function with regard to revision and examination of legislation. What Senator Hastings has underlined today is that the Senate has been engaged—long before I came here—in another function, that of scrutiny and inquiry.

I sent for Professor Dawson's book, *The Government of Canada*, 1961 edition, twelfth printing, and on page 350 I read these words about the Senate:

> Aside from the Senate exercising a revising power of moderate value and its useful participation in the passage of private bills, it has also been successful in conducting investigations at various times into current political or social problems. A special committee of the Senate, for example, has recently held an inquiry into the operation of the Income War Tax Act and the Excess Profits Tax Act and it did a thoroughly competent piece of work. Such inquiries would appear to be a most fruitful field for Senate endeavour; for every year produces situations which are badly in need of some such scrutiny and drastic overhauling and the Senate has the leisure, ability, and freedom . . . to investigate them.

Now, coming from Professor Dawson that is praise indeed, because if one will examine what he has said about the Senate in other portions of this book it will be seen that he cannot be regarded as a strong protagonist of the Upper Chamber. What I have quoted is an endorsation of what this chamber can do and what we have been told today it has done in providing an examination of important public matters.

I was a member of the House of Commons for a long time, as many members of this house have been, and I cannot help but compare

the opportunity for investigation and initiative by members of the House of Commons today with what the situation was when I went to that house, and when many members of this house were then members of that body. I remember in 1935 when we had at least two days a week available for the private member. The private member could take those days and use them to introduce resolutions, which oftentimes led later to Government and to private members' legislation, or the resolution could address itself simply to some situation in the country that called for public comment.

Now that opportunity really no longer exists in the House of Commons. A limited number of hours are open to the private member for the introduction of private bills. The opportunity of seeing those bills through and of initiating discussion on broad issues that might lead to further inquiry and to legislation is also limited. This arises out of the complicated society in which we now live. The obligations of government today are altogether different than they were when I first went to the House of Commons in 1935.

Today the Government has heavier responsibilities because the problems are more numerous. The Government, therefore, must address itself to a legislative program that takes up practically the whole time of the other place. The Government is seeking to deal with this situation by improving its procedures and by having a timetable for debate on particular bills and measures, in the hope that it will be able to encourage wider participation and possibly wider initiation of measures on the part of those who are not of the executive, of the Cabinet.

It seems to me that the implication of what Senator Hastings said today is that we in this house have a special opportunity to provide a function which in other days belonged almost exclusively to the other place. We have discharged that commendably.

He told us of the work of the Committee on Land Use. I well remember the work of that committee. My recollection is that it was the Prime Minister of the day, Mr. St. Laurent, who was concerned about this problem and had suggested to Senator Power the desirability of the Senate looking into land use.

From that examination has flowed some constructive results, among them the establishment of the Department of Forestry, out of which has come the valuable program known as ARDA, which means so much to the Atlantic Provinces in particular.

The Manpower and Employment Committee established in 1960, certainly has had very great consequences. That committee was organized at a time when we were faced with heavy unemployment and when the Government and the people in the country generally were concerned with solutions for this disturbing social fact.

The Department of Industry created in 1963 may not have been the direct result of that Manpower Committee, but certainly many of the recommendations of the Manpower Committee, as Senator Hastings has pointed out, have enabled the Department of Industry—then a separate department, now joined with the Department of Trade and Commerce—to suggest proposals that undoubtedly helped to mitigate unemployment. As Senator Hastings has reminded us, tax credits and incentives were certainly products of the creation of that department. That department derived great benefit from the study which had been made by the Committee on Manpower and Employment.

Honourable senators, I think it would be stretching one's imagination to say that it was as a result of that committee that the Canada-United States Automotive Agreement came into existence, but there certainly was implied in the committee's report the desirability of *ad hoc* arrangements with the United States that might add to economic growth in Canada and thereby diminish the level of unemployment.

No one will question the value of that agreement between the two countries, which has resulted, as Senator Hastings pointed out, in increased employment, increased automotive production, to the extent of $366 million in the last year and, what is more, an increase in the North American market for the Canadian automobile industry.

I cannot say whether—and this was the burden of my question to Senator Hastings—it was as result of this committee that the Economic Council of Canada came into being. Perhaps the Leader of the Opposition is in a position to comment on that, because there was another Government in power at that time and I was not privy to its secrets. The Economic Council of Canada, in any event, had been foreshadowed in the committee's work, under the section "planning", where it was suggested that one of the first ways of trying to meet the problem of unemployment was to understand fully its genesis and to set up some body which would enable advice to be given to the Government by experts, economists and the like.

Then, the Area Development Incentive Act of 1965, as Senator Hastings has said, quite rightly, can be traced to the Senate study. Undoubtedly the department which, under my colleague Mr. Marchand, will be concerned with economic disparities and with regional development, will find a great deal of value in the report of the Committee on Manpower.

The need for advanced technical training, the need to provide for manpower mobility, all of these are necessary consequences of the rapidly developing technological aspects of our society.

For a long time there was an argument in the other place as to whether or not the employment service of Canada should continue to be under the Unemployment Insurance Commission. It was only as result of this study that public attention was given to the desirability of placing Canada's employment service where I suppose it originally should have belonged, that is, directly under the authority of a minister. Shortly after the recommendation, it was placed under the responsibility of the Minister of Labour.

In regard to the aged of our country, there is no doubt that the joint committee, on which Senator Croll played a notable part, did have an important influence in shaping changes which were made in the universal old age pension scheme. It was as a result of that committee that we were given our first introduction in Canada to the suggestion of a guaranteed annual wage.

Senator Hastings has reminded us of the Joint Committee on Consumer Credit, chaired by Senator Croll and by my colleague the Minister of Consumer Affairs. That department, set up under the Reorganization Act, includes at least three of the recommendations made by the committee. It proposed the establishment of a separate department, when it dealt with the general matter of consumer credit.

Senator Hastings was again right in referring to the monumental work of Senator Roebuck on the bill which brought about a very fundamental revision in Canadian divorce law. We already have had occasion to speak of the value of that measure and of the work of Senator Roebuck in connection with it.

These are efforts which have been made by this house which have led to concrete results, results which are not fully appreciated by the public and not too often attributed to the Senate. If fully understood, they would give the public a much better appreciation of the vitality of the Senate and of the importance of its work in the area of scrutiny and inquiry.

The present Government has made known its views on the role of scrutiny and inquiry which is open to the Senate. The Prime Minister himself has spoken at least on two occasions when he has emphasized that his concept of the role of this house includes the area of inquiry and scrutiny.

He expressed last May the desire that advantage be taken by the members of this house to expand its role in these areas. We are doing so again this session.

The Special Committee on Poverty, under the chairmanship of Senator Croll, has commenced its work. It is interesting to recall how that committee came into being. The Economic Council of Canada devoted most of its Fifth Annual Review, published last fall, to a study of poverty in Canada. Individuals have questioned the definition of poverty as enunciated by the Council. I believe the Council was thinking in relative terms, not in terms of economic conditions as they were in the days of our fathers, but as they exist at the present time. Against the background of our affluent society they made their study, and insisted that there was a large percentage of the population that subsisted below the normal standards prevailing in Canada. They called on the Senate, not the other place, to study poverty in Canada. That challenge was taken up by Senator Croll and by this house when it agreed to the establishment of the committee that has now begun its work.

Long before I came here, the Special Committee on Science Policy was set up. From all that I can see and read, and certainly from the first published volume of the report, it can be said that that committee is making a worth while contribution.

The Special Committee on Mass Media has been appointed following the initiative of Senator Davey. The establishment of that committee has won wide approval from not only the members on this side of the house but from those members who sit on the Speaker's left, and wide approval in the country generally. The work of investigation by that committee will begin early in September.

So, one need not go beyond the last five years, or even beyond this session, to see that the Senate has followed the course that has been outlined for it by those who feel that an upper chamber can make a useful contribution in the area of examination, scrutiny, and inquiry.

The burden of much of Senator Hastings' argument had to do with the replacement by Senate committees of some of the functions normally assigned to what are called royal commissions or task forces. Some of the functions of royal commissions cannot properly be performed by a legislative body. Many of these inquiries could have been conducted by Senate committees. There will be others arising in the future. But, we need not wait for these inquiries to be given to us by government—that would be part of my responsibility, I assume—but each of us in his or her own capacity as a senator has the authority and the opportunity to initiate proposals. There are many questions in Canada that call for public discussion and examination, not necessarily in order to reach a consensus or a vote, but perhaps merely to project a problem. Sometimes these questions can best be solved not by a decision but by discussion. There are other areas more complicated in character, in respect to which the examination should be detailed and well organized.

On Friday last when I was in Regina a group of members of the Department of Economics and Political Science of the University of Saskatchewan asked to see me. They placed before me a number of subjects which they would like the Senate to study. I am considering these before I make public the nature of the request. I want to make sure that these studies have not already been made under other auspices. In any event it was interesting to discover that here was a group of men whose job it is to train others who felt that in this area the Senate had a special role and a special opportunity.

I hope all of us will be inspired by what Senator Hastings said today to examine whether there are in addition to those questions now under study by the Senate others that deserve a public airing. I am sure there are many.

I read the other day that someone had suggested that the Senate should give consideration to the problem of student unrest in this country. I do not know whether we should or not, but that suggestion has been made. Senator Cameron dealt with this subject in an able speech last fall. Perhaps this is a question that should be left to the provinces or to the universities themselves.

In any event, that particular problem is typical of others. It is a problem that requires airing. It requires discussion in order not necessarily to decide it or vote on it, and not necessarily to come to a consensus, but to give some direction in respect of a problem that is of great concern. In saying that I am not passing judgment as to where the responsibility for the situation lies, because I am sure that we must approach it in the light of the inevitability of change.

Speaking now as an individual member of this house, Senator Hastings, I would like to congratulate you on your summary of our activities in certain areas of scrutiny and examination. I agree with you when you say that there is much work which is normally allocated to royal commissions and task forces which we can do here. I emphasize the fact that in addition to our legislative function which we must perform, each and every one of us has an opportunity to render useful public service in proposing study instruments and committees to inquire into some of the major questions that face our country. I am sure that we all agree that Senator Hastings has made a useful contribution today.

THE SENATE

Thursday, May 1, 1969

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

Prayers.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Report on the Activities of the Food and Agriculture Organization of the United Nations for the fiscal year 1967-68, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, chapter 122, R.S.C., 1952. (English and French texts).

FARM MACHINERY SYNDICATES CREDIT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-112, to amend the Farm Machinery Syndicates Credit Act, and had directed that the bill be reported without amendment.

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

Hon. A. Hamilton McDonald moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, May 6, at 8 o'clock in the evening.

Motion agreed to.

ROLE OF THE SENATE

PROPOSED SPECIAL COMMITTEE—NOTICE OF MOTION

Hon. Daniel A. Lang: Honourable senators, I give notice that on Tuesday next, May 6, I will move:

That a Special Committee of the Senate be appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution and in particular, without limiting the generality of the foregoing, the provisional proposals relating to the Senate of Canada contained in "The Constitution and the People of Canada", a document published by the Government of Canada on the occasion of the second meeting of the Constitutional Conference, Ottawa, February 10, 11 and 12, 1969.

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry.

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time.

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate; and

That the Committee be composed of eleven senators, to be named later.

Hon. John M. Macdonald: Honourable senators, the only objection I have is that this resolution, if adopted, would empower the committee to sit while the Senate is sitting.

Anyone familiar with our Rules at the present time knows it is difficult to man all the committees we have working. This is especially so with the Science Policy Committee sitting while the house sits and taking a large number of members away from the chamber. I do not think any other committee should be given the general authority to sit while the Senate is sitting. If the proposed committee needs that power, it can apply for it, as does the Senate Standing Committee on Legal and Constitutional Affairs.

The Hon. the Speaker: Honourable senators, the honourable Senator Lang has given notice that he will present this motion on Tuesday next, and we already have an indication from the honourable Senator Macdonald that he objects to one part of it. I would suggest that we defer any debate until the motion is moved on Tuesday next.

Hon. Senators: Agreed.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. Léopold Langlois moved, with leave of the Senate, that the Standing Senate Committee on Legal and Constitutional Affairs be empowered to sit while the Senate is sitting today.

Motion agreed to.

PRIVATE BILL

ATLANTIC MUTUAL LIFE ASSURANCE COMPANY—THIRD READING

Hon. Earl W. Urquhart moved the third reading of Bill S-33, to incorporate Atlantic Mutual Life Assurance Company.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, it had been anticipated that we would proceed with two of the items on the Order Paper, but because the Standing Senate Committee on Legal and Constitutional Affairs is meeting, those who had proposed to participate in the debates in the chamber feel that their primary obligation at this time should be to the committee. Therefore, unexpectedly we will not be able to deal with at least two of the items on the Order Paper today. The members of the committee are attending that meeting.

The Senate adjourned until Tuesday, May 6 at 8 p.m.

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THE SENATE

Tuesday, May 6, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Consolidated Index and Table of Statutory Orders and Regulations published in the *Canada Gazette*, Part II, for the period January 1, 1955 to March 31, 1969. (English and French texts).

Capital Budget of the Canada Deposit Insurance Corporation for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with Order in Council P.C. 1969-9, dated January 9, 1969, approving same. (English and French texts).

Document entitled "USA Reaction to Secretary of State for External Affairs' Statement of February 10, 1969" regarding the recognition of Red China. (English and French texts).

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-35, to amend the Canadian and British Insurance Companies Act, and other statutory provisions related to the subject matter of those amendments.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-36, to amend the Foreign Insurance Companies Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

TRUST COMPANIES ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-37, to amend the Trust Companies Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

LOAN COMPANIES ACT

BILL TO AMEND—FIRST READING

Hon. Paul Martin presented Bill S-38, to amend the Loan Companies Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

WORLD UNREST

INFLUENCES ON DEMOCRACTIC WAY OF LIFE IN CANADA—INQUIRY

Hon. Romuald Bourque: Honourable senators, with leave of the Senate, I call the attention of the Senate to the general state of unrest throughout the world today and in particular to the influences in Canada which pose a threat to our democratic way of life.

The Hon. the Speaker: Honourable senators, does the honourable Senator Bourque have leave to proceed with this inquiry?

Hon. Senators: Agreed.

Hon Mr. Bourque: Honourable senators, among the many matters which concern governments, leaders and members of all political parties and average adult citizens, is the continuing evidence that they have lost contact with a very large, active and seemingly irresponsible sector of the population.

Our responsibility as representatives of our communities and of the people of Canada as a whole, both here and in the other house, must surely be to find some way in which we can re-establish communications between those who believe in orderly change by democratic means and those who have apparently lost confidence in the values of democracy.

Most of us in Canada believe that we as a people have much of which to be proud. Dur-

ing our lifetime we have witnessed great physical, social and economic achievements. We have made greater progress in every field than our parents or grandpartents would ever have dreamed of. And, mistakenly perhaps, we have thought that our greatest achievement was to create in this northern half of the North American continent a truly affluent society.

Most of us have never been opposed to change. We have lived with change all our lives and we have seen that most of it has been beneficial. Certainly, there have been vast changes in our world of science. Our life expectancy has been increased by the discoveries, developments and changes in medicine. Great areas of our country have been opened up for settlement and exploitation by the changes in transportation, and our economic and social relationships are immeasurably better than even before the Second World War.

We look upon all this as progress, and we have always been proud that we are able to make this progress without any great social upheavals or disasters. Canada, we have said, is to be envied because our history has been almost devoid of violence. Unlike other countries which won their freedom through wars and revolutions, we in Canada progressed gradually and constitutionally, step by step, towards independent nationhood.

Conflicts or arguments which we have had among ourselves have never led, as they did in the United States, to a murderous civil war. Even in our economic disputes between employers and employees, our strikes and lockouts have seldom erupted into violence, and we have steadily raised our standard of living by negotiation.

None of this has been easy, of course. There have always been some stubborn, strongly entrenched reactionaries who fought against change at every step. And there have always been over-enthusiastic radicals who have never been willing to agree that enough is enough. But, between the two, we have always had a more understanding majority who agreed that miracles cannot be accomplished overnight, and who have favoured following a reasonable middle course. Progress may have been slower than in some other countries, but we avoided the hatreds and the bloodshed of the French and Russian revolutions, of the Spanish Civil War, and of the revolutions in Mexico, Cuba and other lands.

Basically, in one way or the other, we managed to keep open the lines of communication between those on the right and those on the left, and we had a better than average middle ground group to serve as a catalyst between the two. That was when we and many from other countries were able to say: Fortunate are those people who live in the Dominion of Canada; peaceful, industrious, friendly, and God-fearing, they are among the most favoured people on earth. Here in Canada, we all believed, there would never be room for a Hitler or a Stalin or a Castro.

At the United Nations Canada was represented by a man who exemplified these Canadian characteristics. Mild-spoken but firm in his support of democratic principles, unafraid to speak up to the biggest powers, willing at all times to listen to the pleas of the smallest ones, Lester B. Pearson stood for world-wide respect for Canada. He displayed at the conferences of the nations the kind of reasoning and understanding that people everywhere associated with Canada, and our influence around the world was much greater than that of any other power of a similar size.

During the past few years, somehow and for some reason, we have lost that strength. Our schools, colleges and universities, our political institutions, our labour unions and our management groups, our social clubs and associations, even our churches, have been infected with an urge to destroy all that is associated with the past, whether it be good or evil, and to replace it, not with something of equal or greater value, but with a vast disorganized nothing.

When the students at Sir George Williams University in Montreal went on the rampage and destroyed millions of dollars worth of computers which had been installed to help them obtain an education, they did not do so in order to replace the computers with better ones. They effectively reduced the quality of the service the university is able to give them and all the other students who were not involved in their action at all.

When a few thousand student militants paraded to McGill University and demonstrated in front of its Roddick Gates demanding that it become a "French university," they were not dedicated, informed scholars seeking to improve the university's educational facilities; they had no respect for McGill's academic standards; they were taking a simple way of adding fuel to an already dangerous ethnic fire.

These are just two examples, repeated in varying forms across Canada. Events of greater or lesser importance are occurring

every day in all our big cities, at universities and schools, in front of embassies and consulates, in public parks and squares and on the business-labour front. Violence has become almost overnight the most prominent manifestation of our culture.

I am frank to say that I do not understand the people who are responsible for this new approach to Canadian life, and I suspect that many others in this chamber do not understand them either. But unless you and I, and all those who are in positions of authority in government at all levels, in education, business, and all other activities that affect our daily lives, learn to understand them and develop some means of translating this understanding into meaningful action, this country is facing a disastrous and chaotic era.

The first step we must take towards this understanding is to stop immediately the useless process of seeking to assess praise or blame. It is unimportant to today's Quebec separatist that his father or grandfather was denied the educational opportunities that were available to English-speaking Canadians or that French-Canadians generally looked with more favour upon careers in the church or in the professions than upon careers in business or industry. The separatist is interested in what his position is now and what it is going to be in the future. If he thinks it will be better in an independent Quebec than in a united Canada, then that is the way he wants it to be. After all, it is basically the same as the English-Canadian's attitude towards colonial status with the British Empire. The English-Canadian did not care that it was Imperial soldiers who were responsible for the victory at Quebec that made this a British country. They simply knew that, as time went on, they would be better off running their own affairs than being governed as a British colony and so, step by step, they worked towards achieving that Canadian destiny.

But understanding a point of view does not mean acceptance of that point of view without discussion or negotiation. It does not mean that a hundred-year-old structure should be torn apart against the will of the majority of its inhabitants. It simply means that the natural desires and aspirations of any group of Canadians should be freely expressed, openly discussed and peacefully settled. All of this should be accomplished in a civilized manner, without threats, or force or violence by either party, in an atmosphere of good will and understanding.

Unfortunately, that is not the situation as it exists today. Individuals, many of whom, I am convinced, have no real interest in Quebec separatism or whatever it may involve but are simply enemies of society, have taken to bombs and other weapons to destroy, maim or kill. To their delight, they capture the headlines; they terrify certain sections of the populace. Indirectly, those who favour separatism benefit by the terror and chaos that is created.

These creators of terror are more difficult to understand and certainly more difficult to reach because we do not understand what it is they are really trying to accomplish. It is easy to dismiss them all as lunatics or fanatics, or even as romantics who have been impressed by the stories of revolutionaries from other countries. But some of them at least, I believe, are direct products of the weaknesses and lack of understanding in their own society. Instead of blaming them or their teachers, we should be examining our own attitudes and creating the contacts and the communication lines which will remove or at least minimize this threat to our continued security.

It may be, and probably is, too late to reform these present day violent agitators. But even agitators grow older and many of them assume individual responsibilities which make them less responsive to the call to adventure, and some of them settle down to become good, stable citizens. The important task and the only one which can be performed effectively is to cut off the supply of new militants. That is the task to which we should be applying all our efforts now, and it can only be accomplished when we know the causes behind current unrest and the remedies that will be required.

Recall your own youth, gentlemen, and you will admit that there were times when you did not regard everything in our society as being perfect. It was your discontent, very likely, which led you into politics and which brought you eventually to this place. You recognized evils or injustices and you took the way which you thought best to correct them. Perhaps, if you were lucky, the evils or injustices you saw were corrected—or perhaps you simply forgot about some of them as you yourself became more successful and began to see these evils and injustices from a new angle.

We all grew up in a quieter and certainly a slower age. There was violence then as there is now. But we did not live then in a very

permissive society. We were very well aware of right and wrong. We were not constantly exposed to images of acceptable violence on television and in the press.

In fifty years there have been many changes, some, but not all of them, good. We have raised our economic standards and made it possible for most people to live a good material life. We have increased tremendously the opportunities for the enjoyment of leisure. We have got rid of some of the foolish prejudices and fetishes. All this is good.

But we have made some bad changes, too. Over the years we have taken away from many of our young people any form of religious faith and have given them nothing to replace it. We have placed too much emphasis on material wealth, and in so doing have come close to approving of almost any method of obtaining it.

We have provided so much leisure and devised so many ways of occupying it that we have created enormous boredom. No one is satisfied with pleasure any more—they want films and books and plays that are obscene; they want sports events that are filled with violence; in short, they want everything which in a civilized society was forbidden. And they are getting it. Decency, good taste, morals are all completely disregarded.

This is not the first time in history when morals have been corrupted and when obscenity in the arts has reigned. But every time such a social upheaval has occurred, it has been followed by disaster. Rotten societies destroy themselves.

It is in this connection that there appears to be a ray of hope, mysterious as it may seem. The hippies and the student activists, all the young rebels who are expressing themselves through violations of our accepted standards, do so, they say, because they despise the society we have created. They profess a complete disinterest in making money; they say they have no use for the materialistic way in which their parents live. They claim to be seeking something meaningful and worthwhile in society and when they cannot find it they start tearing things up and acting like unreasoning brutes.

It is a fact, as we know, that young people today, including the young rebels, seek opportunities to go overseas to help people in underdeveloped countries. They march with the protesters against racial prejudice and against the waging of war in Vietnam. They engage in many legitimate protest activities. With these expressions of their discontent we really have no quarrel. We should indeed be on their side, and I am sure that many of us are.

Then we come to the senseless destruction, the wanton taking of life, the creation of hatreds where no hatred should exist, the unwillingness to communicate, to discuss or to reason, and the seeming determination to destroy what Canadians in a hundred years have struggled hard to create.

In a way, whatever their purpose, they are being more successful than they think or than many of us are prepared to believe. Bombers and rioters in Montreal and Quebec have seriously affected industrial investment in that province, which needs it very much if employment is to be maintained.

Lucien Rolland, a prominent French-Canadian industrialist in that province, has warned his compatriots that Quebec cannot develop through bombs, violence or threats. "Violence," he said, "is symptomatic of a lack of courage in improving and developing the existing components of our society. It is so much easier to destroy what is successful, to appropriate those institutions that have acquired through long experience, intelligent efforts and hard work, strength and maturity, rather than create and launch new ventures."

It is not only industry that is taking a careful and cautious look at violence-saturated communities. Tourists, too, tend to avoid these areas where a happy holiday is likely to be terminated by a bomb explosion.

At the end of 1967, no city in the world enjoyed a greater tourist potential than Montreal, the home of Expo 67. But the potential is not being realized. Ontario's tourist traffic has increased, until, as is reported, 61 per cent of tourists coming to Canada visit Ontario and only 19 per cent visit Quebec. I give these figures simply to show the effect of violent demonstrations on tourist flows.

The National Union Party, which is in power in the Province of Quebec at the present time, is preparing to hold a convention. Premier Jean-Jacques Bertrand, who is holding the office on a temporary basis, is going to be a candidate for the leadership of this party, and, if elected, will become its official leader and the Premier of the Province of Quebec.

In his first campaign speech, Mr. Bertrand argued, as reported in a Montreal daily, that Quebec nationalism and Canadian federalism are compatible, saying one can be "100 per cent a Quebecer and 100 per cent a Canadian."

He added:

> "I love Quebec. I love the French language. I love the French culture. But is it necessary to scuttle or sabotage the country to accomplish the mission which is ours?
>
> I say no, no, despite attitudes that sometimes are shocking, no, as long as we can find a negotiating table in this country our ancestors civilized."

And finally, Gerard Filion, Chairman of Marine Industries Limited, warned the people of Quebec that separatism itself could mean a migration of one million people from Quebec to the United States or other parts of Canada.

These figures alarm us because we ourselves are materially oriented. We measure actions and policies by their effect upon our economy, the number of dollars that will be lost or the jobs that will be eliminated. And, of course, we must use this measurement because it represents the society in which we live. We are accustomed to our comforts and our luxuries; we believe in the good society, the rich society that enables more and more people to share the good things in life.

But this is not the only valid measurement. We should be even more concerned about what these apostles of hate are doing to our souls and to our minds. Canada can be a great and successful country only if all its people work together to reach positive and rewarding goals. If ethnic and religious groups are pitted against each other, if employers and employees are engaged in constant argument, if political parties know only how to sling mud and destroy each other's leaders, then Canada will not be a country worth living in no matter how rich its resources or how high its living standard.

Students and professors who shout obscenities at university administrators, seize university classrooms and bar others from getting an education, are creating national chaos. The physical damage they may do, or the immediate turmoil they may create, are as nothing compared to the harm they are doing to the minds of the generation of students which will follow them. The kind of leadership Canada will have during the next 25 years is being determined to a large degree by these militant protestors in our university corridors. It is unthinkable that we should sit back and allow them to pervert for their own unholy purposes all the principles of a democratic leadership and responsibility which we have fought for and established during the past century.

I am not suggesting that we should seek to enforce conformity to either outmoded laws or outdated customs. I am suggesting that we should become more acutely aware of what these rebels in all areas are really seeking. We must find some way to come to grips with the problems that are disturbing them and are causing them to behave the way they do. And we must find a way to communicate with them without apologizing or excusing ourselves or threatening them or blaming them. If there is one thing we do not need, it is more argument; we will get nowhere by trying to enlarge the area of conflict. We will succeed only if we genuinely seek solutions and if we know very thoroughly the problems that must be solved.

It is incredible to us, of course, that young men and women brought up in good middle-class homes seem to have suddenly developed a hatred for middle-class society. We cannot understand why boys and girls who were well housed, well nourished, well educated and who were given every opportunity for the enjoyment of life should find all this intolerable and should take it upon themselves to denounce everything we tried to get for them.

Nor can we understand why groups in Quebec or British Columbia, or anywhere, should become in essence anti-Canadian and seek to break up the country into separate quarrelling units. It was just two years ago that we celebrated Canada's Centennial. We had the biggest birthday party any country ever had, and we thought that we had finally awakened a national consciousness. All across Canada, in Quebec as much as any place else, people were saying they were proud to be Canadians.

How different the picture is today! East and west, French and English, young and old, are in opposite camps. No one appears willing to listen to reason.

The answers are not going to be simple to find. Royal commissions can provide statistics and give opinions but they do not stir men's minds or spirits. Revolutions, they say, are won by a few dedicated people who are willing to sacrifice everything—their time, their careers, their comforts, their pride—in their love for a cause. The people who lose are those who are too busy with their own affairs, too wrapped up in the business of making money, or spending it, to make the necessary sacrifice to protect what they have.

In Canada today the dedication, the fire and the determination are on the side of the

rebels—and the publicity is on their side too. The young people who march in protest, the separatists who demand a new "Québec libre", the students and the professors who seize the classrooms and barricade the corridors or destroy the computers, these are the people who capture the headlines and dominate the television screens. They are properly termed "activists" for they are active; we, on the other hand, sit back and hope that some day it will go away.

If there was ever a time when it was safe to sit back and do nothing it is not in 1969. Either we make an effort to find out what is going on, understand the reasons behind it, take definite steps to meet the situation and learn how to communicate intelligently with those who are participating in it, or the quiet revolution will break out in a violent revolution and the Canada we know will disappear.

The editor of *The Royal Bank of Canada Monthly Letter* puts the position very clearly in an essay on "Preserving our Freedom", published as far back as December 1957.

> Democratic freedom has failed in some countries because their people slept. It is commonplace for people who were fighting against us in recent years to excuse themselves on two grounds; they didn't realize what was happening to their government, and there was nothing they could do but obey orders. Tyranny degrades both those who exercise it and those who allow it.
>
> To say that it can't happen in North America is to talk in a fool's paradise. All we need to do is look around the world to see nations that fought for freedom even more vehemently than we did who have lost it by decay, theft or violence.

In a very real sense, Canadians who believe in the democratic system, Canadians who prize their freedom and who constantly say they are prepared to defend it, are giving up both to the view they don't even know—and are giving them up by default. Every time we allow violence or the threat of violence to cow a university administration and to bring about a change in the rules, every time we allow a street riot to lead to the negotiation tables, every time a strike is settled by a bomb or stone throwing, we are giving up a little more of our freedom. Our civilization is so complex that it can exist only if there is a continual compromise between the liberty of the individual and the liberty of society. We cannot allow anyone to rob us of that freedom.

Abraham Lincoln, a peaceful man who was forced to go to war to preserve and enlarge freedom in the United States, foresaw the constant threat to liberty which exists in even the most enlightened democracy. He said:

> Our reliance is in the love of liberty which God has planted in us. Our defence is in the spirit which prizes liberty as the heritage of all men, in all lands everywhere. Destroy this spirit and you have planted the seeds of despotism at your own doors. Familiarize yourselves with the chains of bondage, and you prepare your own limbs to wear them.

May there be Canadians who will rise today to express their belief and faith as eloquently and who will lead all our people to an understanding of the danger in which our democratic freedom lies.

Hon. A. Hamilton McDonald: With leave of the Senate, I move the adjournment of the debate.

Hon. Lionel Choquette: What debate? What is it all about?

The Hon. the Speaker: Is there a question to be addressed to the Chair or to the mover? If not, the debate will stand adjourned in the name of honourable Senator McDonald.

On motion of Hon. Mr. McDonald, debate adjourned.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, there is a large volume of work still to be completed by the Senate committees. Therefore it is proposed that the Standing Senate Committee on Transport and Communications and the Standing Senate Committee on Banking, Trade and Commerce should meet tomorrow morning. Because of the heavy agenda before the latter committee, it will meet again in the afternoon. As the Special Committee on Science Policy will be engaged elsewhere, it seems that the best division of our time would be to concentrate on committee work tomorrow.

I therefore move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Thursday, May 8, 1969,

at 2 o'clock in the afternoon. By this arrangement the committees will be free tomorrow to devote the entire day to their work, and on Thursday by meeting in the Senate at 2 o'clock instead of 3 o'clock we will be able to deal with the difficulties arising out of the Air Canada strike.

Motion agreed to.

BANKING, TRADE AND COMMERCE COMMITTEE

AUTHORITY TO SIT DURING ADJOURNMENTS OF THE SENATE

Hon. A. Hamilton McDonald moved, with leave of the Senate, that the Standing Senate Committee on Banking, Trade and Commerce be empowered to sit during adjournments of the Senate.

Motion agreed to.

ROLE OF THE SENATE

PROPOSED SPECIAL COMMITTEE

Hon. Daniel A. Lang, pursuant to notice, moved:

That a Special Committee of the Senate be appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution and in particular, without limiting the generality of the foregoing, the provisional proposals relating to the Senate of Canada contained in "The Constitution and the People of Canada", a document published by the Government of Canada on the occasion of the second meeting of the Constitutional Conference, Ottawa, February 10, 11 and 12, 1969;

That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate; and

That the Committee be composed of eleven senators, to be named later.

He said: Honourable senators, let me be the first to acknowledge that the creation of another committee of this chamber at this time will involve an imposition on the Senate and will create strains within our structure. I am very concerned about this reality. The number of committees both special and standing now sitting is stretching the time of all of us almost to the breaking point, and I realize the gravity of the situation. This is illustrated by the fact that to-morrow must be set aside as a day in which we can address ourselves in one way or another to catching up on the backlog of work now before these committees.

In this situation where we are all very often involved with the problem of attending one or two committees at the same time, I make my proposal—and I must acknowledge and apologize for the difficulties inherent in it. But as all honourable senators are in a like position, I am sure you will forgive me for putting forward a motion of this nature and at this time.

Honourable senators will recall that at the beginning of this session last fall there was a general recognition among all members of Parliament that many constitutional matters of very great concern, including consideration of the role of the Senate within the Constitution, were to come under discussion at a Federal-Provincial Conference to be held in the months ahead. At that time we hoped the Senate would be actively involved in consideration of these matters as enunciated from time to time by the executive. It was then felt that the Senate itself should play a major role in re-examining its own structure and its own position within the Constitution. With that in mind, the Special Committee of the Senate on the Rules of the Senate was set up under the chairmanship of Senator Molson.

As you are aware, that committee made its fourth and final report on November 28. The report in part stated:

> Fully aware that the underlying reason for the establishment of your Committee was the desire of the members that the Senate continue to make its maximum contribution to the welfare of the Canadian People, your Committee soon realized that revision of the Rules only could not accomplish this purpose. There emerged the clear necessity for constitutional and statutory changes beyond the terms of reference of the Committee in order to reach the objective of a modern and streamlined Parliament.

Subsequent to the completion of the work of that committee and the submission of its final report, the Government of Canada set dates, February 10, 11 and 12, 1969, for the Second Constitutional Conference between the heads of the federal and provincial governments of Canada. Immediately prior to the convening of that conference there was tabled a document entitled, "The Constitution and the People of Canada". That document has been referred to in previous debate by me and by many other colleagues. It is a document of great breadth and it brings under review not only the question of constitutional reform of the Senate itself but, in addition, matters of official languages, fundamental rights, the distribution of powers, reform of the Supreme Court of Canada, regional disparities, the amending procedure and provisional arrangements, and the mechanism of federal-provincial relations.

At the meetings held on February 10, 11 and 12 last, all these matters came under discussion—albeit under the lights of the television cameras—among the heads of the federal and provincial governments, and between the officials of those governments that have been concerned with these problems in the interim period between that conference and the one that preceded it, approximately a year ago.

After discussion at the Federal-Provincial Conference, the matters were referred to the continuing committee of officials for further study, again to be dealt with at another Federal-Provincial Conference which, it has been announced, will be held between June 11 and 13 next.

While deeply concerned with all the matters dealt with in the White Paper and at the last conference, to my knowledge the Senate itself, as a body, has never been consulted by the Executive, nor has it officially made its views known to the Executive on these important matters. This may be quite understandable under all the circumstances, but even initially, last fall, I was aware of the deep concern of the Senate to be fully involved as an institution, and my colleagues have from time to time asked me what I felt the developments were likely to be. Of course I had no means of answering such queries.

One of the major concerns of all senators—and I think we should not fail to mention this quite frankly—has been with the future role of the Senate as it might emerge after an understanding is reached among the heads of government. There was also—if I may express it this way—a real concern that the Executive did not sufficiently understand the potential role that the Senate could play in the future of our country and, in fact, did not fully understand the ramifications of its present activities.

It had been hoped that the deliberations of the Rules Committee and the ensuing debate upon them might bear directly on these matters. However, for the reasons I have mentioned—particularly the limitation of the terms of reference of that committee—such did not prove to be the case. Also, I must confess, that in the debates which followed the presentation of that committee's final report a sufficiently extensive debate has not developed to be able to say that the views of this chamber as to its own best role within the Constitution, its constitution and its functions as they might evolve in a new milieu, have been articulated.

In fairness, I think it should be pointed out that the White Paper, "The Constitution and the People of Canada", was not tabled until the Rules Committee had completed its work. Accordingly, it was not until the committees' deliberations were terminated that anyone in this chamber had, to my knowledge, any information as to what the specific proposals of the Executive might be.

Because of the concern that no consensus or initiative to create such a consensus appeared to be emanating from this chamber, I have recently been more and more pressed by my colleagues to attempt somehow to bring the matter into focus. Therefore, albeit with reluctance, but because of the problems of time, I have on my own initiative introduced the motion you have before you this evening.

I seriously considered whether this motion should be framed to encompass a study by a select committee of all the matters referred to in the White Paper, and not only those dealing with the Senate itself. These I would have liked to include specifically—and, indeed, the motion is worded so as not to preclude their consideration by the committee—but I must honestly confess that the time limits now imposed by the proximity of the next Federal-Provincial Conference led me to the firm conclusion that to broaden the scope of inquiry of such a committee now would or could very well, under the circumstances, defeat its immediate purpose.

Some may say that whatever report such committee might bring forward concerning

the role of the Senate, it could not help but be self-serving. Honourable senators, I dismiss this contention. The assumption that lack of objectivity on the part of senators in assessing the role of this institution would render their judgment less than valid is, to my mind, completely unfounded. There is, in fact, no body of persons more knowledgeable and competent to deal with this matter and who, in so doing, would more readily put aside personal considerations in the best interests of the country, than the members of the Senate itself.

By introducing this motion I am putting forth the proposition that before the Government, by agreement with the provinces, becomes irrevocably committed to a course of action regarding the Senate and its future, it be made aware of the Senate's own views. Legislation following such an agreement, if it ever comes, must, of course involve a constitutional change by means of a petition of both houses which must pass through this chamber. The Senate is not—I repeat, not—a creature of a federal statute, as is the Supreme Court of Canada. It is a component of the federal Parliament itself. If I may, I would once again remind honourable senators of section 17 of the British North America Act, which reads:

> There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

Other "institutions linked with federalism", as referred to in the White Paper, are completely different from the Senate. They are, in fact, creatures of the federal Parliament. The Senate is an integral part of that Parliament, and any bill or petition affecting this chamber must, of course, receive the approval of this chamber before it can become law. I suggest that to date the Government seems to have overlooked this very fundamental distinction and its ramifications. While the other institutions I have mentioned may be reconstituted, changed, or otherwise dealt with without their concurrence, nothing about the Senate can be altered without the concurrence of this body itself. Accordingly, it is incumbent upon us at this time, and before the Government becomes committed to a course of action affecting the Senate, to make our views known.

If, however, we should choose to do nothing, I can foresee the development of a situation so disruptive to the federal presence as to be of the utmost gravity at this precarious time in our constitutional history and development.

I should like to review briefly with you, if I may, the references made to the Senate in the White Paper, and to the comments made by the Prime Minister at the last Federal-Provincial Conference. I do this at this time to underscore the very fundamental nature of the proposals being made.

First, the Prime Minister stated at the conference that both the federal Government and all the provinces wished to retain the Senate. But perhaps the Senate may feel otherwise disposed. I think that is a matter which will not require much of the time of the proposed committee.

The next proposition set forth in the White Paper and at the conference underscores the necessity of ensuring that the Senate adequately represent all provincial and regional interests. According to the Prime Minister, this is favoured by the federal Government and by all the provinces. To accomplish this end the White Paper suggests that the Senate be partly selected by the federal Government and partly selected by the provincial governments. At the conference the Prime Minister stated that this was accepted by the federal Government and by nine of the provincial governments, with Quebec favouring total provincial appointment.

To go on with the White Paper, it was stated that the federal authorities should make a review of the distribution of Senate membership. At the provincial conference the Prime Minister stated that all provinces were in favour of this. He added that certain provinces suggested giving greater weight to certain regions or to the population itself.

Again, in the White Paper it is suggested that the term of office of senators could be limited to a specific number of years—perhaps six. At the Federal-Provincial Conference the Prime Minister stated that this principle met with general agreement among the provinces, although there were various proposals as to the way in which that limitation should intervene.

The White Paper went on to propose that it should be provided that the Senate's rejection of a bill would be overcome by further action of the House of Commons acting within the specific procedures set out in the Constitution. At the conference the Prime Minister stated that the legislative powers of the Senate should be limited to a suspensive veto, and he

went on to state that the provinces agreed on that.

The White Paper proposed new jurisdiction for the Senate in respect to approving nominations by the federal Government of judges of the Supreme Court, ambassadors, and heads of cultural agencies, together with a special responsibility concerning official languages and human rights. It was proposed that the House of Commons should not be able to override Senate decisions in this area. At the conference the Prime Minister stated that there was qualified provincial approval for these additional powers depending on the proportion of provincial appointees that might ultimately be agreed upon.

Finally, the Prime Minister reiterated at the conference federal insistence that Senate reform is part of a package, being the reform of the whole Constitution as under review. That language is very reminiscent of the language used in collective bargaining procedures.

I would propose therefore that if this committee be constituted it should immediately attempt to obtain and express in so far as possible the general views of the Senate on these very specific matters:

(a) Provincial and regional representation through direct appointment;

(b) Redistribution of Senate membership;

(c) Terms of appointment of senators;

(d) Curtailment of the Senate's legislative power or suspensive veto; and

(e) Assumption of responsibility for approval of judicial appointments, et cetera.

I need hardly underscore the fact of how fundamental these proposals are. Four of them concern the very constitutional roots and existence of this institution. In emphasizing that I wish to make clear that I am not prejudging the merits, or lack of merits, in these proposals that have been put forward. I can honestly say that some of them do meet with my approval, or qualified approval.

Honourable senators, frankly, I have not had time to consider adequately the number of persons, for instance, who should constitute such a committee as is proposed. The motion mentions eleven senators, and this is an attempt to constitute a reasonably small committee that might meet and at least make an interim report with the utmost speed, before June 11 next. It may be necessary to enlarge the committee to give fuller representation. On the other hand, it should be borne in mind that to be meaningful, at least an interim report from this committee should be forthcoming before the conference.

I—and I think all other honourable senators—would be very concerned if at any time in the future the Executive said to us, in one way or another, that during the course of all these meetings they had had no indication from us of our views in the event that enabling legislation concerning us was brought forward. I think it is incumbent on us to avoid that accusation being made and, in all fairness to the Government, to set forth our own position, at least in general terms.

Because of the time factor that I have mentioned, the motion also contains a request for permission that this proposed committee meet during sittings and adjournments of the Senate. That is a provision I would like to have avoided at all costs, but I felt it was almost essential under the circumstances.

In conclusion, honourable senators, I would remind you that, apart from considerations other than the Senate, of which I hope this committee will in due course become seized, in dealing with the Senate the committee would be considering an institution of Canada, and only very incidentally the fact that we are members of that institution. I suggest that this committee should conduct its work in a completely non-partisan manner. I think the Constitution of our country is sufficiently important to all of us that we would all want to approach the matter in that vein.

I would like every member of this chamber, whether on the committee or not, to take an active interest in all its meetings, and attend as many as possible, and also submit to such a committee, whether orally, by letter or by brief, his own views on the matters I have mentioned. Indeed, I hope the committee would seek out the views of every member in order that any recommendations that may be made were truly representative of the feelings of this institution and its incumbents, no matter where they come from in Canada.

Hon. L. P. Beaubien: Honourable senators, I should like to second the motion of the honourable Senator Lang.

I think the Senate is at a sort of crossroads. We have arrived at a point where we must work a great deal harder and take much more interest in the Government of Canada, or we must, as has been suggested in the other place, become a nice easy-going debating society, with no power, not much work and plenty of time for outside interests. If we

take the first road, which we seem to have been heading for, a number of senators who have many outside interests will find it very hard to pursue those interests, and they will gradually have to concentrate almost all their time here. Many senators will, I think, find it very hard to make ends meet, because you do not go far on $15,000 a year.

I wish to stress very strongly the amount of work that would be involved. No matter what this committee, if it were set up, proposed for us, in certain quarters we would be accused of trying to perpetuate our own privileged position. But surely, if we thought only of our own personal interests, would we not opt for the comfortable, easy-going debating society, where we would not have too many responsibilities and could have many outside interests? It seems to me that if we decided to double our work we would be making a big sacrifice.

As Senator Lang pointed out so well, the Senate must state its position very clearly, and I suppose the only way we can do that is by appointing a committee such as he suggests. The Senate cannot stand twiddling its toes in the sand like a shy debutante. Suggestions have been made and we must stand up and be counted.

Honourable senators, I hope you will agree to set up this committee, and I trust that it will be able to produce a report that we can endorse unanimously. Furthermore, I hope the report will be ready before there are any more meetings on this subject between the heads of the federal Government and the provinces. For that reason, I think permission should be given for the committee to meet during sittings of the Senate.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Thorvaldson, debate adjourned.

NEWSPAPER REPORT

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. John M. Macdonald: Honourable senators, before the Orders of the Day are called I should like to bring to the attention of the Senate a matter that I believe is of concern to all of us.

In the Montreal *Gazette* of Monday, May 5, there was a report of a rally sponsored by the Association of Survivors of Nazi Oppression, held to mark the 24th anniversary of the liberation of Europe. The report first makes reference to a speech by the Minister of Veterans Affairs, to which no possible objection could be taken, but later the report says that Mr. Paul Goldstein, President of the association,

> accused Senator Choquette of "callousness and racial arrogance" in his dealings with witnesses appearing before the Senate committee examining the bill.

This is the bill commonly known as the "Hate Propaganda bill".

Honourable senators, I do not think this is fair comment. If this is a true report of what this gentleman said, I want to protest against his remarks, because they certainly go beyond fair comment. It is an assault, as it were, against the character of Senator Choquette.

May I say that anyone knowing Senator Choquette knows that he is wholly incapable of acting with callousness and racial arrogance towards anyone, be he a witness before a Senate committee or anyone else.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I deplore the fact that such an accusation would be brought against him. I believe that the gentleman who is president of that association does himself and his organization no good by bringing such a vile accusation against a person of such high character as Senator Choquette.

Hon. Lionel Choquette: Honourable senators, since I am vitally concerned with the remarks just made by my deskmate, I feel that I have to add a few words to what he has said.

I have since the inception of this committee, and before the election, attended religiously all its meetings. I have endeavoured, and the chairman will bear me out in this, to make a contribution to the discussions that have gone on. Yet, I am wondering if it has been a paying proposition for me or whether I should have been so assiduous in attending the meetings.

I have been misquoted. I have been maligned by the press—not members of the committee—and I am wondering if I should continue to sit on this committee. I want to make my position clear, that never in all our deliberations did I say or do anything that could warrant a statement such as this one which appeared on the front page of the third section of the *Gazette*.

I recall one day—and the chairman made the corrections later for the newspapers—that

a witness appeared before our committee and started reading rapidly in French. I looked around and, noting the number of senators who were there, 17 or 18, in number, I said to the witness, "I can assure you that there are only about five members who understand what you are saying now." I suggested then that if he had an English version of his text he should distribute it to all members of the committee, and that was done. I went further and said, "If Room 356-S, above this one, is not occupied for the moment we could avail ourselves of the translation system and everybody will understand." How was I quoted? The *Canadian Press,* which goes all over the country, said in French, "Senator Choquette criticizes Gérard Rancourt who was expressing himself in French." Then I started being inundated with letters of protest from French Canadians.

Honourable senators, I want to tell you that I am Vice-President of the French Canadian Association of Education of Ontario for life, because of my position in the Senate. Some of the letters which I received are anonymous and, as you know, we cannot answer them. Here is an example: "A few more remarks and gestures like this should give you an O.B.E. It is true that you don't need to be elected in the Senate and consequently that you don't need the French Canadian vote or support, but this doesn't justify you betraying them the way you have done here."

This is the kind of publicity I have received so far and, as I say, I have endeavoured from the very beginning to be fair. I sat beside my confrere at the Bar, Senator Phillips, and others, and I think they could say that what I am telling you now is the truth.

The last suggestion I made to the last witness who appeared before us, Maxwell Cohen, Dean of the Law Faculty of McGill University, was most constructive. I said that we as a committee were about to report to the Senate as a whole and we were going to propose amendments to this bill. I suggested that Dean Cohen get in touch with the Department of Justice and make the necessary amendments, and then propose them to our committee and we would then report to the Senate as a whole.

Honourable senators, I want to make my position clear. If I am maligned and misrepresented in the newspapers, I call upon the chairman, and Senator Phillips and the other members of the committee to say that I have not taken the attitude as described in the *Gazette* on Monday, May 5.

Hon. Arthur W. Roebuck: Honourable senators, I can very well meet the challenge given to me by the honourable Senator Choquette. The challenge was to say whether he has been in any way untrue to the French Canadian people, and whether he has been an arrogant member of our committee.

Senator Choquette has been a very constructive member of our committee. When he was misquoted in the press, in connection with the use of the English and French languages, I gave him my fullest support in the Senate itself.

I think Senator Choquette is probably taking these statements a little too seriously. We are all criticized at times, and we live through it. There are those who have said that they would rather be criticized than not mentioned at all. I have taken that position many times. We have all been misquoted at times, and sometimes paid very little attention to it.

With regard to the present charge, I am sorry he did not give me the words about which he complains so that I could have looked them up prior to coming here. You will understand that we have held many meetings, usually of long duration, and I have no exact memory of the statement that was made.

The honourable senator has not been arrogant; he has not been prejudiced in his actions one way or the other; he has been constructive. I may say that the suggestion he made, that Dean Maxwell Cohen get in touch with Mr. Scollin of the Department of Justice, has been carried out, and these two gentlemen will meet tomorrow morning. The understanding is that Dean Cohen will present Mr. Scollin with his proposals for improving the bill, and later the two of them will confer with me. I have had some amendments in mind ever since we began considering the bill in committee, and it is quite possible that we will all agree on some changes that will make the bill acceptable, or at least more acceptable to all of us.

I think Senator Choquette will agree that I have presided as impartially as it was possible for anyone to do. I have done all I could to bring the facts of this bill before the committee by witnesses on both sides with a view to reaching some common-sense arrangement. I hope that we will soon be able to report the bill, and that we will all be happy as a result of the contribution we have made.

Senator Choquette stated that he does not know whether he should continue to attend the committee's hearings on this bill. Of course he should! He has been serving the general interests of Canada in being there, and he is not the kind of man to be frightened out of doing his work in this chamber or in the committees of the house by any misstatement in the newspaper or any remarks made by a witness.

Hon. Mr. Martin: He would not be a Choquette if he were.

Hon. Mr. Roebuck: No. I hope that he does not take these little criticisms too seriously, and that he continues to co-operate as he has in the past. I am sure that we will enjoy his presence at future meetings.

Hon. Lazarus Phillips: Honourable senators, I have had the privilege of sitting in some of the committee meetings, particularly during the last two to three months. I rise to state emphatically that the expressions "callousness" and "arrogance" under no circumstances should apply to our honourable colleague Senator Choquette.

As a matter of fact, I have had a number of discussions with him about this bill, and although we have been in disagreement with respect to some of its wording, I have received nothing but the most extreme courtesy from him at all times. Indeed, as the chairman has pointed out, the committee has been discussing the desirability of having the bill re-drafted in such a fashion as to bring about a consensus between those who are presently in disagreement to some extent.

I rise with pleasure to state emphatically that the remarks were completely unjustified and should not have been directed to Senator Choquette. I personally do not know the gentleman who made the statement.

Hon. Daniel A. Lang: Honourable senators, may I add a word as a member of the committee? I happened to be sitting near Senator Choquette at the time the witness, whose name escapes me, dealt with the question of the French and English texts. I wish to confirm that the incident as outlined by Senator Choquette is absolutely correct and contains all the relevant details.

The witness, in his confusion, completely misunderstood what Senator Choquette was saying with regard to the use of that room, which did not have translation services, and as to the availability of an English text for those of us who were not bilingual.

First, I want to confirm the complete accuracy of Senator Choquette's recollection of that moment.

Secondly, any suggestion in the paper or by any other witnesses that Senator Choquette is not one of the strongest and most voluble and most influential advocates of the cause of French Canadians and the French language in Canada is so ridiculous as to be almost laughable.

Hon. J. Harper Prowse: Honourable senators, as a member of the committee and chairman last year of the special committee, where I had the privilege of having Senator Choquette serve on the steering committee—I would like, in so far as it is possible for one person's word to do so, to make it clear that there is no justification in anything he has said or done for the accusation that he has been arrogant or racist or unreasonable or unfair.

Hon. Mr. Martin: Agreed.

Hon. Mr. Prowse: Just as he was incorrectly reported on one occasion, I would hope that the people to whom this statement is attributed were also incorrectly reported.

I was in committee the day Senator Choquette interjected because we had no translation services and, as one of the members who speaks only English I appreciated his consideration and courtesy for those of us who were handicapped by having just one language.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Prowse: I may say this, that he has certain reservations about the bill, but in my long association with him, let me make clear now to anyone who will listen, that those reservations are not based on any prejudice, or any callousness, but are because of the pride he has in this country, and his fear that in supporting this legislation there is a possibility it might be interpreted as meaning that we have a little less consideration for minority groups in Canada than we feel we ought to have. This is the basis of his difference, and it is not at all any disregard for the rights and privileges of all Canadians.

WHEAT SALES TO CHINA

INQUIRY

On the Orders of the Day:

Hon. Earl A. Hastings: Honourable senators, before the Orders of the Day, I wish to

direct a question to the Leader of the Government in the Senate. It pertains to a press report in the Toronto *Globe and Mail* of May 5, indicating that France has successfully negotiated a wheat sale with mainland China for 800,000 tons of wheat.

In view of the fact that the France-China agreement was concluded at the Canton Trade Fair and that the final phase of the current three-year Canada-China agreement which will expire in July was concluded by the Canadian Wheat Board at a similar fair a year ago, I ask the question: Why did the Canadian Wheat Board not see fit to have representatives present at the current Trade Fair in Canton?

Hon. Paul Martin: Honourable senators, Senator Hastings gave me notice just before coming into the chamber of his intention to ask this question. I cannot assume that the facts as stated in the question are correct; however, I will take the question as notice and deal with it as soon as possible.

Hon. Mr. Hastings: I thank the leader for taking notice of the question. May I ask him to take notice of a supplementary question with respect to wheat marketing in western Canada? The question is by way of a request for information as to why eight to ten cargo ships sit idle and empty in the port of Vancouver tonight because no No. 2 northern wheat is available for loading?

It seems incredible, in view of the economic conditions of the agricultural community in western Canada, that such a condition should exist through either negligence or poor planning on the part of Government agencies or the railway.

Hon. Mr. Martin: My honourable friend is referring to a condition that prevails tonight in Vancouver. It would be impossible for me to answer his question now. I will take notice of it and ask the Government agency concerned, the Wheat Board, for its immediate comment. However, I should like to indicate without any reservation that the Government is deeply concerned about the huge stock of surplus wheat and is vigorously pursuing every means to extend sales both in the usual markets and in additional markets.

NATIONAL FINANCE COMMITTEE

NOTICE OF MEETING

Hon. T. D'Arcy Leonard: Honourable senators, I should like to make an announcement. In view of the fact that we will not be sitting tomorrow, there will be a meeting of the Standing Senate Committee on National Finance on Thursday morning at ten o'clock. The witness will be Dr. A. J. R. Smith, Chairman of the Economic Council of Canada, who succeeded Dr. John Deutsch in that position. This is the first occasion upon which Dr. Smith will be before us, and I say again to all senators that they are very welcome to attend that meeting. I am sure that they will find it most informative and very valuable.

FARM MACHINERY SYNDICATES CREDIT ACT

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved the third reading of bill C-112, to amend the Farm Machinery Syndicates Credit Act.

Motion agreed to and bill read third time and passed.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS—DEBATE CONTINUED

The Senate resumed from Thursday, March 27, the adjourned debate on the notice of Hon. Mr. Argue:

> That he will call the attention of the Senate to the large losses suffered by contractors in construction of the Great Slave Lake Railway and to the extreme hardship and financial burden placed on the contractors due to the unnecessary and oppressive use by the Canadian National Railway of clause 16 of the construction contract;
>
> To the completion of the Great Slave Lake Railway ahead of schedule and at less than the estimated cost which was accomplished in substantial measure by the exploitation of the contractors and resulted in the loss to the contractors of many millions of dollars, such loss in certain instances having resulted in the bankruptcy and the financial destitution of contractors who at the commencement of the building of the Great Slave Lake Railway were solvent progressive companies with proven records of efficiency in the construction business; and
>
> To the responsibility for these losses which is that of the Government of Canada inasmuch as the Canadian National Railway (an agent of Her Majesty) and those engaged in the construction of the Great Slave Lake Railway were carrying

out the expressed wishes of Parliament as set forth in chapter 56 of the Statutes of Canada, 1961.

Hon. J. Harper Prowse: Honourable senators, in this inquiry honourable Senator Argue set out the main facts with which we are concerned, and it is not my purpose at this time to go over them all. I adjourned the debate because I was concerned enough with what he said that I thought it would be interesting to look at the evidence that was available.

I have had an opportunity of looking at the contract and at some of the complaints that have been made by some of the contractors, and I may say that it is the most damnable thing I have ever seen in my life. It is inconceivable to me that an agency of the Crown could be a party to such a diabolically one-sided contract or that an agency of the Crown could expect to impose upon a citizen—I do not care how stupid or greedy he may be—a contract which would give him so little opportunity to recover or even protect himself from injustice.

And one has to read this contract or at least look at it before he can believe it possible that anybody would sign it. I might have thought this could have been dismissed, as someone did suggest, by saying, "Well, any man who is fool enough to sign a tough contract deserves to be caught by it."

Two or three things came to my mind when that was said. First, when dealing with the prerogatives of the Crown and how they are to be interpreted, there is the ordinary principle that the Crown cannot be bound in contract. But I have never forgotten how impressed I was, after having read through the rest of the rules, when I came to the mitigating rule which says that the honour of the Crown is always to be preferred to its profits. In other words, the rules in our law make it perfectly clear that there is on the strong a duty to protect the weak who fall into their clutches or under their control or protection, and that they have a duty to extend protection to and not just to take advantage of the weak.

I was very happy to read what Mr. Justice Jackett, President of the Exchequer Court, said, when he was speaking a year ago in Regina to the Contractors Association. He had this to say:

> I may be naive but I firmly believe that over the long haul, neither government department nor private industry can get what it wants without paying a fair price for it or delivering a fair product for it.
>
> It is advantageous, if not essential, that relations between government or other owner and contractor and sub-contractor, be regulated by a contract that is equitable to all concerned.
>
> If every sentence in the contract will not have some eventual effect on the contractor's profit or loss from the contract, it has no business being there.
>
> It is however, literally impossible for any contractor each time he is deciding how much to bid on a new job, to make a careful appraisal of a new set of contractual terms that has been custom-made for that particular project and to assess the financial implication of each deviation from the terms and conditions under which he is accustomed to work. Of necessity he must concentrate on the cost of the particular physical work as described in the specification.

Mr. Justice Jackett went on, but I do not wish to bore this house with the details of what he said. I merely indicate that in effect he said that the contractor is concerned chiefly with estimating the cost of the physical job and he cannot be expected to read carefully the fine print of every contract that may be handed to him by some corporation lawyers, any more than our law in Alberta will enable the mortgage company to take advantage by reason of fine-print clauses of an illiterate farmer who cannot speak English.

Now you may say that in this case these men should have obtained legal advice before they signed the contract. I would ask you to bear in mind that they were accustomed to dealing in jobs of this kind with prairie governments who understood the people they were dealing with, and they thought they were dealing with the same kind of people here. There is no doubt in my mind from reading this that they suddenly got themselves into a situation where they found somebody enforcing a contract that nobody believed could have been enforced.

There were seven contractors went broke on this job, and God knows how many lost money. These were not little, insubstantial people. These were people of a net worth up to approximately $1 million. Now this does not make them big contractors, but it makes them fairly big and important people for western Canada.

What happened? The government engineer interfered, as he had a right to do under the contract. He forced them to do work which was not in accordance with the normal timetable for the industry. They did not know he was going to vary the work. He made them start at one end instead of the other, and would not allow them to take steps which they from their own experience knew would enable them to do the job more thoroughly. He would not let them get started when they were ready to start because there was a frozen-ground clause in the contract which they anticipated they would be paid for. He made them hire men and machinery which he was able to charge back to them. They had no recourse.

It seems to me that when we talk about the possibility of providing an ombudsman and when we talk about a just society, one thing that this house can do and has a duty to do is to provide some protection for people like this who find themselves stripped of the product of a lifetime's work by a young, inexperienced engineer and a corporation which has not learned much over the years and which has enforced an unconscionable contract. If this house cannot provide a forum where people can come and be heard, then where can they go in Canada? And where in Canada can we talk with any sense of being believed of having provided a just society?

Honourable senators, all I can say is this: having looked at the record, which can be made available for anybody who wants to look at it, I feel as strongly as possible that this is a case where we have a duty and a responsibility to show Canadians that justice is available by providing these people with a forum where they can come and make their complaints heard, and where, if there is an answer, it can be made. If, as a result of the complaint and the answer, this house feels there should be some change in the way we do things, then this change can be made. If honourable senators say that this is the C.N.R.'s or the contractors' business, I say you have not read what is going on. An act of Parliament introduced as Bill C-126 has clearly appointed the C.N.R. as the agent of the Government of Canada to carry out work in the interest of Canadians, and when we appoint an agent it is an ordinary axiom of law that we are responsible for the acts of that agent. Therefore, although the contract was between the contractors and the C.N.R., the C.N.R. has been made an agent of the people of Canada by virtue of an act of Parliament, and I say Parliament has a right to see that justice is done.

Hon. Mr. Roebuck: May I ask the honourable senator what he suggests we should do about it?

Hon. Mr. Prowse: Although it is not in the motion, I would be prepared to move at a later date that we should hear these people either in the chamber or in one of our committees. That should have been included in the motion.

Hon. Mr. Leonard: I imagine that at the conclusion of the debate the matter could be referred to one of our standing committees.

On motion of Hon. Mr. McDonald, debate adjourned.

The Senate adjourned until Thursday, May 8 at 2 p.m.

THE SENATE

Thursday, May 8, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

WORLD UNREST

CORRECTION OF OFFICIAL REPORT OF DEBATES

Hon. Romuald Bourque: Honourable senators, I rise on a question of privilege to make two corrections in the printed report of my speech delivered on May 6 last.

At page 1393 of *Hansard* I quote from *The Royal Bank of Canada Monthly Letter* of December, 1957. The record incorrectly reads "1967".

The question from the letter should conclude at the end of the second paragraph with the words "theft or violence." The third paragraph beginning with the words "In a very real sense" and concluding with the words "the liberty of society" does not in fact form part of the quotation.

I ask that these two corrections be made in *the revised printing of my speech.

COUNCIL OF EUROPE

CANADIAN DELEGATION TO CONSULTATIVE ASSEMBLY MEETINGS

The Hon. the Speaker: Honourable senators, I have the honour to inform you that the Government Leader, the Honourable Paul Martin, P.C., the Leader of the Opposition, Honourable Jacques Flynn, P.C., Honourable John Aird and I will be members of the Canadian parliamentary delegation attending the meetings of the Consultative Assembly of the Council of Europe at Strasbourg, France, from May 12 to May 16 inclusive.

Several months ago the chairman of the House of Nations of the Czechoslovak Federal Assembly invited a delegation from the Senate of Canada to visit Czechoslovakia. It was felt that this would be an opportune time to accept this invitation. Therefore, the members of the Senate attending the meetings at Strasbourg will visit Prague from May 18 to May 22.

* (*Page 1393 corrected accordingly.*)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

8 May 1969

Sir,

I have the honour to inform you that the Hon. Ronald Martland, Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 8th day of May, at 5.30 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,

Sir,

Your obedient servant,

Esmond Butler

Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of three contracts between the Government of Canada and Municipalities in the Province of Saskatchewan for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Revised Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

PRIVATE BILLS

THE CANADA NORTH-WEST LAND COMPANY (LIMITED)—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-32, respecting The Canada North-west Land Company (Limited), and has directed that the bill be reported without amendment.

THIRD READING

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

Hon. L. P. Beaubien: Honourable senators, in view of the fact that we will not be sitting next week, I move, with leave of the Senate, that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

NOVA SCOTIA SAVINGS & LOAN COMPANY—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-34, respecting Nova Scotia Savings & Loan Company, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Earl W. Urquhart: Honourable senators, with leave of the Senate, I move that the bill be read the third time now. I do so for the same reason as offered by Senator Beaubien on the preceding bill.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT AND ESTATE TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-165, to amend the Income Tax Act and Estate Tax Act, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Paul Martin: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Hon. L. P. Beaubien: Honourable senators, first I want to apologize very sincerely for speaking on this bill a second time. The bill has had a very good hearing in this house.

Hon. Mr. Connolly (Ottawa West): You do not have to apologize.

Hon. Mr. Beaubien: I feel that I am, in a way, imposing on the senators.

Hon. Mr. Roebuck: Not at all.

Hon. Mr. Beaubien: It had a good hearing in committee; however, I feel strongly about it. I want to say a few words in support of my opposition to the bill, and I assure you my remarks will be extremely short.

First, I want to congratulate the minister for abolishing the tax between spouses. It is a step that is beneficial to everybody, and should have been taken a long time ago. I think he deserves congratulations on that point, however, I still feel that the principle of the bill is wrong.

The federal Government imposes the tax but only keeps 25 per cent; 75 per cent is remitted to the provinces. Some of them do not want their share of the tax. The principle is wrong. We have gone over this ground, so I will not elaborate. Because of the effect of inflation, I think the rates are far too high.

If a man has an estate worth $50,000, and in 10 years it is worth $100,000 because of the decrease in the value of money, he is no better off. You are just changing the yardstick. Instead of paying 50 cents for a shoeshine, you may pay $1. However, his estate which is not taxable now, would then bear a heavy tax. Inflation, therefore, has the effect of greatly increasing the tax on small estates. The big estates already pay the maximum—50 per cent—and if inflation increases the value of the estate, the rate of tax does not change.

As to the gift tax, I think the rates are too high. Inflation again plays a big part. Once this bill becomes law it is going to stay the law for the rest of our lives and a lot longer, for these rates are never reduced. A gift of $2,000 today may be worth something, but in 10 years time it will take $4,000 to give the same benefit.

Hon. Mr. Roebuck: That is if inflation continues.

Hon. Mr. Beaubien: Honourable senators, what is the basis of the value of money? Surely it is what you pay for labour. Everything is based on the cost of labour except in mass production and new techniques where you can reduce the cost in certain lines. All the settlements in labour negotiations which we see now call for increases to the order of 24 per cent. The only argument is whether it

is going to be 24 per cent in either two or three years. All this is on top of the 30 per cent increases which a number of labour unions received three years ago.

If you want to take an example, look at what has happened in Europe. In 1922 everybody who owned bonds or had mortgages or were owed money, lost everything they had. England fared slightly better. The same thing happened in 1945. Inflation is something we know all about. It is a very real threat.

Honourable senators, I think that the sudden jump in the rate of the gift tax is far too high. People will think that the Government is gouging them, and therefore they will take every measure they can to try to dodge the tax. I think this is a very bad thing. It creates an unhealthy climate in the country.

Honourable senators, as Quebec does not enjoy to a full measure the benefits of the federal tax being abolished between spouses, I feel very strongly that the amendment suggested by the honourable senator from Rigaud (Hon. Mr. Phillips) should have been allowed. I suggest to honourable senators that they join me in voting against this bill, and I plead especially with the senators from my province to vote against this bill.

Hon. David A. Croll: Honourable senators, I have not spoken to this and I am not concerned with the aspect that has been raised, but I feel it is worth getting another view on it.

My view is that this is the most enlightened social measure affecting women that has been passed since women were given the right to vote. Some years ago the Supreme Court of Canada determined that a woman was a person, and they allowed her to enter the Senate of Canada. The Senate today in passing this bill recognizes her as a partner, a life partner in every sense, something that has been neglected for a long time. With that in mind, I support the bill wholeheartedly.

Hon. Walter M. Aseltine: Honourable senators, there is one matter which was not dealt with by the Standing Senate Committee on Banking, Trade and Commerce with respect to this bill. You will remember that when Senator Hayden introduced the bill and spoke on second reading, I drew his attention to the fact that, even though the bill provided for gifts up to any amount being made by a husband to a wife during his lifetime, the income the wife might have obtained by investing that money which she got by way of gift from her husband was not income in her hands at all but was added to the income of the husband and he would be taxed on it to the full amount. I was hopeful that an amendment would be made to take care of that situation.

In my opinion, the fact that a husband is allowed by this bill to make these gifts to his wife does not accomplish what we all thought would be accomplished. I draw the attention of the Leader of the Government to this point, in the hope that it will be taken care of in due course.

Hon. Paul Martin: I will take note of the honourable senator's observations. I may say that yesterday this question was raised with the Minister of Finance, and he explained that notwithstanding such transfers the income would continue to be that of the husband.

Motion agreed to and bill read the third time and passed, on division.

PRIVATE BILL

CANADIAN PACIFIC RAILWAY COMPANY— REPORT OF COMMITTEE

Hon. Leopold Langlois, for Hon. Gunnar S. Thorvaldson, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-31, respecting Canadian Pacific Railway Company, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. A. Hamilton McDonald: With leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate, I move, seconded by honourable Senator McDonald, that when the Senate adjourns today it do stand adjourned until Tuesday, May 20, 1969, at 8 o'clock in the evening.

Motion agreed to.

RAILWAYS

REPORT OF PROPOSED ABANDONMENT OF PASSENGER SERVICE—QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. Edgar Fournier: Honourable senators, before the Orders of the Day are called, I rise on a question of privilege. I regret that I was not here yesterday to make the remarks I wish to make now. My absence was caused by transportation problems.

I read in a newspaper two days ago a statement which I found very shocking and which I am sure would be just as shocking to the rest of the Canadian people. I would like to put part of the statement on the record so that you will understand what I am talking about. The headline is "CNR, CPR should get out of passenger business—CN official." The article reads:

> Robert A. Bandeen told the annual conference of the Canadian Transportation Research Forum yesterday that the CNR and CPR should get out of the passenger business.
>
> Vice-President for CNR corporate planning and finance, Mr. Bandeen cited the $75,000,000 annual subsidy paid the two railways by the federal government as a glaring example of wasted financial resource in the transportation industry.

Then I go on to a later paragraph, reading:

> In an interview, Mr. Bandeen said the CPR and CNR should get out of the passenger business "because it doesn't make any economic sense."

Honourable senators, if I were to use the expression I originally intended to use, Mr. Speaker and I would have a difference of opinion as to its propriety, so I shall try to be mild. This is an incredible statement; it is an unbelievable statement, coming from the Vice-President for Corporate Planning and Finance of the Canadian National Railways. This is a publicly-owned Crown corporation, responsible to the Government of Canada for serving part of the transportation needs of the Canadian people. Such a statement, honourable senators, emanating from a high official of the Canadian National Railways can create many bad effects.

First, it can adversely affect the morale of the employees of the Canadian National Railways when they read that the head of administration is aiming at the disbanding of passenger service.

I am sure Mr. Bandeen knows that a discontinuation of passenger service would involve a massive lay-off of employees. It could result in the release of 20,000 people employed in the passenger service, including train operators, engineers and others. I believe that if such a course were taken it would be a national catastrophe.

If they were to discontinue the passenger service they would have to be prepared to replace it in some way, which I am sure they are not. We may be told that Air Canada is a very efficient system, but there are many millions of Canadians like myself who come from areas where we do not have access to that service, and the only reliable service we have is by rail. If we take the railways away from a community it will quickly become a deserted area. I know in my own region we had at one time four passenger trains, and in less than 10 years since the service was removed it has become practically a deserted area.

I think Mr. Bandeen should remember also that he has collected from the Canadian people last year $70 million which was paid by the Canadian people to support the passenger service.

One would think that at this time because of the strike in Air Canada the authorities in Canadian National Railways would have taken advantage of the opportunity to show the Canadian public that they can give adequate service. They succeeded in doing that during Centennial when they put on extra trains, hired more employees and provided a better service.

At the present time it would appear that somebody is dormant on the job, and I do not know who it is. It is impossible to get a reservation. I know that some employees are breaking their hearts in an effort to serve the public. In some cases extra cars have been added to trains. When I came up from Halifax last Sunday they had added four extra cars to the normal 18 to make a total of 22 cars. But that train was pulled by two locomotives which were underpowered, with the result that we arrived at Montreal four hours late. Personally, I could take that because I am accustomed to it, but there were several business men on the train expecting to arrive on time. When they found out during the journey that the train was underpowered, it was a different story—they did not take it as well.

Let me give you another example, honourable senators. This morning I left Montreal by train, expecting to arrive here at the normal time for that train of 10.30. On the way

the locomotive broke down. Now this was a six-car train, with many business men trying to reach Ottawa. The locomotive had to be removed. Fortunately, there was a freight train at that spot, so they were able to switch locomotives, but the result was that we arrived in Ottawa an hour late.

Honourable senators, as you travel along the C.N.R. line you find out that there is considerable neglect of repair and maintenance. I say this because I know something about the subject. You find that locomotives and rolling stock are falling to pieces. Locomotives are not given the attention they require even as pieces of machinery. As you travel along the railway you see yards and repair shops that are full of disabled locomotives badly needed in the system, some of which could be returned to service very quickly with just a few hours' work. When you ask the reason for this you are told that they cannot find labour and they cannot find help. I do not think that that is a good enough excuse.

As a further example, honourable senators, I know that in the St. Lambert yard there are 500 or 600 modern box cars out of service, some of them costing from $40,000 to $45,000. Some of them have been there for two or three years. When you ask why they are not repaired, you are told that they do not have the facilities or the working force. Nobody can tell me that you need an engineer to repair a box car; most of the repairs can be done by casual labour or by somebody with some slight mechanical ability to control or supervise the operation. If anybody had an interest in revenue, some of the older box cars could be dismantled and sold for scrap. They could realize at least $12 per ton on salvage.

I believe that there is another important situation facing the railroads. I say this by way of warning to the C.N.R. authorities. Some day there is going to be a major disaster in the passenger service. The trains are travelling at times from 70 to 75 miles an hour and they are not being maintained properly. On one occasion four months ago I was on a train on which the wheel bearings of one passenger car burned out. There was a time when serious attention was paid to the wheels and the undercarriage of the cars. Trained men were employed to walk along when the train was at a station making observations and tapping the wheels with a hammer, and they knew by the sound whether or not there was anything wrong with the wheel. This system has now changed, and the incident to which I refer happened in one of the cars where a new technique was in operation. They do not look after the wheels as in the old way any more. They have invented little balls—at the moment I do not know what they call them. They put that little ball along the perimeter of the box, and if the box gets too hot this bomb or ball will burn out, emitting a bad odour which is detected in the car as a warning. This incident happened about 20 miles out of the division point where the usual check up should have taken place, and at that time we were all asleep. Finally, the porter happened to smell something wrong and the train had to be stopped. The car was taken off the train, and we all had to get dressed and move our luggage and bones to another car, the faulty car being left behind. I have nothing against these smelly bombs, because they can be a help, but I believe in thorough inspection.

I believe the C.N.R. is wasting a lot of money on high technology and science. New technology and science will no doubt improve the operation of the system, but it will not improve the service or bring in any additional revenue. It seems to me the top brass are looking sky high, trying to follow new science and technology, which is very effective in its place, but it cannot be followed everywhere in any circumstances because it is too expensive and you cannot keep up with it.

As an example of extravagance, not long ago the C.N.R. finished a system called C.T.C. across Canada which affords good control and safety of the trains. This system has cost millions of dollars across the board, but it does not bring one dollar of revenue. This system operates on copper wire, telephone lines. They have added more lines. Now someone has come up with the idea that these lines are already obsolete and should be changed to a microwave system. In many places they are pulling the lines and poles down, and transferring the operation to a microwave system. Of course, there will be just as many bugs in the microwave system as there were with the copper wire lines, because you cannot avoid some problems, but it is expensive.

As I say, I believe these officials are aiming too high and are spending too much money in order to follow advances in technology, with push-buttons, hump yards, and all the other systems they have. As another example, if I want to make a reservation from my home station today they press a button and Montreal will tell them whether there is space available, even in a coach. In most cases they will tell you they have no space available,

and then you walk into the coach and find 20 empty seats. This happens almost any day, and has happened to me many times. This is how efficient that system is.

I was talking about advanced technology. The success of the railway will not depend on trying to follow advanced technology to the maximum, but in trying to maintain efficient maintenance, thus keeping equipment in good running order, along with a good solid road bed to reduce to a minimum the wear and tear on the equipment. They are going to make money by keeping the rolling stock in running order and moving. We have had an example in the West with the wheat crisis. Last week I was told that there were seven ships tied up in Vancouver harbour waiting for grain shipments, and the railway people tell you they cannot haul it because they have no boxcars available. Surely there is something wrong with the administration.

I will conclude by saying that if Mr. Bandeen had made the statement he made in private industry, he would have to move to another office; but having made that statement in the high office of the Canadian National, he might very well be promoted to become the next president.

Hon. Malcolm Hollett: Honourable senators, I will not delay the house more than a minute or two.

Some time ago I rose in this house to say something about the abandonment of the passenger train service in Newfoundland, and not one other senator rose to support what I said. They are trying to do away with the train service in Newfoundland, and have more or less succeeded, and they are replacing the service with buses. Now we are having the usual accidents. The other day one bus turned over on its side and threw 18 people out into the woods, and six were badly injured. Despite that, they are doing away with the trains in Newfoundland, and yet in this Senate no one bothers about it.

I am glad the honourable senator has raised this point, because if you do away with the passenger train service in Newfoundland, then you are likely to do away with it all across Canada. If that happens, it will be a sad and fatal mistake, and Canada will suffer.

I ask all honourable senators to raise their voices against this abandonment of service by the railway system until we can be assured that there is a better alternative.

Recently I made a couple of trips on the railway. One was from across the border from Detroit—

Hon. Mr. Martin: You mean, from Windsor?

Hon. Mr. Hollett: Yes, from Windsor.

Hon. Mr. Martin: I find it difficult to understand how so amiable and generous a senator should forget the name of the "first city"!

Hon. Mr. Hollett: I do not know why the honourable senator should find it difficult to understand. However, I will try to find out for him.

I was going to say that I got on the train in Windsor and came to Ottawa, and I have never had any better service than I had on that train. I pay my respects to the employees on that train who had to do with the passengers and the travelling arrangements. I think it would be sad if such a service were abandoned. The other day I came by plane from St. John's, Newfoundland to Montreal. I will admit that it took only a couple of hours, as compared with the three hours it took to come from Montreal to Ottawa by train, but we were comfortable and we got here. Now that Air Canada is on strike and the railway services are being removed, how are we going to travel? I guess we will all have to settle in Ottawa until we die.

I do hope this matter will receive the attention the honourable senator has asked for from the people of Canada.

ROLE OF THE SENATE

PROPOSED SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, May 6, the adjourned debate on the motion of Hon. Mr. Lang:

> That a Special Committee of the Senate be appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution and in particular, without limiting the generality of the foregoing, the provisional proposals relating to the Senate of Canada contained in "The Constitution and the People of Canada", a document published by the Government of Canada on the occasion of the second meeting of the Constitutional Conference, Ottawa, February 10, 11 and 12, 1969;
>
> That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;

That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournments of the Senate; and

That the Committee be composed of eleven senators, to be named later.

Hon. John J. Connolly: Honourable senators, may I ask for the indulgence of the Senate to take Senator Thorvaldson's place for a few moments on this item, and then have it adjourned in his name?

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): I am most grateful to the Senate for allowing me to speak at this time. I do so because on the return of the Senate I will not be able to participate in the debate. I have an appointment to attend a meeting of the Executive of the Commonwealth Parliamentary Association outside of the country.

I think the topic of this motion is one of great importance, and while I did not have the privilege of hearing Senator Lang's most excellent speech, which was well prepared, well delivered and forceful, I read it with great care.

When it comes to a problem affecting the Constitution, it is all very well to rely upon constitutional experts to keep one on the right track. But as to the practical aspects of the working of an institution like Parliament, to my mind, there is nothing more valuable to a government, to a country, and to its people, than the views of the men and women who have been trying to make these institutions work in the interests of the people and of the country.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Connolly (Ottawa West): For that reason I welcome more than I can say the motion that has been made by Senator Lang which, although it calls for the appointment of a relatively small committee, invites all senators to participate in the work of the committee. As a matter of fact, I would go as far as to say that you can get more expertise on the subject matter of this motion from the members of this chamber, its officials and ex-officials, than you can from any other segment of the public on the political affairs of this country. We have as members of this chamber men and women who have sat in the other place, in legislatures, on municipal councils and school boards, and who know how democratic institutions work. If we have any desire to preserve the parliamentary system we must preserve it in a way that is going to make it work.

As I have said before, we should remind ourselves periodically of what Mr. Churchill said at one time, that the parliamentary or the democratic system is not necessarily the best system for the governance of people; it is simply the best one we know.

There is great difficulty being experienced in some countries of the Commonwealth who do not understand just what this system means, or as to how it should function, and the result is that at times it falls apart. At times you get military dictatorships like that in Uganda. In other places political theories develop which create not only tension within the country, but a world-wide tension. In this respect I mention Rhodesia. Then, there are countries where it seems to be working well, and suddenly it cracks wide open, such as has happened in Nigeria. You have a threat not only to the welfare of the people in an area but as well a threat to the people of the country that was once united under the name of Nigeria.

I repeat, it is highly important to get the views of parliamentarians and place them before the Government, and before the people who are to write the policies for the consideration of the Government when these constitutional decisions are taken. This committee may not finish its work before the next constitutional conference, or before the five committees of ministers that have been established, meet. But I do not think that that necessarily detracts from the value of the motion. If meetings are held, if good witnesses are available, if good views are expressed, they will be heard in the Privy Council chamber, and I think some value will emanate from committee hearings of this kind.

Like Senator Lang, I am not too concerned about the fact that because of the date of the meetings in mid-June, the motion is restricted to a consideration only of the position of the Senate. I think that senators on both sides can be objective about this chamber. I have no doubt in my own mind, and I do not think any senator has, that there will be many people in the country who will say that the Senate is going to debate one of the five constitutional matters, and it is the one that affects it the most. There will be suspicion—

that is inevitable—but, the committee can cure a lot of that by the way it operates.

This is not going to be a bi-partisan committee. As I see it, we will all approach the work of this committee as responsible members of a very important element of the Parliament of Canada.

I would say to Senator Lang that after there has been consideration by his committee of this single item, he might come back to this house seeking to enlarge the terms of reference of the committee. There are other aspects of constitutional problems upon which parliamentarians in this house can make a valuable contribution. If that motion is not to be made before the summer recess, then it can be made after the summer recess.

Hon. Mr. Roebuck: Why not make it now?

Hon. Mr. Connolly (Ottawa West): The motion is before us now, and we have to take it one step at a time. I am not too concerned about the fact that it is restricted at the moment to the Senate. I would not want to impose too much upon the committee at the beginning of its work. If it concentrates upon the Senate and does good work, then that of itself will be of value. However, it is my hope that Senator Lang will come back with a motion that the terms of reference of the committee be expanded to include other aspects of the work which has to be done by these committees of ministers who are going to meet in the middle of June.

Hon. Jacques Flynn: If it is the wish of the Senate that this debate be concluded now, I would say that there will be no objection on the part of Senator Thorvaldson.

Hon. Senators: Agreed.

Hon. A. Hamilton McDonald: Honourable senators, I do not think it is necessary to proceed as rapidly as that. Perhaps the leader opposite spoke to him at a later date than I did, but I know that Senator Thorvaldson wanted to speak in this debate. Even if the motion is agreed to today, we cannot proceed further than to remove it from the Order Paper, and I do not think that would accomplish anything.

The Hon. the Speaker: I understand that there is a motion for the adjournment of the debate.

Hon. Mr. Flynn: Then, on behalf of Senator Thorvaldson, I move the adjournment of the debate.

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Hon. Mr. Beaubien: Should we not ask what Senator Lang feels about it? Does he feel that the debate should be concluded now or that we should wait for Senator Thorvaldson?

Hon. Mr. Choquette: It is an adjournment of almost two weeks.

Hon. Daniel A. Lang: Honourable senators, I would point out that this committee will have to work within a restricted time schedule, and it will need every day it can get. The Senate is not sitting next week, so that if the debate is adjourned until the following week and then the motion is passed and the committee constituted, we will have actually only two weeks in which to try to focus some attention on the problem. It is as tight a schedule as I can conceive of. I hope that the motion will pass this afternoon. Although the committee is not struck, at least we could start getting the wheels in motion so that when it is, it can proceed immediately.

Some Hon. Senators: Hear, hear.

Hon. A. Hamilton McDonald: Mr. Speaker, may I say a few words?

The Hon. the Speaker: That would be in order because this motion is debatable.

Hon. Mr. McDonald: The only authority to strike the committee is this chamber. I am not at this moment in a position to put forward, or even suggest, the names of the members of the committee. If we take the motion off the Order Paper we will have accomplished nothing, because this chamber has to go back into session in order to set up the committee. I can be ready the moment the house resumes, at 8 o'clock on May 20, but not before.

Hon. Mr. Connolly (Ottawa West): I do not like to contradict the Deputy Leader of the Senate, but I think in any event he would have to bring in another motion to set up the committee, because this motion does not provide for names. If this motion passes there would still have to be another motion.

Hon. Mr. McDonald: That is the point I was attempting to convey to the house, that another motion would have to be prepared and debated and we cannot do that when the Senate is in recess.

Hon. Mr. Croll: We are now in the midst of procedural arrangements. There is nothing to prevent Senator Lang doing the preliminary work that a chairman often does even before

a committee is struck and before the members are named. If something needs to be done, let him arrange it. The Senate will pass this motion—you can bet on that.

The Hon. the Speaker: Honourable senators will appreciate the difficulty I am in. There is before the Senate a formal motion for adjournment of the debate by the honourable Senator Flynn, seconded by the honourable Senator Choquette. I now have to put this motion and ask honourable senators if they agree.

Hon. Senators: Agreed.

On motion of Hon. Mr. Flynn, for Hon. Mr. Thorvaldson, debate adjourned.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill S-35, to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments.

He said: Honourable senators, this bill, being an act to amend the Canadian and British Insurance Companies Act and other statutory provisions, contains substantive amendments to the act, but they are in fact repeated in Bill S-36, an act to amend the Foreign Insurance Companies Act, standing as No. 5 on the Order Paper. As these two acts are inseparable and almost identical, the remarks I make on Bill S-35 apply equally to Bill S-36.

The British Insurance Companies Act applies, as honourable senators know, mostly to federally incorporated Canadian insurance companies, and most of the amendments relate to these Canadian companies. Part VIII of the act, however, applies to the activities of British companies transacting business in Canada, and this bill proposes amendments parallel, as far as possible, to changes proposed in connection with Canadian companies.

The Foreign Insurance Companies Act relates to foreign companies transacting business in Canada, and Bill S-36 applies to those companies requirements identical with the requirements applicable to British companies under the amendments to the Canadian and British Insurance Companies Act.

Honourable senators will see from the size of the bill the tremendous amount of detail involved in these amendments. This detail is probably the most highly complicated in nature of any legislation we have had for some time. Accordingly, in speaking to the bill I will deal only very broadly with the principles behind the amendments, and honourable senators will have to avail themselves of the expertise of departmental officials and others to learn of the many and varied mechanics used in bringing about the desired policy effects.

Three major matters are dealt with in this legislation. The first is a change in the system of incorporating companies and amending existing charters. At the present time, as we very well know, companies may be incorporated under federal law only by special act of Parliament, and as a consequence any change in existing charters must be made by amending the special act, many of which we have had before us. Because of pressures on parliamentary time in recent years, and indeed the difficulties of getting legislation through Parliament within a reasonable time today, it has been proposed that a new system be instituted under the act, providing for the granting of new charters and the amendment of existing charters by letters patent. This bill proposes to adopt the letters patent system, which is applicable of course to companies under the Corporations Act federally, or the equivalent acts provincially. The letters patent will be issued, it is proposed, by the Corporations Branch of the Department of Consumer and Corporate Affairs, but the same kind of public notice would be required as in the case of private bills, as we have known them in the past. The concurrence of the Minister of Finance would be required to permit time for adequate investigation of the applicants by the Superintendent of Insurance and in the same manner as had heretofore been carried out under the legislative incorporation procedures.

It is also proposed here to establish a letters patent procedure whereby a provincially incorporated company can be continued as a federally incorporated company, subject to the concurrence of the province in which that company is incorporated.

Hon. Mr. Connolly (Ottawa West): By the letters patent method?

Hon. Mr. Lang: By the letters patent method.

Generally, also, the letters patent will be in standard form as prescribed in the bill, but it is proposed to permit enough flexibility to enable the applicants for a charter to provide

restrictions on voting rights and maximum limits on share ownership if so desired. Amendments to existing charters will be possible for these and other purposes if the amendments are approved by a special general meeting of the company.

At present, initial capital requirements for insurance companies are specified in their own acts of incorporation and thus are considered by Parliament on a case-by-case basis as they come before us. Under the new proposed letters patent system of incorporation, it is also proposed that a minimum capital and surplus requirement be included in the act itself. The requirement for a new life insurance company would be $2 million and for a new fire and casualty insurance company it would be $1.5 million paid-in capital.

The second main amendment under this bill would establish a more extensive and more flexible system to control companies that are in financial difficulties. The need for new procedures under this act have become evident because of some rather startling failures that we have witnessed in connection with companies in financial fields in Canada during the last few years.

The present provisions permit conditions to be inserted by the minister in a certificate of registry on renewal and also provide for withdrawal of a certificate in certain extreme circumstances, but apart from the ability to insert conditions on renewal or to withdraw a certificate under these extreme conditions, there is little real power or flexibility to deal with these problems in the hands of the Superintendent of Insurance. The proposed amendments would be more flexible in that they would permit the minister to impose conditions in defined circumstances without waiting for the expiration of an existing certificate. Senators familiar with these matters will realize that that would be a very real power.

It is also proposed that the superintendent be required to report to the minister in any case where he considers that a company is in financial difficulties or where its condition is rapidly deteriorating.

The minister if he concurs in the superintendent's report, after giving the company a chance to be heard, would be able to take one or more of three steps. He could insert conditions in the company's certificate, he could grant the company a period of time to remedy the defect, or he could instruct the superintendent to take control of the company's assets.

In any case where the superintendent has control of the assets of a company, the minister would be empowered to request the Attorney General to seek a court order requiring the superintendent to take control of the company for rehabilitation or for winding up, which is a novel approach here, but one which I think is eminently sound in the event of control so being taken. In the event of control of the assets or control of a company by the superintendent, the expenses incurred by him would be assessed against companies registered for classes of business similar to those transacted by the company in question. In addition, the superintendent would be empowered to take control of a company's assets in any case where assets are missing or are not properly accounted for.

Honourable senators will be quick to recognize that these are broad and very sweeping powers that are not present in the legislation as it stands today.

The third main amendment would bar investments and loans where there might be a conflict of interest on the part of those who are in a position to influence the decision of the company as respects its investments. This amendment would prohibit investments in or loans to major shareholders in addition to existing prohibitions against loans to officers, directors and their immediate families. Furthermore, investments in or loans to any corporation would be prohibited if an officer, director or a major shareholder has a significant interest in that other corporation.

This amendment is sought in order to give more protection to policyholders against the possibility of investment decisions being influenced by other interests of persons in control.

Now, there is another amendment which I am going to refer to briefly. I have mentioned three principal ones. These others, notwithstanding, are all very significant in themselves. This important amendment would expand the power of life insurance companies to own subsidiaries for the purpose of enabling them to establish mutual investment funds and corporations that might carry on business ancillary to that of the insurance business. This will enable the life insurance companies to expand their services and to establish a reasonable competitive position with certain other financial institutions. Those of course would be mutual fund institutions. This will enable life insurance companies too, not only to sell life insurance, but to sell mutual fund certificates parallel with the policies.

The power of life insurance companies to operate segregated funds would be somewhat expanded to increase the flexibility of this power. Segregated funds, I might add, are funds set aside to cover liability for, let us say, pension funds or annuities, and where the participants want the investments backing up their policies to be flexible enough, say, for the trustee to invest them 100 per cent in common stock, and who are quite prepared to take the competent risk. These segregated funds are now provided for people who want that type of investment of their moneys and the amendments broaden the ability to deal with these segregated funds.

Other important amendments would provide for a modified market value method for valuing securities of fire and casualty companies and would grant authority to the Governor in Council to pass regulations dealing with the safekeeping of securities. This is more and more necessary these days when the market value of bonds, through the inflation that has been mentioned this afternoon, has forced the market value of those bonds below what we could conceive as a reasonable level and for purposes of ascertaining the liquidity of financial institutions. Provisions would be included requiring a formal audit by auditors having the same qualifications as those under the Bank Act. The requirements are not in the present act. Of course most companies have followed what would be normal audit procedures in any event. This merely makes it the law.

An amendment is proposed that would require notice to the Superintendent of Insurance of the transfer of ownership of any block of stock of an insurance company in excess of 10 per cent or any transfer of stock that would effect a change in control. This requirement would not confer a veto power on the transfer but would require 30 days' notice, together with full details concerning beneficial ownership to be given to the Superintendent of Insurance.

Mortgage loans available for investment by these companies are now limited in any particular case to a maximum of 75 per cent of the value of the property. This limit may be exceeded at present if the excess is insured through a government agency.

An amendment is proposed to permit the limit to be exceeded if the excess is insured through a policy of mortgage insurance issued by an insurance company registered under this act or under the Foreign Insurance Companies Act. In other words, it is no longer limited to guarantee by a government agency but is now extended to underwriting by mortgage insurance through one of the qualified companies.

Another amendment would effect a transfer from Treasury Board to the minister of certain discretionary authority and also from the minister to the Receiver General of responsibility for the custody of securities on deposit. This is generally in line, as these amendments run forward from here, to remove from Treasury Board and put in the hands of the minister more responsibility for the administration of the act.

Another amendment would establish an age limit of 75 years on eligibility to become a director of an insurance company. This of course is in line with the provisions now contained in the Bank Act.

An amendment is proposed concerning the restriction on non-resident ownership of shares which would preserve the voting rights of a non-resident if those rights were acquired while a company was exempt from the restrictions—that is, the restrictions on non-resident ownership. A number of other amendments are proposed to effect changes in wording and changes in a number of administrative procedures. When I say "a number", that is really an understatement, as I think honourable senators will agree when they start studying the bill now or in committee.

The amendments to which I have referred apply to Canadian and British insurance companies, and under the Bill S-36 these same amendments are made to apply to foreign insurance companies. The minister—that is, under the bill next on our Order Paper—is given authority to insert conditions in a company's certificate of registry during its current term. This again is in line with the power I have just referred to under the Canadian and British Insurance Companies Act. The Superintendent, in this other act, is required to report to the minister where a British or foreign company has assets on deposit with the Receiver General or vested in trust with a Canadian corporate trustee that are less than its liabilities in respect of its Canadian policyholders or if in the opinion of the Superintendent liabilities that are not otherwise adequately protected. These foreign companies doing business in Canada must retain in this country securities adequate to meet their obligations to Canadians who are their policyholders.

The minister is given authority to take the same subsequent steps as described for Canadian companies—that is, in the event

that he feels the security here in Canada is inadequate.

The power to operate segregated life funds is expanded in the same manner as for Canadian companies, and, in addition, authority for the making and holding of foreign investments in these funds is enlarged to match the present investment powers for Canadian companies. In other words, it is intended to let these foreign companies invest the assets they have in Canada not only in Canadian securities but also in foreign securities and to the same extent that Canadian companies are able to do so.

Other amendments similar to those described for Canadian companies permit investment in mortgage loans in excess of 75 per cent of the value of the property if the excess is insured through a policy of mortgage insurance issued by a registered company.

Hon. Mr. Isnor: Is it 75 per cent?

Hon. Mr. Lang: It is 75 per cent. There is no limit if the excess is insured. It could go to 100 per cent if the other 25 per cent is insured.

Other amendments make certain shifts in authority and make changes in a number of administrative procedures affecting foreign insurance companies.

Honourable senators, in general, the proposed amendments in both these bills will vastly improve the system of control and supervision of insurance companies for the protection of policyholders. They will also provide some expansion to the powers of insurance companies, to enable them to serve their customers better in their particular fields. That would be, of course, through the powers to operate mutual funds or other allied financial institutions.

The amendment concerning incorporation of companies and changes in charters will save parliamentary time and provide a simpler and quicker method of dealing with these matters. I would suspect that there will be more federally incorporated companies now, when people find that the letters patent system is available and when they learn they are not confined to the legislative procedure.

The bill also proposes amendments to three other acts. These are in some respects consequential upon the amendments I have referred to.

The first deals with the Canada Student Loans Act. It is proposed in this bill to enable insurance companies to make loans that are guaranteed by the Government pursuant to the Canada Student Loans Act, the Farm Improvement Loans Act, and the Fisheries Improvement Loans Act. Amendments were introduced at the current session to the last two of these acts—the Fisheries Improvement Loans Act and the Farm Improvement Loans Act—to enable trust companies, insurance companies and loan companies to be designated as organizations which could make such guaranteed loans. It is proposed by this bill to effect a similar amendment to the Canada Student Loans Act. So this bill does in fact amend that act.

Amendments are also proposed which would affect the powers of banks subject to the Bank Act and of Quebec Savings Banks subject to the Quebec Savings Banks Act. At present, both of these institutions are under the 75 per cent mortgage loans limit, where the mortgages are other than N.H.A. mortgages. The amendment here gives them power to lend in excess of the 75 per cent where the excess is insured by mortgage insurance.

There are many details that I know senators will be interested in and will wish to examine. We will have before the committee the officials of the department who are familiar with those details.

Therefore, if this bill receives second reading, I intend to propose that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Hon. Mr. Macdonald, debate adjourned.

FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill S-36, to amend the Foreign Insurance Companies Act.

He said: Honourable senators, as I mentioned, the remarks I have just made on bill S-35 apply also to this bill. I would ask honourable senators to accept those remarks as pertinent to this legislation.

On motion of Hon. Mr. Macdonald, debate adjourned.

TRUST COMPANIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Paul Martin moved the second reading of Bill S-37, to amend the Trust Companies Act.

He said: Honourable senators, the two bills introduced by Senator Lang and the bill that I will now introduce will give you an opportunity, as a result of today's presentation, to examine the general directions of these four important measures which are being initiated by the Government in the Senate prior to their consideration in the House of Commons.

The particular bill which stands in my name, Bill S-37, an act to amend the Trust Companies Act, proposes to effect certain amendments in the Trust Companies Act, an act which, as the house knows, governs the activities of federally incorporated trust companies in Canada. There are nine such companies presently active, and they transact close to one third of the trust company business in Canada.

The principal purposes of the amendments are four in number. First, to provide certain expansion in the investment powers of trust companies; second, to establish a better and more flexible system of controlling companies that are in financial difficulty; third, to extend the prohibition against investments and loans where there may be a conflict of interest, and, finally, to establish a Letters Patent system of incorporating companies and amending existing charters.

Now, as to the investment powers, a number of changes are proposed, principally for the purpose of bringing the investment powers of trust companies into line with those of insurance companies as amended in 1965. Pursuant to these changes, trust companies would be permitted to make mortgage loans on the security of leasehold as well as freehold real estate; to make investments outside Canada, in any country in which they are doing business; to make investments in real estate for the production of income that qualifies on the basis of an earnings test, and to make investments in real estate for the production of income in larger parcels than is presently permitted.

They would also be enabled to invest or lend guaranteed trust funds at their own discretion up to a maximum of 7 per cent of the fund. This corresponds to the so-called "basket" provision available for life insurance companies. At present the power to make mortgage loans is subject to a restriction that the amount of any mortgage cannot exceed 75 per cent of the value of the real estate unless the excess is insured through a Government agency. An amendment would permit mortgages to be made in excess of the 75 per cent limit, if the excess were insured through a policy of mortgage insurance issued by a registered insurance company. Other changes would effect an expansion of investment powers in minor respects, bringing them into line with the powers of insurance companies.

Trust companies would be granted authority to own subsidiary companies in certain circumstances, subject to terms and conditions specified by the Governor in Council. They would be empowered to own and operate, as subsidiaries, trust companies incorporated outside Canada, companies incorporated to establish and operate a mutual investment fund, mortgage loan companies, or companies engaged in any activity reasonably ancillary to that of a trust company.

The existing requirement for a minimum statutory margin on collateral loans would be removed and companies would be able to exercise their own discretion as respects the margin of collateral over the amount of the loan.

The existing prohibitions against making loans to officers or directors would be expanded to prohibit loans to or investments in any major shareholder and also loans to or investments in any other corporation, if a director, officer or major shareholder had a significant interest in that other corporation.

As respects the revisions in the system of supervision and control of companies, the present act enables the minister to impose conditions or limitations in the licence of a company which is subject to annual renewal. The act also requires the superintendent to report to the minister, if he considers that the assets of the company are insufficient to justify its continuation in business, and the minister has the authority to suspend or cancel the licence of the company. It is proposed that some flexibility be introduced to give certain stages of control short of actual cancellation of the licence. The proposals are similar to those included in the Canadian and British Insurance Companies Act. They would require the superintendent to report to the minister when he considers that a company is in weak financial condition, where it has exceeded its borrowing powers or where the assets in Canada are not sufficient to cover the liabilities in Canada. The minister could then take one or more of three steps: he could impose conditions in the company's licence; he could prescribe a time within which the company is to remedy the defect, or he could direct the superintendent to take control of the company's assets.

In any case, where the superintendent has control of a company's assets, the minister may request the Attorney General to apply to

a superior court for an order to require the superintendent to take control of a company for its rehabilitation, or he may request the Attorney General to apply for a court order to wind up the company under the Winding-Up Act. The superintendent would be empowered to assess other trust companies for the expenses involved in control of a company by him.

As further steps in the pattern of improved supervision and reporting, trust companies would be required to file quarterly statements to permit up-to-date information to be gathered as to their liquidity position, and also semi-annual statements showing the changes in investments and loans. A provision would be inserted requiring companies to maintain a liquidity reserve equal to 20 per cent of the guaranteed funds repayable on demand or repayable within 100 days. This reserve would have to be in the form of federal or provincial bonds or cash.

At present, trust companies are limited to accepting guaranteed trust funds that do not exceed in total 15 times their capital and surplus. The amendments would propose that this limit be raised to 20 times, subject to approval by the minister on specific application by a company.

At the present time new federal trust companies may be incorporated only by special act of Parliament, and charters of existing companies can be amended only by an amending act. The amendments proposed would establish a new system of incorporating companies and amending existing charters. This would be by letters patent issued by the Corporations Branch of the Department of Consumer and Corporate Affairs, subject to the concurrence of the Minister of Finance. It is contemplated that in any application for a new charter the Superintendent of Insurance would investigate the matter just as he does now, and notice would be required in the *Canada Gazette* similar to the notice now required for the introduction of a private bill. Existing charters, even those granted by special act of Parliament, could be amended by letters patent in accordance with the proposals in the bill, and provincial companies seeking to change their status to that of a federally incorporated company would be enabled to do so pursuant to letters patent continuing the company as a federal company. The grant of letters patent for this purpose would be subject to the concurrence of the province of incorporation and to the enactment of appropriate provincial legislation, where required. These changes would simplify the system of granting charters and amendments to existing charters. This would relieve Parliament from the application of time expended in consideration of these problems.

A standard form of letters patent would be used but there would be enough flexibility to provide for special situations. Charters could contain or could be amended to contain limits on voting rights or on share ownership, if desired by the incorporators or the shareholders.

At the present time the initial capital for any new company is specified in its private bill and is considered by Parliament on an individual basis. The proposed change in the system of incorporation also specifies that before a company may be authorized to commence business it must have a minimum capital of at least $1 million.

The proposals concerning the change in method of incorporation are similar to those proposed for insurance companies and mortgage loan companies.

A number of other amendments of somewhat lesser importance are proposed. Many of these are changes in wording or changes for the purpose of altering an administrative procedure. Some of the principal items dealt with are a requirement that notice of any major transfer of stock be given to the Superintendent of Insurance at least thirty days before the transfer is to be effected, together with full information concerning beneficial ownership. This would be required in respect of the transfer of a block of stock in excess of 10 per cent of the total and in the case of a transfer that would have the effect of changing control of the company. This would not constitute a veto power in the hands of the Superintendent or the Government but would require full disclosure and prior notice.

An amendment would limit the maximum age of eligibility to be elected as a director to 75 years with effect from 1972. This change parallels the change that was made in the Bank Act a few years ago. Three-quarters of the directors of a company would be required to be Canadian citizens resident in Canada rather than only a majority as at present. This also parallels the Bank Act. The existing provision enabling a company to issue share warrants would be repealed. Share warrants in this sense refer to a certificate issued by the company enabling the holder to demand certain shares of stock from the company. It is not the same as a share purchase warrant as commonly used in references to security markets at the present time. No company

issues these share warrants now, and it is considered that the practice would be such as to defeat the provisions in the act limiting the non-resident ownership of shares. Some amendments are proposed with respect to the limitations on non-resident ownership for the purpose of clarification and for the purpose of specifying that voting rights of non-residents are preserved if they were acquired at a time when a company was exempt from the restrictions.

Some changes are proposed in the requirements concerning auditing. These will specify the qualifications of an auditor to bring these into line with the requirements of the Bank Act, and the superintendent will be given power to expand the scope of the audit if he thought this action was necessary.

A number of other less important amendments effecting, principally, changes in wording are also proposed.

Honourable senators will find the bill perhaps more extensive than the amendments I have described would appear to indicate, particularly in regard to investment powers. This arises because under the Trust Companies Act investment and lending powers are dealt with in three separate places. The first deals with unguaranteed trust funds, the second with guaranteed trust funds, and the third with a company's own funds, that is, its capital, surplus and retained earnings.

Changes are proposed to transfer certain responsibilities from Treasury Board to the minister in recognition of changes in the organization of government departments. This is in line with the two previous measures.

It is recommended that the bill be considered by the Committee on Banking, Trade and Commerce and the amendments can there be considered in detail with the help of technical witnesses.

On the assumption that the bill will not receive second reading today, an opportunity will be given in the interval to officers of trust companies and to the public generally to examine the provisions of the bill before they are dealt with in the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Hon. Mr. Walker, debate adjourned.

LOAN COMPANIES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

[*Translation*]

Hon. Azellus Denis moved the second reading of Bill S-38, to amend the Loan Companies Act.

He said: Honourable senators, earlier I listened with interest to the brilliant statements made by the leader of the Senate, as well as by honourable Senator Lang concerning amendments to the insurance and trust companies bills, and I thank them for thus enlightening the house. I think that we now have a better understanding of the amendments to the bill which, otherwise, would have remained very complex.

On the other hand, I have found that most of the amendments submitted to us are similar in substance to those I have the honour of proposing for adoption in Bill S-38, to amend the Loan Companies Act. I will thus be forced to repeat certain remarks similar to those the honourable senators made earlier. I would therefore ask the house to excuse the inevitable repetitions as well as the much more modest way in which I will submit them, but I am nevertheless proud to take part in the study of one of the numerous bills originating from the Senate, for these bills facilitate the work of our friends in the other place and contribute to a more expeditious and efficient administration of the nation's business.

[*English*]

The Loan Companies Act applies to companies that might be more accurately described as mortgage loan companies. Their essential characteristic is the making of mortgage loans on real estate or the investment in such mortgage loans. The funds for this purpose are raised by the sale of debentures to the public or by the acceptance of deposits. The extent of their involvement in real estate mortgages is illustrated by the fact that more than 80 per cent of their assets are of this type.

The principal amendments contemplated by this bill fall into four categories. The amendments would effect certain changes in the investment powers of loan companies, generally in the direction of expanding such powers and bringing them closely into line with powers of life insurance companies. Among those of most significance would perhaps be an amendment to enable loan companies as well as trust companies to make investments and loans within their own discretion up to a maximum limit of 7 per cent of the total assets of the company.

Loan companies as well as trust companies would be empowered to invest in real estate for the production of income, where the real estate qualifies on an earnings test. Also, the size of individual parcels of real estate that might be purchased would be increased from

1 per cent to 2 per cent of a company's assets. These changes would bring the powers of loan companies into line with those for insurance companies with respect to investments in real estate for the production of income.

The requirements for a minimum statutory margin with respect to collateral loans would be removed and companies could determine their own margin, subject, however, to their having sufficient collateral to cover the amount of the loan on a market value basis.

Loan companies as well as trust companies may now make mortgages subject to the limitation that the amount of the mortgage is not to exceed 75 per cent of the value of the real estate. However, they may lend in excess of this amount, where the excess is guaranteed or insured by a governmental agency or a registered insurance company.

The power to make investments and loans in corporate securities would be expanded to enable a company to invest in such securities outside Canada in any country in which the company is doing business. A company would be required, however, to maintain assets in Canada at all times at least equal to its liabilities in Canada. The power of companies to own subsidiaries would be expanded to enable a loan company to operate a loan company subsidiary in a foreign jurisdiction and to incorporate a subsidiary investment company for the purpose of selling mutual fund shares. It would also be able to own subsidiary companies for the purpose of carrying on any business reasonably ancillary to that of a loan company, subject to such terms and conditions as may be prescribed by the Governor in Council.

The existing prohibition against loan companies making loans on the security of promissory notes would be repealed, thus enabling companies to make consumer loans within the limitation prescribed by the law, should they so desire. There has been some interest in this possibility, since some loan companies are in the business of accepting deposits from their customers.

The second principal amendment, somewhat related to investment powers, is one that would expand the existing prohibition against loans to directors or officers, to prohibit loans to or investments in any major shareholder—10 per cent of the shares or more. Also, loans to or investments in other corporations would be prohibited if a director, officer or major shareholder had a significant interest in that other corporation. These amendments are for the purpose of expanding the existing prohibitions against investment transactions that may involve a conflict of interest on the part of persons who are in a position to control or direct the investment decisions of the loan company.

[*Translation*]

The third main group of amendments deals with changes in the system of supervision and control, especially with respect to companies which may meet with financial difficulties. At the present time the minister is empowered to impose conditions or restrictions at the time a company's licence is renewed, and from year to year. He may also take away such a licence if, according to the superintendent, the company's assets are not sufficient to enable it to carry on its business, but at the present time, he cannot do so before the renewal of the licence. This bill will empower the minister to impose conditions to the company at any time; he will be able to allow an extension of time during which the company will have to take remedial action, or he may ask the superintendent to take control of the company's assets, and the latter may be authorized by a court to take control of the company for the purpose of its rehabilitation or ask for the winding up of the company, if he deems it advisable.

The result of these changes will be that the supervision and control system will be more flexible and will ensure adequate protection to depositors and debenture holders.

[*English*]

Honourable senators, the fourth main category of amendments deals with changes in the system of incorporating companies and amending existing charters. At present, mortgage loan companies may be incorporated federally only by special act of Parliament. Amendments to existing charters may also be made only by special act. The proposed amendments would adopt a letters patent system for incorporating new companies and for amending existing charters. It is also proposed to enable provincial companies to change to the status of federally incorporated companies by a letters patent procedure subject to concurrence of the home province.

The letters patent would be in standard form, as provided in the bill, but enough flexibility would be permitted to enable the letters patent to be adjusted to meet special circumstances. In particular, if the persons proposing the incorporation so desired, letters patent could contain restrictions on voting rights or on share ownership. Similar restrictions could be put in the charters of existing companies if the application were approved at a special general meeting of the company and if the Minister of Finance concurs.

The amendments would provide that before a new company can be authorized to transact business it must have a minimum initial capital of at least $500,000. At present, the minimum initial capital is set in each private bill and is thus considered on a case-by-case basis by Parliament.

Apart from the four main categories just described there are a number of other amendments of significance, and I shall touch upon only a few of them.

One proposed amendment would require notice to the superintendent in case of a major transfer of shares. This proposes that no transfer of a block of stock in excess of 10 per cent would be permitted until after 30 days' notice to the superintendent, including information as to beneficial ownership. This would not grant a veto power to the superintendent or the Government, but would ensure that supervisory authorities have adequate notice of significant changes in share ownership.

The Governor in Council would be authorized to adopt regulations dealing with the safekeeping of securities and the bonding of directors, officers and employees. It would be intended under this provision to establish procedures designed to improve the care and custody of assets of companies.

At present, companies are limited in the amount of money they can accept on deposit and borrow on the issuance of debentures to a maximum of 15 times their capital and surplus. The amendments would raise this limit to 20 times, subject to approval by the Minister of Finance on specific application by the company.

The present liquidity test would be revised to require companies to maintain a reserve of at least 20 per cent of their demand deposits and debentures falling due within 100 days in the form of federal or provincial securities, or cash.

Quarterly reports would be required from companies showing their assets and liabilities in order to enable the supervisory authorities to keep a close check on liquidity, and semi-annual reports would be required showing the changes in investments and loans.

It is proposed to insert an age limit of 75 on eligibility for election as a director. This would take effect from January 1, 1972, and is similar to a change made in the Bank Act a few years ago. Here I look at my good friend, Senator O'Leary (Carleton), who, while being a very able man, will not object to making room for new blood, and taking the rest which he deserves so well.

A number of changes are proposed in the auditing requirements, principally for the purpose of specifying the qualification of auditors. This is the same as in the Bank Act.

Certain changes are proposed in the provisions restricting non-resident ownership, with a view to clarifying the wording and providing for the preservation of voting rights of non-residents where these rights were acquired while a company was exempt from the restrictions. At least three-quarters of the directors would be required to be Canadian citizens resident in Canada, rather than half as at present. This change would follow a similar change in the Bank Act and in the Trust Companies Act.

A number of other amendments are proposed for the purpose of modifying wording and correcting a few administrative procedures.

Part II of the Loan Companies Act refers to the licensing of British Loan Companies to transact business in Canada. There are in fact no such companies, and this Part has not been used for a great many years. It is proposed, therefore, to repeal the Part.

Honourable senators, if this bill receives second reading I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce where it can be studied in detail with the assistance of technical witnesses.

On motion of Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned during pleasure.

At 5.30 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Ronald Martland, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

> Honourable members of the Senate:
> Members of the House of Commons:
>
> I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to

be issued under his Sign Manual and Signet constituting the Honourable Ronald Martland, a Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the following bills:

An Act to amend the Canadian Overseas Telecommunication Corporation Act.

An Act to incorporate Transcoastal Life Assurance Company.

An Act respecting The Quebec Savings Bank.

An Act to amend the Co-operative Credit Associations Act.

An Act to amend the Farm Machinery Syndicates Credit Act.

An Act to prevent the introduction or spreading of pests injurious to plants.

An Act to provide compensation to farmers whose agricultural products are contaminated by pesticide residue, and to provide for appeals from compensation awards.

An Act to amend the Income Tax Act and the Estate Tax Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 20, at 8 p.m.

THE SENATE

Tuesday, May 20, 1969

The Senate met at 8 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem* in the Chair.

Prayers.

HON. MURIEL McQ. FERGUSSON

FELICITATIONS ON HONORARY DEGREE

Hon. A. Hamilton McDonald: Honourable senators, before we proceed with the work this evening, may I bring to your attention an honour that has come to one of our members since last we met.

I understand that our colleague Senator Fergusson has had conferred on her by the University of New Brunswick in her native province, an honorary Doctor of Laws degree. I am sure that all honourable senators will join with me in extending to her our congratulations, and in thanking the University of New Brunswick for having honoured one who has made such a great contribution, not only to the well-being of her province but to that of her country generally.

Hon. Senators: Hear, hear.

Hon. Charles McElman: Honourable senators, on behalf of all New Brunswickers I should like to express the gratification we felt when our provincial university honoured Senator Fergusson, who has given many years to the improvement of the lot of women and those in need of assistance from the state.

All New Brunswickers, especially those who know Senator Fergusson well and whose respect for her increases with every passing year, congratulate her on this well-deserved recognition.

Hon. Arthur W. Roebuck: Honourable senators, I would like to add a word to what has been said by the honourable gentlemen from the province concerned.

Senator Fergusson has for years been one of the most faithful and useful members of the Standing Committee on Divorce, where on many occasions she has demonstrated that her knowledge of law is not only honorary but is actual as well. Sometimes when hearing that a person has been granted an honorary degree in law one wonders how much law that person knows, or whether the degree is only honorary. In this instance, honourable senators, the knowledge of the lady in question is not all honorary but is very, very real.

I wish to congratulate Senator Fergusson and to join with all others in the applause which greeted the announcement of her being made an honorary member of the law fraternity. I wish her much happiness in that honour, and satisfaction in the recognition that has been given to her in her own province, and in the recognition that she has received here tonight.

Hon. Donald A. McLean: Honourable senators, I should like to add a few words to the remarks already made. We in the Maritimes are all very proud of our New Brunswick girl, Senator Fergusson. This is a great honour that has been bestowed upon her by the people of the Maritimes, who are, of course, very honest and, above all, very modest people. May I, as a fellow senator, offer my sincere congratulations to Senator Fergusson on having this great honour conferred upon her.

Hon. Edgar Fournier: Honourable senators, being the only senator from New Brunswick on the Opposition side, I would like to join my colleagues in expressing my personal regards to Senator Fergusson for the work that she has done in New Brunswick.

I have known Senator Fergusson for many years—I knew her before either of us came to the Senate. She made for herself a great name in the Province of New Brunswick through her work with many organizations and institutions. She is known as a world traveller.

I would like to join all the others in expressing my regard for Senator Fergusson from this side of the chamber. I believe that the beautiful blue dress she is wearing tonight is very suitable for the occasion.

Hon. Muriel McQ. Fergusson: Honourable senators, it is very heartwarming to hear my colleagues express approval of the honour that has been conferred upon me by the University of New Brunswick in my home City of Fredericton.

The University of New Brunswick is a very old university. It is rich in historic tradition, and its graduates carry prestige in many fields. I prize more than I can say the honorary degree of Doctor of Laws that was conferred upon me at the 140th Encaenia of that university, and I thank all my fellow senators who have so kindly shown their approval of this honour verbally and in other ways.

PEST CONTROL PRODUCTS BILL

CONCURRENCE BY COMMONS IN SUBSTITUTE AMENDMENT BY SENATE

The Hon. the Speaker informed the Senate that a message has been received from the House of Commons acquainting the Senate that they have agreed to the amendment made by the Senate in substitution of a previous amendment to Bill C-157, to regulate products used for the control of pests and the organic functions of plants and animals, without amendment.

FOODS AND DRUGS ACT, NARCOTIC CONTROL ACT, AND CRIMINAL CODE

BILL TO AMEND—COMMONS AMENDMENTS REFERRED TO COMMITTEE

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-15, to amend the Food and Drugs Act and the Narcotic Control Act and to make a consequential amendment to the Criminal Code, and acquainting the Senate that they have passed this bill with the following amendments, to which they desire the concurrence of the Senate:

1. Page 8, Line 29. Strike out and substitute the following:

"12. (1) Subsection (2) of section 3 of the Narcotic Control Act is repealed and the following substituted therefor:

'(2) Every person who violates subsection (1) is guilty of an offence and is liable

(a) upon summary conviction of a first offence, to a fine of one thousand dollars or to imprisonment for six months or to both fine and imprisonment, and for a subsequent offence, to a fine of two thousand dollars or to imprisonment for one year or to both fine and imprisonment; or

(b) upon conviction on indictment, to imprisonment for seven years.'

(2) Section 9 of the said Act"

2. Page 9, Line 30. Immediately after clause 13 add the following heading and clause:

"General

14. Where, in subsection (2) of section 36 of the Food and Drugs Act and subsection (2) of section 10 of the Narcotic Control Act, there is a reference to a 'magistrate', there shall in each case be substituted a reference to a 'justice'."

3. Page 9. Renumber clause 14 as clause 15.

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

On motion of Hon. Mr. McDonald, amendments referred to the Standing Senate Committee on Banking, Trade and Commerce.

CRIMINAL LAW AMENDMENT ACT, 1968-69

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act to make certain consequential amendments to the Combines Investigation Act, the Customs Tariff and the National Defence Act.

Bill read first time.

Hon. Mr. McDonald moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Minutes of Proceedings of the Royal Society of Canada, 1968, together with Financial Statement, certified by the Auditors, for the year ended February 28, 1969, pursuant to section 9 of An Act to incorporate the Royal Society of Canada, chapter 46, Statutes of Canada, 1883. (English and French texts).

Copies of Report of the Task Force on Sports for Canadians (W. Harold Rea, Chairman), dated February 28, 1969. (English and French texts).

Copies of a Press Release, dated May 9, 1969, containing a draft of proposed income tax regulations relating to the insurance industry. (English and French texts).

Report of the Department of Industry for the fiscal year ended March 31, 1968, pursuant to section 16 of the Department of Industry Act, chapter 3, Statutes of Canada, 1963. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, May 14, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate I move, seconded by honourable Senator Smith, that when the Senate adjourns today it do stand adjourned until Thursday next, May 22, 1969, at 2 o'clock in the afternoon.

Hon. Mr. Aseltine: Two o'clock?

Hon. Mr. McDonald: Yes. By way of explanation, I may say that the work of this chamber appears to be progressing fairly well, but we are running slightly behind in our committee work. It is felt by most senators that our time would be better spent in committees all day tomorrow.

Motion agreed to.

RESEARCH GRANTS

AMOUNTS, RECIPIENTS AND OBJECTS—INQUIRY STANDS

On the Notice of Inquiry of Hon. Mr. Fournier (Madawaska-Restigouche) that he will inquire of the Government:

1. (1) What universities or other bodies received grants in aid of research from the National Research Council in the year 1968?

(2) What was the total amount of each such grant?

(3) What type of research was carried out by the recipient of each such grant?

2. (1) What are the names and occupations of persons who received grants or scholarships in aid of research from the National Research Council in the year 1968?

(2) What was the total amount of each such grant or scholarship?

(3) What type of research was carried out by the recipient of each such grant or scholarship?

Hon. Edgar Fournier: Mr. Speaker, I hope that I will not be found unreasonable if I express a word of dissatisfaction with respect to notices of inquiry. The last notice of inquiry that I put before the Senate was about the C.B.C., and it took six weeks to get an answer. That inquiry involved a matter of bookkeeping. As with that inquiry, my present questions are simple and the answers should be simple.

As far as the C.B.C. is concerned, I was not surprised at the delay in getting an answer because their bookkeeping is no better than the organization itself. But when it comes to the National Research Council, which ranks high in the estimation of the Canadian people, it is a different matter. This notice has been on the books here since April 24. As I say, the questions are very simple—it is a matter of looking over the books and giving us the figures. The answers should be readily available. I am sure they are.

I am dissatisfied with the length of time it takes to get answers, although I am not blaming the Leader of the Government or any one here. I am sure the leader has done his work. Where the fault lies, I am not sure, but I hope somebody will look into the matter. I can see no excuse for the delay.

Also it seems to me that it is getting more and more difficult for senators to obtain information from certain departments. I have been trying for three months to get information from the Department of Public Works regarding a matter within my own riding, and if I do not get an answer tomorrow I will have to resort to a notice of inquiry, a course which I find unpleasant to follow. There should be no need of that.

Hon. Mr. McDonald: Honourable senators, I should like to inform my colleague that this morning I was advised that the material in question is on its way to this chamber and we ought to have it in a day or two.

Hon. Mr. Choquette: Is it coming by hand?

Hon. Mr. Smith: It is probably coming by foot.

Inquiry stands.

SCIENCE POLICY

SPECIAL COMMITTEE—PROGRESS REPORT

Hon. Maurice Lamontagne: Honourable senators, I am not sure what rule obtains in the circumstances—I am sure Senator Grosart could inform me—but with leave of the Senate I should like to make a statement on the work which has been done up to now by the Senate Special Committee on Science policy. This special committee of the Senate has now been in existence for more than a year, and my colleagues on the committee, especially my Conservative colleagues, some time ago—

Hon. Mr. Aseltine: Surely the honourable senator should give notice of his presentation or ask for leave.

Hon. Mr. Lamontagne: I have asked for leave.

Hon. Mr. Aseltine: Well, I do not know whether leave has been granted or not.

The Hon. the Speaker: Honourable senators, two weeks ago an honourable senator rose to make a report of this nature and he was allowed to do so. I understood that when the honourable Senator Lamontagne rose he asked leave of the Senate to make some remarks concerning the Science Policy Committee, and as no one rose to object I understood he had unanimous consent. For that reason I did not interfere.

Is it agreed that honourable Senator Lamontagne has unanimous consent to proceed with his report?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Hon. Gunnar S. Thorvaldson: Honourable senators, I have been holding up the proceedings of this house by virtue of having adjourned the debate on Senator Lang's motion concerning the appointment of a special committee on the role of the Senate within the Constitution. When the Senate recessed some time ago it was considered urgent that this matter should be moved ahead as rapidly as possible. I hoped at that time that it would be, and I sent a message to certain persons in the Senate indicating that I would give way and allow the matter to proceed. However, what I have to say will take only about 10 minutes, and as this is the next item on the Order Paper I rise now to suggest that if I could be given a few minutes I could complete the matter, and Senator Lang could go ahead with the organization of his committee.

Hon. David Walker: Honourable senators, I am in the same position. My honourable friend the Leader of the Government has moved second reading of Bill S-37 to amend the Trust Companies Act, and my honourable friend Senator Hayden is holding a meeting of his committee to-morrow. If we were through with all that business I would be delighted to stay until midnight to hear my honourable friend Senator Lamontagne.

Hon. Mr. Lamontagne: Honourable senators, I am quite willing to yield to all my colleagues because I really do not want to create a problem. It was imposed on me by the Opposition.

The Hon. the Speaker: Honourable senators, it is for you to decide; I am entirely in your hands. I understand that if honourable Senator Lamontagne has not unanimous consent he cannot proceed.

Hon. Mr. Walker: I take it that honourable Senator Lamontagne could proceed with his remarks at the end of the business of the day, which I hope will not be long. I want to accord him every courtesy, but we must get through our business.

The Hon. the Speaker: Is it agreed that we should hear from Senator Lamontagne after the Orders of the Day are completed?

Some Hon. Senators: Agreed.

WHEAT SALES TO CHINA

INQUIRY ANSWERED

On the Orders of the Day:

Hon. A. Hamilton McDonald: Honourable senators, before proceeding with Orders of the Day may I be allowed to answer two questions asked by Senator Hastings on May 6th, 1969.

Hon. J. Campbell Haig: Honourable senators, is this procedure in order at this point of the proceedings? I ask for a ruling.

The Hon. the Speaker: I hope honourable senators will not make the ruling too difficult for an acting Speaker replacing His Honour the Speaker. I think the practice has been to allow the Leader of the Government to make statements of this nature.

Hon. Mr. Haig: But should it not be done with unanimous consent?

The Hon. the Speaker: I am sure the honourable acting leader is prepared to ask for unanimous consent.

Hon. Mr. McDonald: Honourable senators, it has always been my interpretation of the rules that this was the proper place to answer oral questions. However, if it would please my honourable friend, I would be glad to ask for leave.

Hon. Senators: Agreed.

Hon. Mr. McDonald: You will recall that Senator Hastings asked two questions with regard to the movement of wheat. The first was:

> Why did the Canadian Wheat Board not see fit to have representatives present at the current Trade Fair in Canton?

The answer to that question is as follows: Mr. R. Godson, the Canadian Government Trade Commissioner in Hong Kong, represented Canada at the Canton Spring Fair. Mr. Godson is second in charge of our office there.

Mr. Godson has represented the Canadian Government in several commercial negotiations with the Chinese State Trading Corporation officials in the last several years.

Mr. Godson interviews officials of the 12 Chinese State Trading Corporations to discover opportunities for Canadian exporters. During discussions with officials of the Cereals and Oils Corporation, he always inquires about wheat prospects and reports back to the Canadian Wheat Board. The Wheat Board discusses quantities, prices and delivery dates directly with the Cereals and Oils Corporation in Peking.

The second question was:

> Why do eight to ten cargo ships sit idle and empty in the Port of Vancouver tonight because No. 2 Northern Wheat is not available for loading?

The answer to that is as follows: There are currently—that is, as of May 6, 1969—only three vessels in port in Vancouver awaiting supplies of No. 2 Northern. No crisis exists because each of the three vessels will be delayed only a few days. Vessels due to arrive during the next two weeks are almost entirely for No. 4 and No. 5 wheat which is in ample supply in the terminals. The slight discrepancy that has arisen with respect to No. 2 Northern resulted in large measure from the failure of the authorities in loading box cars to load into its cars the appropriate wheat, and the Wheat Board has taken strong action in the form of indicating to the elevator companies involved that storage will not be paid on wheat which arrives there improperly when contrary orders were in the hands of the company. This has been done to correct the situation and to assure that the wheat the Board wants will arrive at the proper time at the terminals.

ROLE OF THE SENATE

APPOINTMENT OF SPECIAL COMMITTEE

The Senate resumed from Thursday, May 8, the adjourned debate on the motion of Hon. Mr. Lang:

> That a Special Committee of the Senate be appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution and in particular, without limiting the generality of the foregoing, the provisional proposals relating to the Senate of Canada contained in "The Constitution and the People of Canada", a document published by the Government of Canada on the occasion of the second meeting of the Constitutional Conference, Ottawa, February 10, 11 and 12, 1969;
>
> That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry;
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, and to report from time to time;
>
> That the Committee be authorized to print such papers and evidence from day to day as may be ordered by the Committee and to sit during sittings and adjournment of the Senate; and
>
> That the Committee be composed of eleven senators, to be named later.

Hon. Gunnar S. Thorvaldson: Honourable senators, I am sure no one in this house will disagree with the timeliness of Senator Lang's motion to appoint a committee of the Senate to undertake the work relating to proposals to change the role of the Senate in the Canadian Constitution.

Upon the conclusion of Senator Lang's remarks I thought I should expound briefly upon some of the matters involved in the resolution. However, I had not recognized the sense of urgency that the honourable senator felt in getting the committee under way so that it might produce some results before the next conference of provincial premiers with the Prime Minister of Canada and other federal ministers, which is to commence on June 11 next.

Also, in considering this matter further I recalled the many formidable speeches on the role of the Senate which were made during the early months of the present session of this Parliament—that is, last September and October.

In this regard I refer particularly to the speech of the Leader of the Government (Hon. Mr. Martin) which appears in Senate *Hansard* of September 18, commencing at page 41. That speech, and the several others that followed, contained a complete record of the views of the various senators, including my own, in regard to the past, present and future of the Senate, and the appropriate excerpts from such works as those by Professor MacKay and Professor Kunz, both of whom made exhaustive studies relating to the Senate; also statements by such giants of the past as Senators Meighen and Dandurand.

I submit that this formidable catalogue of speeches on the Senate made during this session of Parliament will constitute some of the most useful evidence which can be brought before this committee. Hence, I believe it to be quite redundant for me to expand this debate further. I hope—indeed I believe—that I have not delayed the commencement of the work of this committee.

As all honourable senators are aware, over the years many changes have been urged in regard to the Senate. With one exception, however, there has been no unanimity—the one exception being in regard to the retirement of senators at age 75.

In regard to the present proposals which appear at pages 360 to 364 of the official report of the Constitutional Conference of February 1969, I specifically recall to you the following statement by the Prime Minister:

> But especially we want to make sure that any reformed Senate be considered as part of the package of the whole constitutional reform.

Surely, by the same token, the Senate—which cannot be changed or reformed, or, of course, done away with, without its own consent—will similarly require to know the nature of the package, vis-à-vis changes in the nature and functions of the other place and other amending provisions generally. This factor in itself makes one wonder why the Government, in its wisdom, or lack of wisdom, has not kept more closely in touch with the Senate regarding these matters. Perhaps the honourable the Leader of the Government knows much more than we do as to the package; or, perhaps, when the proposed committee goes to work we will be brought closer to Government thinking regarding the package.

I would like to refer, however, to one trend which seems to run throughout the proposed changes, namely, a tendency to emulate the congressional system as practised in the United States and, to a certain extent, to denigrate the parliamentary process as practised in Canada.

Consequently, my question is: Are we to have a Congress and a Parliament? What, indeed, is in the package that the Prime Minister has referred to?

For instance, it was noted by many that in the Speech from the Throne last September there was, for the first time in our history, an absence of any reference to the Queen, the Crown, or the monarchy generally.

In the recent renovation of the Rules of the House of Commons there was a tendency towards the strengthening of the committee system in that house, which is most assuredly a tendency towards the system of government as practised in Washington. The same may be said in regard to this house: we have tended to create a more effective committee system, that is, in regard to the work of committees.

I do not pretend to oppose these particular developments. In fact, I personally support them, due to my belief that in this manner our system of democracy is strengthened rather than weakened. Indeed, our committee system and the work of our committees in the Senate has been one of the great strengths of this body.

The system of exempting cabinet ministers from continuous attendance during question period in the other place is certainly a tendency towards the congressional system in which members of the executive are completely exempted from attendance in either the Senate or the House of Representatives. This system in the United States, of course, emanates from the principle of the separation of powers.

Where does the idea come from that the Senate should have certain duties in regard to the appointment of ambassadors and judges of the Supreme Court of Canada? This is taken holus-bolus from the congressional system in Washington.

I submit that these are all straws in the wind indicating a desire in some places for a change towards the congressional system of government to replace our monarchial parliamentary system.

I come now to another suggestion that is certainly reminiscent of Washington, namely, the suggestion that the term of office of senators be six years—the same as the term of office of United States senators—but that senators should continue to be appointed and not elected. Indeed, with this one exception of being elected, our Senate would in most respects completely duplicate its counterpart across the border. It should not be forgotten that the original constitution of the United States provided for an appointed Senate, but this was changed by constitutional amendment many decades ago.

However, I think I can say that the reason why the Canadian Government would refrain from proposing an elected Senate is that in such the Senate would rival in every way the House of Commons, in the same manner as the United States Senate, which has be-

come such a formidable instrument in the American system of governmental rivals, and even overshadows, in power, influence and public esteem the House of Representatives.

Why should there not be in Canada an elected Senate similar to that in the United States? The answer, of course, is simple. The House of Commons does not want a rival. Indeed, this has always been the reason given here against making the Senate an elected body. It would compete under similar ground rules with the House of Commons. However, let me observe that should it be the desire of the majority of the Canadian people to abandon our system of government, based as it is on the British monarchy and the institutions connected therewith, and to adopt a presidential or congressional system based on the United States model, then I would most assuredly prefer an elected two-chamber system.

There are some who urge the point of view that the Senate is at a sort of crossroads. To that I would say that we should not forget that the Canadian Senate is one of the most powerful parliamentary bodies in the world, in that it is so firmly entrenched in the British North America Act that it can be deprived of none of its powers without its own concurrence.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Thorvaldson: In this respect I remind the house again of section 17 of the British North America Act, which was quoted by Senator Lang the other night:

> There shall be One Parliament for Canada, consisting of the Queen, an Upper House styled the Senate, and the House of Commons.

If for no other reason than the solid entrenchment of the Senate in the Constitution of this country, it now becomes most appropriate, and even essential, for this body to assume to itself a major role in the formulation of any changes that may be of benefit to the organization of government in Canada. That, of course, is the purpose of Senator Lang's motion, and a purpose with which I heartily agree.

After reading the parts of the White Paper—The Constitution and the People of Canada—concerning Senate reform, which are also contained in the official report of the recent constitutional conference, it seems to me that the proposed changes are really of a minor nature, and will not affect the workings of the Senate to any great extent. For instance, I have no quarrel with the proposed participation by provincial governments in the appointment of senators.

Hon. Mr. Roebuck: Well, I have.

Hon. Mr. Thorvaldson: Indeed, I agree. I must say also that personally I am in no basic disagreement with the other suggestions contained in the White Paper.

Some redistribution of Senate membership may possibly be of great benefit to the Senate, and the assumption of responsibility for approving judicial and ambassadorial appointments would most certainly give the Senate more scope and influence in this one direction at least.

A time limit has been proposed in respect of the term of appointment of senators. I see this as merely a suggestion that may or may not be carried out, depending largely on this body's own wishes in the matter.

Any curtailment of the Senate's legislative power, or its veto, as it is at present, is rather meaningless because the Senate has at all times, with only very few exceptions, continued to be most circumspect in the exercise of its power of veto over legislation. That statement applies to the last one hundred years.

I make these latter remarks for the purpose of indicating that it is my view that nothing very drastic is about to happen to the Senate. Nevertheless, we ourselves have a duty to do whatever lies within our power to create a better and more useful federal system of government in our country.

Hon. Mr. Roebuck: May I ask the honourable senator a question? Did I understand him to say that we in this chamber were unanimous in respect to retirement at the age of 75 years?

Hon. Mr. Thorvaldson: No, I think I said that there was great support for that legislation. I did not say that we were unanimous on it. There was a great deal of support for that in the country, as a result of which the appropriate legislation was passed several years ago.

Hon. J. Harper Prowse: Honourable senators, if changes in the Constitution of Canada, in particular as it affects this house, are to be considered, then the members of this house, and certainly those who have served for a great many years, ought to have an opportunity of placing before those responsible for

initiating proposals for change the experience which they have gained while serving Parliament and Canada. I believe, therefore, that the motion generally is one that deserves our support, and that the committee which will be set up—as I expect it will be set up—will be charged with the greatest responsibility ever undertaken by any committee of this house.

However, one point about the motion that concerns me is that although the terms of reference are generally to consider the role of the Senate within the Canadian Constitution, there follow the words "and in particular", which then direct attention entirely to the proposals contained in the White Paper. When that is combined with statements made here from time to time, most recently by the honourable Senator Thorvaldson, who preceded me, such as "our wings cannot be clipped without our own concurrence", it seems to me we are unnecessarily drumming up a storm. Let us make no mistake that, regardless of what our purely technical constitutional rights may be in this chamber, if it becomes clear to any government of Canada that there is an overwhelming desire on the part of the people of this country for constitutional changes, there will be changes and nothing we can do here can stop them.

Hon. Mr. Choquette: What do you mean?

Hon. Mr. Prowse: We might as well accept that as a fact. I would also suggest that if these changes are to be good changes, and if they are to be properly brought about, they will not be brought about in an atmosphere of confrontation. The most useful purposes will be served if there is consultation and cool, calm and reasoned advice being given and received in that spirit.

From what I have seen of the operations of this chamber I have complete confidence that any responsible and reasonable government will recognize that this chamber has a most important function to perform and an important contribution to make to good government in this country. I would hope that we could set up this kind of a committee, which would then go ahead and deal with the problem objectively, but let not their objective inquiry and their minds be clouded by entering into an atmosphere of confrontation.

In order that there may be no possibility, or at least to lessen the possibility of this happening in amendment. I move, seconded by the honourable Senator Hastings, that the motion be amended by striking out all the words in the first paragraph after "Canadian Constitution".

The Hon. the Speaker: In amendment, it is moved by the honourable Senator Prowse, seconded by the honourable Senator Hastings, that the motion be amended by striking out all the words in the first paragraph after "Canadian Constitution".

Is it your pleasure, honourable senators, to adopt the amendment?

Some Hon. Senators: No.

Hon. Daniel A. Lang: I would like to speak to the amendment, if I may, honourable senators. Like yourselves, I have just heard the substance of the amendment and the arguments leading up to it. As a lawyer, I can find no reason for it because of the wording of the paragraph itself, which contains the words:

> and in particular, without limiting the generality of the foregoing...

Therefore, to my way of thinking the deletion of those words would not in any way enhance the meaning of that paragraph; rather, it would tend to delimit it instead of making it all-embracing. The words, "and in particular, without limiting the generality of the foregoing" were very carefully chosen by our legal advisor and were inserted there so that the committee's powers of inquiry would be as broad as possible. The significance of deleting those words, it seems to me, is either in an attempt to mask one of the most important areas of inquiry of the committee, namely, the role of the Senate itself, or to delimit inquiry in that area. I therefore urge all honourable senators to reject the amendment.

The Hon. the Speaker: It is moved by the honourable Senator Lang, seconded by the honourable Senator Beaubien:

> That a Special Committee of the Senate be appointed to investigate—

Some Hon. Senators: Dispense.

The Hon. the Speaker: In amendment it is moved that the motion be amended by striking out all the words in the first paragraph after "Canadian Constitution".

All those in favour of the amendment will please say "Content".

Hon. Mr. Choquette: Vote for your own amendment.

The Hon. the Speaker: Do I understand that the amendment is dropped?

Hon. Mr. Prowse: I said "Content".

The Hon. the Speaker: Those who are opposed to the amendment will please say "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion, the "Non-contents" have it. I declare the amendment lost.

It is moved by the honourable Senator Lang, seconded by the honourable Senator Beaubien:

> That a Special Committee of the Senate be appointed—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 8, the adjourned debate on the motion of Hon. Mr. Lang, for the second reading of Bill S-35, to amend to the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments.

Hon. John M. Macdonald: Honourable senators, while examining this bill I looked over the act itself and found the preamble to the Canadian and British Insurance Companies Act to be of some interest. Bearing in mind that the act was, I think, first passed in 1932, one wonders why the preamble stated in part:

> Whereas it is desirable to define the status and powers of insurance companies incorporated by the Parliament of Canada, and by the Legislature of the late Province of Canada, and to prescribe the limitations to be placed on the exercise of such powers.

Another part of the preamble states:

> Whereas it is contrary to the public interest that insurance companies or associations which are unable to discharge their liabilities to policyholders in Canada as they become due, or are otherwise insolvent, should be permitted to carry on the business of insurance in Canada.

The wording is of interest because it mentions in 1932 the companies incorporated by the Legislature of the late Province of Canada, which must mean prior to 1867. Certainly, before 1932, insurance companies incorporated by a special act of the Parliament of Canada would come under the Insurance Act, which was a very old act, going further back than the Revised Statutes of 1887.

I expect the reason for the 1932 legislation was the result of the great economic depression, then in effect, and there must have been some doubt as to the constitutional position of the federal Parliament to pass all the sections of the act. Section 155 contains an unusual provision, which is a declaration stating, in effect, that if any of the provisions of the act shall be found to be beyond the legislative competence of the Parliament of Canada, such provisions shall be treated as severable from the rest of the act and the remaining provisions shall continue in effect.

You will note that the bill itself covers 65 pages and contains 56 clauses. It is obvious that it must be divided in some manner in order to allow sensible discussion of it at reasonable length. I think the sponsor met this problem in an effective way by dividing the bill into four main divisions. You will recall the divisions he used, which were the changes proposed in the method of incorporating companies and amending the charters of existing companies, better methods to control companies which might get into financial difficulties, the prohibition of making loans or investments where there might be a conflict of interests, and the amendments to allow insurance companies to own subsidiaries for the purpose of enabling them to establish mutual funds and to carry on business ancillary to that of life insurance.

Honourable senators, the objectives of the amendments would appear to be reasonable and, in general, favourable to the protection of policyholders and to the strengthening of the security and safety of the companies. I would suggest that the bill be now given second reading, and in committee it can be determined whether all the clauses do, in fact, further the aims and objectives of the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lang, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 8, the adjourned debate on the motion of Hon. Mr. Lang, for the second reading of Bill S-36, to amend the Foreign Insurance Companies Act.

Hon. John M. Macdonald: Honourable senators, as the sponsor mentioned in his remarks on Bill S-35, they also apply to this bill where applicable. Perhaps I should add that Bill S-36 contains only 17 amendments, covering 20 pages.

I would like also to mention that the preamble to the act is of some interest. Apparently there was some dispute as to the rights of Parliament to legislate on this matter, as the preamble states in part:

> Whereas the Parliament of Canada has jurisdiction, by properly framed legislation, to prohibit aliens, whether natural persons or foreign companies, from carrying on the business of insurance in Canada without a licence;

Further on, it is stated:

> Whereas certain sections of the Insurance Act, Chapter 101 of Revised Statutes of Canada, 1927, requiring foreign insurance companies to obtain a licence as a condition of carrying on business in Canada, have been declared in view of their relation to other provisions of the said Act to be not properly framed and therefore unconstitutional.

So the jurisdictional dispute must have been satisfactorily settled.

When looking over the Foreign Insurance Companies Act, I wondered why the old Insurance Act was, so to speak, divided in 1932 into two parts and two new acts were passed, namely, the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act.

Honourable senators, as these amendments are practically the same as in the bill last discussed, I do not think there can be any objection to the second reading of this bill at this time, so that it too can be considered by a committee of this house.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lang, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

TRUST COMPANIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 8, the adjourned debate on the motion of Hon. Mr. Martin, for the second reading of Bill S-37, to amend the Trust Companies Act.

Hon. David Walker: Honourable senators, this bill to amend the Trust Companies Act is long overdue. It increases the powers of the Canadian trust companies. The sponsor of the bill (Hon. Mr. Martin) at pages 1416-18 of Senate *Hansard*, has gone very carefully into the principles of the bill, and I think that I would be taking up the time of the house unduly to repeat those details.

I cannot but feel that this very composite bill, to amend the Trust Companies Act, is an excellent bill, subject to some questions in committee. I do trust that the sponsor of the bill, or the honourable senator who is the Leader in the Senate tonight, will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

I have no further remarks to make at this time except to reiterate that the measure is long overdue. It fills in many loopholes, it brings the legislation up to date and is a great contribution to the Trust Companies Act.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McDonald, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

LOAN COMPANIES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 8, the adjourned debate on the motion of Hon. Mr. Denis, for the second reading of Bill S-38, to amend the Loan Companies Act.

Hon. John M. Macdonald: Honourable senators, this bill is of the same type as Bills S-35, S-36 and S-37, which we have already discussed this evening, and it follows the same pattern in amending the Loan Companies Act as the other bills do the acts that they amend.

As the sponsor of the bill mentioned in his very clear and lucid explanation of this complex matter, the principal amendments fall into four categories. One would effect certain changes in the investment powers of loan

companies; another would expand the existing legislation which prohibits loans to directors or officers of the company, and prohibits loans or investments to a shareholder owning 10 per cent or more of the shares of the company.

The third group of amendments deals with changes in the system of supervision and control, especially with respect to companies which may meet with financial difficulties. The fourth category of amendments deals with the proposed changes in the system of incorporating such companies.

As with the other three bills already discussed this evening, this bill, with its 46 amendments, is one which can have a detailed examination only in committee. Consequently, I think it should now be given second reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Denis, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, April 22, the adjourned debate on the motion of Hon. Mr. Molson for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Hon. Hartland de M. Molson: Honourable senators, in rising to speak again on the Report of the Special Committee on the Rules of the Senate—and, with respect, we might have been warned by the Speaker that by so doing I shall be closing this debate—I should first say that I hope the debate has been a useful one. It is quite true that a number of the recommendations have been neither probed nor debated in depth. This may be because there is more widespread disagreement with these recommendations than is immediately evident; or it may be the other way around, there may be general concurrence with some of these points, leaving only whatever action may be necessary to follow up.

I should remind honourable senators that it is now roughly six months since the adoption of the Third Report and presentation of the Fourth Report of the Committee. This should have given us adequate time to contemplate the many problems raised by the committee, problems which we knew existed before the committee was constituted. I am not forgetting the fact that there was scheduled, in the interim, a Federal-Provincial Conference in which certain matters dealing with the Constitution and the future role of the Senate were discussed. However, it is quite evident that the establishment of this committee was not to provide a foil or to be a trial balloon for policies to be discussed with the provinces by the federal Government at the conference.

Honourable senators, I do not want to take much of your time, but it is difficult to deal with a subject of such vital and prime importance too briefly. I shall endeavour to cover the matters which should be dealt with as rapidly as possible. In thinking over the best way to cope, I decided that it would be too lengthy a process to deal with all the points raised by each senator who spoke in the debate, perhaps with one or two exceptions. So I hope that I am offending no one, but even have your approval, if I try to deal only with the recommendations and the action which may be required if these recommendations are adopted.

With your indulgence, let me digress briefly once more to look back on the results of the Third Report. As you will remember, this report was submitted as a first step on the part of the committee to enable new standing committees to be constituted. The new committees have now been in action since the Christmas recess, and I can only say that I have the personal impression that the new committees are doing an excellent job, and are extremely well occupied. I know there is shortage of committee rooms, which is an indication of activity, and I think it is fair to say that their work is attracting improved public reaction.

I wonder if honourable senators have noticed, as I have, that in the last few months the activities of the Senate are of greater interest to the public, as demonstrated by the articles in the press and comments on radio and television, than has been the case for a long time. It is my distinct impression that either we are dealing with more interesting subjects or we are dealing with them better, or we have a better relationship with the news media, because certainly one hears or sees far more about our work in this chamber than has been the case over the years that I have been here.

Now I turn to the matters recommended by the Rules Committee in its Fourth Report to this chamber.

The first recommendation was to the effect that all private bills should be introduced in the Senate. This principle has received the wholehearted concurrence of the Leader of the Government in the Senate, as expressed in his speech on January 21 and, although I do not remember the Leader of the Opposition making a similar statement in the chamber, as he was an active member of the committee I think we can assume that the leaders of both sides agree with the principle. This, then, means that action must be taken to approach the House of Commons for concurrence, and to discuss whether there could be a change in the Rules of the House of Commons not to accept private members' private bills, or whether legislation should be introduced to the effect that all private bills must be introduced in the Senate. That is the first item which requires action.

The second recommendation is to the effect that the work of inquiry by special committees should be expanded. I do not think I need make much comment on this because the workload presently assumed by committees of the Senate is on a very large scale and is probably approaching the peak of our capabilities. Certainly, all the subjects under investigation or discussion are of importance, and I have grave doubts as to whether any substantial expansion is now possible. Should we then say that this recommendation is well in hand and has been favourably received by this chamber?

The third matter dealt with in the Fourth Report of the Special Committee on the Rules was that of the independence and impartiality of senators. Although there were no firm recommendations, there were certain observations made suggesting that it would be an advantage to this chamber if appointments to this chamber were based on a wider background than party support alone; also, that after appointment there was a question as to whether members of this chamber should attend parliamentary caucuses and be directed by the leadership of the House of Commons. This, of course, was a subject known to be delicate and also one on which no strong view existed in the committee. It was felt that it should be mentioned in that it has a bearing on the image and the performance of the Senate.

With great respect to the Leader of the Government, I think that the words he chose in his speech in the chamber on January 21 last sum up the attitude of the committee on this subject. I have omitted some phrases which I do not think have a real bearing on the whole, but on page 852 of *Hansard* he spoke on this particular subject as follows:

> However, as to party affiliations and caucuses, I do not consider those observations to be in the nature of positive recommendations. I may be wrong in that ...but a fair reading of the language of the report impels me to the conclusion that those remarks were more commendatory than specific recommendations.
>
> There may be some differences of view about the suggestions, and I believe that they could be dealt with as matters concerning the individual consciences of honourable senators. Certainly in the short time I have been a member of this house, I have been impressed by the absence of unnecessary political controversy. I have been impressed by the general desire to be as objective as possible in these matters, but as a member of the Government, I would have to take the position that I have a responsibility of going to the caucus. However this is a matter for each senator to decide and I doubt very much whether it is for the committee to prescribe that no senator shall carry on that kind of avocation.

I think I can speak for the committee in saying that this was exactly how the members of the committee felt, and, certainly the wording of the report does indicate that there was no intention or effort to prescribe the conduct of individual senators in this respect.

But let me speak frankly. Several senators have disagreed, some a great deal more moderately than others, with the suggestion that Senate appointments should be less political. I should just like to stress that the whole emphasis of the report lies on "less political" and not on "non-political". Your committee members would be the first to agree that it is neither possible nor even desirable that the Senate should be moved outside the political stream of the country. Of course Parliament and governments are by definition political, but I should suggest that there is a vast difference between "less political" and "non-political".

From views expressed to me I believe that there are more senators who, if polled, would express a preference for caucuses confined to our own members over those dominated by the members of the other place. You will

recall that paragraph 14 of the report agreed that it would always be necessary for the Leaders and Whips of parties to attend parliamentary caucuses in order to maintain liaision and a flow of information. As senators will decide their own course of action, the observation in the report will have served its purpose by drawing attention to the problem.

Dealing with the fourth recommendation that a less narrow definition of "money bill" be adopted by the Government of the day, we have several things to go on.

First, contrary to what was said we did not suggest any increased powers for this chamber; moreover, a fair number of bills of this kind are being introduced here from time to time without comment. Secondly, the current performance would indicate that the Senate is receiving a reasonably high proportion of government bills for introduction. Thirdly, we have the assurance of the honourable Senator Martin, the Government Leader, that he will remind the Government of our ability to introduce legislation satisfactorily. Unless we feel that the progress in this respect is unsatisfactory, and that we should therefore call the attention of the Government to the fact that not enough legislation is being introduced in the Senate, I believe that we should be satisfied with the situation as it now exists and only bear constant watch, as we have in the past, on the proportion and character of legislation originating in this chamber.

The fifth subject of the committee's report drew attention to three different subjects and did not include precise recommendations in any of these cases. The first was its questioning of the property requirements in order to qualify for a seat in the Senate. It was pointed out that this was, in today's terms, a complete anachronism, and should be abolished. This of course is a statutory requirement, and if it is thought that something should be done in this respect, then there would have to be further action. That is, there would have to be a recommendation that legislation to amend the law be introduced. I do not think the subject was discussed fully enough in this chamber, but if there is a consensus, then a course of action should be decided upon.

The second subject mentioned here was attendance as the basis for senators' remuneration. A particular point was made of the fact that senators can work extremely hard and long in committee work, even during adjournments of the chamber, and yet have their stipend reduced by reason of their inability to attend in this chamber. It was pointed out to the committee that the present rules are out of date—one cannot but concur with this. It would seem from the way senators are carrying out their responsibilities that they should be paid without some system of time-clock checking for their presence in the chamber, particularly as we know that longer hours and harder work are put in in our committees. But here again, a decision has to be taken about what, if anything, is to be done.

The third subject contained in this catch-all recommendation dealt with the procedure for Royal Assent. Here, without wishing to downgrade the Crown in any sense, it was felt to be wrong for the member of the Supreme Court delegated, for the House of Commons and for the Senate, all to suspend their normal activities and to consume considerable time going through a procedure which is colourful and full of tradition and pageantry, but completely unnecessary. It was strongly recommended that the Royal Assent be given to bills in some of the other ways that have been suggested. Here again it is a matter for this chamber to come to a decision as to whether or not it wishes to do something about it. If it does, it must bring its views to the attention of the Government.

The sixth recommendation was that greater use should be made of the Committee of the Whole, which, of course, sits in the chamber and, secondly, that the chamber should be used from time to time by important committees dealing with subjects of real public interest.

With regard to the use of Committee of the Whole, honourable senators had an example of this when dealing clause by clause with the recommended changes in the Rules. I think it would be generally agreed that for a purpose such as this the Committee of the Whole is entirely suitable. There are probably other matters which could be dealt with in this way, but certainly not everything which comes before us. The suggestion is that we should bear it in mind and use the method of Committee of the Whole more frequently than we have done in the past. From the speeches which have taken place in this debate, there seems to be fairly general agreement on this point, provided the subject matter of the debate is suitable for this method of handling.

The second part of this recommendation was that the Senate Chamber should, on occasion, be used for the sittings of certain select committees considering important matters of considerable public interest. It was based on

the conviction of the committee, that the public image of the Senate would be enhanced if members of the public could see the Senate more often at work; and that one way to accomplish this would be to use the Chamber for one of our main activities, and, indeed, one of our best activities, sittings of committees, when the hundreds of members of the public pass through these buildings in the mornings. As it is now, they come and are shown this beautiful chamber, empty and silent, and they are told that from time to time the Senate sits here. The view of your committee was that it would be a great deal better if those same people could come into our gallery and follow the proceedings of a committee when it was dealing with something interesting, and see the chamber alive with people and voices and movement, as distinct from the cold dignity of the room itself. I should not perhaps discuss this particular recommendation any further because it is the subject of a motion by the Honourable Senator Roebuck now before the chamber.

The seventh recommendation points out that there are at present no rules for the joint standing committees of the House of Commons and the Senate. It goes on to point out that likewise there are no rules for joint special committees of the two houses which, in light of what I just said about standing committees, seems rather logical. It is apparent, I think, in spite of the fact that joint committees have operated with reasonable success over a good many years, that at least some general lines of guidance should be laid down. In particular, there should be some provision for the arrangement between the two houses as to who should staff the committees and who should pay the costs of these committees. In the case of standing committees there are practically no expenses, but when we come to special committees these can be quite considerable. In view of the fact that the budget of the Senate is considerably smaller than that of the Commons, it would seem reasonable to reach some general agreement on the method of financing these committees so that the relative costs of the two chambers should not be distorted. It might be argued further that such a change is desirable, too, to give proper authority to meet the costs of such committees. If the view of this house is that the matter should be discussed and resolved, then we should ask His Honour the Speaker or, if he directs, the Clerk of the Senate, to consult with the appropriate authorities in the House of Commons, in order that these matters should be resolved in a reasonable and appropriate manner.

The eighth, and I would suggest, most important recommendation of the committee is that:

> the Senate instigate an examination of the Constitution of the Senate with a view to recommending changes which would enable it to carry out more fully the purpose which was intended, in making it one of the three essential parts of Parliament.

The report went on to suggest that this could be accomplished by a motion introduced in the Senate, setting out the terms of reference of such a study, which could then be carried out by the Standing Senate Committee on Legal and Constitutional Affairs. This was probably a perfectly practical way to the objective but, in the meantime, the honourable Senator Lang who, as you know, was Vice-Chairman of the special committee on the rules of the Senate, has introduced a motion which will achieve the purpose. The motion begins as follows:

> That a special committee of the Senate be appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution—

As this motion has now been adopted, it puts squarely before the Senate action in respect to the eighth and final recommendation of your committee. It is entirely in keeping with the views expressed in your committee that if substantial changes were considered for the Senate the members of the Senate should, from their wealth of experience and wisdom, express their views upon them. Change for change's sake is never of any value and, certainly, for changes which get right back to the roots of our Constitution we should not only be satisfied, we should be convinced that those changes carry with them substantial improvement, not only improvement in the form and quality of this chamber, but improvement which will accomplish more for the people of this country. We should not accept change because it relieves a momentary pressure or tension. We should mistrust palliatives, and particularly those that might emerge in the nature of a *quid pro quo* between different levels of government. Honourable senators, we ourselves have suggested that changes should be considered, that we should have a very full discussion as to the form those changes should take. Now

we should agree on steps that we are convinced can bring real improvement to the process of government of the country.

Honourable senators, I think that I have summed up what was contained in the Fourth Report of the Special Committee on the Rules. I have highlighted the areas where action has to be taken if the Senate adopts the recommendations of this report. I am conscious that much of what I have said is repetitious, but then we have heard one of our most experienced colleagues tell us in the course of this debate that in politics you repeat and repeat and repeat. I think it was necessary today because of the months which have elapsed since we started our task.

Honourable senators, I would not want to sit down without acknowledging the almost unanimously kind remarks made in the course of the debate about the work of the committee. May I, on behalf of the members of the committee, express our appreciation and recommend the Fourth Report for your favourable consideration.

Hon. Mr. McDonald: Honourable senators, my interpretation of the rules is that in this particular matter the chairman of the committee when he speaks does not necessarily close the debate. If that is correct, I ask for leave to adjourn the debate.

On motion of Hon. Mr. McDonald, debate adjourned.

The Senate adjourned until Thursday, May 22, at 2 p.m.

THE SENATE

Thursday, May 22, 1969

The Senate met at 2 p.m., Hon. Maurice Bourget, P.C., Speaker *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Order in Council P.C. 1969-802, dated April 22, 1969, authorizing, under section 21 of the Export Credits Insurance Act, contracts of insurance by the Export Credits Insurance Corporation for the sale to the Minoterie d'Haiti of approximately 30,000 tons per annum of Canadian wheat and/or wheat flour from the date of this Order to March 24, 1974, from Maple Leaf Mills Limited, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Report on Proceedings under the Industrial Relations and Disputes Investigation Act for the fiscal year ended March 31, 1969, pursuant to section 68 of the said Act, chapter 152, R.S.C., 1952. (English and French texts).

Report of the National Research Council on Support of University Research for the fiscal year ended March 31, 1968. (English and French texts).

FOOD AND DRUGS ACT, NARCOTIC CONTROL ACT, AND CRIMINAL CODE

BILL TO AMEND—COMMONS AMENDMENTS CONCURRED IN

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered the Commons amendments to Bill S-15, to amend the Food and Drugs Act and the Narcotic Control Act and to make a consequential amendment to the Criminal Code, and had recommended that the Senate do concur in the said amendments.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: Honourable senators, with leave of the Senate, I move that this report be adopted now.

Report adopted.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-35, to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments, and had directed that the bill be reported with the following amendments:

1. *Page 17*: Strike out lines 1 to 17, both inclusive, and substitute therefor the following:

"(4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or pursuant to this subsection is deemed to own beneficially, equity shares of a corporation, that person or group of persons shall be deemed to own beneficially a proportion of the equity shares of any other corporation that are owned beneficially, directly or indirectly, by the first mentioned corporation, which proportion shall equal the proportion of the equity shares of the first mentioned corporation that are owned beneficially, directly or indirectly, or that pursuant to this subsection are deemed to be owned beneficially, by that person or group of persons."

2. *Page 17*: Strike out lines 18 to 27, both inclusive, and substitute therefor the following:

"(5) Notwithstanding subsection (4), a company is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially, equity shares of the company is by reason thereof deemed to own beneficially equity shares of the corporation."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: I move that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

FOREIGN INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-36, to amend the Foreign Insurance Companies Act, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Mr. McDonald: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

TRUST COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-37, to amend the Trust Companies Act, and had directed that the bill be reported with the following amendments:

1. Page 33: Strike out lines 12 to 27, both inclusive, and substitute therefor the following:

"by

(A) the government, or an agency of the government, of the country in which the real estate or leasehold is situated or of a province, state or municipality of that country, or

(B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by paragraph (h) or (j), or by those paragraphs as modified by section 68A."

2. Page 44: Strike out lines 8 to 24, both inclusive, and substitute therefor the following:

"(4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or pursuant to this subsection is deemed to own beneficially, equity shares of a corporation, that person or group of persons shall be deemed to own beneficially a proportion of the equity shares of any other corporation that are owned beneficially, directly or indirectly, by the first mentioned corporation, which proportion shall equal the proportion of the equity shares of the first mentioned corporation that are owned beneficially, directly or indirectly, or that pursuant to this subsection are deemed to be owned beneficially by that person or group of persons."

3. Page 44: Strike out lines 25 to 34, both inclusive, and substitute therefor the following:

"(5) Notwithstanding subsection (4), a trust company is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially, equity shares of the trust company is by reason thereof deemed to own beneficially equity shares of the corporation."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

LOAN COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-38, to amend the Loan Companies Act, and had directed that the bill be reported with the following amendments:

1. *Page 28:* Strike out lines 3 to 18, both inclusive, and substitute therefor the following:

"by

(A) the government or an agency of the government, of the country in which the real estate or leasehold is situated or of a province, state or municipality of that country, or

(B) a corporation, the preferred shares or common shares of which are, at the date of investment, authorized as investments by paragraph (d) or (e), or by those paragraphs as modified by section 60A,"

2. *Page 37:* Strike out lines 8 to 25, both inclusive, and substitute therefor the following:

"(4) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or pursuant to this subsection is deemed to own beneficially, equity shares of a corporation, that person or group of persons shall be deemed to own beneficially a proportion of the equity shares of any other corporation that are owned beneficially, directly or indirectly, by the first mentioned corporation, which proportion shall equal the proportion of the equity shares of the first mentioned corporation that are owned beneficially, directly or indirectly, or that pursuant to this subsection are deemed to be owned beneficially by that person or group of persons."

3. *Page 37:* Strike out lines 26 to 35, both inclusive, and substitute therefor the following:

"(5) Notwithstanding subsection (4), a loan company is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially, equity shares of the loan company is by reason thereof deemed to own beneficially equity shares of the corporation."

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

Motion agreed to.

PETITIONS FOR PRIVATE BILLS

SUSPENSION OF RULE 110 AND EXTENSION OF TIME FOR FILING—REPORT OF COMMITTEE ADOPTED

Hon. Hartland de M. Molson, Chairman of the Standing Senate Committee on Standing Rules and Orders, presented the committee's third report:

Your Committee recommends:

1. That Rule 110, in so far as it relates to the time-limit for filing petitions for private bills, be suspended; and

2. That the time-limit for filing petitions for private bills, which expired on Friday, 25th October, 1968, and extended to Thursday, 27th February, 1969, and to Tuesday, 15th April, 1969, be further extended to Wednesday, 21st May, 1969.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Molson: With leave, I move that the report be adopted now.

Report adopted.

ROLE OF THE SENATE

APPOINTMENT OF MEMBERS TO SPECIAL COMMITTEE

Hon. Daniel A. Lang moved, with leave:

That the Special Committee of the Senate appointed to investigate and report upon the role of the Senate of Canada within the Canadian Constitution and in particular, without limiting the generality of the foregoing, the provisional proposals relating to the Senate of Canada contained in "The Constitution and the People of Canada", a document published by the Government of Canada on the occasion of the second meeting of the Constitutional Conference, Ottawa, February 10, 11 and 12, 1969, be increased to seventeen senators; and

That the committee be composed of the Honourable Senators Beaubien, Choquette, Connolly (Ottawa West), Cook, Desruisseaux, Hayden, Lamontagne, Lang, Langlois, Leonard, Macdonald (Cape Breton), McDonald, Molson, Thorvaldson, Walker, White and Willis.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate, I move, seconded by Senator Croll, that when the Senate adjourns today it do stand adjourned until Tuesday next, May 27, at 8 o'clock in the evening.

Motion agreed to.

RESEARCH GRANTS

AMOUNTS, RECIPIENTS AND OBJECTS—INQUIRY ANSWERED

Hon. Edgar Fournier inquired of the Government, pursuant to notice:

1. (1) What universities or other bodies received grants in aid of research from

the National Research Council in the year 1968?

(2) What was the total amount of each such grant?

(3) What type of research was carried out by the recipient of each such grant?

2. (1) What are the names and occupations of persons who received grants or scholarships in aid of research from the National Research Council in the year 1968?

(2) What was the total amount of each such grant or scholarship?

(3) What type of research was carried out by the recipient of each such grant or scholarship?

Hon. A. Hamilton McDonald: I have the answers to the honourable senator's inquiry.

(*The answers to the Inquiry follow*)

1. (1)

(a) Individuals in the following universities received grants in aid of research from the National Research Council in the year 1967-68:

Acadia
Alberta
Bishop's
Brandon
British Columbia
Brock
Calgary
Carleton
Dalhousie
Ecole Polytechnique
Guelph
Inst. Micrbiol. (Montreal)
Jean de Brebeuf
Lakehead
Laurentian
Laval
Lethbridge
Loyola
Manitoba
McGill
McMaster
Memorial
Moncton
Montreal
Mount Allison
Mount St. Vincent
New Brunswick
Notre Dame
Nova Scotia Agricultural College
Nova Scotia Technical College
Ottawa
Prince of Wales
Queen's
St. Dunstan's
St. Francis Xavier
St. John's
St. Mary's
Saskatchewan-Regina
Saskatchewan-Saskatoon
Selkirk
Sherbrooke
Simon Fraser
Sir George Williams
Toronto
Trent
Victoria
Waterloo
Waterloo Lutheran
Western Ontario
Windsor
Winnipeg
York

(b) Other bodies which received grants in aid of research from the National Research Council in the year 1967-68:

Arctic Institute of North America
British Columbia Research Council
Canadian Council on Animal Care
Canadian Mathematical Congress
Canadian National Committee for the International Biological Program
Canadian National Committee for the International Hydrological Decade
Canadian Organization for Joint Research
Canadian Standards Association
New Brunswick Research and Productivity Council
Ontario Research Foundation
Research Council of Alberta
Royal Canadian Institute
Royal Society of Canada
Saskatchewan Research Council
Youth Science Foundation

1. (2) The amount of the grant made to each individual appears in the attached NRC publication "Annual Report on Support of University Research 1967-68".

(3) The type of research conducted by each recipient is indicated by the titles given in the above publication.

The answers to the remaining two parts of the question 1. (2) and (3) insofar as "other bodies" are concerned, are as follows:

1. (2) Arctic Institute of North America, $90,000; British Columbia Research Council, $25,000; Canadian Council on Animal Care $21,250; Canadian Mathematical Congress, $175,000; Canadian National Committee for the International Biological Program, $342,000;

Canadian National Committee for the International Hydrological Decade, $14,000; Canadian Organization for Joint Research, $10,000; Canadian Standards Association, $30,000; New Brunswick Rearch and Productivity Council, $10,000; Ontario Research Foundation, $25,000; Research Council of Alberta, $10,000; Royal Canadian Institute, $4,000; Royal Society of Canada, $17,000; Saskatchewan Research Council, $10,000; Youth Science Foundation, $10,000.

1. (3) General research.

2. All as given in the Report of the National Research Council on Support of University Research, 1967-68.

CRIMINAL LAW AMENDMENT BILL, 1968-69

SECOND READING—DEBATE ADJOURNED

Hon. Lazarus Phillips moved the second reading of Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigations Act, the Customs Tariff and the National Defence Act.

He said: Honourable senators, Bill C-150 which comes to us from the other place is a successor to the omnibus Criminal Law Amendment bill placed before Parliament on December 21, 1967, designated Bill C-195, which died on the Order Paper when Parliament was dissolved prior to the general election of June 1968.

On March 15, 1968, the then Minister of Justice, now the Prime Minister, released a communique in respect of Bill C-195 in which he pointed out that he fully expected the bill would be a matter of great interest to the public, and many representations would be made to delete, change, or add to the proposed amendments. He stated further that as the bill dealt with a number of matters of considerable importance to so many people he introduced the bill with a view that such changes as would appear necessary or desirable as a result of the expected representations would be made.

On December 19, 1968, the present Minister of Justice, the Honourable Mr. Turner, introduced in the other house this successor Bill C-150, and on the same date, to wit December 19, 1968, a further communique was released from his department. In dealing with the present new bill the Minister of Justice referred to the fact that to the extent that Bill C-150 reflected a considerable number of changes that were not in the original bill C-195, the origin for such changes could be largely found as being due to representations that had been received from many sources, including, as he stated, thousands of private citizens, Members of Parliament, provincial attorneys general, members of the Criminal Law Section of the Conference of Commissioners on Uniformity of Legislation in Canada, members of the Clergy, the Canadian Bar Association, service clubs and other clubs and groups, and provincial crown attorneys.

Honourable senators, the bill which has been sent to us from the other house and is presently before us was the subject of considerable debate, not only in the house itself, but in addition thereto there was a series of intensive meetings of the Standing Committee on Justice and Legal Affairs. Indeed, there were 14 meetings of this standing committee on this bill and many witnesses were heard.

In my study of the bill, which I now have the honour to present to you, I should like to state that I have been deeply impressed by the care, caution and competence of the Minister of Justice himself and those who have been associated with him in the drafting of the bill. Although my experience in this chamber is limited, as honourable senators appreciate, in my capacity as a private citizen I do not remember at any time a bill that has received such careful consideration over such a length of time, and where full opportunity has been given to all segments of the community to express their point of view. By this I do not mean to suggest that there is a consensus of opinion. The lack of consensus merely establishes that which is obvious, that in a country such as ours, which contains a pluralist society, there will be present and expressed varying attitudes and points of view.

The bill now before you deals with proposed amendments to seven federal statutes. They are the following:

Part I, the Criminal Code, found in clause 1 to clause 93 inclusive;

Part II, the Parole Act, clause 94 to clause 104 inclusive;

Part III, the Penitentiary Act, clause 105 to clause 108 inclusive;

Part IV, the Prisons and Reformatories Act, clause 109 to clause 115 inclusive.

In respect of the following acts the proposed amendments are consequential:

Part V, the Combines Investigation Act, in clause 116;

Part VI, the Customs Tariff Act, clause 117;

Part VII, National Defence Act, clauses 118 and 119; and clause 120 provides for the coming into force of the act by proclamation.

The bill contains 120 sections, some of them lengthy and in all, taking 126 pages of print.

In order to deal with the foregoing number of matters, the bill is divided, as I have already stated, into seven parts. The amendments to the Criminal Code are dealt with in Part I of the bill and, as stated, are found in clauses 2 to 93, inclusive, of this bill.

Although this bill is generally referred to as the "Omnibus Bill", it is cited in section 1 as the Criminal Law Amendment Act, 1968-69.

It is my intention at the proper time to move that this bill be sent to the appropriate standing committee for detailed consideration. It is my purpose now to deal only with some of the key features of the bill, particularly those which have elicited serious debate and, in certain quarters, very important reactions and differences of opinion. The Criminal Code, to most people, is a forbidding volume. Nevertheless, it is a book of profound significance to us all. It reflects the faults, foibles, frailties and follies of man. Had God adhered to what appeared to be His original intention, there would be no necessity for a Criminal Code.

The Book of Genesis says that "God created man in His image; in the image of God created he him."

Unfortunately, the afterthought of Divinity introduced the following sentence: "Male and female created he them." Divinity was eliminated and mortality was provided. In the process sin and crime have become factors in our evanescent life on this earth.

In chapter 2 of the Book of Genesis we read the following:

> And the Lord God commanded the man, saying, Of every tree of the garden thou mayest freely eat;
>
> But of the tree of the knowledge of good and evil, thou shalt not eat of it: for in the day that thou eatest thereof thou shalt surely die.

Here we have, honourable senators, a frightening duality of man who is made capable of performing great good but, unfortunately, also knowledgeable in the art of doing great evil. The grim consequences of this duality of man's character is reflected in the brutality and oceans of blood that characterize life on this planet. In order to deal with this unfortunate situation mankind, in due course, settled into varying forms of society and in the process evolved laws to curb, curtail and, if possible, eliminate to a degree the evil acts of their fellowmen.

Mankind, therefore, for the common weal required protection against certain acts of man. Such protection is reflected in the Criminal Code. In other instances certain wrongful acts merely elicit contempt and opprobrium. The distinction between sin and crime has taxed the mental capacity of theologians, philosophers and great jurists. In ancient times the distinction between sin and crime was blurred. It was a sin against God to kill, and a sin against man to kill. It was a sin against God to covet your neighbour's wife; it was also a sin against man.

With the passage of time there was evolved a distinction between acts of man that are considered offensive and that are merely described as more or less sinful, as against other acts which are found to be clearly deleterious to the well-being of all with the result that they are identified as crimes, and the necessary sanctions to deal with the same are introduced in a Criminal Code.

The matter is further complicated by important serious and well-defined religious convictions that are held by many people; they are the serious and Godly people who recoil against the attempt to remove certain acts from the criminal category and shift them over merely to the sinful category.

The Fathers of Confederation in our British North America Act realized the importance of dealing with the subject of Criminal Law on a national basis, and it is for this reason that this bill, honourable senators, is a subject that must be dealt with by the Parliament of Canada.

It is comforting to note *en passant* that in these days of the galloping welfare state on the national, provincial and municipal levels it is not yet an indictable offence for a self-respecting citizen to earn his living by the sweat of his brow.

In reading the debates in the other house on this bill and the consideration in committee, I was profoundly moved by such expressions of religious conviction which precipitated in some deep emotional resistance to some provisions of this bill. Although one must respect such sincerity and reflections of profound religious feeling, they must, with the greatest respect, not blind us to the necessity of dealing with these matters on a purely secular basis.

Coming as I do from a race that has given great religions to this world, I would be the last from whom there should be expected any observation other than that of profound respect for those whose views are animated by religious convictions.

With the time at my disposal, it is not my intention to deal with the historical aspects of the evolution of the Criminal Code and the various amendments that have been made. I should, however, like to say a few words about the background of the present Criminal Code.

A commission was set up in the United Kingdom in 1878 for the purpose of preparing a draft Code which would deal with the subject matter of indictable offences. A draft bill was attached to the commission's report in 1879. This draft bill never became law in the United Kingdom but, with some modification, it was enacted by the Parliament of Canada as a Criminal Code of 1892. From time to time Parliament has dealt somewhat haltingly with various amendments that the experience of time dictated as being necessary. The trend of modern thought is to be somewhat more sympathetic to a person committing a criminal offence. There is in such a modern attitude to an offender an amalgam of pity, sympathy and understanding, tempered further by the dictates of religion and revelations of science.

I will be coming soon to a consideration of the more important amendments in this bill but before doing so I should like to draw the attention of honourable senators to certain amendments which attempt to give effect to the more sympathetic treatment of offenders or alleged offenders.

(1) The publishing or broadcasting of evidence adduced at a preliminary inquiry will be prohibited if that is the wish of the accused, but such publishing or broadcasting is merely postponed; and this is independent of the views of the accused. This is in line with the law presently applicable in respect of admissions or confessions.

(2) The subject matter of the unfitness of an accused to stand trial is dealt with. The court will now be permitted to postpone dealing with the issue of the fitness of the accused person to stand trial, until after the evidence presented by the prosecutor will have been heard. If that evidence is not sufficiently strong to make out a case against the accused, he will be acquitted and the question of his fitness to stand trial will not be inquired into. If the accused requires mental treatment he will be dealt with in the ordinary way under the provincial laws relating to mental health.

(3) Extensive amendments are being made with respect to the law relating to suspended sentences and probation, which will enable the courts to make more liberal use of probation in proper cases.

(4) There are certain amendments with respect to the procedure relating to appeals in summary conviction cases, which are designed to make it easier and less costly to appeal.

(5) Detention of witnesses will now be considerably modified as a result of the proposed amendments, so that no prospective witness will be detained in custody for any period exceeding 30 days unless prior to the expiration of that period he has been brought before a judge of a superior court of criminal jurisdiction in the province in which he is being detained, and the matter will be dealt with in the manner indicated in the amendments, but in any event a witness may not be detained for a period in excess of 90 days.

(6) In certain instances jury trials may be continued notwithstanding death or discharge of certain members of the jury in respect of certain offences.

An example of a revision of the new procedure before certain criminal courts is reflected in the proposed amendments under Section 553 of the Criminal Code. The amendments now provide the following:

> The proposed amendment would authorize the trial judge to continue a trial unless the number of jurors is reduced below ten or in the Northwest Territories and Yukon Territory, where six persons constitute a jury, below five. On the other hand, a trial judge will also have authority to discharge the jury if, in his opinion, the case should be heard by a full jury. This last mentioned discretion might be exercised, for example, on the trial of an accused for a very serious charge where a juryman died or became too ill to continue to act at the outset of the hearing.

(7) The abolition of minimum sentence is eliminated, in respect of theft from the mails. Other minimum sentences continue in the Code, e.g., impaired driving and murder.

These amendments to which I have just referred will be of more interest to my fellow lawyers, and I immediately assure my fellow honourable senators that it is not my intention to bore you with the intricacies of

the law. I have merely summarized the nature of the amendments. Those interested will have, I hope, full opportunity to deal with these matters in the committee stage or general debate, if they so desire.

There have also been introduced some new offences, such as the following:

(1), An amendment will now make it an offence to sell, offer for sale, advise, purchase or possess an automobile master key in the province, other than under the authority of a licence issued by the Attorney General of that province.

(2), Harassing telephone calls will now constitute an offence. The ingredients of the offence are the making of, or causing to make, repeated telephone calls to a person with the intent of harassment. A great many persons at one time or another have been subjected to this type of harassment, and we hope that this will reduce this type of behaviour.

(3), An important amendment has been made with respect to the subject matter of cruelty to animals. The most significant change will enable the court which convicts that person to make an order prohibiting that person from keeping a domestic animal or bird during any period not exceeding two years from the date of conviction.

A study of the amendments of the Parole Act, the Penitentiary Act and the Prisons and Reformatories Act reflects a more humane treatment of prisoners and a more respectful treatment of the problems that arise in respect of their detention and consequential treatment.

The Combines Investigation Act, the Customs Tariff Act and the National Defence Act will be found in the latter part of this bill under different Parts.

Honourable senators, your patience and indulgence has enabled me to deal in general terms with broad aspects of this bill, and I now proceed to survey, I hope succinctly, some of the proposed amendments which are of great interest and which, as I have already stated, have elicited expressions by way of serious differences of opinion.

I propose to deal with the following items: lotteries, clause 13; firearms, clause 6; drinking and driving, clause 16; therapeutic abortions, clause 18; exceptions respecting certain sexual offences, clause 7.

I come now to the first item, lotteries, clause 13. The amendments propose significant changes in relation to the law respecting lotteries. When the word "lotteries" or the phrase "lottery scheme" is used, this means more than disposing of prizes by the drawing of lots. It includes games of chance generally. It will now be possible for a provincial government, either alone or in conjunction with one or more provincial governments or the federal government, to conduct lotteries. It will, however, be unlawful for a province to extend the operations of the lottery scheme into another province without the consent of the government of that other province.

The prior Bill C-195 would have placed a $10,000 annual limit on the value of the prizes which charitable or religious organizations would have been authorized to distribute through lottery schemes. It has been ascertained that the value of prizes distributed by these organizations varies greatly in different parts of Canada, and it is now considered that the better course would be not to place any restriction on the value of these prizes but to leave the limits to be prescribed in the licence issued to these organizations by the provincial authorities.

In addition to the provincial and federal governments, those allowed to engage in lotteries under this section are charitable and religious organizations, agricultural fairs or exhibitions, or operators of concessions leased by the board under such fair or exhibition, or other persons licensed by the province.

Item 2, firearms, clause 6, is an amendment which will revise the provisions of the Criminal Code dealing with offensive weapons in order to make more effective the control over the possession and use of firearms and other weapons. The purpose of the proposed amendment is to make more effective, for reasons of public safety, the control over and use of them. To this end the Governor in Council is authorized to determine a list of weapons, prohibited and restricted in use. It is now provided that shotguns and rifles of a kind now commonly used in Canada for hunting or other sporting purposes are to be excluded from such list.

A new section is added enabling a provincial attorney general, upon application to a superior court of criminal jurisdiction, to seek an order for the seizure and disposal of firearms or other offensive weapons or any ammunition or explosive substance upon the ground that it is not desirable in the interests of the safety of the person in possession thereof, or of other persons, that he continue in such possession. The superior court would be authorized to order that any such article be sold or otherwise disposed of on fair and

reasonable terms. The court would also be authorized to make an order prohibiting the sale of a firearm, other offensive weapon, ammunition or explosive substance to that person, and any sale made knowingly in contravention of the order would be an offence punishable on summary conviction.

It will be a new offence for a person to sell, give or lend a firearm or other offensive weapon, ammunition or explosive substance to a person who he knows or has good reason to believe is of unsound mind.

It will be a new offence to use, carry or possess any firearm or ammunition in a manner that is dangerous to the safety of any person.

A provision is made for the distinction between restricted weapons and prohibited weapons, and the necessary flexibility is granted in order to deal with the subject matter of restricted weapons from the point of view of revocation of licence. There are 12 important provisions in this clause, some of which I have mentioned, but time prevents me from dealing with them further at this stage.

Item 3, drinking and driving, clause 16, provides for the repeal of the present sections 222 to 224 of the Criminal Code, and other sections which substitute therefor. The amendments proposed by this clause would eliminate the offence presently created by Section 222, of driving or having care or control of a motor vehicle while intoxicated, but would retain the "impaired" offence presently created by section 223. The new offence of driving or having the care or control of a motor vehicle at a time when the quantity of alcohol in the blood of the accused is 80 milligrams of alcohol in 100 millilitres of blood would be created under the proposed section 224.

The prior Bill C-195 proposed the creation of a new offence whereby a person would be prohibited from driving or having care or control of a motor vehicle while the proportion of alcohol in his blood exceeds 0.10 per cent. However, traffic accidents in Canada rose again during the first six months of 1968 as compared to the same period in 1967. For example, total accidents were up more than 5 per cent and injuries were up more than 8 per cent over the corresponding period in 1967. As the very thorough Grand Rapids study of the role of the drinking driver in traffic accidents showed, the probability of accident involvement increases rapidly at blood alcohol levels over 0.08 per cent. An accident-involved driver in this class is almost twice as frequently involved in a fatal or serious accident as the non-drinking driver. It has, therefore, become apparent that the legislation must set a blood alcohol level which the hard facts of death and destruction demand.

The present bill therefore reduces from 0.10 per cent to 0.08 per cent the level above which it will be an offence to drive. This level was recommended by the Canadian Bar Association, by the Standing Committee on Justice and Legal Affairs, and is the level established in the British Road Safety Act of 1967 following the recommendation of the British Medical Association. The offence of having .08 per cent of alcohol in the blood while in the care or control of a motor vehicle will not carry the same penalties as the offence of driving or having control of a motor vehicle while impaired. The penalties prescribed in Bill C-150, when it was introduced in the other house, for refusing to take a breath test and in respect of the .08 per cent alcohol in the blood when in the care or control of a motor vehicle were as follows:

> ...is guilty of an indictable offence or an offence punishable on summary conviction and is liable
>
> (a) for a first offence, to a fine of not more than five hundred dollars and not less than fifty dollars or to imprisonment for three months or to both;
>
> (b) for a second offence, to imprisonment for not more than three months or not less than fourteen days; and
>
> (c) for each subsequent offence, to imprisonment for not more than one year and not less than three months.

This was changed by the Standing Committee on Justice and Legal Affairs to provide that such a person

> ...is guilty of an offence punishable on summary conviction and is liable to a fine of not less than fifty dollars and not more than one thousand dollars or to imprisonment for not more than six months, or both.

The other house accepted the change made by the Standing Committee on Justice and Legal Affairs and the bill which is now before us reflects such amendment.

The offence of driving while intoxicated will no longer appear in the Criminal Code, but the present offence of impaired driving—which by its terms also covers drunken driving—remains unaffected by the change in the law and, therefore, whether the proportion of

alcohol in the blood of the driver does or does not exceed 0.08 per cent, he is guilty of an offence if he drives while his ability to drive is impaired by alcohol or by a drug.

The law is also changed to make it compulsory for a driver to take a breath test when required to do so by a police officer who has reasonable and probable grounds to believe that the person's ability to drive is impaired. In order to ensure effective enforcement of the law it will be an offence for a driver to refuse, without reasonable excuse, to take the test in these circumstances. It should be pointed out that a driver is not compelled by the Criminal Code to submit to any test other than a breath test. There is no requirement that a driver should submit to a blood or a urine test.

To summarize, three offences are provided for under this heading. There is the offence of impaired driving, which is continued from the present Code; there is the new offence of having a statutory level of alcohol in the blood—0.08 per cent; and there is the third offence of failing to take the compulsory breathalizer test which establishes that statutory level.

Item 4, clause 18, deals with therapeutic abortion. Before dealing with the subject matter of this clause, I should like to point out that the debates in the other house and in committee have reflected some confusion with respect to the subject matter of abortion, as distinguished from other related matters. Clause 14 of this bill relates to section 195 of the Criminal Code and, as a result of an amendment, the phrase "after becoming a human being", has been inserted. Section 195 is, in effect, a homicide section. It specifically covers situations involving the homicide of a child after the latter has become a human being. It covers the situation where injuries are inflicted on a child before or during its birth as a result of which it dies after becoming a human being. Clause 15, which deals with section 209 of the Code, is now changed by the insertion of an amending phrase "in the act of birth" and is, in effect, clarification of what is considered to be the Canadian and English law on the subject. Section 209 is, therefore, also a homicide section, but it deals with the subject matter of an act involving the killing of a child before becoming a human being, but at the act of birth.

Clause 18, which I am about to discuss, deals by way of distinction with the subject matter of abortion and refers, in effect, to that which is done to eliminate the foetus prior to the act of birth. There has been considerable misunderstanding as to the scope of the proposed amendment. In some of the speeches in the other house and in committee it was claimed that the proposed amendment legalizes abortion. This is not so. There are some at the other end of the spectrum, who contend that the proposed amendment does not change the law at all. A position between the two extremes seems to be sounder in dealing with this matter.

I do not claim to be knowledgeable in medicine and certainly not in theological disputation. The terrible issue that confronts some men of conscience as to whether human life is being destroyed at any stage when therapeutic abortion takes place, is one with which I am not competent to deal.

Differences of opinion will no doubt remain until the end of time. I can only say that this proposed amendment which allows for therapeutic abortion is very narrow and very restricted in its application. Such abortion is only allowed when a therapeutic committee of a hospital certifies in writing as to its necessity, because that committee entertains a view that the continuation of the pregnancy of the female person will likely endanger her life or health.

When originally introduced in the other house, the bill provided that abortions might be carried out legally only at the 401 hospitals accredited by the Canadian Council of Hospital Accreditation. As a result of an amendment in committee, and approved by the other house, it is proposed that abortions will also be permitted at hospitals approved by provincial ministers of health. It should be emphasized that the proposed amendments concerning abortion do not in any way compel hospitals to establish therapeutic abortion committees nor, of course, is any woman thereby compelled to submit herself to that kind of therapy.

It is a considered view of the Government, which is introducing this bill, that a therapeutic abortion should be allowed within this narrow sphere, and it is fervently hoped that those whose religious conscience is stirred by this amendment should not feel that their religious convictions have been slighted or ignored in any way.

The matter has been approached from a purely secular standpoint. As an example of the caution with which this matter has been dealt with, I should like to draw your attention, honourable senators, to a bill which has been introduced by Governor Rockefeller

before the Legislature in Albany, in which that house has been asked to authorize legal abortion in the following cases:

(1) When the pregnancy endangers the mother's life;

(2) When continuance of the pregnancy would gravely impair the physical or mental health of the woman;

(3) When the woman has a physical or mental condition that would render her incapable of caring for the child;

(4) When there is a serious risk the child would be grossly malformed physically or mentally;

(5) When the pregnancy resulted from rape;

(6) When the pregnancy resulted from incest;

(7) When the pregnancy occurred in a girl under 16 years old and still unmarried.

I think that the comparison between the proposed amendment under Bill C-150 and that presented in the Legislature in the State of New York reflects the care, caution, consideration and conservatism of the present administration in dealing with this difficult and troublesome problem.

The ultra-liberal proposal endorsed by Governor Nelson A. Rockefeller was defeated late in April of this year in the New York Assembly by the close vote of 78 to 69. It, nevertheless, I think supports my view that our Government has been extremely cautious and conservative in dealing with the subject matter.

In 1967 the British Parliament passed an act that permitted a registered physician to perform an abortion, provided that at least one other physician concurred in his judgment on any one of three conditions, as follows:

> (1) That continuation of the pregnancy would involve greater risk to the life of the woman than if pregnancy ended;
>
> (2) That its continuation would involve greater risk of injury to the physical or mental health of the woman or of any existing children of her family;
>
> (3) That there would be a "substantial risk" that the child would suffer from such physical or mental disabilities as to be seriously handicapped.

There is such uncertainty in the state of the law at the present time in Canada—this being amply developed in the statements of the Minister of Justice, and in the other house and in committee and by others—that it is highly desirable at least to settle what will now be the legal position.

I should like here to refer again to the release of March 15, 1968 from the office of the then Minister of Justice, now our Prime Minister. I quote from this release in order that the situation may be clarified, and those who care to read it will clearly understand the position taken by him and by his Government on the subject. In that release the subject matter of abortion was dealt with as follows:

> With respect to the proposed amendments to Section 237 of the Criminal Code which deals with the offence of abortion, some say that we are going too far in amending the existing law relating to abortions performed in hospitals and others that we are not going far enough. In fact, no one can say with any degree of certainty what the present law in Canada is in relation to such abortions.
>
> The legal officers of the Department of Justice have been unable to find a single reported case, involving a charge under Section 237, which discusses abortion for medical reasons as a defence to a charge of procuring a miscarriage. Some experts claim that there is no defence whatever to a charge of procuring a miscarriage based upon medical considerations; others argue that a miscarriage may be procured if it is necessary to preserve a woman's life; and still others maintain that the law is not being amended in substance in Bill C-195—

That is to say, the old bill.

> —but is merely being codified and that the Bill simply reflects what is now being done in hospitals under responsible management by ethical members of the medical profession with the tacit, if not the express approval of those responsible for the administration of the criminal law. It was reported in 1967 that in a number of Toronto hospitals abortions were being performed based upon considerations relating to the health of expectant mothers. It is a fact that such abortions are performed in hospitals in other parts of Canada as well.
>
> It is important that the existence of this obscurity in the law be borne in mind by persons making representations about the proposed amendments. It would be much more useful and accurate to talk about what the law should be rather than objecting to amending the "existing law"

> when there is serious doubt about what that law is. Whatever divergent views may be held concerning what the law should be, there is, I believe, a real need for clarification of this very important matter—important not only to the medical profession, but to the public generally.

I do feel, the more I have studied this matter, that the Prime Minister, supported by his colleagues, has come to the right conclusion in suggesting this amendment. It can hardly be described as a leap in the dark, but rather reflects the care and thoughtful consideration that has been given to the subject in the hope that, at least in special instances, the life and health of a mother will be protected.

In the final analysis, it is felt that relief under special circumstances must be provided for a pregnant mother whose life and health would be endangered if the therapeutic abortion were not allowed.

I now come to the last item, exceptions respecting certain sexual offences, clause 7.

Honourable senators, clause 7 of the bill now before you proposes an amendment by adding to sections 147 and 149 of the Criminal Code a section which is to be known as section 149A. The exceptions to the criminal offences dealt with in sections 147 and 149 are in respect of acts done in private between husband and wife, or by any two persons, each of whom is 21 years of age or more, both of whom consent to the commission of the act. The criminal offences under sections 147 and 149 reflect the activities of what are commonly known as homosexual and comparable deviates on the distaff side, and they include, in addition, acts of gross indecency therein described.

As the concepts of privacy and consent are basic to the exception, "privacy" and "consent" are very carefully defined in the amendment.

We are facing the troublesome problem here, honourable senators, of the physical make-up of certain men and women where there are present abnormal factors causing them to indulge in certain acts which have been deemed by the conscience of people to be unacceptable. It has long been a matter of concern as to whether these people should either be pitied or prosecuted. The trend in modern civilized society is to be appreciative of the urges and difficulties to which these people are subject, and it is felt that as long as these are acts not affecting people at large, then such acts, no matter what the feelings produced in the process, should not be regarded as criminal offences. In effect, the private acts of these persons, and the private acts of husband and wife, should be left to their own judgment, conscience, and responsibility in terms of their accounting to themselves and to their Maker. As long as these acts are performed in private, and done without affecting the eyes and feelings of others, it is proposed that these be not classified as criminal offences.

In the United Kingdom on August 24, 1954 there was a committee of twelve men and three women set up under the chairmanship of Sir John Wolfenden, and evidence was taken at great length on this very difficult matter. The conclusions of the committee were, in the main, enacted into the law of the United Kingdom.

With the indulgence of honourable senators I should like to quote from page 8 of the press release of the Department of Justice dated March 15, 1968, to which I have referred previously, which contains an excerpt from the report of the Wolfenden committee.

> The considerations which led to the placing of these proposed amendments—

Those are the ones we are now considering.

> —before Parliament are well defined in the following extract from the report of the Committee established in the United Kingdom under the chairmanship of Sir John Wolfenden, and which led to similar legislation being enacted by the United Kingdom Parliament last July:
>
> > "There remains one additional counter-argument (against continuing to regard homosexual acts between consenting adults as criminal behaviour) which we believe to be decisive, namely, the importance which society and the law ought to give to individual freedom of choice and action in matters of private morality. Unless a deliberate attempt is to be made by society, acting through the agency of the law, to equate the sphere of crime with that of sin, there must remain a realm of private morality and immorality which is, in brief and crude terms, not the law's business. To say this is not to condone or encourage private immorality. On the contrary, to emphasize the personal and private nature of moral or immoral conduct is to emphasize the personal and private responsibility of the individual for his own actions, and that

> is a responsibility which a mature agent can properly be expected to carry for himself without the threat of punishment from the law."

The press release of the Department of Justice continues:

> We live in a pluralist society in which there are varying attitudes about what is moral and what is immoral. The moral conduct of individuals in private should not be the subject of public morality or a part of the criminal law unless this is necessary to preserve public order or to protect persons from harm or injury.

Part of the recommendations of the Wolfenden Committee are reflected in the proposed amendment now before honourable senators, and although there is no unanimity on this point, it is felt that one should bow to the general consensus that such acts as referred to above, provided they are done in private, shall not be regarded as offences and should not bring with them the contumely in the sense that the persons involved in such acts should be regarded as criminal offenders.

This bill is an attempt within a limited sphere to temper justice with mercy. To borrow a famous phrase used by Sir Winston Churchill in another context, the bill before us reflects a considered and thoughtful effort to "clothe crime with coherency".

As I stated earlier, honourable senators, in due course it is my intention that this bill be sent for consideration by the Standing Senate Committee on Legal and Constitutional Affairs. Thank you for your attention, honourable senators.

Hon. Senators: Hear, hear.

On motion of Hon. Mr. Choquette, for Hon. Mr. Sullivan, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Leave having been granted to revert to Reports of Committee:

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 715 to 731, inclusive, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

The Senate adjourned until Tuesday, May 27, at 8 p.m.

THE SENATE

Tuesday, May 27, 1969

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

Prayers.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-153, to amend the Historic Sites and Monuments Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

COUNCIL OF EUROPE

MEMBERS OF CANADIAN SENATE ATTEND CONSULTATIVE ASSEMBLY MEETINGS

Hon. Paul Martin: Honourable senators, may I briefly mention that His Honour the Speaker, the Leader of the Opposition, Senator Aird and I have been away attending the Consultative Assembly of the Council of Europe. We also visited Czechoslovakia, on the invitation of the government of that country. It is not my intention this evening to make a report on that visit, but a report will be made before the end of the present session. I should like to say on behalf of the Leader of the Opposition, Senator Aird and myself how proud we were of the Speaker of the Senate for the capable way in which he directed our delegation when we were in Czechoslovakia.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Together with the President of the Privy Council and members of the various political parties in the other house, we were observers at the Consultative Assembly of the Council of Europe. This was the second occasion in the twenty-year history of that organization, which owes its genesis of inspiration to the late Sir Winston Churchill, that Canadians were privileged to attend as observers.

As I have indicated, we will make a report later on our visit and on matters involving the relationship between Canada, the Council of Europe and, in particular, our impressions of Czechoslovakia where we were honoured guests of the government of the country.

I say on my own behalf, and I know I speak also for my colleagues who were with me, that we are very glad indeed to be back in the Senate.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of The Seaway International Bridge Corporation, Ltd., including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of The St. Lawrence Seaway Authority, including its Accounts and Financial Statements certified by the Auditor General, for the year ended December 31, 1968, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Supplementary Report of The Canadian Wheat Board on the 1967-68 Pool Accounts for Wheat, Oats and Barley, certified by the Auditors, pursuant to section 7(2) of the Canadian Wheat Board Act, chapter 44, R.S.C., 1952. (English and French texts).

Budget Papers, June 1969 (English and French texts), for the information of Parliament, as follows:

Part I—Economic White Paper for 1969.

Part II—Review of Government Accounts 1968-69.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move, with leave of the Senate, seconded by the honourable Senator McDonald, that when the Senate adjourns today it do stand adjourned until Thursday next, May 29, at 2 o'clock in the afternoon.

We will not be sitting in the chamber tomorrow because there will be at least five committee meetings. This will give them an opportunity to progress with their work.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, before proceeding with Inquiry No. 1, standing in the name of Senator Macdonald, I ask leave of the Senate to proceed directly with Items 3, 4 and 5 on the Orders of the Day. Their consideration will not take long. This will enable the Chairman of the Standing Senate Committee on Banking, Trade and Commerce to prepare for that committee's meeting tomorrow morning.

Hon. Senators: Agreed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-35, to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments, which was presented on Thursday, May 22.

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking, Trade and Commerce, moved that the report be adopted.

He said: Honourable senators, this report is in respect of Bill S-35, which amends the Canadian and British Insurance Companies Act, and was considered in committee last week. The report of the committee proposes two amendments, which I would point out were sought by the departmental officers and have a beneficial purpose.

The bill provides for a new section 33 to the Canadian and British Insurance Companies Act, dealing with a prohibition on investments or loans in relation to companies where the transactions would not be at arm's length. The first amendment is to the new section 33(4) on page 17 of the bill, and appears at page 1437 of *Hansard* of last Thursday.

The purpose of subsection 4 was to provide for the tracing of influence of a person by share ownership through a series of subsidiaries to prevent the avoidance of the prohibition—that is, the non-arm's-length prohibition—in relation to investments and loans by the device of inserting what is called a screening corporation to stop the tracing of ownership. The amendment is to make it perfectly clear that the type of kind or class of share to which this prohibition is intended to apply is that of voting shares only.

The other amendment is to subsection 5, which is also on page 17 of the bill. Its intention was to make clear that notwithstanding the prohibition in relation to non-arm's-length transactions, where investments or loans are being made, this was not to interfere with a life company making a loan to or an investment in its own subsidiary. Apparently the language of subsection 5 left something to be desired, and therefore this amendment is required to clarify that situation.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

TRUST COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-37, to amend the Trust Companies Act, which was presented on Thursday, May 22.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, in connection with Bill S-37, to amend the Trust Companies Act, which was also before us last week, similar amendments to those which I described in relation to the life insurance companies bill were made in the trust companies bill. For easy reference, this will be found on page 44 of the bill, dealing with the same two subsections, being subsections 4 and 5 to section 68D and having their genesis in the general prohibition against investments or loans where the transactions are at non-arm's length.

In addition to this, there was an omission in connection with trust companies that this amendment seeks to correct. I refer to paragraph (m) of section 25(5) on page 33 of the bill. This was intended to enlarge the powers of investment of trust companies in leasehold property and, while it went to a considerable distance in enlarging those powers, one important addition that was intended was omitted. It was that the additional powers of investment for trust companies should extend to permit them to make investments for the

provision of income if the real estate release were to be made with a government or with a corporation whose shares are eligible investments. It was desired to put this provision in the Trust Companies Act because several years ago it had already been included in the life insurance companies bill.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

LOAN COMPANIES ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-38, to amend the Loan Companies Act, which was presented on Thursday, May 22.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, the explanations grow easier as we move along, because in relation to Bill S-38, an act to amend the Loan Companies Act, the amendments made to that bill incorporate the provisions made by way of amendment to the Trust Companies Act, which is Bill S-37. In other words, the amendments carry through the three bills, S-35, S-37, and S-38, in relation to the prohibition of investment or loaning where the companies, the parties, are not at arm's length. This includes the exception provided in each of those cases, and also the one which I explained in relation to the Trust Companies Act, of extending the power of investment to leaseholds where the lease is to or with a government or with a corporation whose shares are eligible investments.

Report adopted.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

PETROLEUM AND RELATED INDUSTRIES

NATIONAL POLICY—INQUIRY

Hon. Earl A. Hastings rose pursuant to notice:

> That he will call the attention of the Senate to the problems presently of concern to the petroleum, petro-chemical and related industries of Canada, and in particular to the urgent need for establishment of a national policy with respect to these industries which will enable them to serve the national interest of Canada in the face of changing techniques, discoveries, opportunities and challenges.

He said: Honourable senators, on February 13, 1969, I made observations in this chamber on second reading of Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories. On that occasion—which was in fact the twenty-second anniversary of the Leduc Discovery No. 1—I emphasized the unprecedented growth of the Canadian industry over the past two decades and the contribution it had made as a powerful stimulus in the postwar growth of Canada. That industry development has witnessed crude oil production increase from 21,000 barrels a day in 1947 to 959,000 barrels a day in 1967 and to more than a million barrels a day in 1968, which resulted in Canada emerging as one of the top-ranking producer states of the world, playing an integral and important role in the world petroleum economy.

I also reviewed for the benefit of all honourable senators the newest and most exciting industry challenge manifested in the bid to conquer the geological secrets of the Arctic, triggered by a discovery on the North Slope of Alaska.

I indicated at that time that the state of industry could be summarized in three words: satisfaction, optimism and uncertainty. There is satisfaction in that, in retrospect, the industry could view 22 years of continued progress in concert with the economic development of Canada. There is optimism as it directed its efforts northward with exploration programs in the Yukon, the Northwest Territories and the far reaches of the Arctic.

Uncertainty and concern, however, prevail in the light of continued market curtailment and marketing problems, all of which have been aggravated by the disclosure of an undertaking to ensure that exports from

Canada to the United States districts I to IV—which is essentially the midwest United States east of the Rockies—will not exceed 306,000 barrels a day in 1969, and to ensure that future annual increases will be held to 26,000 barrels a day, meaning an annual rate increase of only 4 per cent. This would mean that exports would grow to 358,000 barrels a day by 1971.

For the first time since 1959, industry has been forcibly advised that the quota must be adhered to or export controls will be applied. Ironically, we have United States refiners in the U.S. Midwest nominating for an average of 358,000 barrels a day for the first four months of 1969.

There is apprehension in regard to the Task Force instituted by President Nixon in connection with a policy review of the United States import quota program. There is puzzlement and anxiety as to the future of the national oil policy and the effects of new refining capacity either under construction or proposed in the Maritimes and Quebec. Improvements are designed to utilize 520,000 barrels a day of off-shore crude oil, which will double the present refining capacity of the area.

In addition, there has been a disruptive influence on the national oil policy owing to the disclosure that 28.3 million barrels of refined petroleum products of foreign origin penetrated the region west of the Ottawa Valley in 1968 in violation of policy "guidelines."

The full impact of Prudhoe Bay on present marketing patterns still has to be fully assessed, together with the effect of increased synthetic production from the bituminous sands area of Alberta.

I think possibly the best description of the industry today was given by R. A. Brown, President of Home Oil Company, speaking in New York on May 22 to the New York Analysts Group. He said:

> In a word, we have a very confusing situation in Canada which demands clarification. But we have no monopoly on confusion for we are also affected by the contradictions in the oil and gas import policies of the United States.

The Canadian petroleum industry today faces the future against the background of these difficult, complex and critical problems. In drawing your attention to the state of the industry, I respectfully submit that there is an urgent need for parliamentary and government action within the next six to eight months to assist in examining options and setting goals, initiatives and policies in order that it may fulfil an even greater role in our future economic growth.

It is simply not good enough to live in expectation with forms and charts indicating that increased demand for Canadian crude in the next decade or two will solve all our problems. I need only remind you that just a year ago marketing prospects for the Canadian crude were never brighter—that it would be but a matter of time before Canadian producers would be able to market all their production. However, a wildcat strike on June 24, 1968 at Prudhoe Bay had a traumatic effect on that profound prophesy. A wildcat strike tomorrow on Melville Island in the Arctic or on the eastern seaboard—that is the Atlantic off-shore—would have the same effect.

I simply say this to point out that it is fallacious to be planning on a simple projection of the past and present. As valuable as this information may be, it is a fact of life that we live in a world of rapid evolution. The only constant is change, and we know not the problems and circumstances of the future.

What is needed, and needed now, is a total commitment by concerned governments, supported by industry and public opinion, to the immediate need of establishing a truly continental energy concept, of which a flexible oil policy will be an integral and important component.

If we as Canadians on this continent are prepared to make this commitment, and I believe we are, then we as parliamentarians should give leadership in the evolvement of a flexible oil policy geared to changing conditions and opportunities offered. Such a policy would be based on the concept that as Canadians we may live independently within the framework of an interdependent world. Such a policy demands that we be prepared to take advantage of the benefits offered by participation in and contribution to the North American economy.

By participation in the economy of the North American continent I wish to make succinctly clear that I mean decisions based on a common understanding of mutual concerns and not unilateral decisions and policies designed for the benefit of one participant at the expense of another.

There is, however, a segment of American industry—and indeed of Canadian industry—unwilling to accept the "continental concept".

This segment advocates the isolation of the United States oil market for the domestic petroleum industry of the United States. Their's is a protectionist policy that can succeed only by the imposition of import quotas, both mandatory and voluntary, on Canadian crude imports. It is the garrison state approach that enforces the 49th parallel as a boundary in continental security and defence and precludes participation by the Canadian oil industry.

One of the spokesmen for this group, Senator Russel Long of Louisiana, carried his defence of this outdated policy from the ridiculous to the sublime in the United States Senate recently in the following dialogue with Senator Proxmire of Wisconsin. I quote from the *Congressional Record* of April 15, 1969:

> Mr. LONG. ...How does the Senator know whether a war would not break out between the United States and Canada...
>
> That could happen. Has the Senator ever heard of the War of 1812?...
>
> Mr. PROXMIRE. Is the Senator from Louisiana really serious about that?
>
> Mr. LONG. It is not inconceivable.
>
> Mr. PROXMIRE. Canada and the United States would engage in a prolonged war that would hold up our ability to produce oil in this country?
>
> Mr. LONG. It is entirely conceivable to the Senator from Louisiana.

In concluding his remarks with respect to Canada-United States relations, the good Senator Long embarked on a misguided journey in international affairs to prove the insecurity of Canadian oil. He indicated that in any future war or confrontation between the United States and Russia—and this was also conceivable according to the senator from Louisiana—Canadians would be punished by Russia for supplying oil to the United States. Our cities would be bombed like Hamburg and Berlin were in the last war, leaving our petroleum industry prostrate and unable to function. In these circumstances, Senator Long also indicated, American cities and that great defender of freedom and national security, the domestic petroleum industry of the United States, would remain completely intact to serve the United States economy without interruption.

After those remarks, Senator Long returned to reality. I quote again from the *Congressional Record:*

> As far as relying on that oil is concerned—

That is Canadian oil.

> —some people say we ought to have a common market on oil. Perhaps we should, but if we did, we should have an agreement that Canada would play the game by the same rules we have. We are not going to be able to play competitively with Canada if we let Canada play by her rules.

Honourable senators, I submit to you that there is an invitation and an opportunity to Canada and to those officials that are carrying on these discussions to prove to the distinguished senator from Louisiana, and if not successful with him, to prove to the Government of the United States that our geographical attachment, our political stability and our rich oil resources put us in a special position on the North American continent and certainly put us in a similar position within the structure of the American oil import regulations.

Commenting editorially on the speech by Senator Long, the New York *Times* on April 28 said as follows:

> Senator Philip A. Hart, of Michigan, Chairman of the Senate Anti-Trust Subcommittee, provided brilliant documentation of the case against import quotas in a recent series of hearings. Independent experts were virtually unanimous in characterizing the import quotas as an unnecessary burden upon consumers and a deterrent to efficiency and long run profitability in the oil industry.
>
> Domestic interests will have an opportunity to reply at future hearings. Perhaps they can then answer a question to which Senator Long, in his thespian role, did not address himself. If vast domestic reserves of crude oil are essential to the national security why not take effective action to conserve them by removing the quotas on imports?

At subsequent hearings of that Senate Anti-Trust Committee, another distinguished senator, Senator Edward Kennedy of Massachusetts, is reported in the Toronto *Globe and Mail* as saying:

> The United States should consider Western Canadian oil reserves sufficiently secure to permit it to ease its mandatory oil import program...
>
> The Massachusetts Democrat took issue with the testimony of a spokesman for U.S. oil producers who claimed relaxation

of the import controls would threaten U.S. national security by making the nation too dependent on outside sources.

Senator Kennedy dismissed as "unconvincing" the oil industry's contention that easing the import controls—which guarantee U.S. producers 87.8 per cent of the domestic consumer market—would threaten national security.

There are many, and it is unfortunate there are many, who share the views of Senator Long. They cling to the outdated idea that the United States is self-sufficient and international involvement is a benevolent paternalistic gesture to assist the unfortunate. They look solely to the internal United States economy, rejecting the concept of being part of one interdependent world.

The "American First" policy advocated completely overlooks the fact that our two countries have joined in many aspects of mutual defence and security, such as NORAD, with various lines of common defence in the early and distant warning devices constructed on Canadian soil.

Economically, their views conveniently fail to realize that for all practical purposes there is no boundary with respect to American investment and development of our resources, a condition that has resulted in significant United States ownership of industry. Yet they reciprocate with a policy that refuses the same consideration in respect to marketing.

Their plans reject the economic inter-relationship presently existing and disregard the obvious benefits provided to both consumer and manufacturer in both countries when tariffs and other impediments to trade are removed. This was vividly demonstrated by the automotive program resulting from the Canada-United States agreement on automotive products.

Our mutual economic progress and security are inseparably linked to our energy resources. Together, we are unique in having the capacity to produce enough petroleum to meet our requirements. Together, we have a tremendous stake in the continued evolvement of oil and gas as a source of energy. Together, we must accept the continental concept of energy and encourage the maximum economic growth and development of our respective resources in a complementary manner.

Under present decisions, however, Canadian crude oil is considered alien and insecure and we are forced to operate under quota-limiting exports to our natural economic market (Districts I-IV), to 306,000 barrels per day in 1969. The 1968 average was 328,533 barrels per day and the two-month average for January and February of 1969 was 384,924 barrels per day.

Demand of United States refiners greatly exceeds our export limitation of 306,000 barrels per day, due in most part to the fact that Canadian crude, even after the payment of duties, may be landed at northern tier United States refineries at 40 cents to 70 cents below the landed cost of domestic crude. One of the 18 refineries directly affected has launched an action before the United States Interstate Commerce Commission to force delivery of Canadian crude.

However, as Earle Gray, editor of *Oilweek*, correctly observes, the market loss of some 50,000 barrels per day may be the least of the damage from the import restrictions. He points out in *Oilweek* of May 12, 1969, the long-term consequences of these restraints, in that markets once lost are difficult, if not impossible, to recapture, along with other economic implications and future prospects United States refiners must consider at being denied Canadian crude.

In these circumstances, the Canadian petroleum industry turns to government for leadership. Government has an obligation to exert a determined initiative in bridging the gap between immediate market needs and the long-term goals of maintaining an industry growth rate that will enable it to avoid any decline in investment. In fact, it must increase investment, as we turn northward, and will also enable it to avoid a decrease in income and employment.

On this occasion I would like to recommend to the Government, through the Government Leader in the Senate, the following proposals for consideration by his Cabinet colleagues:

Firstly, I submit that a resolute effort must be made in the immediate renegotiation of the 1967 agreement, with its export restrictions on Canadian producers.

Secondly, I submit that a continued and sustained influence, indeed an increasing influence, must be exerted for acceptance by the President's Task Force under Labour Secretary Schultz of a continental oil policy.

Industry generally is encouraged by the interest and leadership of the Prime Minister in emphasizing Canada's position to President Nixon and by the top-level meetings of ener-

gy officials from both countries that have resulted from their discussion of April 2. Government and departmental officials should not hesitate to take industry into their confidence in these important negotiations.

I am certain that Mr. L. I. Brown, Chairman of the Board of Governors of the Canadian Petroleum Association, and Mr. Carl Nickle, from Calgary, a former distinguished member of the other house, who is now President of the Independent Petroleum Association of Canada, are ready, willing and able to place the full resources of their associations at the disposal of the Government during this critical period of negotiation. There must prevail during this time the closest liaison and confidence between industry and Government.

I make this third suggestion: That consideration be given to the establishment of a special Senate committee to investigate and report on the state of the industry and, in particular, on changes in marketing patterns, which would include a thorough analysis of the feasibility of future trends, including the Montreal market.

We hear a great deal in these times of participatory politics and participatory government. Such a committee, I suggest, would fill a useful role by giving industry, through its associations, large corporations and governments, an opportunity to be heard. More important, by going to western Canada for on-the-spot hearings it would provide a vehicle to the ordinary Canadian employee of the industry for putting his ideas and views forward for Government consideration.

There is a saying in western Canada that it is 2,500 miles from Ottawa to Calgary, but it is more like 25,000 miles from Calgary to Ottawa, when one tries to get a view across or a worthwhile idea accepted.

Such a committee could fill that gap by permitting these people to participate in decisions which are going to affect their future.

As an example, I wish to draw your attention to the fact that on April 16 last Mr. R. Sarafini, a geologist with Altana Exploration Company, in a letter to the Prime Minister claims that the Government's interest in Pan Arctic will make it difficult for it to administer national oil and gas policies. He suggests that the Government's interest could be offered for sale to Canadian citizens. I neither subscribe to nor oppose the views of Mr. Serafini, but I do indicate to you that these people who are employed in the industry have ideas and views they would like to have heard, and certainly not all of them write to the Prime Minister.

A Senate committee which would go to western Canada to hear the people would perform the useful role of creating a well-informed public and Parliament. It would create dialogue and discussion and assist the Government in formulating its policy decisions in the next year.

Honourable senators, the Canadian petroleum industry can no longer be regarded as an isolated western Canadian phenomenon on the nation's scene. It is prepared in the future—as it has been in the past—to make its full contribution to the continued economic development of this country.

Industry and Government working in co-operation, understanding and appreciation of the position of the other will go a long way in meeting and solving uncertainties by the commitment to and acceptance of a continental energy policy between Canada and the United States for the future.

Hon. J. Harper Prowse: Honourable senators, to be quite honest, I am not sure that I am not just "fall-out." I share an office with the honourable senator from Calgary who has just spoken, and when he was working on the speech he has just delivered he had a great deal of material to cover, all of which he could not use, and he said to me, "You had better take this!" However, he was talking to a friend, a senator from Alberta, who is equally interested in a problem which I believe is of greater importance to Canadians as a whole than is generally realized.

Perhaps the best way to indicate to people how important the problem is these days is to translate it into dollars and cents. I have here a copy of *Oilweek* of February 24, 1969 which carries on page 80 the gross production revenues of the oil industry in western Canada from 1947 to 1968. I want to emphasize the fact that this is western Canada alone, and does not include drilling carried out in the gas areas that have been discovered in Ontario or the off-shore drilling on both coasts and in the Arctic. For those years, in western Canada the gross production revenues totalled $11,108,900,000. However, perhaps of even greater importance, because the figure is bigger, is that in the same period the gross industry expenditures in western Canada totalled $12,707,600,000. So, we are considering a tremendously large business and it is experiencing difficult times at the moment.

My good friend Senator Hastings has outlined to you that up to the moment of the Prudhoe Bay discovery it looked as though we were walking into a continuing Christmas; then, suddenly, instead of Christmas we walked into what became a January 1, when all the bills arrived and there was no market. We are not quite there, but we could be there.

Our cost of distribution of oil is rather interesting at the present time. I think you would prefer the actual figures to my guesses, so I refer you to page 83 of the same issue of *Oilweek*, which contains figures that are as up to date as possible. From a perusal of those figures you will discover that as far as Canada is concerned we exported in 1968 a total of 515,000 barrels daily. Honourable senators can multiply that figure by 365 as well as I can. Of this amount 335,000 barrels daily goes into the American market at roughly the Chicago area and 180,000 barrels go into Area V, which is the west coast.

The west coast does not present any real problem to us at the present time. We can get all the oil we want in there. The only limiting factor is the amount of oil that they can use. We can get our oil into that area because it is a little cheaper than American-produced domestic crude, but when we go into the Chicago market we run up against people like Senator Long—who had a very well known father—from the State of Louisiana which has a great deal of oil to sell. He does not want our oil in that market because it reduces the price of their oil.

It is interesting to note that when we concluded with the Americans the quiet agreement in respect of the voluntary limitation on Canadian imports of oil to the United States, their domestic oil went up ten cents a barrel. It is estimated that the U.S. protectionist policies have cost the American consumers of gasoline and associated products between $5 billion and $7 billion a year. This becomes particularly interesting when it is realized that it is the voice of free enterprise that insists on this kind of protection.

We import into Quebec and the Maritimes 480,000 barrels daily, which is about 180 million barrels a year. We import that amount into that area because it is cheaper for them to buy from Venezuela or somewhere else than it is for us to extend the pipe line. We have the capacity in western Canada at the present time to meet that demand. The capacity is there, drilled up, ready, and waiting, but held back by a voluntary pro-ration system operated in order to keep everybody clear of any implication of behaviour contravening the anti-combines legislation, by the Conservation Board of the Province of Alberta.

Hon. Mr. Everett: May I ask the honourable senator a question?

Hon. Mr. Prowse: Yes.

Hon. Mr. Everett: Would the honourable senator tell me whether the crude oil that is imported into the Maritimes from Venezuela or the Middle East costs less than the crude oil that comes from the Alberta oil fields?

Hon. Mr. Prowse: It is priced less. It costs $1.05 a barrel finally to produce oil and bring it to wellhead in Alberta. On the average it costs $1.27 a barrel to produce oil and bring it to the wellhead in the four western provinces, including British Columbia—and British Columbia oil is the most expensive. The average price of off-shore crude is $1.75. The average cost of American domestic crude is $3.15. The average wellhead cost of Canadian crude, developed and sent to the United States, is $2.80.

You have costs and you have prices, and the question is: How far are we below other prices? The answer is that we can never keep our price below the market because every time we go down 10 cents they go down 11 cents. This may be true, but in everything we do on a national basis—and this is certainly what they were talking about when Senator Long and Senator Proxmire were having their argument in the United States—there comes a point where you put a value on national interest.

If we had bought foreign crude we could not have provided the $12.7 billion of spending in western Canada since 1947. We would not have in Alberta today a population of one and a half million. We would not in Canada have the kind of population that we have if we had bought cheap crude from somewhere else.

Hon. Mr. Everett: As I understand it, oil that is purveyed in Toronto comes from the Alberta fields.

Hon. Mr. Prowse: That is right.

Hon. Mr. Everett: And that which is purveyed in Montreal comes from foreign fields.

Hon. Mr. Prowse: Yes, you are generally correct.

Hon. Mr. Everett: Does the oil that comes from the foreign fields to Montreal cost the oil company less than the oil it brings into Toronto?

Hon. Mr. Prowse: I cannot answer that question specifically, but I can say that oil costs less in Montreal at the present time on present pricing procedures, assuming the same field price in Alberta, which is an artificial price maintained by a pro-ration system. If you add the transportation cost to that—the distance from western Canada to Montreal being greater than the distance from western Canada to Toronto—obviously western Canadian crude is going to cost you more laid down in Montreal than the same crude with the same base price laid down in Toronto. So, whether the prices are greater than they are today or not depends on your wellhead price.

Perhaps my honourable friend has anticipated me, because I am not suggesting that at this time we need a national oil policy that would guarantee western Canadian crude the whole of the Canadian market. If that is the concern, I will say that I am not suggesting that. What I do say is that we have an oil industry in western Canada that has been spending huge amounts of money and has created a great deal of secondary industry, and we have an industry servicing that oil industry. We expect in the three Prairie provinces and British Columbia, leaving out the Northwest Territories and the off-shore areas, that probably $280 million will be spent by that industry in further development and exploration in 1969, and 1970. People will keep on spending the kind of money which creates employment, prosperity and growth in the country, as long as there is some sense in doing it. However, when the point is reached where every time a well is drilled the product can only be sold by cutting back production for the well already in existence, the oil industry begins to wonder whether it can make more by taking its money for development somewhere else.

If we are to retain this development in western Canada, and in particular if we are to maintain the interest necessary in order to get the development we want in our Arctic areas, we shall have to hold out to these people the possibility of a market for what they find, otherwise there is no sense in their looking if they cannot realize a profit when they find it.

In these circumstances, I suggest that we have to take a look at this matter. And I seriously suggest that the American people had better take a look at it because there is a great deal of their money there now. They ought to examine whether it is not in their interests to look at the energy market on the North American continent as a coherent whole rather than consider the 49th parallel as a line, north of which they can put their money into development but south of which is a market they cannot have. It makes no sense. We need that market for our orderly and decent development.

As good neighbours on this continent we owe a responsibility to our neighbours—to keep our fence in order, to keep our yard looking neat, to wear new clothes on Easter Sunday. I suggest that when we have been such a handy place for American investment, it is in the interests of the United States as much as our own—and let us admit it is in our interest—to see that they provide us on their side of the border with as good a market for the things we are able to produce as we have provided them with the means of investment here.

Let us take another step—and I say this not too haltingly. If the United States cannot accommodate and find room for the reasonable growth of the Canadian petroleum industry by making available to us a market in areas of this continent that it would be economic for us to serve, I suggest that the Government of Canada may have to decide seriously, and perhaps with some reluctance, that because of the importance of the industry's development to us and the things that flow from it—the petro-chemicals, secondary industries and other things, all of which depend upon the primary industry—we may have to make available to this industry the total Canadian market we are able to provide. This market could be served right now by a 10 cent decrease in the well-head price in western Canada, by a 10 cent increase in the price of crude oil over present prices in Montreal, or by various other combinations and arrangements that may occur to honourable senators as well as to me. Unless we are to be accorded a proper entry into the markets on this continent according to our ability reasonably and economically to produce for those markets, then we will have to come back behind our own curtain and provide our own markets. This may mean the exclusion of other people who presently enjoy those markets. Those most interested will be people who own oil and who answer to the United States but not to us. I make no apology for this kind of suggestion.

The Prime Minister of Canada has already taken the initiative. He has visited with President Nixon and raised this question. There is a continuing committee. We have an interdepartmental committee. There is a feeling in some sections of the industry that the interdepartmental committee might be better able to discharge its responsibilities to the people of Canada if it were to take the industry itself into its confidence and ask for their advice. After all, they have put $12 billion into this, and are prepared to put another third of a billion dollars a year into it. They have an interest in it, and I think we can count on people who are prepared to put up that kind of money to give us pretty reasonable advice—at least the kind of advice that ought to be received and weighed. The Canadian Petroleum Association, no doubt with this in mind, has recently expanded its staff office in Ottawa in order to make additional information and facilities available to departments and members of the Government who need information.

I cannot but agree with my honourable friend Senator Hastings that this Senate, not connected with departmental policy nor with Civil Service politics, has in this area an opportunity and a tremendous challenge. This tremendous wealth has already been discovered. There is the promise of 10, 50 or 100 times as much undiscovered wealth waiting there to be found. But discovery will not be by accident. It will be by people faced with the possibility of a probable profit. A probable profit depends on the existence of a healthy industry. It seems to me that at this time, as Senator Hastings suggested, a Senate committee could serve a useful national purpose by listening to the industry, to the people who have the knowledge and are interested, and by weighing their representations against what our best judgment tells us is in the highest interests of the country, so that we can help the government of the day discharge its simple obligation to do its utmost for and by the people of Canada.

Hon. Mr. Everett: May I ask the honourable senator whether such a committee would be prepared also to look into the effect of any change in continental legislation or agreement on the consumer, that is, on the person who buys the petroleum products across Canada? Would that be within the ambit of the committee he proposes?

Hon. Mr. Prowse: The American Senate, in discussing the various prices paid by the consumer of petroleum products, mentioned a subsidy of $5 million to $7 million a year.

It seems inconceivable to me that we could do the kind of study which is recommended here without, as part of that study, considering the impact on the consumer, or the effect of a higher or lower price and a hidden subsidy of that kind.

Hon. Mr. Everett: May I say how pleased I would be if the inquiry would include the effect on the consumer. I further hope it includes an examination of the retail practices of the oil industry in Canada. I think that would be most illuminating.

Some Hon. Senators: Hear, hear.

HON. JOSEPH A. SULLIVAN

HONOUR CONFERRED BY THE CANADIAN MEDICAL ASSOCIATION

Hon. Lionel A. Choquette: Honourable senators, before the Orders of the Day are called in their regular sequence, I should like to draw the attention of the Senate to the fact that the distinguished surgeon, Senator Joseph A. Sullivan of Toronto, was honoured by the Canadian Medical Association recently.

The Association awarded him a senior membership, one of its highest honours, during the Ontario Medical Association dinner at the Royal York Hotel. Canadian doctors over the age of 65 are given this rare award for outstanding contribution to medicine.

In addition, Senator Sullivan has recently given the Edmund Prince Fowler Lectureship on Diseases of the Ear. This is the outstanding and pre-eminent lecture in America in this field. This was delivered before the American Otological Society, in New Orleans.

I understand that tonight the honourable senator was to make one of his usual outstanding speeches, on second reading of the omnibus bill to amend the Criminal Code and other legislation. However, I am told that because the hour is late he will move the adjournment of the debate.

I do not wish to seem to give to the previous speaker a lesson in procedure or custom followed in this house. However, usually a senator on either side of the chamber speaks on a subject and then a senator from across the floor moves the adjournment of the debate to the next sitting. Tonight we have heard a duet, but an extraordinary one, because both speakers are not only deskmates but officemates. I am told that because of that

occurrence Senator Sullivan will have to move the adjournment of the debate.

Hon. Mr. Prowse: Honourable senators, on a point of order, I apologize to the house for letting my enthusiasm carry me away.

Hon. A. Hamilton McDonald: Honourable senators, I would like to extend congratulations from this side to the distinguished senator from Toronto, Senator Joseph A. Sullivan, on the many accolades which have been extended to him over his lifetime, both as a distinguished surgeon and as a member of this house.

Hon. Mr. Leonard: And a hockey player.

Hon. Mr. McDonald: And as a hockey player. I am sure that his contribution to the debate on the Criminal Code will be of the same calibre as his contributions to many previous debates. I hope he will continue to make contributions to this chamber and to the life of our Parliament and to the betterment of Canadians generally. I am sure Senator Sullivan is one who would appreciate the contributions made today by two honourable senators from Alberta, and that he will make his contribution at a later date in this debate.

I rise on this occasion to extend our congratulations to him on the honour which has been bestowed on him on this occasion. We look forward to his contribution to this debate and to his contributions in future debates as they arise in this chamber.

Hon. Senators: Hear, hear.

Hon. Joseph A. Sullivan: Honourable senators, I wish to thank honourable Senator Choquette and honourable Senator McDonald for their remarks. Indeed, I would suggest to Senator Choquette that he should have saved those remarks until after I had spoken in the debate—probably the remarks would not be as welcome at that time.

COUNCIL OF EUROPE

MEMBERS OF CANADIAN SENATE ATTEND CONSULTATIVE ASSEMBLY MEETINGS—QUESTION

Hon. M. Grattan O'Leary: Honourable senators, before the Orders of the Day are called, I would like to address a question to the Leader of the Government and, incidentally, to my own Leader in this house.

They have recently returned from what is called the Council of Europe. I would like to ask what exactly they were doing there. We are told that this was a meeting of consultation. I hope that on an appropriate occasion the two leaders will explain to this house with whom they were consulting, what they were consulting about, and what relevance these consultations have to the people of Canada.

Hon. Jacques Flynn: Honourable senators, as the Leader of the Government is absent from the chamber, I think it falls to me to reply to the question.

As was indicated earlier by the Leader of the Government, it is the intention of those who participated in this delegation to make a full report to the house in due course. However, I may tell honourable Senator O'Leary that the Council of Europe invited a delegation from the Parliament of Canada—including members of the other house, namely, Honourable Donald Macdonald, President of the Privy Council; Mr. Gerald Baldwin, our Opposition House Leader; Mr. Judd Buchanan; and the four senators already mentioned—to meet the Council of Europe at its spring session, held two weeks ago in Strasbourg.

This meeting was for the purpose of discussing with the Council the possibility of, let us say, having more ties with Canada. The United States Congress had already been invited to send a delegation to discuss this matter as it affects them. Canada being in a similar position to that of the United States, as far as the Council of Europe is concerned, we were invited also for that purpose. As has been indicated by the Leader of the Government, this is the second time that such an invitation has been extended to the Canadian Parliament.

In due course we will deal with the details of this visit and in particular the usefulness of the attendance of the delegation from the Canadian Parliament at this meeting.

Hon. Mr. O'Leary (Carleton): Honourable senators, on a point of order, may I add one word. At a time when this country seems to be plagued with all sorts of difficulties, if you meet a Canadian parliamentarian on the Sparks Street mall these days, you conclude that he must be paying a rare visit to Canada.

Hon. Mr. Croll: You have not been attending the committees lately.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 715 to 731, inclusive, which were presented on Thursday, May 22.

On motion of Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to presentation of petitions:

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 575, for the relief of Georges Tetrault.

Resolution 576, for the relief of Louis Marin Langelier.

Resolution 577, for the relief of Guy Dumais.

Resolution 578, for the relief of Violette Bellefeuille Poirier.

Resolution 579, for the relief of Ronald Joseph Snow.

Resolution 580, for the relief of Raymond Boucher.

Resolution 581, for the relief of Edith King Fancey, otherwise known as Edith King Fancy.

Resolution 582, for the relief of Frank Frederick Fagan.

Resolution 583, for the relief Andre Delisle.

Resolution 584, for the relief of Bernard John Kuckuck.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, I move that these resolutions be placed on the Orders of the Day for consideration on Thursday next.

Motion agreed to.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 30, the adjourned debate on the motion of Hon. Mr. Argue, for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. Charles McElman: Honourable senators, as this order stands in the name of Senator Argue, I would ask leave to speak in his place.

The Hon. the Speaker: Honourable senators, is leave granted to honourable Senator McElman to speak now?

Hon. Senators: Agreed.

Hon. Mr. McElman: Honourable senators, it is not my intention to prolong unnecessarily the debate on this bill which proposes the reduction of the voting age in federal elections from 21 to 18. There are, however, a number of relevant and interesting facts that I feel obliged to draw to your attention prior to our reaching a decision on the motion for second reading.

First, let me venture an opinion. A bill extending voting privileges should not originate in this chamber of Parliament, except perhaps as a government-sponsored bill. Even though such a bill might properly originate in this house, if sponsored by the Government, it would be even more proper and more appropriate that it be initiated in the House of Commons.

One of the principal purposes in establishing the Senate was to protect rights, not to establish or extend rights. The establishing or extending of such basic rights has been, and it seems to me should remain, the prerogative of the House of Commons, whose members are not only subject to but sensitive to the wishes of the electors of our nation.

On the other hand, if the Commons should propose measures that would either remove or curtail basic rights of Canadian citizens, then this house should and, of course, must move in every conceivable and constitutional fashion to protect those rights.

There are other avenues open to use by this House of Parliament and its individual members, if it is felt that the executive or the House of Commons is remiss or procrastinating in its duty to meet the need or the will of the people of the nation. In such a circumstance, it is quite proper that we should resort to studies by special committees, as we do; hear witnesses; assemble facts; even marshal public opinion, and prepare reports and recommendations which will bring pressure upon the executive and the House of Com-

mons to get on with the necessary job in the public interest.

The effectiveness of this approach has been proved time and time again. In a recent and excellent speech, Senator Hastings enumerated many of those instances. The further procedure of debate on inquiry in this chamber has also been used to advantage on repeated occasions.

Honourable senators, in matters such as proposed by this bill it is my opinion that the so-called private member's bill is not a proper approach to constructive action when these other avenues are so readily available to us. For these reasons alone I submit that this house should reject Bill S-24.

Hon. Mr. Benidickson: What are the other avenues you refer to?

Hon. Mr. McElman: The establishment of committees to hold inquiries, and discussions based on inquiries.

Let me now turn to some of the facts that I referred to. I am aware that some provinces have in their respective jurisdictions reduced the voting age below 21 years. I am not aware that any have done so on the basis of positive knowledge that their electors or citizens in majority had demanded such action either through referendum or otherwise.

Let we tell you now of my own close personal experience in New Brunswick over the past 15 years concerning this particular question of lowering the voting age. It has been a perennial question in many jurisdictions, because there are perennially and inevitably politicians in search of a headline or a cause to enhance their careers in public affairs. This has been one of the popular issues with politicians seeking the favour of a particular age group.

I do not suggest that this is the purpose of the sponsor of the bill, and I am sorry he is not in the house tonight. Nor do I suggest that it is the purpose of those who have spoken in support of this proposal. However, over the years it has been my privilege to be privy to the results of many privately sponsored public opinion polls covering my own province as well as other jurisdictions throughout the continent. Some of those polls included the question of lowering the voting age.

In the Province of New Brunswick as in some other jurisdictions, the majority public opinion as tested in the polls has consistently rejected reduction of the voting age below 21 years. One of the most interesting features of those surveys has been that the group most strongly and emphatically opposed to any reduction below 21 is the group from 21 to 25 years of age. This is quite extraordinary, and there are many reasons for it which have been brought out by the polls.

Over the years I have also listened to and read many political speeches on this subject, originating both inside and outside the provincial and federal parliaments. Invariably the speaker proposes lowering the voting age on the basis of public opinion or in response to public demand. But I have yet to hear of these proponents producing substantial facts or data to support the contention. It has also been my reaction that these proponents are being most presumptuous in holding themselves forth as the spokesmen for a majority or even a substantial public opinion when they can bring no useful facts or information to support that stance.

One is equally unmoved by some of the more emotional arguments in this issue. There is the one that if a young man of 18 or 19 is old enough to serve in the armed forces in his nation, then he is old enough to vote. The simple answer to that is that if he is required to serve in the armed forces of his nation or his state, then he is also enfranchised by his state. Furthermore, we should remember that we live in another world than that which existed from 1914 to 1918 or from 1939 to 1945. Should another world conflict erupt we would all be involved, from the youngest to the oldest; we in Canada would all have the opportunity of dying for our nation; we would all be in the front line, to die perhaps in millions without, in most cases, bearing arms or without an opportunity to fight back. Such would be the type and scale of another world conflict. So if there is any validity in this argument, why stop at 18? Why not reduce it to 16 or 14 or even 12? Honourable senators, I do not believe the argument is valid.

Then there is the proposition that because many young people of 18, 19 or 20 are earning a living and contributing to society they should be enabled to vote. Well, there are also thousands of 16 and 17 year old's earning a living and contributing to society. So again, why stop at 18? If it is valid to reduce the age to 18 on that basis, why not keep on going? Again I do not see any validity in that argument.

There are many other similar aguments, some with a measure of validity and others

with little but emotion. However, let me return to the New Brunswick scene.

Some two and a half years ago two or three wealthy, high-minded and virtuous citizens brought back to the province a person who was living in the southern United States which served as a refuge from the rather staggering trail of debts that he had left behind him in Canada. Their financial and moral support—and I use the word "moral" rather loosely—helped this person to win a by-election, later the leadership of a party, and laid out for him the objective of destroying the premier of that province at any and all costs. He was successful only in the latter part of the admonition, the part about "any and all costs." I might add that his party and backers are still paying the cost of their rather poor judgment, but that is another question.

In any event this man raised many issues and made many promises and, quite naturally, one of those issues was that the public demanded reduction of the voting age in New Brunswick from 21 to 18. He presented all his arguments, specious and otherwise, in favour of such action, and promised that when elected he would act accordingly. He presented a motion in the legislature. The premier, whose reputation for political and social reform is rather well known, proved that he also had sensitivity to the will of the public.

Hon. Mr. Walker: Was this Hugh John Flemming? He was a wonderful man, I agree.

Hon. Mr. McElman: Hugh John Flemming is indeed a wonderful man, and I am glad to say he is a friend of mine. He is a first-rate person. But this followed Hugh John's term.

However, the Premier said to the Opposition Leader, "You think you know what the public demand is—but, do you really? Let us find out; let us submit the question to the electorate itself in a referendum coincident with the provincial election."

Honourable senators, I should say at this point that I have been avoiding names, because I do not wish to be partisan, but I introduce this as having a very close bearing on the discussion of this point.

Hon. Mr. Walker: I think I can guess.

Hon. Mr. McElman: Perhaps as I proceed you will find your guess was not quite accurate. In any event, we will find out.

Hon. Mr. Walker: This has happened before.

Hon. Mr. McElman: The Opposition Leader squawked and caterwauled for a bit that he knew the public's demand, but his teeth were effectively pulled on that issue.

Hon. Mr. Walker: This is Robichaud you are speaking of?

Hon. Mr. McElman: You are supplying the names, sir, and that is your privilege.

The election and referendum were held in New Brunswick in October 1967, only 19 months ago—and I mention this, Senator Walker, because it is the only occasion in Canada, I believe, where there has been a public expression on the question which is now before this house. Therefore, I believe it can be said to be relevant, I have avoided names deliberately, but I will not avoid what took place in New Brunswick. I believe it has a very real bearing on the matter under discussion.

As I have said, this was only 19 months ago—a very short period of time. The outcome of that referendum, a direct exposé of the wishes of the people, not of anyone in this chamber or anywhere else but the people of New Brunswick, was quite revealing. They voted two to one against lowering of the voting age below 21.

There are those who will tell you that many who voted in the general election did not vote on the referendum. That is true. But if they were not sufficiently interested in the so-called issue even to vote on it, then it can hardly be said that it constituted a great or burning public issue or public demand. There are those who will tell you that the 18 to 21 year-olds had no opportunity to vote, and that if they had it would have affected the outcome of the referendum. Perhaps that is so. But it would not have been nearly enough to reverse the two-to-one vote against the lowering of the voting age.

Personally, I am not at all convinced that even the 18- to 21-year group would vote in majority for a reduction in the voting age. I base this comment upon discussions over the years with my own four children, who now range in age between 12 and 25 years, as well as upon the reactions and views of many students and young wage-earners in the same age bracket in my own province.

Let me repeat that the vote on the plebiscite or referendum in New Brunswick was two to one against lowering the voting age. And let me stress that the vote against lower-

ing the voting age prevailed in 21 out of a total of 22 constituencies in the whole of New Brunswick. In the one remaining riding, the vote in favour of lowering the voting age was by the most narrow of margins.

In the face of that result, it would appear to me that anyone in Parliament representing the Province of New Brunswick is obliged to vote against Bill S-24, in reflection of public opinion.

Now let me turn to the reaction to this proposal by the 18 to 21 age group—the group directly concerned. Most of the "flak" in favour of this measure comes from university political clubs. This is also an arena for young, budding politicians in search of issues to enhance their prospects in campus elections. Let me remind you that even from this group the decision is far from being unanimous. The proposition is often approved only on narrowly split votes following heated debate. And some university political clubs, of all political persuasions or affiliations, have actually turned down this proposition when it has been put to a vote. Some such clubs have initially approved the lowering of the voting age and later, following further discussions in depth, have rescinded the motion and have gone on record for retention of the 21 years of age requirement. I would further remind you that even the total membership of all political clubs in most universities represents only a small percentage of their total student body.

I offer another note of interest. There is in Canada today an organization which operates under the name or designation of "Down Three"—the simple arithmetic of lowering the voting age from 21 to 18. Quite recently the provincial president of this organization in New Brunswick complained publicly, in a statement to the press that the principal obstacle to be overcome by his organization in this matter is a colossal lack of interest by those between the ages of 18 and 21 years.

Honourable senators, I cannot advise you on the attitude of Canadians generally on the subject of reducing the voting age. I have endeavoured to give you some of the more important facts on the issue as they relate to New Brunswick, but I suspect they apply also in at least some other parts of the nation.

On the basis of these facts, I now ask you: Whence does the purported demand come for lowering the voting age? I further ask you: Is there an actual demand, or are some people mistakenly assuming that there is a strong demand?

I would pose an additional question: If there is not a recognizable demand by a majority of Canadians, or even a substantial body of Canadians, then why should we be asked by Bill S-24 to meet a non-existent demand? I suggest to you that if there is any doubt in our minds on this question, the most we should do at this point is to urge the Government to include the matter in a plebiscite or referendum on the ballot on the occasion of the next general election in Canada; or perhaps a widely based sampling of public opinion could be arranged through a recognized and efficient survey group.

Let me make it very clear that in all of this I respect fully the sincerity of the sponsor of Bill S-24 and those who have spoken in support of it. I question only their failure to produce basic facts that there is any substantial demand for this measure in any major sector of the Canadian public, including the many thousands of remarkable young Canadians in the 18 to 21-year-old group. And lacking such a demand, Bill S-24, in my opinion, should not receive favourable consideration by this house. Indeed, in my opinion, it should not have been brought before this house, for reasons that I have enumerated.

Some Hon. Senators: Hear, hear.

Hon. Mr. McElman: Honourable senators, on the basis of a strong consensus reached by the electors of my home province as late as October 1967, I will vote against the second reading of Bill S-24.

On motion of Hon. Mr. Smith, debate adjourned until June 10, 1969.

The Senate adjourned until Thursday, May 29, at 2 p.m.

THE SENATE

Thursday, May 29, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. A. Hamilton McDonald tabled:

Report of exemptions authorized by the Minister of Transport under section 137 of the Canada Shipping Act in cases where no master or officer was available with required certificate and experience, for the year ended December 31, 1968, pursuant to section 137(2) of the said Act, Chapter 29, R.S.C., 1952. (English text).

ROLE OF THE SENATE

REPORT OF COMMITTEE ADOPTED

Hon. Daniel A. Lang, Chairman of the Special Senate Committee on the Role of the Senate, presented the following report of the Committee:

Your committee recommends that its quorum be five members.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Lang: I move, with leave of the Senate, that the report be adopted now.

Report adopted.

NATIONAL LIBRARY BILL

REPORT OF COMMITTEE

Hon. Maurice Lamontagne, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-171, respecting the National Library, and had directed that the bill be reported without amendment.

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

Hon. Muriel McQ. Fergusson moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, June 3, at 8 o'clock in the evening.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

CHANGE IN MEMBERSHIP—NOTICE

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate, I move:

That the names of the honourable Senators Burchill and Petten be substituted for those of the honourable Senators Lamontagne, P.C. and Thompson on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. David Walker: Honourable senators, I have nothing but admiration for Senator Burchill and Senator Petten, but here we have a motion for their appointment to this committee after it has studied this so-called hate propaganda bill in great detail for approximately 11 weeks, has heard not only one but perhaps 20 witnesses, and has done a fabulous amount of work. Every member of the committee has been in attendance and gone into this matter with great diligence—and it required that to understand and comprehend the bill. I know that every effort is being made to carry this bill in the committee. After the events of yesterday, when it seemed that the motion to report the bill would not carry, I can see the Machiavellian hand of the chairman in appointing two honourable senators who know nothing about the bill, who have never had any experience—

Hon. J. Harper Prowse: Would the honourable senator—

Hon. Mr. Walker: Would you be good enough to take your seat. You are the biggest windbag in the Senate. Now, sit down! I am tired of this—

Hon. Mr. McDonald: Honourable senators, I think the most recent remark of my honourable colleague is out of order.

The Hon. the Speaker: I understand that the honourable Senator McDonald is rising on a point of order?

Hon. Mr. McDonald: Yes, Mr. Speaker. I rise on a point of order. I think the remark of my honourable colleague is out of place, and I ask that he withdraw it.

Hon. Mr. Walker: As I was saying when I was interrupted, furthermore, there is no need—

The Hon. the Speaker: Order. A point of order has been addressed to the Chair asking that a certain expression be withdrawn. Unfortunately, I did not catch the exact expression. Would the honourable senator who is raising this point of order repeat the expression to which he takes exception?

Hon. Mr. Walker: It is a well-known English expression. If Your Honour missed it, perhaps we need not repeat it, but it describes the honourable senator perfectly.

Hon. Mr. Croll: Motion!

Hon. Mr. Walker: No. This thing is out of order, in any event. No leave has been given for such a motion at this time. For obvious reasons, I strenuously object. You are putting in two new men who themselves would admit they do not know anything about the proceedings; they have not attended any of the meetings. This is not justice. I know you on the other side out-vote us three to one, but this is typical of what I would expect from the chairman of that committee.

Hon. Mr. McDonald: Honourable senators—

The Hon. the Speaker: Order. I think the honourable Senator Prowse was about to speak.

Hon. Mr. Prowse: Honourable senators—

Hon. Mr. Roebuck: Honourable senators, I am chairman of the committee. It appears that a charge was made before I entered the chamber, and I do not know what is expected from members of the committee. There seems to be something sinister in the motion and I would like to know what it is.

Hon. Mr. Walker: All right. A motion was put on this hate committee—it is not a hate committee but it is getting to be so with all the allegations the honourable Senator Prowse makes each time—and I suggest to you as chairman that it is a sinister and reprehensible thing that at the end of the meetings, when we are about to take a vote on the various clauses of the hate propaganda bill, you should appoint two persons who have had nothing to do with it, to replace two members whom you are retiring. They know nothing about it, I suppose.

Hon. Arthur W. Roebuck: My honourable friend is doing a lot of supposing that he has no right to do. As I understand it, two members are retiring from committee and two other honourable senators are replacing them. The two who are replacing the retiring members have been present and know all about this bill; they have engaged in the discussions on it.

This bill has been before us since 1966, and it is ridiculous to say that any member of this house has no knowledge of it.

Hon. Mr. Walker: These two new members—perhaps you do not know their names, although I understand you suggested them—have not been at the last ten committee meetings; they have not heard the witnesses; they do not know what the current problems are; they have not heard the evidence. Therefore, it is incorrect for you as chairman of the committee to suggest that they know all about it. What happened four years ago is history. This is a brand new bill.

Honourable senators, I suggest, in any event, that this motion is out of order because leave has not been given.

Hon. Maurice Lamontagne: Honourable senators, as I am involved in this matter, I wish to make it quite clear that there is no sinister intention in my agreeing to withdraw from this committee. I was very interested in the subject being discussed before this committee but, as honourable senators know, I am deeply involved in the Special Committee on Science Policy. We are at the busiest phase of that committee because we want to finish our public hearings by the end of June.

I do not wish to be a member of the Legal and Constitutional Affairs Committee when I am not participating in its decisions, but I will tell my honourable friend that if I were active on this committee I would be against hate, too.

Hon. Mr. Walker: I am delighted to hear you are against hate—I am sure everybody is. All of this proves there are no allegations made against you, nor have any been suggested, but the motion proposes to bring in two brand new senators.

An Hon. Senator: The motion is out of order.

The Hon. the Speaker: Honourable senators, I have examined this motion, and in my

opinion it is in order, but it requires leave. Therefore, I ask honourable senators whether leave is granted for this motion.

Hon. Mr. Walker: No.

The Hon. the Speaker: Then, as leave is not granted, I understand that this will stand as a notice for next sitting.

Hon. A. Hamilton McDonald: Yes, with the understanding that I am giving notice now that at the next sitting changes will be made.

While I am addressing the chamber, may I be allowed to say that I do not think there is anything sinister in removing persons from a committee. One senator, for medical reasons—and we are all very sorry to learn of this—will be unable to attend. The other senator is chairman of another committee, and there is a conflict as to dates of meetings.

Senator Lamontagne has pointed out that because of his heavy responsibilities as chairman of the Science Policy Committee he has not found it possible to attend sittings of the Legal and Constitutional Affairs Committee. I suggest to you that this is not merely a question of the bill now before that committee. There will be other bills before it. As a matter of fact, we have notice now that another bill will be considered by this committee. I think it is in the interests of the Senate and of the country that this committee should have members who are able to attend its meetings. If they are not versed to the nth degree in everything which has happened in the past, I suggest to you that those senators now proposed would attend in the future, God willing, and will become as capable as any other member of that or any other committee.

Hon. Mr. Walker: That is not the point.

Hon. Mr. McDonald: I suggest that the personnel of committees is frequently changed in order that we may work to the best of our ability.

Hon. Mr. Walker: Honourable senators, the acting Leader of the Government in the Senate must keep in mind that we are glad to have substitutions on the committee at any time. After this bill has gone through, you can put someone in my place, as I have encountered a lot of trouble on this. I suggest to you that you wait until this bill is disposed of before making a change. We have reached the point where a certain bill is to be voted on, and you are putting in a couple of men to vote. The evidence is all over; these men can know nothing about it; they cannot add anything to it. If you are serious, put them on after this vote has been taken, not just when we are on the verge of the vote.

Hon. Mr. McDonald: I have enough confidence in the two senators whose names have been suggested, that they are quite equal in competence to yourself or anyone else.

CRIMINAL LAW AMENDMENT BILL, 1968-69

SECOND READING—DEBATE CONTINUED

Leave having been given to proceed with item No. 6 on the Order Paper:

The Senate resumed from Thursday, May 22, the adjourned debate on the motion of Hon. Mr. Phillips (Rigaud) for the second reading of Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigations Act, the Customs Tariff and the National Defence Act.

Hon. Joseph A. Sullivan: Honourable senators, I hope that calm now prevails and that we may be able to get on with the presentation that I was prepared to give on Tuesday evening.

Honourable senators, in rising to participate in this debate I am fully aware of my limitations pertaining to the legal aspects of the bill. I am also fully aware that I am competent to deal with the moral, the scientific and the medical aspects of this legislation.

It is customary to congratulate the sponsor of the bill, and that I do. I congratulate him on being one of the most distinguished members of the Bar, and for presenting a case for the Government he supports.

I propose to deal with only one aspect of this legislation, namely, abortion. The other details of the bill, in my humble opinion, are of importance but not of any extreme degree. One particular matter is a neuromedical psychiatric problem, and whether it is going to be solved this way or not, time only will tell; I sincerely hope so. The reason that this legislation was proposed as a package deal was that the Government feared that if it introduced it in separate bills, one or more of them could easily be defeated. I hold the abortion aspect of this legislation in abhorrence and utter contempt, and I reject it with all the moral and physical fibre of my being.

It is a strange paradox of our times that, while there is an increasing campaign to take the life of an innocent child within the womb, there is also a growing drive to spare the life of a convicted criminal by abolishing the death penalty. And you can find the same people in both camps.

For example, the New York *Times* on April 17, 1969, editorialized in favour of liberalizing New York state's "cruel and archaic" abortion statute. After complaining about the "relentless opposition of the Roman Catholic Church" to such liberalization, the *Times* told New York's legislators that, if they rejected the pending bill, they would "doom large numbers of women to needless misery and many of them to death." Of course they neglected to mention that passage of the bill would doom all affected unborn children to death.

The very next day, however, the *Times* wailed that it would be "an act of archaic savagery" to impose the death penalty on Sirhan Sirhan for the cold-blooded, premeditated murder of Senator Robert Kennedy. In the double-standard world of the New York *Times* the life of a convicted murderer is more sacred than the life of an innocent unborn child.

The honourable sponsor of the bill in his excellent speech referred to Governor Rockefeller. I sincerely trust that the governor did not get his cue from the New York *Times*.

Abortion can best be defined as the direct, intended, voluntary, and deliberate termination of a pregnancy by the destruction of an innocent human life within the mother. Extensive medical research has established that life begins at the moment of conception, when egg and sperm unite in the fallopian tube. The fertilized ovum is a unique genetic package which has all the characteristics of a human being. If allowed to grow and develop without being disturbed, the fetus at birth can only be a live human child. And there is no magical point before which the fetus is inhuman and after which it suddenly becomes human.

For those who are interested—and not too many are—during the proceedings of the Royal Society of Medicine of November 1968 there was an excellent symposium on life before birth. It is good reading for those who are in favour of this legislation.

Some will argue that as long as a person thinks that what he does is right, he should go ahead and do it; a person must act according to his conscience. Now this is where we get into some real philosophy. This statement is a dangerous half-truth. In an excessive anxiety to protect the claims of the individual conscience, the claims of the human community and the claims of the objective order of the universe are undermined. This cannot be done without betraying the honesty of the very conscience which we wish to protect. In the first place, it is together, in community, that we acquire knowledge at all. One cannot think in complete independence from a tradition of wisdom. We must think for ourselves but not by ourselves. In the second place, the honesty of one's conscience is not the only consideration that is of importance. Correctness also matters. There is more to morality than subjective goodness. In addition to the goodness or badness of my performance of the action, there is the question of the goodness or badness of the act itself. If the act is objectively not good, harm and evil may flow from it to me and to others, regardless of how honest I was in thinking it to be right. It is simply not true to say that objective goodness or badness is of little account before God, that subjective disposition is the "whole thing." True, it is the latter that makes or unmakes the doer before God, but it is the former that does or undoes mankind and his world.

The person who faces a moral decision must therefore pause before two considerations—that of the moral tradition in which he was raised, and that of the objective order. By so doing he acts more fully in accord with his humanness, which is to say, more honestly. For humanness is not confined to being an individual person. Humanness includes a "being with others" and a "being in a world of cause and effect." But since moral wisdom, even when well transmitted by the community, does not become clear to everyone equally and at the same time, and since the claims of the objective order become more inscrutable with increasing complexity of life, we must all exist in greater or lesser tension between individual conscience and community tradition, between subjective goodness and objective correctness, between conscience and law, between seeing with our own eyes and seeing through the eyes of others. It is in the face of this tension of the moral life that every man at some time in his struggle to be true to his humanness is led to suspect that more is needed than that we be "together" and "in a world." We must also be "under God." We cannot contain our wisdom long, unless wisdom contains us. This is the point at which

honesty of individual conscience becomes inseparable from the desire, however incoherent, to become a part of a people of God.

I have a most accommodating conscience, and I have come to the melancholy conclusion that my conscience is a somewhat untrustworthy guide when it permits me to do something I want to do, but is extremely trustworthy when it prevents or tries to prevent me doing what I particularly wish to do.

It is, I find, prudent and helpful to remember that, in the words of Hilaire Belloc, "The devil is not so black as he has been painted"—a profound saying, and the clue to many modern troubles.

A certain gentleman, an eminent member of the legal profession in the other place, has written that Catholic theology teaches us to choose the lesser of two evils. I fail to see his point connecting that statement with abortion where we can choose no evil at all by voting against it. Does this same gentleman imply that it is all right to break the commandment "Thou shalt not kill", sometimes and for some people? This gentleman is the perfect example of some Catholic politicians today, who put the party first and the Church second. I wonder what he will gain by supporting this legislation? If he were to gain a cabinet position or, as one who already has a cabinet position, lose it the day after by a heart attack, perhaps then he would wish he had put God first.

Honourable senators, I am at a loss to comprehend the theologians whom the present Minister of Justice has been consulting in regard to his own conscience. I can certainly assure you that they are not the theologians whom I have consulted, and the hierarchy of my church and faith are on record as being totally opposed to the abortion aspect of this legislation. Let there be no mistake about that remark.

Conscience, as wise men know, is itself capricious. It can be turned to any goal and exploited in the name of any purpose. But it is capable of testing in time. Sir Winston Churchill knew that. He once said that the only guide to man is his conscience. But being the man he was, he added that the only shield to the man who acts from conscience is "the rectitude of his actions." Let that thought be a guide to all.

This so-called one-man, one-vote is an innovation of our lifetime. Call it majority rule or any other name, the irresponsible, secret, ballot-box election of political parties pledged to a "plank" or program in which the electors have little or no say is not democracy. It is no more so in this country than it would be in Rhodesia or Czechoslovakia—in the sense of "government of the people, by the people for the people." Its *reductio ad absurdum* has been well expressed by citing the purchase of a pair of shoes: "The fact that perhaps five times as many men prefer size 9 to size 11 gives them no right to impose their preference upon the minority merely because they can outvote them".

Sir Arthur Bryant, the outstanding editor of the *Illustrated London News*, in his book *"English Saga 1840-1940"*, apropos Lord Beaconsfield, said:

> In an age when thinking Englishmen were taught to regard their ancient institutions as anachronisms, Disraeli made it his life's work to educate the British people in an understanding of the true tradition of their country. His opponents imagined that by concentrating all power in the hands of a single omnipotent assembly, elected by popular suffrage, the will of the people would be imposed automatically and the age-long tyranny of the few made impossible. Disraeli saw how easily such power could be perverted to the ends of the ambitious and unscrupulous; of demagogues, dictators, party wire-pullers and the seemingly unlimited power of the civil servant bureaucrats.

Without countervailing forces such as this Senate, it would appear that the present state of this country amply fulfills Disraeli's worst forebodings with the trend towards permissive legislation.

If there is such a thing as a genuine democracy in this world, surely the nation coming nearest to it is Switzerland which, with some four component nationalities and five languages, has preserved its state of freedom for 678 years. Can one imagine the Swiss allowing any authority to impose on them, without in every case a referendum to the whole nation, such measures as the very legislation we have before us today, crippling taxation or the run-down of their armed forces and so on. We in Canada consider ourselves more progressive than the Swiss—progress towards what?

Wilder Penfield, in his address to the Empire Club of Toronto on January 16, 1969—for which I had the pleasure of thanking him—had this to say:

> It was indeed a surprise, at Christmastime, to hear one of those three admirable American astronauts, in outer space,

> read from the Bible the story of the creation—and fitting, too. What a story. And what an audience. The recent discoveries of geologists, biologists and astronomers show this story of the six-day creation to be the most important piece of historical fiction ever written and, if understood, amazingly accurate.
>
> And the story of the Garden of Eden which follows presents the rules of family morality as they have been established over and over again by man and woman ever since civilization had its beginning in cave and tent and urban house. Included in the plot is the discovery, and it is a discovery that science could never have made, that there is a right and wrong, a ban on murder, the meaning of loyalty and love and, finally, a vigorous statement of the lot of mankind: "In the sweat of thy face shalt thou eat bread, till thou return unto the ground; for out of it wast thou taken."

The honourable Senator Phillips (Rigaud) used expressions comparable to these. But if we keep on the way we are going, we will have no bread to eat.

> How else could the writers of the Scriptures present their meaning to the ordinary people who lived in Ur of the Chaldees or wandered through the deserts and pastures of Mesopotamia?
>
> The brain of man was just as good an instrument then as it is today. That is clear enough. Wisdom and the mind of man was obviously capable of penetrating insight and reasonable inference. All they lacked was accumulated knowledge.

To speak for the fetus and to be his advocate is an appropriate assignment for the physician. In keeping with the current modern trend in the relationship between obstetrician—a specialist—and a physician, the obstetrician now recognizes that he is responsible for two patients, the mother and her unborn child.

To consider the fetus not to be a separate person, but merely a part of the mother, has not been tenable since the sixteenth century when Arantius showed that the maternal and fetal circulations were separate—neither continuous nor contiguous. The genetic material of this separate human embryo is certainly unique, determinative and complete. It is certainly alive, since it possesses that hallmark of life, the ability to reproduce dying cells. It can be distinguished from any other non-human species. Once implanted, it requires only time and nutrition. Only two possible futures are open to it: it can become a live human being, or a dead human fetus.

The incidence of abortions done in hospitals to preserve the mother's life, to preserve the mother's health, and for psychiatric indications have all decreased in the past 20 years. The only type of abortion which has increased during that time is the abortion done for the so-called "fetal indication." The use of this term is in itself a misnomer, since one cannot justify an abortion on the basis of a fetal indication, no fetus having ever survived an abortion. The justification for such an abortion must then be either a form of euthanasia, to spare the child a life with handicaps, or for the purpose of saving the parents the happenstance of having an abnormal child. There is no evidence to indicate that the infant with congenital anomalies would rather not be born, since he cannot be consulted and no one really represents him when the abortion decision is made. There is evidence that handicapped persons do value life after they are born, since the incidence of suicide among handicapped persons is apparently lower than that of the general population (1. Hellegers, A. E., *A Doctor looks at Abortion.* Edward Douglas White Lecture. Georgetown University Law School, 1966.)

Honourable senators, I have a number of scientific references. May I have permission not to read them but to have them included in the report of my speech in the *Debates of the Senate?*

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Sullivan: Thank you.

Fetal indications are more accurately parental indications, then, and are based on a reluctance on the part of parents to accept a certain mathematical risk that an infant will be abnormal. Every pregnancy, of course, carries with it the risk of the birth of an infant with congenital anomalies. The risk is never zero per cent. It must be stated that the risk involved in no presently recognized maternal hazard would support a program of routine abortion. There is no accurate and safe method of recognizing the abnormal embryo in utero during the period when an abortion could be done, in spite of great advances being made on the fetal stethoscope. Then trying to do a karyotype during the first trimester carries an excessive risk of terminating the pregnancy or producing fetal

damage. Recognizing chromosomal sex is not conclusive since the rare sex-linked disorders now recognized are principally sex-linked recessives.

What, then, are the risks involved, and do they justify the consideration of termination of the life of the fetus? In the situation of maternal rubella during the first trimester, modern prospective, virologically controlled studies indicate that no more than 10 to 20 per cent of infants will be at risk (2. Sever, J. L. et al. *Rubella Epidemic 1964: Effect on 6,000 Pregnancies.* Am. J. Dis. Child. 110:395, 1965). Even a figure of 20 per cent would have to include such anomalies as remediable cardiac defects, tonal hearing loss and intrauterine growth retardation. When one talks of severe life-building congenital anomalies due to German measles, one is talking about cataracts, mental retardation and tonal deafness. The risk of an infant suffering one of these calamities is much less than 20 per cent. In fact, an 11-year prospective follow-up of offspring born to mothers contracting German measles during ths first 16 weeks of pregnancy showed their intelligence distribution to be normal (3. Sheridan, M.D. *Final Report of a Prospective Study of Children whose mothers had Rubella in Early Pregnancy.* Brit. Med. J. 2:536, 1964.). The risk of an infant being born with any type of congenital anomaly is much less in any non-epidemic (5. Siegel, M. and Greenberg, M. *Fetal Death, Prematurity and Malformations after Maternal Rubella.* New Eng. J. Med. 262:389, 1960.). Since Mayer and Parkman (6. Mayer, H M. and Parkman, P. D. *Clinical Trial of an Experimental Rubella Virus Vaccine.* J. Ped. 69:893, 1966.) of the National Institute of Health, U.S.A., have already reported on field trials of an apparently potent rubella vaccine, as well as the Connaught Laboratories of the University of Toronto, it is likely that a vaccine will be available before the next rubella epidemic occurs, since epidemics usually occur every five to seven years. The answer to the rubella dilemma lies in this vaccine and not in therapeutic abortion.

The problem in teratogenic drug ingestion would also seem irrelevant in this context. Thalidomide was not on the Canadian or American market. It is unlikely that a drug with such a teratogenic capability could pass the progeny study requirements now made mandatory by the Food and Drug Administration Offices of Canada and the United States.

Indeed, progeny studies and experiments on the rat, and more recently on the baboon, have produced limb bud anomalies in animal fetuses almost identical to the phocomelia seen in human beings, and they have been well taken care of by the excellent group in Germany. The thalidomide tragedy was, in a sense, iatrogenic and, therefore, deserving of my profession's utmost concern and compassion. In keeping with noblest medical traditions is the work of Dr. Gustav Hauberg of the Anna Stift Rehabilitation School in Hanover, Germany. In this institution, a team of orthopedists, social workers and teachers have been engaged in the developing of abilities of thalidomide-damaged children so that despite their heavy handicaps they will still value life. Mental and psychological development has been normal, in most cases, and higher education potential is attributed to most. Thus even such a poignant situation as the birth of 7,000 phocomelics in Germany can have its positive aspect when medical resources are properly mobilized. The best preventative against the recurrence of such a tragedy is the basic reluctance of obstetricians to give any new drugs to pregnant women.

It is difficult to formulate a therapeutic principle which would apply to the various situations posed by exposure to drugs or disease. If the principle is that it is better for eight or nine normal babies to die than for one or two abnormal babies to be born, then I must say that I reject this principle as wasteful and unreasonable. It seems to me that this viewpoint derives from a cult of perfection which says that life is not worth living unless it is free of handicaps—that "vita" is not "vita" unless it is "la dolce vita."

Experience in working with handicapped children would suggest that human nature frequently rises above its impediments and that, in Shakespeare's words, "Best men are moulded out of false and, for the most, become much more the better for being a little bad."

Certainly the entire medical profession, not just abortion law revisionists, has compassion for victims of forcible rape and incest. There is a question, however, as to the true dimensions of this problem. Studies on human fertility would suggest that not too many pregnancies are likely to result from a single act of forcible rape. Of course, we now have these young punks in leather jackets who, in groups of ten or twelve at a time, are indulging in

such pastimes; so, now this statement cannot be guaranteed. I am informed too that it has now been reliably stated by the local state attorneys' offices in the United States that their staffs could not recall a single incident of such a pregnancy in an experience covering about nine years of prosecutions for rape. If such a pregnancy were to occur, there is no scientific evidence that psychological trauma would be prevented, unaffected, or intensified by compounding the shame of rape with the possible guilt of abortion. In the case of statutory rape, there is likewise a question as to the relevance of therapeutic abortion.

Teenage girls who become pregnant are largely a group characterized by social isolation and alienation from their parents. Frequently they look forward to the birth of the infant as a further loneliness compensation, and therefore do not present themselves for therapeutic abortion consideration.

Incestuous pregnancy is no less a difficult problem. Many such pregnancies are not recognized or admitted until physically obvious and beyond the time when abortion would be possible. Many cases of alleged incest will fail of recognition because the victim or her mother will shrink from the financial ruin involved in accusing the father, or the social ruin involved in convicting a brother. I have been informed that in 1966, in Cook County, Illinois, there were only twelve indictments for incest entered and only a fraction of these involved pregnancies to which therapeutic abortion would have related under any law.

Much is made of the appeal to prevent the birth of unwanted children. It seems to me that there is a confusion involved here which results from the failure to distinguish between the unwanted child and the unwanted pregnancy. I have been reliably informed by recognized authorities in obstetrics and gynecology who have stated that in fifteen years of experience with the parent-child relationship they have very rarely encountered a mother who asked to be rid of her child once she had taken it home from the nursery. They have encountered many a mother, pregnant with her third or fourth child, who undergoes a kind of panic which requires the sympathetic support of her family doctor and her husband. According to Hoerck (9. Hoerck, cited by Asplund, J. *Discussion of Swedish Abortion Experience*. Bull. Sloane Hosp. 11-77, 1965) 75 per cent of women who were refused abortion under the Swedish system, went on to have their babies and were happy with them. According to Aren and Amark (10. Aren, T. and Amark, R. *The Prognosis of Granted but not Performed Legal Abortions*. Acts Psych. and Neur. Scandinavian Supplement 99, 1955.) more of these women have an improvement in their mental adjustment than a deterioration of mental health. I wonder if we really want a situation like that in Denmark, for example, where the principal indications for abortion are, (1) the stress syndrome of housewives; (2) symptoms of insufficiency; and (3) impending exhaustion. This being the case, a great many of us are fortunate in being alive today.

Of course, we have also to take into consideration, frail beings that we are, the fact that one of the uninsurable risks of medical practice is that we sometimes begin to believe in the phantasies of our patients. Patients may ascribe God-like qualities to us, but I doubt that they will approve of our acting them out. The motion that a physician should be allowed to perform any abortion he chooses within the framework of the physician-patient relationship is a unique and unprecedented request for any profession. Does the lawyer ask, since law is his specialty, that laws should be left to his conscience? Does the educator suggest that his position as an educator entitles him to decide when prayer should occur in public schools? A doctor may know how to do an abortion, but he does not necessarily know when it should be done or if it should be done at all.

Ninety per cent of abortions in the United States are performed on women who are married, healthy and living with their husbands. Ninety-five per cent of the fetuses destroyed in these abortions would have been born normal. If we accept the Kinsey statistics, 88 to 95 per cent of abortions are performed by technically competent doctors of medicine. Then, what do we expect to gain from changing the law?

Physicians throughout the State of Illinois were asked through the Illinois *Medical Journal* to report cases where the present law had worked to the detriment of the physical or mental health of the mother by depriving her of a needed abortion, and no such cases were reported. I do not know how to define "mental health", and I have been in practice 35 years. This is a definition that must be left in this case to that branch of medicine known as psychiatry. During the past five years, in the State of Illinois, they have had five maternal deaths due to septic criminal abortion, an average of one a year. This must be close to

an irreducible minimum. If the law is changed to allow for a vast increase in the number of abortions performed, there will be many more lives lost and these will be the lives of unborn children. The mortality is 100 per cent for them.

In the United States of America, most states recognize that the unborn child does have rights under the law. A mother may sue for the support of her unborn child or may hold a defendant liable for injuries sustained by her unborn child as a result of accident or assault. An unborn child may share in an inheritance or workmen's compensation benefits. A pregnant woman convicted of a capital crime may not be executed until after her baby is born. The American Constitution, in the Fifth Amendment, provides that no person shall be deprived of life without due process of law. It is certainly a matter of pause for the medical profession to decide whether two doctors in agreement, or even an "abortion committee," constitutes due process. Can the Minister of Justice answer that question?

It seems ironical, when we have established institutes of child health throughout the country which specifically direct their attention to child development from the time of conception, and while tens of millions of dollars are being spent by various national foundations to improve the lot of the unborn, that we should see in this day a movement for more liberal "fetal indications" for abortion.

Therefore, if you ask me to speak for the foetus, then speak for him I will. I speak for him intact or deformed. I speak for him, wanted or unwanted. Yes, and I speak for him be he illegitimate or high born. I am for life and the preservation of life. I believe that any life is of infinite value, and that this value is not significantly diminished by physical or mental defect or the circumstances of that life's beginning. I believe that this regard for the quantity, and not the quality, of life is a cornerstone of western culture. I believe our patients are served best by a medical ethic which also holds this principle sacred. (Dr. Eugene F. Diamond, Department of Pediatrics, Stritch School of Medicine, Loyola University.)

In an article in the *Canadian Medical Association Journal* of April 19, 1969 Volume 100, page 733, entitled "The London Letter," Lewis is quoted in the *British Medical Journal* for January 25, 1969, page 241, as saying that England, and particularly London, has become the abortion capital of the world. One of my medical colleagues in the other place brought to the attention of the minister—and, being a member of the legal profession, he was not too much impressed with sound, basic, fundamental knowledge—that in 1958 there were 1,600 abortions in England and Wales and in 1968 the number was over 35,000.

Since the new abortion law has come into effect in the United Kingdom it has been stated that there have been 35,000 abortions done in England in one year. However, to my knowledge no statistics done in a country with liberalized abortion law will justify any assumption that criminal abortions are decreasing in England; rather, there has been an increase in criminal abortions in these countries as well as an increase in legal abortions.

One explanation for this apparent paradox is that large numbers of pregnant women, having abandoned contraceptives, are determined to have an abortion and, being denied legal abortions, seek other means of terminating the pregnancy. Possibly things will be different in England or Canada, but based on statistics from other countries, one would predict an increase in criminal or legal abortions in England at the present, and in Canada in the future if the omnibus bill is passed with its present wording to include the health of the mother as an indication of abortion.

I quote from the London Letter of the *Canadian Medical Association Journal*, May 28, 1968, page 1190:

> Furthermore, experience in countries where legal abortion is easy to obtain shows that many women prefer to bypass official channels and go to the criminal abortionist. In Japan it is reckoned that when legal abortions rose to one million cases a year, illegal abortions also rose to that figure.

The most potent argument against abortion is not based on ethical, religious or political grounds but rather on the biological fact that the fetus is a living human being shortly after conception and that, therefore, it should be destroyed only for very serious reasons. The omnibus bill would make it legal for a woman to have an abortion for practically any reason that affects her health and, thus, will bring great pressures on doctors in hospitals that do not exist at present. In my humble opinion the only answer to this problem is prevention.

Jewish law allows or even requires destruction of a fetus in order to save the mother,

up to the moment the child is born—that is to say, when the head is out. From this moment, and only from this moment, the Rabbis assume the existence of a full human being of equal standing with any other. The question was raised in their ancient academies as to why, even at this stage, it should not be right to kill the child if otherwise the mother would die, seeing that the law authorizes the killing of a man about to kill another man, and authorizes it even if the attacker is a minor, not strictly answerable for what he does (Babylonian Sanhedrin 72b: see Jakobovits 1959). This is exactly the modern argument, but they did not find it conclusive. Their answer was that the mother is attacked not by the child, but from Heaven. In other words, the child's presence is not comparable to an attack even by a minor or a lunatic. It involves no doing on the child's part at all. The child is there, fatal to the mother by being there but not by any action, and hence is not to be sacrificed.

Historically and emotionally, the differences are indeed substantial. Where a man threatens to kill another man, in the vast majority of cases a moral wrong is committed. Moreover, the emergency leaves no time for reflection; the instinct to rescue the prospective victim comes into instantaneous play. Against this background, it is small wonder that, if there is no other way out, even a deranged attacker may be killed. By contrast, in the vast majority of pregnancies, there is no danger to the mother's life, and certainly no wrong; and where exceptionally grave risk does arise, in general, a careful examination and weighing up of all factors can be undertaken. One may disagree with the Roman Catholic decision because of its very early dating of a human being—or even with the Rabbinic decision because it acknowledged a human being as soon as the head is through—but the charge of a senseless distinction cannot be upheld. I am hardly entitled to throw out three men from a full lifeboat in order to rescue three struggling in the water. The former's presence does spell doom for the latter, but, in the words of the Rabbis, the attack emanates not from them but from Heaven.

For a just and historically accurate appraisal of views on abortion, it is well to bear in mind that this dilemma is relatively novel. Prior to the revolutionizing of surgical hygiene, in pursuance of Pasteur's and Lister's work, even expert intervention involved a high risk.

It is disgraceful that abortion should constitute a major problem in the second half of the twentieth century. By perfecting methods of birth control, if you like—and even the pill is not yet anywhere near what is needed and possible—and by familiarizing people with them thoroughly and openly, the demand could be reduced to a fraction of what it is. There would remain a hard core of difficult cases, unexpected complications imperilling the health of the mother or the soundness of the offspring, but they would be few indeed. No doubt in an ideal world contraception would not be thought of—but this is no Utopia. In the world as it is, it is infinitely preferable to abortion, which is largely its substitute.

I must add a remark drawing your attention to a recent series of actions on account of wrongful life (see Tedeschi 1966). They have cropped up in some half a dozen western countries, in Italy, North America, though not so far in Britain. A child will claim damages for being born under a handicap. He, or somebody on his behalf, may sue a parent for bringing him into the world illegitimate, or a parent, a doctor or the state for causing or allowing him to be born diseased. Actions of this nature have already succeeded and are bound to become part of modern law. An idea that has been mooted is an action by a deformed child on the ground that pregnancy was not terminated when his mother contracted German measles. If legislatures are not careful in correlating and synchronizing their various measures in this field, we may see one partner of a surgeon's firm fined for illegally operating on a woman with rubella, while the other has to pay up for wrongfully letting a woman with rubella bear a cripple.

A doctor should not become an agent of the government in the sense of subordinating his task as a healer to the interest of the state. It merely means that we allow him to be human. None of us can or should free himself entirely from contemporary ideas as to the public good. For instance, a long-continued clamour about overpopulation is bound to have a certain effect—an adverse effect—on the value of an individual life. To some extent, fortunately this is counterbalanced by the great possibilities of fighting death. Experience shows that techniques develop their own momentum, and I see it every day. If a brilliant method of curing cancer, replacing a heart, replacing certain areas of the brain, replacing certain areas of the ear, is available, doctors want to use it no matter how many people to a square mile.

Incidentally, the danger of a doctor becoming the instrument of an administration is not new.

It is doubtful if many doctors who actually care for the sick and the infirm plan their actions on the basis of the predicted effect upon society. Instead, the dominant tradition is for the physician to provide the best care of which he is capable for those who either seek his services or are assigned to his responsibility. By and large this is done without regard for the conceivably broader issue of whether or not treatment is justifiable on social grounds. His reasons may include pride, altruism, compassion, curiosity, a spirit of competition, even avarice, or a combination of all these things. Whatever the motive, the reflexes which follow are sure, and respond similarly to the needs of the productive members of the community, the insane, feeble-minded, children with incurable birth defects, condemned criminals, or even soldiers who moments before were members of a hostile army.

The foregoing viewpoint is a narrow one, but there is no reason to believe that it should be abandoned in the face of advancing technocracy. It has shielded the ill from the caprices of the moral judgments of other men through centuries of evolving philosophical religious and legal doctrines. It has placed the concept of the sanctity of human life on a practical foundation, since the responsibility of one person for another could not be more clearly defined than through the doctor-patient relationship, irrespective of the reasons for the contract entered into between the two involved parties.

Despite all the current talk about the "legalization of abortion," there is little understanding of what such "legalization" means in practice, particularly from the medical profession's point of view. It is quite obvious that if abortion is to be legalized it will be through laws which restrict abortion to certain specified "indications." But this situation itself inevitably creates highly contradictory circumstances. The abortion law enacted last year in Colorado is a case in point. It provides that the patient will be granted legal permission for abortion if this is considered to be for her benefit by her physician and a special hospital board. Health becomes a moral absolute. Thus, if Mrs. A is pregnant and suffers from some condition that may deteriorate with the continuation of the pregnancy, she will be granted legal permission for an abortion; if her husband is unaware of her condition—a state of blissful ignorance in which she hopes to keep him—if she believes that an abortion is the only hope of saving her marriage and her happiness, she will not be granted an abortion—unless, of course, some psychiatric excuse can be found for it.

Now what does all this mean? It is reasonably obvious that Mrs. A was granted an abortion for her own benefit. But what benefit is there socially or personally in refusing Mrs. B? Will it make her a better woman in the future? Will it teach her a lesson? Will it show her husband what type of woman he married? Will the marriage be helped? It cannot possibly be for the benefit of her unborn child, because this factor was of no concern in the case of Mrs. A. There is no reason for refusing Mrs. B an abortion apart from a belief that, after all, abortion is not really right. This is peculiar, for the whole argument against the present law on abortion is that it imposes the moral beliefs of some on others. But the "reform" laws merely substitute for the moral belief of some the moral beliefs of the proponents of that particular type of legislation or the moral beliefs of the members of the special hospital board.

The law that permits abortion and then restricts it is just as much a matter of making moral judgments for people as is the present law. The only real difference is that it lacks any real clarity and may be rationally indefensible. The special hospital board, in refusing Mrs. B an abortion, says in effect, "You cannot have an abortion because it is not the right thing to do."

The Colorado law apparently was not passed as a result of mature consideration, but in the midst of bitter conflict in which there was no real consensus on abortion but a desperate drive to get it legalized at any cost.

The law purports both to legalize and not to legalize abortion. Whereas previously it had to face only the problem of keeping criminal abortion to a minimum, it is now faced with the added problem of keeping legal abortion to a minimum, in the full realization that every abortion request that is legally denied creates the potential for one more criminal abortion.

It is quite understandable that the medical profession should wish to retain sufficient control over abortion so that it is only obliged to perform those abortions which it considers necessary. Under this type of legislation, however, decisions are not made by the medical profession as such but by members of the medical profession who compose a quasi-legal body. The principle function of the special

hospital board is not to decide whether a patient needs an abortion but to rule on whether it is legally permissible.

At the same time, there is an obvious obligation placed upon the patient's own physician to request an abortion when it is legally permissible. If any patient requests an abortion for any reason whatsoever, her physician must refer her to the special hospital board. If he does not apply for the abortion upon her request and her health is subsequently harmed, he will be in a very awkward legal position. Thus, if Dr. A attends upon Mrs. B, who is pregnant and has a complicating illness, and in the opinion of Dr. A the best treatment is to carry on with the pregnancy, and the pregnancy is carried to term and Mrs. B's health is thereby harmed, then Mrs. B may bring an action against Dr. A on the grounds that there is legal provision for abortion in the event that pregnancy may result in serious physical impairment. Whether or not Mrs. B can prevail legally is of no consequence; the only course open to Dr. A is to recommend her for abortion, against his better judgment.

At present most hospitals have some type of board or committee that rules on abortions. If one surveys the relationship between the birth rate and abortion rate in various hospitals, it is obvious that there is absolutely no unanimity about the indications that are acceptable to the various boards of the various hospitals. Precisely the same state of affairs will exist within the law as presently exists without it. There is not the slightest possibility that women in different areas will be treated equally.

Hon. Mr. Benidickson: Is that a medical board?

Hon. Mr. Sullivan: Yes, sir. It also has administrative lay people on it.

I suppose all honourable senators had a letter from the Catholic Women's League of Canada dated May 16, 1969, which I wish now to put on the record.

> Dear Senator:
>
> In 1966 at its National Convention, the Catholic Women's League of Canada (membership in excess of 150,000) expressed its opposition to more permissive legislation in the matter of abortion and re-affirmed its stand in 1967 and 1968, asking that more time be permitted to the Standing Committee on Health and Welfare for a complete study of the question.
>
> We were dismayed that the intimate moral values involved were treated in "omnibus" form, and wish to once again affirm our position. We would appreciate your consideration and support when the sections of Bill C-150 dealing with abortion are being discussed by the Senate.
>
> Respectfully yours,
>
> Mrs. V. Fabris,
> National President

One critic of the "reform" legislation's provision for special hospital boards or their equivalent points out the discrepancy in opinion among such boards already extant, and quotes a variation in hospital practice from no abortions in 24,417 deliveries to one in 36. It is wishful thinking to suppose that this variation will vanish with legalization. What will happen is that the patient or physician will be encouraged to "shop around" for the most lenient board. Unfortunately, the patient's pregnancy will not wait and the tendency will be for there to be abortions at a later stage of pregnancy, as in Sweden.

Another section of the "reform" legislation provides for abortion when it is likely that the child will suffer "gross and permanent physical deformity or mental retardation." While the intention of this clause seems fairly clear on the surface—that is, that these children are a social nuisance—the necessity for its inclusion is not so clear. Is the legal reasoning that no woman should be forced to bear a deformed child? This is quite obviously a moral statement. But what reasons may there be for adopting this position?

First, the idea of bearing a deformed child is so repugnant to the woman that her mental health is thereby threatened. In that case she would be permitted an abortion by that section of the law which deals with the question of mental health. Or she may be coldly unemotional about it all and may not want the child because it is going to be a nuisance to her. But if this is the reason for the abortion, it should be equally the reason for any woman to have an abortion because her child was going to be a burden to her, deformed or not.

Secondly, it is said that it is not right to bring a child into the world if it is not going to be happy. Three-quarters of the world is starving; we teeter on the edge of nuclear war; we hate our brother because of the colour of his skin—and we suppose that we can judge who will be happy and who will not. Scientifically speaking, the newborn child

is quite unaware of any deficiency within itself and is as happy as any other child, deformed or not. It is only later that it comes to notice the differences, and then will be happy or not depending upon what we make of those differences. If there is any real concern for the happiness of the child, the kindest thing to do would be to allow it to be born and experience its own happiness until such time as it became reasonable to put it away quietly. As yet, we cannot bring ourselves to do that, but given time and the right philosophical direction, we will succeed. In the meantime, we can decide to destroy it before it is born to avoid the necessity of destroying it after it is born.

The third reason for aborting the woman with the potentially deformed child is for the good of society. It is indeed difficult to conceive that this small organism represents such a threat to the social and economic structure of the country that the whole force of the law should be mobilized towards its destruction.

It is said that we must produce a "quality" people. This is an interesting concept. Presumably "quality" people are those who contribute most to the happiness, peace, security and freedom of society. One is not struck by the evidence that because a man is six foot two, he is kind; because he has an I.Q. of 140, he is law-abiding; or because he is healthy, he is honest. Nor is one convinced by the evidence that it is the deformed and mentally slow who are responsible for the cheating, intolerance, disloyalty, scandal in high places, et cetera, which inflict our social life. How does one go about the task of deciding whether a particular fetus will be kind, gentle, fraternal and honest, or the opposite?

Even if there were so, genetics is still in its infancy, and with the little freedoms still left to us it is quite impossible to breed people as one breeds animals. It would be as well to be frank and admit that we do not want the deformed and mentally slow solely because they interfere with our way of life; because they appear to be a burden upon us; because they use up some of the goods that might otherwise come to us. It is this attitude which makes us "non-quality" people. If we cannot tolerate the potentially disabled, how well do we love the presently disabled?

In future before refusing an abortion often it will be prudent for a doctor to obtain a second opinion, preferably from a consultant whose knowledge is specially relevant to the needs of the particular case. Lawyers, however, know that in the civil courts it is frequently cheaper to kill than to maim. In face of the possibility of proceedings in the civil and perchance in the criminal courts, doctors may well be given the advice to kill rather than to save the fetus or, when in doubt, to abort. This advice, if cynical, will be safe. And this is the pass to which we have been brought in Human Rights Year.

So, I say again what I am certain is truth: There is a conspiracy against human life in totality. The eventual aim is total control over life and death, placed in the hands of geneticists, sociologists and social planners. The stand should have been taken a decade ago. But believe me when I say that if the stand is not taken now, then our children will be the victims of a society where reverence for human life is totally destroyed.

I conclude with the observation that this amendment will not reduce illegal abortions at all. This was one point on which everyone in the various committees of the other place agreed, including the Canadian Medical Association.

Does the state have the right to take the life of the unborn child? With all the force of my being, with my absolute faith and belief in Almighty God, with my medical training and background, I say contemptuously and forcefully an unequivocal "No".

Hon. Senators: Hear, hear.

Hon. Mr. Walker: Could I ask the honourable senator a question? What is the present law or rule with which it is necessary to comply in order to bring about a legal abortion?

Hon. Mr. Sullivan: It depends on the hospital. There are certain hospitals whose boards of trustees form a committee with consultants of the specialties of obstetrics and gynecology, and this committee makes a decision. If the decision is favourable and is looked upon in that light, the abortion is carried out.

On motion of Hon. Mr. Carter, debate adjourned.

TRUST COMPANIES ACT

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved the third reading of Bill S-37, to amend the Trust Companies Act.

Motion agreed to and bill read third time and passed.

LOAN COMPANIES ACT

BILL TO AMEND—THIRD READING

Hon. A. Hamilton McDonald moved the third reading of Bill S-38, to amend the Loan Companies Act.

Motion agreed to and bill read third time and passed.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Muriel McQ. Fergusson moved the second reading of Bill C-153, to amend the Historic Sites and Monuments Act.

She said: Honourable senators, the purpose of this bill is to make internal housekeeping amendments to the Historic Sites and Monuments Act.

The Historic Sites and Monuments Board of Canada, originally created in 1919, was established by statutory authority in 1953 with the passage of the Historic Sites and Monuments Act.

It is the function of this board to advise the Minister of Indian Affairs and Northern Development on the national significance of events and persons in Canadian history, and on buildings of national architectural importance or association. On this advice is based the Historic Sites Service national program of commemoration and preservation.

Section 4(1) of the present act provides that there shall be 14 members of the Historic Sites and Monuments Board, with one representative from each province, excepting for the Provinces of Ontario and Quebec, each of which has two representatives. The other members on the board are the Dominion Archivist and a representative from the Department of Indian Affairs and Northern Development. Prior to the Reorganization Act of 1964 the National Museum came under the aegis of the Department of Indian Affairs and Northern Development, and a museum officer was always the person appointed to the board by that department. After the Reorganization Act was passed, the National Museum reported to the Secretary of State and, through this change, the National Museum is no longer represented on the board. It is felt that the knowledge and guidance of a representative from the National Museum of Canada would be of great value to the Historic Sites and Monuments Board.

This bill will increase the membership of the board to 15 and will provide that the additional member will be designated by the Secretary of State of Canada.

Under the present act the quorum of the board is seven. With the increase in the number of members of the board from 14 to 15, it is considered that the quorum should be increased from seven to eight. This is provided for in the bill.

The third provision in this bill is to amend the section which sets out the allowance which can be paid to members of the Historic Sites and Monuments Board of Canada. The present act stipulates that a member of the board may be paid $20 a day for each day he is necessarily absent from his ordinary place of residence to attend board meetings or on other business of the board. This allowance was set many years ago and, considering the depreciation of the dollar since that time, the amount is much below what should be allowed persons of the professional standing of the board members and is less than what is allowed many other national advisory board members.

Members of this board are chosen because of their technical knowledge and their outstanding qualifications as experts in the field of history. Their deep interest makes them very devoted board members. Many of them, in the past and at present, have spent and still spend much time without remuneration during weekends and holidays on personal research, investigating the historical value of projects suggested to them.

It is reasonable that, for the days they are necessarily absent from home for the purpose of attending meetings of the board or other business of the board, they should be provided with a more realistic allowance than the $20 a day provided in the present act. I find it hard to understand that these very highly rated people in their own fields would be willing to accept this small allowance. This shows how very devoted they are to the work of the Historic Sites and Monuments Board. This bill proposes that the amount of the remuneration for such absences shall be fixed by the Governor in Council.

I trust this bill will receive the support of the house.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Haig, debate adjourned.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 575 to 584, inclusive, which were presented on Tuesday, May 27.

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 575, for the relief of Georges Tetrault.

Resolution 576, for the relief of Louis Marin Langelier.

Resolution 577, for the relief of Guy Dumais.

Resolution 578, for the relief of Violette Bellefeuille Poirier.

Resolution 579, for the relief of Ronald Joseph Snow.

Resolution 580, for the relief of Raymond Boucher.

Resolution 581, for the relief of Edith King Fancey, otherwise known as Edith King Fancy.

Resolution 582, for the relief of Frank Frederick Fagan.

Resolution 583, for the relief Andre Delisle.

Resolution 584, for the relief of Bernard John Kuckuck.

Resolutions adopted, on division.

The Senate adjourned until Tuesday, June 3 at 8 p.m.

THE SENATE

Tuesday, June 3, 1969

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

Prayers.

RULES OF THE SENATE

ADVANCE PRINTING

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that I have received the following communication respecting the new Rules of the Senate.

Honourable Senator J.-P. Deschatelets, P.C.,
Speaker of the Senate,
Ottawa, Ontario.

Mr. Speaker,

On December 10, 1968, on the motion of the Honourable Senator Molson, the Senate ordered as follows:

> That the revised Rules of the Senate recommended in the Third Report of the Special Committee of the Senate on the Rules of the Senate, as amended in Committee of the Whole and adopted by the Senate and the revised Rules of the Senate contained in the Schedule to the Fourth Report of the Special Committee of the Senate on the Rules of the Senate, as amended in Committee of the Whole and adopted by the Senate, be printed in the English and French languages in conformity with the arrangement, style, numbering and lettering used in the Statutes of Canada, with a detailed index, an appendix showing a bibliography of related statutes and an appendix of relevant forms of proceedings, the responsibility therefor to be entrusted to the Clerk of the Senate, the Law Clerk and Parliamentary Counsel of the Senate and the Legal Counsel of the Special Committee of the Senate on the Rules of the Senate.

In obedience to that order, the undersigned have completed the editorial work assigned to them by the Senate, with the exception of the appendix of relevant forms of proceedings. There is now available in printed form and in both English and French, the new Rules, a bibliography of related statutes and an index. These have been temporarily bound but will be bound in hard covers upon completion of the Forms of Proceedings.

New Rule 6 provides as follows:

These rules shall go into operation on a day to be fixed by order of the Senate.

All of which is respectfully submitted.

Robert Fortier
Clerk of the Senate

E. Russell Hopkins
Law Clerk and Parliamentary Counsel of the Senate

David Dehler
Legal Counsel of the Special Committee of the Senate on the Rules of the Senate.

Honourable senators, may I be permitted to say that the portion of the new rules pertaining to the committees of the Senate, and which constituted the Third Report of the Special Committee of the Senate on the Rules of the Senate, has been in operation since January 21, 1969.

Paragraph 11 of the said report reads as follows:

> The foregoing provisions shall come into force on the day on which the Standing Committees have been reconstituted, and for the purpose of such reconstitution the Committee of Selection shall function pursuant to Rule 77 as if the present Session was now commencing.

I should like to point out that the report of the Committee of Selection has already been presented to the Senate, and was adopted on the aforementioned date. The new committees began to function as of that date. The resolution referred to in new Rule 6, therefore, concerns the coming into force of the provisions contained in the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.

Copies of an advance printing of the revised Rules of the Senate have been placed on the desks of honourable senators. As the honourable Leader of the Government indicated in the Senate a few days ago, there will be a final printing of the Rules when the forms of proceedings, which are to be included as an appendix, have been completed. This part of the work is well under way.

In conclusion, it is my opinion that the new Rules, which are now in print, will come into force when a resolution is adopted by the Senate. It is, of course, for the Leader of the Government in the Senate to decide when such a resolution is to be introduced.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, May 28, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Report on the Operations of the Municipal Development and Loan Board, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 20 of the Municipal Development and Loan Act, chapter 13, Statutes of Canada, 1963. (English and French texts).

Order in Council P.C. 1969-889, dated May 1, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to National Financiera, S.A., Mexico, D.F., Mexico, to enable it to make loans to Mexican buyers to finance the purchase of goods and services from Canadian suppliers, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952 as amended 1960-61. (English and French texts).

Copies of Final Communique issued following the Ministerial Session of the Defence Planning Committee of the North Atlantic Treaty Organization held at Brussels, May 28, 1969. (English and French texts).

DISTINGUISHED VISITOR IN SENATE GALLERY

HONOURABLE NORMAN A. MacKENZIE

Hon. A. Hamilton McDonald: Honourable senators, I am sure you will agree that I ought to refer to the presence in the gallery of our former colleague, the Honourable Norman A. MacKenzie. We are all very pleased to greet him on this occasion, and to say to him: We are happy that you have returned and we hope that you will pay many visits to this chamber on future occasions. We will always look forward to meeting with you and receiving your guidance and advice. Despite the fact that you have retired from the Senate, there is no indication that you will withhold from Canada the wisdom that you possess.

Hon. Senators: Hear, hear.

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-102, to amend the Patent Act, the Trade Marks Act, and the Food and Drugs Act, and had directed that the bill be reported without amendment.

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

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

CHANGE IN MEMBERSHIP

Hon. A. Hamilton McDonald: Honourable senators, with leave of the Senate, I move:

That the names of the honourable Senators Burchill and Petten be substituted for those of the honourable Senators Lamontagne, P.C., and Thompson on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. G. Percival Burchill: Honourable senators, I felt embarrassed last Thursday afternoon when this motion was being discussed. I am sure my honourable friend Senator Walker bears no ill feelings towards me or Senator Petten.

Hon. David Walker: Nothing but good will.

Hon. Mr. Burchill: However, I should like to make an explanation of my position.

When I was invited to join this committee I knew of no reason at that time why I should decline the invitation. Perhaps I was influenced in that decision by the fact that the Atlantic Provinces during this session have had a very thin representation on some of the most important special committees appointed by the Senate. I do not wish to cast any reflections whatever on any member of the Senate. I hold all honourable senators in the very highest possible regard and respect. I am not speaking for myself, because I have had too many years here to feel that I want

any particular job. I speak only as a representative of the Atlantic provinces.

I would point out to Senator Walker that the very important Science Policy Committee consisted of 18 members, one from the four Atlantic provinces and nine from the Province of Ontario.

Hon. Mr. Walker: Shocking.

Hon. Maurice Bourget: I am sorry to interrupt my honourable friend, but I think he is mistaken. There are three members from the Maritime provinces on the Science Policy Committee.

Hon. Mr. Burchill: We go to the Special Committee on the Rules of the Senate, which is also very important. We have one representative from the four Atlantic Provinces and eight from the Province of Ontario.

Hon. Mr. Walker: Shocking.

Hon. Mr. Burchill: I think there are five from the Province of Quebec. In the Senate we should set an example for the rest of Canada. If we want a united country, we should see that every portion of the country is represented on these important special committees.

Honourable senators, as a representative of the Atlantic Provinces, I emphasize that there has been a great brain drain for a hundred years from that area of Canada. In fact, of the 4,400 graduates from the University of New Brunswick alone in the last three years, only 1,300 have remained in the Atlantic Provinces. The rest have gone. There are some good representatives here. These younger men have come in. I see them and I know them. I know their worth and I know that they will make good contributions. The Atlantic Provinces should be well represented on the very important committees. That was the pattern in days gone by and I hope that it will continue to be the pattern of a truly representative parliament.

Hon. Mr. Walker: Honourable senators, I agree completely with Senator Burchill. Would he not also agree that he should not take his place on the committee until the bill reaches us? Would he not agree that he should not take office in the middle of the voting on Bill S-21, but should wait until the voting has been completed?

Hon. Mr. Bourget: Honourable senators, I should like to make one correction in the statement made by Senator Burchill. I think he was looking at the first list of members who were appointed to serve on the Committee on Science Policy. Already we have four members representing the Maritime Provinces: Senator Phillips from Prince Edward Island; Senator Carter from Newfoundland; Senator Robichaud from New Brunswick, and Senator Blois from Nova Scotia.

Hon. Mr. Burchill: How did they get on the committee?

Hon. Mr. Bourget: In the usual way. They were appointed by the Senate itself; they could not get on otherwise.

Hon. Mr. Burchill: The original selection?

Hon. Mr. Bourget: The balance of representation has been corrected. Originally there were two, but now there are four. And I must say they are four very good and outstanding members of the committee.

Hon. Mr. Grosart: And Senator McGrand.

Hon. Mr. Bourget: Yes—Senator McGrand makes five. Therefore, the Maritime Provinces are well represented on the committee.

Hon. Mr. Walker: I appreciate Senator Burchill's remarks and I entirely agree with him. He is a fair-minded man and I know he will agree with the amendment that I now move, seconded by Senator White.

In amendment, I move that the effective date of the substitution of the names of Senator Burchill and Senator Petten for those of Senator Lamontagne P.C., and Senator Thompson as members of the committee, be the day following the report by the committee on Bill S-21 referred to the committee as presently constituted.

The Hon. the Speaker: Honourable senators, I have already put the motion. I shall now put the amendment to the motion.

The motion and the amendment are both debatable, and honourable senators who wish to may join in the debate, first on the amendment and then on the motion.

It is moved by honourable Senator Walker, P.C., seconded by honourable Senator White, P.C., in amendment to the main motion, that the effective date of these substitutions be the day following the report of the Committee on Legal and Constitutional Affairs with respect to Bill S-21.

Hon. Mr. Prowse: Mr. Speaker, do I understand that this is an amendment to Bill S-21?

The Hon. the Speaker: No. It is an amendment to a motion for the substitution of two honourable senators now serving as members of the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Prowse: In other words, the amendment is a motion to change the constitution of the Standing Senate Committee on Legal and Constitutional Affairs?

Hon. Mr. Flynn: No.

The Hon. the Speaker: If the honourable Senator Prowse will permit me, his question is well received and I think I should state the situation as clearly as possible so that honourable senators will know exactly what they are voting on.

First, there was a motion by the honourable Senator McDonald to change two members serving on the Standing Senate Committee on Legal and Constitutional Affairs. To be precise, the motion was that the names of honourable Senators Burchill and Petten be substituted for those of the honourable Senators Lamontagne, P.C., and Thompson. That is the main motion.

In amendment, the honourable Senator Walker, P.C., moved, seconded by the honourable Senator White, P.C., that that substitution take place only upon the day following the report of the committee on Bill S-21, which was referred to the Standing Senate Committee on Legal and Constitutional Affairs.

The honourable Senator Walker has the floor.

Hon. Mr. Flynn: It would be interesting to hear what the Acting Leader of the Government has to say on this motion.

Hon. Mr. Walker: Would you like to speak first? I always defer to the leader.

Hon. Mr. McDonald: Go ahead.

Hon. Mr. Walker: I do not wish to delay the business of the house tonight. If honourable senators would like me to postpone my remarks until after the other business on the Order Paper is disposed of, I would be happy to do so.

Some Hon. Senators: No.

Hon. Mr. Walker: Honourable senators, it seems to me obvious that Senator Burchill is right in his suggestion that the Maritimes have not been properly represented on the committees. Nobody appreciates that more than I. Nobody appreciates more than I do that he as one of the senior members from the Maritimes should be added to this committee. I might say that the honourable senator from Newfoundland, whose ability we regard very highly, should also be added. We are delighted to have them added to the committee. But without any heat or acrimony, I simply point out to Senator Burchill—and no one has a fairer mind than he on a subject of this kind—that I am sure he would not expect to be added to the members of this committee to vote on Bill S-21, popularly known as the hate bill, since all the evidence is already in and half the bill has been voted on. I am sure that Senator Burchill would not want to be added to that committee until the vote is over. That is what this amendment is about. I am sure that the honourable Senator Petten from Newfoundland would feel the same way about it. All I am trying to do is to be fair.

I would also point out, honourable senators, that I consulted an authority today, and he knows of no case in this century—I do not know what happened in Sir John A. Macdonald's time; anything could have happened then—where, after one vote had been taken and a committee was half way through consideration of the bill, it was sought to bring in two new members to vote on the remainder of the bill. As honourable senators will appreciate, it would be most unfair to do so. After all we, as senators, are judges—not judges of the Supreme Court, although some of us have turned down that honour—but we are judges in the Senate of what we think to be the facts.

In this case we have had counsel for the prosecution, if I may put it that way—very brilliant men who are in favour of the bill. I refer particularly to Dean Cohen of McGill, and others who were excellent representatives of the labour unions. We have had brilliant counsel for the defence, to continue the analogy, who have also done very well. In particular I refer to Dean Scott, formerly Dean of McGill, and Dean Arthur of York University Law School, who made magnificent presentations. We had about 25 witnesses before us for both sides. There were many counsel for the prosecution and for the defence as well. The bill was considered in detail and at great length in 11 different meetings over a period of five months.

Now, having heard all the pros and cons and having read the tens of thousands of words which have been written about it, having voted on half the provisions of the bill

and having sought further information on the remainder, which has been supplied by the chairman, we are now ready to vote on the remainder of the bill, and at this stage Senator Burchill and Senator Petten are asked to become members of the committee and in doing so to become judges of the merits of Bill S-21.

Honourable senators, in all the judicature of Canada we have never heard of a judge being appointed to the bench to take over in the middle of a case after all the evidence had been heard and all the arguments had been made, to make a decision without having heard the evidence and the argument. Honourable senators are aware that when a judge retires, becomes ill or dies in the middle of hearing a case and no decision has been reached, the case is tried again. This has happened on many occasions.

Therefore I suggest to my friend Senator Burchill—and you are a friend of mine—and also to Senator Petten, whom I do not know as well, that in all fairness and candour, as members of this body—and the Senate of Canada is the top legislative body in Canada—and indeed as judges of the facts and of the law, that after hearing the representations at all these meetings over many months and having read the volumes of evidence, if we are not fully competent to judge on it, how can somebody who knows nothing about the evidence pass judgment? To attempt to do so would be unfair to the new candidates for this important office. Let me say that I am delighted that you are becoming members of that committee, but it is also unfair that you should be asked to sit on the committee to take part in the voting. To return to my former analogy, it is rather like a judge being asked to go on the bench and deliver a judgment after the evidence in a case has been heard by another judge.

Honourable senators, I am open to contradiction, but as far as I can find out by research, this has never happened before. As Senator Hayden pointed out to me today, new members are constantly being added to committees when others are removed, but never in the middle of a vote. It is an incredible suggestion and it can only come from an acting Leader of the Senate, for whom I have respect, but who has not had the experience in this house that many others have had. I suggest that this motion could not have been made by one who has had experience in this house. Not only is it unfair, it is against all the principles of Canadian justice. That is why I am opposed to it, and why I hope all honourable senators will oppose it. It may be that the bill will become law, but I suggest that it would be a Pyrrhic victory if that bill should pass this committee and this house by reason of this most unusual and unfair procedure of substituting two new judges after all the evidence is in. As I have said, it may very well become law without these two persons, but it would be a pity if the escutcheon of this house were blemished by this—I shall not call it a trick—by this novel suggestion which I have no doubt came from the chairman of the Senate committee who is most anxious that this bill should become law.

Now, honourable senators, I come to the merits of the bill; this is what we are dealing with in the amendment—

Hon. Mr. Prowse: Mr. Speaker, I rise on a point of order. We are discussing the constitution of the committee, not the merits of a bill.

Hon. Mr. Walker: Thank you very much.

The Hon. the Speaker: Honourable senators, a point of order has been raised, and I must take serious note of it. Of course a debate is going to be generated on the amendment and the motion. But the question now is whether it is in order to discuss the substance of the amendment, or what was before the committee. Is this the point?

Hon. Mr. Walker: That is right.

The Hon. the Speaker: I wonder if it is in order for honourable Senator Walker to go into this question, which might very well go beyond the terms of the motion now before us. I think that he should avoid going into this as much as possible. He might give one or two examples to indicate that the substitution at this point is not desirable, but he should not go through the evidence that was heard in committee.

Hon. Mr. Walker: Thank you very much, Mr. Speaker. I agree that I have to speak to the amendment, and it is that the substitution of these two distinguished senators should not take place until after the completion of the vote on this bill. It may be that Senator Burchill and Senator Petten wish to get up at this time and say that they agree with that suggestion. If that is so, I will not have to continue with my amendment. I know Senator Croll might like to speak for them, but perhaps they can speak for themselves.

Hon. Mr. Croll: Honourable senators, unless Senator Walker is looking for trouble—in

which case I am prepared to give him as much as he wants—I would appreciate it if he would keep me out of the debate until such time as I get into it myself. He knows very well that I can speak for myself, and that I can speak in such a manner that he will know I am speaking.

Hon. Mr. Walker: Yes, that is true—a formidable opponent of whom we all stand in great awe.

Hon. Mr. Croll: I hope you don't.

Hon. Mr. Walker: Those remarks almost diverted my thoughts. In speaking to this amendment, I am bound to show that these honourable senators should not become members of the committee until this bill has been voted upon.

The first point is common Canadian justice, or—as we used to say before the word became not too popular in some places—British justice, which most of us still believe in. In the second place, it is not a matter of Liberals and Conservatives. We have Conservative members voting for the bill and Liberal members voting against it. So, we have not been told yet that this is the party line and that we all have to live up to it.

Thirdly, before the honourable senators whose names are to be substituted can be properly informed on the merits of this bill, they have to read 325 pages of the report of the Special Committee on Hate Propaganda in Canada—a formidable task.

Hon. Mr. Prowse: Would the honourable senator permit a question at this point?

Hon. Mr. Walker: I am delighted, at any time.

Hon. Mr. Prowse: Have you the date on which that report was made available, please?

Hon. Mr. Walker: This report was made available in 1965, and if Senator Burchill and Senator Petten will assure me that they have read this, I will not belabour the point and delay the matter further. Have you read the 325 pages, Senator Burchill? The answer is in the negative. Senator Petten?

Hon. Mr. Prowse: Would the honourable senator permit a further question? Has he read all 325 pages himself?

Hon. Mr. Walker: I am happy to say that I have.

Hon. Mr. McDonald: Do you understand them?

Hon. Mr. Walker: I am sure that I do. I feel as does the honourable Acting Leader of the Government—I am not sure I understand them any more than he does.

Hon. Mr. McDonald: After having read them?

Hon. Mr. Walker: After having read them, that is right.

This matter has been before the Senate for consideration many times. Perhaps Senator Prowse could answer me this question: Is this the third or the fourth time?

Hon. Mr. Prowse: To my knowledge, the third time.

Hon. Mr. Walker: Yes, the third time.

Hon. Mr. Prowse: Before three different committees.

Hon. Mr. Walker: That being so, we now have these ten volumes of evidence. Again, I ask the honourable senators whether they have read the ten volumes of evidence; and, if they have not, then I ask how they can be expected to vote tomorrow on this bill.

By the way, is the meeting tomorrow, Senator Roebuck?

Hon. Mr. Roebuck: It has not been called yet.

Hon. Mr. Walker: It would be quite a marathon job to read through all this evidence, and I would not blame them if they did not. However, if either one of them has read all ten volumes of the evidence, he can speak up now, and I will be delighted to hear from him. Here are all ten volumes.

The fourth point is this, that there is a tremendous difference in viewpoint here—it is as different as night is from day. Also it is true that some of those who once believed in the bill do not now believe in it; and that some of those who did not believe in the bill now do. It has now become a very, very, touchy problem. The voting has gone on in committee, and there has not been a great margin either way. So far the proponents of the bill have won—I believe by one vote. If we have the addition of two voters who are completely unknowledgeable of what has gone on, according to their own information, how can we expect to have a fair decision on this—unless one or both of them should decide, without giving consideration to the evidence,

that he or they are going to vote either for or against the bill?

The fifth point is this: Never in Canada, as far as I know, have we passed amendments to the Criminal Code, unless there has been some reason for so doing. I am not going to use his exact words, but it was Oliver Wendell Holmes, the great American, who suggested that you never have legislation unless you need it.

Hon. Mr. Prowse: Mr. Speaker, on a point of order: We are not now discussing the motion in amendment that is before the house; we are discussing some private little fantasy of the honourable senator from Toronto.

Hon. Mr. Walker: Thank you, Senator Prowse, this is most enlightening. I am still speaking to the amendment, honourable senators. I must speak to the amendment, and I must bring up these points to show the wide variety of opinion that exists and the folly of substituting these two honourable senators who have not had the background of all these meetings over the past three months. I must do this in order to explain my amendment.

I suggest that this is the first time this has been done, and that is what makes it most difficult for Senator Burchill and Senator Petten to vote on a matter of this kind. Never before, as far as I could find out, in the history of Canadian jurisprudence have amendments been made to the Criminal Code without any necessity, without any reason for doing so. I think I am safe in saying—subject to correction by the honourable Senator Croll or the honourable Senator Roebuck, the two chief proponents of this bill—that there is no situation in Canada at the present time—

Hon. Mr. Prowse: On a point of order, Mr. Speaker—

Hon. Mr. Walker: —nor has there been in the past four years—

Hon. Mr. Croll: On a point of order—

Hon. Mr. Flynn: There should not be two points of order at the same time.

Hon. Mr. Prowse: The honourable senator is attempting by indirect means to inject into this debate something which has no relevance to the immediate question before the house. All he has said might be completely relevant in committee. It might have complete relevance when the report of the committee is presented, but it has no relevance to the motion that is presently being debated.

The Hon. the Speaker: Will the honourable Senator Croll speak to his point of order.

Hon. Mr. Croll: The attribution made to me by the honourable senator from Toronto is not of a kind that lies within his right to make. This is a Government bill. It is not a bill of the honourable chairman of the committee, and it is not the bill of the honourable senator who seconded the motion for its second reading. The honourable senator has no right to attribute to me any motive in respect to the bill.

The Hon. the Speaker: I think the remarks of the honourable Senator Croll, which are not directly related to the point of order raised by the honourable Senator Prowse, are clearly understood. This is a Government bill.

I shall now deal with the point of order raised by the honourable Senator Prowse.

Hon. Mr. Grosart: Your Honour, before doing so may I point out that you have already ruled on the point of order raised by Senator Prowse. This is exactly the same point of order that he raised a few minutes ago, and Your Honour has ruled. I suggest that Senator Prowse is not in order in raising this point after Your Honour has ruled upon it.

Hon. Mr. McDonald: Honourable senators, may I speak to this point? I suggest that the words of wisdom we have just heard from our honourable colleague constitute his opinion, and his opinion only.

Hon. Mr. Walker: Which one?

Hon. Mr. McDonald: I refer to the honourable Senator Grosart. I do not see any similarity between the point of order that is raised now and the one that was raised previously.

The Hon. the Speaker: Honourable senators, it is true that I have already dealt with the first point of order raised by the honourable Senator Prowse by asking the honourable Senator Walker to try not to discuss the substance of Bill S-21; to make only the remarks on the bill necessary to his amendment, namely, that the substitution of members of this committee at this time is not desirable. That appears to be the point that is raised.

Hon. Mr. Walker: That is right.

The Hon. the Speaker: The opinion I have already given, which is a personal opinion, does not seem to satisfy honourable senators. However, I think I am supported in it by *Beauchesne's Parliamentary Rules and*

Forms, 4th Edition. The question of the relevancy of a bill is not an easy matter to define, and sometimes we have difficulty locating where the borderline comes. Citation 119(3) of *Beauchesne* reads:

> Relevancy is not easy to define. A wrong comprehension of it may have a serious effect on the freedom of speech. Members are often deprived of their right to speak on the pretext that their remarks are irrelevant when as a matter of fact they refer to matters perhaps remote but yet related, even indirectly, to the question under debate. In border line cases the Member should be given the benefit of the doubt.

I am inclined to agree with this interpretation of *Beauchesne* in a matter as difficult as the relevancy of a bill, and I ask the honourable Senator Walker again to try to stay in line with the amendment he has moved, so that this complicated matter will not be further complicated.

The honourable Senator Walker has the floor.

Hon. Mr. Walker: I appreciate your ruling, Mr. Speaker. If at any time I differ from Your Honour, then I bow to whatever your ruling might be. But when Senator Prowse makes a ruling on which I differ, then I shall say I differ from him.

I now get back to the point at which I was when I was quite properly interrupted by that doyen of all lawyers from Alberta, Senator Prowse—his interruption was quite right, and I appreciate it. As one who was in the past interested in Canadian justice and the merits of our judicial system, he too will appreciate that never in history has an amendment to the Criminal Code been moved for which there was no obvious need.

Nearly everyone who supports the bill says that the condition might arise in Canada where such a bill is necessary. My answer to that is that we should not clutter up the Criminal Code with amendments concerning matters that have no relevancy and where no occasion demonstrating its necessity has arisen. This is most important.

I am speaking strictly to the amendment when I say that in none of the 50 States of the Union—not even in the State of New York where Governor Rockefeller vetoed a similar bill—has such a bill as this been passed. It is very important to remember this, because it is breaking new ground in Canada.

We honour the two senators who have been nominated as members of this important committee, but we must keep in mind the fact that this matter is so important that no two new senators should be able tomorrow—if the meeting of the committee is called tomorrow, or the day after—to vote on a matter of this immense importance, keeping in mind the fact that the Americans, with all the necessity for it in that country, have not seen fit to pass such legislation.

I want also to point out in speaking to this amendment that we have joined the United Nations in its resolutions, but having done so we are not forced to pass legislation to amend the Criminal Code.

My final point is this. I shall not take advantage of you, Mr. Speaker. I intended to go over all ten meetings and review for my honourable friends, Senators Burchill and Petten, how difficult it is to comprehend all that was said during those meetings, and to do so within the next 48 hours.

Hon. Mr. Aseltine: And without seeing the witnesses.

Hon. Mr. Walker: Yes.

Hon. Mr. Aseltine: Or hearing them.

Hon. Mr. Walker: Or hearing them.

It must have been difficult for Professor Arthur, who is Jewish, to go against his colleagues who are in favour of this bill and make the magnificent presentation against the bill that he did, occupying a great number of pages of the report. This may be a Government bill, and if it is, I suggest it has not been pressed very hard by the Government. This is the third time it has come up.

The Hon. the Speaker: Order. I must point out to the honourable Senator Walker that the committee has not yet made its report. The Senate has always avoided discussing such matters before a committee has made its report. For that reason, I would again ask him to avoid any allusion to the evidence presented before the committee.

Hon. Mr. Walker: Only because of my respect for you, Mr. Speaker, will I desist from doing so. I had intended talking about that at great length.

I ask the two honourable senators concerned if they will withdraw at this time by their own wish from participating in the deliberations of the committee on Bill S-21. We would welcome that very much. If they do so, perhaps we will not have to vote on

this matter. The honourable Senator McDonald laughs.

Hon. Mr. McDonald: No wonder! You are funny.

Hon. Mr. Walker: You know, your nickname "Hammy" is very appropriate.

Having said that I have nothing more to add at this time. What must be obvious to everybody here is the injustice of the suggestion that just before a vote two new voters should be added—two new judges who have not heard the evidence should be added. Knowing and relying on the fairness of all honourable senators—with one or two exceptions, Senator Prowse—I put this before the Senate as a question of fairness and justice. I say to honourable senators opposite, you may win in this committee anyway, but you do not want to win it—I will not use the expression I had in mind.

Hon. Mr. Fournier (Madawaska-Restigouche): What is it?

Hon. Mr. Walker: It is better not to say. You do not want to win it by the means now sought to be perpetrated on this independent Senate, for the first time as far as I can ascertain since Confederation.

Hon. J. Harper Prowse: Honourable senators, it is rather interesting to know that British justice, Canadian justice and the history and the future of this country depend on a simple motion to appoint two new members to a committee of 30, replacing two who have taken no part in the sittings of that committee. It is also interesting to know that this simple fact will subvert the whole basis of justice in this country because there may be some people voting who have not had a chance to hear all the witnesses, when our own rules, as laid before us today—for the information of the honourable senator, in case he has not read them, it is Rule 67(1)(i), at page 32—provide:

> The Senate Committee on Legal and Constitutional Affairs, composed of thirty members, seven of whom shall constitute a quorum—

After the report has been made, before anything can happen the whole Senate has to vote. Yet the honourable senator suggests that on the vote of four members out of a quorum of seven, which would constitute a majority vote to send the report to us, every member of the 102 seats in this Senate, whether the seats are filled or not, is then obligated to follow the vote of the majority of four out of the mere quorum of seven.

The honourable senator also refers to the fact that the committee has not had the opportunity of hearing the views of two members of that committee who have the right to vote but who, for various reasons, now say they do not want to vote, that they will not be there because they have other business. He is now defending their right to vote whether they have heard a word or not—which they have not.

The whole basis of our committees is that we do not make judgments in committee; we assemble information, which is included in reports and made available to the Senate as a whole. A committee is not a judicial body; it is a body of inquiry. In a body of inquiry, surely we are agreed that it matters not, as long as questions are being asked and answers given, whether seven or 30 members are there. A quorum of seven people can bind the committee, and the honourable senator suggests that a majority of four of those seven could bind this 102-member Senate. I think that is as far as we have to go to measure the value of the argument we have heard. What we have listened to has not been a serious debate on what was a serious proposition. The purpose is to bring this committee up to strength with working senators so that we can go ahead and deal with all the business before us.

The honourable senator complains that the two new members named for this committee may have to work on fairly short notice. By eliminating them he eliminates every member of this Senate who has not heard every bit of evidence given before this committee from the right to vote when the question comes before the Senate. He does not mean that, because then he would not be able to vote; nor would I, and I have attended these committee meetings fairly regularly.

Honourable senators, let us not waste any more time. This is an important committee with a big job to do. We need these people. The honourable senator is not interested in doing anything but sabotaging a particular piece of useful legislation.

Hon. Mr. Thorvaldson: Shame!

Hon. Mr. Flynn: What is the relevancy?

Hon. Mr. Prowse: Now listen.

Hon. Mr. Flynn: Relevancy!

Hon. Mr. Walker: These remarks are directed to me, but I always consider the source, and the source speaks for itself.

Hon. Mr. Prowse: Oh, yes, the honourable member always considers the source—so do I. The wildest source should be identified, because innocent people walking by might not know anything about it.

The question is, that we have a chance to bring the committee as close to full strength as possible so that when it makes a report—which I hope every honourable senator will read and then vote, according to his conscience, on this and every other matter—the witnesses will have been asked as many questions as possible and the discussion weighed by as many members as possible before the vote is taken in the committee. That is all we are doing. Let us not delay the interests of Canada. Let us not delay any longer than necessary the opportunity of saying that Canada is a place where we think it is wrong for people to speak in indecent terms of one another.

Hon. Senators: Hear, hear.

Hon. Daniel A. Lang: Honourable senators, I would like to speak in support of the amendment to this motion. I do so because I think the matter, rather than being frivolous, is very serious. It goes to the root of the importance of our rules of procedure and our committee system.

First, I do not think anyone can maintain that to change the constitution of a committee during the voting on a bill is in keeping with the propriety which our rules attempt to set forth. In fact, I feel our committee on the Rules of the Senate should now look into the question as to whether or not we should entertain an amendment to prevent such a thing happening in the future. If, in fact, this sort of procedure were to become prevalent our committee system could be made a mockery.

The movement of personnel or reconstitution of committees during hearings and during the course of voting clause by clause on a bill could make such procedures meaningless. All of us in this chamber recognize that the report of a committee of this nature has no binding effect on the chamber. But I think it would be the height of unreality to fail to recognize or to doubt that the recommendation of a committee of this nature, which has studied in detail over a period of five months a highly technical legal bill, would not have a very profound effect on the judgment of senators who are considering that bill on third reading. It is for this reason that the constitution of this committee as it now stands should remain unchanged until the completion of the voting. There are the members who have attended for five months and have heard evidence and arguments. The evidence and argument is complete. The case pro and con has been made and highly technical amendments have already been introduced and are under discussion. The addition of two more members at this time could change the results of that committee's deliberations when voting starts, because persons who are being replaced have not heretofore been in attendance.

I suggest, honourable senators, that the point made in the amendment is a very serious one and a practice which, if persisted in, could bring all our procedures into disrepute. I do not feel it is necessary to say more.

Hon. Mr. McElman: I have a question to ask of the honourable senator. Would he have taken the same view of Senators Lamontagne and Thompson had they come in at this stage and voted in the committee?

Hon. Mr. Lang: They are members of the committee and always have been, and in those circumstances I would say it is quite different. I think it would be unfortunate if they did—I do not think they would consider doing so.

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

Hon. Mr. McDonald: No, Mr. Speaker. Question!

Hon. Mr. Prowse: Question!

Hon. Mr. Thorvaldson: Honourable senators, if you want my reasons for making this motion I shall give them in very brief terms. We have five matters on the Order Paper today.

Hon. Mr. McDonald: May I ask a question?

Hon. Mr. Walker: The honourable member can speak on the amendment.

Hon. Mr. McDonald: We have a motion for the adjournment of the debate, and I ask that the question be put.

Hon. Mr. Flynn: Is the motion to adjourn debatable, Mr. Speaker?

Hon. Mr. McDonald: No.

Hon. Mr. Flynn: All right. If you want to use the bulldozer, it is up to you.

Hon. Mr. Thorvaldson: Very well, if you want to have it that way. There are others that will fight here.

The Hon. the Speaker: The honourable Senator Thorvaldson has moved that this debate be adjourned. This is not a debatable motion. Therefore, I ask whether honourable senators agree that this debate be now adjourned.

Some Hon. Senators: No, no.

The Hon. the Speaker: It is moved by the honourable Senator Thorvaldson, seconded by the honourable Senator Choquette, that this debate be adjourned until next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No, no.

Hon. Mr. Flynn: Yes.

The Hon. the Speaker: Honourable senators, as there is in my mind uncertainty as to agreement, I ask those in favour of the motion in amendment to please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those who are against the motion will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion, the non-contents have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion of Hon. Mr. Thorvaldson negatived on the following division:

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The Hon. the Speaker: Honourable senators, I declare the motion lost.

The question is now on the amendment by the honourable Senator Walker. I shall read the main motion.

Hon. A. Hamilton McDonald: Honourable senators, I should like to make a few remarks before the question is put. It is not my intention to impute motives to anyone. Some of the observations which have been made I can agree with; some of them I cannot agree with.

I say to my honourable friend Senator Walker that I am the first to admit that I have no training in the law. I have heard wise lawyers, some of whom have advanced to the position of judge, make the statement that many who have never had any training in the law are much wiser than others who have legal training. I think we have had some examples of that here tonight.

Hon. Mr. Walker: We are getting one now.

Hon. Mr. McDonald: My honourable friend in his opening remarks tried to make some comparisons between the constitution of the committee which we are discussing and a court of law. He said that in instances where judges had taken sick during a trial or had passed away or for some other reason had not been able to carry on to the completion of the case, new trials were instituted with new judges, and all the witnesses were called to give evidence again. That is so in all cases.

Hon. Mr. Thorvaldson: May I ask a question? Does the acting leader suggest that because of the two new judges on this committee, you propose to recall all the evidence

that has been given during the last five months?

Some Hon. Senators: They are not judges.

Hon. Mr. McDonald: If you hear me out, you will not come to that conclusion.

Hon. Mr. Thorvaldson: You implied it.

Hon. Mr. McDonald: There is a great deal of difference between witnesses before a court of law and witnesses appearing before this or any other standing committee of the Senate. When a witness appears before a court of law there are two issues at stake; one is the evidence that is given, and the other is the credibility of the witness. But, surely, we are not judging the credibility of the witnesses who have appeared before committees of this Senate. I freely admit that to a judge hearing a court case the credibility of witnesses is probably as important as the evidence given, but I submit that that is not the question when it comes to giving evidence before this or any other committee of the Senate. I think there is a great difference on that one point.

My honourable friend went on to say that perhaps I had insisted in making the changes on this committee because of my inexperience. Well, honourable senators, I may be inexperienced in this chamber, but I have no apologies to make when I say to you that I served through 19 sessions in another chamber, and I think I gathered considerable experience over those years.

I have enjoyed my stay in this house. I have learned many things since coming here, some of them from my honourable friend, and I am looking forward to learning more as time goes on. But I take exception to my honourable friend questioning my decision on this occasion because of inexperience.

He went on to say that the Americans had not found it necessary to make a move similar to that which we are suggesting with this piece of legislation. I want to suggest to my honourable friend that on many occasions we are accused of letting the Americans make up our minds for us. Perhaps in this instance we are leading the Americans, not following them.

He has suggested that this is the first time that this method or this procedure has been followed. Well, that could be so in this chamber. I do not know. I have not searched the records. But I say to my honourable colleagues that this is not a new procedure in legislative bodies or in parliaments, either in Canada or outside.

Hon. Mr. Walker: In the middle of a vote?

Hon. Mr. McDonald: Yes, in the middle of votes.

Hon. Mr. Walker: Never.

Hon. Mr. McDonald: And I say to my honourable friends that if our positions were reversed and Senator Walker were standing where I am standing, he would be doing exactly what I am doing on this occasion.

Hon. Mr. Walker: Speak for yourself.

Hon. Mr. McDonald: I am.

Hon. Mr. Walker: *Honi soit qui mal y pense*, which translated for the benefit of my honourable friend—

Hon. Mr. Smith: He does not need a translation.

Hon. Mr. Walker: The translation is: Evil to him who evil thinks.

Hon. Mr. McDonald: I have no apologies to make. Last Thursday I suggested in this chamber that we ought to make changes in order to keep the committee at full strength. As a matter of fact, I think I was a little lax in not having replaced some members on the committee at an earlier date. I think that a committee as important as the Standing Senate Committee on Legal and Constitutional Affairs should be fully manned at all times. I accept at least part of the responsibility for not having made these changes at an earlier date.

I have no hesitancy in saying that, at least in my opinion, the two honourable senators we are proposing be placed on the committee in substitution for two members who have found it impossible to attend—one for reasons of health and the other because of the work load that has been assigned to him—are completely competent to cast their ballots on every question put to this committee. I say that for the following reasons: I understand that there have been 18 speeches made in this chamber to date on the subject matter of this bill. Therefore, every senator in this chamber must surely have some views on the bill. In addition to that, whenever a committee reports back to this chamber—and all committees must report back here—the whole chamber is asked to pass judgment on the committee report. Because the majority of the members of this house have not been members of the

committee, is that to say they know nothing of what went on in the committee?

While waiting at the airport terminal I often notice senators reading committee reports and *Hansard* of both this and the other house. Why are they reading them? They are reading them to acquaint themselves of happenings that went on when they were not personally present. I notice this going on in the senators' offices in this building, on trains and in aircraft. I suggest to you that many senators do as much reading outside this building as they do in it of matters that go on both in this chamber and in committees.

I am not one who would point a finger at any senator and say to him or her, "You know nothing about what went on in that committee because you are not a member". I think there are senators who are not members of this committee who are probably just as wise and as well versed on the subject matter as some who are members of the committee. Were I not convinced of that, then of course I could listen to the arguments of my honourable friend and his supporter opposite.

He said tonight that the two senators we are proposing be added to the committee would have only 48 hours to acquaint themselves with the subject matter before them. Well, I have just stated to you that in my opinion both of the senators and many others who are not and who will not be members of the committee have been following the discussions.

In addition, last Thursday an effort was made to place the two honourable gentlemen in question on the committee. That was six days ago. They have had the past six days to acquaint themselves with the subject matter before us. I know that one of the senators in question took home with him over the weekend the documents that my honourable friend referred to, and he spent his weekend acquainting himself with the evidence placed before the committee.

Hon. Mr. Walker: Let us be fair. They both agreed they had not read it. I asked them.

Hon. Mr. McDonald: That is not a statement of fact, my friend.

Hon. Mr. Walker: That is a statement of fact.

Hon. Mr. McDonald: It is not. But I have no intention of pursuing the matter further. When an honourable friend tells me that he has taken the documents home to acquaint himself with their subject matter, I believe him whether you do or not.

I can only repeat to my friends and to you, Mr. Speaker, that I believe that this would be a better committee if it were up to strength. This applies to any committee, and it will be my effort to see that each is staffed by senators who can attend the meetings, in the hope that we can do a better job in the future than we have done in the past. I believe we need make no apologies for the work we have done in the past either in committee or in this chamber, but we can always improve. Improvement can best be brought about in our committees and in the other responsibilities assigned to us if we have maximum attendance and maximum effort on the part of those who attend. That is exactly what we will get from the two honourable senators whose names I have proposed this evening.

Hon. Jacques Flynn: Honourable senators, I will not detain the Senate long. On this side of the house we have done what we could. You have the numbers, and you have used them. It is on the record, and there it will stay. But let me say to the Acting Leader of the Government and to all honourable senators who voted as they did a moment ago, that the timing of this motion is suspicious. Nobody can deny that. There was a vote in committee last week of 10 to 11. The members who are about to be replaced have not attended the meetings of the committee in several months, and neither the leader, the acting leader nor anybody else has ever worried about it. Why, then, is this action being taken at this time when the committee is concluding its deliberations? I repeat, the timing is suspicious, and nobody can deny it.

I will add that the refusal to adjourn this debate—something entirely new to me, as I have never seen it happen in the Senate before—is also suspicious. I put the burden of this decision right on the shoulders of the government majority; it will stay there. We will not fight just for the fun of it but you will keep the responsibility for what you have been doing and for what you are trying to do.

Hon. Senators: Hear, hear.

Hon. Allister Grosart: Honourable senators, my first comment on the amendment before us is that I hope my remarks will be completely free from personalities. I say this because I have no doubt that the two honourable senators whose names are proposed as substitutes on this committee will make excellent members of the committee. The two

honourable senators who are being replaced have the best reasons in the world for not being able to attend. Senator Thompson is, unfortunately, unwell, and Senator Lamontagne has the important function of being chairman of the Senate Committee on Science Policy which almost invariably sits at the same time as this committee sits.

Honourable senators, it has been said that it is customary, when a motion is made to substitute members on a committee, for the Senate to give immediate assent. But, as the Leader of the Opposition has pointed out, it has also been customary to give automatic assent when a motion for adjournment is made. So that we are now, perhaps, in an era when we are forgetting some of the old customs of the Senate, and I personally am not too concerned about that. There are many old customs of the Senate that we could well do without. But, honourable senators, there is one custom which has grown up and which has become the basis of my own pride in membership of this chamber, and that is the custom of non-partisanship. We have become accustomed to dealing here with matters in a way that will avoid even the colour of the suggestion of raw partisanship. The reason I am supporting this amendment is that the motion to which the amendment has been moved has all the colour in all its hues of the kind of raw partisanship which is not in the best traditions of the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: Why do I say it has that colour? Is there any evidence that there is such colour? I suggest that there is considerable evidence. In the first place, the replacement of these two senators is completely unnecessary. This is a committee of 30 senators and the quorum is 7. I suggest it is, to use the words of the Leader of the Opposition, highly suspicious when the mover of the motion suggests that it is necessary to bring the effective strength of this committee up from 28 to 30 in order to carry on the business of the committee.

The second indication of colour, the suspicious colour of partisanship in this motion, is the fact that Senator Thompson, to take one name only, is a member of quite a number of committees. Yet, we do not have before us a motion to substitute others for Senator Thompson on those committees. Surely the colour and the suspicion of raw partisanship stares us in the face.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: It has been suggested that had wiser and more experienced counsels prevailed in the area from which the motion came, this motion might not have been made. I am inclined to believe that that is true. Surely experience would not have given us the kind of defence of this motion which used such words and phrases as, "I decided to replace—;I have no apologies; I accept the responsibility—". I suggest that these are not the words or the phrases used by the voice of experience in the presentation of motions of such importance to this chamber.

I would commend to all honourable senators careful reconsideration of the position that they have taken on the motion to adjourn, if the position taken on that motion is an indication of how they might vote on the much more important principle involved in this very extraordinary motion. It has been said, and not denied effectively, that never in the history of this Senate has such a motion been made.

Hon. Mr. Aseltine: And refused.

Hon. Mr. Grosart: The honourable the Acting Leader of the Government (Hon. Mr. McDonald) said, with some vehemence, that this was a practice that was followed often in other chambers comparable to ours. I cannot say that this is not so; I can only say that I do not believe it is so, and that I will not believe it is so until the acting leader gives me instances or examples of occasions when the Canadian House of Commons, the House of Lords or the House of Commons in Great Britain put itself in the position of the kind of suspicion of motivation with which this chamber at the moment is redolent and which is the cause of a degree of bitterness I have not before observed here in my time. I regret that this kind of bitterness has been allowed to develop across the floor of this house, and I say to honourable senators the reason for my regret is that it was so completely unnecessary.

I take no position at this time on the merits of the matter before the committee. My views on that particular bill will be expressed at the proper time, because I am a member of that committee. However, I would now, in all earnestness, say to the Acting Leader of the Government: Don't push this any further tonight; leave it overnight; think about it; think about the implications regarding the continuing co-operation of senators on this side and senators on the other side; think of the traditions of this place that are being

violated; think of the golden opportunity that the moment offers to the Acting Leader of the Government to lift the cloud of suspicion which hangs over the motivation behind the motion now before us. The amendment I support sincerely, as a matter of conscience and as a matter of deep feeling for the prestige and reputation of this chamber.

Some Hon. Senators: Hear, hear.

Hon. Gunnar S. Thorvaldson: Honourable senators—

Hon. Mr. Prowse: You have already spoken.

Hon. Mr. Thorvaldson: Honourable senators, I have not spoken in this debate; I attempted to adjourn it, but was refused that request—the first time I have ever known that to occur here since I came to this house many years ago.

Hon. Mr. Aseltine: Never in my time.

Hon. Mr. Thorvaldson: However, be that as it may, I believe that what the Senate has done tonight will remain to its discredit for a long time unless the large majority on the other side decides to take a different view on the question before us.

Hon. Mr. Smith: That is what you said about the Coyne bill.

Hon. Mr. Choquette: You did exactly with Coyne what you are doing tonight.

Hon. Mr. Smith: I said, "That is what you said about the Coyne bill."

Hon. Mr. Thorvaldson: If my honourable friend wants to make a speech, I will yield the floor to him. I am not going to say many words, and I did not intend to do so when I moved the adjournment of the debate. I did so in good faith, because I was aware that one of my colleagues was anxious to speak on Bill C-150, which is fourth on the Order Paper, and which I presume he will not be able to do now as a result of the whole evening having been taken up in this futile—

Hon. Mr. McDonald: Blame your own colleagues.

Hon. Mr. Thorvaldson: —in this futile discussion. However, let me just say this in regard to the merits of the original motion. We have read a great deal in the last five or six weeks about the Supreme Court in the United States and certain things that have been to the great discredit of that court. Together with what has been written about recent events in that connection, writers have also been describing what happened many years ago, in the late thirties, when that great man, President Roosevelt, for whom I had the utmost admiration and respect and for whose memory I have admiration and respect, made one of the great mistakes of his life—he attempted to pack the Supreme Court of the United States. Despite all his power and the fact that he had a Democratic Congress behind him, a Democratic House of Representatives and a Democratic Senate, President Roosevelt failed to pack the Supreme Court. Why did he fail? Because the public of the United States would not allow him to do it, and Congress would not allow him to do it.

I say to honourable senators that there is very little difference between what is being done—

Hon. Mr. Roebuck: Oh, oh!

Hon. Mr. Thorvaldson: —by the majority of the Senate tonight—

Hon. Mr. Roebuck: I object.

Hon. Mr. Thorvaldson: I have the floor, and I am going to say what I have to say. There is very little difference between what is being done here tonight and what was attempted by President Roosevelt at that time. The majority of the Senate is packing this committee under the most suspicious circumstances.

Hon. Mr. Prowse: Would the honourable senator permit a question?

Hon. Mr. Thorvaldson: No, I propose to finish my speech.

Hon. Mr. Prowse: Oh, you are going to vote for closure then!

Hon. Mr. Thorvaldson: I am going to speak for only another minute or two. I want to commend my honourable leader (Hon. Mr. Flynn) and Senator Grosart for the things they have said about the suspicious nature of what is being done here, and I trust that their words, as well as my own, will have some influence on this body in this important matter.

Finally, I refer to that old adage which is a great legal truth: It is not enough that justice be done; justice must also appear to be done. I doubt if justice is appearing to be done in the happenings of the Senate tonight.

Hon. Mr. Prowse: Would the honourable senator permit a question now?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Prowse: Would the senator not agree that there is a difference between a decision of the Supreme Court of the United States, from which no appeal can be taken anywhere, and a decision of a committee here, which is merely a recommendation to this body, and which then has to go somewhere else as well?

Hon. Mr. Thorvaldson: I suggest to my honourable friend that the principle is identical. In the same way as President Roosevelt attempted to pack the Supreme Court of the United States, the Government side is attempting to pack this committee tonight. I stand by that.

Hon. Mr. Fournier (De Lanaudière): I should like to have a definition of the word "pack", which the honourable gentleman has used perhaps a half dozen times tonight. I should like a definition of what the honourable gentleman means when he says that President Roosevelt attempted to pack the Supreme Court.

Hon. Mr. Thorvaldson: I will say this, that I think it was the honourable Senator Grosart who pointed out that this committee had been short two members for five months; that it had 28 members instead of 30.

Hon. Mr. Walker: No, the other two have attended from time to time.

Hon. Mr. Thorvaldson: The placing of these two honourable senators on the committee, and the refusal of an adjournment of this debate for one day so that tempers might cool and other business be proceeded with, is a very suspicious proceeding. This is all very, very suspicious.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, I do not feel satisfied. I might say that the honourable gentleman is a good friend of mine, but what is the relationship between what happens here in the Senate tonight and the packing of the Supreme Court of the United States?

Hon. Mr. Langlois: And that was 30 years ago.

Hon. Mr. Thorvaldson: I have no intention of making my speech over again.

Hon. Charles McElman: Honourable senators, as one who has participated, as I am sure some honourable members opposite have—even including perhaps my good friend Senator Grosart—in packing meetings on occasion, I shall not ask what it is all about.

The last several speakers have suggested there is something sinister going on. The words "suspicious" and "packed" are being used. I know we cannot discuss the bill, but I am fast coming to the conclusion, since in most things suspicion and accusations of sinister activities lead to narrowness in society, and to prejudice and hatred, that perhaps here tonight we are getting an indication of the need for the bill.

Hon. Mr. Flynn: You are pushing a bit too far, my friend. I think you should restrain yourself.

Hon. Mr. Smith: We have been pushed a long way.

Hon. Mr. McElman: There has been a lot of pushing tonight.

Hon. Mr. Flynn: Listen to what he said before saying that. Keep your balance!

Hon. Mr. McElman: I say that when people start talking about suspicion, and then proceed to attribute sinister motives to people who are deserving of their respect as honourable members of this house, then perhaps I have gone too far—perhaps I have not gone too far. If moderation should have been asked for, I think it should have been asked for some 15 or 20 minutes ago.

Hon. Mr. Flynn: It was.

Hon. Mr. McElman: I do not wish to offend, but I have been offended here tonight by some of the comments from the other side. I asked a question earlier, and I have not yet heard a satisfactory answer to it. If Senator Lamontagne and Senator Thompson should appear at this point in the committee's hearings would Senator Walker or any other honourable senator suggest to them that they have no right to vote, or that they have no right to participate in the further hearings, discussions, and activity of the committee? I think it is a very valid question.

Hon. Mr. Walker: Do you want an answer, or is that a rhetorical question?

Hon. Mr. McElman: Would you just take your seat, as you have asked others to do.

Hon. Mr. Walker: I will be delighted to do so.

Hon. Mr. McElman: You can ask questions later.

Hon. Mr. Walker: Go ahead, Robichaud.

Hon. Mr. McElman: Sit down, Diefenbaker.

Hon. Mr. Walker: I am proud of that.

Hon. Mr. McElman: So am I, my friend, and I think I have as much validity in my pride as you have in yours.

Hon. Mr. Walker: That is a question of opinion.

Hon. Mr. McElman: Yes, and I am entitled to my opinion as much as you are to yours.

Hon. Mr. Hollett: Address the Chair.

Hon. Mr. McElman: I address honourable senators in debate.

I also resented a bit the cross-examination that was carried out here this evening of Senator Burchill, one of the most respected members of this chamber. He has been here for many years, and yet he was subjected to the direct question: "Have you read this? Have you seen that? Do you understand this?" I did not like it.

Hon. Mr. Walker: Isn't that too bad!

Hon. Mr. McElman: Senator Burchill has been a person to whom I have looked up and admired for a good many years. I think it was a bit too severe—as perhaps I have been too severe in what I have said already. If so, I am sorry. But I am indeed sorry that Senator Burchill was put in this position. Senator Petten, I am sure, will look after himself.

But, if those questions were to be put as they were to these two honourable senators, why were they not put to each and every member of the committee. Why were not other members of the committee asked: "Have you read the 135-page report? Have you listened to all of the witnesses? If you have not listened to them, have you read every page of their testimony?" If that same code had been applied by the cross-examiner to all members of the committee he would have perhaps eliminated from any further vote in the committee some honourable members of the committee from both sides of the house. So, if a code is to be applied it should be applied generally, and not specifically.

There are other things that one might wish to say, but I shall add only that if the House of Commons were to accept the thesis of Senator Walker, that changes in committees cannot be made at such stages—

Hon. Mr. Walker: In the middle of a vote?

Hon. Mr. McElman: —then the work of the House of Commons would be very seriously impeded. Almost daily the make-up and constitution of the committees of the other place is changed, with never any charges of this nature, and never any sinister motives imputed, even though that is the partisan house. This goes on continuously, and without the imputation of sinister motives.

I ask only that the house vote against the question, and permit the motion.

Hon. Mr. Grosart: Will the honourable senator permit a question?

Hon. Mr. McElman: Of course.

Hon. Mr. Grosart: In view of the last part of his remarks, I would ask the honourable senator how long it is since he read *Hansard*.

Hon. Mr. McElman: If there is a purpose in asking that question, then I cannot imagine what it might be.

The Hon. the Speaker: Honourable senators, I will repeat the original motion. It is moved by the honourable Senator McDonald, seconded by the honourable Senator Smith:

> That the names of the honourable Senators Burchill and Petten be substituted for those of the honourable Senators Lamontagne, P.C. and Thompson on the list of senators serving on the Standing Senate Committee on Legal and Constitutional Affairs.

In amendment it is moved by the honourable Senator Walker, P.C., seconded by the honourable Senator White, P.C., that the effective date of the substitutions be the day following the report by the committee on Bill S-21 referred to the committee as presently constituted.

Is it your pleasure, honourable senators, to adopt the honourable Senator Walker's amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, there is uncertainty as to agreement. I now ask those in favour of the amendment moved by the honourable Senator Walker to please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the amendment moved by the honourable Senator Walker will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the non-contents have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Amendment of Hon. Mr. Walker negatived on the following division:

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Honourable Senators:

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Honourable Senators:

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Bourget	McDonald
Bourque	McElman
Carter	McGrand
Cook	McLean
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Everett	Prowse
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The Hon. the Speaker: I declare the amendment lost.

Honourable senators, we are now on the main motion. If there are no other speakers, I shall put the question.

Hon. Mr. White: Mr. Speaker, I move the adjournment of the debate.

The Hon. the Speaker: A motion for adjournment of the debate is not debatable.

It is moved by the honourable Senator White, P.C., seconded by the honourable Senator Walker, P.C., that this debate be adjourned until the next sitting of the Senate. Is it your pleasure to adopt the motion?

Some Hon. Senators: No.

The Hon. the Speaker: As there is uncertainty of agreement, I must ask those in favour of the motion by the honourable Senator White to please say "Content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those against will please say "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion, the non-contents have it. The motion is lost. The question now is on the motion by the honourable Senator McDonald—

Hon. Mr. Flynn: Dispense.

The motion was agreed to, on division.

NATO

MILITARY COMMITTEE—NORTH ATLANTIC ASSEMBLY—PRIVILEGE

On the Orders of the Day:

Hon. Daniel A. Lang: Honourable senators, although I realize the hour is late, I should like to rise on a question of privilege.

I do not need to remind you that 25 years ago this week Canadian forces and their allies landed on the Normandy beaches, known under the code name of "Juno", and at that time participated in the first step towards defeating the greatest tyranny the world has ever known.

Among those Canadian troops were such famous names as the First Hussars, the Canadian Scottish, the Royal Winnipeg Rifles, the Reginas, the Highland Light Infantry, the Glengarrys, the Fort Garrys, the Queen's Own, the North Nova Scotians, and the Chaudières, to mention only a few.

Today, 2,300 Canadians lie buried in the fields of Normandy as a result of the fighting on the beaches and thereafter in the immediate environment. These men died in the same tradition as their fathers before them at the Somme, Vimy and Ypres.

On June 6, 1944, on that fateful day, the reputation of Canada never stood higher in the western world—or, indeed, in the whole world. To these men, as to those who died in

the first war, we owe an immeasurable debt for what they did in forging Canada as a nation.

In the past few short months, and even days, that great reputation established by the sacrifice of those men and others, has been tarnished almost beyond recognition. This has come about through the enunciation of a foreign policy, including Canada's relations in NATO, which in my humble opinion is childishly petulant, amateurish and indeed dangerous.

For some time now I have served as the Canadian representative on the Military Committee of the North Atlantic Assembly. This committee will meet in Brussels next week, along with the other committees of the Assembly.

My views as to Canada's role in NATO are too well known to this chamber to need repetition tonight. Last week I advised the Leader of the Government that I felt no good purpose would be served by my attendance at those meetings next week, but rather would put me under a sense of embarrassment for my country that I would find very difficult to endure. I think the Leader of the Government is sympathetic toward the way I feel and my position.

I do not think I need to elaborate further tonight as to why I will not be there. I think honourable senators will understand the position I feel I must take. I cannot add anything further.

NATIONAL LIBRARY BILL

THIRD READING

Hon. Muriel McQ. Fergusson moved the third reading of Bill C-171, respecting the National Library.

Motion agreed to and bill read third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—THIRD READING

Hon. Leopold Langlois moved the third reading of Bill S-35, to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 4, 1969

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

Prayers.

CRIMINAL CODE

PROSECUTIONS AND CONVICTIONS UNDER CERTAIN SECTIONS—INQUIRY STANDS

On the Notice of Inquiry of Honourable Mr. Macdonald:

That he will inquire of the Government:

1. What was the number of prosecutions in each of the provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

2. What was the number of convictions in each of the provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

Hon. John M. Macdonald: Honourable senators, may I ask the Acting Leader of the Government what is the possibility of this inquiry being answered before the adjournment of Parliament at the end of June?

Hon. Mr. McDonald: Honourable senators, every effort will be made to answer this inquiry before the end of June. That is all I can say at the moment. I shall make inquiries and perhaps have some information tomorrow.

This reply is applicable also to Inquiry No. 2.

Inquiry stands.

HON. JAMES GLADSTONE

FELICITATIONS ON HONORARY DEGREE

Hon. Jacques Flynn: Honourable senators, may I beg your indulgence for a few moments. Akay-na-muka, graduate of St. Paul's Anglican Mission and Calgary Industrial School, former interpreter and guide with the North West Mounted Police at Fort McLeod, successful farmer, leader in the Blood Indian Council, past President of the Indian Association of Alberta, and member of the Blood Tribe of the Blackfoot Indians, was chosen to be one of the first two Canadians to receive an honorary degree from the University of Lethbridge. I refer, of course, to our colleague Senator James Gladstone.

I should like to congratulate the University of Lethbridge on its good sense and wise decision. In this day and age, when some students and professors, who obviously are not dedicated and informed scholars, spend their time shouting obscenities at university administrators, seizing university classrooms and barring others from getting an education and, in effect, creating national chaos, all done to the delight of the communications media and forces bent on presiding over the demise of western society as we have known it, it is refreshing to see that a real honest-to-God Canadian, who has given unstintingly of himself throughout his life to make Canada a better place to live in, has been honoured by the academic community.

We are elated to learn that this doctoral degree has been conferred upon our colleague. It is nothing more then he deserves. Senator Gladstone is an asset to Canada and the pride of the Blackfoot Nation, as he is also the pride of the Canadian Senate.

Hon. A. Hamilton McDonald: Honourable senators, I wish to associate myself, and I am sure all honourable senators, with the remarks of the Leader of the Opposition. We are most happy to see that a western university has paid honour to one of the senior citizens of our country, a man who has given leadership not only to his own people but to Canada. If more Canadians and more of his own people were to follow the example set by Senator Gladstone, this would be a much better country to live in.

We extend our congratulations to Senator Gladstone and we thank his home university for having honoured him in this way. We fully expect that his contribution to Canada and to his people will continue for many years. The problems of our native people are more in the forefront today than ever before in history: They are looking for guidance and leadership, and we ask Senator Gladstone to continue to give to them the type of leadership that he has given in the past, because this will be for the betterment of his own people and for the Canadian nation.

Senator Gladstone, we congratulate you and we wish you well in the future.

Hon. Senators: Hear, hear.

Hon. John M. Macdonald: Honourable senators, may I too be allowed to add a word of congratulation to our colleague Dr. James Gladstone. I am sure we were all extremely pleased to hear that an honorary degree had been conferred upon him by the University of Lethbridge. In making the announcement, His Honour Judge L. S. Turcotte, Chancellor of the University, had this to say about Senator Gladstone:

> I believe his life has been guided by his desire to assist fellow citizens of his own ancestry. He was highly honoured in his appointment as the first Canadian senator of Indian ancestry. He will be one of very few Canadians of Indian ancestry who will have received an honorary doctorate from a Canadian university. This is a most happy and appropriate choice.
>
> President Smith and many members of the faculty and student body of the University have shown a keen interest in the problems of Canadian citizens of Indian ancestry. These problems are growing enormously because of the rapid increase in mechanization and automation.
>
> Our Indian citizens need a great deal of sympathetic assistance in order that they may reach proper decisions so that they may lead happy lives. The University of Lethbridge has shown its willingness to assist. It may be that the conferring of this degree is an outward manifestation of this desire to help as well as being an honour to Senator Gladstone for his substantial contribution to Canada.

I am sure we all feel that this university has truly shown its willingness to assist in resolving the problems of our Indian people by conferring this honorary degree upon our colleague Senator Gladstone.

Honourable senators, in this day and age it is rather fashionable to be interested in the problems faced by our first citizens, but we should remember that throughout a long life Senator Gladstone has been interested in, and has done much to further the cause of his fellow citizens. This is a man who, not recently, but for many years has done a great deal to uplift his own people; though a quiet and a humble man, he has over the years accomplished much for those whom he has tried to assist.

I think it is fair to state that the good he has accomplished is known only to his own people and to himself. He has certainly been a great inspiration to the people of Indian origin in Canada, and we all join in wishing him well in the future.

We are all pleased that this well-deserved honour has come to Senator Gladstone. We congratulate not only the Senator but the university which has seen fit to confer this degree upon him. I am sure he will forgive us if in the future we forget to address him as Dr. Gladstone, and continue to refer to him as our old friend and colleague, Jim Gladstone.

Hon. James Gladstone: Honourable senators, I do not know how to thank you for the very kind words you have used in congratulating me.

I sometimes wonder whether I am missed from this chamber. I want to be here as much as I can, but I cannot accomplish the work that has been entrusted to me without keeping in touch with all of my people in Canada.

I thank you once again sincerely and humbly for your congratulations.

Hon. Senators: Hear, hear.

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

BILL TO AMEND—THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill C-102, to amend the Patent Act, the Trade Marks Act and the Food and Drugs Act.

He said: Honourable senators, it is not often that I presume to speak on third reading, but this bill was reported by the Standing Senate Committee on Banking, Trade and Commerce without amendment, although the members of the committee were worried with respect to the protection which the public would be assured of in certain of its applications when this bill became law.

One of those applications concerned the situation in which drugs are imported into Canada from abroad, in violation of a Canadian patent on a process for manufacturing the drugs, and thus would be an infringement of those patent rights, except for the provision in the bill granting immunity.

The other situation was in relation to a Canadian patent in respect of which there was domestic manufacture by the patentee, or licensee or registered user. The bill in this regard provides for certain conditions under which the Commissioner of Patents might

grant a compulsory licence to a person to manufacture the particular medication in Canada, and in all the circumstances might establish a basis of royalty. The concern of the committee had to do with what protection and what assurance the public would have as to the safety, efficacy, potency, et cetera, of these drugs under these conditions.

These points concerned the committee to such an extent that at one stage in the proceedings the committee considered amending the bill so as to write directly into it assurances in this regard. Subsequently we recalled Dr. R. A. Chapman, the Director-General of the Food and Drug Directorate in the Department of National Health and Welfare. Unfortunately, on that day there was no *Hansard* report of the proceedings. However, I have a written statement of what Dr. Chapman said, which I think should be on record. It contains certain assurances given by Dr. Chapman, some implemented to a degree already, arising out of the first hearing on this bill, and others as to contemplated action to make sure that, for instance, a compulsory licensee in Canada who is manufacturing this drug will perform in such a way as to ensure that there is stability in the product, that it is safe and efficacious, because slight changes that may have the effect of producing a lower price might very well make the drug as useless to the person for whom it is prescribed as taking a glass of water.

The committee wanted these assurances, and after hearing and questioning Dr. Chapman there was unanimous agreement that the contemplated further examinations and testings would be undertaken and that the bill need not be amended so as to assure the protection of the public on these two points.

I would ask the leave of the Senate to have the statement made by Dr. Chapman to the committee printed as an appendix to today's *Hansard* and form part of the official record.

Hon. Senators: Agreed.

For text of statement, see Appendix, pp. 1522-25.

Hon. Mr. Walker: Is Dr. Chapman's statement an answer to the inquiry made by Senator Sullivan?

Hon. Mr. Hayden: Yes. Senator Sullivan, when speaking on second reading, posed a series of questions that he felt should be dealt with, indicating what, if any, was the protection of the public. In the course of Dr. Chapman's evidence, the chairman of the committee put eight specific questions directly to Dr. Chapman and received a precise answer to each question. This is part of the record which the Senate has now given leave to have appended to today's proceedings.

Hon. Joseph A. Sullivan: Honourable senators, I should like to have your indulgence to speak for a moment. I thank the distinguished Chairman of the Standing Senate Committee on Banking, Trade and Commerce. I think the public of Canada can be grateful that this legislation received such expert scrutiny in that committee—previously it had not. These assurances result from a simple statement I made, reported in *Hansard* of April 24 last, at page 1336. In the course of my address, I said:

> ...what I am interested in in this legislation is people—Patients...
>
> I am interested in the fact that the doctor has to prescribe the drug—nobody else. The patient has to receive it, and we want to give him the best drug possible.

As a result of what has happened in the Standing Senate Committee on Banking, Trade and Commerce, again under Senator Hayden, the public of Canada can be extremely thankful that they will get safe drugs.

Hon. Senators: Hear, hear.

Motion agreed to and bill read third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

BILL TO AMEND—REPLY TO QUESTION

Hon. Salter A. Hayden: Honourable senators, before the second order is called may I, with leave of the Senate, refer to Bill S-35, which received third reading in this chamber last evening. I was not present at the time and did not reply to a question raised earlier by Senator Flynn. In the circumstances, may I be allowed to give the explanation at this time?

Hon. Senators: Agreed.

Hon. Mr. Hayden: The question had to do with a letter which Senator Flynn received from a person who signs himself as a Fellow of the Society of Actuaries and Associate of the Casualty Actuarial Society. It had to do

with the definition of "actuary", which appears in Bill S-35.

In Bill S-35 "actuary" is defined and means "a Fellow of the Canadian Institute of Actuaries". The Canadian and British Insurance Companies Act, as it existed before Bill S-35, contains a definition of actuary only, in the portion of the act which deals with fraternal benefit societies. Otherwise, in the bill where the word "actuary" appears it carries whatever connotation the context indicates. In section 100, in Part V, dealing with the fraternal benefit societies, the term "actuary" means,

> ... a Fellow by examination of the Institute of Actuaries of Great Britain, the Faculty of Actuaries in Scotland, or the Society of Actuaries.

This complaint reads as follows:

> The effect of the proposed new definition would be to replace an existing realistic one of professional qualification by a hollow one that, in itself, is no mark of professional qualification at all.

You will note the definition which I have read in S-35 which simply defines an actuary as a Fellow of the Canadian Institute of Actuaries. The letter went on to say:

> My livelihood is thereby placed in jeopardy although I have been a Fellow of the Society of Actuaries since 1956 and an Associate of the Casualty Actuarial Society since 1959. I am not a Fellow of the Canadian Institute of Actuaries which I regard as a social club and debating group.

The answer is reasonably simple. The writer of the letter was a member of the Canadian Institute of Actuaries and voluntarily resigned two years ago. There is nothing in the records of the organization which would preclude him from applying again for membership and being accepted.

The other matter that I wish to bring to your attention is that the Canadian Institute of Actuaries was incorporated by a special act of Parliament in 1965. This is the society in respect of which we have written our definition of actuary. Its purpose was to provide a formal Canadian organization in Canada and a Canadian standard for Government and for the public to use in judging qualifications of persons practising their actuarial profession. The actuaries favour the formation of such a body as a focus of their profession in this country and they recognize the need of a qualification standard that would be of Canadian character.

The Canadian Institute of Actuaries does not, at the present time, conduct its own examinations. It accepts as Fellows, residents of Canada who have achieved a Fellowship in The Society of Actuaries (United States), The Institute of Actuaries (England), The Faculty of Actuaries (Scotland), or who have achieved qualifications in any other actuarial body of equivalent standard. Non-residents are also accepted as Fellows if they have similar qualifications, provided that they can show to the satisfaction of the Council of the Institute that they have some knowledge of Canadian conditions and relative laws and have some reason to practise their profession in Canada.

The formation of The Canadian Institute of Actuaries was supported by all actuaries in Canada, and since its formation has been successful in stimulating discussion of actuarial problems in Canada. It operates as a professional society and holds regular meetings for discussion of actuarial problems current in this country.

At the present time, as I have told you, the Canadian and British Insurance Act carries a definition of "actuary" for purposes of fraternal benefit societies, but there is no definition for purposes of life insurance companies. The proposed amendment would prescribe such a definition for both the life insurance companies and the fraternal benefit societies.

The proposed definition already exists in the regulations which have been passed under the Pension Benefit Standards Act of Canada. You will find it in some provincial legislation. For instance, the Ontario Pensions Standards Act has by regulation this same definition. By amendment to the British Columbia Insurance Act, this same definition has been adopted.

I am informed that there is a developing tendency and purpose to add this definition in these terms, as the occasion arises, in relation to different bills which may come before Parliament.

Hon. Jacques Flynn: Honourable senators, I wish to thank Senator Hayden for this entirely satisfying answer to the question I put to him as a result of the letter I received and from which he has quoted. I agree that the decision to give third reading to this bill without considering this point, is a good one. If by any chance we have made an error, it would be open to the Commons committee to correct it.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, May 29, the adjourned debate on the motion of Hon. Mrs. Fergusson, for the second reading of Bill C-153, to amend the Historic Sites and Monuments Act.

Hon. J. Campbell Haig: Honourable senators, this bill to amend the Historic Sites and Monuments Act was introduced in the other place on January 20, 1969 by the honourable Jean Chrétien, Minister of Indian Affairs and Northern Development.

There was a very short discussion on the subject, most of the members talking about historic sites in their own constituency or in areas which they wanted considered by the board. The bill went to the Committee on Indian Affairs and Northern Development on March 10 and again on March 12.

In discussing the bill in that committee on March 10, the senior assistant deputy minister, Mr. Gordon, mentioned the fact that this Historic Sites Board is now 50 years old. It was started by a memorandum from one of the assistants to the minister, from which I read this extract:

> In my opinion not every so-called historic site should be protected by the federal Government as there will doubtless be claims advanced for the protection of sites which are only locally interesting from an historic standpoint.
>
> To overcome the difficulty of determining which sites are truly of Dominion-wide concern, I would suggest that an honorary board or committee be appointed, composed of men from all parts of the country who are authorities on Canadian history, to advise the Department in the matter of preserving those sites which pre-eminently possess country-wide interest...

This proposal was accepted by the Honourable Arthur Meighen, then Minister of the Interior, and on October 28, 1919, the Historic Sites and Monuments Board, then consisting of seven members, held its first meeting in Ottawa.

I think the country owes a debt of gratitude to this board for the work they have done over the past 50 years at very little expense to the country. The members of the board are historians who have a local interest in the province or the area in which the historic site or monument is located. They have done a great deal of valuable work for the preservation of those sites and monuments.

In Manitoba, near Winnipeg, there is a monument at Louis Riel's birthplace; in Winnipeg there is the Ross House; there is Fort Garry Gate, and Lower Fort Garry, which was a fort donated by the Hudson Bay Company to the Government and now is an historic site. There is another such site on Highway No. 1 west of Winnipeg, erected in 1930. The plaque reads:

> Dominion Lands Survey System.
>
> The first monument on the Dominion Lands survey was placed 10th July, 1871, on the Principal Meridian, about half a mile south of this site.
>
> The system, then inaugurated by Lieutenant Colonel J. S. Dennis, Surveyor General, extends across the prairies and to the Pacific Coast. It now embraces more than 200,000,000 acres of surveyed lands in Manitoba, Saskatchewan, Alberta, and parts of British Columbia.

Honourable senators, the reason I mention this plaque is that the land on which this monument was placed was donated by the late Honourable Senator Aimé Bénard and by my father. The monument was erected in 1930.

Honourable senators, as this is a housekeeping bill and is non-controversial, I would suggest that the sponsor move third reading and that the bill not be referred to a committee.

Hon. Allister Grosart: Honourable senators, I do not like to disagree with honourable Senator Haig, but it has occurred to me that there may be a rather important reason why we should refer this bill to a committee, namely, to discuss what appears to me to be a serious omission in our recognition of historic sites and monuments.

Some time ago, when doing some research on one of the Fathers of Confederation, an Irishman named D'Arcy McGee, I discovered that the house in which he was born, in a beautiful village on Carlingford Lough, in Ireland, was still standing, but was unmarked in any way as being the birthplace of an Irish Father of our Confederation.

D'Arcy McGee, of course, was a distinguished Irishman as well as a distinguished Canadian. He took a very prominent part in the rebellion of 1848.

Hon. Mr. Flynn: Which one?

Hon. Mr. Grosart: In Ireland, in 1848. That was one year in which we did not have a rebellion in Canada: it had taken place ten years before, and some of Senator Flynn's ancestors—

Hon. Mr. Flynn: They probably were involved.

Hon. Mr. Grosart: D'Arcy McGee was a distinguished Irishman, and a member of the famous Young Ireland Party. I inquired at the time as to why Canada had not recognized this rather important and interesting historic site. After a good deal of research I found that apparently there is no instrumentality of the Canadian Government charged with the responsibility of in any way recognizing historic sites abroad, which have a very close connection in many ways with Canadian history.

Rather interestingly, Senator Haig mentioned two names—the Ross House in Manitoba, and the birthplace of Louis Riel and his grave across the river in St. Boniface, the inscription on which, as I remember from the last time I saw it, with simple eloquence, reads: "Louis Riel, Leader of the Provisional Government." The date, I think, was 1870.

Now, it so happens that Louis Riel was an Irishman. It may be a surprise to our distinguished Senator Gladstone, but originally the name was O'Rielly. Riel's grandfather was originally O'Rielly. I do not know where we would trace his ancestors in Ireland, but they were there.

I am sure many other searches could be made. Ross of Bladensburg was a very famous Irishman. It so happens that his birthplace and that of Sir William Johnston—Johnston of the Mohawks—are both within about six or seven miles of the D'Arcy McGee cottage on Carlingford Lough. It has a romantic Irish name of Radharc na Sléibhe, which is Gaelic for Mountain View, because it lies across the loch from the beautiful mountains of Mourne.

One can think of many other historic sites in Ireland, in the United Kingdom and elsewhere that have a very close connection with Canada. It seems to me that unless something is done we are going to lose all possibility of recognizing these historic sites or preserving what is left to them.

I am told, for example, that the famous warehouse along the Leffey, where D'Arcy McGee, Smith, O'Brien and others plotted the rebellion of '48, is still standing.

There may be different views as to the importance of that rebellion. There are always different views on rebellions. They were always unpopular with the establishment at the time but, generally, establishment is the first to put them in the history text books as something in which we should have national pride.

I therefore suggest, if my information is correct that we have no instrumentality for the recognition of these historic sites abroad, that perhaps consideration might be given to allowing this bill to go to a committee so that we could call before us the appropriate officials to see if this information is correct; secondly, to see if any action is contemplated to correct that situation; thirdly, if not, why not? I therefore respectfully suggest, if Senator Haig will agree—and I have not discussed this with him—that perhaps the bill should go to a committee so that we can discuss what seems to me to be an important subject.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mrs. Fergusson, bill referred to the Standing Senate Committee on Health, Welfare and Science.

CRIMINAL LAW AMENDMENT BILL, 1968-69

SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, May 29, the adjourned debate on the motion of Hon. Mr. Phillips (Rigaud), for the second reading of Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigations Act, the Customs Tariff and the National Defence Act.

Hon. Mr. Carter: Honourable senators, with leave of the Senate, I defer to Senator Choquette and will follow him.

The Hon. the Speaker: Honourable senators, is it agreed that honourable Senator Choquette speak in honourable Senator Carter's place?

Hon. Senators: Agreed.

Hon. Lionel Choquette: Honourable senators, needless to say, I am grateful to Senator Carter for yielding his place at this stage of the debate. I intimated to him yesterday that I was rather disappointed not to be able

to go on last evening, because I shall be unavoidably absent from Ottawa for a period of six or seven days, and I have to leave early this afternoon. He has graciously made the gesture, to which you have kindly agreed.

Honourable senators, may I first congratulate honourable Senator Phillips (Rigaud) on his masterly explanation of the various clauses of this bill. We are all aware of his eminence as a counsel, and since he has been with us we have been made aware of his great qualities as a senator.

Hon. Senators: Hear, hear.

Hon. Mr. Choquette: The speech he made in introducing this motion, and the speeches he made in connection with the Supreme Court Act and the Estates Tax Act, have all given us more than a glimpse of his high qualities. Unfortunately, we shall shortly miss him among our numbers. This I am sure will be a matter of great regret to all his fellow senators.

We have lost others for similar reasons, including, for instance, Senator Hugessen, Senator Norman MacKenzie, who was in the gallery yesterday, and many others whose departure was a sad loss both to Parliament and to the country. Happily, we still have with us Senator Roebuck, who is the chairman of the very committee to which this bill is to be referred.

Hon. Mr. Roebuck: Thank you.

Hon. Senators: Hear, hear.

Hon. Mr. Choquette: Last Thursday afternoon Senator Joseph A. Sullivan spoke on this bill, and in his opening remarks he said:

> Honourable senators, in rising to participate in this debate I am fully aware of my limitations pertaining to the legal aspects of the bill. I am also fully aware that I am competent to deal with the moral, the scientific and the medical aspects of this legislation.

This the honourable senator has done in his usual brilliant, eloquent and competent way, and I am sure that all honourable senators who heard him on Thursday, or who have read his speech, will agree that his exposé will be of great value in the discussion of this bill.

Honourable senators, in the first place, may I register once again my dissatisfaction with omnibus bills of this character. My objection is not so much that the present bill amends widely varying provisions of the Criminal Code—I could perhaps stomach that—but it also amends five other acts. It would take an assiduous clerk or a Philadelphia lawyer to figure out what these amendments amount to in their totality. May I repeat the hope that when the revised statutes eventually appear the amendments will be presented in a more comprehensible and less omnibus fashion. May I suggest that a series of streamlined sports models rather than a single top-heavy omnibus would provide much better vehicles for the amendments to the statute laws of Canada in future. However, from the attention, or indeed the lack of it, that has been paid to my repeated suggestions in this regard, it looks as if a change of government will be necessary before any improvement is to be expected.

Hon. Mr. McDonald: That will take a long time.

Hon. Mr. Choquette: Having said that, I have a few other objections to make. First, there has been an unusually long gestation period for this bill. It has been thoroughly scrutinized by the House of Commons and its committees, but I am afraid that kind of scrutiny is no guarantee of excellence. In my opinion the bill should have originated in the usual way in the Senate. It is a non-money bill, and Criminal Code amendments have customarily been introduced in this house so that the Commons may have the advantage of the careful scrutiny which is regularly given to such measures by Senate committees. Moreover, we now have the recently constituted Standing Senate Committee on Legal and Constitutional Affairs, and in my view it is not too late to subject this omnibus legislation to the scrutiny of that committee.

Here again we have a bill which has no single principle, but has many principles. I intend to comment briefly on some of the main changes proposed, on the understanding that the bill will be referred to committee. In so doing may I emphasize that I am not speaking for any of my colleagues. There are questions of conscience involved here, and my fellow senators on this side are quite capable of speaking and voting as they see fit.

The particular subjects with which I wish to deal are lotteries, homosexuality and abortion. I have serious reservations and objections to the provisions of the omnibus bill in these areas. Because of this reaction on my part, I propose to vote against second reading of this bill regardless of what other senators may do. I say this reluctantly because many of the provisions in the bill have my support.

I am not at all satisfied that the Government should itself be authorized to conduct lotteries. It may be that there is a human instinct or tendency to gamble or even to regard life itself as a gamble. I have less objection to the legalization of lotteries by organizations, particularly religious and welfare organizations, but gambling in my view is not only a poor but perhaps the worst way in which to raise money for government purposes. It hits most heavily against the poor, against those who need a financial break and who are prepared to sacrifice therefor the food, shelter, clothing and general welfare of their families. This legislation would put the whole authority of the state on the side of lotteries, and the state would not only condone but would be authorized to operate them. The recent reaction in the United Kingdom against the transition of that country to a floating casino illustrates that control may be necessary for some time to come.

It will be noted that I have not based my argument as to lotteries on moral grounds, but upon social, economic and political grounds. By adopting this legislation in its present form, we would, I am afraid, risk the creation of a sort of Frankenstein's monster which we could not easily control.

Nor would I approve in its present form clause 7 of the bill in so far as it relates to any two persons, each of whom is 21 years of age or over, both of whom consent to the committing of the act. The high-sounding dictum that "the state has no place in the bedrooms of the nation" is not honoured, or is only slightly honoured in the legislation. If there are three or more persons in the bedroom, the dictum is inapplicable. If either of the two parties in the bedroom is under 21 years of age or is intimidated or defrauded or is feeble-minded or insane or an idiot or is an imbecile, the dictum is equally inapplicable. The exceptions clearly swallow up the rule which in the final analysis merely condones acts of homosexuality between consenting adults by making legal what is now illegal. There are those who claim that homosexuality is essentially a disease; others claim that it is an inherent propensity or deviation from the normal that cannot be helped. There are some who claim that it is immoral, and others that it is natural to the individuals who practice it. But this bill is not presented to us with the argument that homosexuality is socially desirable or acceptable or that it should be encouraged. Rather, we are told that it is repugnant to most but that it should be left to the individual consciences, and that this bill in no way condones or encourages homosexuality.

In my view this is sophistry in the extreme. To render legal something that is illegal is perhaps the ultimate in condonation and encouragement by the state. The passage of this bill cannot help but affect the thinking of our young people. They must conclude that what is proper conduct for consenting adults is not *per se* improper conduct for minors, and it is indeed the minors themselves and the marginal cases that most concern me.

It is bad enough for Canada to drift into a permissive or amoral society on its own without Parliament itself shoving it in that direction. Conventional morality changes from time to time, it is true, and natural law itself often has a variable content, but in this area I am sure Parliament is legislating far in advance of public opinion. If we pass this bill there will be an inevitable public reaction that will not reflect credit, particularly political credit, upon the Government. Let us hold the line somewhere.

I invite honourable senators to exercise their constitutional right to cast an independent vote on these matters and to refrain from weakening the moral fabric of our country or the solidarity of the family which lies at its base.

I now wish to say something about what has been termed "therapeutic abortion." I intend to speak at some length on this portion of the bill because I think it is by far the most important.

As I hope to convince you, honourable senators, the changes are not progressive but retrogressive, not liberal but libertine, not mature but premature, not the reasoned result of careful scrutiny and wise deliberation but the unreasoned prejudice of a deliberate disregard for facts and a carefree experiment in legal pluralism, not a forward step in the direction of greater freedom but a backward leap towards a disrespect for life and law in the body politic.

The issues we must face as legislators are clear, but they have been clouded in the public mind. These issues which we must face individually as senators and corporately as the Senate will test, once and for all, the credibility of this chamber's claim to be an essential organ of Parliament, as the chamber of sober second thought and careful scrutiny of all federal legislative measures proposed for our Canadian nation.

Honourable senators, if in a matter of such importance party lines prevail once again, as

they have in the past, then it becomes abundantly clear that the effectiveness of this chamber is highly suspect and our *raison d'être* seriously challenged. I shall therefore attempt to place before this chamber, as clearly as I can, the grave issues raised by such legislation proposed by the Government. I shall therefore deliberately avoid the adornments of rhetoric and sweet eloquence. Despite its attractiveness, the charm of eloquence often diverts attention from the argument. But I rely on the persuasive value of the argument to win the minds of reasoned legislators concerned solely with the public good of the Canadian nation.

I shall first consider the background and philosophy of this Government bill, and then I shall advance the central objections to the bill. However, before doing so, I should like to rid the atmosphere of the folklore and the myths which have clouded the issues, not only in the public mind but also in the mind of the Government.

The central and most popular myth is that Roman Catholics stand alone in their opposition to the abortion amendments and wish to force their views on others. This central myth seems to have developed its own folklore which, to the untrained mind, would appear to buttress the central myth. The folklore tells us that abortion and contraception are two sides of the same coin; that abortion is solely a medical matter, a matter of physician-patient relationship; that abortion is solely a matter of individual conscience which does not involve the public good; that the unborn are not human beings and that to oppose this criminal law amendment is to oppose progress in this area of the law.

Like all myths, they have enticed the minds of many by their repetition in the news media. This gives them the lustre of self-evident truths which ought to commend themselves to the allegiance of all contemporary and truly progressive people.

I think that the main lines of argument will easily dispel these legends, but I would like at the outset to demythologize—and I believe this is a contemporary attitude, honourable senators—to demythologize the central legend of Roman Catholic opposition.

The person responsible for the introduction in the House of Commons of these amendments on December 21, 1967 was the then Minister of Justice, Pierre Elliott Trudeau; he is a Roman Catholic. The person responsible for the reintroduction of these amendments in the House of Commons is the present Minister of Justice, John Turner; he too is a Roman Catholic. And, honourable senators, I am a Roman Catholic. These facts, honourable senators, I should think would be sufficient to challenge the central myth; but, more important is the impressive array of top-notch thinkers who oppose abortion.

Probably the greatest Protestant theologian of this era, Karl Barth, has asserted unequivocally the immorality of abortion when he states:

> The unborn child is, from the very first a child. It is still developing and has no independent life. But it is a man, and not a thing, not a mere part of the mother's body... He who destroys germinating life kills a man and thus ventures the monstrous thing of decreeing concerning the life and death of a fellow man, whose life is given by God, and therefore, like his own, belongs to him.

Dietrich Bonhoeffer, the great Protestant martyr put to death by the Nazis, has spoken more strikingly. He has said:

> Destruction of the embryo in the mother's womb is a violation of the right to live which God has bestowed upon this nascent life. To raise the question whether we are concerned already with a human being or not is merely to confuse the issue. The simple fact is that God certainly intended to create a human being and that this nascent human being has been deliberately deprived of his life. And that is nothing but murder. A great many different motives may lead to an action of this kind. Indeed, in cases where it is an act of despair performed in circumstances of extreme human or economic destitution and misery, the guilt may often lie rather with the community than with the individual... All these considerations cannot in any way alter the fact of murder.

The outstanding professor of Christian ethics at Princeton University, Paul Ramsey, has asserted that feticide is not different from infanticide and that an argument sufficient to indicate abortion must be adequate to justify infanticide. Since there is no such argument, Professor Ramsey concludes, ".. that there is no justification for abortion."

The Protestant thinker, Helmut Thielicke, has asserted that abortion involves the question:

> Whether an already bestowed gift can be spurned, whether one dares to brush aside the arm of God after this arm has already been outstretched. Therefore here in abortion the order of creation is infringed upon in a way completely different from the case of contraception.

Professor George H. Williams of the Harvard Divinity School has asserted:

> Those who oppose abortion are fighting for the very frontier of what constitutes the mystery of our being. Unless those frontiers are defended, the future is grim with all the prospects of man's cunning and contrived manipulation of himself and others.

In September 1967, in Washington, D.C. an international conference on abortion gathered together 75 international experts on the question. These experts in medicine, biology, social sciences, philosophy and theology reached a consensus that fetal life is human life, and that to kill this life for the sake of utility or convenience is gravely immoral.

In November 1967, in New York City, the National Commission on Human Life gathered together some 50 international experts on the abortion issue. The Anglican priest-scholar Charles Carroll, of the University of California Medical Centre in San Francisco, the Catholic priest-scholar Charles Corcoran, the Lutheran minister-scholar John Neuhaus, and Dr. Immanuel Jakobovits, the Chief Rabbi of England, whose treatise on Jewish medical ethics is recognized as definitive in its field, all agreed on the substantial moral issue at stake—the inviolable sacredness of all innocent human life, especially the unborn which is unable alone to defend itself, and the consequent moral duty of civil authority to protect this life from all unprovoked attack.

Honourable senators, I have quoted at length from these eminent thinkers simply to illustrate the mythical character of Roman Catholic opposition to abortion. There is no exclusive Roman Catholic opposition to abortion. But, there are well informed citizens—Roman Catholic, Anglican, Protestant, Jew, agnostic and atheist—who defend a closely reasoned opposition to liberalization of abortion laws. We must, therefore, consider not speculative theory but observable fact; not beliefs, but human reasoning; not legendary myth but verifiable history.

The question is not whether or when the unborn child has what Christians refer to as a soul. This question, important as it may be in other areas, is irrelevant to a discussion of abortion for two reasons. The first is that the question of whether there is a soul is a matter of personal belief. The second is that the question of when can never be answered because the Christian motion of "soul" refers to spiritual, non-observable reality which is not discernible to experimental analysis or sensory perception.

An analogy with the problem of death, honourable senators, makes this abundantly clear. Death is the cessation of life, but death is variously determined by different disciplines—medicine, biology and theology. Clinical or medical death refers to the cessation of apparent life functions. Biological death refers to the cessation of the simple life process of organs and tissues. Theological death refers to the moment at which the soul leaves the body.

But, honourable senators, no one should invoke the notion of theological death for the purpose of pronouncement and certification of death. The civil law clearly recognizes, as it should, that with the physician, and not the law or theology, rests the task of determining the moment of death. But, with the law, and not the physician, rests the task of ensuring that no innocent life is actively and deliberately taken by any citizen, including the physician.

Likewise, honourable senators, no one should invoke the notion of theological life, the notion of soul, to determine whether and when there is a human life in the womb. With modern medicine and biology, and not with theology or the law, rests the task of determining the moment of human life. But with the law and not with modern medicine and biology, rests the grave obligation to protect such innocent human life from all deliberate, unprovoked attack by any citizen, whether mother, father, or physician. Therefore, in matters of life and death we must tread cautiously with full attention to the insights of modern empirical science.

Honourable senators, I should like now to deal briefly with the background and philosophy of the government bill. The bill was first introduced into the House of Commons on December 21, 1967 by the then Minister of Justice, Pierre Trudeau. At that time the Standing Committee on Health and Welfare

of the House of Commons had under consideration the subject matter of private bills respecting abortion. Two days prior to the introduction of the government bill the Health and Welfare Committee of the Commons made its first report to that house. At that time the Health and Welfare Committee had received 18 briefs and had heard 49 witnesses. I quote from that report the following:

> There is general agreement that the Criminal Code is ambiguous in its reference to abortion... Your committee feels that this ambiguity should be eliminated. It is obvious that sections 209 and 237 are contradictory. In view of the lack of factual evidence with regard to abortion in other countries, and in view of the importance of the assessment of such evidence, the committee should make studies relevant to other countries. In this way, world-wide experience in the matter of abortion can be evaluated in the light of the present situation in Canada. Accordingly, your committee is not prepared to make a final report at this time. However, the committee members, on the basis of representations and study to date, feel that an interim report should be submitted now, on the understanding that the Government may wish to introduce some legislative changes in the laws concerning abortion, without waiting for a full and final report.

The Government clearly was not too concerned about the facts of the problem. An idea had got hold of the fledgling Minister of Justice. Rather than mar the perfect unity of his accepted idea, he had to sweep aside all the facts which seemed to tell against his darling thesis. Although the Health and Welfare Committee of the House of Commons had not yet completed its study, and had admitted its inability to make its final report because of the lack of much needed information, the committee was prevailed upon to make a first report indirectly endorsing what it knew or must have known the Government intended.

Honourable senators, I hope the day will not come when the Senate committee system is subjected to this type of political manipulation.

The Health and Welfare Committee of the House of Commons continued its hearings, and on March 13, 1968 submitted its second report to that house. At that time it had received 35 briefs and had heard 93 witnesses. I quote in part from that report:

> Your committee has heard, it believes, representative evidence from the many sides of the abortion question. Little statistical evidence has been received for several reasons: (1) where abortion is illegal, no reliable statistics are available; (2) where abortion is legal, full statistics are not yet available although they have been requested. Your committee feels that the subject matter of abortion should remain with the committee for further study.

The committee of the House of Commons therefore recommended in the second report, among other things, that it retain the subject matter of abortion and be empowered, if deemed necessary, to engage personnel for further research study.

The government bill now before us was subsequently reintroduced into the House of Commons by the present Minister of Justice. It has been considered by the Commons Committee on Justice and Legal Affairs; it has been debated in the Commons; but although nominal responsibility for the bill rests with the present Minister of Justice, factual control still remains with the Prime Minister. The Justice Minister reigns but the Prime Minister rules. Therefore, there will be no soft-pedalling, no suggestion of meeting the adversary half way, no saving clauses. The Government will guarantee language rights in Canada; the Government will entrench constitutionally a bill of rights, but the Government will deny such rights to the unborn, because the facts that tell against the Government position must be swept aside.

What then is the philosophy behind this bill as it relates to abortion? Two basic points stand out. First, there is the assertion that the bill is a demand of a modern pluralistic society which denies any relationship between morality and law. This point is supported by misleading government slogans, that sin is not crime, or that government should stay out of the bedrooms of the nation. The second point of government philosophy is the notion of the absolute sovereignty of the people and the consequent need of government simply to reflect but not to lead public opinion. Honourable senators, it is clear that such a philosophy tears at the social fabric of this country, denies our public philosophy and values, misapprehends the role and the rule of law, and disregards all the best evidence available concerning abortion.

Canada indeed is a pluralistic society, a society in which citizens of various beliefs and thought live in harmony and order. Canada is a pluralistic nation, a national society, a group of individuals joined together in a Canadian community, in a common cause. But no society—no society, I say—can exist without a bond of unity, and this bond will determine the strength or weakness of that society. To acknowledge that we are a pluralistic society is fact. To assert that no relation exists between law and morality is fabrication, and to affirm that our Canadian pluralistic society has no public philosophy is false. Our public philosophy is our bond of unity, and our bond of unity is set forth clearly in the Canadian Bill of Rights.

In the preamble the Parliament of Canada affirms that the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of the family in a society of free men and free institutions. Parliament also affirms that man and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law.

This public philosophy enacted as law must remain the firm foundation of all legislative measures, including those relating to abortion. Undoubtedly the purpose of law is not simply to legislate morality, and definitely not to legislate the particular moral standards of one group or another. But there exists a relation between law and morality, because law regulates human conduct and man is a moral being. The relation between law and morality is therefore to be found in human nature itself, and the closer the social problem is to fundamental human values the closer should the legislative enactment follow the moral imperative.

Honourable senators, on November 9, 1967, the then Solicitor General, the Honourable L. T. Pennell, now a justice of the High Court, in moving second reading of Bill C-168 to abolish the death penalty, said to the House of Commons that he moved the second reading:

> ...out of a deep conviction that capital punishment is wrong in principle and not out of a misguided sense of sympathy for the enemies of society.

He later added:

> ...so long as the state claims the right under the law to deliberately take human life—there will be a tendency to regard life more cheaply... there is a responsibility upon the state to set the example ...by declaring our profound belief in the sanctity of human life...

He also said:

> ...with the abolition of the death penalty we can set an example, as a government, of our respect for the sanctity of human life to a world that is sorely in need of a higher regard for human life and a higher standard of humane conduct.

On November 14, 1967, the then Registrar General, John Turner, now the Minister of Justice, addressing the Commons on the same bill, referred to:

> ...the duty to lead public opinion.

On November 16, 1967, the then Prime Minister of Canada, Lester B. Pearson, speaking on the same bill, said:

> In this debate ...we have all been confronted with the deepest issues in human existence, life, death and society.

And later:

> ...we are also concerned... with certain fundamental moral and social values in our civilization and in our society.

Honourable senators, has our society changed so radically in less than two years? Are these observations then made in the House of Commons not equally applicable now to the proposed amendments to the criminal law on abortion? Must the Government continue to sweep aside all the facts that tell against its darling thesis? Is the principle of the sanctity of life a political device to be used at the pleasure of Government? The only reasonable explanation for this strange frame of mind can be that given by Konrad Lorenz in his acclaimed book on aggression, where he tells us:

> If moral responsibility and unwillingness to kill have indubitably increased, the ease and emotional impunity of killing have increased at the same rate. The distance at which all shooting weapons take effect screens the killer against the stimulus situation which would otherwise activate his killing inhibitions. The deep, emotional layers of our personality simply do not register the fact that the crooking of the forefinger to release a shot tears the entrails of another man. No sane man would even go rabbit hunting for pleasure if the necessity

of killing his prey with his natural weapons brought home to him the full, emotional realization of what he is actually doing.

This perspective observation of Lorenz in relation to killing confirms the observation of Professor Ramsey, the outstanding professor of Christian ethics at Princeton, to whom I referred earlier, who said:

> As long as we do not see the deaths inflicted or witness the dying, the direct killing of nascent life has only to be compared with the great or less inconvenience of other solutions in an antiseptic society where the prevention of disease at all costs is the chief ... light upon our conscious paths. But that darkness and this light are both alike to the Lord of nascent and conscious life.

Honourable senators, in proposing the abortion law amendments the Government has disregarded the facts. The Government by rash and premature action has disregarded the best evidence before the Health and Welfare Committee of the Commons. The best and overwhelming evidence heard by the Commons Committee on Health and Welfare dealing with the private members' bills on abortion shows that abortion involves the killing of human life and that there are few, if any, medical indications for abortion. Those who refused to make these admissions did so either because they were uninformed or because such admissions of fact would have undetermined their positions on the issue. Like the Government, an idea had got hold of them and was paramount in their minds. They were less concerned with the facts of the world outside. Rather than mar the perfect unity of their accepted position, they had to close their eyes to the facts or to sweep aside all the facts which might tell against their particular vision and enthusiasm.

A careful reading of the evidence presented to the Commons Health and Welfare Committee indicates conclusively the following questions of fact: (1) According to modern medical and biological science the unborn child is, from the moment of conception or shortly thereafter, a human being. (2) According to modern medical science there are few, if any, medical indications for abortion except in the rarest cases which are known medically and which are rapidly disappearing with medical advance.

The evidence before this committee was best summed up by Dr. Henry Fitzgibbon in an unpublicized letter dated February 7, 1968, addressed to the chairman of the said committee and appears as Appendix 3 to the final issue of the Minutes of Proceedings and Evidence before the committee. Dr. Fitzgibbon is a practising obstetrician and gynaecologist in British Columbia with impressive qualifications, training and experience. He describes himself in his letter as a British citizen, born in Ireland and baptized into the Church of Ireland, the disestablished Protestant religion. He is a member of the Canadian Society of Obstetricians and Gynaecologists, a Certified Specialist in Obstetrics and Gynaecology of the Royal College of Surgeons of Canada and a Fellow of the American College of Obstetricians and Gynaecologists. He is a member of the Family Planning Federation and registered with the College of Physicians and Surgeons of British Columbia, as well as the British Medical Council and the Irish Medical Council. I quote the following:

> As has been repeatedly pointed out at the hearings, there are no longer any valid reasons for the termination of pregnancy on medical grounds. The requests for abortion made to practising physicians are almost invariably on social grounds and as such are not covered by any of the suggested bills. All too often it is a matter of failure of contraceptive method and here let me point out that the Family Planning Association in Great Britain states that only ten per cent of those using contraception have had any professional advice thereon by those who are au fait with modern contraception and the advances therein.

Dr. Herbert Ratner, Director of Public Health, Oak Park, Illinois, has asserted that:

> Modern science regards the embryo as a human being from the moment the male spermatozoa fertilizes the female ovum. Prenatal fetal development is gradual and directive like post-natal growth. Birth is a convenient landmark, a transitional event which adds nothing more to the essential humanity of the child than does puberty.

The great Princeton scientist, Ashley Montagu, has confirmed that:

> From the moment of conception the organism thus brought into being possesses all the potentiality for humanity in its genes and for that reason must be considered human.

And, honourable senators, the report of the High Committee of France on abortion, states clearly that all self-respecting scientists acknowledge that fetal life is human life, from the moment of conception.

Concerning the psychological or psychiatric reasons commonly cited to favour abortion, the outstanding psychiatrist Irving Bernstein, Clinical Associate Professor of Obstetrics, Gynaecology and Psychiatry at the University of Minnesota has stated clearly that there are no psychiatric indications for abortion:

> because (1) Therapeutic abortion is not effective treatment for the patient or the situation; (2) Suicide is less of a risk in pregnant women than in non-pregnant women; (3) It is impossible to predict who will develop a post-partem psychosis; (4) Adequate treatment methods are available to manage psychiatric difficulties occurring during pregnancy; (5) Therapeutic abortion has its own psychiatric morbidity.

It is on these modern findings of fact, honourable senators, that the issues must be defined and decided. These issues are the following: (1) the burden of proof; (2) the moral problem; and (3) the legal problem.

Honourable senators, the issue of burden of proof means that on the shoulders of one of the parties, the pro-abortionists or the anti-abortionists, rests the first obligation of proving his case. And surely this burden of proof rests on the shoulders of those advocating changes in the law. They must declare clearly their objectives, short and long-term. They must show that these objectives are beneficial to Canadian society. And they must justify the validity of the choice of means in reaching these objectives.

Nowhere to date, either in the proceedings before the Standing Committee on Health and Welfare studying the private bills on abortion, or in the explanations either by the then Minister of Justice, Pierre Trudeau, now Prime Minister Trudeau, or the now Minister of Justice Turner, do we find a clear and unambiguous statement of objectives, a justification of objectives and choice of means. Instead we hear spurious and misleading statements—"Sin is not crime," "Other countries have changed their laws, so must we," "This is a pluralistic society", et cetera—and these are offered as justification for the changes. But this does not satisfy the demands of reason and intelligent discussion.

In short, the following questions must be asked, and the answers and supporting evidence must be given by pro-abortionists clearly, concretely and unequivocally before criminal sanction is relaxed: (1) What precisely is the social problem to be remedied? (2) Will the remedy solve the problem? (3) Will the remedy create further problems? (4) Will any benefit gained outweigh any harm created?

Honourable senators, foetal life is human life. The unborn child from the moment of conception is a human being in the same qualitative sense as the born child. He is a real human being and not a potential human being. Such is the verdict of modern medical and biological science. The human moral question demands an answer: Is there ever justification for directly and intentionally killing the unborn, either as an end in itself or as a means to an end?

This is the moral issue, honourable senators—not a Catholic moral issue; not a Protestant moral issue; not a Jewish moral issue; but a human moral issue and a public moral issue—a moral issue which Canadians must face and resolve in a Canadian way, not a Scandinavian way; a Canadian way, not a Japanese way; a Canadian way, not a British way; a Canadian way, not an American way. How do we Canadians value human life, particularly innocent unborn human life whose destiny is fundamentally no different from our own?

The Government and some citizens have tried to avoid this public human moral issue. The myths are invoked, or the facts are ignored or denied, or the Roman Catholics are used as scapegoats and the red herring distinction between sin and crime is made. But the moral issue stands for all Canadians, a moral issue which must be resolved before the legal issue can be resolved—not because the law will simply follow the solution to the moral issue, but because the very definition of the legal issue depends on the moral issue. If there is no moral issue, then the legal issue is simply one of social desirability, with no human moral content, a non-moral judgment between alternatives of social desirability based on vocal public opinion and its makers. But with the moral issue, the legal issue is far more complex because it involves basic human moral content, a non-moral judgment rality and law, and the meaning of a genuine Canadian pluralistic society founded on the principles stated in the Canadian Bill of Rights.

And, honourable senators, whether Jew or Catholic or Protestant, agnostic or atheist, the answer common to reasonable humanity and to all civilized nations resounds clearly: the law must protect innocent human life, and legislators must uphold the principle of the sanctity of all human life. This moral judgment is so basic to the well-being of society, so intimately linked with the public good, with the *res publica*, that the legislative enactment must enshrine the moral judgment for the well-being of our Canadian nation.

Therefore, honourable senators, let us amend the Criminal Code to rid it of the ambiguities and contradictions in sections 209 and 237 concerning abortion, but let us continue to protect human life; let us respect totally the insights of modern medical science and its domain, but let us demand total respect for the rule of law and its domain; let us direct our total energies to eliminate the causes in modern society that give rise to a desire for abortion, but let us not legislate that the end justifies the means. And, honourable senators, let us recognize the educative role of law, both civil and criminal.

To assert that these abortion amendments are merely permissive is to deny the educative role of law; and therefore to assert that these abortion amendments will decrease the number of illegal abortions is to deny the experience of other countries, notably Sweden, Japan and Britain.

The proposed amendments, honourable senators, provide for the legal establishment in hospitals of abortion committees, and the legal introduction of an administrative abortion structure unknown to this country. The amendments themselves provide for the legal establishment of an abortion atmosphere and the eventual creation of an abortion-prone society. A psychological expectation of abortion where contraceptive measures fail will be the result, a result verified in other countries. The notion of a "right" to abortion will be created. Abortion on demand will be the next step, and voluntary euthanasia will soon follow.

Honourable senators, these are not prophecies, but probabilities; not speculative hypotheses but ascertainable facts. To deny the educative role of law and the psychological effect on Canadian citizens of the liberalization of the criminal law regarding abortion is to deny the most basic insights of modern social science and the impressive testimony on the educative role of law presented to the Senate committee dealing with the hate literature bill by Dr. Mark MacGuigan, M.P., former Dean of Law at Windsor University, Doctor Frank Scott, former Dean of Law at McGill, and Professor Maxwell Cohen, present Dean of Law at McGill. Although these eminent jurists disagreed in certain respects about the bill under consideration by the committee, their testimony on the fundamental educative role of law was impressively consistent and unanimous.

Honourable senators, we read in Glanville Williams' celebrated book, *The Sanctity of Life and the Criminal Law*, the following about the Swedish experiment:

> There is convincing evidence that it is to a large extent an entirely new clientele that is now granted legal abortion, that is to say women who would not have had an illegal abortion if they had been refused the legal one. Although the social result is rather to add the total of legal abortions to the total of illegal abortions than to reduce the number of illegal abortions, a body of medical opinion refuses to regret the legal abortions on this account.

And in Britain, almost one year after their new Abortion Act, there is accumulating evidence that so-called back-street abortionists still flourish outside the law. Statistics reported in the *Guardian* show the rapid increase in abortions with the new law which came into force in April 1968. Since then, 23,736 legal abortions are reported, compared with 6,380 for the whole of 1966 and 4,530 in the whole of 1965.

There is more, honourable senators. The campaign to legalize euthanasia has begun, and a Bill to Legalize Euthanasia has recently been given first reading in the House of Lords. The purpose of the bill is to legalize voluntary euthanasia. The argument follows the lines of the pro-abortionists, and the myths are brought back to mind. According to an interview with John Sweetingham, secretary of the Euthanasia Society, reported in the *Guardian*, Mr. Sweetingham reasons this way:

> We don't seek to impose our views on those who have a conscientious objection to euthanasia, so why should they impose theirs on us? After all, death is such a personal matter.

Honourable senators, I reserve for the Senate Committee on Legal and Constitutional Affairs my objections to the technical aspects of the bill. I am confident that by a

unanimous vote, the Senate will refer the bill to committee for detailed and careful scrutiny of the vast implications as they relate particularly to abortion.

Despite my expressed objections to the bill in certain of its other aspects, I would be prepared to support the bill if the Senate were to expunge therefrom the clauses relating to abortion.

But I decry before this honourable chamber the principle of the bill and the attitude of Government in railroading the bill through the Commons. In words, the Government publicly promotes the idea of participatory democracy. But in deeds, the Government privately suppresses in the Commons free voting on the abortion provisions. The Government says that the first law of politics is facts. But the Government acts contrary to the facts concerning abortion and denies the first law of the land which demands protection of all innocent human life.

I reiterate the verdict of modern science: There are no interruptions or discontinuities in the advance through all embryonic and foetal stages through birth, puberty, adulthood and senescence. Human life is present from the moment of conception to the moment of death. Birth is but a convenient landmark between the womb and the tomb. Modern science has totally discredited Aristotle's theory, and its refinements by Augustine, Galen, and Aquinas, which postulated three stages in the development of the foetus. The embryo does not pass through a subhuman stage in the womb. The development of the foetus is as gradual and directive as post-natal growth of the child. And in this growing process, birth is only a transitional event which adds nothing more to the essential humanity of the child than does puberty.

Honourable senators, the Commons Health and Welfare Committee heard 26 doctors. Only one tried to deny that abortion destroys human life. His arguments were rejected by other medical witnesses.

To destroy innocent human life as a means to an end or as an end in itself is neither medical therapy nor a cure for the social and economic problems of childbearing. This was best summed up as far back as 1951 by Dr. R. J. Heffernan, then President of the American Medical Association, and by Dean of Tufts Medical School, when he addressed the American College of Surgeons. I quote:

> Anyone who performs a therapeutic abortion is either ignorant of modern medical methods or unwilling to take the time and effort to apply them.

And Dr. Samuel Cosgrove of Margaret Haig Maternity Hospital echoed Dr. Heffernan's views when he stated:

> I believe the negation of abortion on strict moral grounds is good medicine.

Medical progress since 1951 makes these observations trite.

Honourable senators, let us not be deceived. Let us make no mistake about this important point. Let us not be naïve, but realistic about the actual workings of abortion committees. Let us face the facts placed before the Commons Health and Welfare Committee by the experts.

Dr. Kevin Ford, certified psychiatrist from Winnipeg, appearing before that committee on November 16, 1967, testified that;

> It does not look as if the legalization of abortion reduces the incidence of illegal abortion. In this connection, the Royal College of Obstetricians and Gynaecologists states that legislation to legalize abortion alters the climate of opinion among the public, and even the Courts of Law, so that criminal abortion becomes less abhorrent.

He added:

> The proposed legislation, taken collectively, may seem at first sight to be nothing other than a reasonable approach to broadening the grounds for therapeutic abortion, while at the same time keeping this procedure under adequate control. I regret to say I cannot share this optimism. Bearing in mind the latitude that the concepts underlying these proposals allow, they represent nothing more clearly than the thin edge of the wedge.

Testifying before the same committee on January 28, 1968, Dr. Patrick Beirne, a gynaecologist and Fellow of the Royal College of Surgeons, stated:

> In discussion of definition of health, there are, if you will pardon the expression, two conservative definitions and liberal definitions on health. The conservative definition is absence of disease. The liberal definition goes on to include well being, absence of stress, and this has been extended to such things as housing, nutrition, education, and so on. Now this is the danger: Which interpretation are we going to put on it? Just as individuals may have liberal or conservative views on the definition of health, so also may

abortion boards. And it does not take long for the community at large to know who are the liberal and who are the conservative abortion boards. In New York City there are two hospitals both with abortion boards within a few blocks of each other. In one hospital there is one therapeutic abortion per 16,000 deliveries. In the other hospital there is one therapeutic abortion per 20 deliveries. So boards do not guarantee the interpretation we want to be taken of what we feel is for the common good for our people. A board is not good enough. It has to be spelled out more clearly.

Dr. Jack Walters, Professor of Obstetrics at the University of Western Ontario, testified before the committee on January 30, 1968, as follows:

> The Omnibus Bill extends abortion into a field which is going to be very difficult to interpret. We are getting from the frying pan into the fire. Health as defined by the World Health Organization or by a final year medical student on an examination paper, entails a tremendous area—economic, social and emotional. Life can be defined much more easily than health. And the extension of this into the health area is going to leave it very, very wide. Again, it is going to come down to interpretation of what you mean, of what we in London mean, or what someone in Ottawa means by health. You will have court cases, published cases, in which precedents will be set. This is the problem of including health as well as life.

Dr. Walters further testified that:

> If you look at the variation in the incidence of therapeutic abortion over the world, you will find that hospitals with the highest number of abortions are those with the most lenient committees. One hospital with 20,000 deliveries a year will do only a few for life-saving reasons. Another hospital with 10,000 deliveries will do 40 times as many in a year. The difference is not in the incidence of these but the fact that everybody knows if you send somebody to that hospital they can be aborted.

In a brief submitted by Dr. H. Brody, Fellow of the Royal College of Surgeons, appearing in the proceedings of the committee of November 21, 1967, we read:

> The incidence of therapeutic abortion on a world-wide basis is increasing rapidly. The reason for this is that when a case is considered, it is tempered by moral, sociological and economic bias of physician, patient, and society in the local that it takes place.

Honourable senators, to give to physicians or to abortion committees the right to pass judgment on the life or death of the unborn is to betray our profound obligations as legislators and to place such persons above the law. As Dr. Walters said to the Commons committee on January 30, 1968: "The decision is not a medical decision, but a national decision."

Honourable senators, consent is not the issue. Medical judgment is not the issue. The issue is the value our Canadian society attaches to human life—born or unborn. And this issue involves the most basic question of justice—yes, honourable senators, justice!

Justice demands that each person be given his due—each and every person, regardless of colour, creed, national origin, or place of birth, and whether black, white, yellow or any other colour of the rainbow; monotheist—whether unitarian or trinitarian, whether Jew or Gentile; atheist or agnostic; French, English, Polish, Ukrainian, Chinese, German, Latvian or Lithuanian, it makes no difference. Each person, born or unborn, must in justice be given his due, whether inside or outside the womb, whether highplaced or humbly stationed. And this basic due which he must be given, this basic debt which each person can claim, as of right, as owing to him, is set forth clearly in the Canadian Bill of Rights.

Section 1(a) declares the continued existence in Canada of the fundamental human right of the individual to life and the right not to be deprived thereof except by due process of law. Section 1(b) declares the right of the individual to equality before the law and the protection of the law.

Can we, honourable senators, blind ourselves to the tragic irony of a Canadian Minister of Justice in our "Just Society" who advocates, in the year 1969, such criminal abortion legislation? Not only does it affront the most basic norms of human justice, it insults the informed intelligence of any legislator who pays more than lip service to the Canadian Bill of Rights. Not only does it betray a total ignorance of the 20th century facts of science, it confirms that justice, right, and law are worthless words in the mocking mouths of the pretending promoters of the Just Society.

Yes, honourable senators, it is a tragic irony which can be explained only by the fact that the Minister of Justice reigns, but the Prime Minister rules.

What other reasonable explanation exists for the action of the Minister of Justice in reintroducing this iniquitous piece of criminal legislation when at the same time the same Minister of Justice tells us concerning the Just Society the following, taken from the *Canadian Bar Journal*, (Vol. 12, No. 1, p. 7):

> Just as the shaping of all democratic values in the just society must not be the exclusive privilege of the few, but the inclusive right of all, so the law must not be the exclusive prerogative of the privileged, but the privileged right of all. All must have equal access to the law. If we are to speak of equality before the law, the law must protect all equally.

The Prime Minister rules in the Commons, honourable senators, but in the Senate the senators rule. Here the Prime Minister only reigns. This must be clear, because if the Senate reigns but the Prime Minister rules this chamber, then let us either abolish this chamber or remove from its jurisdiction all legislative competence. Let us become simply an investigative and advisory organ of the Commons or the cabinet—royal commissioners.

But until then, honourable senators, let us act courageously in the public interest. Let us practice what the Minister of Justice preaches. Let us do what the Minister of Justice not only has left undone but has actively undermined, namely, that the law protect all equally—the born and the unborn of this society. And therefore let us reject all legislation which legally enshrines the right to kill the innocent, and let us refuse to place above the law any citizen, including the physician.

Let us exercise our constitutional rights as Canadian senators, and let us fulfil our duties as civilized men. Let us translate the Just Society from the highflown level of political rhetoric to the pedestrian level of effective legal right.

Therefore, honourable senators, let us protect the unborn. Let us protect the unborn, intact or deformed. Let us protect the unborn, wanted or unwanted. Let us protect the unborn, illegitimate or high-born. Let us proclaim that we are for life and the preservation of life. Let us proclaim that we are for human rights and the Canadian Bill of Rights. Let us proclaim that any life is of infinite value, and that this value is not diminished by physical or mental defect or the circumstances of that life's beginning. Let us proclaim that this respect for life is the cornerstone of Canadian society. And, honourable senators, let us demonstrate by collective Senate action that our society is served best by a medical ethic and a legal system which hold this principle sacred.

Hon. Senators: Hear, hear.

Hon. Chesley W. Carter: Honourable senators, I do not profess to have anything very profound to contribute to this debate, and having listened to the three brilliant and learned speeches that have already been delivered, I take part in it with a great deal of trepidation.

My first reason for intervening in the debate is because it affords me an opportunity to unburden myself of some of the conflicting thoughts and emotions which I always have to contend with inside myself whenever I am faced with a bill such as C-150 with deep moral implications. I speak only for myself, but I realize that others in this chamber may feel as I do.

Before going further, honourable senators, I should like to compliment those who have preceded me on their eloquence and join with them in paying tribute to honourable Senator Phillips (Rigaud) for the masterly way in which he introduced the bill we have before us. He analysed the measure clearly and gave a lucid unemotional exposition of the issues involved. The sympathetic reasonableness with which he approached those issues, making full allowance for different approaches from people whose different backgrounds caused them to see this bill from opposing viewpoints, almost made further debate unnecessary.

As I listened to him, I could not but think that had he been able to make his presentation in the other place, the passage of Bill C-150 through that chamber would have been accomplished much more easily and quickly than was actually the case.

Bill C-150, as the sponsor has told us, is a very bulky document of 126 pages containing some 120 different clauses which are divided into seven parts. Of the 126 pages, however, only 26 are taken up by Parts II to VII inclusive; these parts amend the Parole Act, the Penitentiaries Act, the Prisons and Reformatories Act and include some other amendments which are merely of a consequential nature. These amendments are not controversial and are designed merely to update the

laws I have just mentioned and to bring them in line with the experience and needs of our time.

Part I, which amends the Criminal Code, takes up 100 pages and contains 93 clauses. But only five of them, namely clauses 6, 7, 13, 16 and 18, represent new laws or new concepts, and of these five, only three can be considered as controversial. These are clause 13, which deals with lotteries, clause 7 dealing with homosexuality, and clause 18 with therapeutic abortions.

I shall deal with lotteries first and in some detail for three reasons: First, because it is the least controversial; second, because it lends itself most easily to the arguments I plan to develop; and third, because these arguments apply also to the other two topics I have just mentioned.

Clause 13, which legalizes lotteries under certain prescribed conditions will, in my opinion, receive general acceptance throughout the country, although there will be strong objections to it from those who see it as opening the doors a bit wider to the vice of gambling as well as an endorsement of the principle on which gambling itself is based.

There is no doubt in my mind that gambling as a way of life is a vice. It is based on the principle of getting something for nothing, which from the moral standpoint is the very antithesis of the values on which our nation is founded and which must be upheld if we are to have a strong, just and free society in Canada.

On the other hand, gambling in its milder forms can be regarded as one of the cheapest forms of entertainment. The foursome at a bridge game who put up a quarter each and play to get as much of it back as possible are certainly harming no one and, at the same time, they are having much more fun for their quarter than they could possibly get any other way.

The raffling off at a village fair of a couple of hundred tickets at 10 cents each for a box of candy or some article worth $2 or $3, or the game of bingo where a person pays $1 entrance fee and can play all night, are certainly equally harmless. Those who participate can not only get a lot of fun, enjoyment and excitement at a very low price, but, at the same time they can make a financial contribution to church or school or some other worthy cause.

However, people can be addicted to gambling just as truly as they can become addicted to drugs and alcohol. I have seen people become bingo addicts. They start out at the cheap game I have just mentioned where, if they do not win, the most they can lose is a dollar a night, one or two nights a week. However, they do not stop there: the habit grows on them and they go on to bigger games where they play $1 or more a card, and it costs them $10 or $15 per night, or perhaps $20 to $30 a week, and that makes a mighty big hole in the week's earnings, particularly of the low wage-earner. As a result, wife and children have to go hungry and do without the necessities of life, in the same way as if the money had been spent on drugs or alcohol.

Last year, 1968, according to D.B.S. reports, Canadians spent $69.8 million on the race track. That figure excludes Quebec, except for the Blue Bonnets races. Comparable figures for 1966 and 1967 are $58.3 million and $60.7 million, respectively. The 1968 figure is 15 per cent higher than the previous year, which is quite a fast rate of growth.

An estimate of the total race track receipts for Canada, including an estimate of the total for Quebec, is approximately $77 million. That, of course, is for race track wagering alone. The total money spent on all forms of gambling in Canada is estimated in the hundreds of millions of dollars, from which it can be seen that gambling is relatively big business.

Furthermore, we cannot overlook the very close association between one form of gambling and another, and between gambling and other forms of crime and vice and the resulting costs to the taxpayer.

These considerations place legislators like ourselves on the horns of a dilemma. Our duty as legislators is to see that society as a whole is protected, to see that the rights of each individual are protected, and that one individual is protected from another and even from himself. That is the whole purpose of the law.

If no one wanted to gamble, there would be no problem and no law required; but people do want to gamble—some on a small scale for entertainment, others as a way of life, and still others as addicts because, due to some deficiency in their psychological make-up or in their upbringing, they have become slaves to the habit.

The real strength of any nation is the character of its people. To protect the nation and society, we must not only preserve this character but do all in our power to strengthen

it. Our dilemma is, how can we do this and, at the same time pass or sanction laws which from experience we know have the potential to erode and weaken the character of our people, thereby helping to undermine the very foundation on which our society rests?

As legislators we also have a duty and an obligation to give leadership to the people and to the society whose representatives we are. That includes moral leadership as well as political and other forms of leadership. How can we do this and at the same time pass or approve laws that embody principles which are contrary to the moral well-being of our society as a whole?

How can we be our brother's keeper and at the same time pass or approve laws which will make it easier for our weaker brothers to become slaves to a way of life that is bad for them and bring misery and hardship to their families?

In a free and democratic society, legislators are required to meet the needs and demands of the citizens to the fullest possible extent, but how can we reconcile this with our overriding obligation to protect the best interests of society as a whole? How, for example, can we draw the line between gambling as a harmless form of entertainment and gambling as a dangerous vice when, in each case, the principle is the same?

What is there to guide us as we seek answers to these questions? Some may say: "So what, life itself is a gamble." They may also claim that our free-enterprise economy is based on gambling. The capitalist risks his money and takes a chance on whether he will win a fair return or lose it altogether. On the surface, these arguments appear plausible because they do contain a small element of truth, but actually they are fallacious.

It is true that in some measure every person's life is influenced by circumstances and forces over which he has no control, and to that extent chance does play some role in the life of every person, but it certainly does not play the major role. Chance is only one of a large number of factors that affect a person's life.

The businessman who risks his money in a new venture is not trusting to blind chance alone. He is not gambling: he is taking a calculated risk which means that as far as possible, he has taken every step to eliminate chance and is exercising his best judgment that the remaining factors which are beyond his influence will operate in his favour or, at least, not operate against him. The real essence of gambling is to try to get something for nothing. The free enterpriser who risks his capital is not expecting something for nothing. He is expecting a return on his capital, for his labour, for his skill and for his judgment.

How then shall we solve our dilemma? One way would be to say to the people: You are looking to us for moral leadership. We know that gambling is bad. It is based on a principle that is bad for the individual and bad for society. If generally accepted, it will eventually weaken and erode the moral fibre of our people and lead to the destruction of our society. As your leaders, it is our duty to preserve our society and the values on which it is based. Therefore, we have decreed by law that "thou shalt not gamble."

If we do this, of course, we shall be immediately accused of imposing our own moral concepts and religious beliefs on others who do not accept them and who, as free citizens, endowed with free will, have every right to reject them.

Another way would be to say to the people that gambling basically is contrary to the values and principles on which our free democratic society is founded and sustained. Some forms of gambling are so dangerous that they cannot possibly be permitted.

On the other hand, some other forms such as games of chance, commonly known as lotteries, have a high entertainment value and, if indulged in moderately and on a small scale, are relatively harmless and can be even beneficial. They can provide a lot of fun, excitement and enjoyment at a relatively small cost. Therefore, while prohibiting the dangerous forms of gambling, we have nevertheless passed a law which will permit the relatively harmless forms to be indulged in legally, but in our law we have endeavoured to set boundaries which will prevent these harmless forms from becoming a menace to society.

This I think, is what the Government has tried to do in Bill C-150 and I am prepared to give it my support because I do not see any realistic alternative.

I am aware that the moralist will say you cannot play with fire without getting burned, and that if you open the door an inch now it will not be long before you will have to open it another inch, and still another, until it is wide open. There is a lot of truth in those statements, because once we discard a sound

principle, or even modify it, we no longer have a solid foundation on which to stand.

On the other hand, the great poet Milton made it clear that he had little regard for what he called "cloistered virtue," whereby people were good because they had no opportunity to be bad. Man was given free will, and there can be no moral growth without the exercise of that free will. Man must choose between good and evil. This means he must have the opportunity to choose because only by exercising his will and choosing the good, can he become morally strong.

What I have said about gambling in general and lotteries in particular applies with even greater force to homosexuality which is the subject of clause 7, and to therapeutic abortion which is dealt with in clause 18.

History teaches us that homosexuality is a sign of moral decay. The decay of all the great civilizations of the ancient world—Roman, Greek and Sumerian—was marked by a great increase in homosexuality. It is now becoming prevalent in our own civilization, and so much so that I have been told it has taken on the trappings of an international brotherhood with its own clubs, and its own means of communication and identification.

It is easy to feel sorry for these poor unfortunates. It is easy to make excuses for them, and regard their illness as a result of a defect in the chromosomes of the parent cells from which they developed. On the other hand, this kind of sex deviation can be cured. I have personally met some who have been cured. The cure, however, very often depends upon the will to be cured.

How can we best deal with this kind of problem? Certainly, treating them as criminals and locking them up is not much of a solution. On the other hand, we cannot blind ourselves to the fact that, when all its aspects are considered, homosexuality is evil and a terrible danger to our society.

The problem is how can we best reconcile the human compassion, which we rightly feel for these unfortunate individuals, with our solemn duty to protect our society from the destructive impact which history over and over again has proven to result from sex deviation and perversion.

As in the case of gambling, Bill C-150 separates the problem into two parts and gives legal consent to that part of the problem which can be considered as relatively harmless to society while, at the same time, prohibiting with heavy penalties the perversion of minors and similar acts which are definitely dangerous to individuals as well as to society as a whole.

Is this the best solution? Is it the right solution? I do not really know. I think it is better than the old solution which rendered the people involved subject to blackmail, thereby making them security risks and potential traitors to their country. On the other hand, it is another step along the road of permissiveness, and who can tell when the next step will be taken or where it will lead.

I come now to therapeutic abortion, which to me is the most perplexing subject of all. Here we come face to face with the very concept of man himself.

Our free democratic society is based on the concept that man is a created being. The communist society which is dedicated to destroying our way of life is based on the concept that man is merely an animal. In clause 18 of Bill C-150, we have a direct confrontation between the two and we have to make a choice. If the unborn child is merely animal tissue, then abortion is neither a sin nor a crime any more than the excision of a lung or a kidney which is also composed of living cells. It boils down then to the question as to when does man become a created being. When does he become a living soul? Is it the moment he is born, or the moment he is conceived? Is a child merely animal tissue until the moment of birth, or is he not?

We have all seen children who were born prematurely but who grew up to be healthy men and women. If a child is deliberately killed on the day after birth, it is a crime—infanticide or murder. Is the crime so much different if the child is deliberately killed the day before birth, or a week before, or six months before? When one life has to be sacrificed, on what basis can a choice be made between the life of the mother and the life of the child? Probably no questions have caused as much soul-searching in Canada in recent weeks as these.

I have not seen any satisfactory answers to these questions. Clergy, theologians, and heads of churches do not seem to agree among themselves as to what the answers are. The answers vary with different religious teachings and different moral concepts concerning the nature of man. Whatever course is taken will appear to favour one set of moral concepts and one set of religious teachings over the others, and as legislators we lay

ourselves open to the charge of basing our laws on the religious doctrines we prefer, and of imposing those doctrines on those who have different religious beliefs and different concepts of morality which, as free democratic citizens and creatures of free will, they are entitled to hold.

Personally, I think abortion is wrong but I claim no monopoly of human wisdom, and no superior concepts of morality. The ideas of others could very well be equally as right as my own. Who am I to judge between conflicting theologians, and say that this one is right and the other is wrong? Both are equally sincere. The act cannot be separated from the motive behind it, and there are many cases where only God can be the judge. The last thing, therefore, I would want to do is to be dogmatic and impose my personal religious beliefs on anyone else.

Is abortion wrong *per se*, or is it wrong only under certain circumstances? If I were ever faced with the situation where the life of my wife depended upon an abortion, I know I would be in favour of abortion, whether it is wrong or not. How then can I point my finger at someone else in the same circumstances and say, "Thou shalt not"? On the other hand, once we break the law in its absolute form, it becomes a case of relative morality, and a matter of how and where to draw the line.

I would not be able to vote for this clause except for one thing, and that is that it is not compulsory. It does not compel anyone to have a therapeutic abortion. It is permissive only. Every person is free to act in accordance with the dictates of his or her conscience, including doctors as well as patients. That brings me back again to Milton's dictum about cloistered virtue.

If among us there are some whose concept of man is such that they can undergo an abortion without any twinge of conscience, then clause 18 says if they take this course of action, even though they may be sinning against God, the law will not regard them as criminals and will not punish them for it. Every person therefore is free to be guided by his own conscience in this matter, and on that basis I can accept it.

Honourable senators, Bill C-150 illustrates a question that has bothered me ever since I first came to Parliament. Like other laws we pass, this bill tries to come to grips with certain social problems. It works out solutions acceptable to as many diverse groups as possible and it provides restrictions hopefully to keep the cure from becoming as bad as or worse than the disease. It is intended to be beneficial to as many as possible and harmful to no one. Nevertheless, it does tend to weaken principles on which the strength of our society rests, and it establishes trends in a direction which, in my opinion, are not in the best interests of society as a whole.

My question is this: When we pass laws involving moral judgments, laws that can have serious moral consequences of a negative nature, ought we not to do something on the positive side to offset the deleterious effect we know those laws can have?

A radio report that I heard some time ago regarding the lay-off in Vickers' shipyards quoted labour Minister Bryce Mackasey as saying that moral obligations should be written into the law. He was referring to employers and employees, but perhaps there is an idea here that can be more fully developed. It may be that we can write moral guidelines into the law itself, possibly in the form of a preamble similar to that of the Canadian Bill of Rights, so that it can be given wide circulation. Certainly there should be some way in which we can give moral leadership to our people by stating unequivocally what Canada stands for as a nation and what we stand for as legislators.

Personally, I should like to see the basis for our laws much more clearly and much better defined. In a democracy the majority viewpoint cannot be ignored, but popular demand, popular clamour, seems to me to be a poor basis on which to establish law. The majority is not always right. When Moses was up in the Mount the Israelites demanded a golden calf to worship. I do not think that *vox populi* is *vox Dei* any more today than it was then.

Similarly, laws that are passed merely to legalize what large groups of people persist in doing simply because they persist in doing it seem to me to rest on an equally poor basis. There should be a much clearer relationship between the law of man and the law of God than there is at the present time. If Canada is to remain free and to develop a just society, our laws must carry more of the moral authority of the prophets of old who prefaced their statements by saying, "Thus saith the Lord." We must find some way of incorporating into our laws absolute standards—the plumb line of the prophet of old—as a guide for our people. A standard is not a standard

unless it is absolute. Without absolute physical standards there would be no progress in science and technology. The same is true in the field of morality.

Honourable senators, the need for moral leadership today is greater than ever before in our history, and as far as Canada is concerned I do hope we can find some way of reflecting that leadership in our legislation. If we have the will, I am sure we will find the way.

On motion of Hon. Mr. Belisle, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See page 1500*)

PATENT ACT, TRADE MARKS ACT, AND FOOD AND DRUGS ACT

SUPPLEMENTARY STATEMENT BY DR. R. A. CHAPMAN, DIRECTOR-GENERAL, FOOD AND DRUG DIRECTORATE, BEFORE SENATE BANKING, TRADE AND COMMERCE COMMITTEE, MAY 28, 1969

Mr. Chairman, Honourable Senators:

I wish to make a brief statement indicating those sections of the legislation currently before this committee, Bill C-102, as well as amendments to the regulations under the Food and Drugs Act which provide additional authority to monitor the quality of drugs on the Canadian market.

I should first like to point out that all drugs on the Canadian market whether domestically-produced or imported, must meet all requirements of the Food and Drugs Act and Regulations. These requirements also apply whether or not the drugs are sold under a patent, a compulsory licence or a voluntary agreement. However, section 1, sub-section (13) of Bill C-102 requires that the Commissioner of Patents shall give notice forthwith of an application or request for a compulsory licence to the Department of National Health and Welfare. This requirement will permit the Food and Drug Directorate to investigate fully the manufacturing facilities and controls under which the drug has been produced as well as the identity, purity, uniformity and any other properties which may be necessary to ensure the safety and efficacy of the drug in question.

Section 5 of Bill C-102 provides for an amendment to section 24 of the Food and Drugs Act which spells out in the clearest possible terms the authority of the Governor in Council to make regulations governing, regulating and prohibiting the importation into Canada of any drug or class of drugs, or the distribution or sale in Canada of any drugs or class of drugs which the Governor in Council deems necessary for the protection of the public in relation to the safety and quality of such drugs. Similar authority is also provided under section 24 of the Food and Drugs Act. However, it was considered desirable to add this further section to remove any possible doubt as to the authority of the Governor in Council to make regulations pertaining to imported drugs.

All imported drugs whether or not they are sold under a compulsory licence, must meet the requirements of Sections C.01.055 and C.01.056 of the Food and Drug Regulations which read as follows:

C.01.055. No person shall import into Canada for sale a drug in dosage form unless the person seeking to import the drug has available in Canada information and evidence that the conditions prescribed in section C.01.052 have been met in respect of that drug and at the Director's request furnishes to him such information and evidence;

C.01.056. No person who imports a drug in dosage form into Canada shall sell any lot or batch of that drug unless

(a) each lot or batch of the drug in dosage form has been tested in Canada by an acceptable method to ensure identity, potency and purity for its recommended use; or

(b) evidence is available in Canada, satisfactory to the Director, that each lot or batch of the drug in dosage form has been adequately tested in the country of origin.

I propose to recommend in the near future to the Honourable the Minister of National Health and Welfare that section C.01.056 be amended along the following lines:

C.01.056. No person who has imported a drug in dosage form into Canada shall sell any lot or batch of that drug unless

(a) each lot or batch of the drug in dosage form has been tested in Canada by an acceptable method to ensure identity, potency and purity for its recommended use, or

(b) he has evidence available in Canada, satisfactory to the Director, that each lot or batch of the drug in dosage form has been adequately tested in the country of origin,

(c) he maintains a satisfactory record of his distribution of the drug in Canada, and

(d) except for a drug registered under the Proprietary or Patent Medicine Act or mentioned in Division 3 or 4, his name and address appears on the label.

The honourable senators will note two changes in this regulation. The importer must maintain a satisfactory record of the distribution of the drug in Canada and his name and address must appear on the label. These requirements will enable the Food and Drug Directorate to institute a rapid recall of any imported drug which for any reason must be removed from the market.

The question of the clinical equivalency of drugs has received considerable attention during the past few years and has also been mentioned on a number of occasions during the discussion of Bill C-102 before this Committee. There has been a great deal of confusion about this matter and therefore before proceeding with a discussion of the problem, I should like to refer to the definitions given in the Final Report of the Task Force on Prescription Drugs, Office of the Secretary, U.S. Department of Health, Education, and Welfare, February 7, 1969, page x:

Chemical equivalents—Those multiple-source drug products which contain essentially identical amounts of the identical active ingredients, in identical dosage forms, and which meet existing physicochemical standards in the official compendia.

Biological equivalents—Those chemical equivalents which, when administered in the same amounts, will provide essentially the same biological or physiological availability, as measured by blood levels, etc.

Clinical equivalents—Those chemical equivalents which, when administered in the same amounts, will provide essentially the same therapeutic effect as measured by the control of a symptom or a disease.

Any further reference to these terms in this statement will reflect these definitions.

The Task Force also stated (page 31):

...that on the basis of available evidence, lack of clinical equivalency among chemical equivalents meeting all official standards has been grossly exaggerated as a major hazard to the public health.

This has also been the experience of the Food and Drug Directorate as far as drugs on the Canadian market are concerned. The Food and Drug Directorate routinely carries out tests on drugs to determine their chemical equivalency to ensure that they meet any existing physicochemical standards in the official compendia which are listed in Schedule B to the Food and Drugs Act. These include such compendia as the British pharmacopoeia, the Pharmacopeia of the United States of America, the National Formulary and the Codex Français. In addition, drugs may be sold in conformity to a standard specified by a manufacturer. These are also checked by the laboratories of the Directorate.

It is generally agreed that the determination of clinical equivalency on all lots of drugs or even on all old drugs coming on the market for the first time, is impractical. However, it does appear that it may be necessary in some instances to carry out tests to determine the biological equivalency or the biological availability of a specific drug. The necessary authority to make such a regulation has been provided both in the present Food and Drugs Act and in the amendment to section 24 of the Food and Drugs Act contained in Bill C-102. The proposed regulation could require that a manufacturer of a drug provide evidence of biological availability to the Food and Drug Directorate on request. However, this is a comparatively new field and further discussions with officers of the Food and Drug Directorate and medical directors of the pharmaceutical industry in Canada would be required before all the ramifications of such a regulation could be determined. However, should a situation arise where evidence of biological availability was required for a specific drug, such a regulation could be passed in a matter of days.

A question has also been asked as to what requirements a second manufacturer of a drug who has received a compulsory licence must meet, assuming that the drug in question is no longer in "new drug status". This second manufacturer must comply with the Food and Drugs Act and all regulations adopted under the authority of that Act. These include complying with Section 9 (1) of the Act which reads as follows:

9. (1) No person shall label, package, treat, process, sell or advertise any drug in a manner that is false, misleading or deceptive or is likely to create an

erroneous impression regarding its character, value, quantity, composition, merit or safety.

Furthermore, the second manufacturer must meet all the requirements for manufacturing facilities and controls. He thus would be in the same position as any other manufacturer who sells a drug on the Canadian market. However, in the case of the second manufacturer who sells under a compulsory licence, the Food and Drug Directorate would have advance notice of such a sale as soon as the application for the compulsory licence has been made to the Commissioner of Patents. Under these circumstances, the Directorate could take appropriate action prior to sale to ensure that the drug is of a satisfactory quality.

In regard to Drug Notification, it is proposed to add a further regulation which would read as follows:

C.09.005. No person shall import a drug into Canada for sale unless

(a) he, or

(b) the manufacturer of that drug, has furnished to the Director the notifications required by sections C.09.002, C.09.003 and C.09.004 in respect of that drug.

This amendment to the regulations would mean that a drug could not enter Canada until the Drug Notification requirements had been met. As you are aware, in the case of domestically-produced drugs the manufacturer must submit such information within thirty (30) days of the date of the first sale.

I should also like to refer to the points made by the honourable Senator Sullivan in the Debates of the Senate, Thursday, April 24, 1969, page 1344. The points raised by the honourable senator and my comments are as follows:

(1) That the importer has been accurately identified and registered by the directorate.

Comment: The revised Section C.09.005 will require that a Drug Notification form be submitted before the drug may be imported into Canada.

(2) That the importer has the scientific competence and commercial organization to assure responsibility for the proper shipping, storage and distribution of the drug.

Comment: This information must be supplied to the Food and Drug Directorate under Section C.01.055 of the regulations to the Food and Drugs Act.

(3) That the Food and Drug Directorate has identified the channels of distribution of the drug in Canada so that specific lots may be removed from the market if necessary.

Comment: Authority to require the maintenance of a satisfactory record of the distribution of a drug in Canada is required under the proposed amendment to Section C.01.056 as outlined.

(4) That the Food and Drug Directorate has identified all the foreign manufacturers from whom the importer may purchase the drug.

Comment: This information is required under Section C.01.055.

(5) That the Food and Drug Directorate has inspected the premises of all such manufacturers.

Comment: The Directorate will not be in a position to inspect the premises of all manufacturers of imported drugs sold under a compulsory licence. If the drug is listed under Schedule C or D of the Food and Drugs Act, an inspection is required before a licence is issued for the sale of such drugs in Canada. This additional precaution is necessary owing to the potential hazard resulting from the use of drugs on these two Schedules which include insulin, vaccines, sera and antibiotics for parenteral use. For drugs not on these Schedules, the manufacturer must have available in Canada information and evidence satisfactory to the Director that the manufacturing facilities and controls prescribed in the Food and Drug Regulations have been met. An officer of the Food and Drug Directorate has been appointed as European Representative, Drugs, and will be stationed in London, England, with responsibility for maintaining close contact with Ministries of Health and Drug Control Agencies in European countries to ensure that the information supplied to the Directorate is accurate and complete. Contacts have already been established with such groups in the major drug-producing countries of Europe. In all instances, assurance of complete co-operation was received.

(6) That the facilities and methods of the manufacturers comply with those prescribed for Canadian manufacturers;

Comment: Evidence that the importer of a drug must comply with the manufacturing facilities and control regulations is contained

in Section C.01.005 of the Food and Drug Regulations.

(7) That the Food and Drug Directorate has obtained from the open market, and tested samples of, at least three serials or lots of the drug as produced by those manufacturers;

Comment: As indicated previously, the Commissioner of Patents will notify the Department of National Health and Welfare as soon as an application for a compulsory licence for a drug has been received. Therefore, the Food and Drug Directorate will have an opportunity to obtain and test samples before the product goes on the market.

(8) That all appropriate tests by the Food and Drug Directorate indicate that the samples are satisfactory with respect to identity, purity, uniformity, safety and efficacy;

Comment: All appropriate tests will be applied by the Food and Drug Directorate to ensure that the sample of a drug sold under a compulsory licence is of a satisfactory quality.

In summary, I believe that the Food and Drug Directorate now has the necessary authority to monitor the quality of drugs which may appear on the Canadian market if the legislation contained in Bill C-102 becomes law. Furthermore, I can assure honourable senators that I would be the first person to recommend the adoption of additional regulations under the authority provided if there is evidence that such regulations are required.

R. A. Chapman

Director-General, Food and Drug Directorate

May 29, 1969.

THE SENATE

Thursday, June 5, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. A. Hamilton McDonald tabled:

Report of the Public Service Commission of Canada for the year ended December 31, 1968, pursuant to section 45 of the Public Service Employment Act, chapter 71, Statutes of Canada, 1966-67. (English and French texts).

Report of the Public Service Commission on Positions or Persons excluded from the operation of the Public Service Employment Act for the year ended December 31, 1968, pursuant to section 45 of the said Act, chapter 71, Statutes of Canada, 1966-67. (English and French texts).

Report of the Public Service Commission on Delegation of Staffing Authority for the year ended December 31, 1968, pursuant to section 45 of the Public Service Employment Act, chapter 71, Statutes of Canada, 1966-67. (English and French texts).

ADJOURNMENT

Hon. A. Hamilton McDonald: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, June 10, at 8 o'clock in the evening.

Motion agreed to.

BUSINESS OF THE SENATE

On Notices of Inquiries:

No. 1.
By the Honourable Senator Macdonald (Cape Breton)

Hon. A. Hamilton McDonald: Honourable senators, Senator Macdonald asked yesterday when he might expect an answer to his inquiry. I explored the matter later yesterday, and was advised that the information will be available soon—I hope by next week.

Hon. Mr. Macdonald: Thank you.

No. 2
By the Honourable Senator Fournier (Madawaska-Restigouche).

Hon. Mr. McDonald: Honourable senators, I wish to inform Senator Fournier (Madawaska-Restigouche) that the answer to his inquiry will probably take a little longer to obtain, as there seems to be some problem in compiling the information. However, I will get it as soon as possible in the hope that the inquiry may be answered before June 27.

MEETING OF COMMITTEE

Hon. David Walker: Honourable senators, I should like to ask the honourable Chairman of the Standing Senate Committee on Legal and Constitutional Affairs (Hon. Mr. Roebuck) when the committee will sit again to consider the hate propaganda bill.

Hon. Mr. Roebuck: Next Wednesday.

Hon. Mr. Walker: At 2 o'clock?

Hon. Mr. Roebuck: No; at 10 o'clock in the morning.

CRIMINAL LAW AMENDMENT BILL, 1968-69

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Phillips (Rigaud), for the second reading of Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigation Act, the Customs Tariff and the National Defence Act.

Hon. Rheal Belisle: Honourable senators, in rising to take part in this most important debate I want to compliment all those who have had the courage of their convictions to express their views on such vital issues that affect all the citizens of our country.

Since this is in many respects a crucial debate, I hope that others will also contribute. Particularly, I am most interested in hearing from at least one of our charming senators of the fairer sex, who might become more involved in the consequences of the proposed laws.

The speeches in this debate have been of a very high calibre, and I congratulate all my predecessors. The sponsor of the bill, Senator

Lazarus Phillips, did a superb job for the Government. He delivered an enlightening and legalistic message, such as has become customary of this very learned member of the Bar. The honourable senator, Dr. Sullivan, who followed him, favoured us with the brilliance of his medical knowledge with oratory that makes it difficult for a layman to follow.

Senator Choquette delivered such an erudite package of legal and factual knowledge that I am inclined to regard it as the best speech I have ever heard him make.

Last, but not least, Senator Carter made a very good contribution. However, in his discourse on the provisions of the bill he left his listeners in suspense as to whether or not he supports the measure in its entirety.

I should also like, in anticipation of further contributions, to congratulate all those who will follow me.

[*Translation*]

Honourable senators, the mentality of the people has evolved about certain aspects of life, such as technology and the sciences, but has the conscience evolved at the same rate?

That is the main question which we ask ourselves about this legislation, about some clauses of Bill C-150. The 20th century politician is more concerned with the conquest of the world through personal success than with the intellectual development of man. The politician often lets himself be blinded by misleading or false publicity. That is pressure cleverly applied by groups concerned with their personal interests and power, to influence the politician by reminding him that his re-election lies in their hands. They bring into play scientific, sometimes controlled, means of information and subtle publicity aimed at the subconscious, to achieve gradual brain-washing.

If any legislation can come out of all this verbal abundance, it is truly this amendment to the law which will allow abortion and homosexuality. When fashion and moral laxity are reflected in politics, intelligence is corrupted by technical and scientific means, as well as morality by action.

In spite of the many legislators supporting abortion and homosexuality, I believe that this current attitude is infinitely less popular than they would have us believe, and it is not impossible that those who say they are in favour of the bill show poor judgment.

Sometimes led by a desire for immediate—or electoral—publicity, they poorly play their short term role as legislators and that is why we are living a social tragedy in education where the means are disgracefully behind the needs.

In other words, between the weak efficiency of homosexuality based on principles and the manly efficiency where a risk remains, we must choose virility and risk. Progress is in itself a disorder and it is not always easy for the conscience to choose and make progressive decisions while being fully aware of the disorders they will bring about. When it goes against the conscience of those for whom decision-making is a profession and when they laboriously try to serve the public good as much as possible, they are perhaps without knowing it on the fringe of abjuring morals.

Therefore, we must recognize that the risk involved in those two measures is the cancer of moral laxity, and expert surgery would not succeed in removing it. Only intellectual and moral vigilance will limit its effects.

We often see around us the same people who feel about progress both fear and hope, confidence and doubt, enthusiasm and resentment, because they think it is both reassuring and threatening, beneficial and evil. What are we to think about this bill and its consequences?

We cannot answer that question without first considering what kind of progress this bill will lead to, what is its meaning and its scope. On what grounds can we say that this is a progressive step? What are the standards for progress? Can we talk about progress in general in this bill without pointing out a specific section within which we could state that this or that is a step ahead?

Honourable senators, relying on your indulgence I shall venture into discussing this legislation.

[*English*]

It is as true today as it was in Plato's time, over 2,000 years ago, that "types of government correspond to the types of human nature. States are made, not from rocks or trees, but from the character of their citizens which turn the scale and draw everything after them."

The character of the individual citizen, then, is the key to our future. As the astronomer scans space and the system of planets to discover a proper way to land on the moon, so, too, man must plumb the depths of his own nature to learn the basis of his own behaviour—the fears, the jealousies, the anxieties, the ambitions and desires that motivate men in all their relationships in international affairs, in business, in labour, in learning and

in the ordinary contacts of daily life; man must try to understand that these emotions and sexual desires may be in opposition to his avowed principles.

Are these things trite? Then so is the law of gravity, which a child begins to understand and respect with his first blocks, an understanding which develops as he matures and which he uses throughout his entire life.

In our concern for the legislation that governs sex relationships in matrimony, we must make use of those principles and spiritual laws which govern men's creative emotional life as surely as the law of gravity is involved in the material life, of which they are an integral part. And as men first encounter the law of gravity at nursery age, so ought they at a very early age to become conscious of the simple principles of disciplined freedom within the family circle. This consciousness and acceptance of moral law, growing and maturing as it is, fostered by the teaching of church, synagogue and school, will become in the adult an integral part of his thinking and mentality.

Man is an enigmatic creature. Often he acts against his own better judgment, ignores the truth and the good, and commits acts against nature and moral laws.

I have become firmly convinced that nations and states must be governed by godly principles or they shall perish.

Today, at this turning point in history, affected by nuclear power and space development, more than ever we need to reflect upon ourselves, to work for peace, to enact legislation that will create moral peace of mind for our citizens, and to consider how the spiritual and aesthetic values of the past can be most usefully applied to the present.

Tomorrow is built upon today—that is true—but today and tomorrow are based on yesterday. Nothing in the world can set this truth aside. The citizen needs to cultivate profound tests of values or he will find himself at the mercy of professional purveyors of mistaken theories.

It is my contention that Canadians have reached their present high standing among the people of the world by developing good standards of quality in things and ideas. If some people invoke new ways and praise easy systems of morality, but do not go as far as to say that our democracy has been tried and found wanting, they find that democracy has been tried and found too difficult. The new ways are not said to be better, but easier.

It would be sad indeed if by this specious plea Canadians were seduced into casting away what has been so painfully built up by their ancestors and by themselves. But, as Churchill said in addressing the House of Commons in 1945:

> Very often the eagles have been squalled down by the parrots.

People are likely to become confused by the babble of tongues and theories and to be misled into thinking of what keeps men apart rather than what brings them together. The surly nibbling at the institutions of democracy by people who have no hammer for building but only a torch for burning derives from a long line of destroyers.

Edmond Burke once said:

> The only way evil can triumph is for good men to do nothing.

He was asserting his rights in the face of violations by the British Crown.

We Canadians have to assert our moral values in the face of governments which have ceased to be protectors and conservers of individual rights but have become their chief violators.

The surprising fact is that these flouters of the moral law seem incapable of learning anything from empirical experimentation. Their confusion becomes more and more confounded. They lose themselves more and more hopelessly in the impenetrable fogs of godless amorality. They take for granted all the conventional ills of society and the continuing necessity for the conventional tranquillizers in common use.

What standard of morality animates men who pass on to the unborn their decisions that through abortion they have no right to live?

Honourable senators, once we accept the theory that human life can be taken away for any reason we consider proper, we have placed a value on the priceless. Hitler did this with the Jews. If we accept this in principle we need only the passage of time to reach the position of placing a lower value on other stages of human life, whether it be the aged, the infirm, the deformed person, or those who do not agree with us.

The theory that abortion will not be forced on anyone does not stand up when one considers that in every case of abortion it is forced on the unborn child. The opinion of the unborn is never sought; he is never consulted.

The answer, of course, is that he cannot hear or speak. This would also apply to a month-old baby, and to the adult deaf-mute. In view of their inability to speak for themselves, is it legitimate to kill all three?

I have read scores of briefs presented to the Committee of Health and Welfare in the other place, and almost every one urges strongly that anyone who is at all concerned with the question of the legality of deliberately induced abortions should be wholly cognizant of these facts so that, if possible, there will be little or no debate whether the amendments under Bill C-15 concern the wilful destruction of human life or whether we are talking about the simple removal of something that is in no way, shape or form a human being.

It has been established by outstanding medical experts that the foetus after five days is a human being. I shall cite an authority after making one more point clear.

Let me establish also that I am not discussing a point as obscure as the number of angels that can dance on the head of a pin, or that we should muster and digest as much scientific fact as we can. The issue at stake here may be far more important than capital punishment, which involves the destiny of just a few human beings convicted of murder. The question before us is what or who among the totally innocent unborn are entitled to life or are to be sentenced to death.

Professor Hellegers makes his position clear when he establishes that the fertilized egg (zygote) five days later implants itself. These are his words:

> After implantation (of the zygote into the lining of the uterus) that part of the developing embryo which is not the placenta, inevitably evolves into a foetus unless something goes wrong.
>
> It should, however, be very clearly understood that these stages prior to implantation have no implications for the civil law. It has always been permitted to empty a uterus when there is no implanted foetus in it. Even the ethical and religious directives of the Hospital Association of the United States and Canada do not demand that medical practitioners worry about the stage prior to implantation of the fertilized ovum.
>
> This is important, since it tells us that it is perfectly legal under the civil law to curette a uterus within five days following fertilization, e.g., after rape, thus preventing implantation of the zygote. The practical question is whether it is reasonable for the raped woman to report the event to a physician within five days—To attempt to differentiate a human from a non-human after implantation is surely a throw-back to the Middle Ages.
>
> The embryo, without any doubt, is the one and very same life that may live a day, a month, a year, thirty years or to the old age of 100 years. If we contend that it is a very young human being, let us look for even more proof or at least establish as much incontrovertible evidence as we can to prove almost beyond any doubt it is human.

Dr. George W. Corner and Dr. Davenport Hooker, who reviewed Dr. Flanagan's book, *The First Nine Months of Life*, say that after 40 days the embryo is very much alive and can even execute some movements with its arms. It has a heart that has been beating for two weeks. It has a brain and a nervous system sending out impulses. It has the outlines of a complete though still soft skeleton and all the vital organs, some of them practising their functions. On close examination, it is already possible to know whether the embryo is a boy or a girl.

If the statements above are essentially accurate, even if in error in some minor respects, since the science of embryology is itself relatively young, then they submit that those who would deny that it is human share the intellect of members of the Flat Earth Society, who, even though it has been shown time and time again that the earth is shaped more like a ball, cling to the ancient belief that the world is flat.

In other words, it might be concluded with reasonable certainty that from the seventh week on, and from pure logic from the point of nidation on, the embryo is a human being. Yet the majority of countries with so-called "liberal" abortion laws permit people, who take an oath to save life, to kill human beings up to three months old.

Every time a new-born is found in a garbage dump or floating down a river, society is horrified. "Why did not the mother give it up for adoption or warn someone what she was going to do?", the public asks. "Why did not the Government provide that woman with a decent place to live, social help, psychiatric care, a food allowance, advice and a feeling of being wanted?", the newspapers scream.

Every one of us should ask these questions until he finds the answers. But, the very fact our conscience is pricked each time we hear an innocent baby has been killed seems to mean that we still believe that we must protect human babies even though they belong to their parents.

In large numbers we totally reject any suggestions that abortion is the cure-all for squalor, misery and hunger. Even though we know that many babies leaving hospital will live in the slums of Toronto, Montreal or in impoverished Indian settlements, no one seriously advocates a compulsory abortion law such that the child is not to be brought into these miserable surroundings. We know that there are better answers than this. There must be better answers.

If there is no other solution, one sure way of solving the poverty problem would be to slaughter all those living below what is commonly known as the poverty line. Such a step would undoubtedly put millions of Canadians out of their misery; yet every fibre in our human bodies tells us that such a decision would be a crime against humanity, equalling Hitler's systematic extermination of millions of Jews.

For these reasons, the person who states that a pregnant woman may do anything she likes to her foetus is in error. Whatever happens to that innocent being will in some way affect society. To kill in vengence is wrong; to kill an innocent human being, one who has committed no crime, is doubly wrong. Society must protect the human foetus as it does the baby fresh from the maternity ward.

The health and welfare of the human foetus is very much the concern of society, and as much as the desperate pregnant woman may cry that it belongs only to her, it is a life that medicine, government and society recognize as a unique individual life and which they are obliged to protect. Otherwise, why would society be so concerned about threats to heredity, such as atomic radiation, LSD and certain diseases?

Few societies kill the imperfect baby after birth; and, despite the position taken by most abortionists, I contend that society would be making a grave error to permit the cold and calculated killing of an imperfect baby before birth. While some people suggest that children with defects are a burden to society, I contend the exact opposite. Willingness to care for those who need special attention strengthens our social structure and brings out the best in us, if we really do care about a just society.

If it is found that the human foetus is a human being, or if there is any doubt, and the law is still amended to permit surgical removal of the foetus because it is unwanted, then it must be said that the law should also permit mothers to kill their babies once they are born if they are unwanted and will become a burden.

In Canada, fortunately, the law makes such an act a criminal offence. As miserable as life may be for some children, many of us do our best to improve their lot. It is recognized throughout the land that we are capable of producing enough wealth and that we can build enough facilities to relieve their suffering, at least to some extent. If a Canadian politician ever advocated the ancient Chinese method of preventing babies from being a burden on the economy, he would be called a human butcher.

In short, the male is as responsible as the female for creating human life and, therefore, should have as much say as the female when it comes to passing out the death sentence. As we are a sovereign Canadian people, in control of our own destinies, the contention that only half of us have the right to say who lives and who dies is simply as repulsive as it is utter nonsense.

Canadian law is based on British law and, as such, can be traced back to its origin. The law against abortion was passed in England in 1803 by a parliament in which not one Catholic sat. Religious beliefs were not considered in this law; it was humanitarian beliefs that inspired its phrases. It is not a religious precept; rather, it is a democratic concept, designed not to obtain but to retain life. Legalized abortion is selective slaughter: abortion is a crime against humanity, a ruthless cold-blooded elimination of a human life already in existence. It must never be regarded as a form of birth control—the one way to be sure.

We are being subjected to many wild guesses regarding the number of illegal abortions in Canada, usually based on United States guesswork, divided by ten. At the recent International Conference on Abortion in Washington, the guesswork was referred to as "unmitigated nonsense" by the statistical expert, Dr. Christapar Tietze. He stated this was a method of stampeding the public into acceptance of a change in the law. The

Dominion Bureau of Statistics report for 1963 attributes 21 maternal deaths due to illegal abortions for that year. If we had 300,000 illegal abortions, then the illegal abortionist has a superior performance record and a lower death rate than the in-hospital specialist. The known and accurate figure of 21 deaths proves that the number of illegal abortions are very much less than claimed.

In the last three years the statistics on maternal deaths provided by the Dominion Bureau of Statistics show there were only nine deaths each year in all of Canada. On the other hand, the figure the public is given is 800 deaths.

The *British Medical Journal* states that legalized abortions induced by experts under modern conditions carry a mortality rate of 0.7 per 1,000 in Denmark. If the illegal abortionist achieved parity with the specialist we should have 210 deaths from 300,000 illegal abortions, not 21. There are probably less than 5,000 illegal abortions in Canada per annum, allowing for the unskilled abortionists higher death rate.

The claim is made that to legalize abortion will reduce the incidence of the illegal abortion. The *British Medical Journal* of April 2, 1966, states that legalization of abortions in the Scandinavian countries and Europe did not reduce the incidence, but often resulted in a considerable increase. But to legalize it does alter the climate of opinion among the public and makes it more acceptable, and the illegal abortionist is more readily condoned and receives an even lighter sentence than the current slap on the wrist. The *British Medical Journal* states:

> In Hungary and Czechoslovakia, where abortion is induced freely, the number of abortions other than legal treated in hospital in 1961 was approximately the same as in the years before the introduction of abortion laws.

The same publication also says that the Japanese experience proves that when legal abortions were one million per annum, the illegal abortions were also one million per annum. The point is made that the public becomes "abortion-minded." In Japan 20 per cent of the aborted women became pregnant again within six months, and 50 per cent within twelve to eighteen months. In Sweden 38 per cent of aborted women became pregnant again within two to four years and sought further abortion. In Czechoslovakia 50 per cent of aborted women were seeking a second abortion, and 12 per cent a third within two years; and these are often young unmarried girls. The Medical Journal also points out the dangers of a legal abortion as opposed to carrying out the pregnancy to full term, even for healthy women. Dr. E. F. Diamond, writing in the *Linacre Quarterly* for May 1967, makes the point that after abortions were legalized in Denmark in 1939, there was a tenfold increase in legal abortions within ten years, and a fourfold increase in illegal abortions in the same period.

That the unborn child has legal rights has been upheld by the New Jersey Supreme Court and the Massachusetts Supreme Court in the United States.

I would like to bring to your attention, honourable senators, that on January 27, 1969, in its four-volume report, the Government-appointed Ontario Law Reform Commission suggested ways in which the laws could be updated. Among its major recommendations regarding children, it said:

> A child should have the right even to damages for wilful or negligent injuries inflicted on it before birth... providing the connection between an injury before birth and post-natal harm can be proven.

Above all, the right to keep one's life must never become an emotional issue subject to popular opinion. I bring to your attention the case in Liege, Belgium when a deformed infant was murdered as an act of mercy, and at the subsequent trial public emotion supported the killing. Are we to take a first step in this direction?

Society has legal, moral and medical obligations to the weakest member of the human race, the unborn child. He is the unseen plaintiff being manoeuvred into the position of the defendant whose only crime is that he exists.

Let us consider the United Nations Declaration on the Rights of the Child:

> Whereas the child by reason of his physical and mental immaturity needs special safeguards and care including proper legal protection, before as well as after birth, the General Assembly calls upon parents and national governments to recognize these rights and strive for their observance by legislative and free measures.

This is hardly religious dogma or creed.

Article 3, of the Universal Declaration of Human Rights proclaimed by the United Nations also provides:

Everyone has the right to life, liberty and security of person.

The most recent Parliament of Canada questioned the validity of the death penalty for guilty murderers who had a jury and defence counsel to safeguard their rights. How can we now consider the selective slaughter of unborn children who have committed no crime?

Honourable senators, let us ask ourselves who has the greater right to his life, the unborn innocent child or the guilty murderer? What is justice? What is really meant by a "Just Society?"

Professor Shiden Inoue of Japan's Mnzan University suggests a possible "causal relationship" between abortion and suicide in Japan and in Hungary. Japan and Sweden both have legalized abortion. Japan and Sweden also have the highest suicide rates in the world. This would seem to eliminate the theory that women commit suicide because they are refused an abortion.

Let our conscience be our guide and let us not be swayed by political expedience and influence. The attitude of the people favouring abortion seems to be one of defeatism. They say the law is being broken anyway, why not legalize all infractions of it? Why not legalize all illegal abortions? Could not the same principle be used for removal of all our laws, that they are all out of date and should be eliminated?

We do seem to skirt the obvious fact that rigid enforcement of the law can also produce effective results. How often is the maximum penalty of life imprisonment imposed on the illegal abortionist? A society that makes a criminal offence out of the misuse of a subway transfer and demands the death of an unborn child as a democratic right would appear to have a mistaken sense of values.

Abortion would seem to be the answer to many of the problems of the welfare state, which promises "security from the cradle to the grave," and allows abortion to remove the possibility of any access to the cradle. England has a serious housing shortage. This would appear to be one of the reasons for passing a law allowing abortions for social reasons. The welfare state cannot house its people, so it permits, and no doubt will advise, the elimination of the cause of the housing shortage—more children. How the mighty have fallen!

Canada too is now faced with a housing shortage. In the City of Toronto people who are unable to find homes are turning their children over to the Children's Aid Society. Do we contemplate the same solution here as in England? It is being advocated by one newspaper that abortion for social reasons be allowed. Is legalized abortion to be accepted as a cheap shortcut, thus eliminating the responsibility of society towards the poorer elements of it? Will we find abortion to be an inhuman substitute for social justice, proclaimed as something for the poor while saving taxes for all in the "Just Society?"

Let us keep our abortion laws without change and not become inhuman in an effort to be humane. Surely the Government can show its understanding and sympathy for those women desiring abortion by other means than simply abandoning its responsibility to the future generations of this country.

Can we weep for Vietnam and condone the elimination of unborn children? To practice abortion and be critical of air raids, to forgive condemned killers and refuse mercy to an unborn child, can only be regarded as sheer hypocrisy.

Honourable senators, we are living in an age with a passion for permissiveness. The old laws and the old morality are not merely being questioned. They are being rejected wholesale. This is especially true in all areas of sexual conduct. Permissiveness is in—"anything goes." To me the central problem in this legislation is what we do about it and in what manner, if we are interested in healing rather than destroying our world. The last thing a shaken society needs is more shaking. The last thing a noisy, turbulent and disintegrating community needs is more noise, turbulence and disintegration. Understanding and analysis of social ills cannot be conducted in a boiler factory; compassion has a quiet way of service.

I am not so naive as to think that the Government can cure all our ills today, but it can make a valiant beginning by bringing all its intellectual and moral powers to bear upon them. All the idealism and generosity of its young people, all the wisdom and intelligence of its oldsters, all the expertise and competence of those who are in their middle years must be channelled for the cause of restraint and self-discipline.

Every day we hear that sex has reared its head in the news again. On February 1, 1969, on page 11 of the *Ottawa Citizen*, in an article

entitled "Sex rears its ugly head again in U.S.", I read that in South Carolina students were lining up to register for some interesting new college courses—in love-making, premarital sex, bartending, witchcraft, alchemy and cosmology. These special courses require no entrance fee, no exams, no grades and offer no credits. They are part of a new university program in which students select their own courses and teachers pick out what they would like to teach.

We have managed to degrade all worthwhile values, including even those worthy differences which our ancestors once valued above life itself. Are we so much wiser than our forefathers that we are justified in holding all prior values in contempt? Our forefathers bled to uphold their cultural claims; today we follow others like docile sheep to a slaughter. One wonders whether modern society can support a claim to a human status.

May I pose this question: can the Government so slip away from moral responsibility as to have no concern for the deterioration and disintegration of our whole social structure? In this proposed loose legislation, can the Canadian Government, by removing these matters from the realm of government concern, escape the charge of condoning immorality? It may be true in fact that the law can neither legislate nor enforce private morality, and it may sound very plausible to leave all such matters to the individual conscience. But the fact remains that every such proposal infers a condition that does not exist in fact, for the Honourable Pierre Elliott Trudeau's legislation implies an impartial society, unaffected and unconcerned by any implications of what it conceives to be a matter of individual conscience, whereas in fact society is vitally involved.

Our society, as I said at the beginning, is a fragile, artificial creation, held together not by natural and enduring forces, but by a man-made code of official morality based on Christian ethic.

Society sets its face against sodomy, as against murder or theft because it strikes at one of its very roots: in this instance, the family. It is nonsense to pretend, as some legislators now do, that society can remain aloof from a matter which affects its own continued existence. One might as well pretend that murder, affecting the termination of life, could be left a matter for the individual's conscience, if one is to assume that homosexuality, affecting the engendering of life, can so be classed.

The truth is that a rise in the incidence of homosexuality and a growing tolerance of its practices is the inevitable accompaniment of a civilization in decline, the stigmata of a decadent society.

In an article published on Saturday, January 29, 1969, it was said that:

> five per cent...or 650,000 of Holland's population of 13,000,000 are homosexuals, an official of the ministry of culture, recreation and social welfare said Friday, addressing a forum at a technological university. I.C.P. Peype said that of the 650,000 between 80,000 and 100,000 are married.

Are we not concerned by such a moral decline? It is in itself a symptom of weakening morality and grave social sickness; it invariably hastens the breakdown of the whole social structure.

It is my observation that the declining cultures of Britain and Europe have permeated the arts and entertainment fields, manifesting itself in an increasingly aggressive exhibitionism which parades itself as "the gay revolution." Its literature is already poisoning the youth of Canada and the United States, where it makes common cause with the self-indulgent cults of the dope-taker and the hippie.

For all the professed pragmatism of its sponsors, the bill to legalize homosexuality in Canada is a menace, not only to youth, the parent, and the family, but to our society itself. To countenance, in any way, so abhorrent and socially evil a practice, is to rob this young and virile nation of its most precious inheritance. To vote for these amendments is to vote for more crime and violence in the nation. We need stronger laws against sin and crime, not the licensing of homosexuality.

It is my belief that this legislation contains the algebra of revolution in the sense that the release of present restraints upon these revolutionary processes imminent in nature could be extrapolated by reason which could further them through conscious, critical thought.

It was probably a very ingenious political slogan to say that the Government has no business in the bedrooms of the nation. But this legislation, in effect, will make the bedroom the barricade of the permissive revolution; permissiveness will become a way of life, with social acceptance of homosexuality and all those things that try to revolutionize the family and which now exist in Sweden, Denmark, Japan and the Netherlands.

It is my contention that this socialist government has been too frightened to let this bill be voted on by section, or let it go through the storm-tossed ocean of politics in the other place. Instead, they have set these amendments afloat in the tranquil inland lake of aesthetic theory.

We may have the political or economic system that we have wished, but the collective condition will always be determined by the quality of men who realize it. The search for justice must be accompanied by a sense of human value and a real love for the authenticity of man.

Our social structure may be constructed with all ingenuity and be bound together with cunningly devised enactments, but if there is no rectitude in its component parts, if it is not built on upright and lasting principles, it will surely crumble into dust.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: May I ask the honourable senator a question? I would first like to compliment him on the portion of the argument that he has just delivered with regard to his condemnation of abortion. I can assure him that he is carrying coals to Newcastle, because I think I can speak for everyone in the chamber, that we are all opposed to abortion.

The senator made a quotation just recently that everyone has a right to life. I would like to know, does that cover and include mothers and potential mothers as well as everyone else?

Hon. Mr. Belisle: Yes, it does.

Hon. Mr. Roebuck: In that case, if the honourable senator had a choice between the life of a mother and that of a foetus, which would he choose?

Hon. Mr. Belisle: I think my honourable colleague already knows, by reason of his years of longevity, that there have been very few cases where a decision was not made in favour of the mother.

Hon. Mr. Roebuck: You would make that decision?

Hon. Mr. Belisle: There were very few such cases and they did not involve socialized abortion. They resulted from a decision based on medical evidence. On this basis I am, as I said before, for the principle; but to legalize abortion in the form or manner that is being presented in this bill, is in no way acceptable to me.

Hon. John M. Macdonald: Honourable senators, may I first of all associate myself with Senator Belisle in the complimentary remarks he has made about the speeches which have been given so far in this debate. Might I also add my congratulations to him on his very fine effort this afternoon.

As has been mentioned, Bill C-150 is a package deal. I have never heard any good or satisfying explanation as to why this is so, but since it is a package deal one must vote for or against the whole bill, even though one may be in favour of some sections of the bill and strongly opposed to others.

Personally, I am in favour of some sections but strongly opposed to others. Therefore, in order to vote against those clauses I am opposed to, I must vote against the whole bill, and that is precisely what I propose to do. There would be no point, then, in dealing with those clauses of the bill which I favour; so I shall speak briefly on my main reasons for being against the bill.

It has been brought out by previous speakers that the amendments dealing with abortion are for some people a moral issue. Since that point of view has been dealt with and explained in a very clear manner, I will only say that personally I agree that abortion is a serious violation of the moral law. However, I do realize that others have a different viewpoint and they are as entitled to their beliefs as much as I am to mine. Apart from that, I do think we should examine this question from other viewpoints.

I would like to deal with it from the viewpoint of what I might call our man-made law—our legal system. It must not be overlooked or forgotten that our legal system has developed and evolved in a particular and specific way for a particular and specific purpose. Indeed, over the years, over the centuries, the development of our legal system has been to give more and more protection to the rights of the individuals. Certainly, it is my understanding of our legal history that our law has evolved and developed to meet the necessity, to meet the duty of the state to protect human life, the first and greatest right of every human being. I believe—and my belief is strengthened and confirmed by speeches given by Senator Sullivan, Senator Choquette and Senator Belisle—that abortion is the killing of a human being.

Yes, honourable senators, it is my understanding of our legal history that over the

years, over the centuries, the first and foremost duty and function of our legal system has been to protect the lives of those under its care. Indeed, if this were not so—indeed, if the state failed to do this—there would be little purpose in protecting secondary rights, the right to property, the right to one's good name, and the like.

On reading legal history, we can see how the law has tried to protect and safeguard the lives of those under its care. It has tried to protect and safeguard the lives of the weak, the young, the old, the helpless, the defenceless. It has tried to protect their lives by protecting them against hunger, pain, sickness and death. Of course, the law has never achieved its full purpose—ofttimes it has been imperfect in its form and in its application. Yet I do think we can be proud that its evolution and development has been guided and motivated by such a noble principle—the principle that its function, its duty and its responsibility is the protection of all human life.

Honourable senators, it is my profound conviction that the abortion clauses in this bill are contrary to the whole principle and to the whole philosophy of our law. It is my profound conviction that it is a great wrong, it is a grave injustice, it is a terrible principle, to deny the right to be born, the right to be born alive, to those still living in the wombs of their mothers. It is contrary to our whole idea of what the law should stand for, to deny to these the right to live—because there are none who need more the full protection of the law. There are none more helpless, there are none more defenceless, than these innocent ones.

I believe, honourable senators, it is their rights which should be our first and our foremost concern. I believe it is their rights we should be zealous in guarding and protecting. It is their right to life itself—the great gift of the Creator—which we should guarantee to them in so far as our law can do so.

Yes, honourable senators, in my opinion, if we pass these amendments we will be acting contrary to the great and noble traditions of our legal system, because we will be using the law to destroy life instead of to protect it. We will be showing in no uncertain terms that we no longer have that great and deep respect for life we once had. We will be showing in an unmistakable way that we tolerate and, indeed, approve the wanton destruction of human life. And, worse still, perhaps, we will be showing we tolerate and approve the destruction of human life through what I believe is a wholly distorted and mistaken sense of humanity. By approving of abortion—by weakening the law against it—we will signify such action is an acceptable course of conduct; and the inevitable result must be a great loss of respect for the sanctity of all human life.

I know that in this day and age the creation of a precedent is perhaps not considered to be very serious, yet I think it is an argument which has considerable validity. Indeed, it was raised in this chamber not long ago in connection with some property rights. In my opinion, the passing of these amendments concerning abortion will be creating a bad precedent, because once the sanctity of human life is attacked or abolished at its weakest point, then step by step that sanctity can be brought into question all along the line. The withdrawal of the protection of the law from any form of human life will, I think, lead to the erosion of respect for all human life.

If the state tolerates or approves the killing of those waiting to be born, then it can be expected, in due course, to tolerate and approve the killing of those already born who do not have perfect bodies or perfect minds. If we absorb into our system of jurisprudence such concepts as the concept that the burdensome life—burdensome to someone other than the person—is devoid of value, if we consent to the theory that the right to life is not a God-given right, then who can predict what group, after unborn children, will be removed from the protection of the law? Will it be the old who can no longer care for themselves, or perhaps the old who, a British health officer said, should not be allowed to live because they are often a traffic hazard? Or will the next group to be killed off be the mentally ill or the deformed or those believed to be suffering from an incurable illness?

These, it may be said, are extreme examples. Of course, they are; but, remember, once the principle is accepted that human life is not sacred, then evil consequences can very easily follow.

Read the proceedings of the trials of Nazi criminals after the last war. These were not the trials of the so-called major war criminals who were charged with crimes against humanity—these were trials of people charged with specific crimes against specific persons. What was the offence? Well, one case concerned the cold-blooded, premeditated killing of inmates of a hospital for the insane.

The hospital was needed for wounded soldiers, and so it was made available for this purpose by the killing of those who were mentally ill.

It may be asked, what has the slaughter of those innocent people to do with the bill before us? Honourable senators, it is my profound conviction that such deeds could not have been perpetrated, even under the Nazi rule, unless the moral fibre of that nation had been destroyed by one means or another. Such crimes would not have been possible unless human life was no longer held to be sacred; unless a moral climate had been created which not only permitted the taking of innocent life but approved of it. And, when I read of those trials, it struck me as a shocking thing that those horrible crimes were committed by medical doctors or under their direction. What a revolting thought it was that men trained to save life should put their knowledge, ability and skill to such use; men who would kill rather than cure, and believe they were doing right; men who would claim clemency because they killed in a painless way, giving their victims no intimation of what they were to do.

I suppose a student of German history would be able to learn why such deeds were possible. I suppose such a student would be able to ascertain when the first move was made which led probably over many years to a moral environment which allowed the actions I have mentioned. At some time a precedent had been set. Let us not set any precedents in Canada, whereby future historians can pinpoint 1969 as the time the Canadian legislators first showed a loss of respect for the sanctity of human life.

Honourable senators, those who oppose abortion do so because they are convinced that foetal life is human life. And to destroy that life at any stage is simply deliberate, premeditated, cold-blooded murder. Somehow, because the unborn are unseen, helpless, completely at the mercy of others, it is assumed their rights can be violated with impunity. I suppose if they could be seen, if they were allowed to be born before being killed, the agitation against killing them would be even stronger than the agitation against the killing of baby seals.

Honourable senators, in my opinion abortion is a crime. Indeed, in my opinion it is a crime which calls to the very heavens for vengeance because it is committed against the most helpless and the most defenseless human life there is.

Feeling as I do, honourable senators, I could not in good conscience vote for this bill.

On motion of Hon. Mr. Blois, for Hon. Mr. Fournier (Madawaska-Restigouche), debate adjourned.

The Senate adjourned until Tuesday, June 10 at 8 p.m.

THE SENATE

Tuesday, June 10, 1969

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

Prayers.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

COMMONS AMENDMENTS—CONSIDERATION NEXT SITTING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and in the Northwest Territories, and acquainting the Senate that they have passed this bill with the following amendments, to which they desire the concurrence of the Senate:

1. Page 4, lines 2 and 3: Strike out the words "only such persons as" and substitute the following therefor: "at least two persons who."

2. Page 4, line 42: Remove the period at the end of Clause 6, substituting a comma and insert immediately after the words "shares thereof" the following:

"provided further that no member who owns any shares of any company engaged in any phase of the oil or gas industry in Canada shall vote when a question affecting such company is before the committee."

3. Page 9, line 3: Strike out all the words after the word "Act" and insert the following therefor:

"but a prosecution may be instituted for such an offence only with the consent of the minister."

The Hon. the Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Paul Martin: With leave, I move that they be taken into consideration now.

Hon. Mr. Flynn: Explain.

Hon. Mr. Croll: What is it all about?

Hon. Mr. Martin: The amendments have been read by the Clerk Assistant and they have been discussed with the chairman of the committee. I have no objection to sending the amendments to committee for examination, if that is your wish.

Hon. Mr. Flynn: No; but I would like to get some explanation.

Hon. Mr. Martin: There is no further explanation than what has been read by the Clerk Assistant.

Hon. Mr. Beaubien: What are the changes?

Hon. Mr. Martin: They are mostly editorial changes. If there is any doubt, I would move that the amendments be taken into consideration at the next sitting.

Motion agreed to.

EXPORT DEVELOPMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-183, to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-191, to amend the Income Tax Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Summary of Interpretations and Undertakings concerning certain provisions of Bill C-165, An Act to amend the Income Tax Act and the Estate Tax Act. (English and French texts).

Order in Council P.C. 1969-919, dated May 6, 1969, amending Order in Council P.C. 1965-232, dated February 11, 1965, which authorized, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits

Insurance Corporation to the President of India respecting the Kota Dam Power Project in the State of Rajasthan, India, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-920, dated May 6, 1969, amending Order in Council P.C. 1963-571, dated April 11, 1963, which was formerly amended by Order in Council P.C. 1967-2243, dated November 30, 1967, and which authorized, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the Government of Ceylon respecting the Maskeliya Oya Power Project, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-951, dated May 8, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the Government of Iran, for the purchase of telecommunication micro-wave equipment and services from RCA Limited, Montreal, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Report on the Activities of the Food and Agriculture Organization of the United Nations for the fiscal year 1968-69, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, chapter 122, R.S.C., 1952. (English and French texts).

Report on the Operations of the Exchange Fund Account for the year ended December 31, 1968, together with the Financial Statement for the said year certified by the Auditor General, pursuant to section 26 of the Currency, Mint and Exchange Fund Act, chapter 315, R.S.C., 1952. (English and French texts).

Financial Statement on the operations of the Veterans Insurance Act for the fiscal year ended March 31, 1969, pursuant to section 20 of the said Act, chapter 279, R.S.C., 1952. (English and French texts).

Financial Statement on the operations of The Returned Soldiers' Insurance Act for the fiscal year ended March 31, 1969, pursuant to section 17(2) of the said Act, chapter 54, Statutes of Canada, 1920, as amended 1951. (English and French texts).

CRIMINAL CODE

PROSECUTIONS AND CONVICTIONS UNDER CERTAIN SECTIONS—INQUIRY ANSWERED

Hon. John. M. Macdonald inquired of the Government, pursuant to notice:

1. What was the number of prosecutions in each of the provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

2. What was the number of convictions in each of the provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

Hon. Paul Martin: This inquiry has been answered.

Hon. Mr. Macdonald: Yes, thank you.

(*For text of answer see Appendix pp.1555-7*)

CANADIAN BROADCASTING CORPORATION

COST OF PROGRAM "THE WAY IT IS" JUNE 8, 1969—INQUIRY

Hon. Edgar Fournier: Honourable senators, before I resume the debate on the motion for second reading of Bill C-150, may I ask the Leader of the Government, informally, if he could inquire of the Government about the cost to the Canadian taxpayers of the program "The Way It Is", for the trash we saw last Sunday evening. I need say nothing more as to the quality of that program than that it is pure trash. Surely there must be subjects of greater interest to the Canadian people than to see John Lennon and his "charming" wife in bed preaching revolutionary doctrine. That is just the type of publicity those people are looking for, and why should the C.B.C. give them that publicity at the Canadian taxpayers' expense?

I believe it is high time this responsible body, the Senate, accepted its responsibility and put an end to those filthy programs.

CRIMINAL LAW AMENDMENT BILL, 1968-69

SECOND READING

The Senate resumed from Thursday, June 5, the adjourned debate on the motion of Hon. Mr. Phillips (Rigaud), for the second reading of Bill C-150, to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the

Combines Investigation Act, the Customs Tariff and the National Defence Act.

Hon. Edgar Fournier: Honourable senators, may I first express my congratulations to Senator Phillips of Rigaud for his masterful presentation of Bill C-150. There is no need for me to say that all of us in this chamber have the highest esteem for Senator Phillips.

May I say that the constructive presentations of Senators Sullivan, Choquette, Belisle, Carter, Macdonald and others place me in a very peculiar situation. I am neither lawyer nor doctor; therefore, I have not the qualifications to discuss the legal or medical aspects of this bill. My remarks, consequently, will be at the sidewalk level. But perhaps that is not to be despised, because at that level we find the largest group of people.

Let me say at once that I am a Christian, specifically, a Catholic. I have a conscience, and my conscience is guided always by the presence of God. A conscience not so guided is soon led astray by the influence of evils of all kinds.

Honourable senators, for me God is ever present; that is my belief, and it is in that belief that I live, work and conduct myself.

Honourable senators, whether I like it or not, God is always present, even in my bedroom. I may chase the police out to hide my behaviour, but I cannot chase God out.

Honourable senators, I do not speak as a good Catholic, but as a Christian. My 17 years of public life has convinced me that it is most difficult for a Tory to be accepted as a good Catholic in my region. Tonight, however, I am proud to be a Tory, the more so because my conscience is clear. I am satisfied with being a Christian, a person of faith—not such a good Christian perhaps, but one who tries to be a good-living citizen, always living in the presence of God and abiding by His rules.

Tonight I do not know whether I should speak, weep or fight. Is there a fight? No, there is no fight, just a disagreement. For us, for any Christian or Catholic, it is a lost cause because Prime Minister Trudeau during the last election campaign explained his position very well as far as homosexuality and abortion are concerned. It was accepted by the people. I give him credit for his honesty and his frankness in this matter. But I would point out that it was not accepted by everyone. Perhaps there were those who did not believe he would go as far, but he did. Nevertheless, as I have said, he was fair, frank and honest in his statement; he said what he was going to do and he is doing it.

As for weeping, there are matters in this bill which are matters of tears for a Catholic.

However, Bill C-150 has several clauses which are good and which are needed in our society. I regret that the good parts of the bill have been submerged in filthy water. It reminds me of the story of a woman who had a name for making a very good stew; in fact it was the best in the country. One day when she collected the ingredients for making the stew she noticed some contaminated meat. She wondered whether she should put it in the stew; finally, as nobody was looking, she decided to do so. I am sure it is not necessary for me to tell you the rest of the story or what people thought of that stew. The same thing can be said for this bill, particularly when one considers the clauses dealing with homosexuality, abortion and lotteries.

So far as lotteries are concerned, honourable senators, I can give them no support. While the subject deserves discussion, we must remember that there are two sides to the coin. I am of the opinion that lotteries with all their complications and loopholes will bring no good results, achieve nothing constructive and will soon come under the control of illicit organizations.

Let us consider the clauses dealing with homosexuality. Where homosexuality is concerned I am afraid that we place too much emphasis on sickness and the mental state. As mentioned by Senator Carter, many of these people are organized all over the world. Believe me, they are far from being sick or mentally afflicted. Many of them hold responsible positions and are steady workers with great ability. They are found in all classes of society.

Honourable senators, in my view homosexuality is a moral degradation and a sin, whether or not one is a Christian. It is against the law of God, it is against the sixth commandment, and now we are prepared to pass a law to legalize sin. That is what we are doing, honourable senators. Who on this earth of ours has the authority to refute the laws of God? Who dares to do it? Man can make laws to keep the police out of his bedroom, but no man can make laws to keep God out of his bedroom.

This bill is a degradation of our society, and I want no part of it. Some day I will have to answer for it, and I am afraid that the excuse that I have to support my government may not be readily accepted by the "Higher Up." I would much sooner see in the

bill a clause to treat these so-called sick people, if they are sick, rather than increasing their facilities for degradation.

When someone dies and is buried, we Catholics mourn the departed in black; our church is decorated mostly in black; black stands for sorrow and sadness. Today this august chamber should be draped in black, in sorrow and sadness for the hundreds of thousands of young lives who will be the victims of Bill C-150.

The Holy Scripture tells us the story of King Herod who slaughtered thousands of baby boys up to the age of five. As you know, Herod was afraid of a new king coming into the world, King Jesus. So Herod decided to exterminate all male children, hoping that King Jesus would be included in the group. But Jesus outsmarted Herod and, guided by an angel, Joseph and Mary fled to Egypt with their child Jesus. Those murdered children are recognized by our church as les Saints Innocents, the holy victims, victims of a ruthless and heartless king.

When one visualizes the number of Saints Innocents, holy victims, who will be the victims of heartless mothers and fathers, one cannot help but feel sad. The point to remember is that King Herod was alone in his crime. I wish I could say the same about Bill C-150, especially when the group of responsible men who, less than two years ago, were so opposed to capital punishment, thereby wanting to preserve the lives of so-called murderers, are today prepared to send to slaughter thousands of innocent victims just to please a Government that will be sorry sooner or later. I say that because I am sure that some day each and every one of us will face the high tribunal where we will be held responsible for our actions. When that day comes, it will be too late to make excuses and repent.

To me, this bill indirectly proposes an amendment to the Ten Commandments. The Ten Commandments of God—one of which is "Thou shalt not kill"—have been with us for 4,000 years, and no one has dared to touch them. Now the Prime Minister of Canada, in effect, says: I want an amendment to one or two of the Ten Commandments. I do not like it the way it is. I want to make it a little easier to please our society.

Honourable senators, think about this matter seriously. As I said earlier, I am not a medical man, but I have followed the debates in the other place fairly closely and I find nothing to justify the legalization of abortion. To my knowledge, the medical profession already has all the necessary means of protection when a decision has to be taken to preserve a mother's life. I know of no case where such a decision was taken, where the doctors on duty were embarrassed by the courts. If this bill passes, I know that this will not be the case. The doctors' offices will be full of prominent people, people from all walks of life, wanting abortions for their teenage daughters who unfortunately will have failed to accept the total responsibility for their action, young girls who will have become the victims of their super mini-mini skirts and invited trouble. I am sure that in many cases an extension to the skirt would have avoided the need for abortion. An abortion will not erase any sin or hide any mistake, but will instead be the committing of another sin and will produce another mistake, a murder.

The honourable Senator Sullivan, in his usual forthright manner, delivered a magnificent address on May 29, in which he pointed out the horrors and the consequences of the extermination of human lives. I have nothing to add, except to say that I support Dr. Sullivan wholeheartedly. Tonight I am begging all Catholic senators to think twice before giving support to this bill as it is presented to us.

Some three weeks ago I happened to be in the United States where I had the pleasure of seeing a film produced by the American Medical Society on the birth of a child. This was a well-prepared and well-presented colour film, and in a language that I could understand. This presentation pointed out that life was evident five days after conception. It was possible to see on the screen the movement of the blood stream five days after conception.

During the debate in the other place the case for religious freedom and for the freedom of unbelievers was presented. This is not a question of religion, whether we be Protestant or Catholic. Freedom has its obligations, and non-believers need assistance and guidance. To me, Bill C-150 is an incredible departure from all the rules of our society.

A stable and sound society has some obligations, regardless of religion, belief, or free conscience. The rules of freedom do not allow me to rob a bank just because my conscience tells me I should, even with a good motive. The rules of freedom do not permit me to drive my car on the highway in the way in which I may want to drive it. For instance, I have to keep to the proper side of the road,

and my speed is controlled by regulations. I have to observe the rules. Yet, we live in a free country.

The rules of freedom do not permit me to indulge in nudity, even on my own property or in my own backyard. The rules of freedom do not permit vandalism; they do not permit me to damage property, even though I have fun doing so. The rules of freedom do not allow me or anyone else to kill any person, except in very rare cases when it has to be done for the protection of the public—and here I am referring to protection by police officers.

God alone is the master of life, and yet by passing Bill C-150 we will make it legal to take the lives of innocent children to please a few "false consciences" and heartless parents, or to prevent a family from scandal, and many other misleading excuses.

Last year an Ottawa morning radio program between 9 and 10 o'clock frequently carried a debate on whether the listeners were for or against abortion. I used to listen to the program as often as possible. I remember one woman saying: "Just imagine! That thing is not even born, and it is guiding my destiny." That is the type of mother—if she can be called a mother—who wants abortion. That is the type of person who belongs to the pressure groups which want abortion.

We are told that there will be a board to control abortion. Senator Choquette gave us some shocking evidence of the results that have come from such boards, and they are nothing to be proud of. Doctors, and especially family doctors, will be under constant pressure to give abortions.

Two years ago we passed the present Divorce Act, which has had a big effect on the Province of Quebec. As a Catholic, I could not vote for that bill when it was before us. It was passed by a majority of the Senate on division.

It is not pleasant to look at the results of that act. Before it came into effect there were approximately 2,000 applications for divorce per year in the Province of Quebec. As of two months ago, I am told that the number of applications was over 6,000, an increase of 300 per cent. This is one of the results of that particular bill.

If Bill C-150 is passed as it is presented, then the flag on this building should be flying at half-mast the year round in sympathy and mourning for the lives of the innocent children which will be sacrificed to please a government which will go down in history as having fabricated and allowed those devices for murder.

Honourable senators, I close my remarks with the last words of Christ upon the cross, "Father, forgive them, for they know not what they are doing."

Hon. Muriel McQ. Fergusson: Honourable senators, I wish to compliment Senator Phillips (Rigaud) on his speech in introducing Bill C-150, not because it is customary so to do but because I have such a deep admiration for the masterly way in which he explained this bill.

I have listened with interest to Senators Sullivan, Choquette, Belisle, Carter, Macdonald, and Fournier (Madawaska-Restigouche). I do not agree with some of their opinions, but I do feel that all their speeches were excellent, and I am convinced that they were all very sincere. I hope that they and other honourable senators will at least consider that what I have to say is also sincere.

It seems to me that the challenge of Senator Belisle at our last sitting to women senators to express their views on this bill cannot go unanswered. All the women senators, I am sure, are interested in this bill even if, up to the present time, none of us have expressed our convictions about it in this chamber.

I am interested in many of the amendments covered by this bill. For instance, I do not personally care for the widening of the provisions regarding lotteries so that under certain conditions they are legalized. I first came to this feeling about lotteries after I listened to the evidence given to the Committee on Capital and Corporal Punishment and Lotteries, which sat from 1953 to 1956, and I have not changed my mind. However, we know that lotteries are being carried on in Canada and, apparently, from what I have been able to learn, a majority of Canadians approve of them and wish them to be legalized.

Under the present legislation regarding lotteries, the interpretation of which is very uncertain, no one knows just what is permitted under the Code. If we are to carry on lotteries in Canada—and we know that they are being carried on—I believe it is much better that the law regarding them should be clarified. Therefore, I will certainly support the bill.

Because I am interested in penal reform, I welcome the provisions of this bill that will permit prisoners in provincial prisons to be absent from their place of confinement for an unlimited time for medical reasons, or for

fifteen days for humanitarian reasons. These provisions are already in effect in federal prisons where prisoners serve terms of over two years, and certainly the same principle should be extended to provincial jails whose inmates are serving terms of less than two years.

There are a number of other sections of the bill on which I might speak. Perhaps the reason I mention lotteries is because I want to point out that I would prefer not to support that amendment. But because I realize that lotteries are being carried on, whether legally or not—in some cases I know they are not—and that the majority of the people of Canada want them to be carried on, I think I should vote for this. It is possible that my own ideas are wrong.

However, the sections of this bill that seem to have aroused the greatest interest and, may I say, emotional response in this chamber, and which I presume are those on which Senator Belisle would like some opinions from the women senators, are those dealing with abortion. I have not discussed this with all my fellow women senators, and I very much doubt whether what I am about to say would be supported by any of them. However, this is the opinion of one woman senator. I might add that I do not consider myself to be representing women here. I am a senator from New Brunswick. My opinion is merely that of one person, despite the fact that I am a woman, and I will give my opinions on this matter.

The state of law on abortion at present is most obscure. Some very knowledgeable people are convinced that under the present law there is no defence whatever to a charge of procuring a miscarriage—which, according to a witness before a committee of the House of Commons studying this bill, is the parlour word for abortion. Others equally versed in the law contend that a miscarriage brought about to preserve a woman's life is permitted. Section 237 of the present act, which makes abortion an offence, is silent on the issue whether a miscarriage can be lawfully procured for medical reasons. It is true that under section 209 a person causing the death of a child in the act of birth, if he considers it is necessary to preserve the life of the mother, is not liable. However, this does not apply to an abortion because abortion takes place within 24 to 28 weeks of conception. There are others who, like me, support Bill C-150 and maintain that these amendments concerning abortion simply codify what is already the practice and custom in this country.

These varied opinions exist because there does not appear to be a single reported case in Canada in which the defence of procuring a miscarriage to save a woman's life or health is discussed. The absence of any binding decisions by our courts on this obscure existing law leaves this matter in a state of very great uncertainty. In England, in 1929 an act was passed making it legal for a doctor to terminate a pregnancy in order to save a woman's life, but there is no such legislation in Canada. Any clarification of the law such as is given in the present amendment would, I should think, be welcomed by doctors and their patients.

In spite of the fact that no such permissive legislation exists in Canada, we know that abortions do take place in many hospitals in this country. For some reason—perhaps because of uncertainty whether or not there could be a prosecution—the charges are, I believe, very high. I have been told that sometimes the fee is as much as $1,000. Then, too, a wealthy woman who finds herself with an unwanted pregnancy can take a trip to a country where the law permits abortion, such as Britain, Sweden or Japan, and have the abortion carried out there. On the other hand, the poor woman who cannot afford to take these steps to procure a miscarriage all too often attempts a self-inflicted abortion, or goes to an unqualified person who will undertake to procure an abortion, but whose efforts, through ignorance, lack of care or the use of insanitary instruments very often bring about illness, disease and sometimes death.

The Montreal Chief of Police, Jean-Paul Gilbert, quoted these words from Montreal's major hospital report:

> Hardly a day goes by without a woman coming or being brought to the hospital after an attempted abortion.

The result is that the poor woman who already has a larger family than she can look after, feed and clothe, on finding herself pregnant becomes desperate but cannot terminate the pregnancy. The rich woman in the same circumstances can pay for a miscarriage if she wishes and desires it.

There is a great deal of evidence showing that, contrary to popular belief, the majority of those seeking abortions are not unmarried girls who fear to have an illegitimate child, but married women, often middle-aged women entering the menopause who, after

giving many years to raising a family, again find themselves pregnant but feel that they are physically and mentally unfit to undertake another 20 years of child rearing. There is also the married woman in the poverty section of our population who knows her family income cannot stretch to feed and clothe her present family, much less look after an additional child, and who finds the prospect of having another child more than she can face. In the Special Senate Committee on Poverty we are studying ways of alleviating poverty. To permit a mother in this position to be relieved of this unbearable burden seems to me one way of helping to alleviate the problem of poverty.

Before the recent law permitting abortions was passed in Britain, the first Lord Horder said about that country:

> The anomaly that allows the well-to-do to get rid of the unwanted child before it is born, without danger to life and reputation, yet denies such relief to the poor, is a stigma to which society is at last awakening.

In spite of the fact that no such permissive legislation exists in Canada, we know that abortions do take place in hospitals in this country. Evidence given before the House of Commons committee which studied this bill makes it clear that abortions do take place in some hospitals. Senator Sullivan, in reply to a question from Senator Walker, also indicated that certain hospitals under certain circumstances permit abortions to be carried out. These, I would imagine, would take place when the mother has a bad heart and would be unable to stand the strain of a birth or a pregnancy, or carcinoma of the breast, which I understand might easily flare up during her pregnancy, or maybe for psychiatric reasons. It is only those who can afford to pay high prices who are able to secure abortions, and many of them are not the women who need them most.

The amendment to section 237 of the Criminal Code contained in Bill C-150 would provide immunity to a qualified medical practitioner who has procured a miscarriage in an accredited or approved hospital, after having received from a therapeutic abortion committee, appointed by the management of an accredited or an approved hospital, a certificate in writing that in the opinion of the committee the continuation of a pregnancy of a female person would be likely to endanger her life or health. I certainly trust that such therapeutic abortion committees, in making their decisions, will bear in mind the definition of health given by the World Health Organization in 1960, in these words:

> Health is a state of complete physical, mental and social well being, and not simply the absence of illness or disease.

Section 237 of the Code, as it now stands, is silent on the issue of whether a miscarriage may be lawfully procured. The object of the amendment, as I see it, is to make clear that the procedures now being carried out in many hospitals, if done to preserve the life or health of the mother and if carried out in accordance with requirements set out in the amendment, will free the medical practitioner from the danger of prosecution.

Honourable senators may remember that a Gallup poll taken in April 1969 took for granted that an abortion to save a mother's life was legal, and it went on to ask the question:

> It has been suggested that abortion be legalized as well, to preserve a mother's physical or mental health. Would you approve or disapprove of such a step?

And 73 per cent approved. In answer to the same question in 1965, 71 per cent approved. It appears therefore that approval is growing throughout Canada.

This amendment, which will clarify the law, is really a tidying up process so that the law will conform to what is now the practice in Canada. I certainly will support it; but I was not so enthusiastic about it that I felt I must speak in the chamber in support of the bill on second reading. However, now that Senator Belisle has challenged the women senators, I am stating my stand on the matter. It is my opinion that if this matter is to be opened up and legislation is to be passed concerning it, such legislation should provide much broader grounds for permitting abortion than the danger to the life or physical or mental health of the woman involved. I also have reservations about the provision which requires a certificate to be given by a therapeutic abortion committee, because in case of an emergency it might be difficult to get a number of doctors together and to secure such a certificate promptly. I feel the decision should be that of the woman herself and her physician.

Regarding broadening of the grounds for abortion, I think they should also cover cases of rape, incest and where, because of economic reasons, the mother feels it is impossible to

support, care for and bring up properly another child.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: In fact, I think it would be better if the whole matter were deleted from among the offences in the Criminal Code and the decision left to the woman and her doctor.

Some Hon. Senators: Hear, hear.

Hon. Mr. Croll: That is your answer.

Hon. Mrs. Fergusson: To return to making rape one of the grounds for permitting an abortion—

Hon. Mr. Choquette: And permit rape, too.

Hon. Mrs. Fergusson: I do not think that follows, senator.

I agree with the statement which appears in the *Scientific American* of January 1969, page 22, as follows:

> . .that a woman who has been victim of a criminal rape should not be forced to suffer the additional indignity of having to bear the child. At the philosophical level it is argued that no woman should be forced to bear a child she does not want, and that the implied rights of every child include the right to be born wanted and loved.

The rights of a child include the right to be wanted and loved. Unwanted children, whether they are those of married or unmarried women, are very often denied this right. Pre-sentence case histories, which many courts require before passing sentence, show that it is children who were thus deprived of love and know they are not wanted who make up a large part of our juvenile delinquents, and also make up many of those who later form the population of our jails and penitentiaries.

Besides the result of the Gallup poll which I mentioned, there are other reasons to believe that people throughout Canada are vitally interested in this problem. This was shown in a number of the briefs submitted from all across Canada to the Royal Commission on the Status of Women of Canada.

The briefs covered many subjects, but those which seemed to be mentioned most frequently were the matters of day care centres for working mothers, and the abortion laws. The abortion laws seemed to loom very large in the minds of those presenting briefs dealing with the present and future status of Canadian women. The briefs were not all on one side. There were some briefs, including some visual presentations, which supported the arguments made in this house by Senators Sullivan, Choquette, Belisle, Macdonald and Fournier (Madawaska-Restigouche). From reading all of them, however, it appeared to me that the overwhelming majority of those who made representations on this subject were impressed by the desperation of women over the present situation and who demanded that the laws regarding abortion should be broadened.

I do not know how many members of this chamber attended the hearings of the Royal Commission on the Status of Women of Canada. As you know, they were held from coast to coast during 1968. I may say that I attended hearings in my home city of Fredericton and also in the City of Ottawa. In any case, the briefs are in the public domain; they have been widely reported in the press, and copies are available in the Parliamentary Library for senators who are interested in reading them.

In support of the things I have said, let me read some of the ideas on this subject as expressed in a few of the briefs which came from people in all parts of Canada.

Frequently it was stated that women should have the right to make decisions regarding what should happen to their own bodies, as men have always been able to do. This I take to mean that abortion should not be mentioned at all in the Criminal Code. For instance, among other things Brief No. 178 stated:

> So long as a woman is without legal sovereignty over her own body in matters of pregnancy and abortion, she remains a second-class citizen. She must have a right of choice.

This brief recommended that legislation be passed to permit the termination of pregnancy at the request of the woman, provided she obtains the advice of an accredited physician.

Brief 224 stated, in part:

> Who bears the babies of a nation? Surely not the members of Parliament who make the laws but the women—and the women are the ones who should say whether or not they wish to produce a child. It is just as morally wrong to bring unwanted children into the world, particularly among the very poor and diseased, where these children have several strikes

against them from the beginning, as to take the view that the foetus is a human being and that it is being murdered.

Brief 254 puts it this way:

> This is a vehement protest that law-makers, churches and governments—mostly men—consider it their duty, rather than a woman's right, to decide how her body shall be governed; this is close to rape.

Brief 258 said:

> There should be no law on abortion—it should be the decision of each female whether she wants a child or an abortion. We have a number of old and middle-aged men mulling over the abortion law—

Some Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: I am quoting.

Hon. Mr. Choquette: You could go on with that and complete the circle.

Hon. Mrs. Fergusson: If I may continue the quotation:

> ...still trying to make up their minds whether they should allow females the freedom of controlling their bodies—a freedom men have always taken.

Regarding the matter of permitting abortion in cases of rape, Brief 344 has this to say:

> Dr. J. Robert Willson, Chairman of the Department of Obstetrics and Gynecology at the University of Michigan, aptly points out that in no other case is the woman in this unique position where 'the victim is punished for someone else's crime and sentenced to carry and deliver a child which was conceived under the most frightful circumstances'.

I quote from brief 72:

> ...to continue to punish women because they are biologically the medium of procreation is not just. There is a practical need which must supersede what may be considered a moral scruple. It is hideously immoral to force a woman to bear a child resulting from an act of rape or incest or one to be maimed by disease or drugs.

Regarding the argument that abortion should be permitted in the cases of unwanted children, Brief 70 states:

> ...that women are the ones who bear the greatest burden when there are unwanted children and therefore have strong rights in this matter. A vast number—reportedly actually a majority—of unwanted pregnancies occur with married women. The welfare of existing children in families is therefore frequently very adversely affected by continued additions to the family which the mother does not want.

Brief 344 quotes the Right Reverend F. H. Wilkinson, Anglican Bishop of Toronto, and sums up his viewpoint in a recent article in these words:

> It seems to me that the 6th commandment "Thou shalt not kill' was never intended to take within its scope the kind of cases which are under consideration in this discussion. I find it difficult to relate it to this kind of case where one is judging between the merits of an unborn life and that of a mature personality who has developed relationships and responsibilities in family and social life.

In this regard Brief 188 refers to the results, quoted in the *Chatelaine* of June 1967, of a 30-year follow-up study in Sweden of children of rejected candidates for abortion. It was found that among these children an overwhelming preponderance of social problems exists, a fact that further substantiates our knowledge that rejection breeds maladjustment in an endlessly repeated cycle.

Brief 318 states that the proposed amendments to the Code dealing with abortion would allow therapeutic abortions under conditions where "the continuation of pregnancy would be likely to endanger life or health"—that is, endanger the mother's life or health. It is submitted that this is not enough. The brief says:

> ...they ought to go as far as the new abortion legislation recently enacted in Great Britain where also taken into consideration is the broader, but equally important, question of the social, psychological and economic ability of the family unit to absorb another child.

Brief 364 contains the following statement:

> There are those who object to abortion as they feel it is destruction of life. While we do not necessarily agree with them we can understand their point of view. But how about the more subtle destruction of life or personality—the battered children who are regularly mistreated or even tortured. The rejected children, who even if they are not physically abused, know they are not wanted and carry the

scars to their personality for life. Many of these are illegitimate who are kept by their mothers but who are always made the butt of her displeasure, even if she marries and has other children. This is the history of many of our delinquents.

Brief 288 contains the following statement:

...the laws permitting abortion should be expanded along the lines of Britain's new law. This includes dangers to mental and physical health of mother, rape, incest, damaged foetus and large families.

Referring to the fact that only those who can afford to pay a high price for it can secure an abortion, Brief 44 says:

The tendency to seek abortion varies with knowing the right people and having the money necessary.

Honourable senators, these statements came from all over Canada. With practically all of them I agree, and I hope serious consideration will be given by the Government to broadening the grounds on which abortion can be granted, for this is a matter of vital interest to thousands of desperate women in Canada.

As was said in Brief 340, the current law has received progressively less credence and adherence with each passing year. I endorse the provisions of this bill, which really only makes legal what is already being done. However, I trust that additional study will be done on this question and that further changes will eventually be made in our laws.

I conclude with a quotation from the Scottish poet, Robert Burns. This poem, penned in 1792, certainly was not written about the subject we are discussing, but it was quoted in Brief 69 to the Royal Commission on the Status of Women in Canada, and I think it is appropriate to quote it here:

While Europe's eye is fix'd on mighty things,
The fate of Empires and the fall of Kings;
While quacks of State must each produce his plan,
And even children lisp the Rights of Man;
Amid this mighty fuss just let me mention,
The rights of woman merit some attention.

Hon. John J. Connolly: Honourable senators, I enter this debate with some hesitation because of the very high quality of the speeches that have been made so far and of the tremendous amount of research that has been done by all concerned. Senator Phillips (Rigaud) had the much larger task of analysing the entire bill; Senator Sullivan, Senator Choquette, Senator Fergusson, Senator Belisle and others, all did a tremendous amount of research work to make this debate one of which the Senate should indeed be very proud.

It is worthy of the Senate that we should give a subject as serious as abortion the kind of careful treatment so far accorded it by all honourable senators who have participated. In fact, the subject of abortion has been particularly singled out for attention, and I propose for my own part to deal exclusively with that topic.

The physical cause of human life is very simple. It results from the fertilization of the female ovum by the male sperm. But there is more to the human than the body. To become human, the physical side must be endowed with a life-giving principle called the soul, the spirit, the "psyche" or the "nous" of the Greeks. This spiritual side has faculties both cognitive and volitive which make man a being superior to the animal kingdom.

This is not a modern concept. The wise men of the East, the teachers of earliest Israel, the philosophers of Greece and Rome, and the Christian ethic teach it. The soul, the psyche, is the seat of personality, and, incidentally, democracy emphasizes the value of the individual person. Being spiritual, the soul cannot have a material cause; it is created from nothing by a spiritual being which, at least in the West, we call God. The ensoulment in the Judaeo-Christian tradition is an individual act of creation. Human love in the course of nature sets the environment and establishes the vehicle. Divine love completes the process.

Direct abortion involves the killing of this fertilized ovum called the foetus. Some authorities describe foeticide as a crime worse than homicide, because it is the killing of a defenceless element and depriving it of the right to be born. In the eyes of the civil law the foetus has an inviolable, non-negotiable right to possess life. The laws of heredity recognize its right to inherit if a child is born within the appropriate period after the death of the father.

Against this background, the simple question is: "When does the foetus become ensouled? Is it ensouled at the moment of

conception, or is it ensouled after a period of gestation in the mother's womb?" One thing is certain, honourable senators. If the foetus is viable, it is potentially human at the moment of conception. Normally for a nine-month period its life depends on the life of the mother and only at birth is its life independent of the mother's life.

Aquinas, one of the mediaeval philosophers following Aristotle, one of the ancient philosophers, thought animation was delayed some 28 or more weeks. The thrust of modern science points towards animation at the moment of conception, as Senator Fournier (Madawaska-Restigouche) has already indicated. In most countries the civil law is to the same effect. The theologians—and I do not quote the Catholic theologians, but people like Karl Barth and Paul Ramsey of Princeton—hold that the foetus is human from the moment of conception. But, having had these opinions, I think we must still ask the question of ourselves; "Who really knows?"

From what I have said so far, it should be apparent that to me personally direct abortion is something repugnant. What has been said by Senator Sullivan and Senator Choquette and others has made the case about abortion crystal clear. The speeches and the research which they have done have put us all in their debt. But there is an aspect of this matter which, apart from the reference made tonight by Senator Fergusson, has not been put before the Senate. It concerns the state and the history of the law on the issue, and we should consider it. It took me some time to unravel and dissect it, and I believe I have reached the proper conclusion.

Clause 18 of the bill, at page 43, contains the words:

> the continuation of the pregnancy of such female person would or would be likely to endanger her life or health,...

The controversial words in this passage are "life" and "health". Heretofore it was believed that Canadian law permitted abortion to preserve the life of the mother. Now it is said that the grounds are being widened, that health reasons may be invoked, that abuses based on serious grounds like infidelity or frivolous grounds like inconvenience may suffice. I should like to quote the section with which we are immediately concerned in the present act. Section 237 (1)

> Everyone who, with intent to procure the miscarriage of a female person, whether or not she is pregnant, uses any means for the purpose of carrying out his intention is guilty of an indictable offence and is liable to imprisonment for life.

Honourable senators will note that the word "unlawfully" is not in this section. The word "unlawfully" was removed when the statutes were revised in 1952. I made as careful a search and study as I could to find out why, and there is an element of mystery, perhaps an element of mistake, and I came to the conclusion perhaps an element of misunderstanding about it. Nonetheless the word "unlawfully" was removed not when the statute was passed originally, but when the statute was revised.

The corresponding section of the United Kingdom statute is section 58 of an act called "The Offences Against the Person Act, 1861", which is cited as 24 and 25 Vict. c. 100. The material words of that section read as follows:

> Whosoever, with intent to procure the miscarriage of any "woman", whether she be or be not with child, shall unlawfully administer to her or cause to be taken by her any poison or other noxious thing, or shall unlawfully use any instrument or other means whatsoever with the like intent, shall be guilty of felony.

This section must be read in conjunction with an act called "The Infant Life (Preservation) Act, 1929 (19 and 20, Geo. 5, c. 34). Section 1(1) of the act provides that:

> ...any person who with intent to destroy the life of a child capable of being born alive, by any wilful act causes a child to die before it has an existence independent of its mother shall be guilty of felony, to wit, of child destruction and shall be liable on conviction thereof on indictment to penal servitude, for life: Provided that no person shall be found guilty of an offence under this section unless it is proved that the act which caused the death of the child was not done in good faith for the purpose only of preserving the life of the mother.

This section is not unlike section 209 of our Code.

Hon. Mr. Benidickson: That was passed in 1929, was it?

Hon. Mr. Connolly (Ottawa West): That British act was 1929, yes.

Following that a series of cases came before the courts of the United Kingdom, and perhaps the leading case was that of *Rex v.*

Bourne, the citation of which is (1938) I, King's Bench, page 687. In that case, Lord Macnaghten—Mr. Justice Macnaghten, as he then was—at page 692 of his charge to the jury, asked this question:

> What then is the meaning to be given to the words "for the purpose of preserving the life of the mother"?

He answers that question very simply at page 694—and I do not read the intervening portion of the dictum—where he says:

> if the doctor is of opinion, on reasonable grounds and with adequate knowledge, that the probable consequence of the continuance of the pregnancy will be to make the woman a physical or mental wreck, the jury are quite entitled to take the view that the doctor who, under those circumstances and in that honest belief, operates, is operating for the purpose of preserving the life of the mother.

Mr. Justice Macnaghten was quoted in a further case, *Rex v. Bergmann and Ferguson* which is reported in the *British Medical Journal* of May 22, 1948, at page 1008. He is also quoted with approval in the case of *Rex v. Newton and Stungo*, which is reported in the 1958 edition of the *Criminal Law Review*, at page 469.

Honourable senators, the situation in Canada is this, that before the 1952 revision of the Statutes the law in Canada was the same as the law in Britain. In my humble opinion, and I think, in the opinion of most of the lawyers who would give consideration to the matter, the British precedents would, in all likelihood, have applied and been followed by our courts in the event of a charge being laid. In the result, the words "mother's life", under the British law as it was and under our law, would have included also the word "health."

Hon. Mr. Flynn: As defined by Senator Fergusson?

Hon. Mr. Connolly (Ottawa West): No; as defined by Mr. Justice Macnaghten. I will come to Senator Fergusson in a moment, because I think Senator Flynn is referring to what the British call the "social clause" in their new legislation of 1966, on which I wish to say something in a moment.

Hon. Mrs. Fergusosn: Was not the *Bourne* case one of incest or rape?

Hon. Mr. Connolly (Ottawa West): No, I do not think it was a charge of rape.

Clause 18 restores the law as it existed in Canada before the revision of 1952 and, as Senator Fergusson has said, by a process of quasi-codification, I would describe it. In other words, it says that the question not only of the life of the mother but as well the health of the mother must be taken into consideration in cases where abortion is thought to be necessary. But, honourable senators, in my view clause 18 does more than this. Under the law as it existed in Canada before 1952, the discretion as to whether the operation should be performed was entirely in the hands of the woman herself and of the doctor. They alone had the onus of deciding whether this operation was a proper procedure to follow.

Hon. Mr. Benidickson: No committee was required.

Hon. Mr. Connolly (Ottawa West): Under clause 18 of our bill I think additional protection is added. First of all, the decision to abort must be approved by a committee of competent doctors; and in the second place, it must be done in what is described and defined as an "accredited," or an "approved." hospital. These are elements of protection that were not available at the time *Rex v. Bourne* was decided. By allowing abortion under certain prescribed conditions, the bill does not prescribe abortion. It merely states that if these conditions are observed there will be no prosecution; there will be no prosecution if the two conditions which are mentioned in clause 18 are adhered to. In these circumstances, in my view at least, the concept of the sanctity of life and the concept of the life of the unborn child are not rejected by the Canadian law.

Personally, I wish that abortion could be prohibited completely, and for many reasons. But in the real world, the realization of this hope would be Utopia; I think it would be unrealistic. Therefore, in my view, it becomes necessary to find as good a solution as one can for a deplorable situation.

Again, I repeat that I think abortion is completely unjustified. But it would ill behoove me to force my personal convictions, even when I hold them conscientiously, upon a mixed, pluralistic society, probably most of which does not share these views.

Let us further suppose that we outlawed abortion for some reason. Could we honestly say this law could be enforced? I think the evidence is to the contrary. The backyard abortionist may not be eradicated by the passing of this bill, but he will be in grave

danger once he is caught. If abortion cannot be successfully eradicated, then it seems to me we should do with it what we can to avoid both excess and abuse. I think this bill should be given second reading and referred to committee, and that the minister should be examined carefully upon it.

I mentioned a few moments ago the reference Senator Fergusson made to what is described by the British as the "social clause" that was originally in their bill. With this social clause I cannot agree. It was toned down very greatly in the course of the passage of the bill through the Parliament at Westminster. It is not as wide now as it originally was. I point out to honourable senators that it forms no part of this bill. I would hope, however, that when the minister is before the committee, should this bill reach that stage, he might be asked to give consideration to the insertion of what the British call a "conscience clause". Such a clause was in the British Act of 1966, and in the bill before the House of Commons it read as follows:

> No doctor, nurse, hospital employee or any other person shall be under any duty, nor shall they in any circumstances be required to participate in any operation authorized by this Act to which they have a conscientious objection provided that in any civil or criminal action the burden of proof of conscientious objection shall rest on the person claiming it.

That seems to me to be a very clear statement of the position.

The House of Lords changed that, and the House of Commons ultimately agreed, and the conscience clause that finally emerged from the Parliament at Westminster read as follows:

> 1. Subject to subsection (2) of this section, no person shall be under any duty, whether by contract or by any statutory or other legal requirement, to participate in any treatment authorized by this Act to which he has conscientious objection: Provided that in any legal proceedings the burden of proof of conscientious objection shall rest on the person claiming to rely on it.
>
> 2. Nothing in subsection (1) of this section shall affect any duty to participate in treatment which is necessary to save the life or to prevent grave injury to the physical or mental health of the pregnant woman.

Honourable senators, I refer to the conscience clause because Article 16 of the Moral Code of the Catholic Hospital Association of Canada, 312 Daly Avenue, Ottawa, reads this way:

> Direct abortion is never permitted, even when the ultimate purpose is to save the life of the mother. There can be no condition of pregnancy constituting an exception to this prohibition.

That article of the Moral Code of the Catholic Hospital Association of Canada is binding on all Catholic hospitals that are members of the association. I would like to be assured by the minister either that a conscience clause should be inserted or that there is no need for one. I think we should be assured that there is neither a criminal nor a civil responsibility attaching to hospitals, doctors, nurses, or to others where conscientious objections exist to the performance of an abortion.

Hon. Jacques Flynn: Honourable senators, I shall not detain you very long, but I want to explain a few things about the position of this side of the house on this bill.

First, I want to say that the compliments paid the honourable sponsor of this bill (Hon. Mr. Phillips, Rigaud) are well deserved. I told him in private, and I repeat it now, that his speech was one of the best I have heard since I was appointed to the Senate, and I heartily congratulate him upon the explanation he gave of this bill.

This bill contains many amendments to the Criminal Code, some of which are good, or harmless, and like most of the previous speakers I shall remain silent on them. Other clauses of this bill are not good.

Some honourable senators object to lotteries. I have no feeling about them. I might say that I do not like the idea of there being compulsory breath tests. I do not like the idea of making a crime of the positive result of that test, or of the refusal to undergo such a test. The right place for a provision of that kind, in my opinion, is in provincial legislation governing traffic. In any event, this is only an observation I make at this time. I do not like that clause.

With respect to abortion, I think this amendment opens the door too wide. I will call only one witness in support of my allegation—Senator Fergusson herself. I have great respect for her opinion, and she has indicated where the door could be opened to permit any kind of abortion. Senator Fergusson pointed out that depending upon the way

"health" is defined, it will be possible, following the passage of this amendment, to have an abortion in this country whenever the mother decides she does not want the child. Senator Fergusson said that she would like the law to be clear in this respect, but she indicated that she hoped the judges would accept her interpretation. This is quite possible.

Senator Fergusson said that she would like the mother to decide. She said that unwanted children have not an absolute right to live. This is what she said, in fact. I will tell her that unwanted children have often made better citizens than children who were wanted and who turned out to be spoiled brats. Unwanted children have often been the pride and consolation of their mothers.

It is the opinion of this side of the house that abortion and homosexuality are matters that concern the conscience, and we have decided that the vote will be entirely free of party lines. The party does not take any attitude. But, how are we to vote? Those who like some of the provisions of this bill may say, "Well, on balance, I will vote for it despite the fact that I object to the amendment concerning abortion." Others will say, "Because abortion is a matter of conscience with me I have to oppose the bill despite the fact that I approve the other provisions." So, it will be hard to interpret the vote that will follow.

I suggest to the honourable Leader of the Government that it would be a good thing, in the circumstances, to refer the bill to a committee of the whole house, where we can see where each individual stands; otherwise, we shall have an opinion that will not be a true opinion on all the sections of the bill. This is merely a suggestion. As I said at the outset, I rise only to explain the general position we take on this side of the house.

Hon. Lazarus Phillips: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform you that if the honourable Senator Phillips speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Phillips (Rigaud): Honourable senators, I am sure you would want me to be the first to take advantage of the opportunity to congratulate Senator Fergusson on the brilliant and in part whimsical speech she delivered this evening. Had Senator Belisle been in touch with me as a somewhat older lawyer at the Bar, I would have advised him never to tangle with a woman and never to press the point—

Hon. Mr. Belisle: I am not convinced that the honourable Senator Fergusson has refuted my arguments.

Hon. Mr. Smith: She accepted your challenge though.

Hon. Mr. Phillips (Rigaud): Honourable senators, may I also avail myself of the opportunity of thanking honourable senators in this chamber who have taken part in this debate and given us the benefit of their deep convictions and views, more particularly with respect to two sections of this bill. I thank them for their kind references to me, and I reciprocate by congratulating all honourable senators who have spoken, on the extensive and able treatment they have given it; more particularly to the two sections dealing with the subject matter of abortion and deviation from normal sexual behaviour.

As it is my intention, after what I hope to be the passing of the second reading of this bill, to move that Bill C-150 be sent to the Standing Senate Committee on Legal and Constitutional Affairs for further consideration, it is not my intention to deal at length with the arguments that have been presented, more particularly against those two sections of the bill. I invite honourable senators to be good enough to consider the views I expressed when I had the honour of moving second reading of this bill. I then pointed out that with respect to abortion, the law already allows abortion when the life of a mother is in danger, and at worst the law was being extended to protect the health of the mother; but that abortion, with respect to both the life and health of the mother, would only be allowed when a therapeutic committee in an accredited and approved hospital gave approval.

This evening, honourable senators, we have had the advantage of listening to the very learned legal address of Senator Connolly (Ottawa West) in which he pointed out that on the basis of the law itself abortion is probably allowed now, not only with respect to life but also with respect to health.

In the speech I delivered in this house in introducing the bill, at page 1446 of the *Debates of the Senate* I stated:

> There are some at the other end of the spectrum, who contend that the proposed amendment does not change the law at all.

That is the position Senator Connolly has taken this evening.

In connection with representations and discussions in another place, there were spokesmen for a particular group who were strongly against the abortion and sexual deviation provisions, and some of these spokesmen admitted that the law now allows abortion when the life of the mother is in danger. That was admitted even by those who were strongest in their objections to the bill.

With respect to unconventional sexual behaviour, I made it clear that the bill was only proposing to delete from the category of criminals two persons who had reached the age of 21 years, or husband and wife, who indulged in such unconventional acts in private.

In spite of the very limited modifications proposed, I was, I must confess, surprised by the extraordinary reactions reflected in the speeches of some of the honourable senators. I was astonished when listening to some honourable senators, gentlemen of the profoundest integrity and men of mercy, not to hear one word about the plight of the mother where her life or health was endangered. I believe I am right in saying that in two of the speeches delivered the mother as such was not even mentioned.

In spite of the fact that repetition is tiresome and redundancy is unforgivable. I consider it my duty to clear the record so that honourable senators will understand what is at stake if, as, and when a division were to take place on second reading. As I indicated in my presentation, Bill C-150 includes a series of very important amendments to the criminal law of our land, amendments and changes to the law in many respects involving a crying necessity in order to improve the administration of the law covered by the Criminal Code.

As I listened to some of the speeches, were I not familiar with the facts, I would have assumed that the Prime Minister of this country, with his colleagues and his followers in both chambers of this Parliament, had unleashed the dogs of licence and the hounds of licentiousness. Surely those who have spoken against this bill in this chamber do not wish us to join them in flights of fancy so as to live in ivory towers or in a dream world. The facts of life in this great country of ours establish beyond any doubt that abortion procedures are being carried on illegally in all parts of the land. All this bill will do is to establish a procedure whereby doctors, with the approval of therapeutic committees in approved and accredited hospitals, will be allowed to perform an abortion, but only when the mother so wills and desires, and only where the life or the health of the mother is at stake.

It has been suggested in some of the speeches that those in favour of this bill are condoning murder in the sense that the foetus in all stages constitutes a viable being. This is not so, and this is contrary to fact and science. As I have already stated, before the introduction of this bill, the law did not regard as criminal the performance of a miscarriage operation when the life of the mother was at stake and, there again, we have had an explanation of what the law is in the opinion of Senator Connolly (Ottawa West). Surely it is not suggested that our law, at that stage, was condoning the killing of a viable person. The mere extension to cover the health of the mother does not, in my opinion, warrant the extremes to which honourable senators in part have gone in expressing their views, and I have already stated on more than one occasion my respect for these gentlemen. I again repeat that I have the highest respect and regard for those who have spoken, and I certainly honour their convictions which promoted them to make utterances which clearly have been based on emotional and other considerations.

On the question of sexual deviation, why this avalanche of criticism, when all that this bill proposes is that two persons, having reached the age of 21 years, or husband and wife, are excluded from being classified as criminals if they indulge in sexual practices that are not normal. They do not offend others, and I think it is important that they should not be exposed to the charge of being regarded as criminals and convicted as such if the cases were brought to court.

It has been suggested that those honourable members in the other house have not had the opportunity of dealing separately with the issues of abortion and sexual deviation. The facts are otherwise. Before this bill was passed in the other house by a substantial majority, some 40-odd amendments were presented to that house. I am not speaking of amendments in committee. The greater part of these amendments dealt mainly with the subject matter of abortion and also with the issue of sexual deviation. The bill before us represents the considered view of an overwhelming majority of members of the other house and is the result of careful and detailed consideration, after a full effort and opportunity was given to all, those who approved

and those who disapproved, to state their views. Not only was the bill passed *in toto* as an omnibus bill, but, as a result of the amendments submitted in the other house, opportunity was given to deal specifically with the abortion clause and the sexual deviation clause.

Honourable senators, I have checked on the number of amendments. On the question of sexual behaviour, my counting is that there were seven amendments in the other house after the subject matter was reported to that house from committee. Those seven amendments were either declared out of order by the appropriate officer in that house or were defeated on division.

With respect to the abortion clause 18, there were submitted to the other house after the committee stage 25 amendments, some of which were considered out of order by the appropriate officer and some were specifically defeated by overwhelming majorities. One specific amendment called for the deletion of clause 18 *in toto*, and on division it was defeated by an overwhelming majority.

I have been called upon, as the one who presented this bill, to state these facts. I can mention one of the leaders of the Opposition who was indeed the spokesman of the party, and who had spoken on this bill. This gentleman, whom I am not permitted to quote, speaking from Her Majesty's opposition, made the statement on more than one occasion that this bill was window dressing, that the abortion section did not contain any new law; and he indulged in the delightful observation that the Government was trying to fool the public into thinking that they were introducing reform legislation, because, he claimed, clause 18 was in effect hogwash.

That was the view of a leading critic as to the effect of clause 18. In this house we have been told that it introduces overwhelmingly important changes in our law, with the suggestion that we have unleashed, as I said, the dogs of licence and the hounds of licentiousness.

There have been other views expressed when this bill was considered, and these have not been by critics. There have been outstanding gentlemen of other groups of great importance who have openly expressed the view that this Government is to be congratulated for the presentation of this bill and for the opportunity that was given in committee and on the report stage for each and every item that was contentious, to be the subject of division and of amendment. As the result of that, some 40-odd amendments were allowed by way of latitude by the present administration. The leader of one of the groupings in the other house, not a member of the Government, commended the Prime Minister and the party for allowing such free latitude. It is part of the record and is available for senators who wish to read it.

Honourable senators, before I close—leading, I hope, to the passage of second reading and reference of the bill to committee—I must be forgiven if I refer particularly to the honourable Senator Flynn, Leader of the Opposition, who has been very kind to me since I entered this house. I thank him again, and I am deeply touched by his words of praise for my efforts even if he disagrees with me. Without mentioning individual senators, I wish through him to thank all the senators on the other side who have been uniformly kind to me. I trust that my observations this evening, in which I expressed some surprise at the intensity of some of the remarks which have been made, will not affect the mutual regard and respect that we have one for the other.

Hon. Senators: Hear, hear.

Hon. Mr. Phillips (Rigaud): Honourable senators, that is all I desire to say at this stage, because I am anxious to move that this bill be sent to the Standing Senate Committee on Legal and Constitutional Affairs. My observations do not, by any means, cover all that I would normally say on the subject in reply to some of the statements that have been made by honourable senators.

Hon. Mr. Choquette: May I ask my honourable friend a question, since, though he did not name me, I felt that he referred to some of my remarks.

Hon. Mr. Phillips (Rigaud): May I interrupt? I made no observations on any remarks by Senator Choquette, as such. I was referring merely to the general trend of the observations that were made. Certainly, I have no argument on that. Please take my assurance on that score.

Hon. Mr. Choquette: I would still like to ask one question. If 26 out of 27 doctors who have given evidence in the committee in the other place said that in their opinion human life started with the fertilization of the ovum, and if outstanding doctors have also stated that it was in very rare cases that the mother's life or health was in danger, and that with the advancement of science and medicine today such cases were practically non-existent—if those statements were made,

would you say that is engaging in flights of fancy?

Hon. Mr. Phillips (Rigaud): My answer to that is that when the subject matter was raised in the other house as to what information was available before this bill was presented by the Government, it was established by the chairman of the standing committee that the interim report of the Committee on Health and Welfare had been prepared and was before the committee. The Wolfenden Report was also before the committee and, indeed, the suggestion was made that the interim report which justified the introduction of this present bill was sort of motivated by the Government. The interim report of the health committee apparently supported these proposed amendments, but the suggestion was made that the interim report of the committee—and I am going back to the earlier bill in the last Parliament—was inspired by the Government, because the committee was aware of the fact that the Government intended to introduce the bill.

Now, Senator Choquette, I have the remarks of the chairman of the committee which dealt with Bill C-150, and if you will be good enough to look at page 8611, you will see that these words are attributed to him:

> It should be made very clear this bill—

And I am now speaking of Bill C-150.

> —was not given a perfunctory examination by the committee. We held exhaustive hearings. When considering abortions and homosexual behaviour, we had before us the reports of the Health and Welfare Committee, the Wolfenden Report—

I think, Senator Choquette, that should answer your question.

The Hon. the Speaker: It is moved by honourable Senator Phillips (Rigaud), seconded by honourable Senator Hastings, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, there is uncertainty as to agreement. I now ask those in favour of the motion moved by the honourable Senator Phillips (Rigaud) to please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the motion moved by the honourable Senator Phillips (Rigaud) will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the contents have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion of Hon. Mr. Phillips (Rigaud) for second reading of Bill C-150 carried on the following division:

CONTENTS

Honourable Senators:

Aird	Hays
Argue	Inman
Basha	Irvine
Beaubien	Isnor
Benidickson	Kickham
Boucher	Kinley
Bourget	Kinnear
Bourque	Lamontagne
Cameron	Lang
Carter	Langlois
Connolly (Ottawa West)	Lefrançois
Cook	Macnaughton
Croll	Martin
Davey	McDonald
Denis	McElman
Desruisseaux	McLean
Dessureault	Michaud
Duggan	Nichol
Eudes	Petten
Everett	Phillips (Rigaud)
Fergusson	Prowse
Fournier (De Lanaudière)	Robichaud
Gélinas	Roebuck
Giguère	Smith
Hastings	Sparrow
	Thorvaldson
	Urquhart—52

NON-CONTENTS

Honourable Senators:

Aseltine	Leonard
Belisle	Macdonald
Blois	Méthot
Choquette	Pearson
Flynn	Phillips (Prince)
Fournier (Madawaska-Restigouche)	Quart
Grosart	Welch
Haig	White
Hollett	Yuzyk—18

The Hon. the Speaker: I declare the motion carried.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Phillips (Rigaud), bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. Paul Martin: Honourable senators, four committees have now been scheduled to meet to-morrow, with three committees holding meetings simultaneously in the morning and two meeting simultaneously in the afternoon. According to my calculations it is unlikely that we will have more than eight or nine more sitting days before adjournment or prorogation. With still more bills to come to us, with other bills to be introduced on Thursday next, and consideration of the bill which has just now been referred to the Standing Senate Committee on Legal and Constitutional Affairs, our schedule will be a very heavy one. I understand that the Legal and Constitutional Affairs Committee has already scheduled a meeting to consider another bill, and that in addition notices will be sent out this evening for consideration of Bill C-150 tomorrow afternoon.

In view of this heavy load, it is proposed that we should not sit tomorrow afternoon in the chamber. I therefore move, seconded by Senator McDonald, that when the Senate adjourns today it do stand adjourned until Thursday next, June 12, at 2 o'clock in the afternoon.

Hon. Mr. Flynn: Honourable senators, I would like to have some clarification of this matter. The second notice with respect to the Legal and Constitutional Affairs Committee states that we are to consider the bill on hate literature and also consider Bill C-150. Is it the intention of the chairman of that committee to call Bill C-150 first, or will we first consider the hate literature bill?

Hon. Mr. Roebuck: I intend to deal with the so-called hate literature bill first.

Motion agreed to.

The Senate adjourned until Thursday, June 12, 1969, at 2 p.m.

APPENDIX

(*See p. 1538*)

CRIMINAL CODE

PROSECUTIONS AND CONVICTIONS UNDER CERTAIN SECTIONS—INQUIRY ANSWERED

Honourable John M. Macdonald inquired of the Government, pursuant to notice:

QUESTION

1. What was the number of prosecutions in each of the Provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

2. What was the number of convictions in each of the Provinces of Canada in the years 1964 to 1968, both inclusive, for offences under sections 78, 81, 209, 213 and 237 of the Criminal Code?

ANSWER (by the Honourable Jean-Luc Pepin, Minister of Industry, Trade & Commerce)

1. and 2. Information available in the Dominion Bureau of Statistics concerning the number of prosecutions and convictions by province, for offences under the following sections of the Criminal Code, is as follows:

(a) Section 78A (breach of duty, criminal negligence causing death)

Section 78B (breach of duty, criminal negligence causing bodily harm)

Statistics for Section 78A are included with all other sections which could lead to a charge of criminal negligence causing death, and in the case of Section 78B are included with those sections which could lead to a charge of criminal negligence causing bodily harm. Therefore, information requested is not available.

(b) Section 81 (1)—(prize fights—summary convictions)*

1964—Nil
1965—1 (in Manitoba)
1966—Nil
1967—5 (4 in Ontario; 1 in Saskatchewan)
1968—information not available

*No information available on prosecutions.

(c) Section 209 (1)—(killing an unborn child)

1964—1 charge resulting in conviction in Quebec
1965—Nil
1966—Nil
1967—Nil
1968—information not available

(d) Section 213—(attempt to commit suicide—summary convictions)* —see Table I attached.

*No information available on prosecutions.

(e) Section 237—(abortions and attempts)—see Table II attached.

Note: Sections 81(1) and 213—data are for summary convictions only. DBS does not collect information on prosecutions for summary offences, only on indictable offences.

TABLE I—SECTION 213 OF THE CRIMINAL CODE

ATTEMPT TO COMMIT SUICIDE—SUMMARY CONVICTIONS, CANADA AND THE PROVINCES 1964–1967*
(no information available on prosecutions)

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T
1964.....	298	—	—	6	1	66	125	13	11	47	28	—	1
1965.....	383	1	—	4	2	71	191	18	9	59	22	2	4
1966.....	414	—	—	—	2	79	220	32	3	51	25	—	2
1967.....	440	1	—	3	1	68	245	58	3	35	23	—	3

*1968 Data not available.

TABLE II—SECTION 237 OF THE CRIMINAL CODE

ABORTIONS AND ATTEMPTS—CANADA AND THE PROVINCES 1964–1966*

		Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.
1964	Charges.....	45	—	—	4	—	2	28	—	1	4	6	—	—
	Convictions.....	32	—	—	3	—	2	20	—	1	2	4	—	—
1965	Charges.....	57	—	—	—	—	18	35	1	—	1	2	—	—
	Convictions.....	43	—	—	—	—	16	23	1	—	1	2	—	—
1966	Charges.....	64	—	—	—	—	14	37	—	—	7	6	—	—
	Convictions.....	40	—	—	—	—	13	19	—	—	4	4	—	—

*1967 and 1968 data not available

THE SENATE

Thursday, June 12, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE HON. CLEMENT A. O'LEARY

TRIBUTES

Hon. John M. Macdonald: Honourable senators, before we proceed with the business of the day, may I say how deeply grieved we all were to receive the news of the death of our colleague Senator Clement O'Leary. I know his sudden death has come as a shock to us all.

I have known Clement O'Leary for many years. I knew him, as you did, as a man of many fine qualities. He had the happy faculty of making friends easily and of keeping them. His death at this early age will be a loss to the Senate and the area he represented. He and his family were most highly regarded in Nova Scotia, and I am sure the people of that area will join me in expressing our sincere regret at his passing.

On behalf of us all, I extend to his widow and family our deepest sympathy.

Hon. Paul Martin: Honourable senators, we commence our proceedings this afternoon to pay tribute to one of our colleagues who has been taken by death so suddenly. I am sure no one could more appropriately express our tribute than Senator Macdonald, to whom the Leader of the Opposition (Hon. Mr. Flynn) assigned the task of speaking first.

Senator Clement O'Leary was a distinguished son of Nova Scotia, who had been a member of this house since 1962. He served with distinction in the House of Commons under the leadership of the Right Honourable John Diefenbaker.

I extend to his widow and his two sons our deep sympathy at his passing at such an early age. I offer our sympathy also to the people in Nova Scotia, whom he, with others from that province, was proud to represent in this house. To the Leader of the Opposition and to all of his colleagues, I extend sincere sympathy on the loss of a valuable member of this house, a man who won the affection of all of us, and who will be sadly missed because of his great qualities.

PRIVATE BILL

BOY SCOUTS OF CANADA—FIRST READING

Hon. Maurice Lamontagne presented Bill S-39, respecting Boy Scouts of Canada and to incorporate L'Association des Scouts du Canada.

Bill read first time.

Hon. Mr. Lamontagne moved that the bill be placed on the Orders of the Day for second reading on Monday next.

Motion agreed to.

CRIMINAL LAW AMENDMENT BILL, 1968-69

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-150, to amend the Criminal Code, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigation Act, the Customs Tariff and National Defence Act, and had directed that the bill be reported without amendment.

MOTION FOR THIRD READING

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

Hon. Lazarus Phillips: Honourable senators, with leave of the Senate, I move third reading now.

The Hon. the Speaker: With leave of the Senate, it is moved by honourable Senator Phillips (Rigaud), seconded by honourable Senator Prowse, that this bill be now read a third time. Is it your pleasure, honourable senators, to adopt the motion?

MOTION IN AMENDMENT

Hon. Joseph A. Sullivan: Honourable senators, in amendment, I move, seconded by the honourable Senator Walker, P.C., that the bill be not now read a third time, but that it be amended as follows: Strike out clause 18.

The Hon. the Speaker: Honourable senators, with leave of the Senate, it is moved by the honourable Senator Phillips (Rigaud), seconded by the honourable Senator Prowse, that this bill be now read a third time. In amendment it is moved by the honourable Senator Sullivan, seconded by the honourable Senator Walker, P.C., that this bill be not now read a third time, but that it be amended as follows: Strike out clause 18.

Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Mr. Sullivan: Honourable senators, I wish to explain, first of all, to those who have participated in the debate on this legislation, that I have been unavoidably absent, due to the meeting of the Canadian Medical Association in Toronto this week, where I took part in their symposiums and scientific sessions.

I would like to take the opportunity, however, to congratulate all honourable senators who have participated in this debate.

As I have had the opportunity on previous occasions to use such an opening phrase, I will repeat it today: "It is better to have fought and lost than never to have fought at all." After nearly 40 years of medical practice, as I have previously stated, I feel free to make some further observations with reference to the general problem and discussion on making abortion laws more liberal.

When one seeks to protect the rights of all females to "life, liberty and the pursuit of happiness," how about the unborn child, who also has those rights?

When a woman can demand an abortion for any reason, or without giving a reason, I say that our civilization is about gone. The foetus cannot say: "Ouch, doctor, you are hurting me." The killing process is not changed at all. It is still murder of a human being. The foetus or unborn child is a genuine living human beyond any reason of doubt.

If and when legislators concur in lax laws on abortion, they will be reflecting the moral decay and general violence of our era. I suspect that the majority of people in our society are not at all favourable to such barbarism.

It is most propitious that I should mention that yesterday Dr. Philip H. Addison, Secretary of the Medical Defense Union of the United Kingdom, speaking at the luncheon of the Canadian Medical Association, at the Royal York Hotel in Toronto, made the following remarks:

> Since this (abortion) act came into force 14 months ago, hundreds of women from Canada, the United States and other countries go to London to have their pregnancies terminated. London is regarded as the world's abortion centre.

Honourable senators will recall that, in speaking to this legislation, I commented in the same manner. Later in his address, Dr. Addison said:

> With 60,000 or 70,000 physicians in Britain it is not too surprising that some doctors are prepared to stretch their consciences to the limit.

He went on to say:

> In the first year, after introduction of the new Abortion Act, 38,000 abortions were carried out.

Enlarging on that, he stated:

> This is putting such a strain on hospital beds that an eminent gynecologist said in a recent letter to the British Medical Journal that patients suffering from gynecological disorders are getting a lower standard of attention. The increased demand for hospital beds for abortions has created difficulties in deciding which patients should have priority.

In concluding his address, he called attention to one suggestion:

> It has been suggested abortion should be used to allow parents to control the size of their families . This is the most inhuman method of controlling family size. The doctor's duty is to preserve life, not destroy it.

I would emphasize that point.

The Catholic Church has opposed abortion from its first century through the last four Popes. The Second Vatican Council termed this destruction of innocent human life "an unspeakable crime." Yet opposition to abortion is not strictly a Catholic position, and I am availing myself of this opportunity to correct a wrong impression I may have given in my address recently. This concerns more than Christians and non-Christians, and this was ably documented by Senator Choquette.

The late Protestant theologian, Dietrich Bonhoeffer, described abortion as "a violation of the right to live which God has bestowed upon this nascent life."

Opposition to abortion is manifested by such distinguished living non-Catholic scholars as Piper and Ramsay of Princeton, Pelikan and Gustafson of Yale, Williams of Harvard and Rabbi Julius Neuman of New York. Also, Imanuel Jakobovits, Chief Rabbi of England, made the following statement in an article against abortion:

> What the fuming editorials and harrowing documentaries on the abortion problem do not show are the pictures of radiant mothers fondling perfectly healthy children who would never have been alive if their parents had been permitted to resort to abortion in a moment of despair. Nor is it known how many "un-

wanted" children eventually turn out to be the sunshine of the families.

Even among Catholics, unfortunately, there is not the unequivocal stand against abortion that there should be. Some Catholics suggest that since Canada and America, after all, are pluralistic societies, Catholics should not attempt to impose their moral values on everyone. This view overlooks the true meaning of pluralism: that system whereby every religious, social, political, and ideological entity is supposed to offer its own opinion on great public issues and to urge this opinion upon the nation as is best for the nation.

Catholics are not second-class citizens. They have just as much right as anyone else—in addition, they have a moral duty—to voice their opinion on matters affecting their lives and especially on an issue as ominous as abortion.

There are other Catholics—Reverend Robert F. Drinan, S.J., for example—who believe that the criminal sanctions against abortion should be withdrawn. Father Drinan, Dean of the Boston College Law School, subscribes to the Church's condemnation of abortion. He contends, however, that it would be better to repeal laws containing sanctions of a criminal nature against abortion than to have new laws passed specifying which category of future human beings may be extinguished.

In either case, however, there will be massive destruction of innocent human life. Rather than suggesting the lesser of two evils, Father Drinan should use the numerous opportunities available to him to brand abortion the unspeakable evil that it is. He should enlist the support of his fellow lawyers in emphasizing and defending the legal rights of the unborn child. He should go on the offensive and seek enactment of legislation prohibiting abortion for any reason whatsoever. If a man of God will not unequivocally oppose the abomination of abortion, who will? Father Drinan would do well to emulate Archbishop Robert E. Lucey of San Antonio, who asserted that "legislators who vote for wilful abortion will forever wear a badge of infamy; assassins of the unborn child."

What it all comes down to then is restoring our traditional reverence for human life. The sanctity of life is one of the most basic of all postulates. The necessity of protecting life is one of the fundamental purposes of law and government. The right to life holds the highest place in the hierarchy of values. No other good can begin to compare with it. Once the absolute value of life is denied, life has no value.

We must vigorously insist that the right of the innocent individual to life is sacred, absolute, and inalienable at every stage of its existence. If the principle of inalienability of the right to innocent life is violated in any way, the human mind will conjure up multiple reasons to justify the termination of life, not only in the womb, but at every stage of human existence.

Make no mistake about it, the real goal of the abortionists is abortion on demand—"without legal encumbrances." If this is allowed to come about, it will be followed by infanticide, sterilization, euthanasia, and artificial insemination. These are the frightening consequences of the current legislation to relax abortion laws. This dehumanizing process can only be stopped by informed and aroused people who are concerned for the sanctity and respect that is owed to life.

How perverse it is in this century, when science and medicine have accomplished miracles in preserving and prolonging life, that people should seek ways and means to curb and destroy life, and that the sources of hospitals and the skills of physicians should be diverted from life-saving to life-taking—and I know whereof I speak. Only the God-fearing can prevent such catastrophe from being perpetrated upon humanity. Stand up and be counted!

Hon. Rhéal Belisle: Honourable senators, I would like to ask a question of the Chairman of the Committee on Legal and Constitutional Affairs. After many requests made by the members of the Alliance for Life to appear before the committee, why were they refused permission? I have just spoken to their representatives outside the chamber, and they presented me with this material, a copy of which they sent to every senator; it is already in your mailboxes.

Furthermore, if there is nothing suspicious about this bill, why is it that for the last two weeks many people who called the Department of Justice and inquired as to what stage the bill was at, either in the House of Commons or in the Senate, were told by the Department of Justice that the bill had already been passed by the House of Commons and by the Senate? Senator Quart can verify this, because she also has received many telephone calls complaining of this situation, and she personally called the department. She can speak to that herself, but I understand that after she had inquired and was given this misleading information, she identified herself as a senator and said

that this was misinformation and it was being given to the public. The reply she received was, "Well, you know more than we do."

I think there is something wrong. We know you on the Government side have the majority; we know you can roll over us any time; but when the Prime Minister of Canada is inviting dialogue on all subjects, why not permit dialogue on this one?

Hon. Arthur W. Roebuck: Honourable senators, the answer is very simple indeed. The parties to whom my friend refers have had some months in which to submit their briefs and their representations to Parliament. In the other house long sessions have been held during which many parties have been heard, and if the people in question have not exercised their rights to appear before that committee, to which great publicity was given, it is their responsibility, not ours. I have not in my mind at the moment knowledge of the application in question, but whether we have or have not received something, the fact remains that if these people have not made their case public, that is their fault and not ours.

Hon. Mr. Belisle: Would the honourable chairman permit another question? In other words, is he saying that they have had the opportunity to address their complaints to the other house, and we are useless, in the sense—

Hon. Mr. McDonald: No, he did not say that at all.

Hon. Mr. Belisle: —that we will not permit them to take their representations to us. Even if they have made their representations in the other place, why should they not be permitted a hearing before us? In other words, what is the use of having a committee of the Senate sit on this bill if interested parties are not permitted to appear?

Hon. Mr. McDonald: They never asked.

Hon. Mr. Belisle: They did ask.

Hon. Mr. McDonald: They might have asked you.

Hon. Mr. Belisle: I can go and get them.

The Hon. the Speaker: Order! The honourable Senator Belisle has had an opportunity to ask his question. It might well be the answer does not satisfy him, but his question has been answered.

Hon. Mr. Flynn: That is for sure—it is not a satisfactory answer.

Hon. Josie D. Quart: Honourable senators, as my name was mentioned in connection with this matter, I shall now fill in some of the details.

Because I was in London, Ontario, I missed one meeting of the Senate. However, Mrs. Dundin, the Executive Secretary of the Catholic Women's League of Canada, called me and asked me if the omnibus bill had passed the Senate. I replied, "Certainly not." She said, "Well, I 'phoned the Department of Justice and gave my name. I asked if the Senate had passed the omnibus bill"—she having been in communication with the national president—"and was told that it had been passed."

Honourable senators, I then phoned the Department of Justice myself. I was sure the bill had not been passed, but I still wanted to receive an answer. I called and asked to speak to the minister. He was not there. Then I asked to speak to the deputy minister; he was not there. I inquired, "Well, can someone give me the information as to whether the omnibus bill has been passed in the Senate?" The answer was, "Yes." Then I gave my name and said, "That is most extraordinary. I am a senator, and I know it has not been passed."

I then called Mrs. Dundin, and she called her national president and, through whatever machinery they have, at the last moment they sent every senator a letter. I say this in clarification of what Senator Belisle has said.

I believe Senator Sullivan was reading a press release from London—I wish I had it with me—

Hon. Mr. Sullivan: No; it was from the *Globe and Mail.*

Hon. Mrs. Quart: I had said that I would speak on this omnibus bill, but I am old-fashioned, I suppose, and did not like to speak on it. Consequently, I did let my party down. However, I read this press release—I hate to tell you what was in it. The press release is in my office, and I do not want to hold up the proceedings of the Senate to get it. Suffice it to say, it shocked me as a human being—not only as a woman, but as a human being—to read the terrible account. I am neither a medical practitioner nor a lawyer, but I am the mother of four sons and a daughter, with 23 grandchildren and three great-grandchildren. I thank God that we have not resorted to abortions, or we would not have had such a wonderful family, including three of my

sons who went overseas to fight for their country.

Hon. Senators: Hear, hear.

Hon. Mrs. Quart: These remarks are quite extemporaneous, so please pardon me.

I have received many letters supporting my views. I received one from a prominent Ottawa woman, not connected with any organization. She had read a newspaper report, that I would vote against the omnibus bill on account of the abortion clause—and I am proud to say that as far as I am concerned it can be circulated right across the world. In this article I said that I believed in many of the clauses of the omnibus bill and that I would vote for them, but I could never vote for abortion as such.

I think there is too much permissiveness. I hate to mention such words, but since they have been bandied about, let us take homosexuality. I think it is dreadful. I met two men yesterday morning who came out of a hotel, and they said jokingly, "We were in the hotel all morning. Now that the bill has passed, we are protected by the new permissiveness of the Criminal Code". I think I read in the papers that a rather posh place is being opened up in Montreal. It was closed at one time, but it is being opened up now that this bill has proceeded so far along its passage through Parliament.

Now, in regard to this press release, it was at the Stobhill Hospital in Glasgow, where apparently a poor unfortunate foetus was put in a bag ready to be thrown in an incinerator, and it was found some seven or eight hours afterwards still alive. The matter was taken before a jury which held that nobody was responsible—at least, that seemed to be the consensus. It is my view that we shall see a change in the law with respect to abortion in Great Britain.

Having mentioned the name of the hospital I should appreciate an opportunity of reading this one paragraph to which I refer into the record of the proceedings of this house at a later stage.

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Quart be allowed to read this paragraph into the record?

Hon. Senators: Agreed.

Hon. Lionel Choquette: Honourable senators, I think we will all agree that this is one of the most important bills ever presented to both Houses of the Parliament of this country. Because it was dealt with within a few hours, I feel it my duty to comment on the way it was railroaded through. No witnesses were heard in the Senate committee. In my eleven years as a member of this chamber this is the first time I have witnessed such haste in passing a bill.

Probably we will be told that the summer recess is close, and that this bill should be passed before we adjourn. In my opinion, this bill is so important, and it is one that concerns all citizens, that we should not have rushed it through in the way we have.

I should like to commence my remarks by quoting from an article that was published by *Saturday Night* in the issue of February 27, 1954, in these words:

> One of the Senate's most important functions is the provision of a forum for the expression of views and the furnishing of information by private citizens. When legislative proposals come before the Senate, the bills are given their first and second readings, and then referred to an appropriate standing committee. Civil servants having knowledge of the matters in hand are called before these committees and bills are studied in detail around the table, informally and most effectively. Any citizen who wishes to appear will be heard, and I have frequently observed such witnesses voice their commendation of the courtesy and attention—

I just mention in passing that I am underlining the word "courtesy"

> —which they received at the hands of the senators. The Senate's chief task is done in committee, where, of course, it attracts a minimum of publicity.

I think that this quotation will be recognized by its author.

Honourable senators, the author of this article said that any citizen who wishes to appear before a committee of the Senate would be heard. The author is the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, the honourable senator who yesterday refused to allow any witnesses to appear before that committee to present evidence relevant to some of the clauses in this notorious and nefarious Bill C-150.

Hon. Mr. Roebuck: I did not refuse to hear any witness.

Hon. Mr. Choquette: I stand corrected, but I do say that after the committee was through with the famous hate literature bill the chairman said: "I think we can now dispose of the other one, and do it quite rapidly." I say that no invitation was sent out. There are people and organizations—and we have heard evidence of this here—who would have liked to appear before the committee. These people had not been heard, and had been refused a hearing before the committee of the other place.

Were I the type of person who is given to unkind remarks, I might be tempted to point to the cataclysmic dichotomy which exists between what some people say and what they do, and conclude that the divergence was born of duplicity. However, a remark such as that might only serve to revivify an acerbity that has long since atrophied through disuse. Suffice it to say that Grits have conveniently cloudy memories.

If the action taken by the Liberal senator who chairs the Standing Senate Committee on Legal and Constitutional Affairs is an example of what he meant in his article when he said of the Senate—

> The purpose of the institution is excellent. It is to give a sober second thought to legislative proposals by men of exceptional experience chosen for their knowledge and standing in the community and their ability and maturity.

—then I fear I must assume the role of instructor and presume to inform him that his behaviour on Wednesday was not at all in keeping with what John. A. Macdonald had in mind when he said that the Senate had a duty to have "a sober second thought in legislation."

I am sure ineffable pressures must have been brought to bear against him by high ranking proponents of the "Just Society" and "extended dialogue with the people." I should have thought that in his wisdom he would not have allowed himself to be intimidated. Because he shamefully acquiesced to the demands of the powers that be, that this bill be rammed through the Senate without delay, he has permitted himself to be used as a weapon in the endless war of attrition against the Upper Chamber. The Government has, by ordering this bill to be passed with more celerity than rationality, demonstrated its contempt for the Upper Chamber. Only people who look upon us with disdain would have the unmitigated gall to suggest that we rubber-stamp a bill. Yet this is what happened, and the government side of this chamber was a party to it. I do not know whether to attribute the disgraceful behaviour of the Grits of the Senate to lack of fortitude or perspicacity. I suppose it is possible that they were incapable of fathoming the ramified and disastrous effects of their behaviour.

I had intended at this juncture to make a plea to the government side of this chamber that on a bill such as C-150, which involves matters of conscience, they follow our example by calling off the Whip and allowing a free vote. I had planned to ask this, but I have somehow begun to suspect that this would only serve to compound the collective Grit humiliation. I see very little in the way of reaction from the government side that would lead me to conclude that more than just a few have renewed acquaintance with their intestinal fortitude to the extent that they would want to vote as their heart and mind directs and not as the party dictates.

Honourable senators, in the early 'thirties, when I was just a beginner at the Bar, I heard the Honourable R. B. Bennett state emphatically that this country would become prosperous only when its population attained the figure of 50 million people. I never dreamed that 35 or so years later a government would be in power to stop the birth rate and to encourage murder.

Recently I received a letter from the principal of a Catholic separate school, who is still naive enough to have confidence in this chamber. The letter, dated June 9, 1969 reads:

> Dear Senator Choquette:
>
> Your views, as expressed in the Ottawa Journal during the past week on the subject of abortion, gives one some hope for the future of our nation.
>
> If the elders—senators—in our nation's government have not the wisdom and prudence to sanction just laws, what will become of mankind?
>
> Congratulations, and stand firm.
>
> Yours truly,
>
> Sister Mary Josephine.

I will write thanking the principal of the school for her congratulations on my stand, but I will add that in this chamber one only on the government side had the courage of his convictions and sat down when the others stood up to be counted, while on our side we did what we always do, we gave them three or four votes, no matter whether we are outnumbered two to one. I will write those who

have congratulated me on my stand that this has been the stand of the Upper Chamber on one of the most important pieces of legislation ever to come before Parliament.

Hon. Josie D. Quart: Honourable senators, as one who had decided not to say a word on this bill, it seems to me that having read again this press release which I said I would hate even to have to read—

The Hon. the Speaker: Honourable senators, is it agreed that the honourable Senator Quart should speak again?

Some Hon. Senators: No.

Hon. Mrs. Quart: Then may I correct what I have already said? I think it is absolutely necessary to do so.

Hon. Mr. Hollett: Let us have a vote on it!

Hon. Mrs. Quart: I understood it was perhaps usual to allow an honourable senator to make a correction in this way.

The Hon. the Speaker: Honourable senators, I should like it to be well understood that we are now discussing an amendment to a motion for third reading of the bill. The honourable Senator Quart had the opportunity to speak once and, unless there is unanimous consent, she cannot speak twice on the amendment. I understand that the honourable Senator Quart would like to correct a statement that she made a few minutes ago. Is it agreed that she has leave to do so?

Hon. Mr. Langlois: On a question of privilege.

Hon. Mrs. Quart: On a question of privilege.

The Hon. the Speaker: The honourable Senator Quart speaks now on a question of privilege.

Hon. Mr. White: On a point of order, I would suggest that Your Honour also point out to the honourable senator that while she is not allowed to speak a second time on the amendment, once the amendment is disposed of the honourable senator would be perfectly free to make a speech on third reading.

Hon. Mrs. Quart: If I may be permitted, I should like to read these few paragraphs from the NC News Service (Foreign) by the reporter John A. Greaves, in which he writes:

> Norman St. John-Stevas, the member of Parliament who led the well organized but eventually unsuccessful campaign against the 1967 Abortions Act, said he intends to introduce a private (non-party) bill in Parliament to make it compulsory for one of the two doctors required to approve an abortion to be a consultant specialist.
>
> This follows a new case of abortion at Stobhill Hospital, Glasgow, Scotland, widely publicized in the press. The aborted baby of a 20-year-old student about 26 weeks pregnant was found to be still alive eight hours after being sent in a bag from the operating theatre to the hospital incinerator. It was put in an incubator and everything was done then to keep it alive, but it died.
>
> At the subsequent inquiry on the incident the jury unanimously recommended a ban on all abortions if the foetus is approaching or at a "viable" age. The jury also recommended that when an infant near or at a viable age—between 28 and 34 weeks, according to evidence at the inquiry—is delivered by abortion, all possible resuscitation facilities should be used.
>
> They had found that the baby in this case had died due to absence of resuscitation immediately after birth, subsequent exposure to cold and the baby's natural prematurity. They did not blame anyone, but details of the case have been sent to the Crown Office (public prosecutor) to investigate possible charges.
>
> *The Times*, London daily newspaper, said that if the jury's recommendations were implemented, they would drastically change the 1967 Abortions Act.
>
> This obviously suggests that among the more than 30,000 legalized abortions carried out in this country since the Abortions Act was adopted, there must have been many perfectly formed living—or medically "viable"—babies who were dumped in bags and sent off to hospital incinerators.

How do we know, honourable senators, that that could not happen in Canada?

> Earlier St. John-Stevas had asked the British government in the House of Commons to amend the Abortions Act to prevent a minority of doctors from "operating a legalized racket" in abortions in private practice outside the national health service. He asked the government "to prevent these harpies from making fortunes by battening on human weakness."

> Nearly two-thirds of the 5,000 doctors who replied to the questionnaire by a medical weekly on the Abortions Act said they would like to see it modified or repealed.

I thank honourable senators for giving me the opportunity of reading this press release, which is dated May 28, 1969.

Hon. Malcolm Hollett: Honourable senators, it had not been my intention to say anything on this bill.

Honourable senators will remember that some time ago I spoke on contraceptives and the pill. You would be surprised at the amount of correspondence I received from all across Canada as a result of that speech. The letter that broke my heart completely, and caused me to make up my mind that I would not say anything more on this subject, was one that I received from one of our biggest universities, McGill University, signed by 87 young people, young men and women, and two professors. They did not agree with me; they wanted the pill for use, and so on. That nearly broke my heart. I thought that if I had children there I would take them out right away. Eighty-seven young people from McGill University—one of our famous universities—criticized me because I did not support the use of the pill. I had other letters, some of them wonderful letters, and I thank God there are people of another generation who know what they were talking about.

I am not as qualified to speak on these matters as Dr. Sullivan and other medical people who may be here. Nevertheless, I think we are on the way out, we are on the way down—yes, down to hell, if you like. That is where we are going if we allow these things to be passed in this house. This is supposed to be the place of—what is it?—sober second thought. Sober! We are unwise if we pass some of this legislation that has been sent to us from the other place.

I am going to make an appeal to honourable senators. Some senators voted for this bill the other day. I have no objection to that at all. There is much in the bill that is of benefit to the people of Canada and is needed, which I too would have voted for had I not been so much against the abortion and homosexuality clauses. I am asking those who voted for the bill the other day to consider whether it will hurt the bill very much if we agree with Senator Sullivan that section 18 be removed. I do not think so. I think you would then have given it the sober second thought which you, and I and all of us should give to it.

There is plenty of time to discuss abortion in the years to come. If things are getting worse, nobody will wait for laws; but let us in the name of heaven try in this Senate to keep on our feet and live up to what we were taught by our fathers and mothers. In the name of God, do not let us pass every slimy thing that comes before us.

I ask every honourable senator here to agree that the elimination of section 18 dealing with abortion would be something to our credit. I am asking you to please revise your opinions and vote for this amendment.

Hon. Arthur W. Roebuck: Honourable senators, I cannot allow this situation to pass without a word. I was very surprised at the remarks of a senator usually so urbane as Senator Choquette and his statements about the committee I have the honour to chair. I merely wish to say that there were no demands by the powers that be. We have known each other for a long time, and I think my friend should realize that I would not be amenable to demands of that kind.

The senator made an imputation that the committee acted as a rubber stamp. It did nothing of the kind. We went over every section of this bill carefully and inquiringly, and we passed it in an intelligent way by a majority vote, as these committees always do. I did not say we had to do it fast. I pointed out that we had 16 days left, and that we should act with expedition. That was all I said. This committee's meeting was *bona fide*, carefully and properly done, and properly reported.

Hon. Mr. Belisle: May I ask the honourable chairman one question regarding a statement he just made? As a rule, I practise a lot of patience. The information that I have received from the office of the Leader of the Opposition is that the Alliance for Life applied to the Senate committee in writing. Now were they or were they not permitted to attend?

Hon. Mr. Choquette: I understand that was to the clerk of the committee.

Hon. Mr. Roebuck: I do not know which official has received it, but I know that I did not receive it.

Hon. Jacques Flynn: Honourable senators, since my name has been mentioned, and in order to put the facts clearly, may I say that several months ago I received a letter from

Mrs. Lusignan, President of the body to which Senator Belisle has referred and I indicated to her how arrangements could be made to be called as a witness.

When I was in the committee yesterday afternoon I saw two ladies there and assumed that they were to be heard as witnesses. At least, I thought they would be heard and I understood that they had a brief. I left the committee, having taken for granted that they would be heard. In any event, I did not expect the committee to conclude its work yesterday on a bill such as this one. The committee at that time was dealing with technical questions, and had as a witness a member of the Justice Department. I saw the ladies there and I was convinced that they would be heard. Why they were not, I do not know. I am not accusing the chairman of the committee, but I explained that they were there. It is unfortunate they were not heard.

If we want to correct this omission the least we can do is to accept the amendment of Senator Sullivan and refer the bill back to the committee.

The Hon. the Speaker: Honourable senators, with leave of the Senate, it is moved by the honourable Senator Phillips (Rigaud), seconded by the honourable Senator Prowse, that this bill be now read a third time.

In amendment, it is moved by the honourable Senator Sullivan, seconded by honourable Senator Walker, P.C., that this bill be not now read a third time, but that it be amended as follows: strike out clause 18. Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: No.

The Hon. the Speaker: As there appears to be some disagreement on the question, I now ask that those in favour of the motion in amendment please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the motion in amendment will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion, the non-contents have it.

Hon. Mr. Flynn: We recognize the strength of the voices.

The Hon. the Speaker: I declare the motion in amendment lost.

Hon. Mr. Langlois: Question?

THIRD READING

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Phillips (Rigaud), seconded by the honourable Senator Prowse, that this bill be now read a third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: On division.

Motion agreed to and bill read third time and passed, on division.

CRIMINAL CODE (HATE PROPAGANDA)

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

Hon. Arthur W. Roebuck, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-21, to amend the Criminal Code, and had directed that the bill be reported with the following amendments:

1. Page 1: Strike out subsection (2) of proposed new section 267A and substitute therefor the following:

"(2) In this section "genocide" includes any of the following acts committed with intent to destroy in whole or in part any identifiable group namely:

(a) killing members of the group, or

(b) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction.

(3) No proceeding for an offence under this section shall be instituted without the consent of the Attorney General.

(4) In this section "identifiable group" means any section of the public distinguished by colour, race, religion or ethnic origin."

2. Page 2: Strike out subsections (3) to (5), both inclusive, of proposed new section 267B and substitute therefor the following:

"(3) No persons shall be convicted of an offence under subsection (2)

(a) for expressing in good faith and in decent language, or attempting to establish by argument used in good faith and conveyed in decent language, an opinion upon a religious subject; or

(b) if he establishes

(i) that the statements communicated were true, or

(ii) that they were relevant to any subject of public interest, the discussion of

which was for the public benefit, and that on reasonable grounds he believes them to be true.

(4) Where a person is convicted of an offence under section 267A or subsection (1) or (2) of this section, anything by means of or in relation to which the offence was committed, upon such conviction, may, in addition to any other punishment imposed, be ordered by the presiding magistrate or judge to be forfeited to Her Majesty in right of the province in which that person is convicted, for disposal as the Attorney General may direct.

(5) No proceeding for an offence under subsection (2) shall be instituted without the consent of the Attorney General.

(6) In this section.

(a) "public place" includes any place to which the public have access as of right or by invitation, express or implied;

(b) "identifiable group" has the same meaning as it has in section 267A; and

(c) "statements" includes words spoken or written or recorded electronically or electromagnetically or otherwise, and gestures, signs or other visible representations; and

(d) "communicating" includes communicating by telephone, broadcasting or other audible or visible means."

3. Page 4: Strike out subsection (7) of proposed new section 267C and substitute therefor the following:

"(7) No proceeding under this section shall be instituted without the consent of the Attorney General."

In the French text:

4. Page 1, line 26: Strike out "prévenir" and substitute therefor "empêcher".

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Roebuck moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

HISTORIC SITES AND MONUMENTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Maurice Lamontagne, Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-153, to amend the Historic Sites and Monuments Act, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Muriel McQ. Fergusson: With leave, I move third reading now.

Hon. Josie D. Quart: May I ask a question of the chairman of the committee? Being from "la belle province," I commented yesterday about the grave of Calixte Lavallée which, I understand, is in a very dilapidated condition in Côte-des-Neiges Cemetery in Montreal. A group of interested people brought the remains of Calixte Lavallée from Boston, where he was originally buried, to this cemetery. After all, he was born in Canada. He was the composer of the only part of our national anthem that is official. I was told, and I did not pursue the question any further, that someone had to make a request. Is that so?

Hon. Mr. Lamontagne: Honourable senators, I am chairman of the committee, but I did not sponsor this bill in the chamber. If any question is asked directly or indirectly related to the bill at this stage, I suggest it should be asked of the sponsor of the bill.

Hon. Mrs. Fergusson: I am afraid I cannot answer that question.

Hon. Mrs. Quart: The witness did say that a request had to be made. I do not know whether anything has been done, but I did say that I was quite sure that my Quebec colleagues in the Senate would support my request and suggest that the grave of Calixte Lavallée be restored.

Two or three years ago my daughter was doing extensive research on Calixte Lavallée and my grandson photographed the grave. He had difficulty finding it among all of the beautiful monuments around. Surely it would be a national disgrace not to restore the grave of the composer of our national anthem. After all, he was badly treated in Canada and had to gain prominence in the United States and Europe, and then come back to Canada, where he was then acclaimed.

Would I have support from some of the Quebec senators to ask that this restoration work be done?

Hon. Mrs. Fergusson: I do not think it is necessary to ask for any support. I will be very glad to accept this request as notice and take it up with the Historic Sites and Monuments Board.

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

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate, seconded by Senator McDonald, I move that when the Senate adjourns today it do stand adjourned until Tuesday next at 3 o'clock in the afternoon.

I may say that I have had some discussion with the Leader of the Opposition about our timetable. I fear that we will have to sit every night next week, on Friday, and possibly on Saturday. I make a strong appeal to all honourable senators that they be here, to assist in the dispatch of bills and other items which are or will be before us in the remaining days of this session. We seek to accommodate one another and our respective obligations. I am sure it will be appreciated that at this stage of the session this is not an easy thing to do.

There are some matters which we have to await from the other house. Other matters are now before us. We have been considering this question since the noon hour as a result of discussions I have had with the Leader of the Opposition, and if this motion is agreed to, the Senate will meet on Tuesday afternoon.

I understand that a number of senators who are members of a particular committee have made arrangements to be in Montreal for a few hours on Tuesday afternoon. That should not preclude those of us who are not on that committee from being here Tuesday afternoon. I understand, too, that the members of that committee have made arrangements to be here so that we can proceed without delay with the matters before us on Tuesday evening. Is that agreed?

Hon. Senators: Agreed.

Hon. Mr. Walker: Would the honourable Leader be good enough to indicate the business which might come before us next week?

Hon. Mr. Martin: There will be the Income Tax Bill. Perhaps I had indicated to Senator Walker earlier that it would come up on Monday evening. However, I presume it will come on Tuesday.

Then there is the report of the committee considering Bill S-21, and the bill itself. In addition, there are several housing bills.

Hon. Mr. Walker: Are they expected next week?

Hon. Mr. Martin: Yes. There is the Telesat bill, which will be available later today or tomorrow and which will be proposed by Senator Desruisseaux.

There is a bill on fishing.

There is the Export Development Corporation bill, with which Senator Leonard will be concerned today.

There will be the official languages bill. I do not know when we will have that bill—which, as Senator Walker knows, is very important. We will certainly have it some time about the middle of the week, unless my assessment of the progress in the other place is wrong.

These are among the measures which will be on our agenda.

Hon. Mr. Flynn: I wish to mention that, as far as we are concerned on this side of the house, those of us who have accepted responsibility for dealing with legislation which is likely to come have already taken the appropriate measures to be ready to speak, and will not be in the position of asking for any adjournment unless it is entirely justified.

Hon. Senators: Hear, hear.

Motion agreed to.

OIL AND GAS PRODUCTION AND CONSERVATION BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-29, respecting the production and conservation of oil and gas in the Yukon Territory and in the Northwest Territories, which were presented on Tuesday last, June 10.

Hon. Douglas D. Everett: Honourable senators, Bill S-29 is a Government bill which was introduced into this chamber on February 4 and was passed by the Senate on March 20 with eight amendments. It was sent to the other place, where it was considered. It has been returned now with three amendments.

Hon. Mr. Thorvaldson: What is the name of the bill?

Hon. Mr. Everett: It is a bill intituled, "An Act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories."

Two of the three amendments concern the membership of the oil and gas committee which is set up by this bill.

The first amendment concerns clause 5(1) which, in the form in which it was passed in this chamber, requires all five members of that committee to have expert knowledge in the oil and gas industry. When this bill was dealt with by members of the other place, they made the point that many of the matters that might come before the committee would be matters of public policy and for that reason they thought it would be wise if laymen could be appointed to the committee. Accordingly, this amendment states that only two members of the committee will require to have knowledge of the oil and gas industry.

The second amendment is to clause 6. As it was passed by this house, clause 6 excludes from membership in the oil and gas committee those who have a pecuniary interest in the property to which the act applies, or those persons who own more than 5 per cent of the issued shares of any company engaged in the oil and gas industry in the Dominion of Canada.

It occurred to the members of the other place that persons holding less than 5 per cent who could be members of the committee might well find themselves voting on matters concerning a company in which they held shares. Therefore, this amendment precludes any member of the committee who holds issued shares in a company which is engaged in the oil and gas industry in Canada from voting on any issue which concerns that company.

The third amendment concerns prosecutions under the act. Clause 13 of the bill makes waste an offence. The prosecution for waste may be instituted with the consent of the oil and gas committee. When this bill went to the other place members felt that such a power to initiate prosecutions should not be given to an appointed committee and, therefore, they amended the bill so that the consent must be obtained from the minister, who is the Minister of Indian Affairs and Northern Development.

I have tried to cover the three amendments, honourable senators, as briefly as possible. I hope I have given you a full explanation. The amendments are not substantive but I believe they are useful.

Amendments concurred in.

EXPORT DEVELOPMENT BILL

SECOND READING

Hon. T. D'Arcy Leonard moved the second reading of Bill C-183, to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities.

He said: Honourable senators, this bill will not be as controversial as some we have had recently. In fact, on this bill I even hope I might get support from some of my colleagues on my side of the house.

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: You have that assurance.

Hon. Mr. Leonard: The bill incorporating the Export Development Corporation brings us to another stage in the development of export financing in Canada. Honourable senators are familiar with the Export Credit Insurance Act which was originally enacted in 1944. In the intervening years that act has been amended some 15 times, generally for the reason that experience has shown the need for Canada to keep up-to-date in the rapidly expanding and highly competitive world markets.

All major exporting nations have central agencies with powers to underwrite both commercial and political risks, and to facilitate financing in order to assist the sale of exports.

Several years ago the Government commissioned Mr. J. Douglas Gibson to make a special study of the Canadian situation, and this bill is largely the result of his recommendations. Mr. Gibson is well and favourably known as a banker and economist. He is a former Executive Vice-President of the Bank of Nova Scotia and was a member of the Porter Royal Commission on Banking. I should like to read a short excerpt from his report, to give you the background for this bill:

> Canada urgently needs a broader and stronger industrial base on which to build a bigger and more effective economy. This means increased specialization which in turn involves much enlarged exports of manufactures,—

And further on he states:

> Apart from the very important field of long-term project loans, where she gives a real priority in the interest rate, Canada gives less priority to exports of manufactured goods in its financial policies than do most of her competitors, including Britain, France, Japan, Germany, the United States and even Australia. The purpose of export insurance and credit arrangements is to encourage the healthy development of the Canadian economy by promoting exports. It is not to assist needy countries; that is the purpose of the Air Program. It is not to support weak Canadian industries but rather to encourage the development of strong ones. Canadian financing activities in this area should be seen as an integral part of a policy for growth of a strong industrial economy.

Those are wise words from a very wise man.

Turning now to the bill, in the first place, it sets up a new corporation called the Export Development Corporation, which is to be a successor to the existing corporation, the Export Credits Insurance Corporation. The change of name is significant. The existing corporation is purely and simply an "insurance credit" institution. The new corporation continues to have that function, but it also has investment and credit-granting powers.

In addition to this major change in its powers, it will have increased capital and therefore increased ability to assume risks of greater size and hazard; it will have a wider field of activity; and it will be changed in its corporate set-up.

The board of the existing Export Credits Insurance Corporation consists entirely of civil servants, and good men they are—the top men in the field of finance and trade at Ottawa.

To give you some idea of the size and manner of their direction of the Export Credits Insurance Corporation, let me tell you that in the calendar year 1968 the Export Credits Insurance Corporation insured $247 million worth of exports, as well as another $94 million for the account of the Government; it had a net income of $427,000 and it has an earned surplus of $4,270,000 as well as its original capital and surplus of $10 million. Since 1945 the Export Credits Insurance Corporation has insured export sales totalling $2,687 million. Out of this very successful operation this bill will create the new, enlarged Export Development Corporation.

By section 38 of the bill, the new corporation, the Export Development Corporation, is declared to be the successor to the Export Credits Insurance Corporation, and all property, rights, obligations and liabilities of the Export Credits Insurance Corporation are deemed to pass to and be assumed by the new corporation.

But whereas the former corporation's powers were confined to insuring export credits, the new corporation has all those powers and additional ones. It may make loans and guarantees in connection with export transactions, and under sections 33 and 34 there are additional powers to which I shall refer later.

By section 11, the corporation will have an authorized capital of $25 million, and also an authorized capital surplus, or reserve, account of $25 million. It will be able to borrow up to 15 times the aggregate of its capital and surplus amounts, in other words, a maximum borrowing power of $750 million.

By section 26, the total liability of the corporation in its normal insurance and guarantee business is limited to 10 times its subscribed capital and surplus.

By section 27, a further liability may be incurred in special cases, if authorized by Order in Council.

Section 29 gives the corporation power to extend credit to a foreign customer in connection with an export transaction, and here the over-all liability is limited to $600 million.

Section 33 gives broad powers to buy, sell or otherwise negotiate export paper. I understand that it is not at present intended to use this section for rediscounting paper held by banks, but the power to do so will be there.

Section 34 confers a new and important power. It is a power to insure foreign investments against certain risks of loss. It is a power that is not to be exercised except under the authority of an Order in Council, and it is safe-guarded by other appropriate provisions. While not specifically spelled out in the bill, I understand that it is intended to confine this type of investment to developing countries, and to use it for the purpose of assisting Canadian exports.

By section 37 the limit of liability at any time is not to exceed $50 million for contracts under section 34.

One must warn that these new powers and the extension of existing powers do increase the inherent danger of losses being suffered by the corporation and by the Government. As one safeguard against these risks, there is

the record of the Export Credit Insurance Corporation to date. If anything, it has erred on the side of being overly cautious, and with its knowledge and experience it can be trusted with wider responsibilities. In the second place, the board is to be enlarged to add four new members who are not public servants. Mr. Gibson, in his report, recommended that the Governor of the Bank of Canada should be on the board, and I think all senators would endorse that recommendation. In the third place, even though some of these transactions may result in losses, one must offset against them the economic advantage to Canada resulting from the overall gain in our export trade with resultant increased employment and technical development.

I have no hesitation in commending the principle of the bill for your approval, and if it passes second reading, I shall move that it be referred to the Standing Committee on Banking, Trade and Commerce.

Hon. Allister Grosart: Honourable senators, as usual we are very much indebted to Senator Leonard for giving us a full outline of this important bill. As he has said, it is a bill which replaces an act which has been in operation for some 25 years and which, by and large, has operated very satisfactorily in the interests of Canada's export trade. Over the years, of course, there have been criticisms, largely on the grounds of inflexibility and of rather tight-in decisions by public servants who operated the board. This bill is clearly designed to obviate these problems. As Senator Leonard has mentioned, the board will consist of both public servants and representatives generally of industry.

At first glance it may appear rather strange that the composition of the board is to be eight public servants and four representatives of the export trade and others who will be interested in the operation of this bill. There has been considerable discussion on this point and some suggestions have been made that the number of, if I may use the term, outsiders should be considerably increased. On the other hand, there has been the argument that this is a body which is spending public funds under the immediate direction of the minister, and that to place the responsibility for spending that money by majority vote of non-responsible persons, in the constitutional sense, might create a problem.

I need hardly say that the bill deals with an area of very great importance to Canadians generally. When I last looked at the figures for 1968, our total exports amounted to $13.6 billion—and this accounts for 25 per cent of our total national income. So, of every $5 worth of goods produced in Canada today $2 worth is for the export market.

It is true that our export industry has made remarkable strides in the last few years; it showed an increase last year of the order of 19 per cent. This improvement has been going on for a number of years. However, many honourable senators will remember that it is not very long ago that after a long stretch of imbalance in commodity trade we turned the corner for the first time in some years and were able to report a favourable balance on commodity trade, although we still have serious problems with the balance of international settlements.

We need hardly be reminded that the export markets of the world today are very different from what they were a few years ago. This is largely because of the interest that states and nations are taking in supporting their own export business and, as Senator Leonard said, up to now at least on much more generous terms than those provided by the Canadian Government. This bill is commendable, of course, to the extent that one of its main purposes is to increase Government support to facilitate our export business. I suppose this concept of state funding to facilitate our export business arises from the state-to-state sales agreements that were worked out during the war. These have now, of course, taken a much less "allied" basis in today's highly competitive world.

An outstanding example of this is the problem we are having selling the heavy water nuclear reactor. Those of us who have been attending the meetings of the Science Policy Committee have become convinced, I think, that we have in our heavy water reactor—built up over the years at a cost of perhaps $800 million—the equal of any nuclear reactor developed anywhere in the world in its field, and yet on a straight commercial basis we have had very great difficulty in selling this to any other country. However, we are at the moment in a bargaining position, and we hope before too long to make a breakthrough in this very important field. What has happened in almost every case where we have been competing with other nations in this particular market is that the governments sponsoring the production of nuclear reactors in other countries have stepped in and offered terms which at that time Canada was not able to match. Very recently we lost the Greek order because the Government of the United

Kingdom undertook to buy certain quantities of Greek tobacco, which, as far as I know, nobody in the United Kingdom is going to smoke. As a result, the United Kingdom won the order.

The amounts that will be available for the funding of exports under this bill are indeed very large. I do not think Senator Leonard indicated the total obligations that might be undertaken, but my recollection from the discussion that has taken place is that it would be approximately $1.8 billion, that is to say $1 billion in the insurance sector and $800 million in the broad financing sector.

Of course this is an amount of much larger magnitude than that which the former corporation, the Export Credits Insurance Corporation, had available to it, and we can hope that this corporation, even with more flexible policies, will have a similar degree of success to the one it succeeds.

I understand that the former corporation is not entirely out of business, and I would be interested in knowing, because I have not been able to get the information otherwise, what are the outstanding obligations of the Export Credits Insurance Corporation. I believe these are largely obligations arising out of government-to-government undertakings in the early post-war period; but it would be useful information, in assessing the starting point of the new corporation, to know what obligations it is taking over. However, as I say, it has an outstanding record in respect to the security of its loans.

There are some problems we will have to face up to in the operation of this corporation. One is that we may well, in the powers given to the corporation, be sailing very close to the line of the undertakings we have made in some international agreements. Under GATT, as honourable senators are aware, interest subsidies in the manufacturing sector of exports are forbidden, and there could be an interpretation of some of the sections of this act that they are actually interest subsidies. It is unfortunate, but the answer one would immediately be given would be that there may be a breach of GATT, but that everybody else is doing it. Of course, this is one of the problems we are up against in international affairs, because it seems to me that too often Canada is about the last one to break some of the rules, when everybody else is getting an advantage.

There is an international convention called the Berne Union dealing with this field, usually called by public servants who are directly responsible. I have always been mystified as to why it is so named, because there has been an earlier Berne Union, operating since about 1885, in the copyright field. However, it is called the Berne Union, and this is an attempt by similar agencies to the new Export Development Corporation to work out, on an international basis, some rules of the game. As I understand it, at the moment it is not on a nation-to-nation basis, but on an entity-to-entity basis; and I am given to understand that the Export Development Corporation will become a member of that union. I am sure that all honourable senators hope that we will be able to work out some rules in this international export market business which will have at least the full co-operation of the other countries.

One very interesting aspect of this bill, if I read it correctly, is that it seems to be designed to support to some extent the work of another Government corporation, C.I.D.A.—formerly the External Aid Office and now the Canadian International Development Agency—because there is provision in this bill, for the first time, for the insuring of private-sector investment in developing countries.

I am quite confused as to whether that authority is limited to developing countries. The act seems to be quite clear that it is to be so limited, and yet I have seen statements from interested parties saying that they hope this will not be so. It is a point the sponsor of the bill might care to consider and clear up.

I refer particularly to statements that have been made by the minister, by the former president of the insurance corporation and others, that there was this limitation of the extension to developing countries. I am not myself quite clear as to why such a limitation should be in the act, because it is obvious that our largest export market is the United States, which takes something like 65 per cent of our total exports.

Rather interestingly, in connection with developing countries there is a requirement in this act that we must have a written agreement from any country in which we extend this insurance, that they will themselves undertake to provide the same kind of protection against non-commercial risks in their own country as we would be covering in our insurance.

I would like to make the point that I think it important that this be a written assurance.

The honourable the Leader of the Government (Hon. Mr. Martin), who has had wide experience in this area, is well aware that sometimes difficulties arise in getting governments to commit themselves, but I would point out that the act says that they be written assurances. I think this is of the utmost importance, particularly to those of us who have attended meetings of the Foreign Affairs Committee. We may have more reason to be concerned than before attending some of the meetings of that committee, about the possibility of political instability causing high losses to Canadian investors in some countries that heretofore appear to have had stability of government.

I hope that those written assurances will be given; and, whereas there is nothing in the act to say that they be tabled in Parliament or chronicled in the *Canada Gazette*, I also hope that it will be the intention of someone administering this act to see that we are informed, country by country, where this insurance is extended, and that written assurance has been given.

One of the dangers of this kind of political umbrella over any business operation is that it tends to soften the operation itself. There is always the danger that our exporters will become more concerned with the terms of credit than with the quality of the goods they are offering on the export market. I say this because over and over again we have all heard complaints to the effect that, "I had the goods; they were competitive; but I could not sell them because somebody outbid me on credit or other terms."

I think most of us believe that in the development of our own technology and innovation in Canada we should be able to compete, certainly in the quality of goods we are able to produce. One would hope that that standard will be maintained as the result of this political umbrella.

There is in this bill what I consider a very progressive method of control of this Crown corporation.

Hon. Mr. Thorvaldson: What section of the bill?

Hon. Mr. Grosart: I was afraid you would ask me that.

Perhaps the sponsor of the bill (Hon. Mr. Leonard) would tell me the section because I do not seem to be able to find it in my copy of the bill. I am referring to the requirement that any by-law of the corporation be tabled in Parliament within 15 days if Parliament is sitting, with the usual provision if it is not.

This is a matter that we have discussed with Government officials in many of our committees. We have even had resistance to this suggestion. I am glad to see that it is written into this bill. However, this also raises the question of how much protection this will really give, because there is no definition of "by-law." There is nothing to require the corporation to do certain things, only by by-law. The corporation is given very wide powers. Personally, I would like to see in such a bill as this a clear definition of the powers given to the corporation, and a clear indication of how it is to exercise those powers by by-law, by announcement, or by whatever method is chosen.

This bill is one of the few I have seen in a long time that gives no powers of regulation to the Governor in Council, and in this respect this is a "red letter" bill. However, it does give powers to the corporation, but it restricts them in the sense that I have indicated, although perhaps not as far as they might be restricted.

I think the corporation itself will in due course define its own powers in its own by-laws. This is not the most satisfactory way of transferring the powers of the Government of Canada to commit $1.8 billion in due course, but it is better than some of the ways that we have seen in the past, such as giving powers to the Governor in Council, which is just another way of giving absolute power to the cabinet. I have discussed that on other occasions.

Honourable senators, that is all I have to say with respect to this bill. I commend it to you. It is a good bill. It is a step in the right direction. I myself am convinced that these matters are in the hands of experienced people. If the bill is referred to a committee I should like to see the suggestion of more representation by outsiders, although that has been thoroughly discussed elsewhere, and perhaps disposed of.

I think that Senator Molson has found the section to which I was referring.

Hon. Mr. Molson: It is section 16(3).

Hon. Mr. Grosart: Yes. I have a copy of the first version of the bill, and subsection 3 is not there.

Hon. Mr. Connolly (Ottawa West): You have given the sense of it, anyway.

Hon. Mr. Grosart: Yes; and Senator Molson has provided me with a good excuse for being unable to find it. It is not in my copy of the bill.

Hon. Gunnar S. Thorvaldson: Honourable senators, I have a very few remarks to make on this bill. Senator Leonard told us that the bill results from an investigation made by Mr. Douglas Gibson, who is well known to most of us as an eminent Canadian, an expert on the problems of Canada's export trade. I am sorry that I have not read the report, because I am sure it is very worth while.

I do not criticize this bill, because I think that everything the Government can do to assist our export trade is of great value to the country. There has been an amazing increase in the international trade of this country over the last ten years or so. I am quite astounded, in fact, by the increase in exports that we see from the figures year by year.

In going through this bill I have cause to wonder what is in it that was not included in the act which it supersedes, namely, the Export Credits Insurance Act.

With respect to our external trade over the past few years, I think we should recognize the fact that the greatest impetus our export business received resulted from the devaluation of the dollar in 1962. From that time on this country really started to go ahead in international trade, as all who have studied the trade figures during recent years will perceive.

I really have only one point to make in respect to such matters as this. All Canadian Governments have at all times done a great deal to promote exports. We have trade agencies all over the world which are manned by good salesmen and excellent people. But there is a tremendous resistance in every country to buy the manufactured goods of another country. From talking to some of my friends in the manufacturing industry of this country I have been absolutely amazed to hear of the resistance of importers in the United States, particularly to purchasing the manufactures of this country; the resistance they show to the salesmen of the Canadian manufacturing industry when they try to sell in the United States market. I feel somewhat humble when I hear stories of U.S. companies simply refusing to allow Canadian companies to bid on their requirements. Far too much of that occurs.

I am sure that anyone who is associated with industry, and who has attempted to export his manufactures, has come up against this problem. Consequently, I hope that the Export Development Corporation will be able to do something to lessen the resistance of foreign consumers to Canadian manufactured goods.

It is all very well to be proud of the quantities of our exports, but we must realize that most of the exports from this country are of natural products. Unfortunately, all too little of our exports consists of fully manufactured goods. I have always been a good friend of the United States, and have been associated with American companies who do business in this country and with other foreign companies. We in Canada give every possible privilege and sense of equality to American capital that wants to come to Canada. We have always done so, and we still do so. However, in speaking on this bill I want to take the opportunity to register a sense of grievance to private business in the United States that is resisting so greatly the acceptance of Canadian manufactures. I do not know whether it is possible by some kind of public relations effort through a bill of this kind to try to ameliorate that thinking or that type of attitude. Perhaps we might discuss that when the bill comes before the committee. Speaking especially of companies who require to buy manufactured goods, I hope that our friends to the south do not continue forever to display a bias against goods merely because they are foreign rather than United States made.

Hon. T. D'Arcy Leonard: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Leonard speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Leonard: Honourable senators, I wish to speak for only a minute or two to answer the questions that have been asked.

First, the honourable Senator Grosart, with his usual perspicacity and pertinent remarks, touched on some aspects of this bill which are important. He asked about the amount of liability. The annual report as of December 31, 1968, contains a report of the Auditor General, Mr. Max Henderson, so that we can be sure the t's are crossed and the i's are dotted. There is a footnote to the balance sheet saying:

> The liability of the Corporation under contracts of insurance entered into on its own account...outstanding as at December 31, 1968, amounted to $194,137,000. ...entered into under section 21...

For the account of the Government:

> ..outstanding as at December 31, 1968, amounted to $208,673,000.

Senator Grosart also asked whether section 34 was confined to developing countries. I asked the same question. The wording of that section does not specifically refer to developing countries. It does not even specifically refer to Canadian exports. All we can do is speak of the tenor of it. It is insuring an investor against risk of loss by reason of:

> War, riot, insurrection, revolution or rebellion in that country;

or,

> the expropriation, confiscation or deprivation of the use of, or the arbitrary seizure of any property by a government.

I do not say these things happen only in developing countries, but they are the kinds of risks being insured against here. The bill goes on to say in subsection 2:

> The Governor in Council shall not authorize the Corporation to enter into a contract of insurance...
>
> in respect of any investments in a foreign country that will not provide economic advantages to Canada or contribute to the economic growth and development of the country in which it is made.

Those phrases are being interpreted, at least I think in intention as far as the operation of the corporation is concerned, to confine this section to developing countries and to Canadian exports. It will be noticed that the total amount that may be used is $50 million, which suggests it is of a rather experimental nature to see what can be done by way of investments of this character in developing countries.

In reply to Senator Thorvaldson, I would say that sections 29, 30 and 34 are all new powers and the corporation really steps from being just a credit insurer to being a credit-giving organization. I quite agree that the situation vis-à-vis the United States might well be a matter to be discussed before the committee to which it will, I hope, be referred.

Hon. Mr. Grosart: Might I have leave to clarify the reference I made to developing countries, in case I did not make it clear? The reason I made that statement was that I was quoting—not, Your Honour, from the proceedings of the other place—from a statement by the Honourable Otto Lang, who introduced the bill, in which he said, speaking of this bill:

> The most obvious new facility is, of course, the provision for insurance of private investments abroad, now to be available to Canadian business for the first time. The scheme is limited to developing countries . .

That was what I was referring to.

Hon. Mr. Leonard: Quite right. The wording of the section does not specifically say so, but this is apparently the intention.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Leonard, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

EXECUTIVE COMMITTEE MEETINGS IN GIBRALTAR

Leave having been given to revert to Inquiries:

Hon. John J. Connolly rose pursuant to notice:

> That he will call the attention of the Senate to the meetings of the Executive Committee of the Commonwealth Parliamentary Association held in Gibraltar, 24th May to 1st June, 1969.

He said: Honourable senators, even though it is late in the day I thought it appropriate to make a brief report on the recent meetings of the Executive Committee of the Commonwealth Parliamentary Association held in Gibraltar between May 24 and June 1 of this year.

Honourable senators will remember that when the Commonwealth Parliamentary Association Conference was held in Ottawa in September 1966 a working party was appointed to inquire into the advisability of having a more or less permanent committee to run the affairs of this association. The initiative for that proposal was taken by the Australian delegation, and it was led at that time by the Honourable Peter Howson, who subsequently became the first Chairman of the Executive Committee.

The working party met in Malta in 1967, and it reported to the General Council at

Kampala, Uganda, in the fall of 1967 that an Executive Committee should in fact be established, and it was. In 1968 the first meeting took place on the Island of Mauritius.

The work of the Executive Committee is to deal with the general policies of the association and to encourage its activities. It also passes upon the admission and status of national branches and of subsidiary branches within countries. It reviews the finances of the organization. It arranges for the general meetings and for the executive meetings. It also deals with policies of the association with respect to publications which are put out by the association, and it works on the agenda for the general meeting which it proposes, subject to the approval of the General Council when it meets at the time the general meeting takes place.

I feel that it might be of value if I told honourable senators the composition of the Executive Committee. The Chairman is the Honourable Peter Howson, M.P., of Australia. The *ex officio* Vice-Chairman, who is Chairman of the General Council this year, is the Honourable A. G. Montano, M.P., Minister of Home Affairs and Personnel of Trinidad and Tobago. The Honourable L. O. Pindling, the Prime Minister of the Bahamas, is also a member. He was the only member of the Executive Committee who could not attend this particular meeting. The Treasurer, who was there, is Sir Frederic Bennett, M.P., of the United Kingdom.

There are three Clause-24 councillors who are members of the committee. They are the Honourable Ronald G. Ngala, M.P., the Minister of Co-operatives and Social Services in Kenya; Dr. N. M. Perera from Ceylon; and the Honourable M. O. Bash-Taqi, M.P., of Sierra Leone. The regional representatives from Africa were the Honourable W. P. Hyirenda, M.P., the Minister of Education from Zambia. We had Dr. the Honourable N. Sanjiva Reddy, M.P., Speaker of the Lok Sabha of India; and from New Zealand, Mr. A. E. Allen, M.P. Representing South East Asia, we had His Excellency Senator the Honourable Tan Sri Ong Yoke Lin, PMN. Senator Lin also happens to be the Ambassador from Malaysia in Washington, and he is a Minister without Portfolio in the Malaysian Government. From the United Kingdom, we had the Right Honourable George Thomson, M.P., who represented the United Kingdom and the Mediterranean area. Honourable senators will remember that he was formerly the Minister in charge of Commonwealth Affairs before that office was merged with the Ministry of Foreign Affairs. From the West Indies, Central and South American mainland, we had the Honourable N. J. Bissember, M.P., Minister of Parliamentary Affairs and Trade for Guyana. I represented Canada.

I should say that we had the invaluable help of the Secretariat of the General Council led by the Secretary-General, Mr. Robin Vanderfelt. He had with him Mr. Ian Grey, the Editor of Publications; Mr. L. M. Fowler, the Conference and Finance Officer; Miss Betty May, Assistant to the Secretary-General; Mrs. Sheena Wateridge, the Private Secretary to the Secretary-General. Of course, without the very able assistance in the preparatory work that they did, we would not have accomplished the things we were able to accomplish in the time we were in Gibraltar.

In my opinion, honourable senators, the Executive Committee has more than justified the original hopes which the Australians held out for it. It has given a continuity, a diversification and an efficiency to the management of the association which it did not have before the Executive Committee was established. It has streamlined the work, assisted the Secretariat very greatly, and has reassured delegates to the annual meetings that the policies which are proposed at the annual meetings and are discussed are valid policies. It has sponsored a number of new initiatives for the association. I think, generally speaking, it has made the Commonwealth Parliamentary Association more progressive and more effective.

Apart from the work of the Secretariat, the most credit for this development must go to the very able Chairman, the Honourable Peter Howson of Australia. I will indeed be remiss if I do not mention the fact that he is very ably assisted by Mrs. Howson, whom he brings with him to all the meetings, both of the Executive Committee and of the General Council.

If I might give just one small example of the kind of thing that has been accomplished as a result of the establishment of this body I would say this: formerly the Chairman of the General Council was the chief presiding officer of the association. He was elected for one year only. He was expected to visit as many of the Commonwealth countries as possible and he was required to preside over the administration of the affairs of the association. He had to arrange or have arrangements made and supervise the holding of the annual meeting. It was also necessary for him to preside over

what was called the Finance and General Purposes Committee, which would meet only, as a rule, in London. It was a very difficult to get a quorum, because for some reason or another it was difficult to bring people from different parts of the Commonwealth simply for a meeting of that kind.

As to the Executive Committee, the chairman is elected for three years. Mr. Howson not only can, but has visited a great many of the Commonwealth countries in the course of his three-year term, which will expire about a year hence. He can plan, and the executive can plan, with the help of the area representatives, the work of the association in a much more orderly way.

The general meeting in 1969 will be held in Trinidad and Tobago, between October 7 and October 17 next. It is expected that the temperature there will be in the high 80's and very humid. I say that particularly for the information of those honourable members of the Senate who will be attending with their wives, as the wives may want to know what kind of clothing they should bring!

I should like to outline the agenda now in a general way and to have permission to place the detailed agenda, as drafted by the executive of the association, upon our *Hansard*.

The Hon. the Speaker: Honourable senators, is it agreed that this be done?

Hon. Senators: Agreed.

[*For text of agenda see Appendix pp. 1581-2.*]

Hon. Mr. Connolly (Ottawa West): There will be six plenary sessions. Two will be devoted to economic development, two to the problems of the Commonwealth and world security, and two to new concepts in race relations. Each of these plenary sessions will occupy about three and a half hours and the average number of speakers per session will be eighteen.

On this occasion, instead of two committees, there will be three, one to deal with the future of parliamentary democracy, another to deal with unrest: youth in revolt, and the third to deal with the future of the Commonwealth.

At this last committee, it is expected the Secretary-General of the Commonwealth Secretariat, Mr. Arnold Smith, will make an address.

Honourable senators may remember that in 1966, when the meeting was held here, Senator Grosart, who was one of the very effective members of the Canadian committee which arranged for that meeting, also arranged, for the first time, to have *Hansard* transcripts of the speeches made both in the plenary sessions and in committee. Unfortunately, there will be no verbatim report in Trinidad and Tobago of the committee work; though there will be a *Hansard* for the plenary sessions. This is simply because the facilities are not available in that country.

Honourable senators, the document which I asked leave to place upon *Hansard* gives details of the dates and times at which these various topics will be discussed. It also indicates proposals made by the Executive Committee for chairmen for each of the sessions and for rapporteurs for each one. It also makes proposals for the persons who will be expected to open the discussions on each topic. All this is subject to approval by the General Council when it meets in Trinidad and Tobago.

The association's financial report, presented by Sir Frederick Bennett of the United Kingdom, was excellently prepared and admirably explained. It was completely satisfactory. It showed some surplus, which may or may not exist, depending upon contributions made by the member governments. Indeed, the association could not exist unless the governments of the countries concerned were generous, as they were, in providing it with funds.

The work is expensive; and the Executive Committee of the General Council, because there is so much money spent, has a heavy responsibility to make sure that the greatest value is received for the dollars or pounds that are expended.

Some of the work done by the association includes visits. Very shortly there will be a visit to Canada by an Australian delegation; and a program has been arranged for them by the Canadian branch for next week.

One of the most promising developments that one should look for in the C.P.A. work is that of courses and seminars held for the benefit of parliamentarians. Courses on parliamentary procedure and parliamentary matters have been held in Westminster for many years. In 1970 one will be held in Canberra and some thirty countries from the Pacific and Indian Ocean regions will take part. Some time after 1970, one of these parliamentary courses will be held in Canada. It cannot be held this year because there is already a heavy program arranged by the Canadian branch.

Another interesting and useful feature is the development of the seminars. One is to be held in Grenada in July 1969, to be attended by members from the Houses of Representatives of Grenada, the Dominican Republics, St. Lucia and St. Vincent. That will be followed by another seminar in the same month in The Bahamas. Two Canadian experts—Mr. Faulkner, M.P. and Mr. Baldwin, M.P., from the House of Commons—will be leading the seminar on the topics assigned to them; and from the United Kingdom there will be Messrs. Scott, Coe and Lloyd, all Members of Parliament.

Hon. Mr. Martin: What will be the participation of this house?

Hon. Mr. Connolly (Ottawa West): Unless observers are sent, I do not think there will be any Canadian representatives at either of those seminars. As far as I know, no member of the Senate has been invited to lead any of the discussions at the seminars in Grenada or The Bahamas.

Hon. Mr. Martin: The contribution will not be as good.

Hon. Mr. Connolly (Ottawa West): I am sure the contribution will not be nearly as good, but it is not my responsibility. It happens to be the responsibility of the executive of the Canadian branch. I am sure that Mr. Faulkner and Mr. Baldwin will represent the country adequately on this occasion. May I say this is the first time that Canada has been asked to supply experts.

Hon. Mr. Grosart: Honourable senators, if honourable Senator Connolly would not mind the interruption, I can explain the point raised by the Leader of the Government.

Hon. Mr. Martin: It is important, if I may say so, that this be done, because the President of the Privy Council is within the hearing of this discussion.

Hon. Mr. Grosart: The reason that no representative of this chamber will undertake the functions being carried out by Mr. Faulkner and Mr. Baldwin is that the agenda calls for a discussion of procedure in the House of Commons.

Hon. Mr. Connolly (Ottawa West): That is a most helpful explanation from Senator Grosart. The African representatives at the meeting of the executive committee were particularly anxious to emphasize the importance of the work done by these courses and seminars for their members. For my part, I may say they are useful for members, whether they were in parliaments in developed countries or in developing countries.

Personally, I would prefer to see the visits of parliamentarians from one country to another built around the idea of courses or seminars or discussion groups.

There will be regional and area conferences in which parliamentarians themselves will provide the discussion and the material. In fact, Canada is having such a conference in Newfoundland in July of this year. I hope, as the area representative, to attend that conference.

There will be a United Kingdom and Mediterranean regional and area conference held in the Island of Jersey in August. There will be a Caribbean conference and an African conference, a southeast Asian conference and an Australasian conference held later in the year. The work in these area and regional conferences is not of an instructional character. It is rather a debating forum in which topics of interest to parliamentarians are discussed by parliamentarians themselves. They also discuss the problems that affect them in their role as parliamentarians.

In September 1969 a conference of the Speakers of the Commonwealth will be held here in Ottawa. This will not be held under the auspices of the Commonwealth Parliamentary Association, but it will nonetheless be a very important conference. It will be a great privilege for Canada to have the Speakers from all the major assemblies in the Commonwealth in our capital for that occasion.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Connolly (Ottawa West): May I add, honourable senators, that as far as can be seen the program for future general meetings, as they are on paper now, is as follows: 1970, Pakistan, 1971, Australia; 1972, Zambia; 1973, the United Kingdom; and 1974, Ceylon.

I have said Pakistan is scheduled for 1970, but that is with some reservation because, as honourable senators are aware, parliamentary institutions for the moment at least are suspended in that country, and, without a parliament, the C.P.A. cannot function. However, because of the considerable concern aroused by this situation, a good deal of work has gone into deciding what will happen with respect to the 1970 meeting. It may be that the Australians will be asked to move their meeting up to 1970 in order to allow the Pakistanians to take the meeting of 1971 in their place.

Now, honourable senators, I have found that the work of the General Meeting of the Commonwealth Parliamentary Association creates a great interest in the country in which it is held. Perhaps that would not be so much the case in a country where the people are as widely scattered as they are in Canada today, but certainly in the smaller, more compact and more populous countries the work of this association creates a great impact. With that in mind I expressed the opinion at the meeting of the executive committee that our organization should meet some day in a country other than a Commonwealth country, in order to let the Commonwealth presence be known abroad. It might help to show to the world that there is an organization in the world today comprising people from every continent, all colours of skins, belonging to every type of religion, speaking almost as many languages as there are in existence, and yet still being able to work together. It would please me to see such a meeting held in either the United States or a European country, although I do not suggest that on a regular basis.

You may be aware that we do invite American representatives to come to these meetings. This year there will be four representatives from the United States, two from their Senate and two from their House of Representatives. Last year there were two representatives from the Republic of Ireland.

I should say that the next meeting of the Executive Committee will be held in 1970 in Jersey.

Gibraltar is a very interesting place to visit. By day it looks very formidable; by night it is spectacular—particularly so with the modern illumination of the Rock. It is in a beautiful location in the blue Mediterranean. Gibraltar is a great port with a great history. Its cemeteries are full of interest. The people are hospitable. The streets I think, are as clean as streets that I have ever seen anywhere.

The arrangements which were made for this particular meeting could not have been better. I must commend the members of the Gibraltar branch, including the President, the Speaker the Honourable W. Thomson, O.B.E.; the Vice-President, the chief minister, the Honourable Sir Joshua Abraham Hassan, C.B.E.; the Honourable P. J. Isola, O.B.E., Minister for Education; the Honourable S. A. Seruya, Minister for Economic Development; the Honourable A. P. Montegriffo, O.B.E., Minister for Medical Services. And I would like to make special mention of Mr. A. G. Stagnato, M.L.A., who in particular was in charge of many of the specific arrangements for the meeting.

On the Rock of Gibraltar there is a plaque to the Black Watch of Canada for the work that was done there by that regiment, consisting mainly of hard rock miners from northern Ontario who created what is now one of the most efficient and effective hospitals in the area.

The hospitality shown officially was overflowing. From the Governor, Admiral of the Fleet, Sir Yaryl Begg and Lady Begg down to the individual people who took us into their homes and had us there for dinner and for other functions.

What a wonderful thing it is that the Executive Committee can go to a part of the Commonwealth as small as Gibraltar and have a meeting and make the presence of the entire Commonwealth felt there.

There is only one other matter I should like to mention—and I am sorry Senator White is not here, although so long as I am supported by Senator Quart I feel quite at home—and that is that stationed on the Rock at the present time for a tour of two years' duty are the Royal Irish Rangers. They presided over the Changing of the Guard one day at what is the Governor's residence. It is called the "Convent" because it was formerly a Benidictine monastery. I have never seen a smarter outfit than the Royal Irish Rangers. I took a few hours off one afternoon with my son, whom I took with me, and visited the quarters that are provided for them there. I was in the company of their commanding officer, Lieutenant Colonel Donald McIntyre of Belfast.

Having expressed my curiosity concerning the composition of the regiment, I was informed by Lieutenant Colonel McIntyre that the strength was about 900, comprised of 500 from Northern Ireland, 350 from Eire, about 40 from England, eight from the West Indies, three from Figii, and one Scot, but about 50 per cent are Catholics. They get along famously. I was particularly grateful, too, for the interest shown by Regimental Sergeant Major Halladay and Sergeant Sweeny.

It might be of interest to the Canadian Senate to know that the predecessor of the Royal Irish Rangers, the 83rd Foot, was on the Rock from 1867, the year of our Confederation, until 1870. Mrs. Virginia Richmond, who is 84 years of age and who is a granddaughter of one of the soldiers who was stationed on the Rock of Gibraltar at the time of

Canadian Confederation, still lives in Gibraltar.

Our visit to the Irish Rangers wound up in the Sergeants Mess where we had dispensed to us a beverage called Harp, made by the people who make what is said to be "good for you," namely, Guinness.

Hon. Mrs. Quart: May I ask Senator Connolly a question? This beverage, Harp, to which he has referred, is it more potent than Irish Coffee?

Hon. Mr. Connolly: Well, I suppose it depends on the quantity you drink. It is in fact a beer, and a very delightful beer.

BUSINESS OF THE SENATE

Hon. Mr. Martin: Honourable senators, we began our meeting today at an earlier hour than usual because in assessing the program ahead I considered this necessary to achieve the progress desired in the light of the work to be carried out by the Senate in the next ten days. We have indeed made important progress today. It was despatched with greater speed than I anticipated.

I repeat what I said previously, that we will be meeting earlier than usual next week. We have a very heavy program in front of us. It will require the attendance of each of us every day and perhaps every night of next week, and possibly even Saturday, to discharge the obligations that might face us. Having regard to the legislation now before us and that which is still to come to us from the House of Commons, I am sure all honourable senators will be agreeable to sitting at very unusual hours next week and, as I think will be necessary, the week after.

The Senate adjourned until Tuesday, June 17, 1969, at 3 p.m.

APPENDIX

(*See p. 1575.*)

COMMONWEALTH PARLIAMENTARY CONFERENCE
TRINIDAD & TOBAGO 1969

AGENDA

Monday 13 October	ECONOMIC DEVELOPMENT	Proposed Opener from
pm	(i) Impact of debt burdens on developing countries	
1st session	(ii) Effect of import restrictions on developing countries	CEYLON
Tuesday 14 October am	(iii) Regional developments	TRINIDAD AND TOBAGO
2nd session	a) CARIFTA b) East African Community c) EFTA	

IN COMMITTEE

A. FUTURE OF PARLIAMENTARY DEMOCRACY

Proposed Chairman. Dr Perera	(i) Relations of the Member with the Executive and the electorate	
Rapporteur Mr Bash-Taqi	(ii) Strengthening of parliamentary democracy in developing countries	NEW ZEALAND
	(iii) Relations of Governments with semi-governmental institutions	ZAMBIA

Tuesday 14 October pm 3rd session	B. THE PATTERN OF UNREST: YOUTH IN REVOLT	
Chairman Mr Howson	(i) Influence of communications media	
Rapporteur Mr Allen	(ii) Influence of political factors	CANADA
	(iii) Influence of racial and economic factors	UNITED KINGDOM

Wednesday 15 October am 4th session	C. FUTURE OF THE COMMONWEALTH (i) PM's Meetings	
Chairman Mr Thomson	(ii) Organizations of the Commonwealth—CPA, Commonwealth Secretariat, voluntary and non-governmental Commonwealth organizations	AUSTRALIA
Rapporteur Mr. Bissember	(iii) Commonwealth Court of Appeal	
	(iv) Commonwealth participation in international organizations	INDIA

Wednesday 15 October pm	ANNUAL GENERAL MEETING OF THE ASSOCIATION	Opener from
Thursday 16 October	THE COMMONWEALTH AND WORLD SECURITY	
am	(1) Rhodesia and other African problems	Uganda
5th session	(2) Security problems in the Caribbean	
pm	(3) The future of dependent territories: associated status or independence.	United Kingdom
6th session	(4) Vietnam and other South-East Asian problems.	
Friday 17 October	NEW CONCEPTS IN RACE RELATIONS	
am	(i) Elimination of discrimination: enforcing UN resolutions on Human Rights.	Kenya
7th session	(ii) Commonwealth immigration policies	Jamaica
pm	(iii) Security of minorities in multi-racial countries	
8th session		

THE SENATE

Tuesday, June 17, 1969

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

Prayers.

THE LATE EARL ALEXANDER OF TUNIS

FORMER CANADIAN GOVERNOR GENERAL—TRIBUTES

Hon. Paul Martin: Mr. Speaker, I know that I speak for all honourable senators, and, as the Prime Minister noted yesterday in the House of Commons, I am sure we speak for all Canadians in voicing our regret on hearing of the death of Earl Alexander of Tunis, a former Governor General of Canada.

His close association with Canada and his obvious liking for this country and for Canadians have given him a special place in the hearts of all Canadians.

[*Translation*]

From 1945 to 1952, while he served as Governor General of Canada, Earl Alexander became familiar to tens of thousands of Canadians who had the good fortune to meet him in his many travels throughout this country.

[*English*]

But Canadians heard of Earl Alexander long before he became Governor General. He was a great military leader. It will be recalled that he directed the Dunkirk evacuation in 1940, and was the last man to leave the beaches before returning to England. Later, in the Burma theatre he fought the brilliant delaying action which prevented the Japanese from invading India. Finally, in the latter years of the war, he helped to engineer the defeat of General Rommel's forces as Supreme Commander of the Allied Forces in the Mediterranean.

[*Translation*]

The passing of Earl Alexander of Tunis will be widely mourned throughout Canada, the Commonwealth and much of the world. He will long be remembered for his humane qualities, his inspiring leadership in moments of crisis, his courage, and for the devotion with which he performed his many duties.

[*English*]

Those who knew Lord Alexander as Governor General of this country will recall him as one of the most striking personalities one could possibly meet.

Honourable senators, after we hear from the Leader of the Opposition, I propose that as a tribute to the memory of Earl Alexander, and as an expression of our sympathy to Lady Alexander and her family, we stand together and observe a moment of silence.

Hon. Jacques Flynn: Honourable senators, in the passing of Viscount Alexander an old warrior has gone to his reward, and those for whom he fought grieve at his passing.

Viscount Alexander will long be remembered by millions throughout the world as the personification of fortitude and dauntlessness. As was mentioned by the Leader of the Government, he was the last to leave the beaches of Dunkirk. Previously he had made himself known for rescuing an army cut off in the jungles of Burma, hindering and harassing the enemy as he brought his men back to safety. It was he who kept North Africa out of Rommel's clutches. It was this man who led allied forces up the Italian Peninsula to initiate the demise of the Axis powers.

In defeat as well as in victory, he remained a kind, temperate, affable, congenial paragon. He was a man of many brilliant facets, as his remarkable biography will testify. He asked no one to do anything that he could not or would not do himself. He tackled all problems with the energy of the desparate, the tenacity of the proud, and the ingenuity of the perspicacious.

[*Translation*]

As Governor General of Canada, he adopted our country, and our country adopted him. That is why we are so deeply affected by his passing.

I join the Government Leader in expressing our deep sympathy to Lady Alexander and her family, and in assuring them that we will long remember him.

[*English*]

(*Whereupon honourable senators stood in silence.*)

PROPERTY QUALIFICATION OF SENATORS

SUPPLEMENTARY RETURN PRESENTED

The Hon. the Speaker: Honourable senators, in accordance with the motion adopted by the Senate on October 29, 1968, I have the honour to table herewith a supplementary list of names of members of the Senate who have renewed their declaration of property qualification.

Hon. Paul Martin: Honourable senators, I am sure we all take pleasure in noting the return to the house of Senator Monette.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of the Agenda of Working Session No. 1 of the Constitutional Conference held at Ottawa, June 11, 12 and 13, 1969. (English and French texts).

Report of the National Research Council for the fiscal year ended March 31, 1969, pursuant to section 16(3) of the Research Council Act, chapter 239, R.S.C., 1952, as amended 1966. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, June 11, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Copies of Report on the Conclusions of the Meeting of the First Working Session of the Constitutional Conference held at Ottawa, June 11 and 12, 1969. (English and French texts).

Copies of a News Release, dated June 13, 1969, issued by the Minister of National Health and Welfare, respecting the Committee of Inquiry into the Non-Medical use of Drugs and the Members named to the said Committee.

TELESAT CANADA BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-184, to establish a Canadian corporation for telecommunication by satellite.

Bill read first time.

Hon. Paul Desruisseaux, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

NATIONAL HOUSING ACT, 1954 (INCREASED LOANS)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message has been received from the House of Commons with Bill C-192, to amend the National Housing Act.

Bill read first time.

Hon. A. Hamilton McDonald moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

NATIONAL HOUSING ACT, 1954 (MUNICIPAL WORKS)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-201, to amend the National Housing Act.

Bill read first time.

Hon. A. Hamilton McDonald moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-195, to amend the Fisheries Improvement Loans Act.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS—ORDER STANDS

On the order for resuming the adjourned debate on the inquiry of Hon. Mr. Argue:

That he will call the attention of the Senate to the large losses suffered by contractors in construction of the Great Slave Lake Railway and to the extreme hardship and financial burden placed on the contractors due to the unnecessary and oppressive use by the Canadian National Railway of clause 16 of the construction contract;

To the completion of the Great Slave Lake Railway ahead of schedule and at less than the estimated cost which was accomplished in substantial measure by the exploitation of the contractors and resulted in the loss to the contractors of

many millions of dollars, such loss in certain instances having resulted in the bankruptcy and the financial destitution of contractors who at the commencement of the building of the Great Slave Lake Railway were solvent progressive companies with proven records of efficiency in the construction business; and

To the responsibility for these losses which is that of the Government of Canada inasmuch as the Canadian National Railway (an agent of Her Majesty) and those engaged in the construction of the Great Slave Lake Railway were carrying out the expressed wishes of Parliament as set forth in chapter 56 of the Statutes of Canada, 1961.

Hon. A. Hamilton McDonald: Honourable senators, I adjourned this debate some time ago on behalf of one of my colleagues who at that time thought he might wish to take part in the debate. Because of happenings in the other place since that date, namely, that on Monday, June 2, the President of the Privy Council indicated that the Standing Committee on Transport and Communications would be dealing with this matter in the other place and that witnesses would be called and given an opportunity to explain the situation, my colleague decided that in the circumstances it might be better not to speak.

Hon. Mr. Argue: Stand.

Order stands.

PRIVATE BILL

BOY SCOUTS OF CANADA—SECOND READING

Hon. Maurice Lamontagne moved the second reading of Bill S-39, respecting Boy Scouts of Canada and to incorporate L'Association des Scouts du Canada.

He said: Honourable senators, this bill is very simple indeed, and I hope that it will be adopted promptly by this house so that it can be considered by the other place before the end of this session. It provides for two things: first, it incorporates an existing group, presently known as "Les Scouts catholiques du Canada (secteur français)", under the name of "L'Association des Scouts du Canada", which will serve French-speaking Catholics throughout the country.

The major portion of the bill determines the rights and obligations sought by the new association, which are similar to those already assigned by Parliament to the Boy Scouts of Canada. Thus, this portion of the bill, from clause 5 on, should not present any difficulty. Secondly, the bill changes the French name of Boy Scouts of Canada from "Scouts du Canada" to "Les Boy Scouts du Canada". This change may seem trivial and deserves a few words of explanation.

During the long discussions between the two groups which preceded the introduction of this bill, Boy Scouts of Canada did not want the French-speaking association to keep the word "Catholic" in its new name. The latter group agreed to delete that word, and then Boy Scouts of Canada agreed to add the word "Boy" to its French name. This is a somewhat difficult to understand, especially for a logical mind, but the change was made necessary in order to differentiate the two national organizations.

Hon. Mr. Choquette: Boys will be boys in any language.

Hon. Mr. Lamontagne: It is important to point out that clause 1 does not change in any way the present rights and obligations of Boy Scouts of Canada. Thus, the only issue raised by the bill can be summed up by the following question: should there be a special incorporated scout organization serving the French-speaking Roman Catholic men and boys in Canada?

I submit that our answer should be in the affirmative, and for three reasons. First, there has been a separate French-speaking group in Canada since 1935 and, even if we were to refuse its incorporation, it will continue to exist and the separation will continue to prevail. Secondly, the incorporation of the French-speaking group, on a basis of equality with Boy Scouts of Canada, will foster active co-operation between the two groups and will strengthen the unity of the scouts movement in Canada. Thirdly, after a long period of negotiation, Boy Scouts of Canada now fully supports the incorporation of the French-speaking group.

In a letter addressed to all members of Parliament and dated March 21, 1969, the President of the National Council of Boy Scouts of Canada, Mr. D. A. Thompson of Winnipeg stated:

> ...The application for incorporation is made pursuant to an agreement of co-operation between the two organizations signed in 1967, in the presence of and with the wholehearted support of the then Chief Scout for Canada, the late Governor General Vanier.
>
> Scouting in Canada has benefited and will, we believe, continue to benefit from the co-operation of the two organizations

brought about by the agreement. Application for incorporation is being made with the full co-operation of Boy Scouts of Canada.

I hope that the second reading of this bill will be approved today, so that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs and be considered by that committee tomorrow. If this procedure is adopted, I understand that representatives from the two organizations will be available for questioning by the members of that committee if necessary.

Hon. Edgar Fournier: Honourable senators, I rise to speak without the benefit of any preparation. Two years ago we had a similar bill before us, and then it disappeared—and I hoped that we would never see one like it again.

I am a French Catholic. I am in agreement with some of the arguments which have been given in support of this bill. On the other hand, I was for about fifteen years a very active member in the Boy Scouts organization, and my children belonged to that organization. I understand the association well, and I know it does not call for this type of bill, especially at the moment when we are preaching unity across Canada. Regardless of races and religions, everybody should work together. This bill might not do any damage or harm, but I wonder what good it can do.

I have learned by experience in my own family. My boys started going to Boy Scout meetings at a very early age and they mixed with the rest of the boys, Catholic, Protestant, French and English. That was the type of training I wanted to give them.

In my own town, some twenty years ago, we had a great Boy Scout organization which was known to everybody. I was a strong supporter of it, and the question of race or religion was not important. On Sundays the Catholics went to our church and the Protestants went to their church; but after church we came together, had lunch, and talked and lived and played together.

At one time the suggestion was made that we should separate the French from the English, with the French Boy Scouts having one organization and the English Boy Scouts having another. It was not long before communication ceased between these two groups, the Catholics and the Protestants. The French, or Catholic boys, were in their hut and the English, or Protestant boys, were in their own hut. There was complete lack of communication. As a result, those two organizations are now almost out of existence because the town was not strong enough to support two organizations.

For these reasons I am slightly reluctant to accept this bill as part of a movement to improve the Boy Scouts Association of Canada.

Moreover, this bill, if passed, will be one more cause for increased expenses to the parents, who are really the ones who have to pay the cost of their son's participation in the Boy Scouts Association. It is the parents who pay for the uniforms, the badges and so on. With this bill we are going to have two separate organizations, with the result that many boys will have to change their uniform and other insignia, all of which will add to the cost.

My own inclination at this time, based on past experience, is to vote against the bill because it is not in line with the principles of the Boy Scouts Association of Canada, and it is not in line with the principle of unity we are preaching today.

Hon. G. Percival Burchill: Honourable senators, having had the honour of being President of the Boy Scouts of New Brunswick, may I rise to endorse everything that my colleague from New Brunswick, Senator Fournier (Madawaska-Restigouche) has just said.

I very much regret that it has been deemed necessary to bring this bill before this house today. I received the letter from Mr. Thompson that has been quoted, and I know of the long, protracted negotiations that went on over the years in the hope that some solution could be found whereby one united body of Boy Scouts in Canada could be established.

I should have thought that, if ever there was a time or place for unity, it was within this association. If we unite the youth of Canada by virtue of the Boy Scout movement, it is one more step toward uniting Canada itself. This is one association in which there should be no division.

While it seems that nothing can be done about the situation today, nevertheless, I rise to support everything that Senator Fournier (Madawaska-Restigouche) has said. I repeat that I am grieved today to learn that it is thought necessary to bring forward this bill.

Hon. T. D'Arcy Leonard: Honourable senators, several years ago a bill was introduced to incorporate Les Scouts Catholiques du Canada. I objected to that bill on the ground

of the differentiation between religions. I did not think there ought to be an association of Catholic Boy Scouts of Canada. As a Catholic, I felt that Catholics should be members of the Boy Scouts organization along with other religious groups.

However, I said at that time, and I still feel, that there is a difference between "Scouts Catholiques" and "Scouts Français". There is a difference between Boy Scouts associations representing the French-speaking people of Canada and Boy Scouts associations in general. If it is the wish of the French-speaking Boy Scouts or the promoters of that organization, and if it is also the wish of the Boy Scouts Association of Canada—that is, the organization, which has been largely English-speaking, even though there were French-speaking patrols and groups in the province of Quebec—then it seems to me to be all right to have this new organization.

We are a bilingual country, and I do not have the same objection to the incorporation of this organization that I had to Les Scouts Catholiques du Canada. I think it is perfectly right to have a French-speaking organization of Boy Scouts in Canada, particularly when it has been agreed to by the central Boy Scouts organization. I understand the matter has been under discussion over several years. Though I had strong objections to a religious differentiation among Boy Scouts organizations, I have no objection to a differentiation on the basis of language.

I therefore support second reading of this bill.

Hon. Josie D. Quart: Honourable senators let me say at once that I support the bill. For many years I was a Divisional Commissioner of the Girl Guides. The very thing envisaged by this bill was a problem we had to face at the time Lord Baden-Powell and Lady Baden-Powell visited Canada. We had very frank discussions with them concerning the institution of "Les Guides Catholiques du Canada, secteur français". They saw no objection at all to such a group. In fact, they went along with it.

As a member of the National Council of the Girl Guides of Canada, I am in a position to say that this duality of the Girl Guides of Canada and Les Guides du Canada, secteur français, works very well and has done so for many years. We all attend the same national meetings and as yet there have been no problems.

Two years ago one of our national meetings was held at the Memorial University in Newfoundland, at which there was a delegation from the Girl Guides du Canada, secteur français. Now, they were and are, responsible to the National Girl Guide Association of Canada, but they make their reports in French and generally conduct themselves in French. When as Divisional Commissioner I had the Girl Guides du Canada, secteur français, with me, I arranged as far as possible to have the examinations and tests for badges held in French, and as far as I could determine it worked very smoothly.

I can see the problems envisaged by Senator Fournier (Madawaska-Restigouche), but I want to say that if this arrangement works for the Girl Guides, there is no reason why it should not work just as well for the Boy Scouts. And, if I may differ with some of my colleagues, I feel that such an arrangement might have great advantages for national unity.

I believe the Boy Scouts have thought this out very carefully. It may be that they are simply taking a page out of the book of the Girl Guides.

In passing, may I say how disappointed I was that the Boy Scouts and Girl Guides had to be the "unsung" heroes in our Centennial year. I was very much disappointed that these young boys and girls, who worked so hard for and gave such enthusiasm to our Centennial celebrations and at Expo, should have received so little praise and not even mention in news coverage.

As an example of what the Guides did, I may say that for most of the Centennial year 2,000 Guiders from various countries were located just outside Montreal, giving to Canada the benefit of their youthful enthusiasm and their sense of international unity.

On one occasion during Centennial year, on Nairn and Morrison islands in Ontario when John Fisher was in attendance, Guiders from 72 countries and numbering over 2,000 gathered together, and to hear them singing their national anthems in their own languages was a memorable experience on which we could draw for Canadian national unity.

If Les Scouts Français du Canada, in making the concession of dropping the name "Catholiques", were to follow in the path of the Girl Guides, then, personally, I would be in favour of this bill.

Hon. Mr. Fournier (Madawaska-Restigouche): May I ask a question of the honourable Senator Quart? In the Province of Quebec 95 or perhaps 98 per cent of the members of the Scouting Association are French, and in the Province of New Brunswick we are fifty-fifty as between French and English. Does the honourable senator think the same conditions would apply in her area as apply in ours?

Hon. Mrs. Quart: Maybe I would not, but I can tell you what happened in the Federation des Guides Catholiques. I remember that when they started many of the Catholic Girl Guides at the time, sponsored by the Catholic Womens League and other groups, went into whichever company they chose irrespective of language. In the case of the Scouts Catholiques du Canada, the same applied.

Some years ago when the Guides Catholiques was organized in Quebec I was asked if I would take them under my wing as the Divisional Commissioner. We suggested at that time it was better to have a commissioner of their own language, and Mlle. Louise Taschereau became their commissioner. She did not find any difficulty in the situation. Maybe the situation is different in New Brunswick, but why not give it a trial? If the heads of the scouting organization want this, surely they are the ones concerned with it. If they do not want it, they are the ones to object. Since it is simply a matter of being incorporated, I cannot see any objection to it.

Hon. Mr. Choquette: Let us not say that we have no objections; let us just pass it.

Hon. Mr. Croll: Send it to committee.

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Lamontagne: I move at this stage, notwithstanding Rule 119, that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs for consideration tomorrow.

The Hon. the Speaker: I call to the attention of all honourable senators that according to Rule 119 one week's notice is required before the Standing Senate Committee on Legal and Constitutional Affairs can consider this bill. Honourable Senator Lamontagne has moved that this rule be suspended. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Martin: Could the chairman of the committee tell us whether it is convenient for them to meet tomorrow?

Hon. Mr. Roebuck: I think it is, but I am not sure. We do need to have some notice. I understand that the witnesses will be present tomorrow morning, and if it is practical to consider this bill at that time, notice will be given before we adjourn this afternoon. Of course if it is not practical, it will not take place. Honourable senators will understand that there is quite a difference between referring a matter to a committee for consideration, and referring it for consideration at a particular time. I can assure honourable senators that if it is convenient, the bill will be considered tomorrow morning.

The Hon. the Speaker: Is it agreed that Rule 119 be suspended in this matter?

Hon. Mr. Hollett: No.

Hon. Mr. Flynn: If the committee is to consider this bill tomorrow morning we have to dispense with Rule 119. That is why the sponsor has made this motion.

The Hon. the Speaker: Honourable senators, we have been asked to dispense with Rule 119 for the purpose of sending this bill to committee for consideration tomorrow morning. This requires unanimous consent. I understand that we do not have unanimous consent.

Hon. Mr. Choquette: There was a misunderstanding, but now that everybody understands it, it is unanimous.

Hon. Mr. Hollett: Honourable senators, I do not see why we should suspend this rule to suit any particular person. Who else other than the witnesses and honourable Senator Roebuck and other honourable senators know about this bill? Surely the purpose of notice being given is so that it can be posted up for a week and anyone who might wish to give evidence can come and appear before the committee. That is the reason I object, although in this case the matter is not particularly important.

Hon. Mr. Flynn: May I suggest to honourable Senator Hollett that this bill merely seeks an agreement between two groups of people. They are the only interested parties, and they can be here tomorrow. In fact, we are merely

dealing with an agreement which has already taken place.

Hon. Mr. Fournier (Madawaska-Restigouche): This has been the situation for years.

The Hon. the Speaker: Honourable senators, in an effort to please everybody, I will put the question again. Honourable Senator Lamontagne has moved that with unanimous consent we suspend Rule 119, so that this bill may be referred to committee for consideration tomorrow morning. I am asking now if there is unanimous consent?

Some Hon. Senators: Agreed.

Hon. Mr. Hollett: No.

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

Hon. Mr. Lamontagne: There is a motion, Mr. Speaker, to refer the bill to committee.

The Hon. the Speaker: It is moved by honourable Senator Lamontagne, seconded by honourable Senator Benidickson, that this bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

CRIMINAL CODE (HATE PROPAGANDA)

BILL TO AMEND—REPORT OF COMMITTEE—ORDER STANDS

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-21, to amend the Criminal Code, which was presented on Thursday, June 12.

Hon. Arthur W. Roebuck: Honourable senators, may this order be called later this day? I would ask that it be placed first on the order paper at 8 o'clock this evening.

The Hon. the Speaker: Is it agreed, honourable senators, that this order should stand until later this day?

Hon. Senators: Agreed.

Order stands.

INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-191, to amend the Income Tax Act.

He said: Honourable senators, this bill, C-191, implements tax proposals which were announced in the budget speech of October 22, 1968, except items relating to gift tax which have already been dealt with in Bill C-165.

These amendments fall into four categories. There are amendments to impose income taxes upon life insurance companies and their policyholders, to be found in the following clauses of the bill: clause 15 provides for corporation income tax on life insurance companies; clause 20 provides for income tax on policyholders; and clause 28 provides for a special 15 per cent tax on investment income.

In addition to that category, there are other amendments relating to life insurance companies, required to bring the act into line with major changes which are proposed in those three clauses, 15, 20 and 28. Those clauses are the following: clauses 1, 2, 7, 10 11(3), 13(2), 14(3), 16, 17, 22(2), 30, 31, 32 and 33.

There are other amendments implementing changes proposed in the budget speech. They are to be found in clauses 3, 5, 13, 14, 19, 21, 24 and 29. Then there follows a series of amendments which are technical or consequential, for clarification, and which were not specifically mentioned in the budget. Then, the fourth item is the social development tax of 2 per cent.

In studying this bill for the purpose of presenting an explanation that might be within some bounds of reason and that might be at least somewhat intelligible, I want to tell you that it took a bit of doing. The language is profuse, and the presentation of inclusions in income and deductions from income and deductions from tax is not in the order, as I see it, which would enable you to get the most expeditious understanding of the bill and its purposes. Moreover, I had the further problem that when I went to work on the bill I had a copy at the first reading stage in the House of Commons, and at that time there were explanatory notes on the right-hand page, turning over section by section. Later a considerable number of amendments were made in the Commons, and when the bill finally passed that house those amendments were incorporated, with the effect of changing the page numbers, but not the clause numbers, in relation to the bill as originally introduced.

Since I have based my remarks on the bill in its first reading form, I have prepared a correlation, and if at any time you ask me for a page reference I will be able to give you

the page on first reading of the bill and the page as passed by the House of Commons.

Since the most complicated part of this bill concerns the provisions having to do with the corporate taxation of life insurance companies, et cetera, I thought that while you were still fresh and had not grown too accustomed to my voice, so as not to be able to gather the full import of what I was saying, I would deal with the life insurance amendments straightaway. They are not necessarily in the order in which they occur in the bill, but I think they may be in a logical sequence.

In the sections to which I have referred you, already the bill provides a basis for the taxation of life insurance companies. Heretofore, such life insurance companies were taxed under our Income Tax Act on the amount of money credited to the shareholders' account, under section 30 of that act, and at the corporate rate. Accordingly, mutual life insurance companies were subject to no income tax in relation to that part of their business, because there were no moneys credited to the shareholders' account, as there were no shareholders. Fraternal benefit societies were specifically exempt under our Income Tax Act, by section 62. Then we have had—and it is being re-enacted—section 68A, under which insurance companies, other than life insurance companies, whether mutual or not, which entered into insurance contracts against loss, damage or expense of any kind, were deemed to be carrying on insurance business for profit and subject to tax, which means they were subject to tax at the going corporate rate.

Now, in addition to this tax, up until the moment of the budget in October of last year, such life companies were also taxed provincially at 2 per cent on their premium income. This provincial premium tax continues.

With regard to the changes in the law, my approach is this: first, to deal with the taxation of the corporate income of life companies; secondly, to deal with the 15 per cent tax on investment income; and, finally, to deal with the tax on policyholders' income.

The changes in the law are these. First, what is income of life insurance companies, how is it defined, and what is taxable income and how such computation is to be made, and what deductions are allowable resulting in the amount of taxable income subject to tax at the corporate rate. The second group is the taxing of investment income as a new investment tax at a flat rate of 15 per cent—I think I have already mentioned that—in lieu of taxing the investment income as though it had been received by the policyholders in the year. So, although it may relate to the policyholders, the incidence of tax, or the charging, is on that identifiable amount of investment income calculated under the provisions of the act still in the hands of the insurance company. It is taxed in its hands, rather than being followed through and taxed in the hands of the policyholder.

The third group is the tax on proceeds on disposition of an insurance policy in the hands of the recipient when such proceeds are received during the lifetime of the insured. In other words, certain amounts are to be included in the income for a taxation year of a policyholder in respect of any life insurance policy other than an annuity contract. The rate of taxation applicable on this kind of income in the hands of the policyholder is, of course, a varying rate. It depends upon the bracket in which the particular policyholder may be at the time this additional amount is added to his income.

Dealing now with the corporation tax, this new concept of the taxation of life insurance companies covers companies carrying on such business—that is, the life insurance business—whether they are mutual or not. If you look at clause 15 on page 14 of the bill that was presented to the House of Commons on first reading, which I will call the old bill, and which is at page 15 of the bill that was passed by that house, you will see that it repeals section 68A of the act, to which I made reference a short time ago, and substitutes a new section 68A which does not contain the excepting clause, "other than life insurance corporations." It also provides rules for the computation of income and taxable income and tax payable by life insurance companies. Section 68A, of course, continues to apply to non-life companies.

As to life companies, it is important to note that the income taxed is Canadian business income derived from the operation of a life insurance business in Canada. It is not on a world income basis. All income has to be included, even income from property vested in the corporation which is deemed to be income of the corporation.

We come now to the deductions. I do not recommend that you make an attempt to read and analyze, except early in the day, any of the language used in the sections to which I am about to refer, but I think a statement in my own language of what the deductions are may assist in any interpretation that you

would make afterwards—at least, I am presumptuous enough to say that. There are deductions allowed in computing the income of a life insurance corporation. At page 16 of the old bill, and page 17 of the new bill, subsection 3 deals with the deduction of policy reserves, which are the actuarial reserves which life insurance companies must set aside in respect of liabilities that will arise in future under policies that have been issued. Such reserves are provided by draft regulations already tabled, such draft regulations permitting the net level premium method in computing net actuarial reserves.

Please note that while I have said that the section to which I have referred indicates that the method is set out in the regulations, the regulations are only in draft form at this time, but they have been tabled as such, and may quite likely be in this form when they are finalized. However, this reservation has to be made now.

The first item of deduction, then, is policy reserves. The second item is the additional reserves for group-term policies. This is also computed by regulation, and can be accumulated in an accrual amount of 2 per cent of premiums not to exceed in total 50 per cent of the premiums of the year, nor the amount set aside as a reserve for such policies in statements filed with the federal and provincial superintendents of insurance.

The third item of deduction from what might otherwise be income is policy dividends from a life insurance business. This will be found at page 24 of the old bill and at page 27 of the new bill. There are four features which should be noted in connection with policy dividends. One is that the total amount so deductible is limited to the income from the participating life insurance business in the year. The second is to the extent that if policy dividends are not deductible in any year they may be carried forward and deducted against participating profits in a subsequent year.

The third is that policy dividends may be deductible on an accrual basis. They can be claimed in respect of an amount set aside in the financial statements as a deduction for an accrued amount which will be paid in the following year, but this amount cannot exceed 110 per cent of the policy dividends actually paid in the following year.

The next item of deduction is what they call experience rating refunds and other special adjustments to non-participating premiums provided they are paid during the year or within twelve months thereafter. They are generally described as refunds of premiums, and you will see that section 74 of the present Income Tax Act, which deals with this matter of refunds of premiums, is made applicable by amendments in this bill to life insurance business in Canada. This will be found at page 17 of the old bill and at page 18 of the new bill.

The further deductions are these: A deduction is permitted of anything that goes into the policyholder's income as in the case of an investment revenue in a segregated fund. A further deduction is the investment income tax of 15 per cent, which is deducted from corporate income before you arrive at taxable income. Then, any payment of income destined for the policyholders, and the aggregate of losses in the year on Canada securities—I call to your attention the fact that I said "Canada securities" and not "Canadian securities". "Canada securities" is a term that is defined in the bill, and it includes all kinds of securities such as bonds, debentures, et cetera, but not stocks.

You may also deduct an investment reserve. A formula is set out at page 18 of the old bill, and page 19 of the new bill, providing for a basis for amortizing in relation to losses on bonds, mortgages, and other securities.

Generally speaking, those are the deductions. They are certainly the main and principal deductions.

We come now to the second group. If you remember, I referred to clause 28 which provides a special 15 per cent tax on investment income. This is the one that I say is difficult to read, because you find deductions and inclusions and deductions from tax, which seem to be out of order for an easy appreciation of what is meant.

I have jumped ahead to investment income. Before dealing with that I should like to discuss for a moment the rules for computing income that has to be included, or the rules that are to be observed in making the computation of income, and what items are to be included in income. For instance, under the present income tax law the usual practice has been that if you take reserves at the end of the year you bring them back into income at the beginning of the next year and determine what amount you need at the end of the next year and set up your reserve system again. On page 19 of the old bill and page 20 of the new bill, section 68A(4)(a) provides for taking back into income the previous year's reserves

for policies, group term life insurance, accrued policy dividends and investments.

Section 68A(4)(b) makes clear that profits on bonds, mortgages and other securities must be included in income. This is really the other side of the deductions. It also provides for the inclusion of an amortized discount on securities.

Section 68A(5) provides that in computing income from carrying on a life insurance business no deduction may be made under the ordinary provisions of the act for reserves for doubtful debts or mortgage reserves. These are not necessary, in the opinion of the drafters of the bill and the Government, because of the investment reserve which has been provided. In the present Income Tax Act, under section 11(1) (e) honourable senators will find provision for a reserve for doubtful debts. This is made inapplicable to life insurance business.

There is also to be found in section 85G of the Income Tax Act as it presently stands provision for a reserve in relation to mortgage loans, and this is all wrapped up now in the matter of the investment reserve. Therefore, these two sections specifically exclude their application to life insurance income.

Section 68A(6) is a rather important section, because it provides a special formula for determining the deductions which may be claimed by a life insurance corporation for dividends from taxable Canadian corporations. Under the ordinary rule, which does not apply here, when dividends are passing from one Canadian taxable corporation to another they pass free from tax. The reason for this treatment is that only a small proportion of the investment income of life insurance corporations finds its way into profit. Most of it ultimately goes to policyholders in the form of claims and policy dividends. The investment income tax provided under Clause 28 applies only to the investment income which ultimately goes to policyholders, and a method is provided there for eliminating the portion of investment income that goes into profit.

The effect of the formula in this subsection is that a pro rata proportion of the investment income which is deemed under clause 28 to go into profit is assumed to come from exempt dividends. The proportion of exempt dividends to total investment income is in terms of gross revenue less expenses of the investment departments. In the case of dividends, such expenses are deemed to amount to three per cent of the gross revenue and, accordingly the numerator, in the proportion to which I have referred, is 97 per cent of the gross dividend income. The denominator is the total of investment revenue, less the annual cost of management. Whatever results from the application of this formula is the amount of the deduction. You may be a good deal wiser than I, because I did not attempt any calculation, believing it to be a job for accountants, and if anybody wants this attempted in committee we will have people there who can deal with it. Section 68A (7) applies only to resident stock life corporations. Its general effect is to insure that corporate tax is collected on dividends paid in the future out of surplus accumulated free from corporate tax in the past. You will remember when you come up to October 22, 1968, and have a date at which the new law applies, these mature companies will have a certain accumulated surplus, but only the part of that accumulation that has been credited to shareholders' account has been taxed in the past and up to that moment. Therefore, as and when it comes out in future years on and after October 22, 1968, provision is made so that it comes out subject to the corporate rate, otherwise, because they had repealed section 30, it might be that there will be no tax on that accumulation as it came out.

Section 68A (8) denies a foreign tax credit to a resident life insurance corporation. The reason for it is simple. The credit is not necessary because foreign operations of such a life insurance corporation are not subject to Canadian income tax.

I should call your attention to section 16, which is at page 26 of the old bill and page 30 of the new bill. That deals with the situation where these may be a conversion of a provincial life insurance company into a mutual corporation. It is specifically provided that in those circumstances the money received by a shareholder for stock in the provincial life insurance company on its sale is non-taxable; that is, it is regarded as capital in the hands of the shareholder.

These are not all the exemptions spelled out in detail, because that would be too tedious and too wearisome, and I think unnecessary to an understanding to the principle of the bill. The principle does take away from the corporate income of life insurance companies certain deductions before arriving at an amount that may be called the taxable income, or that may establish the element of profit in such income which is to be subject to tax at the corporate rate.

Now we come to the investment tax, which is set out in a new part of the act called Part

IIF. It is clause 28 of the bill—page 47 of the old bill and page 51 of the new bill. This adds a new section 105R and several succeeding sections to the act. Subsection 1 of section 28 is the charging subsection. This imposes the tax of 15 per cent on taxable Canadian life investment income.

I should like, if I may, to present the rest of it in a summary way and then come back to give the references where they can be found in the bill. You start off with the gross Canadian life investment income, and in your first step—

Hon. John J. Connolly: For each company?

Mr. Hayden: Yes, for each company. The next step is to arrive at the net of the gross life insurance investment income.

Hon. Mr. Isnor: What is the definition of the net?

Hon. Mr. Hayden: I was just going to tell you. You then make certain deductions. I will fill in the details afterwards. I just want to give you the skeleton first.

You start out with the gross, and then the first step you take by way of deductions will get you to the net. The next move on your way to settling the amount which is going to be taxed is to move to the stage of taxable Canadian life insurance investment income. Having reached that step and having arrived at an amount, you thén calculate the tax on the 15 per cent basis. After doing that you will end up with a certain amount of tax. You then subtract from that amount of tax the deductions which are set out in the bill, as being deductions from tax.

This is in the order in which I feel it is intelligible to follow. The order in the bill is different. They start out right away with deductions from tax, and additions, and inclusions from income. It is really puzzling and one would have to burn the midnight oil to figure it out.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator permit a question at this stage?

Hon. Mr. Hayden: Go ahead.

Hon. Mr. Connolly (Ottawa West): First of all, when he talks about deductions from tax, he is making a contrast, I take it, between deductions from income before tax is computed and deductions from tax after tax is computed, and the scheme of the bill is the latter scheme. Am I correct so far?

Hon. Mr. Hayden: No. As you will find out, you first arrive at the gross life insurance investment income, then the next step in the journey is to arrive at the net. In order to do this, you deduct expenses directly related to the management of the investment portfolio, including interest paid to policyholders. You deduct a capital cost allowance, which may be in relation to rental income from property. You can deduct 50 per cent of other deductible expenses, other than policy reserves, policy dividends, investment income tax, provincial premium tax and claims paid under the policy and group insurance.

The first part pertains to expenses directly related to the management of the investment portfolio, including interest paid policyholders, capital cost allowances and 50 per cent of other deductible expenses other than the list I gave you. Those are deductible items which, when itemized and deducted, will bring the gross life insurance investment income down to the net Canadian life insurance investment income.

Hon. Mr. Connolly (Ottawa West): Perhaps I should have asked this question first. I take it we are restricting our consideration of this problem to the investment income only of the insurance company.

Hon. Mr. Hayden: That is right.

Hon. Mr. Connolly (Ottawa West): We are not discussing the income that comes from the normal source of business.

Hon. Mr. Hayden: No, this is investment.

Hon. Mr. Connolly (Ottawa West): Just investment income.

Hon. Mr. Hayden: There is a definition, if I can find it here.

Hon. Mr. Grosart: I think it is clause 28. The definitions are just before the end of the amendments indicated in clause 28. That is immediately preceding clause 29, pages 55, 56 and 57. The definition section is on page 56.

Hon. Mr. Hayden: First, you start with the definition of gross investment revenue:

> . . . "life insurance policy", "life insurance policy in Canada", "maximum tax actuarial reserve", "non-segregated property", "property used in the year in or held in the year in the course of" carrying on an insurance business in Canada and "relevant authority". . .

That is not the definition I wanted. Gross investment income means the income which comes in from Canada securities, rentals, royalties and all income of that kind. It is all accumulated under the heading of gross. That is, it is revenue rather than income.

Hon. Mr. Grosart: I think you will find that at the top of page 53.

Hon. Mr. Hayden: You find the definition under 105s at the top of page 53 in the bill as it passed the House of Commons.

Hon. Mr. Connolly (Ottawa West): That is what I was afraid of—that is the complicated one.

Hon. Mr. Hayden: You then move along from the gross to the net, and then I have told you what you do in order to reduce your gross to the net Canadian life insurance investment income, which is simply by the deductions that are permitted.

Moving on to the taxable income, that is, the taxable Canadian life insurance investment income, there are certain deductions which you are entitled to make, and these are on page 52 of the old bill. They are on page 52, part of 105U, and if I may I will summarize them.

You are entitled to deduct the aggregate of the interest element on existing fixed premium life insurance policies as defined. This is a transitional provision. Then, you are entitled to deduct the element of interest in the insurer's income relating to a retirement savings plan and a pension plan. You are also entitled to deduct the insurer's income for the year from life insurance business, in accordance with Part I of the Income Tax Act, to ensure that none of investment income subject to investment income tax is contained in the profits of the insurer.

You are also entitled to deduct the interest element in annuities as reported, according to a formula which the Income Tax Department has for calculating on the basis of life expectancy, et cetera. In other words, the interest element in annuities is reported on a formula as part of the income of the policyholder.

This is the mixed-up item that I will be explaining, so you will just have to accept it now, that these are the deductions. When you have made those, you have arrived at a figure which is called the taxable Canadian life insurance investment income. Then you move on to the 15 per cent, and you arrive at the total of the tax. But that is not the tax that you pay—you pay something else. You find what you pay, less the deductions that follow the definition. This you will find on page 47 of the old bill under section 105R, subsection 2. It says:

> There may be deducted from the tax otherwise payable under this Part by an insurer for a taxation year (a) the aggregate, for each province, of the lesser of
>
> (i) 50% of any tax, the amount of which is calculated by reference to premiums collected by the insurer, payable by the insurer to that province in respect of premiums collected by it in the year under life insurance policies other than—

And then you have certain other exceptions.

There is also another element of deduction from tax, which is in paragraph (b) on page 48 of the old bill. This is an attempt to reflect the 20 per cent exemption on dividends. In our general law you are entitled to deduct from tax otherwise payable, 20 per cent of the dividend income. An attempt has been made in this bill, and you will find it is reflected in section 105R (2) (b), which is in clause 28 at page 48. This is a formula the result of which is supposed to give you an amount equivalent to that 20 per cent dividend deduction, and that is a deduction from tax.

Having done that, you have finally got to the stage where the tax collector can send you a bill if you do not voluntarily send in the cheque, because you have then moved down from the plateau of all your income, down into your net investment income, down into taxable income, with your taxable deductions, and you have reached the point where you cannot deduct any more and you have to pay the bill.

Hon. Mr. Aseltine: And then you commit suicide.

Hon. Mr. Hayden: I would have thought, senator, that by the time you done all this calculating, you would have reached such a stage of exhaustion that you would not be in the mood to do anything, that you would think to yourself that you had suffered the worst, that you would look up and remember that tomorrow the sun will shine.

Hon. Mr. Connolly (Ottawa West): By suicide, you would be really invalidating.

Hon. Mr. Hayden: I do not know about the invalidity, because there is always someone who takes over and inherits an obligation,

and if there is any money there he has to pay. I do not think we need worry about that.

The administration of the act is separate and distinct, and only develops after the law is in force. What I am stating is how the bill operates having explained the principle of taxation in the bill, that is, 15 per cent tax on investment income from the business of the life insurance company, as that is defined in the act. This is the way it is calculated. When that becomes law, the administrative section in the Government will take over and apply the law and seek to collect the proper amount of tax, based on what the statute provides.

Honourable senators, I am getting close to the end of the part of the bill that deals with the tax on insurance companies.

The next item to which I referred at the beginning was the policyholder's tax, in clause 20 of the bill. It provides for income tax on policyholders' income or income which the policyholder is deemed to have. He may not actually receive it at the time, but if it is deemed to be part of his income he has to include it for tax purposes. There is no fixed rate: it is whatever rate he is subject to, dependent on his total amount of income, and what bracket he fits into as a result of that.

As to the policyholder's income, you will find that on page 28 of the old bill, page 32 of the new bill, the new section 79D. The income is the difference between the cost base, which would be the gross premiums, less the dividends paid and what is realized. In those circumstances, that difference is the amount, if you otherwise fit into the bill, which must be taken into the income of the policyholder. If the policyholder cashes in his policy in his lifetime or sells the policy to a third person, then this difference is income in his hands.

Hon. Mr. Connolly (Ottawa West): In that year?

Hon. Mr. Hayden: In that year.

Hon. Mr. Connolly (Ottawa West): Otherwise, there is no taxation in that year in respect of that income?

Hon. Mr. Hayden: Let me answer it in this way. You mean that, under the general law, where this would be income? I can only add this, that I would think not. I am assured on that point by the fact that it has been specifically provided here that this is an income feature which is part of the income of the policyholder, that is, the difference between what he pays for a policy in gross premiums, less the dividends and what he receives. If, in those circumstances, he sells the policy to a third person, the difference between what he receives and his cost base is income.

Hon. Mr. Connolly (Ottawa West): In that case, the policyholder himself, who engages in this transaction, would have to be advised by the company as to what is the taxable portion of the money he received. Is there a provision in the act whereby the company is required to supply that type of information?

Hon. Mr. Hayden: Well, no, I do not agree with my friend. He may get information from the life insurance company, but certainly there are certain things that a policyholder would know. He would know what his premiums were and he would know what dividends he got. I am sure he could write to the company and they would quite readily tell him. But there is a specific provision in subsection 2 of this section 79D which says that policy dividends are deemed to be proceeds of disposition.

So policy dividends become proceeds of disposition. They become taxable when you have an excess in the hands of the policyholder over his entire cost of the insurance.

Hon. Mr. Isnor: As a rule, he does not receive that. That is just allowed to accumulate and he does not even know that until he writes and ask the insurance company.

Hon. Mr. Hayden: My friend is confusing this with something else. What we are talking about now is the situation where a policyholder has a policy of insurance and sells or assigns or gives that policy to some other person. What you are thinking of is, for instance, in connection with segregated funds, which, roughly, means that you have a fund where certain assets or investments are accumulated and the earnings are accumulated in that fund, and there is an allocation, whether it is paid out or not, to the participant in that segregated fund; there is an allocation each year of a portion of the surplus or earnings of that fund, and that is income to the policyholder. He may not get it at that time, but it is income to him. If the statute says it is income, that is what it is—it is part of his income.

Hon. Mr. Connolly (Ottawa West): This act does not make that taxable.

Hon. Mr. Hayden: May I deal with segregated funds a little later?

Hon. Mr. Connolly (Ottawa West): Perhaps we had better wait until later to ask our questions.

Hon. Mr. Hayden: It is just that we are anticipating what the act does or does not, and the fact is that it does not follow any logical pattern.

Hon. Mr. Connolly (Ottawa West): What is new about that?

(*Debate continued at p. 1597*)

PRIVATE BILL

BOY SCOUTS OF CANADA—REFERENCE TO COMMITTEE—PRIVILEGE

Hon. Arthur W. Roebuck: Mr. Speaker, and honourable Senator Hayden, may I interrupt for a moment? You may recollect that I said I would call a meeting of the committee on Legal and Constitutional Affairs tomorrow morning to deal with Bill S-39. We left it with the intention of doing that. It is now almost five o'clock and, unless I interrupt now, I will lose my staff—they leave at five o'clock.

Your Honour, Rule 119 of the Rules of the Senate of Canada states the following:

> No Committee on any Private Bill originating in the Senate (of which notice is required to be given), is to consider the same until after one week's notice of the sitting of such Committee has been posted up in the lobby; nor, in the case of any such Bill originating in the House of Commons, until after twenty-four hours' like notice.

Accordingly, I cannot call the committee together unless the Senate waives that particular rule.

Hon. Mr. Choquette: We waived Rule 119 earlier today. The motion was put and was agreed to unanimously.

Hon. Mr. Roebuck: That motion was with regard to the reference of the bill to the committee. I am now speaking of the meeting of the committee itself.

Hon. Mr. Flynn: With all respect, honourable senator, the two motions were put together and that is the reason for the confusion. The motion to refer the bill to the committee was moved after we had waived the reference motion.

Hon. Mr. Choquette: Yes, we waived the rule.

Hon. Mr. Flynn: We received dispensation from the rule.

Hon. Mr. Roebuck: As to reference to the committee, that was clear. But this rule says that no committee on a private bill is to consider the same—

The Hon. the Speaker: If the honourable Senator Roebuck will permit me to intervene, may I say that I was hoping this matter would not be revived? I made it very clear that the provisions of Rule 119 had to be suspended before the bill could be referred to the Standing Senate Committee on Legal and Constitutional Affairs. We encountered some difficulties because this required unanimous consent. At first there was not unanimous consent. I put the question again and I thought, after the intervention of the Leader of the Opposition, that we had unanimous consent.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Hollett: Excuse me, Your Honour, but may I say a word? Honourable senators, his Honour the Speaker said that he "thought" he had unanimous consent. I insist that he had not unanimous consent. In that connection may I read to you Rule 30 of the Rules of the Senate of Canada:

> No motion to suspend any rule or standing order, or any part of a rule, or order, may be made, except on one day's notice, specifying the rule or order or part thereof proposed to be suspended, and the purpose of such suspension.
>
> Any rule or order, or part thereof, may be suspended without notice by the unanimous consent of the Senate, the rule or order, or part thereof, proposed to be suspended being distinctly stated.

Under Rule 30, therefore, we cannot do anything about this until tomorrow.

Hon. Mr. Flynn: May I say that it was my understanding that Senator Hollett, although having said "no" the first time, did not persist in saying no, but in fact gave his consent. Is he now saying that he did not give consent?

Hon. Mr. Hollett: I said "no" the second time.

Hon. Mr. Flynn: In that case there is nothing we can do. That disposes of the matter. There is no doubt about it.

The Hon. the Speaker: I must point out that when the honourable Senator Lamontagne asked for the suspension of Rule 119 and said, "with leave of the Senate," I then

put the question to the Senate and I thought we had unanimous consent.

We might take what happened this afternoon as an example, so that in the future, when I ask whether there is unanimous consent, if there is not—and any one may dissent as a matter of right—any honourable senator objecting will please rise in his place and say clearly that he does not give his consent. I will then be so informed, and will rule accordingly.

I regret that some misunderstanding may have occurred this afternoon. Let us hope it will not happen again.

Hon. Mr. Roebuck: With my apologies, may I give notice to those who are here now that the Committee on Legal and Constitutional Affairs will meet in the Smoking Room at ten o'clock tomorrow morning? Thank you.

INCOME TAX ACT

SECOND READING—DEBATE CONTINUED

Hon. Salter A. Hayden: Honourable senators, may I now continue with the explanation of Bill C-191?

In case it was not clearly understood from what I said concerning the amounts that are included in the policyholder's income, for purposes of the discussion that we were having on the tax on the policyholder, I suggest that you look at page 28 of the old bill dealing with new section 79D. I have checked that against what I said, and it appears that I have read correctly what is there.

However, I should point out several additional features. For example, the bill permits the use of a three-year averaging formula. That three-year averaging formula is in section 35 of the act, and is made applicable to the situation we are discussing now. It would enable the policyholder to compute profit or gain from the disposition of a policy, "disposition" being the big word for selling or disposing of a life insurance policy in some fashion. Now he can follow the averaging under section 35, but there is the additional feature of a valuation date. For policies now in existence, for example, there is a valuation date. I refer you to page 32 of the old bill and pages 36 and 37 of the new bill. The valuation date is the second anniversary date after October 22, 1968. It excludes from income the cash surrender value accumulated up to the second anniversary date after October 22, 1968. You see, a policy has a cash surrender value, and when you are trying to determine what is income and what is not income to a policyholder for tax purposes you have to have a starting point or date from which to start for valuation purposes. That is why this covers the cash surrender value accumulated up to second anniversary date after October 22, 1968. In reality, it gives you two years.

Then, honourable senators, you have this little quirk that you never get very far in an income tax bill without coming across the words "at arm's length." And so we move along and we find it on page 32 of the old bill and page 36 of the new, subsection 8. If you give away an interest in a policy, other than an annuity contract, in a non-arm's-length transaction, the donor of that is deemed to be entitled to receive the proceeds of the disposition and the interest paid at the time of the disposition, and that interest is deemed to be the cash surrender value of the policy and must be taken into his income.

Hon. Mr. Isnor: But is there not a difference between the cash surrender value and the value at the expiration date?

Hon. Mr. Hayden: Of course, but the cash surrender value simply means what the policy has earned in the period up to a certain date, and that value grows as you approach the maturity date of the policy. What we are talking about here is that if a man gives the benefit of a policy to his wife for a nominal consideration, then immediately the question comes up: Why should the man have to pay tax on or take into his income the cash surrender value of that policy at that time? You might also think that we have just finished with gift taxes and have provided that a man can give money to his wife without being subject to gift tax. That is true.

Hon. Mr. Phillips (Rigaud): Except in Quebec.

Hon. Mr. Hayden: Well, it is true but there are a few other exceptions. As you know, income tax-wise things are not always what they seem, because there is the difference between a transaction under which a man gives something to his wife and the transaction under which a man earns income. Now, it is income when he gives the policy away, and since it is income he pays tax on it. If it were not for the new gift tax exemptions, he would also pay tax when giving the policy to his wife; so, at least he only has to pay one tax now. Having dealt with the gift tax provisions in the Estate Tax Act, at least on the donation of the policy by him to his wife for a nominal consideration, the cash surrender value of the policy whether large or small

does not attract gift tax, but the cash surrender value would have to be included as income for that year.

Hon. Mr. Kinley: Is he entitled to the $2,000 general exemption?

Hon. Mr. Hayden: He is entitled to more than that. A husband may donate any amount of money or an interest in anything to his wife, and there is no question of an exemption because there is no tax.

Hon. Mr. Kinley: But when he earns it?

Hon. Mr. Hayden: He only gets an exemption from gift tax when he actually gives it.

Hon. Mr. Kinley: But he cannot give it away unless he has it.

Hon. Mr. Hayden: But where does he get it?

Hon. Mr. Kinley: He earns it.

Hon. Mr. Hayden: That is right, and then it is income.

Hon. Mr. Grosart: Is the assumption here where there is a transfer not at arm's length that this is a disposition of the asset?

Hon. Mr. Hayden: It is a disposition of the asset, or it is presumed to be.

Now, coming to the segregated fund on page 29 relating to subsection 1 of section 79D. Usually in a segregated fund you will find a life insurance policy tied into the market value of shares or whatever the securities may be in the fund, and the segregated fund makes an annual allocation of investment revenue to each policyholder whether it is paid to him or not, and usually it is not. That allocation to a person who is a member of that segregated fund of that portion of the investment revenue in that year is income to him, and he must include it as income for the year.

Hon. Mr. Burchill: That is a new ordinance.

Hon. Mr. Hayden: It may have sounded like an ordinance the way I said it, but I was saying it that way to emphasize the question of segregated funds raised by honourable Senator Connolly.

Hon. Mr. Burchill: Whether you get it or not.

Hon. Mr. Hayden: If that allocation is to you, it is part of your income as a policyholder for that year.

Then under 79D (2) we find that if one takes the proceeds of a life insurance policy and converts it into an annuity, ordinarily under this law we are now dealing with, the proceeds of the disposition of the life insurrance policy would attract tax, but the section to which I have referred, section 79D (7) on page 35 of the bill, provides that there is no tax on that point in time. But then there is an interest element annually in the annuity, and that is income each year to the person entitled to the annuity; and since the purchase of the annuity may cost less than the proceeds of the insurance policy, or to the extent that it does, then you have the formula under which that excess might have been income at the earlier period, except they put the stop in there and there is no tax. That is worked in together with the interest element in the annuity so that each year you should and must take into income the amount which represents the interest element in the annuity, plus whatever may be the excess in the proceeds of disposition, which ordinarily would have been taxed at the time you got it but which are delayed in this fashion. So, annually your income is a little larger because of that inclusion.

There are just one or two other items, and we are through with the insurance aspects.

One item I must mention is what they call the branch tax. That refers to section 110B, which you will find in clause 30. In the old bill it is at pages 55 to 58.

If you will recall, in 1958 or 1959, when the Honourable Mr. Fleming was Minister of Finance, in one of his income tax bills he introduced a tax on branch operations in Canada of non-resident companies because he felt there was an anomaly in the law, that if you had a subsidiary of a foreign company operating in Canada it paid income tax on its profits, and if it emitted money to the parent company it paid a 15 per cent withholding tax. The Minister of Finance at that time said it was unfair that it should pay a withholding tax of 15 per cent because it is a subsidiary company passing the dividend up to the parent company; but, if it was only a branch operation of a parent company, under the law there was no dividend and there was no withholding. So, he introduced section 110B at that time, which provided that the amount of money or profit which was capable of being remitted was subject to a 15 per cent tax. But there was an exclusion at that time, or an exemption, which exempted insurance companies from the application of that provision.

Now section 110B is amended so as to apply also to non-resident general insurance companies' operations in branch form in Canada.

There are undoubtedly other things on the insurance side of this bill I have not touched upon, but I thought I would hit the highlights and give you the scheme of the bill.

After having dwelt on the heights of life insurance operations and taxation, may we now come down to a more mundane area. A number of amendments in this bill were referred to in the budget.

Hon. Mr. Grosart: Before the honourable senator concludes his illuminating remarks on the life insurance aspect of the bill, would he care to comment on the status of an existing life insurance policy after October 22, 1970: (a) where it is terminated only on the death of the policyholder; and (b) where it is surrendered? I ask that question because the minister has said this bill is not retroactive, and yet there appear to be some retroactive aspects.

Hon. Mr. Hayden: No, it is not retroactive. If there is a death, the policy terminates and the amount is paid, there is no problem of taxation there. In using the word "termination," I take it you are using another word for "surrender."

Hon. Mr. Grosart: I was taking the two cases, termination and disposition, and what appears to be a retroactive feature is the status of the policyholder in respect of the payment of income tax when he surrenders or disposes of the policy after October 22, 1970.

Hon. Mr. Hayden: No, you cannot say that because that happens. Of course, we are now in 1969 and you cannot make an earlier disposition than June, 1969. You are not interfering with the policy as it has grown. I referred to this anniversary date for valuation; that valuation date is two years from October 22, 1968, and you would have what the accumulations have produced in the way of increased cash surrender value at that time. On a disposition of that policy any time thereafter, the proceeds of the excess in your realization on the policy would be the excess over that cash surrender value. So, to that extent, it is not retroactive.

Hon. Mr. Grosart: It is a little bit retroactive.

Hon. Mr. Hayden: Well—

Hon. Mr. Grosart: A few months.

Hon. Mr. Hayden: Yes, but who is going to argue over a couple of months?

Now may I go into the more general field? The first amendment I want to refer to is the social development tax which added a new Part IB to the Income Tax Act, to be found in clause 27 of the bill, at pages 45 to 47 of the old bill and page 49 of the new. This has added a new section 104B (1) and (2), and imposes a social development tax on individuals who are residents and as well on non-residents who are employed in Canada or have income from carrying on a business in Canada. The tax is the lesser of 2 per cent of taxable income determined under Part 1, or $120. This applies to 1969 and subsequent years.

In the way in which it has been introduced and applied, this tax will not affect provincial revenues. In other words, there will be no sharing of this tax under any agreement as between the provinces and the federal authority. The tax will add about $440 million to the budgetary revenues for 1969-70. It will not affect Old Age Security tax revenues. It will be an integral part of the personal income tax.

This tax is intended to cover expenditures of a social development nature, presently taken care of out of the general revenue system, such as hospital insurance, for which Parliament now provides over $600 million per year, excluding the value of special tax rebatement granted to Quebec. There are many other social development expenditures of direct benefit to Canadians, but not as universal as this. Contributions to Medicare, as and when it is fully operating, are part of this social development program.

Some additional reasonable and identifiable contributions toward cost of these major social security programs should be accepted.

I must say that I am a 100-per-cent subscriber to the principle of levying in a special and individual way an amount of tax to be collected from the people in relation to the social development that takes place, and that should no longer than necessary be paid out of general revenues, on the basis that the tax means that people with low incomes have a smaller amount to pay.

Hon. Mr. Croll: Comparatively, the people with large incomes have only a minimal amount to pay, and the maximum of $120 begins at a comparatively low bracket for them.

Hon. Mr. Hayden: When I said this I was expecting Senator Croll to rise to the bait, which he did. If they applied the 2 per cent across the board, the amount of money realized would be fantastic. Why should there not be a ceiling? This does not impose a tax on anybody who cannot afford to pay. The payments for people who cannot afford to pay are made out of the general revenues.

Hon. Mr. Croll: Do you know that a married man with two children has to pay tax on everything he earns above $2,500? Can he afford to pay? He cannot possibly live with less than $4,000 per annum, and yet he has to pay part of that tax

Hon. Mr. Hayden: If he did not pay part of the tax he would have to pay directly for the things that are provided by the tax. We are getting into what I regard as being an attempt to say, as I have heard said in other places, that the policy of taxation should be a policy of soaking the rich.

Hon. Mr. Croll: Yes. You agree with that.

Hon. Mr. Hayden: I would say that the policy operates in that way a great deal of the time. That necessarily may be so relative to their position and status in life, but people in the lower bracket of incomes are getting more benefit out of the social programs that are provided than are the people in the higher brackets.

Hon. Mr. Croll: So they should pay more?

Hon. Mr. Hayden: And the others should pay more for getting less? Well, my honourable friend has his ideas on this, and I would not even try to change them. But there has to be sense and reason in the levying of any tax.

I can remember that we were told recently that the rate of levy had gone beyond reason in the rates that were established for estate tax purposes. I have forgotten now on which side of that question Senator Croll was—whether he was of the view that estate tax levies had exceeded what was reasonable—but I suppose people take different positions in respect of different tax matters, depending upon how they think them out. If you do not relate the benefits to the areas where the greatest enjoyment is provided, and you do not expect those people to pay something, that changes the picture. But let us take the case you have noted, of a man who has a taxable income of $2,500. His tax will be 2 per cent of $2,500, which is $50. Any kind of medical expense or hospital care that he might contract during the year would be bound to exceed $50.

Hon. Mr. Croll: Now that the estate tax has been mentioned, I should like to point out that I made it very clear that I was a complete supporter of that bill in its original form, which was the form in which I wanted it adopted. I wanted no undertakings. I thought it was a good bill. In some measure it soaked the rich. I am in favour of that.

Hon. Mr. Hayden: I should have suggested that my honourable friend make his speech after I am through.

Hon. Mr. Croll: Well, I thought I should give you that.

Hon. Mr. Hayden: However, I am sure my friend will acquire a larger audience outside this chamber when the newspapers pick up what he has said, and not what I have said.

We have precedents for this type of levy. They are in the Old Age Security pension, the legislation respecting which was enacted in 1951 when there was a tax of 2 per cent of taxable income with a ceiling of $60. I think my friend, Senator Croll, supported that. Then the rate was increased in 1959 to 3 per cent, and I am sure my friend supported that. The rate was increased again in 1963 to 4 per cent, when the pension was increased; and then again in 1967 the ceiling was increased from $120 to $240 on the introduction of a guaranteed supplement. So, we have examples there. We have the Canada Pension Plan which came into existence in 1965. These are all examples of this form of taxation.

As I say, I subscribe 100 per cent to the principle that if you are providing welfare plus hospital care and medical care to all these people, then I think any public financing of it by the Government should be done by way of a special tax. In that event the people know what they have to pay for what they are getting, that it costs money, and that there is a limit to what can be paid for out of the general revenues without increasing them beyond what is sensible in the circumstances.

I have already taken up too much time of the house, but there are a couple of other items, one of which concerns the children's allowances. Here I refer to clause 5 which is found at pages 6 and 7 of the old bill, and pages 7 and 8 of the new bill, and which amends section 26(1)(c), (ca) and (d). It provides a deduction of $300 for children under

16 years of age and of $550 for a child attaining the age of 16 before the end of the year. This relates to the support of a dependent child.

I should tell you what the present law is. The act provides that such a deduction shall be $300 if the child is qualified for family allowance, and $550 if he is not so qualified. The act is amended so as to cover the child or grandchild of the taxpayer, the nephew or niece of the taxpayer, and the brother or sister of the taxpayer, and the intention is to eliminate the confusion in child exemptions which arise under the present rule which is related to whether or not the child is in receipt of or is entitled to receive family allowance payment.

The purpose of this amendment is to provide a clear-cut rule for deductions for a dependent child, and to eliminate the double benefit now existing where employees of Canada serving outside Canada receive special allowances equivalent to family allowances for their children, and are also allowed to deduct $550, instead of $300, for these children because they are not qualified for family allowances. This has been an interpretation to which the Auditor General has called attention in several of his reports.

Those affected by this change will be members of the armed services posted outside Canada who are deemed to be residents of Canada; non-military employees of Canada serving abroad, including diplomatic and trade representatives; and members of the armed forces attached to Canadian diplomatic posts who are deemed to be residents of Canada. There is a new arrangement now whereby all civilians and military employees of Canada serving outside Canada will receive monthly payments in respect of their children equivalent to family allowances and replacing the supplementary allowance. Of the others who will be affected by this change, and where a present deduction of $550 for a dependent child will be reduced to $300, the largest group will consist of civil and military government employees outside Canada, and the second largest group will consist of immigrants who are claiming a deduction in respect of children in their home countries.

The additional revenue realized by this change is less than $1 million, and does affect provincial revenues.

I come now to medical expenses, and this is a very simple provision. Clauses 6(1) and 6(2) amend section 27 of the act, and adds various items of equipment, the cost of which is deductible as a medical expense. The items of equipment are an artificial kidney machine, and an oxygen tent or other equipment necessary to administer oxygen. There does not seem to be a need for comment on that.

So far as the payment of corporation tax by corporations is concerned I am reminded of the song about Kansas City which contained the words: "They have gone about as far as they can go." May I demonstrate how that is appropriate.

By section 13, on page 11 of the old bill and page 12 of the new bill, subsection 1 of section 50 of the act is amended. This moves back the period for payment of income tax by a corporation to coincide with the fiscal taxation year instead of commencing two months after the beginning of the year. My comment here is that this would appear to be as far as they could go, unless they are going to tax you in the previous year for what you might earn in the next year. The transition to the new payment arrangements will begin in the fiscal years of the corporations, which begin after November 1968 and before December 1969. During the transition period each corporation will begin to make payments for its fiscal year in the third month of that year but complete its payment by the end of that year, thus paying a full year's tax in ten months.

Hon. Mr. Grosart: The honourable senator might like to recall that another line in that song: "Everything is up to date in Kansas City."

Hon. Mr. Hayden: Thank you. Between the two of us we might yet go on the minstrel circuit.

Next I deal with the sale of oil and gas rights in Clause 21, which amends section 83A of the act. This is to be found on pages 35 to 38 of the old bill and pages 39 to 42 of the new bill. It provides that the proceeds of sale of oil and gas rights are to be included in income in the year of sale rather than when the proceeds are collected, and a corresponding reserve is to be allowed. The purpose is to prevent avoidance by non-residents who, while taxable at the time of disposition in Canada, may no longer be taxable in Canada at the time the proceeds are received. Section 22, subsection 1, relates to this amendment. It enables a taxpayer to deduct as a reserve amounts receivable from the proceeds of disposition of oil and gas rights which are not receivable until the end of the year.

There is an additional subsection, subsection 2 of section 22, which permits life insurance companies to claim certain reserves in respect of miscellaneous business other than life insurance business, because those reserves in relation to life insurance business are covered in the act. The provision I have just referred to is of general application to more general revenues.

Section 22(3) adds a new subsection (6c). It says that the reserves I have described may not be deducted in respect of proceeds from the disposition of oil and gas rights where the taxpayer ceases to be a resident of Canada and becomes exempt from tax or is a non-resident who ceases to carry on business in Canada. It is simply a case of closing some of the areas that existed for escaping payment of tax because the proceeds for the sale of rights may have been payable by instalments, and by the time the instalment came due, if you were on a cash basis in making your return, you might be a non-resident who had left Canada. For that reason it was decided to apply the method where you must bring the proceeds into income right away, but then, you are entitled to set up a reserve against the receivables that will come in in subsequent years.

A special mortgage reserve is provided in clause 24, at pages 38 to 40 of the old bill and pages 42 to 44 of the new bill. This reduces the section 85G reserves for taxpayers whose business includes lending money on the security of mortgages et cetera from 3 per cent to 1½ per cent. It also applies to banks, but the banks have been dealt with by the minister, as he has authority to do under section 11(4) of the present act.

The section also provides, where the reserve that has been built up is no greater than it would be on the new basis of reserve, for getting down to the lower amount of reserve over a ten-year period. The details of that will be found by reading the particular sections to which I have referred, and I do not see it is necessary to go into detail on it. I may say that there is a transitional provision, to which I have referred, for the gradual reduction of any reserve that is in excess of the amount permitted under the new rules.

Next we come to the cost of borrowed money. This is clause 24(1), to be found at pages 40 to 44 of the old bill and pages 44 to 48 of the new bill. It adds a new section 85J. It permits a taxpayer to capitalize the cost of borrowed money to acquire depreciable property, or for exploration, prospecting or development. It concerns the present practice and is a relief for taxpayers who might not have the income against which to deduct the interest currently. It permits such interest in this way to be carried over—that is by capitalization—until there is income to take care of such interest, and enables the deduction of such interest to be done in a future year. It is not clear from the bill—although we can deal with this in committee—whether an election that you have to make to capitalize interest means that you must capitalize all the interest or whether you can capitalize part and deduct part. It is designed primarily for new companies or new operations where large amounts of money have been borrowed and interest becomes payable before the enterprise is in a profitable position.

Section 85J(1) covers the case where the taxpayer has borrowed money to acquire depreciable property. He can elect for a year in respect of which the property is acquired and for three immediately preceding years that a specified amount of interest shall not be deducted in computing income but shall be added to the capital cost of depreciable property acquired with the borrowed money. This is helpful when borrowing is up to three years earlier than it is spent on the acquisition of depreciable property.

Under section 85J(2), where the borrowing is for the purposes of exploration, prospecting and development, the borrower may elect in the year in which the money is spent and for three immediately preceding years that a specified amount of interest shall be added to the expenses of such exploration financed by the borrowed money, and in that way capitalized. That this is relieving and beneficial to some extent has been recognized, but now it is given force of law.

We are now getting close to the end. I come to the question of rents and royalties, which deals with withholding tax and extends the scope of withholding tax, which is clause 29, to be found at pages 53 to 55 of the old bill and pages 57 to 59 of the new bill. It amends section 106(1)(d) by repealing it and substituting a new paragraph (d). The present section imposes a 15 per cent withholding tax on rents and royalties or a similar payment from sources in Canada to non-residents. The intention is to clarify and enlarge the existing provisions.

The existing law refers to "similar payment to rents, royalties." The connotation is similar payments in relation to rents and royalties and the question what this includes has

always presented a problem. There have been court decisions which appeared to make it possible for the taxpayer to re-write contracts covering royalties so as to divide the payments into, first, part for the use of property, and the other part for information or know-how concerning the use of the property. In part the amendments clarify this but also enlarge the use of the property provisions. The language in the new section, to be found in the new paragraph (d) on page 53 of the old bill is any payment,

> —for the use of or the right to use in Canada.

Then it goes on with the present language, but adds the words:

> patent, trade mark, design or model, plan, secret formula, process or other thing whatsoever.

You have these additions which will attract withholding tax. You also have this, that any payment,

> (ii) for information concerning industrial, commercial or scientific experience when the amount of any payment for such information is calculated directly, indirectly or in any manner whatsoever by reference to:
>
> (A) the use to be made thereof or the benefit to be derived therefrom
>
> (B) production or sales of goods or services by the person resident in Canada, or
>
> (C) profits of the person resident in Canada,
>
> (iii) for service of an industrial, commercial or scientific character performed by a non-resident person when the remuneration is calculated as in (ii)

As I have above described.

> —but not including a payment made as remuneration for the sale of property or the negotiation of a contract...

In all those cases you have extended the application of your 15 per cent to know-how, for instance, which is quite a substantial item respecting payments to be made. Know-how, which is tied into production or tied into sales to measure the quantum that is to be paid for know-how is subject to this withholding. There are other features which I think simply require reading to understand them, and there are some exceptions which are perfectly clear.

Hon. Mr. Connolly (Ottawa West): How do you measure the know-how?

Hon. Mr. Hayden: Usually there is an agreement under which a parent company might agree to supply the know-how in connection with the carrying on of certain manufacturing operations in Canada and the payment will be calculated on this basis, a certain percentage of the profits. It will be based on production and you will have a sliding scale of rates to apply. If the payment for know-how is tied into any of those elements which I read, then it is subject to withholding tax. It is put in the same category as rents and royalties and things of that kind.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. Hayden: There may not be many interested in this, but there is a special provision in clause 4, pages 4, 5 and 6 of the old bill and pages 5, 6 and 7 of the new, which amends section 20, subsection 12(a) to clarify rules as to recapture of capital cost allowance in the case of proceeds of disposition of a vessel and permits the Minister of Industry, Trade and Commerce to refund certain deposits made in connection with special capital cost allowances for vessels.

The Canadian Vessel Construction Assistance Act was repealed in 1967. This was where the subsidy arrangement emanated from so as to assist in the construction of what you might call the merchant fleet of Canada. Some of the provisions of that old act were transferred to the Income Tax Act and others to the Minister of Industry. That act permitted freedom from recapture of capital cost allowances where proceeds of disposition of a vessel were used for a satisfactory replacement. This benefit is continued in the Income Tax Act until the end of 1973.

The changes that have been made in this bill are these: the proceeds of disposition are to be used for replacement or conversion during the taxation year in which the vessel is disposed of. That is, they must be used during that year. If they are not used, the taxpayer puts up a deposit equal to the tax on the amount that would otherwise be recaptured. At the present time the taxpayer may use proceeds at any time up to 1974, and if not used in the year of disposition the taxpayer is assessed as if recapture applies, and later when the proceeds are used for replacement the taxpayer is reassessed and gets a refund.

One of the changes makes it clear that the taxpayer must use the entire proceeds of disposition for replacement. It also makes it clear that the taxpayer must use such proceeds and not anyone else, because there was a practice under which you could apply for some discounts on the amount of the proceeds and acquire the benefit of that fund if you are going to build a ship and take the benefit of that and apply it on the price. You would get the assignment of the proceeds, subject to a discount, for less than the full amount. The last provision is that in the alternative to use proceeds, the taxpayer may put up a deposit and has the right to sell this deposit to other persons and relevant proceeds of disposition may be used by such other person on terms satisfactory to the minister to acquire a vessel or to pay for a conversion. This is stated very interestingly to be an effort to close a loophole. I am not sure it is a loophole. I am sure what was intended at the time was to do everything possible to encourage the construction and give the shipyards business and provide work.

I should tell you in passing that clause 18, which amends section 79 of the bill, and is found on page 27 of the old bill and page 31 of the new one, simply excludes unrealized capital gains from the taxable portion of receipts of the employees' profit-sharing plan. Likewise, clause 19 of the bill on pages 27 and 28 of the old bill and pages 31, 32 of the new bill means the amounts received from the trustee on winding up a registered supplementary unemployment benefit plan. When the money goes back to the employer it is made part of the employer's income.

I think this is a good note on which to close. There is a very innocent clause, No. 14. This might be entitled Crown Companies. You will find it in the old bill on page 13 and in the new bill on page 14. It amends section 62(c)(i), to exclude from exempt status a corporation not less than 90 per cent of shares which are held by Her Majesty, a province or municipality where some other person has a right to acquire the shares at a later date under an option or a contract. This is directly dealing with a situation which has developed in Newfoundland in connection with the agreement that was made with—I have forgotten the name.

Hon. Mr. Croll: Sheehan.

Hon. Mr. Hayden: I think it is Sheehan. This was an agreement that was made so as to pass on, by virtue of an option or a contract, the benefits which originally were being enjoyed when these operations were being carried on by a Crown company. This is, shall we say, to remove the benefit of exempt status, if that is an attractive feature which might otherwise be enjoyed by the use that was being made of the Crown companies in this operation.

I have not dealt with all these items. Maybe you will say that I have dealt with too many of them, but I felt that in the general amendments to the Income Tax Act, other than life insurance, that if they were important enough to be specifically mentioned in the budget, I should touch on them. I am not touching on the consequential ones or the technical ones, because they are there to read and they do not make material changes in the law. I am sorry that it took so long to do this review. I assure you that I would have preferred to have taken a shorter time. There is no other way in which I could have figured it out so as to give an explanation of what the life insurance provisions are, the application of the various taxes to their operations and how they work.

This is a very important piece of legislation and will be productive of very substantial revenue. It is most interesting to the people of Canada, because so many of them are policyholders and they do not want anything untoward occurring to their companies. Yet this bill, I suppose, puts these companies more in line with the general corporate scheme of taxation. Although there may be some argument, I think it is not for me to urge it at this time, in connection with the taxation of investment income in the form in which it occurs. The form is really leaving the tax on the company, although the benefit, if any, is in the policyholder's account, and he is entitled or will ultimately be entitled to it. I suppose that if the company has to pay it, in some way or another it is bound to affect the cost of insurance, or shrink the profits of the insurance companies operation.

While we may say insurance companies are big and can stand all these things, one has to remember that, over the years, and particularly during the war years, these companies made a tremendous contribution as a source and fostered investment in Government bonds in a very substantial way. In other words, they have carried their load in every way as good corporate citizens.

Hon. Mr. Connolly (Ottawa West): And in the private sector as well.

Hon. Mr. Hayden: Yes; in the private sector and in industrial development. We should not

lose sight of that in our consideration of these bills, even though this change in the tax structure is necessary.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. J. Eugene Lefrançois: Honourable senators, I consider it my duty to intervene in this debate on the taxation of insurance companies in order to underline one aspect of it that is too often forgotten, that is the fact that, for the first time in Canada and, as I understand it, in the British world, fraternal societies are about to be taxed.

In all modesty, but also in all truth, I believe that I am to some extent qualified to protest against such taxation. During the whole of my active life, that is, honourable senators, for some fifty years, I have been involved with such societies. I was thus able to see the enormous amount of commendable work they have accomplished and are still accomplishing today.

On the substance of the bill, that is taxation of life insurance companies, I am in total agreement with Mr. K. R. MacGregor, former superintendent of insurance in Canada and past president of the Canadian Association of Insurance Companies. At the congress held by that Association, in Montebello, during the last week of May, Mr. MacGregor, while he expressed his satisfaction with the amendments made to the bill as it read in October 1968, stated that he was not entirely satisfied with the present one.

Here is a summary of the main arguments put forward against such taxation:

First of all, it is not the life insurance companies that will feel the burden of the taxation proposed in this bill, but the policyholders themselves.

In mutual life insurance companies, all the profits go to the policyholders themselves; in social fund companies, a very small share of the profits go to shareholders, the majority going to policyholders.

As there are 11 million life insurance policyholders in Canada, it is obvious that this is a tax on policyholders, and not one on shareholders. That is the main difference between industrial and commercial businesses where all the profits go to shareholders, and not to consumers. So, in the case of life insurance, the consumer will pay.

Furthermore, the tax is so made that it will burden life insurance companies—and also the government—with an unreasonable amount of computing and statistical work. When it is realized how much data will have to be kept on every policyholder to enforce the act, and how many people the government will need to check such data and the reports of companies, one can wonder whether that will not mean an excessive bureaucracy, the cost of which will be paid by the public.

But I wish to draw the attention of this house especially to the fact that taxation will also apply to fraternal benefit societies.

First, in the world in general, and especially in the British world (Canada, Great Britain, Australia) fraternal societies have never been taxed. If no amendment is brought to this bill, it will be the first time that such a tax is imposed on the societies of the countries I have just mentioned.

Second, such a tradition is based on serious reasons, which are part of the very character of those societies.

We believe that economic institutions, as well as governments for that matter, must be as close as possible to the people so that they will feel, since the facts will prove it, that in the economic field something is done for them: family housing, assistance to industry, to associations of social character, all that at the regional level. In fraternal societies, this belief is at the very root of socio-economic action.

These societies provide their insured shareholders and the community with a whole range of social and economic benefits which are not provided for in the contracts: institutions of education, of fraternity, of philanthropy, of social welfare, etc.

And all this takes on an exceptional value because this socio-economic work is done by the insured shareholders themselves. In this sense, a fraternal society, which is really well organized and which functions exactly as the system wants it, is an organization of popular education which is seldom found in the world today. It is an exceptional type of popular and social work which no government can ever accomplish, however well-meaning it may be. And instead of disorganizing such associations, we should help them in their democratic educational work.

Through their democratic structure, their non-contractual action and their popular educational work, fraternal societies are fulfilling a significant social function deserving recognition from any well-informed government.

It is in recognition of all this that in our society such associations have never been taxed and that they ask now not to be taxed. Truly, they have been paying themselves for

a long time the very tax the government is trying to impose on them through this bill. For instance, in an association I know very well in Quebec, the amount provided for welfare and social and democratic education purposes is in the neighbourhood of $250,000 every year. As for the tax that the Government is trying to impose on this association and others, is it not true, as I said, that it is already paying it voluntarily? I doubt if the Government could do as much with the same amount of money.

Honourable senators, in all sincerity, I am convinced that these fraternal societies should not be taxed. They have always been exempt in our society; this is a wise policy and we should continue to follow it.

[*English*]

On motion of Hon. Mr. Flynn, for Hon. Mr. Grosart, debate adjourned until later this day.

Hon. Mr. McDonald: Honourable senators, this may be a good point at which to adjourn during pleasure, until approximately 8 o'clock this evening.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Leave having been given to revert to Order No. 3:

CRIMINAL CODE (HATE PROPAGANDA)

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Legal and Constitutional Affairs on Bill S-21, to amend the Criminal Code, which was presented on Thursday, June 12.

Hon. Arthur W. Roebuck: Honourable senators, Bill S-21 is no stranger in these parts. Its subject matter has been before the Senate for a long time. It has been discussed in the Senate chamber and in the committees of the Senate.

The predecessor of this bill was practically identical in content with the one now before us; it was known as Bill S-40 and was presented in this house as a Government bill on November 9, 1966. Honourable senators, I had the honour of sponsoring that bill. Its presentation was followed, my colleagues will well remember, by a long series of speeches. As many as 29 senators joined in the debate and discussed the question with great vigour. For nearly five months it was on the Order Paper. Unfortunately, Parliament prorogued on May 8, 1967, and Bill S-40 died on the Order Paper.

However, a measure was promptly introduced in the new session on May 9, 1967, as Bill S-5. That bill was referred to a joint committee of both houses of Parliament for study and report, in the expressed hope of both sides of the house that it could be improved upon and made more acceptable to all of us.

However, the joint committee was able to meet only once, at which time Senator Bourque was elected Senate Chairman, and then on July 7, 1967, Parliament adjourned. Parliament reassembled on October 31, 1967, and on November 2 the order constituting the joint committee was rescinded.

That joint committee's duty to study and report upon the bill was referred to a Senate committee of which Senator Prowse became Chairman. Senator Prowse's committee held three meetings only. Then Parliament was dissolved, and once again the bill died on the Order Paper and the committee was *functus officio*.

When the present Parliament assembled on September 12, 1968, the measure was again introduced as Bill S-21, which is the bill before us at the present moment. That was introduced on December 19, 1968. On January 22, 1969 Bill S-21 received second reading and was referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Walker: Would the honourable senator permit a question? Where could I find a copy of the bill as amended by your committee?

Hon. Mr. Roebuck: It has not been printed yet, but the bill as unamended is before us and the report of the committee is in *Hansard* at page 1566. In the report of the committee there is set forth the explanation and the placing of the amendments.

The honourable senator will recollect that I supplied him and the other members of the committee with a memorandum showing just where the amendments came in. If he will permit me to proceed now, I think I can make clear just what we have done, if honourable senators will keep the original bill before them.

In connection with this matter now before us I wish to point out that the committee held

11 public meetings; it heard the views of some 17 organizations, and it heard no less than 32 witnesses. I mention the protracted record first to establish that the long delay was unavoidable; second, to show that there was nothing sinister about it, and that no one was dragging his feet; it was just one of those things in parliamentary procedure; and the third reason that I have gone over the history is in the hope that the house will realize how thoroughly, how long and how vigorously the substance of this bill has been canvassed among us, debated and considered.

When the first reference was made to the joint committee, the hope was expressed here, and on the other side as well, I believe, that the bill could be made more acceptable. This the committee in question has earnestly attempted to do.

May I refresh honourable senators' memories by recalling that the measure is really in five parts. The first part concerns section 267A, regarding the advocacy of genocide. The second part is with respect to section 267B (1), making illegal statements inciting hatred or contempt of identifiable groups made in a public place and likely to lead to a breach of the peace. The third part concerns section 267B (2), making illegal the communicating of statements wilfully promoting hatred or contempt against an identifiable group or groups. The fourth part deals with section 267B (4), providing that, after conviction under the act, the court may order the seizure of "anything by means of or in relation to which the offence was committed"—that is, illegal material. And, the fifth part is section 267C, providing that the court may order hate propaganda to be brought before the court for adjudication and disposal.

That is a broad outline, a skeleton, as it were, of this bill.

Let me now return to the sections in detail, to the protection provisions provided in the bill, and to the amendments the committee has reported.

First let me say that of prime importance is the fact that your committee has provided that in every section of the bill except the second one, no proceedings can be instituted without the consent of the provincial Attorney General. This is an effective answer, I suggest, to the fear so often expressed that the power conferred on the court by the bill may be abused. Frivolous or malicious use of the processes of the court are negatived in practice when the fiat of an Attorney General is a prerequisite to the institution of proceedings.

Let us look at the bill itself and the proposed amendments. Section 267A prohibits the advocacy or promotion of genocide, and genocide includes a series of acts committed with the intent of destroying in whole or in part any, and I call attention to the word "any", group of people. The amendment reported by this committee would restrict this to any identifiable group—not just any group, but any indentifiable group. This amendment brings the section into harmony with the rest of the bill, and it restricts its application to groups identifiable by race, colour, religion or ethnic origin. It excludes from the bill, honourable senators, the Maple Leaf hockey team, which was suggested in committee by one of the members with a sense of humour. I can assure honourable senators that they may scream "kill the umpire" as loud as they like without invoking the terms of this measure.

Now if honourable senators will look at the bill in question they will observe that, as referred to the committee, it has a number of clauses explaining what genocide includes. Three of these have been omitted by the amendments now before us for consideration. The first one was paragraph (b) in the bill which dealt with "causing serious bodily or mental harm to members of the group". This wording comes from the United Nations resolution which was signed by Canada, but the committee was of the opinion that it might well be omitted. It might well describe nothing more than an assault, perhaps, or even a common assault, and so it is proposed that this clause should be dropped.

The next one is paragraph (d), "deliberately imposing measures intended to prevent births within the group". This comes dangerously close to the pill or the manufacture of contraceptives, and so we thought it should also be omitted.

Then finally paragraph (e), "forcibly transferring children of the group to another group". Someone in the course of our debates actually suggested that this might cover the action of the Attorney General of British Columbia who was responsible for sending Doukhobors to boarding schools. Of course this was not with any intent to destroy the group but rather with the intent of making good citizens of the children. However, we were of the opinion that the paragraph might well be omitted, and so we have reported accordingly.

While all these provisions I have mentioned here were taken from the United Nations resolution, the committee was of the opinion that the bill would be improved by their omission.

Then, honourable senators, we have the clauses that are left in the bill by the committee. In subclause 2, which includes the definition of genocide, the advocacy of which is prohibited, there is paragraph (a), "killing of members of the group"; paragraph (c)—which now becomes paragraph (b)—"deliberately inflicting on the group conditions of life calculated to bring about its physical destruction". These clauses specify very plainly, I think, the crime of murder as defined in section 201 of the Criminal Code, and of course genocide, which would come under this section, is genuinely homicidal.

Then, honourable senators, if you turn to clause 4 of section 267A you will see that "identifiable group" is defined as any section of the community—and again I call your attention to the word "any"—distinguished by colour, race, religion or ethnic origin. In the bill itself religion is not included, but the committee has added that word to this phrase which as amended will read "colour, race, religion or ethnic origin." The committee has added the word "religion" because most if not all of our religious groups are not distinguished solely by race, colour or ethnic origin; they are composed of all races, white, black, yellow and so on, and are composed of people of all ethnic origins. So it was necessary, we believe, to add the word "religion" as well as the words already used.

Finally, subclause 3—and I am still speaking about genocide—requires the consent of the Attorney General as a condition precedent to the bringing of proceedings under this section of the bill.

Thus, I submit the safety of the individual is amply protected, for a provincial Attorney General must consent before proceedings are commenced, and an open trial before a judge must take place before a conviction can be registered.

Section 267B (1) remains as originally presented before this house. It states:

> Every one who, by communicating statements in any public place, incites hatred or contempt against any identifiable group where such incitement is likely to lead to a breach of the peace, is guilty of...

The purpose of this section is manifestly to maintain public order, and public order is a primary duty of the public authorities of our own and all countries. May I observe, firstly, we have had experience in riotous conditions brought about by these means. Secondly, a magistrate has ruled such legislation beyond the jurisdiction of provincial or municipal authorities, and a magistrate has ruled that such a situation is not provided against by the Criminal Code.

Under such circumstances, in a public place where a riot is incipient the police must act on their own judgment and responsibility in order to prevent a breach of the peace. So it is not practical to obtain in advance the consent of the Attorney General; and, in this instance, the Attorney General's fiat is not required. Therefore, the responsibility rests upon the judge or the magistrate when the case is called in court the following morning. We did not amend that section.

Now I turn to section 267B(2), which is with respect to the dissemination of hate literature. I may say in passing that the strongest condemnation was expressed by all the witnesses before the committee and by the committee members themselves of the scurrilous and disgusting libels against identifiable groups which were produced for our edification, so much so that the committee refused to soil our own records by their reproduction and publication in the reports of the committee's proceedings.

Subsection 2 of section 267B, as originally presented, reads as follows:

> Every one who, by communicating statements, wilfully promotes hatred or contempt against any identifiable group is guilty of...

Subsection 3 of section 267B, as originally drafted provided that

> No person shall be convicted of an offence under subsection (2) where he establishes
>
> (a) that the statements communicated were true; or
>
> (b) that they were relevant to any subject of public interest, the public discussion of which was for the public benefit, and that on reasonable grounds he believed them to be true.

The committee improved that Subsection, broad as it is, from the standpoint of a defence, by changing "public discussion" to the word "discussion," so that discussion of such matters in private as well as in public will be protected if the amendments are carried.

This bill is much more solicitous for the protection of the accused, and we have made it even more so, than is the English act. However, not satisfied that in order to be illegal such statements must be not relevant to a subject of public interest, not discussed for the public benefit and not believed by the accused on reasonable grounds to be true—that is, lying—the committee has added two further precautions, to make precaution doubly precautious. First:

> (3) No person shall be convicted of an offence under subsection (2)
>
> (a) for expressing in good faith and in decent language, or attempting to establish by argument used in good faith and conveyed in decent language, an opinion upon a religious subject;

Honourable senators, the days of religious wars have gone. We have suggested that amendment, and I hope that everyone here will agree with us.

The second step we have taken to make secure the administration of the act and the welfare of those who must abide by it, is this:

> No proceeding for an offence under this section shall be instituted without the consent of the Attorney General.

Honourable senators, we have gone as far as we could go to make this bill acceptable to the critics in this house, and to make it safe, secure and proper in the country at large.

The next section of the bill is with respect to objectionable materials. You will find that section 267B. (4) provides that upon conviction under the act the court may order,

> anything by means of or in relation to which the offence was committed—

That is to say, the objectionable literature.

> —to be forfeited to Her Majesty...for disposal as the Attorney General may direct.

So that the Attorney General is present, shall I say, in this transaction in two ways: firstly, the proceedings cannot be instituted without his consent; and, secondly, the materials upon which the proceedings were based can be disposed of only as he directs. And this, honourable senators, after a conviction has been registered.

If there is anything remarkable about this legislation it is the extraordinary precautions we have taken for protection of the accused and of his rights, safety and privileges.

Then there follows a number of definitions. The definition of "statements" is broadened so as to be all-inclusive, as is the definition of the word "communicating". This is to enable the Bell Telephone Company to deny the use of telephone facilities for the dissemination of hate propaganda against identifiable groups.

Those honourable senators who are members of the committee will recollect the kind of scurrilous material that was presented to us by the telephone company, and which was disseminated over its lines. An official of the company said that they were unable to prevent this under the law as it stands, and that the company was strongly in favour of some legislation making illegal this method of disseminating hate propaganda, so that the company could stop the use of their lines for this purpose.

Hon. Mr. Choquette: Do you think they need legislation such as this to be able to do that?

Hon. Mr. Roebuck: It may be that they do not. I think that if I were on the board of directors of the company I would have stopped it. On the other hand, we in this chamber can hardly blame a company for being careful in seeing that their conduct is legal, and not illegal. There is no reason in the wide world why we should stand by and allow such material to be disseminated in that way—a way which, in the bona fide opinion of good lawyers, is perfectly legal, and beyond their control. Nor do we wish to hand to the telephone company the power to censor materials that they do not like going over their lines. We have enacted very stringent rules in that regard.

Section 267C makes possible the picking up of hate literature without subjecting the owner or the distributor in all instances to prior prosecution. The police can make a seizure on a warrant issued by a judge who must act on sworn information, and within seven days of the issue of this warrant the judge must notify the owner to appear in court to show cause why the material in question should not be forfeited to the Crown for disposal as the Attorney General may direct.

A right of appeal lies from even that judgment of forfeiture, and the committee has added a further precaution by requiring a fiat of the Attorney General as a prerequisite to such proceedings.

It has been argued that the seizure should be permitted only after the conviction of the

owner or distributor, but obviously this is impracticable, unnecessary, and undesirable. For instance, let us suppose that storekeeper A has been convicted, and certain material has been declared illegal. What sense would there be in a long series of prosecutions of others who are found in possession of exactly similar material? Is it not sufficient to give to each possessor of that kind of material the option of appearing in court within a period of seven days to show cause why it is not illegal material? By this simple proceeding, we clear away the objectionable material with the least possible trouble to anyone.

Prosecutions in each instance would unduly extend the time required to clear up the material. It would greatly increase the cost of the administration of justice in this regard, and it certainly would be no favour to the persons involved who might be quite innocent in the matter of having the material in their possession for distribution, in not realizing it was questionable literature. Nothing would be gained by a long series of prosecutions in order to rid the community of hate material of that kind.

I wish to say a few more words about free speech. The bill as originally drafted has been greatly improved, in my judgment. The committee has gone far towards meeting the objections made in this chamber and before the committee by the critics of the bill. I submit that the legislation as it stands now is not, as has been alleged, a limitation of free speech. In pith and substance, lawyers take note, its purpose is the protection of the lives and dignity of many people identifiable in certain groups.

Let me illustrate what I mean. I shall try to make clear the principle I am trying to explain. For instance, we have stringent regulations in respect to the labeling of cans containing food. You must not print lies on the outside of a can of soup. Is that a limitation of freedom of speech? I say it is not. The pith and substance of that legislation, and its real purpose, is the protection of the public against being poisoned by bad food, and nothing else.

Hon. Mr. Aseltine: It is a protection against fraud.

Hon. Mr. Roebuck: Let me give another illustration to make it as clear as possible. A person in Canada may carry a club, but he must not crack people's heads with it. The pith and substance of that legislation is not directed against a person's freedom to carry a club, but rather against his using it to bruise heads.

Laws regarding libel, slander sedition, and contempt of court are not against free speech, but are rather to prevent injury that may be done to Canadian citizens by dishonest, disloyal, or evil-minded persons. These laws do not touch the question of free speech. With respect to hate literature, while the weapons used may be words, the prohibition is against the injury done to identifiable groups which are the subject of unjust attack.

I submit that the bill as amended is not an infringement of free speech. There is no member of this house who is more anxious to protect the freedom of discussion that we have in this country than I. I submit that the bill as amended should have your favourable consideration as a necessary protection to great sections of our Canadian people who have suffered too long by slanderous publications to which they now object.

I would point this out in conclusion. We heard everyone, every organization that was suggested. From those 32 witnesses I can draw the conclusion that we have witnesses favourable to this bill, and very favourable, really most desirous for this legislation, and telling us that it should be enacted. We had witnesses taking that favourable position who are representative of more than two million people.

Hon. Mr. Choquette: Oh, come now!

Hon. Mr. Roebuck: It is extraordinary that a committee of this house should have witnesses representative of, I say, two million people.

Hon. Mr. Choquette: Oh, come on! They perhaps belonged to organizations that had 200,000 members, but surely they did not hold meetings to be empowered to come to this committee and speak on behalf of others.

Hon. Mr. Roebuck: I did not say that, but I will accept your statement that they were sent by organizations. You are going further than I did. I say they were representative of two million people.

Hon. Mr. Aseltine: What has this got to do with the amendments? We are considering a motion to adopt these amendments. You are making a speech on the whole bill, and I object to it.

Hon. Mr. Roebuck: I am showing honourable senators how necessary these amendments are. Very well though, I will bow to your

objection, because I am finished with my comments.

Hon. Mr. Aseltine: You cannot say that I did not let you go on.

Hon. Mr. Walker: The honourable senator has been out of order for 40 minutes.

Hon. Mr. Roebuck: All right, I have done the best I could. I have espoused this measure for years, and I leave it in your hands.

Report adopted.

THIRD READING

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

Hon. Mr. Roebuck: I move, with leave of the Senate, that this bill be read the third time now.

Hon. George S. White: Honourable senators, I fully realize that a speech on third reading is almost hopeless, particularly with Bill S-21, known as the hate bill. In my opinion, this is a most vicious and objectionable bill that is an insult to every Canadian citizen, a bill that is totally unnecessary. This bill, if passed, will damage the prestige of this chamber and will damage the Canadian image around the world. However hopeless it may be, I intend to make one last protest against the provisions of the bill relating to genocide.

There have been several hate bills before this chamber. I have read all the briefs presented to the committee and all the evidence. Despite what the honourable senator has just said, I for one cannot find in that evidence one single instance where any brief or any witness showed the need or any good reason or argument for a bill such as this in Canada as far as genocide is concerned. On the other hand, many briefs and much evidence showed that the bill was not only vicious but dangerous, and practically impossible of interpretation or enforcement.

The press from coast to coast have carried many editorials condemning this bill. Only last Friday the Toronto *Globe and Mail* had a leading article headed "A steady erosion of rights". I should like to read certain passages from that editorial. It starts:

> 'There is a point,' mused Sophocles, 'beyond which even justice becomes unjust.' The week's transactions in Ottawa remind us that excessive justice threatens Canadian freedoms as much as it did those of ancient Greece.
>
> The menace looms in both parliamentary bastions of our democracy, the House of Commons and the Senate. Its shape emerges from two debates on three areas of law where we seek to broaden and entrench our liberties: bills on official languages and hate literature and a Commons committee study of wiretapping.

Further on it states:

> Which Canadians of conscience want to watch any individual or group this country held up, by sheer perverted principle, to ridicule, contempt or hate? ...We will not heed the heralds of bigotry.

The editorial continues further on:

> Of the right, in simple truth, not to be considered guilty by the fact of accusation itself?
>
> These rights, especially the presumption of innocence until judicial proof has been established to the contrary, are not some flimsy fads from an overtaken tradition. They are the heart and guts and life of all our freedoms.

Towards the end, the editorial states:

> And, in the Senate, an act was passed that would put the onus on an accused to clear himself of charges of an ill-defined offense involving hate.

As I said before, we do not need this type of legislation in Canada. If the Senate of Canada now passes this bill today will be known as a black Tuesday for the Senate of Canada, for in this chamber we have honourable senators of great wisdom, from every profession, from the world of finance, the world of business, the press and many other fields. Surely the majority of honourable senators, with their great experience of this Canada of ours, will not decide that this vicious and infamous bill is necessary in Canada in the year 1969.

I repeat, this bill is an insult to every individual Canadian. Are the citizens of Canada being put on a par with the Germany of Hitler and his gang of storm troopers and SS guards, and on a par with the people of certain other countries from which there are reports from time to time of acts of genocide? What type of breed are we Canadians in 1969 that we need such a bill? I think it was Shakespeare who used the phrase, "the happy breed", which definition may well be applied to we Canadians.

I think every honorable senator will agree when I say that we have found Canadians as

a whole a most friendly, kindly and tolerant people. We Canadians are more than generous. One has only to look around his own community and across the country at the yearly appeals and the amounts of money raised on behalf of the Red Shield, the United Campaign, the Cancer Society, the Red Cross, the March of dimes, the Heart Fund, the Salvation Army and many others. Consider the dozens of service clubs across this country and the money they raise and the good they do. Canadians are always most anxious and willing to help and assist others not as fortunate as themselves. Everyone can recall disasters outside of Canada where an appeal was made and Canada always responded in a most generous manner, such as our foreign aid policy, with contributions of money, food, goods, materials and technical assistance to underdeveloped countries. This is just another example of the generosity of Canadians, the type of people we are, and our desire to help others.

Every honourable senator can recall cases in his own community where immigrants from other lands have moved in and how they have helped and assisted and, in a short time, they were woven into the fabric of the community. Our immigration policy has been to welcome people from lands all over the world, generally from countries where freedom is not known as we know it in Canada. Our Government assists with their passage, and in every way on their arrival, in their learning of our language and in finding employment. We welcome these people from many lands who come to Canada because of our freedom and our good name. In turn, these people have contributed in many ways to the growth and development of our country, and we Canadians have gained much in the culture that they bring with them from their native lands.

In Canada, and speaking as a native of Ontario, we have provincial legislation which deals with discrimination on grounds of race, colour, religion and anything pertaining to an ethnic background. I have in my hand the clipping from the Toronto *Globe and Mail* of June 14 reporting that the Ontario Human Rights Code has been amended whereby the minimum fine for an individual convicted under the act has increased from $100 to $500 and for a corporate trade union upon conviction the fine has been increased from $500 to $2,000.

Honourable senators, I am simply trying to remind you of the type of people we Canadians are. Are we the type who would ever advocate or promote genocide? I say that the natural instinct of every Canadian is to assist and build, not to destroy. Why then must we Canadians be insulted by placing on the statute book a law making it a crime to advocate or promote genocide?

There was discussion in the committee as to the onus of proof. Surely we in this chamber are not going to approve of an act whereby the onus of proof is placed on the accused. Various examples were given in the committee as to far-out cases that could be prosecuted under this act. The honourable chairman mentioned a hockey game. I remember that one witness in the committee gave an example that if Shakespeare were alive in Canada today he could be prosecuted under the act for writing *The Merchant of Venice*. If Kipling resided in Canada today and wrote his recessional hymn, which has the line "Or lesser breeds without the law", no doubt he could be prosecuted under this act.

I would point out that under section 267c(3), it seems most peculiar that any such provision should appear to be necessary in any bill presented to this chamber. Surely, anyone charged with an indictable offence is entitled, not only to appear in court, but to be represented by counsel.

If this bill passes there will be great confusion in our courts with various legal interpretations of many words in the bill. I refer to such words as "public place". What is a statement which "incites hatred and contempt"? When would such incitement "lead to a breach of the peace"? What is meant by "communicating statements, wilfully promotes hatred or contempt..."? What is meant by:

> ... were relevant to any subject of public interest, the public discussion of which was for the public benefit, and that on reasonable grounds he believed them to be true.

How is the word "statement" as defined in the act, to be interpreted by the courts? What is hate propaganda as defined in the last section of the bill?

Honourable senators who reside in Ontario will recall that during the past few years there have been several prosecutions dealing with obscene literature, movies, stage plays, paintings and sculptures. Everyone remembers the prosecution against obscene literature where a defence counsel called some of the most prominent and outstanding literary men on the North American continent to give evidence on behalf of the author, and they stated

that the book is probably in the realm of a classic. The same results apply to prosecutions of stage plays, movies, paintings and sculptures. In fact, some of the prosecutions have been ridiculous to the nth degree. In one case a witness described the painting as totally indecent, whereas another described the same painting as a great work of art.

In the interpretation of many words of this bill, and especially in the interpretation as to what is hate propaganda, we will have the same confusion and uncertainty as to opinions for and against what one witness may consider hate propaganda and another may consider to be just, fair and proper.

The briefs presented and the entire evidence before the committee did not give one single case or incident of a happening in Canada that would make it necessary for the introduction of this far-reaching and most objectionable bill. It is true that there were references to the lunatic fringe, hatemongers, crackpots and similar words. There was direct reference to one named individual, but, I repeat, no brief or evidence gave any instance in the slightest degree to show why it is necessary to have a bill of this type.

I said at the beginning that I realized it was folly to protest. This bill is to be rammed, crammed down the throats of the Canadian people. We, the Canadian people, a happy breed of people, are known, respected and loved throughout the entire world for our freedoms, for our respect for law and order, for our friendliness and our willingness to help and assist others. We are renowned for the great effort of all the Canadian people, who, in two world wars, and in Korea, sent hundreds of thousands of young Canadians overseas to help and protect other peoples. Canada gave freely of men and poured out its wealth, not for any material gain, but to protect the freedom of other peoples.

Today, honourable senators, this proud nation—though small in population—a nation which has done so much in many ways to help and assist other peoples in all parts of the world, is to have its proud name and record blackened and sullied, by proclaiming to all nations of the world that in 1969 the Parliament of Canada deems it necessary to pass this act against the advocacy or promotion of genocide in Canada.

Hon. Daniel A. Lang: Honourable senators, when this bill was first introduced into this chamber in November 1966, I spoke to it at that time on second reading and made my objections to it known. I still hold those objections today and even this evening after the amendments have been presented.

Because this bill has been with us twice before, there was no debate on it here when it was introduced on second reading in this session. At that time, it was felt better to refer it immediately to committee and to reserve debate until after the committee had made its report. For that reason, and because I have not made my views known in this chamber since November 1966, I feel I should speak tonight.

Honourable senators, I want to be satisfied completely in my own mind that the Senate realizes the nature and the extent of my objections, and that the Senate fully realizes the significance of the provisions which may be put into law by passage of this bill.

In opposing this bill, I find myself in very distinguished company. Apart from my colleagues on the opposite side of the chamber, I count among that company editorial columnists in most of the major dailies across this country, distinguished columnists and commentators in those papers. These are indeed represented by the editorial from the *Globe and Mail* which was quoted extensively tonight by Senator White. I have that editorial in front of me, and if I may I would read one paragraph which Senator White omitted to read. It says:

> It is a comfort, though perhaps an illusion, to believe that a massive majority of Canadians cherish procedural rights as much as the rights of substance the proposed bills aim specifically to secure.

And here particularly he is referring to the shift of onus of proof to the accused, under this proposed legislation:

> Yet the defenders of equilibrium are few and dwindling: after Mr. Justice C. D. Stewart and former Chief Justice J. C. McRuer, the names of men who keep justice in perspective come slowly to mind.
>
> Unless a coherent and authoritative body of opinion adds itself very soon to these lonely Horatios, the bridge of Good Causes will fall to a horde of too-eager, too-hasty, above all too self-righteous, partisans of expediency. Already these are bold enough, or insensitive enough, to argue that the precedent of aborted procedure in one law fully justifies its emulation in another. The erosion of liberty's safeguards has gathered a frightening momentum.

Honourable senators, in addition, among the distinguished company opposing this bill are some prominent organizations and witnesses who appeared before your committee. Those who opposed this legislation include the Canadian Civil Liberties Association, represented by Mr. Eamon Park, Vice-President; Professor H. W. Arthur, Associate Dean, Osgoode Hall Law School, Toronto; Professor Frank Scott, McGill University, one-time Dean of the Faculty of Law at McGill University; Very Reverend Dr. E. M. Howse, Past Moderator of the United Church of Canada; and, although not a witness, Dr. Walter Tarnopolsky of the Faculty of Law, Windsor University, who has written in literary publications across this country.

Honourable senators, first, I would ask a question: What in fact does this bill do? In answer, I would say it creates three new crimes hitherto unknown in our law. They are, first, advocating or promoting genocide; secondly, in a public place, inciting hatred or contempt against a specific group, which is likely to lead to a breach of the peace; and the third crime, in a public or a private place, promoting hatred or contempt against a specific group. In short, if this bill becomes law we will have a new concept in crime—not in civil law but in crime—of promoting hatred or contempt.

The breadth of activity that might be embraced in those vague words and brought within the ambit of our criminal law, is one of the most alarming things that has happened in Canada for many years.

Honourable senators, my opposition to this bill is based on two main grounds, namely, that this law is unnecessary in Canada today and, secondly, the indefinable vagueness of the proposed new crime of promoting hatred or contempt is at the root of very dangerous procedures. It strikes at what the *Globe and Mail* editorial refers to as the heart and guts and life of all our freedom.

Firstly, I would like to examine briefly with you my conclusion that this law is unnecessary. As you are aware, the bill stems from a report of the subcommittee on hate propaganda, which produced a report known as the Cohen Report, which was brought down here on November 10, 1965. The report states in its own words, that the committee "examined into the extent of the hate propaganda problem in Canada."

Hon. Mr. Martin: What date is that?

Hon. Mr. Lang: It was brought down on November 10, 1965. It says that "the propaganda in Canada was mainly anti-Jewish, anti-Negro and neo-Nazi in nature."

Having examined and so determined the committee concluded, and I quote from page 14 of the report, as follows:

> The committee has been made aware of about 14 organizations, several of which, however, are splinter groups derived from now expelled elements of the Social Credit movement; a few are outright Nazi type parties; and a few are indigenous Canadian-Fascist associations. One or two are simply "extremist" with little ideological content. However odious the behaviour of these groups and however offensive the materials they distribute the Committee believes that none of the organizations represents today a really effective political or propaganda force and that, in any case, very few individuals as such are involved.

Honourable senators, again to the point of the necessity for this legislation, Appendix III of the report is a list of hate propaganda pamphlets then known to have been distributed in Canada. The appendix lists 53 pamphlets, of which 37 were published in the United States; five were published in two other foreign countries, four were published by persons unknown and seven were published in Canada.

In other words, of the 53 then known hate literature pamphlets that had been circulated in Canada at that time, only seven, namely those published in Canada, would fall within the purview of this proposed legislation. Publication of the remaining 45 can only be dealt with through our control of the mails, and prohibitory orders of the Postmaster General are now outstanding against those foreign publishers.

Honourable senators, of the seven pamphlets known to be published in Canada, one is identified by a post office box number in Scarborough, one is identified by a post office box number in Toronto, and the remaining five came from one crackpot who is identified in the report as a man named Taylor who publishes in Gooderham, Ontario, under the name of Canadian Publications. A prohibitory order of the Postmaster General is outstanding against that man.

Besides the pamphlets of Taylor, to whom I referred, the report identifies two other crackpots, one a man named Stanley, who ap-

parently has now renounced his past conduct; and a man named Beattie, whose publicity-seeking actions in Toronto centred around Allen Gardens Park.

In summary, honourable senators, we have seven known pamphlets that have been published and circulated to some extent in Canada and we have three bigots. That is all there is, from a population of over 20 million souls. Yet, we are urged that this legislation is necessary. I would remind all honourable senators of the words of William Pitt who, in 1738, as Prime Minister of England spoke these words in the House of Commons:

> Necessity is the plea for every infringement of human freedom. It is the argument of tyrants, it is the creed of slaves.

Now, honourable senators, one might suggest that, even though this legislation be unnecessary if my thesis is correct, it will give comfort to certain groups within the community, so why not pass it in any event. I for one would be perfectly prepared to go along with that if legislation could be framed to deal specifically with the few, specific, obnoxious and detestable organizations and people I have just mentioned. However, the bill before us, while attempting to do just that, creates the vague and indefinite crime of promoting hatred or contempt, and this brings me to my second reason for objection.

In my opinion that quality of vagueness to the proposed crime can imperil the tradition of our freedom of speech in Canada—a freedom so basic to our life that it is declared a fundamental freedom and is set out in our Bill of Rights. I fear that it is the failure to recognize the nature and extent of this peril that has escaped the proponents of this legislation. However, I must say that it was recognized by your committee, and I want to commend its Chairman for the safeguards that he and his committee have attempted to impose through the amendments presented here tonight. Among the most significant of the amendments is the one requiring that any prosecution first must receive the consent of the Attorney General.

We in Canada prefer to live under a rule of law rather than under a rule of officials, but, honourable senators, if criminal law, potentially capable of such grave abuse as this is capable of, comes on to our statute books, we need such drastic and restrictive protection. The exemption afforded by amendment to protect in some cases opinions expressed in good faith and in decent language on religious subjects is also welcomed. However, I cannot help but be dismayed that today in Canada we should have to spell out in a statute that expressions in good faith and in decent language on religious subjects do not constitute a criminal offence. That, honourable senators, is what we are doing in this bill.

Notwithstanding these beneficial amendments, my fear of and objections to this bill remain. I ask what good, what fair, what honest opinions might by some be considered as promoting hatred or contempt? I do not know. The vague, inclusive breadth of the proposed offence of promoting hatred or contempt of an identifiable group is absolutely frightening.

What innocent person facing a hostile mob might be arrested under section 267B (1)? I do not know. However, one might be arrested, because of the hostile mob and the likelihood of a breach of the peace, and, if his statements were considered by some judge or magistrate to be inciting contempt of a group, then that man would be guilty. The defence that he was attempting to establish in good faith and in decent language an opinion on a religious subject is of no avail to this man. That exempting provision only applies to the next section of the bill.

To a charge under subsection 2, no matter what the subject matter is of the statements by this man, be it political, religious or otherwise, none of these defences provided under that subsection are available to him. Neither the truth, the relevance of public interest nor belief in their truth is germane. This man may be arrested, but the rioting mob may go unmolested.

Honourable senators, I ask what persons might be convicted under subsection 2 for expressing honest opinions in their own homes? In their own homes! I do not know. The only protection they would have would be if they were on subjects of religion. On any other subjects some persons might be arrested for something they had said in their own homes and could be convicted, if, in the opinion of a magistrate, their expressions promoted hatred or contempt of a group. Their only hope would be in their ability to discharge the onus of proving the truth of their opinions—and I do not know how relevant truth is to opinions—or that they were of public interest and the discussion was for the public benefit, and that they believed them to be true. Those latter three defences are joined together by the conjunction "and," which means that they all have to be proved.

But even if this were the case, the ability of the accused to discharge that onus might very well fail. The imposition of such an onus is contrary to section 2 of the Bill of Rights, for therein it is provided that no law of Canada shall be considered or applied so as to deprive a person charged with a criminal offence of the right to be presumed innocent until proved guilty.

Now, I have briefly outlined my basic objections to this legislation, but I would like honourable senators to know that these objections are shared by these eminent authorities who appeared before the committee. I should therefore like to refer briefly to a few of their remarks to substantiate what I have said.

Firstly, I want to quote from the presentation made by Mr. Park, Vice-President of the Civil Liberties Association, who in his brief said:

> Many useful utterances in a democratic society incite what could be described, at the very least, as bitter feelings. The dividing line between creative tension and destructive hate will often be very difficult to draw. For example, if a French-Canadian nationalist were to denounce English Canadians for the exploitation of French Canada could it be said that the was inciting "hatred or contempt" of English-speaking Canadiens? If an Indian were to heap blame for his poverty upon the white man, could he be said to be inciting "hatred or contempt" for white people?
>
> Whether or not one agrees with the kinds of views which we have used in the foregoing examples, it would be unfair, unwise, and undemocratic to make them illegal. Yet, we run the risk that the formulation, "hatred or contempt", could lead to precisely such a result.
>
> Moreover, we fear that the defences which are provided in the section may not be adequate to protect many legitimate exercises of free speech. The defence of truth will have very little application in view of the fact that most utterances in the political arena deal with opinion rather than fact. The immunity conferred upon subjects of "public interest" gives the courts far too much power to set the framework of democratic political polemics.

Professor Walter Tarnopolsky, in his article which was referred to by Mr. Park, said this:

> The dangers inherent in the new offences proposed by Bill S-49 (as it was then) are even more serious when one considers Section 267C. It provides that a publication, copies of which are kept for sale or distribution, may be seized under warrant issued by a judge 'who is satisfied by information upon oath that there are reasonable grounds for believing' such publication is 'hate propaganda', i.e. a 'writing, a sign or visible representation that advocates or promotes genocide or the communication of which by any person would constitute an offence under Subsection 2, section 267B'. The owner and author of the publication seized may appear to be heard, but 'if the court is satisfied that the publication is hate propaganda' it may order its forfeiture. Booksellers beware! Clearly, all copies of "Mein Kampf" would have to be moved if kept only for sale for members of a Political Science class. What about Alan Paton's "Cry the Beloved country"? Doesn't it wilfully promote hatred against the dominant white race in the Union of South Africa? What about the writings of James Baldwin? Is it not possible that some judges would be 'satisfied' that some of his works constitute wilful promotion of hatred against white Americans?

That type of concern is reflected in the testimony of many witnesses. As we read further he says:

> Thus, it is clear that Sections 267B and C involve great risks to the free speech of a wide variety of people, many of whom bear no resemblance to the Nazis or hate mongers who sparked this bill.

Then we have Professor Harry W. Arthurs, who says:

> —we should not be persuaded to surrender our freedom in order to make ourselves secure against the dangers which may never come to pass...I feel penal legislation is the wrong way to attack hatemongering.

This was reflected in the thinking of all the witnesses. He continues:

> Second, as our experience with communism indicates, if we outlaw certain forms of speech, however distasteful, we may simply drive the speakers underground.

Still later he says:

> Third, while I concede that an effort has been made to draft the bill tightly, I share with many people the genuine fear

that even in its present terms it may be used to silence individuals and groups whose cause might be either innocuous, or, indeed, highly meritorious, but whose methods are found to be distasteful by those who are in a position to initiate prosecution...

...it does strike me as being particularly ironic that we seek to protect liberty by diminishing it.

Dr. Howse, in his presentation, referred to the similarity of the situations surrounding the introduction of the Padlock Law in Quebec and this bill. I think the analogy is worth noting. He says:

In Quebec at that time no questioner could be any rational consideration of the true nature of the Bill, or the dangers of its sweeping clauses. Every objective consideration of the Act was drowned in emotional references to the blood-bath in Russia, and in tirades against the perils of Bolshevism. The Act could be understood, said its defenders, only by knowing Quebec's horror of Communism. If you opposed the bill, the inference quickly ran, you were soft on Communism, and probably a Communist in disguise.

This bill on hate propaganda, though not a "Padlock Law", yet seems to me to be dangerously vague and susceptible to abuse. And, this time, any question concerning the nature of the bill and the dangers of its clauses is drowned in an emotional tirade against Nazism.

Professor Frank Scott made a very scholarly presentation before the committee and he based his objection to the legislation around four main principles or concepts which I think are rather interesting because they raise a somewhat different approach. He says:

First of all, I think this bill is retrograde, it is a looking backwards type of bill. Secondly, I think it is unnecessary. Thirdly, I think it is dangerous. And fourthly, using a non-legal expression, I think it is old-fashioned.

May I speak to the first of my propositions, that it is retrograde. I think it is running contrary to the spirit of our times in the development of legislation to protect human rights.

He refers again to the Padlock Bill as analogous, and at a later stage says:

—Mr. Duplessis in Quebec passed the "Padlock Act", as it is called, technically an "Act to Prevent Communistic Propaganda in the Province". Communistic propaganda may not be quite the same as hate propaganda but the concept and principles present the same legal problems.

I think this is why the analogy is so important.

—Mr. Duplessis got this law passed in 1938. Of course, it was passed unanimously in the Quebec Legislature, because when this kind of law comes up all sorts of people vote for it who do not really like it but they do not want to appear to be against it. If you voted against the law you seemed to be for communism. Well, who can be for hate? Therefore, if you are against this law you might be thought to be in favour of hate. There is a psychology about this type of legislation that, I hope you appreciate, often subconsciously motivates people's attitudes.

He goes on to say:

My second main point is, I do not think the law is necessary. It is crisis legislation, and there is no crisis. Why do we need it now? Is not our country reasonably tranquil? Have we not a great deal of law capable of coming into use if there is really a series of great disturbances caused by hate literature?

Further on:

My second point, as I was saying,...is that I do not think this bill is necessary. By that I mean it undoubtedly is an increase in the prohibitions of the Criminal Code and therefore a decrease in the freedom of the individual. I see no pressing evil in Canada at this moment that makes it necessary—

Even in the report, the members had before them Doctor Daniel Hill, who is Director of the Ontario Commission on Human Rights, and he said he believed that Canadian public, because of its social stability and the high standard of living, is relatively immune to extremist anti-Semitic and other "hate" materials...

My third point...is that the legislation as drafted is very dangerous because of certain ambiguities and, to use a phrase that has been coined in the American Supreme Court, because of its "overbroad sweep", it covers too much ground.

He also goes on to say:

—it is bad education for the public. I know that the Cohen Report argues that

this type of law is good education, because it teaches people that they ought not to preach hate. Yes, but it also teaches them that the way you stop hate is by having the police lay charges and putting a man in prison.

Honourable senators, I have just brought those few quotes to your attention so that senators who are not members of the committee may appreciate the type of arguments we had before us from such distinguished men and jurists.

Honourable senators, there is no one in Canada more anxious than I to see the foul-mouthed purveyors of hate eliminated. There is no one more anxious than myself to see effective means devised for doing it. No one, least of all myself, would quarrel with the objectives of this bill.

The tragedy, honourable senators, is that it fails altogether. Rather than eliminating hate, it will encourage it through the publicity afforded by the prosecution of a few sleazy purveyors. Rather than encouraging the free and open society we so cherish, it raises the spectre of police oppression. Rather than bringing all Canadians of good will together in brotherhood, it will impose between them fear and distrust. This bill is a dark shadow over our freedom.

In speaking tonight I feel I have discharged my duty to my conscience and, perhaps, to my limited intellect. I also want to be sure that I have discharged my responsibility to this institution in its role as a watchdog over the liberties of the Canadian subject. I hope the Senate will never fail in that role.

Hon. David Walker: Honourable senators, more in sorrow and certainly not in anger, might I address a few remarks to the house, because none of us had the opportunity of doing so on second reading, it having been agreed that the bill should go to committee.

A week ago we passed the omnibus bill giving freedom in respect of homosexuality, no penalties; and freedom in respect of abortion, no penalties—two shocking things, but the world is for freedom, and it does not matter what kind of freedom it is.

Now, what is happening this week seems almost ludicrous. We appear in this august body, a chamber of sober second thought, and we are proceeding to pass a bill which derogates from the freedom of speech and action which have been cherished by us since the days of Magna Carta. One week we give freedom in respect of homosexuality and abortion, and the next week we take away freedom of speech and action. It is a shocking indictment of this house of which, of course, as one of its members, I must bear a part.

We have heard tonight from Senator White, with 30 years' experience in both chambers, he having never been defeated for the House of Commons. He is also our former Speaker. He was faithful in his attendance at these committee meetings, and he has pointed out to you that no one has outlined any reason why this bill should be passed.

There is the well-known maxim that "No law, if there is no reason for it." That is British and American justice, American justice following on the common law of Britain, and it is Canadian justice.

I admire Senator Lang because he is such a friendly person, and with members on both sides of the house too. Throughout he has been a prisoner of his own conscience and has overcome any desire to stand up and be counted with the majority.

Three new crimes are created under this bill, and there is no reason for them. One thing is a tremendous mistake, and almost the whole bill deals with it. You are insulating against criticism groups, no matter what the group—something that the Criminal Code would never do and that British jurists would never do. This was no omission in the Criminal Code, because hundreds of years of experience have indicated that if you protect groups, as such, by surrounding them with protective laws, they get too powerful. You can think of instances whereof I speak. To give a group power which it has never had to this day in any British country, except for the recent narrow basis in England, to bring a libel action, would make that group, surrounded by able attorneys and brilliant men with lots of money—and I can think of a dozen such groups—almost more powerful than the Government.

To give a group power to prosecute is unnecessary, because a group can take care of itself. It can write, advocate, advertise, and convince more easily than the individual. It is not pleasant to realize tonight, because this is really the purport of this bill, that you are going to give groups, wherever they may be, power to grind down individuals and take away their freedom to express themselves. This is a shocking thing. Even in the State of New York, where there is every temptation to pass such a law as this, it has been vetoed by the Governor.

Honourable senators, groups do not need protecting. They can protect themselves. But, you are going to protect them and allow them to build themselves up into powerful institutions for oppression. And who is going to be oppressed? The little man. He cannot stand up against these groups and defend himself. The little man, whether or not he is sued for libel by the group, is going to be in constant fear, because the group can lick him. They have the money, the power and the numbers, and he had better be careful in what he says about them.

Honourable senators, you will be downgrading British justice, as we understand it. The Criminal Code is a wonderful piece of legislation, and it is accepted by all provinces of Canada without exception. It is a codified rarity of British justice. Even Britain has not a criminal code, but we have. Can anybody show where the Criminal Code is not adequate in this respect? Certainly it does not establish protection for groups as such against criminal libel, but why should it? It deliberately does not do that.

During these eleven weeks of tedious and long discussion we could hardly open our mouths without being accused by at least three honourable senators, acting like parrots, of being prejudiced. It appeared that one could not express his opinion of this bill without being told he was prejudiced. But, honourable senators, here is the Criminal Code, the refinement of British justice that has come down to us through the centuries. Show us wherein it is lacking. There is no necessity for any such law as this, and that is why it is not included in the Code.

We can be shown, of course, that there is no protection for a group, as such, against criminal libel, but I say: Show me a judgment in respect of the criminal law as it applies in the Province of Quebec or any other province of Canada, which states there is a lack of such law in this country. Show me any part of our jurisprudence that is not sufficient in this respect. Show me a test case in which a law such as that provided by this bill has ever been tried out in our courts.

There has been no such test case, because there has been no necessity for such a law. Where there is no such law, there can be no such case.

But, honourable senators, you are asked to vote tonight on this harsh, restrictive, unfair, and unjust measure. Why? Because some day something might happen. Never in the history of this Senate has there been such a show of force to get a bill through without, as far as I can make out, any reason to support it.

Honourable senators, you are going to vote on this bill. Is there a set of facts, or is there an incident in Canada at the present time that requires a measure such as this? Has there ever been a test case to test out the Criminal Code for any lack in respect to preventing the oppression of any person in Canada? If there were any such, then I would agree that the Criminal Code must be amended.

All I can say is that for four years this bill has been kicked around. Even on the other side I do not think there was much support for it. It is sometimes said, "Walker, you get angry at times," but I should like to point out that I am never angry at individuals. As soon as a certain situation is over, then I feel nothing but goodwill and friendliness. I even feel friendly towards Senator Roebuck.

Hon. Mr. Choquette: Are you against groups?

Hon. Mr. McDonald: Yes, but not individuals.

Hon. Mr. Walker: Here is the situation. Why should you at this late stage vote for this bill just because pressure has been brought on the cabinet to have this bill passed over the last three years? The order has gone out: "This is Government legislation. We want it passed. We want all the senators who are supporting the Government to line up." Can't you see, honourable senators, where this is going to lead? You are on a sticky wicket. This is the time at which to exercise the power you have. You on the Government side outvote those on this side by three to one, and you do so constantly, but if you are going to vote in that fashion on a matter of this kind at this time then what is going to happen to the Senate? What is the meaning of the Senate? What is the use of our coming here? What good does it do? What good will come from those eleven weeks of pain and suffering that we have endured—and they have been weeks of pain and suffering, although not for Senator McDonald because he enjoys these things—

Hon. Mr. McDonald: I enjoy listening to you.

Hon. Mr. Walker: I am glad you do. That is something new. I had not heard that before from anyone.

But, honourable senators, I say that if this is Government policy, if you are going to

accept this atrocious bill that perverts justice, if you are going to line up because you are on the Government side, and vote for it, then what is the use of our coming here?

Hon. Mr. Fournier (De Lanaudière): Do not be so sure.

Hon. Mr. Walker: You are always going to beat us. You are not going to be impressed by whatever the logic is. I think that most of you, if you were left to your own free will, would vote against this bill, but if you are told by your Whip, or by your Deputy Leader, or whoever he is, before breakfast in the morning to come down and vote, and that you must vote, then what is the use of our being here? Where are we getting to? Where is it all leading?

Therefore, with no sense of anger but with just a simple feeling of sorrow that this house has reached the stage it has, I say that I do not see any sense in trying to oppose you people on anything. If this house cannot turn down this bill, then it will not turn down anything in respect of which the Leader of the Government (Hon. Mr. Martin) says, "This is a Government bill."

Those are my deep beliefs, honourable senators, and never again will I waste my time trying to convince such an obdurate government side, because it is futile, it is hopeless. This thing is going on, it is not going to be through tonight. This bill will brand us for years to come.

I have nothing more to add. I will not go into the merits of the bill; that has been done with great expertise by the honourable Senator Lang and the honourable Senator White. I might also say that from his own point of view there could not have been a stronger proponent of the bill all the way through, clause by clause, even voting for it when there was no necessity to vote for it, than our esteemed chairman.

The Hon. the Speaker: With leave of the Senate, it is moved by the honourable Senator Roebuck, seconded by the honourable Senator Croll, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: There is uncertainty of opinion. Those who are in favour of the motion will please say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the motion will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the non-contents have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the honourable senators.

Motion of Hon. Mr. Roebuck carried on the following division:

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Honourable Senators:

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Burchill	Lefrançois
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Honourable Senators:

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Flynn	Quart
Fournier (Madawaska-	Walker
Restigouche)	Welch
Fournier	White
(De Lanaudiere)	Willis
Grosart	Yuzyk—21

The Hon. the Speaker: I declare the motion carried.

Bill read third time, on division, and passed.

INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from earlier this day the adjourned debate on the motion of Hon. Mr. Hayden for the second reading of Bill C-191, to amend the Income Tax Act.

Hon. Allister Grosart: Honourable senators, I am sure that nobody in the chamber envies me the assignment that I have, under our way of doing business here, to make the first response from this side of the house to the presentation of Bill C-191, an act to amend the Income Tax Act, made this afternoon by Senator Hayden in such brilliant and exhaustive terms but nevertheless in a way that we would all agree was lucid and perhaps even understandable.

When I heard Senator White refer in the discussion of a previous bill tonight to Shakespeare, I thought that my position, following Senator Hayden's exposition, might be that which Shakespeare expressed, in another context, when he said:

To gild refined gold, to paint the lily,
To throw a perfume on the violet,
To smooth the ice, or add another hue
Unto the rainbow, or with taper-light
To seek the beauteous eye of heaven to garnish,
Is wasteful and ridiculous excess.

It might be thought that it is "wasteful and ridiculous excess" to add any further comment to that which has been made by Senator Hayden. Nevertheless, there are some points in this bill which merit comment, even though he may have commented on them; and there are some other points on which, for one reason or another, he did not comment.

The first point which must have struck any honourable senator who has looked at the bill or who has heard Senator Hayden's exposition, is that we have here another of these omnibus bills. My own view is that this is a poor way to legislate. Omnibus bills confuse the specific issues which are dealt with, and they make it almost impossible to consolidate legislation readily and quickly.

In outlining the bill, Senator Hayden had to jump from one clause to another, trying to follow the trend of reasoning of the draftsman. For example, looking over the bill, I find that clauses 1 to 4 deal with the insurance aspect; clause 5 deals with children's allowances; clause 6 deals with the exemption of wheel-chairs and oxygen tents and other para-medical supplies, from certain taxes; clauses 8 and 9 deal with old age security; clause 13 deals with the acceleration of corporation payments; clauses 15 to 26 bring us back to the insurance amendments; at clause 27 we are on the social development tax.

Honourable Senators, we have an excellent PA system here, but I had some doubt as to whether I would be able to be heard over the conversation that was going on on the other side so I thought it was only courteous of me to pause until the honourable gentlemen on the other side had finished their conversation.

Hon. Mr. Martin: You are perfectly right and I am the first who should apologize, for I was one of them.

Hon. Mr. Grosart: I was not really complaining, because I was sure that matters under discussion in that caucus were more important than the remarks I have to make. If I may, I will carry on with the strange odyssey of the subject matter in this bill. Clause 28 introduces some further insurance amendments; clause 29 deals with the withholding tax on royalties and then clauses 30 to 33 bring us back to insurance.

This makes it extremely difficult to follow the pattern of the Government's thinking in introducing this bill. One would almost say, as St. Paul said to the Philippians, that it is like the peace of God—it "passeth all understanding."

This bill introduces new taxes and new tax conceptions, eliminates exemptions, closes loopholes in taxation and brings new classes of corporate persons under the act and, if my analysis is correct, even puts the tax collector's foot in the door marked "capital gains tax." And I will have something to say on that in a minute.

The bill adds to the already terrific burden of taxation, and I am sure that the Minister of Finance and all those who are responsible for it are aware that we have now reached the point in Canada where government taxes are 47 or 48 per cent of total national income. Too often we are told by ministers of finance that the figure is only 35 per cent of gross national product. But gross national product is a very different measure of the money available to Canadians to spend than is net national income. It has been said that no country and no civilization has survived once its total taxes went beyond the point of 50 per cent of net national income, and we are very close to that now.

Is it too much to say that there is a degree of heartlessness in the present approach to

government taxation? Certainly, I was reminded in reading the bill of Burke's famous description of the French revolution as the product of "cold hearts and muddied understanding." I think there is evidence of a "cold heart" in this bill and I think there is also some evidence of "muddied understanding" of the national economy and its ability to withstand additional loads of taxation, particularly from the federal Government.

However, honourable senators, it is obvious that we are going to have to live with this tax and with the situation it creates. Perhaps we can commend the Minister of Finance for trying to some extent to condition us to this kind of thing and to get us used to it, because honourable senators will remember that a year and a half ago, early in 1968, the Government sought to impose a surtax of 5 per cent on personal income. Parliament rejected that attempt and shortly afterwards the Minister of Finance brought in a 3 per cent surtax on personal and corporate income. Now we have in this bill a 2 per cent tax, so that what we have is a circumventing of the original will of Parliament stage by stage. In other words, the Minister of Finance is telling us that, if we will not take it all in one lump, we are going to get it bit by bit. This is exactly what we have today. We are back to the 5 per cent which, as I have said, was rejected by Parliament in spite of the fact that the Government at that time had a majority.

We were told that the 3 per cent surtax would last only until the end of 1969. This was a temporary tax. However, we have been told since then that it was going to be continued until the end of 1970. I would rather doubt whether there will be any very long odds given on any of our stock exchanges that that 3 per cent surtax will be taken off as indicated—I might go so far as to say as promised—at the end of 1970.

Senator Hayden pointed out that this 2 per cent tax is called a social development tax. He is quite correct in that because it is so called in the bill in small print and in large print. It is quite obvious that the Minister of Finance wants us to believe that this is a social development tax.

However, that is going to be very difficult to believe. Why? Because, as Senator Hayden again said, the proceeds of this tax, about $440 million, are to be integrated into the personal income tax. I would go so far as to say that it is a fraud to call this a social development tax, because all the money will go, in a lump sum, into the consolidated revenue fund. There will be no separate accounting for it.

Senator Hayden tended to applaud this principle on the ground that it is a very good thing to designate certain purposes of taxes and to segregate the moneys for the asserted purpose of the tax. But this is not being done here. I suggest that we are entitled to be very skeptical of the device of adding a 2 per cent surcharge to existing taxes and calling it a social development tax, but in no way making any arrangement whatsoever to segregate it or to account for it.

Perhaps it is called a social development tax because it has been related to medicare. We are told that the cost to the federal Government of medicare this year will be about $325 million and that there will be $65 million in costs for hospital insurance. If we add these two figures together, we are pretty close to the total that this 2 per cent tax is said to be able to earn.

This raises again the main argument that has gone on in the discussion so far in connection with this tax, and that is the assertion that it is a regressive tax—that it is regressive because it is not progressive in the normal sense of taxation terminology. This, of course, is because there is a ceiling on the total tax liability of any individual taxpayer. The tax is two per cent or a maximum of $120 a year, whichever is the less. In the other place the members who voted against the tax on those grounds represented ¾ of the number who voted to support the Government position.

Now, in the brief lapse we had here this afternoon into Committee of the Whole, without any formality, when we had a debate between Senator Croll and Senator Hayden, this issue was raised. I call it a lapse into Committee of the Whole because my position on the Rules of the Senate is well known. I merely comment on that because I hope the time is coming before very long when this place is going to maintain its procedures and keep its own rules, and in saying that I am in no way reflecting on His Honour the Speaker because his position in respect to that is very clear. I am not suggesting that His Honour should have intervened; I am merely suggesting that those who have the management of the house might pay a little closer attention to the rules of procedure of this house for the very good reason that the procedures are there to protect those who want to abide by them, and lapses in procedure are simply to

the advantage of those who want to get around them.

In that lapse the position was quite strongly put forward that this is the kind of tax that is going to bear more heavily on those least able to pay. I am not entirely convinced that that positon which was taken by the official Opposition in the other place necessarily constitutes a valid criticism. I say that for this reason. If the yield of this tax is to be applied almost entirely to national insurance welfare schemes, then it is hard to argue that there should not be a fairly close relationship between the premium paid and the benefit received. I would put forward this position because I do not think it has been put forward before. It makes some sense to put a reasonable top limit on the premium, and to say that those who are able to pay will only pay so much more than the premium would be if it were distributed on an actuarial basis.

That is not the whole of the argument; it also comes back to the earlier suggestion I made, and which Senator Hayden also made, about the necessity of segregating these funds. If they were segregated in the public accounts, this particular position which I am suggesting as being valid at the moment would become very clear. The same of course would apply to this 2 per cent so-called Social Development Tax which we all know is going from the taxpayer straight into the consolidated revenue and will never be accounted for in terms of its name, its designation or the reason given for its imposition.

Another rather unusual aspect of this bill is that we are here today debating whether this tax of $440 million shall be imposed on the Canadian people. In fact it has been imposed on the Canadian people since the last budget. Normally if a senator rose here and spoke of the "last budget," he would mean the last budget. But in this case it has nothing to do with the last budget; it is the budget before the last budget. Surely the Government is subject to criticism for allowing us to get into this absurd position where we have a budget before us and we are still trying to legalize by the due process of Parliament taxes imposed in the budget before.

Now, I am fully aware that the present Government has developed a practice recently of presenting a budget every six months. I am not particularly opposed to that; it may make very good sense, although we used to speak of an annual budget as though it were a sort of institution. But surely if we are going to have semi-annual budgets, there is a responsibility on the Government to clean up the previous one before another comes along, because untidiness in the legislative and executive processes invariably leads to abuses. That is a fact of the history of legislation. I might say that in a very minor way the same principle applies to my objections when our own rules are thrown out the window.

Honourable senators, at this late hour I am not going to attempt to follow Senator Hayden through the odyssey of the other changes contemplated in this bill. He performed a remarkable feat in making some sense out of the method that has been used to draft this bill, to explain the changes in taxation on life insurance companies. However, there are some changes that are still not clear to me and I hope that these will be discussed in committee. We have read that some Canadians, not a great many, are in a bit of a panic and cashing in life insurance policies and taking the cash surrender value because they have been told there is going to be a tax on the proceeds. There is nothing in the act to say that this is so, but the Government has not been very astute in getting across to Canadians the impact of this legislation on their insurance policies, and as we all know no country in the world has as large a percentage of its population holding life insurance policies. I am referring to clause 20, subclause 9 paragraph (a) where we have a cut-off date of the October 22, 1968, and then this two-year period of grace after which the investment increment in a life insurance policy will become taxable as income.

I suggested a moment ago that this bill puts the foot of the income tax collector into the door marked "capital gains tax." It is interesting to me to note that the minister in discussing the bill used the phrase I have just used, "investment increment." What is going to happen is that the investment increment on a life insurance policy is going to be taxed as income. If this is so, is this the forerunner, the warning signal, as it were, that this is the first step in the introduction of a new principle of taxation in Canada? Because if by this simple, almost backdoor, hidden method, it is possible to call the investment increment on a life insurance policy "income," then it is possible, without even mentioning capital gains tax, to legislate that the investment increment on any other type of investment is income.

I am not clear from the act how this income will be taxed. It appears to me it would be on the basis of something like this. At the time of disposition of an insurance

policy—"disposition" as defined in the act—the total increment to date, as far as I know, will be taxed as income in that one year. I hope this is something that will come out in the questioning, because it would certainly seem most unfair that an investment increment built up over a great many years should suddenly be regarded as income in a single year.

There are other matters that might be dealt with in committee. Certainly, I hope the officials will give us an explanation of the accounting of this money. Perhaps also we will get clarification of some of the aspects of disposition of insurance policies mentioned in clause 20.

There is the matter of the assignment of a policy. The act now says that where a policy is assigned, say, to a bank, as security for a loan, it is not regarded at that moment as taxable as to the investment increment; or if it lapses it is not regarded as having created income as long as it is renewed within, I think it is, 60 days.

Those are matters that certainly the public do not at the moment understand, and a useful function of our committee might be to clarify them.

Also there was the matter raised today in connection with participating and non-participating policies, and so on. I close with this because several senators asked questions about it, and I do not think it was fully clarified because of the lack of time at Senator Hayden's disposal. However, the minister made a statement elsewhere which clarified it. He said:

> ...we have worded it so as to protect and exclude from investment income tax the income in the company's hands coming from non-participating policies, since these policies were written on the basis that there will be no participation by the individual. They are written with fixed interest rates in mind. Such policies, therefore, are to be excluded from investment tax, or from considerations with resepct to investment income. With respect to participating policies, the participant usually pays a premium and participates in investment income.

Honourable senators will perhaps recall a recommendation of the Carter Commission to the effect that such investment income should be taxed in the hands of the individual policyholder. The Government has, I think wisely under the circumstances, rejected that suggestion, as I hope they will reject a good many other suggestions in the Carter Report in due course. The minister says that this was looked at very carefully and that the decision was made that it would be administratively too cumbersome to collect the tax from individuals on that principle. He said:

> As an alternative we decided to levy a tax on the investment income of the corporation but to exclude certain portions of that investment income in the process.

And Senator Hayden gave us a full explanation of the exclusions from that type of taxation.

Honourable senators, there are one or two other matters I thought I would call to your attention, but perhaps the opportunity will present itself when some aspects of the last budget are before us—I suppose within the next few days—and I will reserve further comments until then.

The Hon. the Speaker: It is moved by the honourable Senator Hayden, seconded by the honourable Senator Denis, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Carried.

Hon. Mr. Flynn: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Martin, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 18, 1969

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

Prayers.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS—PRIVILEGE

Hon. Hazen Argue: Honourable senators, I rise on a question of privilege. Yesterday, the order calling for the resumption of the debate on an inquiry standing in my name, and having to do with the Great Slave Lake Railway, was called. Honourable Senator McDonald gave an explanation as to why it was not necessary, from his point of view, to proceed with the debate at that time, and asked that the order stand.

I do not see that order on the Order Paper today where I would expect it to appear. I merely point that out, and ask that it be restored to its proper place on the Order Paper.

Hon. Mr. Flynn: Agreed.

The Hon. the Speaker: Honourable senators, this is an inquiry. The honourable Senators Argue and Prowse spoke in the debate, and the honourable Senator McDonald moved the adjournment. Yesterday Senator McDonald said that the honourable senator who had intended to speak on it had decided not to do so. If at that time another honourable senator wished to speak he could have moved the adjournment of the debate. Does any other honourable senator wish to speak on this inquiry? If so, I should like to know.

Hon. Mr. Argue: Mr. Speaker, as a member of the Senate I feel that when I ask that a motion in my name be allowed to stand, it should be agreeable to let it stand. I am not an authority on the rules, but I would assume that if I so wished I could close the debate on the inquiry. I did not wish to do so at that time. It depends whether the inquiry in the other place accomplishes what I hope it will accomplish, whether or not I would wish others to take part in this debate. Since the matter is very much alive and is a public question, unless there is some good reason why it should be removed from the Order Paper, I feel that it should remain there.

The Hon. the Speaker: Would it be agreeable to the honourable Senator Argue that I inquire into this matter further and advise tomorrow as to what can be done about it?

Hon. Mr. Argue: Thank you, Mr. Speaker.

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald moved, with leave of the Senate, that the Standing Senate Committee on Foreign Affairs be empowered to sit while the Senate is sitting today.

Motion agreed to.

HAZARDOUS PRODUCTS BILL

COMMONS AMENDMENT CONCURRED IN

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered the Commons amendment to Bill S-26, to prohibit the advertising, sale and importation of hazardous products, and had recommended that the Senate do concur in the said amendment.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move that this report be adopted now.

Report adopted.

PRIVATE BILL

BOY SCOUTS OF CANADA—REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-39, respecting Boy Scouts of Canada, and to incorporate L'Association des Scouts du Canada, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Mr. Roebuck: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Honourable Senator Leonard.

Hon. Mr. Leonard: Mr. Speaker, I defer to Senator Roebuck.

Hon. Mr. Roebuck: Honourable senators, I wish to say a few words on behalf of the committee which has reported this bill. It will be remembered that some objection was taken yesterday by my honourable friend who has just waived in my favour, with regard to the dropping of the word Catholic but retaining certain sections in the bill that have a Catholic flavour. If I tell the house what was done in the committee this morning, I think it will make the bill somewhat more acceptable to my friend and as well to all honourable senators and to the country.

We had before the committee a representative of the Boy Scouts of Canada and of the Catholic French-Canadian section, as mentioned in this bill. I should like to quote some passages from the official transcript of the proceedings of the meeting of the Legal and Constitutional Affairs Committee, to which this bill was referred.

I asked the witness, Mr. D'Amour, the following question:

> THE CHAIRMAN: ... You have dropped the word "Catholiques" from the title, which will make the new corporation more acceptable to Protestants, but then in clause (4) there is this:
>
> The principal object of the Corporation is to educate boys and young men by the establishment, organization, administration, promotion and development of scouting as established by the late Lord Baden-Powell of Gilwell—

And this is the important clause:

> —in accordance with the teachings and principles of the Roman Catholic Church, and, without limiting the generality of the foregoing, shall include the following objects:

The objects are not a matter of controversy but the phrase that the boys shall be educated in accordance with the principles of the Roman Catholic Church was mentioned yesterday in this chamber and I tried to clear that up so far as possible in the meeting.

The transcript continues:

> THE CHAIRMAN: ...And then follow the objects which are all very good. That, of course, excludes the French-speaking boys all over Canada who are not members to the Roman Catholic Church. Why is it necessary to do that? You have just told us that one of the objects of this movement is to provide facilities to the French-speaking young people of Canada, and then at the same time you exclude from the organization the French-speaking boys who are not Catholics.
>
> MR. D'AMOUR: I think that is covered in the agreement of co-operation that Mr. Ross (who appeared for the Boy Scouts) mentioned a while ago. When we reach that agreement of co-operation the Boy Scouts of Canada accept the fact that we look after the Roman Catholic French-speaking boys who wish to join, and that it looks after the others.
>
> SENATOR GOUIN: As they were doing in the past, Mr. Chairman.
>
> THE CHAIRMAN: Well, that is a matter to which objection was taken in the house last night. Is there nothing that can be done to make it generally somewhat more acceptable to everyone?
>
> MR. D'AMOUR: I think it is a matter for the two associations. I would think that the number of French-speaking non-Catholic boys is very small, and so far this has not presented any problem to the two associations. I do not say that eventually no problems will arise, but Mr. Ross has already referred to the fact that each association has three members on the other association's national council.
>
> These six members—that is, three from each association—will form a co-operation committee which will immediately study all such problems and matters as they arise and find solutions without delay, so that we shall not have a situation dragging on, such as we have had since 1935. Should the problem of serving a greater number of French-speaking non-Catholic boys arise in the future, then I think we have the mechanism to meet that situation when it does arise.
>
> THE CHAIRMAN: Do you think that a Protestant French-speaking lad could join the organization notwithstanding what is said here in clause 4 of the bill?
>
> MR. D'AMOUR: A French-speaking non-Catholic boy could join, and at the local level there are certainly cases of this existing already. We are there to help the boy, and not to find out whether he is

> a Catholic or a non-Catholic or whether he is a Catholic churchgoer or not a Catholic churchgoer. At the local level in some troops or packs there is no doubt but that there are already non-Catholic French-speaking boys who are members of our association. The total number would not be great, but there are certainly some.

Honourable senators, I now referred to the by-laws of the corporation. Senator Lamontagne was kind enough to place in my hands a brochure containing a large number of the documents pertinent to the matter, including the by-laws of both the French-speaking and English-speaking divisions of the Boy Scouts.

I should like to read from clause 7 of the bill:

> The Corporation, at its first general meeting and subsequently at any annual general meeting or special general meeting, may make, amend, or repeal bylaws and regulations not contrary to law respecting the carrying out of the objects of the Corporation, particularly...
>
> (d) the admission of members to and their dismissal from the Corporation...

That makes it clear that the organization has the power to deal with this matter as it arises in the future. When we consider the length of time over which these negotiations between the parties has taken place—they have been working with the problem for some years now—we must realize that they are taking a major step forward in dropping the word "Catholiques" from the title of their act and making the organization viable throughout Canada. That is a considerable step forward.

Furthermore, there is now every appearance of real co-operation between the parties, and there is a prospect, if we leave them alone to work out their own problems, the objections now raised will be resolved in their own way in the future.

In committee I asked our Senate counsel this question:

> Was the bill, itself, properly advertised according to rules?

Mr. Hopkins replied:

> Yes, and no objections have been received from any source.

I have asked my friend Senator Leonard to allow me to precede him in this discussion, because I felt that this information should be before the house. Of course, honourable senators who are members of the committee are familiar with what took place, but we feel that all senators should know what each of the parties said in committee. I was very pleased that as they departed, the Boy Scout representatives seemed exceedingly happy with the attitude exhibited by the Senate and by the members of the committee, toward their effort to bring about harmony between the two organizations.

Hon. T. D'Arcy Leonard: Honourable senators, I do not wish to belabour the matter at issue because what I have to say may be more of a personal nature than of concern to the Senate.

When a bill was introduced several years ago to incorporate Les Scouts Catholiques I spoke to the sponsor and stated my personal objection to the religious characterization of any group in the Boy Scouts. I spoke also to the solicitor who was then in charge of the bill, and the result was that the bill did not go through. It may have received first reading, but if it did, that is as far as it went.

The sponsor of this bill told me recently—I think it was last week—that it was being introduced and that the name to which I had objected previously, Les Scouts Catholiques, was being changed and the word "Catholiques" was being dropped. Since that met my objections to the bill, I was satisfied and said that I was glad to know it was being done. He also told me that they had come to an agreement with the Boy Scouts Association to that effect. So when I spoke yesterday on second reading of the bill I supported it, having in mind that this was the result of what had taken place over the last several years, namely, that instead of incorporating Les Scouts Catholiques, we were incorporating L'Association des Scouts du Canada, and by dropping the word "Catholiques" the religious characterization was being omitted.

As I said yesterday, I have no objection whatever to there being an association of Boy Scouts under a French name and representing French-speaking Boy Scouts. My objection is to the religious differentiation between members of this kind of organization.

When I spoke at that time I had not seen the bill; I was simply going on the fact that the name had been changed and, as I thought, changed really to meet the objections I had made. I saw the bill this morning for the first time, and I must apologize. I

presume it came to me yesterday, but I had not had an opportunity of seeing it before. Immediately I saw that the principal object of the association, in addition to the usual objects of the Boy Scouts, is to develop it in accordance with the teachings and principles of the Roman Catholic Church, I felt I had to object. I objected to the title before. I object also to there being any such body as Roman Catholic Boy Scouts. I object because I am a Catholic. I would object in the same way, were there other religious differentiations.

I appreciate what the chairman of the committee has said. This is as a result of agreement that has been reached between the two main bodies, the Boy Scouts Association of Canada and what was formerly the unincorporated Les Scouts Catholiques. They have dropped the word "Catholiques", but have retained something that, to my mind, is just as objectionable.

Senator Roebuck said that even though that provision is in the act, and apparently in their constitution, they will still have non-Roman Catholic members of this association. It seems to me that if that is to be the case, they should drop those words. It is perfectly proper, and I have no objection whatsoever, if they allow non-members of the Roman Catholic Church to belong to this association. If they are going to do so, I do not think they should put on the public record in this kind of an association a statutory description that draws those religious lines.

Honourable senators, this is largely a personal opinion. It does not matter to me whether the two associations have agreed; I think they are wrong, and this is the wrong thing to do. Although I supported the bill on second reading, I cannot support it on third reading, as long as those words remain in it.

Hon. Maurice Lamontagne: Honourable senators, as sponsor of the bill, I should like to deal with two points that Senator Leonard has raised.

He referred to the bill that was presented in 1967 and the objection that he raised at that time. I must remind honourable senators that at that time there had been no agreement whatsoever between the two groups. So at that time he was certainly much more justified in objecting than he is today, when peace has been made between the two associations.

Senator Leonard also said that it was only this morning that he saw this clause in the bill. I am sure that he has forgotten what he told me yesterday, or the day before, when I discussed briefly with him here whether or not this bill should go to committee or, with leave of the Senate, it should proceed immediately to third reading. He told me at that time that he had seen this clause in the bill related to the teachings of the Roman Catholic Church.

Hon. Mr. Leonard: Honourable senators, I rise on a question of privilege. I had not seen the bill, and I could not have said that I had seen any clause relating to the Roman Catholic church. All I knew of this bill was its title.

Hon. Mr. Lamontagne: I am prepared to accept the word of Senator Leonard, but I put a different construction on what he said at that time, which apparently was not what he purported to convey.

Hon. Mr. Langlois: Were you speaking the same language?

Hon. Mr. Lamontagne: I was speaking the bilingual language at that time, and not la langue de la confidence.

However, we have before us now a difficult problem. Most honourable senators who know me will not recognize me as fervent a Catholic as is Senator Leonard, but, in any case, I am a great admirer of the Scout movement in Canada.

There are two ways to unity. One way is through uniformity—and in some cases this may be an ideal way. But when, after 22 years of discussion, misunderstanding and isolation between the two groups, this way of achieving unity has proved to be ineffectual, I think we have to find another way. The other way to unity is through diversity, in which people remain conscious of their differences and agree that they are different, but agree to work together. After all these years of negotiation, finally and, in my view, fortunately, these two groups have agreed to work together, having stated and recognized their mutual differences.

It seems to me that on this occasion we should withdraw our personal objections to this kind of an arrangement, and enable these two groups finally to work for the greater benefit of the scouting movement in Canada, not through uniformity, because that has proven to be impossible, but through diversity.

Hon. Mr. Paterson: Honourable senators, I should like to ask Senator Roebuck a legal

question. In view of the fact that the Boy Scouts of America is essentially non-sectarian, and the Baden-Powell Scouts of Canada are non-sectarian, and have acted as such for years, is it legal to use "Boy Scouts" and make them sectarian?

Hon. Mr. Lamontagne: I can answer that question. I think the honourable senator will find that the agreement provides that the Boy Scouts of Canada will be the only internationally recognized institution in so far as international relations are concerned.

Hon. Mr. Roebuck: That is my information. The agreement between the two parties provides that the Boy Scouts of Canada is the international organization, not the French-speaking Catholic organization. Therefore, when international matters are to be dealt with, and delegates to be appointed to conferences abroad, that will be done by the Boy Scouts of Canada, not by the other group.

Hon. Edgar Fournier: Honourable senators, I know that I am speaking to no avail, but I want to restate my opposition to this bill, which is not based on religion but on the experience I have had in the Scout movement. To me, there was never any problem of religion in the Scouts. We had complete freedom. The Protestants went to their church, the Catholics went to their church, and the non-believers went to no church.

It has been said in this debate that it took 20 years to reach an agreement. I feel that this is a point of warning. If it took 20 years to reach such an easy agreement, then there must have been something wrong. I am always suspicious of these agreements of co-operation. I know that there is co-operation at the times of the meetings, but it usually disappears fast after the meetings. I have met with that experience.

We have dropped the word "Catholiques", but we keep talking about the Roman Catholic religion, and so on. But this is not my objection. My objection is that at a time when we should be preaching unity, we should not have a French or an English association in the Boy Scout movement. This is a time when we should be teaching our young people to live together and to accept the problems of each other, and to know each other. If we are to have a Canada in the future, we must build a generation the members of which are all working in harmony, instead of walking on opposite sides of the street.

In my opinion, the timing is wrong. Separation has never done any good to this country. This bill reminds me very much of a disguised separatist movement, of which I want no part.

Hon. Paul Desruisseaux: Honourable senators, I did not intend to take part in this debate, but as I know a little of the history of the association I feel I should say a few words for what they are worth. I was an Assistant Commissioner of the Catholic Scouts, and I value very highly the privilege of having been there to see our Catholic boys get along well with the others.

The basis for the formation of the association at that time was a Catholic group that wanted an association with the Scouts. Reciprocally, the Boy Scouts of Canada wanted very much to have representation from the French-speaking Catholics in the Province of Quebec. The Catholic Scouts of Canada can invite anybody in Canada they wish, but the fact that this association had been a Catholic association explains to me from the start why they are applying again to have the word "Catholic" in there.

It has been said here that it should not be allowed. I say that any group that wants to join the Scouts under an agreement that is binding, and is acceptable to the Boy Scouts of Canada, should be allowed to be a part of the Boy Scouts of Canada. It is now a Catholic group.

Motion agreed to, and bill read third time, on division, and passed.

COUNCIL OF EUROPE

ATTENDANCE OF MEMBERS OF CANADIAN SENATE AT CONSULTATIVE ASSEMBLY MEETINGS, STRASBOURG, AND VISIT TO CZECHOSLOVAKIA—NOTICE OF INQUIRY

Hon. Paul Martin: Honourable senators, with leave of the Senate, I give notice that tomorrow, Thursday, June 19, I will call the attention of the Senate to the visit of members of the Senate of Canada to the Consultative Assembly of the Council of Europe in Strasbourg, France, and the visit of the Speaker of the Senate, the Leader of the Government in the Senate, the Leader of the Opposition in the Senate and the Chairman of the Standing Senate Committee on Foreign Affairs, to Czechoslovakia.

The Hon. the Speaker: Honourable senators, Rule 23(g) requires that two day's notice

be given for such an inquiry. Is it agreed that leave be given?

Hon. Senators: Agreed.

RULES OF THE SENATE

EFFECTIVE DATE—AUTHORITY TO PRINT AND DISTRIBUTE

Hon. Hartland de M. Molson, with leave of the Senate, moved:

> That the revised Rules of the Senate contained in the Schedule to the Fourth Report of the Special Committee of the Senate on the Rules of the Senate, as adopted by the Senate on December 10, 1968, as printed and distributed on June 3, 1969, shall come into force on August 1, 1969; and
>
> That the said Rules be suitably bound and distributed as soon as practicable after the completion of an appendix of relevant forms of proceedings.

He said: Honourable senators, advance copies of the new Rules of the Senate have been in the hands of senators since June 3, and it was felt by the Leader of the Government (Hon. Mr. Martin) that the date when these rules become effective should now be fixed. Honourable senators will remember that the rules were contained in the Schedule to the Fourth Report of the Special Committee of the Senate on the Rules of the Senate, amended in Committee of the Whole, and were adopted by this house, when it was ordered that they should be printed. It is contemplated that the summer adjournment will occur at the end of next week; therefore, it seems meaningless that the rules should become effective before that time. It is proposed that the date of August 1 next be selected for the rules to come into operation.

Rule 6 of the new rules reads as follows:

> These rules shall go into operation on a day to be fixed by order of the Senate.

Hence, I have pleasure in moving this motion. In doing so, I do not think there is any reason, or in fact any excuse, for me to make another speech on the rules themselves, which after all were the fruit of very considerable thought, study and hard work by your committee, and were gone over one by one in Committee of the Whole.

I would, with your permission, like to make two brief comments, which I hope honourable senators will take in the spirit in which they are offered. The first is to suggest that honourable senators read the rules through carefully in order that this chamber may continue in the orderly, well-paced and effective manner that it has developed over its century of experience. People the world over are today showing great impatience with rules, and there is a new and convenient tendency to suggest that conforming to rules is undemocratic. This, of course, is utter nonsense, because any activity devoid of rules is really an exercise in chaos.

Your committee believes that the rules as now adopted are workable, appropriate and simple. They help rather than hinder getting the business of the chamber done. We perhaps delude ourselves that in this chamber we live, by and large, by the rules. In fact, never a day goes by that we do not honour them in the breach. As my honourable friend Senator Grosart remarked a month ago, there is not much object in our having rules, because nobody pays any attention to them. I do not always agree with Senator Grosart, and I think perhaps I would not completely agree with him in this contention. Nevertheless, it is true that we are not too careful in observing our rules.

Let me give an elementary and simple example of what happens in the chamber. I think we must all have noticed the way in which we frequently address our remarks to Mr. Speaker. This really should only embarrass him, because Rule 25 says that we shall rise and address ourselves to the senators. The Speaker of the Senate, as I think we should be aware, is in a very peculiar position. Unlike the Speaker in the other place, he presides over our proceedings but he will not interfere, as a rule, unless a senator calls his attention to something he considers to be out of order. When we speak in this chamber, it is laid down and has always been the practice that we address our fellow senators. That is a very minor point and probably of no importance. I use it merely as an illustration that scarcely a day goes by without that rule being broken half a dozen times. The same applies to some extent in committees; frequently we either do not know the rules or perhaps know them and still break them.

The second comment I should like to make, again with your forbearance, is that the group who compiled this publication of the rules has done an excellent job in producing an index. The old rule book has an index, but I defy any one to look up a subject in it in less than 10 or 15 minutes. On this occasion

the group has set out the index to the revised rules so well that scarcely any question can arise that is not very easy to find. I recommend senators to glance at that index in order to see how much simpler the new set of rules will be than the old ones with which we have had to work.

I do not want these remarks to sound like a lecture. I hope the two comments I have made will be taken in the spirit in which they were offered, and that the Senate will concur in the motion to have August 1 made the effective date for the coming into force of our new rules.

Motion agreed to.

CUSTOMS AND IMMIGRATION BUILDING

CONSTRUCTION AT EDMUNDSTON, NEW BRUNSWICK—INQUIRY ANSWERED

Hon. Edgar Fournier inquired of the Government, pursuant to notice:

1. When is it expected that construction will be started on the proposed Customs and Immigration Building, at Edmundston, New Brunswick?

2. What is the estimated cost of this building?

3. Was the cost of this building included in the 1969-70 Estimates?

Hon. Paul Martin: Answered.

(*The answer to the inquiry follows.*)

1. It is expected that construction will start in September and the building will be completed by the end of December, 1969.

2. The building is estimated to cost $40,000.

3. No, the cost of the building was not included in the 1969-70 Estimates, but funds have been appropriated for this work.

BUSINESS OF THE SENATE

CONFLICTING MEETINGS OF COMMITTEES

Hon. David A. Croll: Honourable senators before the Orders of the Day are called, I should just like to mention that I had placed on my desk, as many of you had, a notice from the Standing Senate Committee on Banking, Trade and Commerce advising that there will be a meeting tonight at 8.30 for the purpose of dealing with Bill C-183, the Export Development Corporation and Bill C-191, the Income Tax Act. I have no objection to that at all. If the chairman wishes to call the meeting at that hour, there is no reason why he should not do so.

I also received notice that the same committee will be meeting tomorrow morning at 9.30 to deal with the Income Tax Act and the Investment Companies Act. The Investment Companies Act originated in this chamber, but there is not a hope in the world of getting it through the other house before we adjourn at the end of the month. The Income Tax Act is very important and it should be proceeded with. I have no objection to that.

My point is that, when we began the session, the Chairman of the various committees and the two Whips met and allocated the time for the various committees to sit. We left Wednesdays clear for Banking, Trade and Commerce. It was not easy to arrange meetings on Tuesday mornings, and Thursday mornings were allocated to some of the other committees.

It was necessary to make arrangements far in advance, sometimes months, in order to have the committees ready to proceed at the time fixed. I find that four or five members of the Committee on Poverty are in regular attendance, but they are also members of the Banking, Trade and Commerce Committee.

Perhaps it is too late to do anything about it now, but I call the attention of the house to the fact that there are other committees besides the Committee on Banking, Trade and Commerce. At least we are entitled to the courtesy of being asked, "Are we interfering with you? Can you make some other accommodation?"

The Income Tax Bill is an urgent matter and it is necessary to have some special time for it. It might have been possible to hold a meeting in the afternoon. If the Committee on Foreign Affairs can obtain leave to sit in the afternoon when the house is sitting—and it did today—surely the committee dealing with a bill such as the Income Tax Act can also sit without interfering with the sitting of the house.

I protest. I shall not say more about it at this time. I raise it, and I intend to raise it again more vigorously if it occurs in the future.

NATIONAL HOUSING ACT, 1954 (INCREASED LOANS)

BILL TO AMEND—SECOND READING

Hon. Leopold Langlois moved the second reading of Bill C-192, to amend the National Housing Act, 1954.

He said: Honourable senators, in moving the second reading of this bill, I do so in the knowledge that it involves a subject to which all who sit in this chamber attach the highest priority as a matter of national concern and purpose.

We are well aware of the achievements which have marked our recent housing efforts. In 1968, even in the face of a number of influences that inhibited our full potential, Canada brought its housing output to a record that far eclipsed any past performance.

Last year's production of almost 197,000 new housing units was very close to the annual output that will be essential if we are to meet our target of a million new dwellings in the five-year period to the end of 1973.

This year we are witnessing still further major gains which started in the first four months, outstripping those of the comparable period of 1968 by more than 40 per cent. On this basis, with a continuation of this momentum, not only is our goal of 200,000 dwellings this year virtually assured, but production could rise significantly above this figure.

To the extent that it does, of course, it will allow us to move even more quickly toward our ultimate housing objective. That objective entails nothing short of the guarantee to all Canadians of a standard of housing which reflects fully the energies, the rich resources, the stature of our still young but ambitious nation.

Even with our achievements to date, not all areas of our nation are registering the same housing gains. Even where production is most prolific in our fastest growing centres, many families are finding it increasingly difficult to obtain the kind of accommodation they require at a price in keeping with their income.

The situation is particularly trying for those in the lower-income brackets who cannot possibly compete on the open market for new housing. This is the sector to which the Government has been endeavouring to devote a heavy and increasing share of its direct financial support to housing. In fact, throughout 1968 much more than ever before was accomplished through special federal housing aids, aids in providing modern, healthful accommodation for low-income families and individuals, the elderly, students at university and a variety of other institutions of learning.

Some of the major recommendations proposed in the bill before us today are intended to accelerate and broaden our efforts in these vital social areas of housing demand. Others have the purpose of improving the capability of a far greater number of Canadian families to obtain housing on the open market, either on an ownership or a rental basis. Taken together, the amendments aim at strengthening the effectiveness of our national housing legislation in the support not only of higher levels of production but of balanced production catering to the needs of all segments of our society.

Two significant measures not requiring legislative approval have already been initiated. The first, announced just recently, introduced the concept of a five-year renewable mortgage. This is a practice which is common in conventional mortgage operations and it is looked to as an important incentive for encouraging higher volumes of N.H.A. lending by many of our private investors who raise funds on a relatively short-term basis.

The traditional long-term mortgage, however, is not being replaced. Indeed, it is preferred by some of our lending institutions. The new arrangement will give both borrower and lender a choice of mortgage procedure. In the case of the five-year mortgage, the interest rate is established for the initial period, but the monthly payments are calculated on the basis of 25 years or more. Then, at the end of the first term, and subsequently from time to time, the interest rate may be adjusted up or down according to prevailing charges.

The second change, already in effect, is an increase in the maximum N.H.A. loan for all new construction, except apartment units, from the previous limit of $18,000 to $25,000. The objective here obviously is to bring the ceiling loan more in line with current housing prices, particularly in our larger cities.

It is also intended to supplement this action by raising the loan-to-value ratio as well. At present, home ownership loans under the act are calculated on the basis of 95 per cent of the first $18,000 and 70 per cent of the balance of the appraised value of a house. The proposal is to increase this to 95 per cent of the initial $20,000 plus 80 per cent of the remainder.

In addition to this adjustment, references to these loan-to-value ratios would be removed from the act itself and included, rather, in the National Housing Loan Regulations. This would do much to facilitate Government action in keeping N.H.A. loan levels current with changing demands. But we must realize

that even with the easier financing arrangements which would result from these changes, current asking prices in some areas dictate that not all prospective homeowners will be capable of realizing their hopes in the new-house market.

In every city, however, it is possible to buy well-constructed older homes considerably below the going price for new dwellings. And it is to facilitate such purchases that another important recommendation would increase N.H.A. assistance available from the current maximum of $10,000 to a much more realistic ceiling of $18,000. Beyond the increase itself, it is also proposed to withdraw the present requirement that a minimum of $1,000 of the loan proceeds be utilized for repairs or improvements.

This higher level of loan will be made available not only to prospective buyers but to those who already own their house and want to undertake major improvements as well as to builders intending to buy, renovate and sell existing dwellings.

By itself, the offer of higher loans, both for new and existing houses, would imply substantially increased mortgage payments. To a large extent, however, this will be offset by a further proposal to lengthen the repayment period to a term of up to 40 years. We must remember, too, that the more generous N.H.A. assistance will reduce the need for borrowers to turn to expensive second mortgages. This will be of particular consequence in the case of older homes. Obtaining a suitably high first mortgage on such dwellings is often difficult. Many buyers have had to resort to secondary financing with the result they have been forced to make substantial payments on first and second mortgages at the same time.

If we are to be assured a volume of mortgage funds sufficient to support the rapidly expanding housing programs so that the federal Government could devote an even higher proportion of its funds to the urgent social areas of housing need, it is imperative every effort be made to encourage an increasing and steady flow of private investment funds into the residential market.

Government action late in 1967 on the ceiling interest charge on N.H.A. mortgages was a factor that contributed greatly to the improved mortgage supply situation which made last year's impressive housing program a reality. This measure, honourable senators will recall, established the maximum rate at 2¼ percentage points above the average yield of long-term Government bonds and allowed adjustment to be made quarterly.

But in spite of the improvement which followed this move, there have been drawbacks to this system. The lenders' reaction to the quarterly adjustment has often resulted in serious interruptions in the flow of mortgage funds to the detriment of would-be homeowners. For this reason it is now proposed to free the rate entirely and allow it to become fully competitive in the money market.

Another decision of consequence to borrowers will reduce by 50 per cent the mortgage insurance fee collected by C.M.H.C. to guarantee loans made by the approved lenders and those extended by the corporation. At present, the charge in the majority of cases—where loan advances are being made during construction—is 2 per cent of the loan amount. The new reduced fee will, in effect, mean a saving of about $175 on an average Canadian home.

Honourable senators, all of the recommendations I have discussed to this point concern measures contained in the bill which could beneficially influence future activities under the National Housing Act in the area of open-market housing. One additional amendment has significance in this area, although it is a matter of clarification rather than change.

Condominium housing is attracting growing interest as a form of housing which seems to hold a real potential for aiding our efforts to produce more housing for home-ownership and at lower cost. No reference is made in the present act to this type of accommodation but the provisions seem wide enough to allow its support. Indeed, many of the projects undertaken to date have been built with N.H.A. financing. What the proposed change does then is state clearly and specifically the eligibility of such developments for assistance under the act. It is our hope that this step will serve to make both lenders and potential sponsors more aware of the advantages of this new type of housing.

I turn now to the proposals contained in the bill which have as their purpose the stimulation of current efforts to meet our most difficult housing needs—the needs of those in the lower-income ranges.

As I stated earlier, much was accomplished toward this end in 1968 through developments carried out in all parts of the country under the sponsorship of municipalities, limited-dividend companies, and many churches, service clubs and a variety of other philanthropic organizations.

Over the years the Government has given special recognition to such undertakings, not only by offering a higher level of loan than would ordinarily be the case, but by making these funds available at below-market interest rates with a repayment period of 50 years.

The new measures we would like to see adopted would increase the loan level further to 95 per cent of the value from the present 90 per cent. They would also widen eligibility for assistance to allow sponsorship by any organization, corporation, or private individual.

The rentals of units brought onto the market under such auspices would have to reflect the preferential financial support provided under the new legislation as well as the sponsor's own efforts to hold costs down. In fact, the determining consideration in establishing eligibility for assistance of this nature would be the rentals to be charged. These would be subject to agreement between the sponsor and C.M.H.C., and they would have to fall well below the charges for similar accommodation resulting from normal lending activities.

In these new circumstances, the amendments would eliminate the present requirement that a limited-dividend company's profits can be no more than 5 per cent. They would, in addition, remove the existing restriction that allows hostel or dormitory accommodation only in developments sponsored by non-profit corporations.

In order to give full effectiveness to all these new measures I have described, and to support other relevant sections of the act, new statutory votes and limitations are required. These are provided for in the amendments, and we believe the proposed new limits will sustain operations under the National Housing Act until 1971.

There are, of course, other and important aspects of the total housing scene I have not touched on to this point, some of them vital to the continuing success of our national housing programs. Among the most pressing are public housing, urban renewal and the existing serious deficiency of serviced land which is restricting housing efforts in too many of our cities.

Personally, I was very heartened by the statement made by the minister in the other chamber that the Government has resumed full participation in public housing operations. I appreciate, as I am sure all honourable senators do, that improvements are possible and most desirable in our present approaches to this form of housing. And I agree that these should be discussed and developed in co-operation with provincial authorities at the earliest opportunity. But to my mind, in view of the urgency of need for such accommodation right at the moment, we cannot afford to relax current efforts while awaiting the outcome of such an appraisal of new and better public housing methods.

The situation in regard to urban renewal, however, necessitates immediate change. No one doubts the major benefits derived from these activities and all of us are anxious to see these programs of civic improvement pushed forward as expeditiously as possible. But there is evidence that present urban renewal techniques are, to some extent, working at cross-purposes with our more urgent task of providing good housing for all Canadians, irrespective of income. Part of the reason is a shortcoming in our current housing legislation which does not allow federal financial support for the acquisition and rehabilitation of existing housing as an essential function in urban renewal. Rather, our aid has been restricted to acquisition and clearance and, as a consequence, housing which could be improved to serve many additional years of useful purpose falls prey to the bulldozer instead.

This deficiency would be rectified by the present bill, which calls for the authorization of contributions to provinces and municipalities equal to 50 per cent of the cost entailed in purchasing structurally-sound dwellings in renewal areas and restoring them to desirable standards.

The final proposed amendment to which I should like to make specific reference is, to me, one of the most significant. It indicates the real desire of the federal Government to help the provinces and their municipalities come to grips as never before with the problem of providing serviced land for housing.

For years we have offered our assistance for land assembly through joint federal-provincial arrangements under which we assumed 75 per cent of the costs involved. Numerous projects have been carried out in this fashion in all parts of Canada, but the volume of lots produced bears no relationship to our present and expanding needs.

Now, it is our intention to supplement the joint-sponsorship arrangement with the alternative of a high-ratio loan plan. Some provinces have already indicated their keen interest and it is our hope this interest will be

translated into physical action immediately the new approach has been authorized.

The change recommended would be accomplished by revising section 35C of the present act to provide 90 per cent loans to a province, municipality or public housing agency for the acquisition and servicing of land for any housing purpose. At the moment, this assistance is available only for the assembly of land to be used for public housing. The loans will be made for periods of up to 15 years and will carry a preferred interest rate set by the Governor in Council.

If land assembly is to be brought to the scale of operations we are striving to promote, a prime requirement will be the availability of adequate sewage treatment facilities to serve these new areas. This is one of the leading considerations in the Government's proposal to supplement its increased land assembly support by further incentives for the expansion or improvement of sewage facilities by our provinces and municipalities. This proposal, which is recommended to us in Bill C-201, calls for the extension of the forgiveness period on high-ratio federal loans for this purpose for another five years.

At present the legislation provides that one quarter of the loan and interest charges may be forgiven on all work completed on federally-assisted sewage projects by March 31, 1970. As a result of the proposed change, this special incentive would be continued through to the end of March 1975.

Honourable senators, I realize I have put before you a considerable package of legislative changes. But, I suggest, it represents a series of practical and forward-looking measures that will add new potential to our ability to discharge the task of improving the housing and living environment of Canadians.

In seeking your consent to their implementation, I am quite aware that even these proposals do not comprise all of the answers to our housing difficulties. In most cases, these will only be found through continuing and close co-operation between the provinces and the federal Government, and I know it is the wish of all of us here that this partnership of interest and endeavour be maintained and strengthened. Honourable senators, if and when this bill receives second reading, I propose to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. David Walker: Honourable senators, I wish to congratulate Senator Langlois on the remarkable knowledge he has of housing, and the great detail he has been able to present before this house.

I think it is a very real pity that the Honourable Paul Hellyer, who advocated this legislation for a long time without any recognition and without any hope of its being implemented, should have been forced to resign before seeing his dream become a reality. He was—and perhaps I should not talk of him in the past tense because he is still very much alive—but he is a very able person. As the honourable leader will recall when he was a colleague of Mr. Hellyer in the Opposition, he was my critic when I was Minister of Public Works, Minister of Housing, and Minister responsible for the National Capital Commission. He was very able and, I might add, very caustic, but perhaps that is partly why he is no longer a minister. Nevertheless, it is a pity to lose the abilities of a very able man because of some internal difficulties between him and the Prime Minister.

In Robert Andras, the new minister, we have someone who is unusual among politicians; we have a modest man. This very seldom happens. Some start out that way but quickly overcome the tendency. But Robert Andras is a humble man, striving to fulfil the very difficult task of keeping up with the national demand for housing. I wish him well. Perhaps the Leader of the Government in the Senate, who also sits in the Cabinet, when he sees the new minister cease to be modest, can remind him that modesty is the beginning of virtue, at least in the housing field.

We have seen a lot of criticism of C.M.H.C., and Mr. Hignett, its chairman, has also been criticized severely. But I can say from experience with him over the years that he is a very able administrator, and he cannot go any further than the government of the day permits him. I repeat, he is an exceedingly able administrator, and I think this Crown corporation performs a very useful service for Canada.

My honourable friend Senator Langlois has mentioned the new and important five-year renewal mortgage which encourages lenders because they do not mind lending for five years, but they do not like lending for a great many years when they do not know what the market interest is going to be. To fix a rate of interest now for 30 years hence is not really acceptable to them. By having this five-year renewable mortgage, it means that after five

years the interest can go up or down according to the prevailing interest rates.

Furthermore, they are now going to lend 95 per cent of the first $20,000—whereas previously it was $18,000—and 80 per cent of the remainder. However, these high figures worry me somewhat, and I wonder if the lending agents will ever be repaid. It seems to me that 40-year mortgages and such a high percentage of the value of the property being covered by a mortgage is going to cause difficulties in future years. However, we will not be around to see what happens. But I feel it will be difficult to get these mortgages paid off.

To facilitate the purchase of existing buildings is a very important step forward, and mortgages for this purpose are to be increased from $10,000 to $18,000. I think this is a very necessary step because there is no possibility of constructing units fast enough to keep up with the demand and, therefore, it is important to be able to improve existing buildings. I am not sure how it will work out, but it is something that must be done. The rate for loans is 2½ per cent above government bonds, with quarterly changes according to the government long-term bonds, but from now on the rate is to be free. This is something we will watch with interest to see whether or not it works out. It is also interesting to note that the insurance on all these buildings is to be reduced. It has been 2 per cent in the past and a considerable backlog has been built up. It is important that this should be reduced materially.

Honourable senators, I have come to the conclusion that the ambition of each one of us to own his own home—and in my day we were able to do it because the demands were not as great as they are today—in Toronto or in any of the other urban centres is becoming impossible. I am afraid that for people with low incomes this ambition is becoming a thing of the past. I hate to see that, but the record of this Government since they came to power seems to indicate the diminishing possibility of people with low incomes ever owning their own separate homes. The day may come when this again will be possible, but I doubt very much if it will be in our time.

Therefore, I welcome very warmly this proposal of the federal Government through its agencies and through its new minister, the Honourable Robert Andras, to have condominium housing built for the low-income group, where the man may still be king of his own castle, although his castle may be an integral part of other castles all joined together. In other words, the individual who now buys a condominium will own his home and will have a very real interest in it; he will own the actual deed to the real property covered by his share of the condominium which forms part of that real property of the condominium itself. Therefore, he will still be king of his own castle, and when he puts his key in the door to enter his own condominium he will be the owner of everything he surveys. This is very important.

I would ask the federal minister to take cognizance of the wonderful progress made in this regard in Ontario. I am very happy to say that the Honourable Stanley Randall, Minister of Housing in Ontario, is probably the greatest authority in the field of housing in Canada today. I am very happy that Mr. Andras is looking to him for advice and guidance and that Mr. Randall is looking to Mr. Andras to assist him, so that the two levels of government can work in concert to bring about a solution of this almost insoluble problem of providing housing for people with low incomes.

If I had time to do so this afternoon, honourable senators, I would go into the tremendous advances being made by the Province of Ontario in condominium housing. The rates that are being charged make it possible for a man with a very low income to make the down-payment, and the real property part of it is originally financed by the Government itself. This is a step in the right direction, and it seems to me that the building of condominiums in the future would be the best method of solving, at least for the immediate years ahead, the problem of low-income housing.

In any event, housing is no place for politics. We all have the same objective, and that is to provide housing for people in the low-income group. I am not interested in providing housing for those with high incomes, because they can go on the market and obtain conventional loans for their homes. It is the people with low incomes who need and must have aid, and I think that the Province of Ontario, through that exceptionally able man, Mr. Stanley Randall, has finally come upon the best plan to fill this great need.

As long as I am a member of this house I am going to support the federal Government in such matters. I look upon this as just a continuation of the work we began in the Diefenbaker Government, when we were always ahead of our schedule with housing.

However, I must admit that the pressure on us was not nearly as great as it is on the present Government. This should be non-political, and we should give praise where praise is due.

I want to defend Mr. Herbert Hignett, the chairman of this great crown corporation, C.M.H.C. I also wish to congratulate the Honourable Mr. Andras on his modesty, his scope of vision and ambition for the future. I also congratulate him on the fact that he too appreciates that housing is not a political matter and that he will co-operate with a Conservative government in the Province of Ontario, and with the government of any of the other provinces, in bringing about a solution to this vexed and important problem.

Hon. Mr. Molson: Honourable senators, with your permission may I ask the sponsor when we shall receive copies of the bill. I have listened with close attention to the discussion of what seems to be an excellent bill, but neither my neighbours nor I have yet received a copy.

Hon. Mr. Aseltine: They were in the mail this morning.

Hon. Mr. Molson: They are not in our places here.

Hon. Mr. Walker: Senator Molson is right. The service has fallen down badly. I have not received Senate *Hansard* or half the bills in the last three weeks. Something is happening around here.

Hon. Mr. Martin: I have my copy. They were distributed through the mail this morning.

Hon. Mr. Langlois: I do not know what may have happened to Senator Molson's copy of the bill. I have several copies, and I presume that his must be in the mail.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Langlois, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

NATIONAL HOUSING ACT, 1954 (MUNICIPAL WORKS)

BILL TO AMEND—SECOND READING

Hon. Leopold Langlois moved the second reading of Bill C-201, to amend the National Housing Act, 1954.

He said: Honourable senators, I have already referred to this bill in moving second reading of the previous one. Therefore, I will be brief in my remarks on this measure.

Although the recommendation contained in the bill before us represents only a simple change in the existing National Housing Act, it is a matter of substantial importance to the provinces, their municipalities and to Canadians generally.

As honourable senators are aware, financial assistance for the construction or expansion of sewage treatment facilities was first introduced into our housing legislation in December 1960. Since that time it has continued to form the basis for much of the outstanding progress we have achieved in combatting soil and water pollution. Some measure of the significance of this program is demonstrated by the fact that almost 900 municipalities have now benefited under these arrangements through federal authorization of 1,441 loans, with an aggregate value in excess of $300 million.

While the high ratio loans, at a preferential interest rate, have themselves proved a boon to local governments, there is no doubt that the added incentive of a federal offer of partial debt cancellation for work put in place within a prescribed time limit has been a most effective stimulus to these activities. At present the legislation provides that one-quarter of the loan and interest charges may be forgiven in respect of all work put in place by March 31, 1970.

The purpose of Bill C-201 is to extend this special feature for another five years—that is, to the end of March 1975. This recommendation, I suggest, assumes new significance in view of the added support proposed in Bill C-192 for the assembly and servicing of land for all housing purposes by the provinces and municipalities.

I believe honourable senators are most anxious that efforts to protect our lands from pollution and to return our lakes and rivers to their original purity must be continued and further encouraged. Your approval of the proposal put forward in this bill will do much to ensure that this will be the case.

Here again, honourable senators, I wish to add that, should this bill receive second reading, I intend to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Hon. David Walker: Honourable senators, that is a very succinct explanation of Bill

C-201, which is a continuation of the legislation introduced by the Diefenbaker Government in regard to modern sewage disposal plants, in 1960, when I had the honour to be the minister responsible.

Originally, we allowed a 25 per cent reduction to encourage municipalities to hasten the building of these sewage disposal plants. The present Government has extended the time, and I suppose that municipalities now know that no matter when they build them they will still get this reduction. In any event, since we introduced this program in 1960, 1,441 municipalities have installed modern sewage disposal plants. There is no question about it, we had a great deal of trouble from the Liberals in getting this measure through. They opposed it, as they opposed everything we did. You could not blame them because, after all, they were in the doghouse after being for years in the seat of power.

Hon. Mr. Bourget: They did not stay there very long, though.

Hon. Mr. Walker: For a period of six years, that is all!

Hon. Mr. Flynn: That is true. I think Senator Bourget was the critic.

Hon. Mr. Walker: No, not in my time. He and I got along too well. He was the critic of something else. I want to say that just before that time Senator Bourget was a very able parliamentary assistant to the Honourable Robert Winters. When I inherited that portfolio after Mr. Winters, I heard the name of Mr. Bourget mentioned as an exceedingly competent and able parliamentary assistant to a very great minister, the Honourable Robert Winters. If he were the Prime Minister of Canada now instead of the man we have, it would be of great advantage to all Canadians—that is, if the honourable Leader of the Government in the Senate was not in the running, but who am I to make any comment? We cannot speak of our personal likes and dislikes. We have to take the dice the way they fall.

Now I shall get back to sewage disposal plants, after discussing a matter on such a high plane—and I must say that I am drawing no analogy between the two topics of discussion. I do not know why I thought of the one while I was speaking of the other.

Honourable senators, this is a good bill. Let us give credit where credit is due. These things are very important and badly needed, as was the university housing which the Diefenbaker Government introduced and which is being encouraged by this Government. In the field of government, it would almost appear that all the good ideas originated with the Diefenbaker Government.

Hon. Mr. Fournier (Madawaska-Restigouche): Honourable senators, I should like to ask a question of the honourable sponsor of this bill (Hon. Mr. Langlois). Here we have two bills, both amending the National Housing Act, 1954. Why is it necessary to have two bills? Is it not possible to put all these amendments into one bill? It seems to me that that would be a much simpler way of dealing with them.

Hon. Mr. Langlois: If the honourable senator would again look at the two bills he will see that Bill C-192 was read the first time in the House of Commons on April 30, 1969, and that Bill C-201 was read the first time in the House of Commons on May 23, 1969.

On May 21 the Government made an announcement of its intention to further amend the National Housing Act. This, I take it, was as a result of the continuing discussions and exchange of views between the federal and the provincial governments. In other words, the federal Government then decided to bring forward additional legislation. Since Bill C-192 had already been introduced, another bill was necessary to achieve the Government's purpose.

Hon. Mr. Fournier (Madawaska-Restigouche): It is just coincidence, then?

Hon. Mr. Flynn: It had nothing to do with the resignation of Mr. Hellyer?

Hon. Mr. Langlois: Nothing whatsoever.

Hon. Mr. Molson: Honourable senators, I must inform you that I have a copy of Bill C-201. Somehow it escaped from the Post Office and came into my possession.

Hon. Mr. Flynn: Congratulations to Mr. Kierans.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Langlois, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—SECOND READING

Hon. Donald A. McLean moved the second reading of Bill C-195, to amend the Fisheries Improvement Loans Act.

He said: Honourable senators, Bill C-195 comes to us from the other house, and it is an act to amend the Fisheries Improvement Loans Act. The bill introduces three specific amendments that are as follows:

1. The maximum of permissible individual loans is increased from $10,000 to $25,000.

2. The present lending period which expires on June 30, 1970 is to be extended to June 30, 1971.

3. The agreed volume of loans to which the Government guarantee applies is to be $10 million in respect of loans made by chartered banks, and $10 million in respect of loans made by other designated lenders.

Honourable senators will remember that the Fisheries Improvement Loans Act came into force in December 1955 for a period of three years, and, as a result of amendments from time to time thereafter, the lending period was extended to June 30, 1970. The intent of the legislation originally was, and continues to be, the extension of term credit to fishermen for a variety of fishing improvement projects.

The Fisheries Improvement Loans Act is modelled very closely after the Farm Improvement Loans Act, and changes in the latter have, as a rule, resulted in parallel changes being incorporated into the former.

A new lending period was recently added to the Farm Improvement Loans Act which will expire on June 30, 1971. The current lending period under the Fisheries Improvement Loans Act is due to expire on June 31, 1970, and as a result of the proposed amendment presently before you, it would be desirable to have the lending period for each expire simultaneously, so that each could be given a general review at the same time. Hence, an additional lending period to expire June 30, 1971 is provided by the proposed amendment.

The Minister of Fisheries has expressed the view that his department is encouraging the evolution of large and more efficient vessels to be used by fishermen and this, of course, involves more extensive and expensive equipment and gear, such as navigational and fishing aids. Any such improvements or additions to equipment in the light of present economic conditions would definitely involve outlays of sums considerably in excess of $10,000, and in order to reach the objective contemplated by the act, it is considered desirable that the maximum loan be increased from $10,000 to $25,000. The subject matter of an appropriate loan limit has been discussed by the Department of Fisheries with the provincial departments of fisheries and fishermen's representatives. As a result of these discussions, there emerged the general consensus that a limit of $25,000 is the minimum required to meet the current needs and present conditions.

The extension of the expiry date to June 30, 1971, and the increase of a maximum loan to $25,000, involve as a consequence the necessary amendment to establish the aggregate volume of loans to which the Government guarantee applies at $10 million in respect of loans made by chartered banks and $10 million in respect of loans made by other designated lenders.

In this latter connection, honourable senators will recollect that earlier this year, amendment changes were made to this act with respect to the financial institutions that may be designated to make loans and, as a result, trust companies, insurance companies and mortgage loan companies were brought within the scope of the act. A lender will now also include a credit union, caisse populaire, and any other co-operative credit society designated by the minister on the application of such society as a lender for the purposes of this act. I wish to make it clear, however, that while this amendment will benefit the fishermen by making available larger loans, it will not by itself meet the requirements of the groundfish fishermen on the east coast.

It is true that the fishermen from the Atlantic provinces and Quebec can obtain loans from their respective fishermen's loan boards for the purchase of new vessels, new power units and certain types of fishing gear. However, because of the high cost of construction and the increased cost of fishing gear and equipment, east coast fishermen engaged in the production of a low cost variety, operating in the majority on a short or limited season, cannot, even with the availability of such loans, meet the high costs of new fishing boats or look after replacements. The Minister of Fisheries must recognize that the construction subsidies on such vessels, available for the last 20 or 25 years,

cannot be abolished. I will admit that subsidies on new draggers or trawlers, whether of wood or steel construction, need to be controlled, and a limited amount should be made available for each fiscal year, but the abolishment of such subsidies at this time will prove disastrous to the industry, particularly to the fishermen involved.

I am sure honourable senators will be interested to know the history in terms of experience, having regard to the number of loans, repayments and losses. For purposes of introducing this bill I will not classify the loans by their purpose, other than to state that broadly speaking they cover fishing equipment, purchase or repair of vessels or boats, and to a lesser degree building and construction. The major loans for fishing equipment are for nets, trucks and some electronic equipment; loans for the purchase or repair of vessels and boats cover, in general terms, vessels, boats, engines, general repairs, overhaul and some miscellaneous items.

I will not separate these loans between the several provinces. Honourable senators will not be surprised that, in the main, loans cover British Columbia, New Brunswick, Nova Scotia and Prince Edward Island. For the fiscal year ended March 31, 1968, there were 280 loans, for a total of $1,273,924, and for the fiscal year ended March 31, 1969, there were 202 loans for a total amount of $1,103,491. Since the act came into force, up to March 31, 1969, there were 2,788 loans, totalling $7,272,291.

I am extremely proud to tell you that since the act came into force the total number of claims was only eleven, for an overall total amount of $6,890.52. Honourable senators will agree with me that is a wonderful record, and is a measure of the integrity and quality of our fishermen.

Honourable senators need not be reminded of the importance of the fishing industry to the economic well-being of Canada. This has been recognized as basic to the Canadian economy. It is hoped the amendment presently before you for consideration will provide real incentives for fishermen to purchase new boats, or substantially to upgrade their existing vessels, thereby improving efficiency and helping ultimately to make the Canadian fishing industry a more viable and healthy form of economic industry.

Hon. Malcolm Hollett: Honourable senators, the fishermen on the east and west coasts are always grateful for small mercies. This is a small mercy, but it is a mercy and will be very helpful to about 800 fishermen, if they take advantage of it. Fishermen are thankful for small mercies because their life is one of hardship from start to finish, from daylight to dark, the whole year round.

Some time ago I saw a program on television about a farmer who took his wife and little boy with him and started to farm in the West. During the course of the program he told the story of his life right down to the 'thirties. Prior to the 'thirties he had built up a very large farm and had a wonderful livelihood, but then the 'thirties came—the dirty 'thirties, as all honourable senators know—and the whole thing faded away. That frequently happened in the fisheries industry.

I am a fisherman myself, or was, and used to fish off the Labrador coast. I can assure honourable senators it is a very strenuous life, and any help that can be given by the Government—who on behalf of the fishermen I thank for this bill—will benefit not only the individual fisherman but also the country. We cannot afford to lose our fishermen on the east coast or the west coast. I would say they form one of the strongest arms of our economy, perhaps not in dollars and cents but certainly in effort.

This bill will encourage some fishermen on the east and west coasts to go to a bank or other lending organization and get a loan for $25,000. Getting a loan for $25,000 is quite easy in many cases, although very difficult for some, but it is always difficult to pay back the money. Fishing, as honourable senators know, is a very uncertain way to make a living, just as farming is. People are now wondering whether the farmers in the West are going to pay their taxes in wheat, barley or other commodity. A fisherman cannot pay his taxes in salt cod fish, I can assure you.

In my opinion, this bill will help at most about 800 fishermen to get new boats. New boats and new engines are essential if the men are to get the most out of their fishing. I come from Newfoundland and am alarmed at the number of foreign ships coming into our ports, particularly St. John's, Newfoundland. There are Portugese, Spanish and Russian ships, ships from all over the world coming in there. They are fishing just outside the 12-mile limit, out to the Grand Banks. They are catching so much fish that I wonder sometimes how we ever manage to dispose of ours.

I should like to say here that I am very sorry about the thing that has happened in

Placentia Bay. I was born in Placentia Bay. I think that putting up the Erco plant was heartbreaking. Many fishermen in that bay made their living solely by fishing, and they sold a great deal of that fish fresh to the various firms around. Erco put up this plant and polluted the water to such an extent that it destroyed many thousands of fish and prevented the fishermen from catching fish there.

For the time being, at any rate, I am glad that the Government has come across and said, "Very well, we will pay you for what you lost and pay you for any fish you caught and cannot sell. We will also pay you and help keep you alive anyway." The big mistake was made in allowing that plant to be put there in that condition without some government agency seeing to it that they would not be allowed to pollute the waters.

I want to tell you that clean water around the shore is very important, because of the fact that the codfish come into the shore to get the bait and catch the caplin. The caplin is the summer bait which swarms in on our shores. The codfish follow them in, and the fishermen are able to catch a very good supply of fish. I know that, because I was there on the southwest coast at the time we had a tidal wave in 1928 or 1929—I am not sure of the date. We also had an earthquake which took place about 110 miles off the coast. In the district where I lived a tremendous wave came in and washed away stores, stages, houses, and drowned 28 people instantly. That is one of the sad parts. The other sad part was that the caplin which bring the fish in, never came back to our coast again for seven years. Consequently, there was no fish and people were in a bad way. They could not get any fish because the caplin would not come in, and caplin did not come in because the water was polluted by the earthquake.

If we have an earthquake with that disastrous plant there, unless it is properly taken care of, it will destroy the whole fisheries in the Placentia Bay. Who knows what it will do to our fish markets around the world? We must be very careful of that.

I will say that the Government has come across very well and are aiding in the recovery. I want to congratulate the Honourable Mr. Davis, the Minister of Fisheries, for what he has already done. I think they must have a guilty conscience in the Fisheries Department, because Mr. Smallwood, as you know, said that the construction of that Erco plant was okayed by the federal Government and by the Department of Fisheries. A couple of days ago Mr. Davis, in St. John's, Newfoundland, denied that and said that there was no such confirmation by the federal Government. I do not know the precise facts about that. It just shows how careful the various departments of agriculture and fisheries have to be before they allow things like this to happen.

Once again, let me say that I, on behalf of our fishermen in Newfoundland and also the fishermen from the west coast, am very grateful for the increase in loans from $10,000 to $25,000. That is only just and honest, because you know it costs about three times as much to build a boat now as it did 10 years ago.

I have no criticism whatsoever to make of this bill, and I congratulate the sponsor on his introduction of it. I do hope that every fisherman in Newfoundland, who possibly can, will be taking advantage of it.

Hon. G. Percival Burchill: Honourable senators, first of all, I want to congratulate my colleague from New Brunswick (Hon. Mr. McLean) on the excellent manner in which he explained this legislation and to support Senator Hollett in the remarks that he made with reference to the life of the fisherman.

This debate gives me the opportunity of informing the Senate of a very moving ceremony which is to take place tomorrow in my constituency, 25 miles from my home, in the Parish of Hardwick at Baie Ste. Anne, in which a monument will be unveiled to the memory of 35 fishermen who lost their lives in a fishing disaster 10 years ago tomorrow.

I pay special tribute to Brigadier Wardell of Fredericton, because immediately at the time of that disaster he was most effective in arranging for a fund to be subscribed to the families of these fishermen. Throughout the past 10 years that fund has been administered by Brigadier Wardell in a very wonderful way. With his assistance, those families have been taken care of. Sir Max Aitken gave the total contribution for this monument. My only regret is that I cannot be present at the ceremony. I am sure there will be people from all over the province there. The then Premier of the Province of New Brunswick, Hugh John Flemming, is to be one of the chief speakers. Indeed, it will be a very moving ceremony.

This event points up what Senator Hollett said about the life of the fishermen and the hazards and dangers they face. I am sure that we all must join in support of this measure,

which Senator McLean has so ably introduced, for the benefit of the fishermen and their livelihood.

Hon. Senators: Hear, hear.

Hon. Donald Smith: Honourable senators, the hour is getting late, and I give you an undertaking that I shall not be long. I want to say something about this bill and to express my agreement in general with something Senator Hollett said a few moments ago.

Senator Hollett gave the impression that in his part of the country loans under this act are not very easily accessible to a fisherman. I believe that I can say the same thing for the fishermen in that part of Nova Scotia which I know best. This is something which Senator Carter, long before he came to this chamber and indeed, since he has been here, has been talking about. He has made some extremely pertinent statements on the subject in committee when consideration was being given to various measures dealing with the Fisheries Act.

There ought to be some better way to service the fishermen of Newfoundland. Banks are not available to the fishermen in the outports to the same extent that they are in other parts of the country. It is not only because banks are not available to the people. In the Province of Nova Scotia they have not taken advantage of this act. I think it is mainly due to the fact that the bank managers and the banks themselves have not been too enthusiastic about committing bank loans to the fishermen. One of the reasons is quite obvious: fishing is a very hazardous occupation. Unless the boat that is fitted out with gear through money borrowed from a bank is insured almost to its full value, it is very difficult for that fisherman to get a loan. It is difficult for him to get it because it is very expensive, and it is becoming more so all the time. This is due to the increasing hazards at sea. The experience of insurance companies has resulted in the raising of the rates quite considerably.

We have had on the federal statutes for some years a program of insuring gear and boats. I think it is entitled The Fishermen's Indemnity Act. It is not intended to take the place of private insurance companies, and therefore has not been of much help to the fishermen.

I do not see much assistance in raising the total amount available to any one borrower—from its original amount back in 1955 of $4,000, at which it remained for a good many years, until now when we are raising it to $25,000—if the fisherman cannot get loans from the banks and the co-operative societies which offer loans, because they are in a high-risk category, and their loans cannot be secured against the piece of real estate or the chattel which cannot be insured to its full value.

I have been informed that only recently the Minister of Fisheries has been giving consideration to several things which might improve the situation. This has little, if any, application to this particular act, and I just mention it in passing to express the hope that his proposals will bear fruit. This is to devise something whereby federal loans can be made to the fishermen along the same lines as direct loans to other borrowers in other categories in the country.

The other step which I think he has already taken is that the Fishermen's Indemnity Act will be reviewed so that a higher amount of insurance at a much lower rate than the commercial rate can be made available in order that fishermen can extend their insurance coverage. That will take a lot of the financial risk out of the business of fishing, even if it is not possible to remove the danger to their lives—which was pointed out so well by Senator Burchill—in that very difficult vocation which by force of circumstances they are compelled to pursue.

Honourable senators, in conclusion, may I express my appreciation of the very clear and able manner in which the sponsor of the bill explained it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. McLean, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

TELESAT CANADA BILL

SECOND READING—DEBATE ADJOURNED

Hon. Paul Desruisseaux moved the second reading of Bill C-184, to establish a Canadian corporation for telecommunication by satellite.

He said: Honourable senators, before I commence my presentation on this bill, I have to ask a question. It was not possible for me to address the Senate on Tuesday last because of the lateness of the hour. My

remarks will take about an hour and a quarter, and it is now ten minutes past five. I wonder if I should proceed at this time.

Hon. Mr. Martin: Certainly. We will stay here, senator, and listen to you with interest.

[*Translation*]

Hon. Mr. Desruisseaux: Honourable senators, since this bill is of particular interest to Canadian citizens of both languages, I will speak to you both in English and in French.

Bill C-184 provides for the creation of a corporation for telecommunication by satellite.

Satellites are not something new to Canadians. Our country put a satellite in orbit in 1962, five years after the beginning of the space age. Canada ranked third then among space technicians, immediately after the U.S.S.R. and the United States. She has since maintained that place among nations.

The U.S.S.R. now has a system for telecommunication by satellite. The United States, on February 10, 1969, sent up the most powerful communication satellite of the western world. It will serve as a prototype for the establishment of an American satellite system for land, air and sea military communications. It will have a transmission capacity equivalent to 10,000 two-way telephone circuits. Its energy is provided by 60,000 glassy cells which convert solar energy and produce the 1,000 watts of electricity needed for its operation. It has five big antennas shaped like corkscrews and all the appearance of the most fantastic engines conceived by Jules Verne.

The proposed communication satellite for Canada will have a capacity of 3,000 two-way telephone circuits and six channels. As the satellite has a life span of seven to ten years, the Canadian corporation could anticipate replacing it by a bigger satellite to meet the needs then.

The idea of a communication satellite is not new in Canada.

As the president of the C.B.C., Mr. Davidson, said, his corporation has been watching closely new developments in the field of satellites since the beginning of this decade.

In fact, the C.B.C. was among the first to use a satellite in orbit in 1963, when it televised on its network the memorable Commonwealth Prime Ministers conference.

In the summer of 1966, Power Corporation and Niagara Television submitted a brief to the Board of Broadcast governors, requesting approval of a corporation including, besides themselves, the Canadian government, the telephone and telecommunications companies, and the general public.

In September 1966, R.C.A. Victor submitted to the Science Secretariat a proposition entitled: A Canadian TV Network Satellite System, to be applied to a study on the upper atmosphere and on space programs in Canada.

In October 1966, Power Corporation and Niagara Television submitted a brief to the B.B.G. requesting authorization to establish telecommunication satellite network.

In December 1966, Ford Foundation submitted to the United States Federal Communications Commission a brief on the facilities for domestic communications by satellite.

During that same month, also, the corporation for telecommunication by satellite, Comsat, applied to the F.C.C. in the United States to operate in the United States a system of telecommunication by satellite. Again in December 1966, the American Telephone and Telegraph company submitted its report entitled: "An integrated system of telecommunication Space-Earth at the service of the United States."

In Canada, in February 1967, the Science Secretariat circulated the Chapman report on the upper atmosphere and on space programs.

In May 1967, the Trans-Canada telephone system and CN-CP Telecommunications submitted a report entitled "A Canadian system of telecommunication by satellite."

In July, the Prime Minister's office announced the creation of a group, headed by Dr. J. H. Chapman, for the study of satellites, with the purpose of considering the commitments and programs of Canada in connection with space, and studying our future needs and interests, in the light of technological progress permitting the use of outer space. Mr. Kierans stated that the group was entrusted with developing a telecommunication policy. The group has also interim priority objectives concerning urgent specific problems, but it must be noted that the main report of the study group will not be ready until next September. According to Mr. Kierans, the recommendations of the report will be the basis of amendments to the British North America Act.

In July and August 1967, the American corporation for telecommunication by satellite (Comsat) published two parallel reports of study programs entitled "The study of the multi-purpose satellite."

In August 1967, the Canada Science Council published a special report on space activities projected by Canada.

In August 1967, a Canadian electronics company, Northern Electric, completed the analysis of a program for the Department of Transport on the integration of a satellite communications system with terrestrial communications systems.

In September 1967, the public could read a report on the R.C.A. space system entitled: A Canadian Satellite to Serve the Needs of a Communications System in Canada.

The 1967 White Paper identified the various legal, financial, economic, industrial and international factors underlying the implementation of such a system.

In September 1968, the Canadian Government's intention to introduce a bill to establish a domestic system for telecommunication by satellite was stated in the Speech from the Throne. The numerous discussions going on between the Project Office, the minister, the C.B.C. and the CN-CP express companies came to a head at a meeting held on January 13, 1969, between representatives from the Trans-Canada Telephone System and the minister. Mr. Kierans agreed then to submit a proposal whereby express and communications companies would be invited to take part.

Furthermore, the Project Office kept the provinces informed as to the events which were taking place.

Recently, a suggestion for a joint system was submitted by Comsat, the American corporation for telecommunication by satellite. Meetings were also held with representatives of Power Corporation, who were interested in the project in 1966, of Niagara Television, National Television Network and the Department of National Defence.

The necessary international discussions were told as to the available orbital positionings. The arrangements relating to frequency and means of satellite launchings were then agreed upon.

[*English*]

The present bill has been prepared in the light of all the above knowledge.

The stage was set for another great Canadian achievement that would trigger communication facilities not dreamed of or hoped for yesterday.

Honourable senators, the legislation proposed is simple in its non-technical objectives, but complex in its technicalities and, to some extent, in its formulation. It is a new type of legislation. It establishes a non-crown company where the Government shares and participates with public common carriers as companies and the general public as individuals.

Bill C-184 provides for a Canadian corporation to establish a domestic satellite communication system on a commercial basis. Perhaps it would be of some use and of interest to give first the highlights of the proposed legislation.

The target date for the start of the system had been set for the end of 1971, but that has now been changed to early 1972. As is now known, the ownership will be split between the federal Government, the common carriers, Canadian National-Canadian Pacific Communications, members of the Trans-Canada Telephone System, and public participation. Although there is no provision governing the shares given in each sector, there is a clause to prevent more than 20 per cent of the shares from being held by non-residents. The proportions of stock intended to be issued to the three sectors will be decided by cabinet, in negotiation with the participating telecommunications companies. The interim board will be appointed by cabinet. The interim board will arrange the stock issue and will call the shareholders' first meeting to elect directors. The bill does not impose the obligation that the final ownership arrangements be implemented immediately. The Government will be free to decide whether it will want to take up its statutory limit of $30 million worth of shares at the outset or if it will provide for public participation from the beginning. The price tag quoted for the system is between $60 million and $70 million.

This is below the $100 million or so estimated for the complete network of two satellites in the air and one reserve satellite on the ground, plus some three dozen ground stations covering all of Canada.

Nevertheless, it would be enough to provide a pilot system of orbiting satellites plus a few ground stations. By one estimate, the space segment would take roughly $35 million, launching from a U.S. base, another $30 million, and the rest would go toward ground stations. It is expected that bringing the ground stations up to strength and providing the back-up satellite would probably eventually raise the cost well beyond $100 million.

To meet the 1971 or rather early 1972 deadline, Telesat Canada would probably have to let the satellite construction contracts by the middle of 1969.

This is the first "mixed corporation" to be set up by the federal Government. It follows roughly the suggested pattern of Corporation "Cansat" as proposed by Power Corporation and its associates in 1966, but assures certain government control.

The legislation was drafted to ensure that Telesat would not encounter some of the pitfalls of the U.S. Communication Satellite Corporation Comsat. That is to say, Comsat's Board, by law, is split among the Government, the common carriers, and the general public in a fixed proportion. If ownership changes, the Board cannot change to reflect the new situation without a special act of the U.S. Congress.

Telesat Canada will avoid this particular problem. It will give the Board the right to determine its own makeup, provided it reflects the ownership.

The company will not be a Crown corporation. The bill gives no guarantee of government control. The Government need not even be the largest single shareholder.

The authorized capital is 10 million common shares without par value and 5 million preferred shares with a par value of $10. The Government is limited to $30 million worth of shares, although it can lend the company up to $40 million beyond its original investment. The bill provides the guarantee that all facilities must contain as much Canadian content as is economically possible.

The bill provides also for a 30-day delay period for the minister to consider all proposals for satellite or ground station construction, which is a check on the corporation's power.

Telesat will be governed by the same regulations as other telecommunications companies, but it must be noted that the Government is presently engaged in a thorough policy review of these regulations.

It should also be noted that after the investigation task force report next year, or late this year, the regulations structure is likely to be streamlined. The Canadian system will operate entirely outside the international network of the International Telecommunications Satellite Consortium and will not conflict with it. Intelsat still has not settled on a final policy for domestic satellite systems, although some progress was made at Washington meetings recently.

It is predicted by officials that the eventual outcome of the Intelsat negotiations will give individual countries the option of operating their own satellites or getting space segments from Intelsat. This leaves Canada as free as the United States and the USSR to follow its own plans as long as they will not conflict with the International Satellite System established by international agreements and participations. This puts Canada in a position quite distinct from that of France, which is proposing a satellite system to compete in the North Atlantic area with the Intelsat group.

It is quite conceivable that Telesat Canada might be asked to provide specific international services, for example, from the United States to Alaska. Later I will come back to this. Of course this would be negotiated between the governments involved.

[*Translation*]

Before we proceed with the study of the bill, may I call your attention to an article published in the February 24 issue of *Le Devoir*, in view of the national importance and the international implications of this legislation. I quote:

> The Intelsat international consortium now has five satellites, three above the Pacific and two above the Atlantic, linking coast to coast through thousands of telephone, telegraph and television circuits.
>
> The agency technically became "global" in April with the addition of a sixth satellite above the Indian Ocean. The U.S.S.R. however, has so far refused to join Intelsat and even intends to create its own system, to be known as Intersputnik.
>
> Intelsat in fact has a dual structure; on the one hand, a Board of Governors including representatives of 18 countries, on which the United States, with 53 per cent of the votes, wield a virtual veto power;—

—Canada has a 3.5 per cent share, corresponding to a $5,000,000 holding—

> —and, on the other hand, a private operation management agency, Comsat, which is totally American owned.
>
> Most of the other countries, in particular those of Western Europe, would however be in favour of vesting wider powers in the assembly and would like to see Comsat replaced by an international secretariat which they consider would be better suited to the world-wide nature of the organization.

This, it seems to me, fully stresses the importance of a Canadian system of telecommunication by satellite.

[*English*]

As I mentioned earlier, the use of a satellite involves international agreements at the federal level on frequency allocations, launch timing and facility. These, I understand, have now been complied with. In addition, consideration is presently being given to the possibility of agreement for the Canadian system to service Alaska. Most critical is the necessity for a national status which can command parking space for one or more synchronous satellites. As one has said, segmentation of Canadian sovereignty by independent provincial action is inviting loss of recognition by the great powers and is therefore untenable.

The provincial governments of the three prairie provinces are also owners of their respective telephone systems. We might anticipate, therefore, that this program, in so far as it affects development of Canadian telecommunications policy, is discussed between federal and provincial governments as well as between the federal Government and common carriers. However, it is now assured, in the first instance, that the Trans-Canada Telephone system maintains its position as the voice of the carriers. The federal Government has stated that provincial governments will continue to be fully informed on developments.

It must be mentioned that in its planning, the present proposed legislation for the corporation departs from the MacIntosh proposals on three counts which are: firstly, greater reliance on debt financing as compared to equity financing, because it permits the Government to maintain complete control for a longer start-up period; secondly, delayed entry by both carriers and public into capital participation, thus protecting the general public against possible loss; and, thirdly, control of directorships, using a single class of stock—this is introduced to maintain Government control.

It is considered that Cabinet should retain the power to appoint a director or directors and, therefore, that two classes of common shares would be unnecessary at the outset of the program.

The legislation therefore proposes provision as follows: firstly, a single class of common share—there are also preferred shares; secondly, distribution initially only to the Government; thirdly, power for the cabinet, by directive, to cause subsequent by-laws to be enacted, as required, to permit distribution of shares to the carriers, to special groups, and to the general public in such order or combination as the Government sees fit to do so; and, fourthly, to outline basic corporate structure.

In all other aspects the bill will incorporate into the law the central recommendations of the White Paper of 1967. The three groups, government, private industry and the public, would each own a proportion of the system which will be reflected on this board of directors.

Honourable senators, these pertinent general explanations of the proposed legislation having been made, I believe we can better analyze together the more important clauses of this bill. It is not my intention to detail to you this lengthy act. I will summarize it and detail only the most important sections, as I see them. It is further my intention, at the end of my presentation of this bill, to propose that it be sent to the Standing Senate Committee on Transport and Communications for study.

The company's name is incorporated as Telesat Canada in both French and English, and the act limits to seven those who can be designated by the Governor in Council as provisional directors. The powers and duties of provisional directors are the same as those of the board of directors. The tenure of office of the provisional directors ceases when the board takes office.

The corporate objects are to establish satellite communication systems on a commercial basis.

The company must utilize Canadian content as much as possible in research, design and industrial personnel, technology and facilities in research and development connected with its satellite telecommunications systems and in the design and construction of the system.

The company has power to negotiate and to enter under the direction of the minister, suitable arrangements for the launching of satellites; power to enter into contracts and to conduct research; certain powers as set out in subsection 1 of section 14 of the Canada Corporation Act, except those certain powers that are specifically mentioned.

In addition, the company has the power to enter into arrangements, other than amalgamation arrangements, for the sharing of profits, union of interest, co-operation, joint adventure, reciprocal concession or otherwise, to deal with any other company, firm or persons.

It has the power, with the approval of the Governor in Council, on the recommendation of the minister, to take, or otherwise acquire and hold, shares, debentures or other securities of any other company having objects altogether or in part similar to those of the company, or carrying on any business capable of being conducted so as, directly or indirectly, to benefit the company, and to sell or otherwise deal with the same.

It has the power to issue and allot fully paid-up shares of the company in payment or part payment for any property purchased or otherwise acquired by the company or any services rendered to the company; the power to carry out all or any of the objects of the company and to do all or any of the things authorized pursuant to paragraphs (a) to (g) of Section 6(1), as principal, agent, contractor, or otherwise, and either alone or in conjunction with others.

The company has the power to do all other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the company. It will also be able to accept powers outside Canada from any authority lawfully competent to confer such powers.

The company shall be deemed to have all the powers of a natural person, and nothing will diminish any personal liability of the directors for acting in excess of the powers of the company.

Each request by the company for a proposal for the construction of a satellite or earth station shall be issued, within thirty days of the submission to the minister, to a person qualified to submit a proposal in response thereto unless, within that time the minister indicates in writing to the company that he is satisfied that the request by its terms will result in proposals that specify a reasonable utilization of Canadian design and engineering skills and the incorporation of an appropriate proportion of Canadian components and materials.

The company shall not, except under the direction of the minister, directly or indirectly negotiate with or enter into an arrangement or an agreement with a foreign state, or a corporation acting as an agent for or on behalf of a foreign state, and the company shall in all matters of concern to it in carrying out its objects at the request of the minister, assist in the conduct of any negotiations and on behalf of Canada.

I would mention that the authorized capitalization is 10 million no par value common shares, and 5 million preferred shares of a par value of $10, fully paid and non-assessable.

No offering of preferred shares of the company shall be made after the initial issue of shares of the company to approved telecommunications common carriers or persons who fulfil the statutory conditions, unless the offering and the preferred, deferred or other special rights, restrictions, conditions or limitations attached to the preferred shares so offered have been authorized by by-law sanctioned by at least two-thirds of the votes of the shareholders cast at a special general meeting of shareholders called for the purpose.

The head office of the company shall be in the national capital region. As I said, the board of directors will consist of seven members. The interim board of directors shall be appointed by the Governor in Council, and at least two members shall be appointed from among the members of the Public Service of Canada.

When subsection 2 of section 13 does not apply to authorize the Governor in Council to appoint the board of directors, such number of directors shall be elected annually and the remaining directors, at least two of whom shall be members of the Public Service of Canada, shall be appointed by the Governor in Council to hold office during pleasure.

A vacancy among members of the board appointed by the Governor in Council is filled by appointment by the Governor in Council, and a vacancy amongst members of the board elected is filled by appointment by the elected members. The company may prescribe rules and determine when a person ceases to be an ordinary resident of Canada.

The Governor in Council shall designate one of the provisional directors of the company to be the first president to hold office until the board takes office, and thereafter the board shall, with the approval of the Governor in Council, annually elect a president. The president shall be the chief executive officer.

The directors regulate the time and place for the holding of meetings of shareholders, the calling of meetings of shareholders, and of the board, the quorum, the requirements as to the proxies, and the general procedures.

Sections 18 to 21 inclusive deal with the transferability of common shares, and the

declaration that may be required of the subscribers and, in all cases, the declaration necessary in the case of transfers. Rules are established prohibiting the company from accepting subscriptions for common shares not fulfilling the established rules, and the invalidating of certain transactions or transfers of common shares when rules and by-laws are not complied with on the transferability of preferred shares.

The voting principles are: One share, one vote on common shares; and no voting rights on preferred shares.

Because of control possibilities, the sections on elections of directors may be of special interest to the Senate. The holders of common shares of the company who fulfil the statutory conditions may exercise voting rights only for the election of the number of directors to be elected by them. Telecommunications common carriers that are holders of common shares may exercise voting rights only for the election of the number of directors to be elected by them. The validity of a transfer or a subscription for shares is not affected by the holding of such shares in contravention. If common shares held in contravention are voted at a general meeting, no proceeding, matter or thing at that meeting is void by reason thereof, but such proceeding at any time within a year is voidable at the option of the shareholders by a resolution passed at a special general meeting of the shareholders. Persons who fulfil the statutory conditions may hold common shares. The allotment shall be approved by the minister.

Part III of the Canada Corporations Act does not apply to the company. The parts of the Canada Corporations Act that are applicable are listed in subsection 2. This will require considerable time for study on the part of the Senate, and it is intended, with your approval, to refer the bill to the Standing Senate Committee on Transport and Communications. It may be sufficient to state here that all references to the Canada Corporations Act are made because of the special type of company created and the necessity of certain controls by government and the international involvements.

No act relating to the solvency or winding up of a corporation applies to the company, and in no case shall the affairs of the company be wound up unless Parliament so provides.

Section 16 of the Canada Corporations Act applies to the company, except that subsection 1 does not apply in respect of subscriptions of common shares of the company by Her Majesty in right of Canada or an approved telecommunications common carrier, and a reference to the letters patent in paragraph (a) of that subsection shall be construed as a reference to the by-laws.

With two-thirds of the votes it will be possible to extend the objects of the company, to reduce, limit, amend or vary the objects or powers, reduce the number of shares, increase, decrease or alter the authorized capital, cancel unsubscribed capital, diminish the amount of authorized capital by the amount of shares cancelled.

As I said previously, this company will not be a crown corporation. There are regulations on necessary expropriation by the company, and the Exchequer Court is to hear all cases not agreed, and may set compensation for land taken, damage to lands and all claims against the company.

A copy of the annual report of the company is to be tabled before Parliament when submitted to the shareholders.

Subject to limitation on the extent of holdings, with the approval of the Governor in Council the minister may from time to time subscribe for, acquire and hold common shares for the Government of Canada, at a price approved by the Governor in Council for the common shares or preferred shares. Common shares acquired may be transferred with the approval of the Governor in Council.

In connection with disclosures, section 98 of the Canada Corporations Act with respect to the transactions applies. Shares acquired by the Minister of Finance or an agent of Her Majesty in right of Canada may be voted in the first case by the Minister of Finance and, secondly, by duly authorized proxy of the corporation. The extent of the holdings shall not exceed $30 million.

On the recommendation of the minister, the Minister of Finance may lend money on terms and conditions approved by the Governor in Council and acquire or hold securities therefor. Subsection 2 authorizes the guarantee by Her Majesty in right of Canada of the repayment of any moneys borrowed by the company and the payment of interest thereon, and may approve or decide on the form, manner and conditions of such guarantees, which shall not exceed at any time $40 million.

The company may enter into contracts with departments or agencies of the Government

engaged in research and developmental related work.

It is possible to make additions to and deletions from the list of Schedule A and give effect to cancellations of capital stock held by the company, and authorize issuing to company stock being added, and regulate the allotments in such cases.

Holding shares in contravention is an offence liable on summary conviction to a fine not exceeding $100 for each day that the offence continues.

The day of promulgation is the day of coming into force.

At the end of the bill presented before the other place an addition was made to the last section, which was added as a rider. It reads:

> The Company is vested with all property and rights acquired on its behalf under the authority of the Minister after April 1, 1969. All moneys paid out of the Consolidated Revenue Fund after that date and before the coming into force of this Act in respect of expenditures made, shall be deemed to constitute a debt to Her Majesty in right of Canada by the company payable forthwith out of the moneys of the company.

Schedule A lists the approved companies that are the Trans-Canada system and other common carriers. There are three provincial government telephone companies, five provincially chartered public companies, two federally chartered public companies, one federally-owned company and one known American-controlled and, I believe, provincially-chartered public company. It would seem that this list offered as complete as possible representation of the Canadian common carriers.

There is a Schedule B to the bill which is important because of the limitations it imposes. It establishes conditions affecting the acquisition and holding of common shares by: (1) persons other than Her Majesty in right of Canada, (2) corporations declared by statute to be agents of Her Majesty in right of Canada, and (3) approved telecommunications common carriers.

Not more than 20 per cent of outstanding common shares held by individuals or corporations other than Her Majesty in right of Canada or her agent, may be held by non-residents. A resident shall not hold common shares for the use or benefit of non-residents.

No common shares of the company shall be subscribed for, purchased or held in the name or right of, or for the benefit or use of: (a) a director or officer of an approved telecommunications common carrier, (b) a corporation that is deemed for the purposes of these statutory conditions to be associated with an approved telecommunications common carrier, or (c) the government of a foreign state or any political subdivision thereof or an agent of a foreign state or any political subdivision thereof.

Hon. Mr. Choquette: Honourable senators, I dislike interrupting such an interesting exposé, but at the beginning of Senator Desruisseaux's speech he pointed out that his speech would last a little over an hour and a quarter. If I remember correctly it was then 10 minutes past five—he told us it was 10 minutes to five.

We all know there is an important function taking place this evening. If the senator will require another 20 or 25 minutes to complete his speech, I wonder if he would agree to the suggestion that it be continued tomorrow, so that we may all be able to attend this function.

Hon. Mr. Desruisseaux: If it is of no serious inconvenience to any of the senators, I will gladly yield to the suggestion that it be continued. However, I would appreciate it being placed first on the order paper tomorrow, because I may have to leave early.

Hon. Sarto Fournier: If you permit me an observation, Mr. Speaker, tomorrow when the honourable gentleman continues his speech I should like to have a very clear exposé of the investment by the Canadian Government, by other governments, and private investments, and what will be the income. I should like to hear about the budget as to future expenditures. What will be the investments? What will be the costs? I hope that tomorrow my honourable friend, as a businessman, will be in a position to give us that information.

Hon. Mr. Desruisseaux: I shall be happy to give any information I have, and I do have considerable. It must be realized that if a satellite goes up and there is an accident, it may change the course of things in evaluating the budget so far as predicting the future. I will endeavour to give honourable Senator Fournier the information that he requests. I have some here and if it is not sufficient, I

will make it a point to furnish additional information.

The Hon. the Speaker: May I ask if the honourable Senator Desruisseaux will be kind enough to move the adjournment of the debate.

On motion of Hon. Mr. Desruisseaux, debate adjourned.

Hon. Mr. Martin: Honourable senators, it is agreed that Senator Desruisseaux will continue tomorrow and this will be the first item on the Order Paper. I hope that he will be able to stay for the balance of the day and listen to the other interesting dissertations.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 19, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS—PRIVILEGE

The Hon. the Speaker: Honourable senators, yesterday the honourable Senator Argue raised a question of privilege regarding an inquiry which he had presented respecting the Great Slave Lake Railway, and which stood at the time in the name of the honourable Senator McDonald. Senator McDonald spoke when the order was called but his speech was not followed by a motion for adjournment of the debate. The order, in such a case, was considered as debated and consequently was dropped from the Orders of the Day.

An inquiry is not a substantive motion, and according to the rules no reply is allowed. A senator cannot, therefore, have such an order stand in his name or adjourn the debate after he has spoken on it, except by unanimous consent.

May I add that I had the impression after Senator McDonald's remarks that there were no more speakers on the inquiry in question, as he indicated that the question raised by Senator Argue was being thoroughly reviewed in a standing committee of the House of Commons.

In light of this brief explanation, if the honourable Senator Argue feels that his inquiry should be replaced on the Orders of the Day, he should so move with leave of the Senate. If there are no other speakers on the inquiry, he may, with leave of the Senate, have the order stand in his name and speak on it again. Having pondered all these possibilities, if the senator still wishes to reinstate his inquiry on the Order Paper, he should make his motion under Notices of Motions.

As this inquiry was initiated by honourable Senator Argue, I am sure that, as a matter of courtesy, honourable senators would allow him to comment briefly.

Hon. Senators: Agreed.

Hon. Hazen Argue: Honourable senators, I wish to thank the honourable the Speaker for his ruling and for the work which has gone into preparing it.

I have no objection to the course that this inquiry has taken. Had I realized that Senator McDonald intended to make the short statement he did, I might have arranged for some other senator to ask that the inquiry stand, so that it could be considered at a later date. Honourable senators know that this whole question is being discussed by a committee of the House of Commons, and perhaps progress will be made toward the end for which many of us hope.

However, as a member of the Senate, and having seen what has happened, as stated by the honourable the Speaker, I would personally be quite happy if unanimous consent were given to have the item placed once again on the Order Paper, so that, if this question is still before the public at a later date, the Senate might proceed to debate this inquiry. However, if it is satisfactorily dealt with elsewhere, I would see no reason for that being done. Therefore, with leave of the Senate, I would request unanimous consent to allow this item to be re-instated on the Order Paper.

Hon. Senators: Agreed.

CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-197, to amend the Criminal Code.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-195, to amend the Fisheries Improvement Loans Act, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Mr. McDonald: With leave of the Senate, honourable senators, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

EXPORT DEVELOPMENT BILL

REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-183, to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Mr. McDonald: With leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS

AUTHORITY TO SIT DURING SITTING OF THE SENATE

Hon. A. Hamilton McDonald moved, with leave of the Senate, that the Standing Senate Committee on Foreign Affairs have power to sit while the Senate is sitting on Wednesday next, June 25, 1969.

He said: Honourable senators, many senators are not in favour of committees meeting while the house is sitting. However, it is my understanding that this committee is desirous of hearing the Minister of Manpower and Immigration before the summer recess. Apparently the only time available for them to meet with the minister is from 4 until 6 p.m. on Wednesday next. However, I would not want anyone to think that we are encouraging committees to sit in future while this house is sitting.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, we agreed last evening that Senator Desruisseaux should continue his speech this afternoon. Therefore, I ask that the inquiry standing in my name be stood until he or any one else who wishes to participate in the debate has done so.

Hon. Senators: Agreed.

Hon. Douglas D. Everett: Honourable senators, before we proceed with the Orders of the Day, I note that the resumed debate on the proposed establishment of an Ombudsman Committee is set down as Order No. 2 for Wednesday, June 25 next. It has been standing in the name of the honourable Senator Langlois since, I believe, March 27. I do not wish to be disrespectful, but might I ask the honourable senator if he intends to speak on the motion on that date?

Hon. Leopold Langlois: Honourable senators, as much as I would like to resume the debate on this motion on Wednesday next, in view of the announced intention of beginning the summer recess on June 27, I have very little hope of being able to do so.

TELESAT CANADA BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Desruisseaux for the second reading of Bill C-184, to establish a Canadian corporation for telecommunication by satellite.

Hon. Paul Desruisseaux: Honourable senators, first, I wish to thank the Leader of the Government for yielding and allowing me to continue the speech I commenced at 5 minutes past 5 yesterday and discontinued because of other announced events.

I would also apologize to honourable senators who remained until the very end. This is a lengthy presentation and, although some parts of it have been dealt with, there are yet other points to be taken up, including the financial structure, estimates, and other matters.

Last evening I was describing Schedule B of the Bill, and I mentioned that not more than 20 per cent of the outstanding common

shares held by individuals or corporations may be held by non-residents, and that a resident shall not hold common shares for the use or benefit of non-residents. I also mentioned that no common shares of the company could be subscribed for, purchased, or held in the name or right of, or for the use or benefit of (a) a director or officer of an approved telecommunications common carrier; (b) a corporation that is deemed for the purposes of these statutory conditions to be associated with an approved telecommunications common carrier; or (c) the government of a foreign state or any political subdivision thereof, or an agent of the government of a foreign state or any political subdivision thereof.

Clause 3 of Schedule B, which is found at page 31 of the bill, was amended in the other place by striking out the whole clause, and substituting therefor the following:

> 3. The number of common shares of the company held in the name or right of or for the use or benefit of a person or Her Majesty in right of any province, together with the number of such shares held in the name or right of or for the use or benefit of
>
> (a) each shareholder associated with that person or Her Majesty in right of that province, and
>
> (b) each person who would be deemed under these statutory conditions to be associated with that person or Her Majesty in right of that province if each of such persons and that person or Her Majesty in right of that province were shareholders
>
> may not exceed five and one-half per cent of the outstanding common shares of the company.

Bill C-184 was scrutinized by the House of Commons committee on Broadcasting, Films and Assistance to the Arts. There were some fourteen sittings of the committee. Many important witnesses in the fields of economics, electronic expertise, broadcasting, and engineering joined with the executives of the common carriers, the departmental officers, and the minister in closely analyzing the bill, its significance, and its effects on Canada.

The Canadian Association of Broadcasters, in its brief, welcomed the proposals of the Government of Canada to establish a Canadian Corporation for Telecommunication by satellite, and said:

> In our view, Canada is one of those countries that can derive major benefits from satellite communication distribution, because of the geographical size of the country and the scattered nature of its population.
>
> We feel, too, that the Government's indication of intent to enter the field now indicates it is firmly seized of the importance of Canada's staking out a claim for satellite positions in the most practical possible terms.

Later on, they added:

> Our understanding of the Statute now under consideration is that it will provide a communications satellite, which is essentially a "common carrier," the facilities of which would be available to any lessee.
>
> We believe that this is a proper, probably even essential method of operation. It would be extremely unfortunate, in our view, if the facilities of the telecommunications satellite were to be restricted to its shareholders or a limited number of these.
>
> Were use of the facilities limited to a selected few of the shareholders, we think it would place the Government of Canada, a major shareholder in the Corporation, in an uncomfortable, if not untenable position. Nor would such an arrangement be equitable from the viewpoint of other shareholders, or that of the general public. Such limitation would, we feel, also tend to discourage investment in the Telecommunications Satellite Corporation, and tend to limit its profit potential.

I personally agree with these views. I think this bill as now presented will assure not just a few but many users. It was with relief that we saw that the objections expressed by the common carriers to the leasing of the facilities directly from Telesat have now been withdrawn. It has been agreed that Telesat will not be able to rent portions of a channel to a potential retail customer of the participating communications companies, which would have placed the companies in the position of competing through Telesat against themselves. The minister said the assurance could be stipulated in contracts between Telesat and the participating companies, but the agreement would open the option of renting a full channel to any potential buyer. The amendments studied were neither numerous

nor, it seems to me at least, of basic importance.

The minister reported to the committee on Tuesday, April 22, that at the Radio and Television Association Convention in Seattle, a communications expert delivered this description of the uses of which a United States satellite system might be put. He read this list:

> An instructional television fixed service;
>
> Community antenna television which would allow widely scattered institutions to tie into a central information computer complex;
>
> Satellite interconnection for a system of linking universities and college libraries;
>
> Nationwide newspaper distribution;
>
> National credit card checking;
>
> National air traffic control;
>
> Medical training and diagnostic centres.

Other possibilities were mentioned—it seems the list can be expanded almost endlessly.

Honourable senators, I must apologize for the lengthy and somewhat uncoloured analysis of this bill. It is a complex bill, but with an understandable aim to retain control by government for obvious reasons of necessary protective policies, and yet invite and encourage participation of the public in the common carrier companies.

Let me here restate finally what a domestic communications satellite system can fulfill of our present Canadian needs.

First, it can provide television coverage in the north and in underdeveloped regions. There is no other economic way this can be done at the present time.

Second, it can provide telephone and message communication service to the north and to regions not yet developed to bring these areas into the mainstream of Canadian life by high quality telecommunications.

Third, it can extend television service simultaneously in both languages to all Canadians. "This satellite", said the minister, "will broadcast both in French and in English; in short, it will speak the language of Canada."

Fourth, it can establish a second and supplementary service to the existing east-west microwave network so as to insure telecommunications from coast to coast.

As stated by Dr. MacIntosh, the Canadian Government financial consultant, there may be considerable controversies as to what is the best way of financing, but it is factual that this type of stock is glamorous, that it should be easy to have accepted by the public. Those who have witnessed the financing of "Comsat" in the United States know full well the most favourable reception it received there. The public support of Comsat shares has optimistically continued ever since. No reason or argument can be found here that would warrant reservations on the part of Canadians that it will not have the same financial public acceptance among our Canadians.

In a recent conference the President of American Telephone and Telegraph, stated that in 1975, 80 per cent of their revenues will come from the data transfers. This should in some illuminating way show the possibility of the gigantic success that will come to this company.

Comsat has now been in existence for five years. When its stock appeared on the over-the-counter market five years ago, it was only a matter of a few hours before the $200 million offering was snapped up. In the first four minutes of trading Comsat soared $7 a share above its offering price of around $20. Its price per share advanced to $71.50 in a relatively short space of time. Comsat has justified investor interest in becoming an unqualified technical success. Last year it posted an operating profit of close to $1 million.

Yesterday, at the beginning of my presentation, I was required to give some very specific estimates on the costs, the annual revenue and the rate of return. It must be understood that we have nothing to go by as precedents, but we do know certain facts that enable us to reach these figures.

These are the underlying assumptions. The amount of capitalization: a cash flow projection shows that a total capitalization in the order of $60 million will be required. The bill does not prescribe a specific ratio for debt and equity except that it provides for the issuance of common shares, preferred shares and debt. This matter will be resolved by management after incorporation. For the purpose of estimating revenue requirements, it is assumed that the capitalization will consist of $30 million in common shares and $30 million in term debt at an 8½ per cent interest rate.

As to annual revenue, it is assumed by these figures or the figures that follow, that all six channels of the initial satellite will be leased at the start of operations in 1972.

Negotiations are continuing with users for the rental of satellite capacity together with related earth station facilities. On the basis of these negotiations, the C.B.C. proposes to lease three channels, while the telecommunications carriers and Canadian National-Canadian Pacific Telecommunications propose to lease the remaining three channels. On this basis, estimated annual revenue from rentals is expected to be in the order of $18 million.

It should be noted that the satellite corporation's earnings may be subject to regulation.

The two following tables will show the costs.

Table 1

Estimated Capital Cost of Satellite System
(in millions of dollars)

Space Segment	
Research and development, including contingencies	$ 22.0
Spacecraft (including $1.5 for contract incentives)	7.5
Launch costs (including $2.0 for launch vehicle modification)	7.5
Launch insurance	3.0
Total—space segment	$ 40.0
Earth Segment	
Earth Stations	
1—Main station (60′ antenna)	6.0
2—Regional type stations (40′ to 60′ antenna)	5.0
2—Arctic type stations (30′ antenna)	2.5
20—TV receive only stations (25′ antenna)	4.0
Total—earth stations	$ 17.5
Tracking, telemetry and control equipment	1.5
Administration and program management to start of operations	3.0
Total—space segment	$ 22.0
Total—Space & Earth Segment	$ 62.0

Table 2

Estimated Annual Revenue,
Operating Expenses and Return
(in millions of dollars)

Revenue	$ 18.0
Operations and maintenance, including salaries, office overhead, and operating expenses of earth stations	$ 2.5
Depreciation:	
Satellite and launch costs—5 years	
Earth stations—10 years	
Research and development—10 years	8.0
Total—operating expenses	$ 10.5
Interest on term debt	2.5
Total—operating expenses and interest	$ 13.0
Estimated net profit before income taxes	$ 5.0
Estimated income taxes	2.5
Estimated retained earnings	$ 2.5

Based on the foregoing assumptions in respect to capital cost, capitalization and annual revenues, the estimated annual retained earnings would represent a rate of return in the order of 8%.

Hon. Mr. Phillips (Rigaud): Would the honourable senator permit one question? I think he said that, in terms of capitalization, the equity capital would be $30 million and the funded debt would be $30 million, and in terms of profit and loss there would be $5 million net before taxes. Is the honourable senator able to reconcile that 8 per cent in terms of return would be available on $30 million equity?

Hon. Mr. Desruisseaux: Honourable senators, these figures were furnished by the department. I believe this bill will be sent to a committee, and that point could be dealt with there. My information here is that they actually make a profit, an estimated retained earnings, of $2½ million on about $62 million.

Any one of these figures—and I believe I said so at the outset—may be questioned to some extent, because we have nothing to go by. There is no precedent as far as this is concerned. As to the reconciliation between the profit and loss and the net earnings, I believe this can be quickly straightened out when the departmental officers appear before us in committee.

Is that satisfactory, for the present?

Hon. Mr. Phillips (Rigaud): Yes, subject to one question. Is there any provision in the bill where private investors who purchase equity stock are under obligation pro rata to buy part of the funded debt, or will such

funded debt likely be provided by the Government?

Hon. Mr. Desruisseaux: I do not know.

Hon. Mr. Phillips (Rigaud): My guess is that it will be provided by Government.

Hon. Mr. Desruisseaux: By a regulation, that is possible.

Hon. Mr. Martin: Senator Phillips (Rigaud) has always been a good guesser.

Hon. Mr. Phillips (Rigaud): Possibly.

Hon. Mr. Desruisseaux: Honourable senators, through the realization of its own communication satellite, Canada would be taking its place among the nations in outer space. The fact that it is a corporation in which government will be a participant instead of a full owner or a full servant, in our present state of affairs, and taking into consideration Canada's need, is thought to be most desirable.

Many honourable senators may have noted an editorial in the Toronto *Daily Star* dated Wednesday, March 26, 1969. Let me quote from it for the record:

> Ottawa could have framed regulations for a privately owned system that would have protected its role in extending Canadian culture—through the licensing of some of the applicants, for instance, or through the operation of the CBC—and in education through the guaranteeing that channels were kept open for this latest teaching aid.
>
> The Government thought it was far better that it participate in the operations of the system from the very beginning and allow private companies to participate along with it. We have had more than enough instances in the past of the problems that arise when the Government tries to intervene in an operation that is not to its liking, or in an operation that fails to meet the national interest adequately.
>
> There is no reason to believe, at this point at least, that the satellite system would not be a financial success. However, whether it will be profitable enough to interest the general public is still to be seen, according to some but not in my view or estimation. By far and away the greatest profit for the country though,—quite apart from the facilities of communications will stem from the fact that Canadian companies are allowed to participate in the building of the actual satellites involved.
>
> If we were to buy our satellites off the shelves—the United States would be the logical supplier—we could quite likely have to buy something bigger than a country the size of Canada would need, at least at the outset. Secondly, we would lose the possibility of becoming a satellite supplier to countries with similar needs to ours.
>
> Furthermore, we would almost immediately lose the excellent teams of space-age scientists who have been working on satellites and satellite components in Montreal and Toronto for some years now. Possibly some of them would have stayed to work for a Government agency, but the best would likely have gone during the uncertain period when the new agency was being set up.
>
> Just as Canada cannot delay much beyond 1971 if she is to lay physical claim to the relatively small spot above the equator from which a satellite can best serve this country, she cannot hope to enter the space age without the finest scientists, engineers and technicians that interest can buy.

[*Translation*]

We will go through a fantastic era in communications development, across a vast country where elbow room is not lacking.

Communications will play a special role here in the development of these three million square miles of yet undeveloped regions.

At the moment, the main electronic bridge between the north and south of the country consists of a mixture of tropospheric transmitting systems and high frequency radio systems.

Such tropospheric transmitting, which consists in relaying radio signals by making them bounce off the lower part of the earth's atmosphere, has somewhat limited processes.

The immediate future seems to lie in satellites for fast and cheap transmission of television programs and other communications to areas where the number of square miles largely exceeds that of the inhabitants.

Even in the south of the country, the satellite network will contribute to the terrestrial telecommunication network following the establishment of its network of stations.

May I add a remark on the launching of satellites. That is no longer a new art for us and it has also become a matter of routine in the world.

I understand now that if a satellite missed its launching into space, the Government and the company would be protected by insurances against such a disaster. They would not have to pay the cost of the replacement satellite and its launching. As you noticed in the balance sheet, insurance will cost $3 million, and it is still included in the estimates.

[*English*]

Honourable senators, this is an important bill for the country. According to the economic analysts, this communications satellite system will bring a fair return to investors making the investment. It is a prediction; nothing else.

It is claimed by the minister that the satellite system is expected to solve two of the country's most pressing problems: making improved bilingual broadcasting available in all parts of Canada, and providing an adequate and dependable communications network for the far North, thus filling a need in Canadian communications and occupying an important vacuum in universal communications.

On June 16 Senator Mike Gravel of the United States Senate made a speech calling the attention of that house to the praiseworthy action of the Government of Canada. He spoke this way:

> I can't praise Canadian action enough. This action represents the courage and ability to go out and do what so many countries have been talking about doing. The Canadian Government is actually going to provide telephone and television services not only to their urban areas but to the most remote and far-reaching boundaries. Yes, they will provide this service now through the use of the new satellite technology rather than waiting a score of years to provide this service through ordinary terrestrial means. The Canadians are to be complimented even beyond this for they hope to provide this new and advanced service at a lesser cost than is presently being charged in more urban areas.

Later in his speech he mentioned that the foresight of Prime Minister Trudeau and his communication minister, Eric W. Kierans, would bring about in a few short years the most modern audiovisual and cultural aids to serve all Canadian cities between three oceans, the Atlantic, the Pacific and the Arctic.

Honourable senators, I would suggest that Bill C-184 be sent to the Standing Senate Committee on Transport and Communications after other speakers have been heard.

Hon. J. Campbell Haig: Honourable senators, before I begin my talk this afternoon, I should like to welcome back to this chamber the honourable Senator Grattan O'Leary.

Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, I support the adoption of this bill. I was very sorry I did not hear the full introduction given to it by Senator Desruisseaux, but I want to say that he was very helpful to me when I was asked to participate in the presentation of this bill. Now, there was a full discussion of this bill in the House of Commons and various amendments were made to it, and it had very good hearings in committee.

Before I get into the main body of my remarks, I recommend that members of this house study the White Paper of the Honourable C. M. Drury, dated March 28, 1968.

This bill was introduced by the Minister of Communications in the other place on March 24, 1969. It provides for a corporation to be set up to be known as Telesat Canada. The honourable Senator Desruisseaux has explained in a very full and complete manner the set-up of that corporation's financing and its method of operation.

For those non-scientific minds in this chamber, of which I presume there are quite a few, I should like to discuss the composition of this system. The fully developed Canadian satellite system will be composed of several satellites, in a synchronous orbit 22,300 miles above the equator at a longitude approximating that of Winnipeg, and three basic forms of ground stations. Large ground stations with parabolic antennas having a diameter of about 60 feet will be used for heavy route transmission and reception of television and telephony and located at major population centres. Smaller light route stations will be used for small telephony users in remote locations and equipped for the additional facility of television reception. The largest group of stations would be for TV reception only, serving areas not served by a terrestrial TV link, as well as areas presently covered by the national TV networks—both the CBC network and the CTV network.

This satellite program, which will be in operation in a couple of years, will make Canada the first western nation with its own domestic satellite communication system. The implementation of this will, among other things, provide a major stimulus in opening up the great Canadian north.

The objects are set forth in paragraph 5, subsection 2, which states that the Government shall utilize Canadian research, design and influence of our personnel, et cetera. In other words, this will use Canadian technology and facilities to the greatest possible extent.

It is safe to say that Canada is in great need of a satellite system to illuminate with wideband telecommunications its vast territory of 3.6 million square miles. Wideband microwave systems, of which Canada has over 10,000 miles, mostly in its southern reaches, cannot compete with satellite distribution for such an area, most of which is sparsely populated and with climatic conditions unfavourable to terrestrial systems. Therefore we will have to have the satellite system. It is a need that is expected will persist for a very long time into the future, notwithstanding continued growth of high capacity, reliable and low-cost microwave terrestrial systems, and of cable and waveguide systems. These systems will complement, not compete in the growth towards an integrated communications service of greater coverage, capacity, speed, flexibility and reliability.

Now I admit, honourable senators, that this is rather foreign to a non-scientific person, but I am assured the words I am using are correct and in the proper perspective. It is known that there are only certain positions in space, of which there are six which are available to give coverage to Canada. So, therefore, in my opinion, it is a matter of some urgency that Canada exert space pioneering action to lay claim to this coveted orbital position.

To continue further in the scientific vein, I am reading from the White Paper issued by the Honourable C. M. Drury, Minister of Industry, in March 1968. My reason for doing so, honourable senators, is that when I was asked to speak on this bill I went to see a telecommunications man and asked him for something that would give a layman an idea of what a satellite is, what it does, where it goes and how it operates. So, honourable senators, for the non-scientific persons in this chamber, I quote:

> The time taken to complete one orbit increases as the height of the orbit is increased. At an altitude of 22,300 miles, the orbit "period" is twenty-four hours. If the satellite is launched into such an orbit exactly along the equator of the earth, it will then appear to be stationary relative to the earth, or "parked" in space. It is this type of "stationary" or "synchronous" satellite which is now favoured by most countries for communication purposes. It would carry a somewhat directional antenna, limiting its coverage to the area it is designed to serve. A satellite located in a stationary orbit over the equator, between 80° W and 120° W longitude would be "visible" from any point in Canada, including the far North up to 78° latitude. The most suitable position would be approximately midway between these two points, at roughly the same longitude as Winnipeg. From this position its antenna would provide coverage for the whole of Canada.

Now, honourable senators, at least you know what a satellite is, where it is going to be and how it is to operate.

As to cost, it is estimated that several million dollars will have to be spent on research and development for this program before the satellite is built and in operation at 22,300 miles. It was indicated by Dr. R. M. McIntosh, the Government consultant on Telesat, that the cost of research and development was equivalent to that of the building and operation of two highway interchanges on highway 401 near Toronto. I suggest that this total program will provide immediate stimulus to research and development in Canadian electronic companies and will provide the basis of export potential for this advanced technology. I commend this bill to honourable senators for their support.

On motion of Hon. Mr. Grosart debate adjourned.

INVESTMENT COMPANIES BILL

REPORT OF COMMITTEE

Hon. A. Hamilton McDonald, for Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-17 respecting investment companies, and had directed that the bill be reported with the following amendments:

Hon. Senators: Dispense.

(For text of report see Appendix, pp. 1669-79.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. McDonald: With leave, now.

Honourable senators, perhaps the consideration of this report should be left until Senator Hayden returns.

Hon. Mr. Flynn: It is a long report and there are several amendments. I think it would be only fair to give senators who are not members of the committee an opportunity to consider them.

Hon. Mr. McDonald: I move that the report be taken into consideration at the next sitting.

Motion agreed to.

DISTINGUISHED VISITORS IN THE SENATE GALLERY

The Hon. the Speaker: Honourable senators, I have pleasure in bringing to your attention the fact that we have in the Senate gallery very distinguished colleagues and Members of Parliament from Australia. We had the pleasure of meeting with this delegation earlier today, and on your behalf I expressed the hope that the very warm ties between Canada and Australia may continue for many years to come.

On behalf of all honourable senators, may I say to our guests how pleased we are to have them visit us and to express the hope that this visit will be pleasant to them and beneficial to both our countries.

Hon. Senators: Hear, hear.

COUNCIL OF EUROPE

ATTENDANCE OF MEMBERS OF CANADIAN SENATE AT CONSULTATIVE ASSEMBLY MEETINGS, STRASBOURG, AND VISIT TO CZECHOSLOVAKIA—DEBATE ADJOURNED

On the inquiry of Hon. Mr. Martin:

That he will call the attention of the Senate to the visit of members of the Senate of Canada to the Consultative Assembly of the Council of Europe in Strasbourg, France, and the visit of the Speaker of the Senate, the Leader of the Government in the Senate, the Leader of the Opposition in the Senate and the Chairman of Standing Senate Committee on Foreign Affairs to Czechoslovakia.

Hon. Paul Martin: Honourable senators, may I associate myself with the words of His Honour the Speaker in extending a warm welcome to the members of the Parliamentary delegation from Australia, and in the name of the Government may I say how pleased and how honoured we are to have this delegation in Canada at this time.

Before I report on my own behalf about our recent visit to the Council of Europe and to Czechoslovakia, I should like to say to Senator O'Leary how pleased we are on both sides of this house to see him in his seat again.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: He has just returned, as we all know, from hospital. He and I were inmates of that institution at the same time. I had the capacity for a quicker recovery, but I am not sure that I look as well or as healthy as he does on his first day back.

Hon. Mr. Flynn: Maybe you should have stayed longer.

Hon. Mr. Martin: Honourable senators, in April of this year Dr. Dalibor Hanes, Chairman of the House of Nations of the Federal Assembly of the Czechoslovak Socialist Republic, renewed a long-standing invitation to the Speaker of the Senate to head a working delegation from this chamber on a visit to Czechoslovakia, to take place, as indeed it did, in May. It was decided that the delegation would proceed to Czechoslovakia following the Consultative Assembly of the Council of Europe in Strasburg and that, in addition to the Speaker, it would include Senator Flynn, Leader of the Opposition, Senator Aird, Chairman of the Senate Foreign Affairs Committee, and me, as Leader of the Government in the Senate.

[*Translation*]

Honourable senators, our visit to Czechoslovakia from May 18 to 22 was pleasant and informative. We had the opportunity of meeting and talking with some members of the Government, including Alexander Dubcek, the President of the Federal Assembly. We have pleasant memories of our visit and are sympathetic to the political and economic problems with which Czechoslovakia is faced.

[*English*]

I need not give honourable senators a lesson in geography, but it might be useful to recall that Czechoslovakia is bordered on the northwest by Germany, on the northeast by Poland, on the southwest by Austria, and on the southeast and east by Hungary and the Union of the Soviet Socialist Republics. Its population is roughly 14½ million, of which

about two-thirds speak Czech and one-third Slovak.

We have in this country, of course, many Czechs, but we have a great number of Slovaks too, and those of us who are familiar with this portion of the Canadian population bore them very much in mind when we visited both Prague and Bratislava.

The literacy rate in Czechoslovakia is over 96 per cent. This is indicative of the high level of culture that prevails in that country, founded 50 years ago by that great democratic leader and philosopher Mazaryk, whose son, Jan Mazaryk, the Foreign Minister after the Second World War, whom I had the privilege to know and to call a friend. As is well known, Czechoslovakia has had a communist government since 1948.

The tragic events of last August are of course still painfully fresh in our memories, as they are in the minds of the people of Czechoslovakia. There is no need today to dwell on the events that preceded August, though the memories of the elation felt by the Czechoslovakian people in those days, which communicated itself so infectiously to the other peoples of the world, and not least to the Canadian people, can yet bring a feeling of warmth to our hearts, even though, with hindsight, a sad warmth. Suffice it to say that after August, the Czechoslovakian people found it necessary to come to terms with a new situation: a courageous and realistic people had to discover a new *modus vivendi*, one which would permit them to save as much as possible of the reforms and measures instituted before August, while satisfying their Warsaw Pact partners that regional political and security systems would not be endangered.

It is not my intention today—and I am sure senators will understand—to reveal the full discussions that we had; and we did have 3½ days of continuous discussion. One would not want to make the problem of the Czechoslovakian government or its people more difficult but, to the extent that it seems prudent, I would like to outline the nature of the talks and my impressions of the talks that we had both with important personalities in the Government of the Federal Council itself, the National Assembly, and the heads of the governments of both the Czech state and the state of Slovakia.

Just prior to our arrival in Czechoslovakia, what I might describe as the necessities of political life in that country resulted in the replacement of Mr. Alexander Dubcek as First Secretary of the Communist Party of Czechoslovakia by Mr. Gustav Husak. This was accompanied by other organizational changes which, though weakening the position of political forces which had spearheaded the reform movement of 1968 and strengthening the position of forces which were in varying degrees opposed to the reform program, nevertheless appeared to leave the balance of power in the hands of moderates who can hope to enjoy public confidence.

Of course, the Government of Czechoslovakia has remained in a difficult position, but counterbalancing the increasing press censorship and the continuing replacement of reformers in official positions has been the fact that there has been no visible policy of persecuting political opponents. Indeed, a conditional amnesty was announced on May 27 for those who fled abroad. Perhaps another sign of moderation is the fact that Professor Ota Sik, known as the "father" of the economic reform plans of Czechoslovakia, who returned to that country last month to defend himself against various charges before the party's Central Committee, was, after expulsion from his position as a member of that committee, not prevented from leaving Czechoslovakia to return to his teaching position at a university in Switzerland. I venture to hope that an equally civilized approach will be taken in dealing with other Czechoslovakian figures now under criticism by the regime.

[*Translation*]

In view of Canada's interest in the question of constitutional reform, we were interested in the new constitution of Czechoslovakia, which came into force on January 1 this year. We also took the opportunity to gather information on the background and operation of the political bodies under that constitution.

[*English*]

Honourable senators, I am sure I speak for Senator Flynn and Senator Aird when I say that we were very proud of the way in which the delegation of senators from this place was directed by our Speaker.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: In public ceremonies, in private conversations, wherever we went, we were under the direction of His Honour the Speaker. I can assure this house that he conducted the delegation in an exemplary way. He honoured the Senate and he

honoured the country. It is not without signifiance that our delegation was the first Western delegation to visit Czechoslovakia during the recent period.

Under the new Czechoslovak Constitution there is a federal assembly consisting of two houses, one called the House of Nations, the other the House of the People. There are as well two national assemblies, one for the Czechs and one for the Slovaks called respectively the Czech National Council and the Slovak National Council. One of the high points of our trip was a visit to Bratislava, the capital city of the Slovak Socialist Republic, where we were warmly welcomed and acquainted with progress being made in Slovak national development by the Vice-Chairman, Mr. Anton Tazky, and members of the Slovak National Council. I am sure that Senator Flynn will recall the morning of discussion with him, in the old Palace at Bratislava, about matters of interest and concern to us, and which we know to be of interest and concern to them.

In Prague, Dr. Cestmir Cisar, the Chairman of the Czech National Council, who was closely identified with the program which preceded the invasion of August of last year, received us graciously, and gave us the opportunity of several hours of frank discussion with him about matters that concerned his country and its relations with other European countries. He gave us the fullest responses to our interrogations, and participated in a general and frank discussion.

Each of us, in his own way, have interpreted these discussions and will report to the Government of Canada. This will help in making assessment of our relations with Czechoslovakia.

We had the special opportunity, as I indicated a few moments ago, of meeting and exchanging views with Alexander Dubcek, the Chairman of the Czechoslovak Federal Assembly and, until a few months ago, the effective and actual head of the Government of Czechoslovakia, and who continues to be an important personality in the Government of that country. He is a member of the Praesidium, and the head of the Czechoslovak Federal Assembly.

He spoke to us at length during the course of an entire afternoon, emphasizing Czechoslovakia's loyalties to the countries of Eastern Europe. He also went to great pains to describe the background and workings of the new Constitution and the hopes that his country had for it. I was impressed by him, as I am sure we all were, and by his sincerity, his idealism, and his patriotism. We could not help but feel sympathy for what he had been through and for his continuing trials in the tragically complicated position in which he, his friends, and his country find themselves at the present time.

I think I can assure honourable senators that we found in Czechoslovakia a very general understanding of the position taken by Canada after the events of last August. In condemning the aggression, Canada refused to accept that any state or group of states has a right to intervene with force in the domestic affairs of another state, but we realized fully the difficulty and delicacy of Czechoslovakia's position, and tried—I hope successfully—in no way to render it more difficult. I can say that the Canadian position continues to remain the same, and my remarks today must, of course, be taken in this context.

Czechoslovakia faces many difficulties created by geography and by historical, political, and economic forces, many of which lie beyond its control. Our visit helped us to understand better the nature of these difficulties, and encouraged our hope that a way can be found through them which will accord with the deep and noble aspirations of the Czech and the Slovak peoples. I believe too that there was no more appropriate way to underline the sympathy and admiration of the Canadian people than through a parliamentary exchange of this sort.

As Secretary of State for External Affairs, I have participated in many conversations with foreign ministers and others, and I can say quite frankly that I do not think there were any that were more frank or more useful than those we had with Mr. Dubcek and his colleagues on both the Czech and the Slovak sides. In making this report of our visit to Czechoslovakia in this general way, I hope I have indicated that we had the opportunity of frank talk and exposition. We have now a common responsibility, as members of the delegation, to make the best use of the information and the reactions we bring back.

We went to Europe not only to visit Czechoslovakia, but to accept an invitation to participate as observers at the twenty-first session of the Consultative Assembly of the Council of Europe. This is an organization about which we in Canada have no great knowledge. It has been operating in Europe for 20 years, thanks to the leadership and inspiration of men like Winston Churchill. It is about that meeting that I wish to say something now.

We were not alone in our attendance at this meeting of the Consultative Assembly of the Council of Europe. The delegation included members of the other house. Accompanying His Honour the Speaker, were the Leader of the Opposition in the Senate (Hon. Mr. Flynn), the Chairman of the Standing Senate Committee on Foreign Affairs (Hon. Mr. Aird), and I, as Leader of the Government in the Senate. We, together with our colleagues from the House of Commons, formed an observer parliamentary group from Canada. The other house was represented by Honourable Donald S. Macdonald, the President of the Privy Council; Mr. Gerald W. Baldwin, the Opposition House Leader; Mr. Judd Buchanan, Member of Parliament and a member of the External Affairs and National Defence Committee of the Commons. Two years ago Mr. Macdonald, as Parliamentary Secretary to the Secretary of State for External Affairs, had gone to the Consultative Assembly as an observer. Last year members from the Senate and House of Representatives in the United States were invited to go before the Assembly and take part in the deliberations of that body.

The Council of Europe, which has established its seat in Strasbourg, on the Franco-German frontier, is the oldest and largest political organization in Western Europe dedicated to European unification. It was set up by ten countries in 1949, and today has 18 members and is made up of 147 parliamentarians.

It was Sir Winston Churchill, leading the fight for the preservation of the peace of Europe and the peace of the world who, in his desire to make a contribution to the unity of Europe, said of the Congress of Europe in 1948:

> A high and a solemn responsibility rests upon us here this afternoon in this Congress of a Europe striving to be reborn. If we allow ourselves to be rent and disordered by pettiness and small disputes, if we fail in clarity of view or courage in action, a priceless occasion may be cast away for ever. But if we all pull together and pool the luck and the comradeship—and we shall need all the comradeship and not a little luck if we are to move together in this way—and firmly grasp the larger hopes of humanity, then it may be that we shall move into a happier sunlit age when all the little children who are now growing up in this tormented world may find themselves not the victors nor the vanquished in the fleeting triumphs of one country over another in the bloody turmoil of destructive war, but the heirs of all the treasures of the past and the masters of all the science, the abundance and the glories of the future.

So we found ourselves in the parliament of this Council of Europe, a council in which those words of Winston Churchill had been used 20 years ago, where members of parliament from 20 countries, representing all shades of political opinion in national parliaments, sit alphabetically—a socialist sitting next to a liberal, perhaps next to a social democrat from Germany, a member of the conservative party, even a member of the government of the United Kingdom sitting next to him and so on, with foreign ministers, prime ministers, taking part in the debates.

We will remember the afternoon when Willy Brandt, the Foreign Minister of the Republic of Germany, was interrogated on various aspects of his foreign policy, not only by members of his own delegation but by members from other European nations. Nor will we in the Canadian delegation forget, as we sat together in an honoured place on a Wednesday, the questions that were put to each and every one of us on several aspects of Canadian foreign and domestic policy. It was open, and indeed the opportunity was taken, to members of the Canadian delegation to express views that were not always in harmony with particular Canadian positions. There was a discussion of our NATO policy, and the Leader of the Opposition (Hon. Mr. Flynn) did not hesitate to make known how he felt about that policy. There were discussions on aspects of Canadian economic matters. Nor was there complete unanimity in this area.

Of course I have had no connection at all with this Council of Europe, but as one who has had much to do over the years with the United Nations and with NATO, and with the efforts through international organizations to build a more orderly world, I was impressed with the Council of Europe.

Certainly Europe is the centre where peace must finally begin if there is to be peace in the world. Certainly if there is to be European unity, it will come through organizations such as the European Consultative Assembly. At present Europeans are directing their attention to European unity and stability. This is confirmed by the Budapest declaration. I

believe that the council we visited as observers will contribute significantly to this objective and to the fulfillment of Churchill's vision.

I think it will be interesting for honourable senators to know that the organs of the Council of Europe are the Committee of Ministers and the Consultative Assembly. The Committee of Ministers is the executive organ of the council, and consists of the foreign ministers of each member government. It may propose the conclusion of conventions or agreements or the adoption by governments of a common policy on a particular matter. Joint consultation on major political issues of common European concern is an important feature of its work. The committee meets regularly in the spring before the opening of every annual session of the Assembly in December, and at such other times as it may decide. Some of the conventions that have been reached in many of the European countries are the product of the debates and recommendations that have been made in this Assembly. It is significant that some postwar enactments in Canada are modelled on some recommendations of the Council of Europe. When we were in Czechoslovakia it was interesting to see that at least there was participation by some of the Eastern European Countries, who are not members of the Consultative Assembly, in the travaux préparatoires undertaken by organs of the Council of Europe.

The deliberative organ of the council is the Consultative Assembly, which resembles in form and procedure the national parliaments of member countries but has no legislative powers. While making only recommendations, it has nevertheless been a useful forum for contacts and exchange of ideas among west European parliamentarians.

There, on the last day, spoke the Prime Minister of France in the presence of the representatives of 19 other European nations, at a time when the question was asked: What does the resignation of General de Gaulle mean for new admissions to the Common Market, for the role that the United Kingdom seeks to play in that arrangement? While there were not given in the speech of Mr. Couve de Murville full replies to these interrogations, there were indications that the government of which he was a member did not intend to move far from the position traditionally taken by General de Gaulle.

The size of the national delegations varies according to the population of the country concerned and their composition approximately reflects the strength of the political parties in the national parliaments, although no Communist parliamentarians have so far been designated. The Assembly makes proposals to the Committee of Ministers in the form of recommendations which require a two-thirds majority. It may also adopt, by a simple majority, resolutions, opinions or orders. The work of the Assembly is prepared by its 13 permanent committees. The Assembly usually holds three week-long sessions a year.

As an instrument of co-operation and international understanding, the Council of Europe has already achieved impressive results and has prepared the ground for further and more fundamental achievements. The Council has sought to give practical expression to the aims laid down in the statute in a number of ways. For example, nearly 60 European Conventions and Agreements have been concluded since 1949 on a wide variety of subjects, from the peaceful settlement of international disputes to the suppression of pirate radio stations. Among the most noteworthy is the European Convention for the Protection of Human Rights and Fundamental Freedoms. This Convention was signed on November 4, 1950, by the representatives of the 15 member countries. This represents, in my judgment, as I hope to establish, the Council's greatest achievement. It provides the way for all nations to meet the problem of human rights. A European Commission and a European Court of Human Rights has been set up to ensure the respect of the rights and freedoms guaranteed by the Convention.

During our stay in Strasbourg, we visited and had the pleasure of a morning's discussion with Dr. A. H. Robertson, head of the Directorate of Human Rights of the Council of Europe. The Council's activity in other legal fields has been reflected in the signature of a series of conventions and agreements designed to regulate, inter alia, patents, mutual assistance in criminal matters and to facilitate the movement of persons between member countries.

In 1964, a European Committee on Legal Co-operation was set up to implement the Council's legal program. Let no one belittle what this means to the development of peace in Europe and what it means, ultimately, to the subjection of the governments of national states to the law, not only in relation to states but in relation to individuals. As a result of this human rights arrangement

under the Council of Europe, it is possible now for an individual citizen to take action against individual governments and to seek redress against violations of human rights.

The inspiration for all of this came, of course, from the Declaration of Human Rights of the United Nations, but here only has begun, in concrete form, the establishment of the machinery to give effect to declarations of nations at the United Nations for the protection of human rights.

The Council's aim in social matters is to ensure that citizens of one member country resident in another receive, as far as possible, the same social benefits as the nationals of the country in which they reside; and, secondly, to raise the standard of social security and welfare as high as possible in all member countries. The entry into force of the European Social Charter in 1965 marked an important step towards the realization of these aims. There are also a number of other agreements in force dealing with social security, medical assistance and public health. The Council has also created a European Pharmacopoeia Commission to set common standards for pharmaceutical products.

The Council's educational and cultural activities are looked after by the Council for Cultural Co-operation, whose work covers the fields of higher education and research, general and technical education, youth and out-of-school education, cinema and television and general cultural activities. States which have signed the European Cultural Convention, for example, Spain and the Holy See, can also take part in the Organization's educational and cultural work. The aims of the Council for Cultural Co-operation are to preserve and enrich Europe's cultural heritage, to spread knowledge of new educational techniques, to promote research and exchanges of teachers and students.

I mention these things. Someone may well say, "That is all very well and good—that is in Europe. What does it have to do with us?" Well, I think it has everything to do with us. We are living in an interdependent world. We are living in a world that has not yet obtained release from the dangers of the conventional or nuclear war. I remember when I was a young man listening to Aristide Briand speaking from the rostrum of the Bâtiment électoral, in Geneva, pleading for a united states of Europe, pleading for unity between Germany and France and pleading for the elimination of war. Then I also recall, as honourable senators will recall, the Declaration of the Briand-Kellogg Pact, by which nations renounced wars as an instrument of national policy. All this was followed by war; followed by Hitler's war and by the war of Mussolini and Hirohito. We know the destructive consequences that ensued.

All that I have been saying today is to describe the Council of Europe, the seemingly minor steps, one by one, powerful instruments to keep the peace. If unity can come to Europe through this kind of an organization, it is something that deserves our interest, and something which should provoke our knowledge and justify the attention of a Canadian parliamentary delegation. Most European institutions essential for the success of international collaboration in Europe today were inspired by the Council of Europe.

Most European institutions were inspired by the Council of Europe and send their annual reports to the Assembly; for example, the European communities, the European Free Trade Association, the European Space Organization and the European Conferences of Ministers of Justice, Education and Transport. Even non-European bodies, such as the Organization for Economic Cooperation and Development, on which Canada serves, the United Nations Food and Agriculture Organization, UNESCO and the International Labour Organization, follow this procedure to obtain the support and arouse the interest of European parliamentary opinion for their work.

Honourable senators, I do not intend to detain members of the Senate. I might add that the President of the Privy Council and I were asked to make statements before the Assembly. Following our statements, each member of the delegation was given the opportunity to reply to questions, both political and economic.

In my statement to the Assembly, I spoke of Canada's relations with Europe, of the desire of this country to maintain close relations with the continent from which we have sprung. I pointed out that we enjoyed close friendship with the United States, that Canada and the United States had a mutual exchange of goods of greater dollar value than any other two countries in the world. I said, furthermore, that there was no sense in failing to disclose the might of the United States in the numbers of its people and in its

economic and material wealth, alongside Canada as a smaller but important country.

In the course of my remarks in the Consultative Assembly, speaking in French, I said:

[*Translation*]

> In Canada, we followed with interest and admiration the efforts made by European countries to develop greater unity. That movement took various forms; it had its ups and downs. Nevertheless, we notice that the term "European unity" reflects a powerful idea which corresponds to your need for organizing yourselves on a European scale, while maintaining your national diversities. Whatever the eventual organization of Europe, it is obvious that the movement towards unity had and will have deep effects on the evolution of your continent and on its relations with the outside world.
>
> For Canada, I added, engaged in building also a new unity and an identity that are significant in the present world, the evolution of Europe presents problems but, at the same time, offers fascinating opportunities.
>
> In this regard, I am still under the spell of the prophetic words uttered by Victor Hugo in his opening speech at the Peace Congress, held in Paris in 1849, and that were read to us at a splendid concert offered to us by the City of Strasbourg Monday evening. These are Victor Hugo's words:
>
> > Some day, we will see those two great nations, the United States of America and the United States of Europe, facing each other and extending their hands across the sea, trading their products, their business, their industries, their arts, their engineering, opening up the world, improving creation under the very eyes of the Creater and binding together, for the welfare of all, those two eternal forces: human brotherhood and the power of the Lord.
>
> What a vision! I suggested that writing these words 120 years ago showed remarkable faith, extraordinary confidence in the future, that should continue to inspire us all.
>
> But, I do not doubt that this vision leads us to ask ourselves this question: what is, for us, Canadians, the role of Canada in this exchange? Without being reproachful, may I point out that Victor Hugo did not think about Canada that did not exist at the time.
>
> On the other side of the Atlantic, the historic situation is completely different. The United States of America exist and, as Mr. Toncic said, they represent for us, Europeans, a valuable partner and, in some respects, a challenge that inspires us.
>
> Canada, which cannot accept to be excluded from that dialogue, is looking for an alternative to the prospect of being assimilated to the American block.
>
> This is why it is so important for us that a personal dialogue should develop between Europe and Canada, a dialogue taking into account the needs and aspirations of both sides. I am convinced that the possibility of closer co-operation will become a reality because we share, on both sides, not only the western inheritance and democratic tradition, but also an important community of long-term interests. What you are doing here helps to maintain peace, stability and prosperity in Europe as well as to improve the balance within the Atlantic world. It also helps us, Canadians, to bring to our foreign relations some balance which could compensate the benevolent but invading influence of the United States.
>
> For my country, Canada, a bilingual and bicultural country, the cultural and technical contributions of Europe are precious and they help us build a unique North American society, as Mr. Toncic indicated.
>
> On the other hand, Canada which is an economic and industrial power with an international vocation, could also be a valid partner for Europe.
>
> To take advantage of those opportunities, there must be a maximum use of the existing channels of consultation and co-operation as they exist in the O.E.C.D. and NATO.
>
> Perhaps new ones should be set up; they could pave the way to a closer relationship between Europe and Canada. We should also explore means to enhance the contribution of both sides to specific projects of common interest.
>
> Co-operation between Europe and Canada is sure to come, especially within the assistance and development committee of the O.E.C.D. where the programs are co-ordinated, the findings examined, the amount and distribution of subsidies determined. Such co-operation should be

further strengthened. To achieve that, parliamentarians must recognize its importance and take up whatever steps are deemed necessary for its development.

In this as in many other fields, Canada and Europe have every reason in the world to work together as closely as possible. The unity of the Community to which they both belong will depend on whether or not they have been successful in their efforts.

[*English*]

Honourable senators, I hope I have given an indication of what occupied us during those twelve days. We were inspired by the Council of Europe. We learned much by our contacts with its members. We were very interested in developments in Czechoslovakia.

The Canadian delegation, made up of all parties in this house—and, at Strasbourg, from the other house—worked co-operatively, to represent Canada with dignity and purpose. I feel that in what we set out to do, as other delegations seek to do when they go to such conferences, we made a contribution that not only served the purpose of the conference but the nation we represented.

I want to say to His Honour the Speaker and those in the delegation, the Leader of the Opposition and Senator Aird, that I valued very much being with them. I am sure all four of us valued the co-operation and the collaboration which we received from members of the House of Commons who joined us at Strasbourg.

Hon. M. Grattan O'Leary: Honourable senators, as I happened to have asked a question in this house about the whereabouts of the Government Leader, His Honour the Speaker and my own Leader, Senator Flynn, and as I wanted to know what they had gone to Europe for, what they were consulting about in Europe, and with whom they were consulting, now that I have had the Government Leader give such an extensive reply, may I offer just a few comments.

First of all, I must say with great respect, that I was not at all impressed by what the Leader of the Government told us about the Council of Europe. What, after all, does it boil down to? What is the Council of Europe? Who elects it? To whom is it responsible? What are its legislative powers? What are its sanctions? And what, in fact, in a concrete way has it achieved during the past 20 years?

The Leader of the Government recited that glorious rhetoric of Mr. Churchill, about his hopes and visions for Europe because of the coming of the Council of Europe. What has happened in those 20 years? Did what happened in any way justify the hopes and the visions of Mr. Churchill?

Hon. Mr. Martin: I think so.

Hon. Mr. O'Leary: Those 20 years have seen the rape of Hungary; they have seen the rape of Czechoslovakia; they have seen more disunity and more division in Europe than Europe had known for many years past, excluding the two world wars.

During my sojourn in the hospital—and I thank the leader for his kindly reference to me—I took up some of my time between a wistful contemplation of my past and some thoughtless meditation about my present and future with reading the memoirs of Mr. George F. Kennan. I should like to think that those memoirs or observations of Mr. Kennan, an acknowledged authority on European and world affairs, could be made required reading for every Member of Parliament in Canada. One of the things he stressed was the obsession of the American public and the American press with problems in Europe. No matter what question arose, the American public and press and legislatures, with that curious addiction they have to idealism and moralism, rushed in to support some proposition emanating from Europe without troubling to find out what the proposition was about.

I am afraid I am often surprised and sometimes disturbed by the obsession of Canadians, and especially of Canadian parliaments and Canadian parliamentarians, with the affairs of Europe. Here we have in Canada at the present time problems afflicting us, oppressing us, which are of mortal significance to the future of this country and yet you seldom pick up a daily newspaper without reading how another body or another group of Canadian parliamentarians have gone to Europe to see what they can do about Europe.

Honourable senators, we shall make precious little contribution to setting the affairs of the world in order unless and until we first show capacity to set in order our own affairs. If this be isolationism, then I have to say to you: make the most of it!

If I go out to a dinner party tonight, tomorrow night or perhaps any night next week—

Hon. Mr. Martin: You should not go tonight.

Hon. Mr. O'Leary: —some charming lady sitting on my right will immediately regale me with the activities of the United Nations, and she is able to give the names of every member of the Security Council.

Hon. Mr. Martin: Good for her.

Hon. Mr. O'Leary: And yet that charming lady could not for the life of her name a single member of her own municipal council. That, honourable senators, is phony democracy. Democracy and love and passion for freedom begin at home, and, if we are not going to exercise all our talents in bringing them about in Canada, then trips to Europe by certain of our parliamentarians are not going to help very much.

I know I was upbraided by my leader the other day. He said to me, "Grattan, you are forgetting that you are a member of the Canada-U.S. Interparliamentary Group". I am, and I am glad I am. But, honourable senators, I hope that the business of the Canada-United States Interparliamentary Group will never be confused with those other parliamentary groups which we know. When we go to the Interparliamentary Union we are discussing political abstractions. We are discussing world relations in a general way. And that is true of the Commonwealth Parliamentary Association. But in the case of the United States and Canada, those meetings are for a specific purpose. They were not brought about as the others were brought about. These meetings are to deal with specific problems between Canada and the United States. That is all they are for.

Hon. Mr. Connolly (Ottawa West): So were the Commonwealth meetings brought about for a specific purpose.

Hon. Mr. O'Leary: I am not going to take up that challenge now. I have not the time to discuss it today. However, I will come back to it another day. Moreover, I intend to come back to all those organizations.

The time has come for us to take a good look, not only at NATO but at all of them. In fact, I advocated two years ago taking a good look at NATO. I certainly do not agree entirely with my party's position with respect to NATO. I do not agree with what has been said about NATO by the Leader of the Government. I do not agree with all that is said about the UN. And, incidentally, Mr. George F. Kennan in his book takes issue with NATO, and says that the UN is little but an exercise in futility.

I am sure that more and more, as we examine the work of that body, especially over the past four years when it showed its complete impotence to deal with affairs during crises of the world, we must agree with Kennan's analysis. After all, here is a man who has spent most of his life in Europe and is the only European diplomat abroad who can speak the languages of Europe. He has been in Prague, too, and, when the Leader of the Government was speaking of Czechoslovakia, I was hoping he had read what Mr. George F. Kennan had said about Czechoslovakia.

Hon. Mr. Martin: Will the honourable gentleman permit me a question?

Hon. Mr. O'Leary: Indeed.

Hon. Mr. Martin: Does he not think he is doing very great violence to the views of George F. Kennan when he says that Kennan is opposed to the United Nations and opposed to the Council of Europe?

Hon. Mr. O'Leary: Certainly not.

Hon. Mr. Martin: I have read those volumes, and I am sure that George F. Kennan—

Hon. Mr. O'Leary: He is certainly opposed to the UN.

Hon. Mr. Martin: —takes a completely different position from what you are saying.

Hon. Mr. O'Leary: He is certainly opposed to the United Nations, and, if you will read the introduction to Kennan's book written by Slesinger, you will see that Slesinger emphasizes Kennan's opposition to the United Nations.

Hon. Mr. Martin: Oh, no.

Hon. Mr. O'Leary: Be that as it may, I must say that I do object. I do fear that we are giving too much attention to Europe and to the world at the loss of attention to our own country. I am going to develop that at a later stage. I do not wish to take up your time today.

I was tremendously interested in what the Leader of the Government had to say, because he always says these things so knowledgeably and so well, but he certainly has not changed my opinion whatsoever about his visit, and my leader's visit, and His Honour the Speaker's visit, to the Council of Europe and Czechoslovakia in the past three weeks.

Hon. Mr. Martin: After the flowers I sent you, I thought I could change your mind on almost anything. The next time the honourable senator goes to hospital, I shall go and see him but I shall not bring him any flowers.

On motion of Hon. Mr. Flynn, debate adjourned.

BUSINESS OF THE SENATE

Leave having been given to revert to motions:

Hon. Mr. Martin: Honourable senators, it has not been easy, as the Leader of the Opposition knows, to arrange our program for the remaining days of the session. But in spite of the progress—or lack of progress, depending on one's point of view—in the other place, it would seem that the wisest course for us to follow in the period between now and Wednesday next would be to allow certain committees to meet, as they have proposed to meet, to-morrow and on Monday. Because of the interval, when we come back on Wednesday next we will have a fairly heavy load for the remaining portion of the week. However, I understand that the committees that will meet to-morrow and in the interval will finish their work if we give them that opportunity. I am sure it is not necessary to remind members of these committees that they will be meeting during the interval because there is important work to be done.

Therefore, with that in mind, I move that we adjourn now until Wednesday next, June 25, at 2 o'clock.

Motion agreed to.

The Senate adjourned until Wednesday, June 25, 1969, at 2 p.m.

APPENDIX

(*See p. 1658.*)

INVESTMENT COMPANIES BILL

REPORT OF COMMITTEE

Thursday, June 19th, 1969.

The Standing Senate Committee on Banking, Trade and Commerce to which was referred the Bill S-17 intituled: "An Act respecting Investment Companies", has in obedience to the order of reference of January 22nd, 1969, examined the said Bill and now reports the same with the following amendments:

Strike out clauses 2 to 30, both inclusive, and substitute the following therefor:

"2.(1) In this Act,

(a) "annual statement" means the statement required by section 5 to be filed in the Department of Insurance by an investment company;

(b) "business of investments" with respect to a corporation means the borrowing of money by the corporation on the security of its bonds, debentures, notes or other evidences of indebtedness and the use of some or all of the proceeds of such borrowing for

(i) the making of loans whether secured or unsecured, or

(ii) the purchase of

(A) bonds, debentures, notes or other evidences of indebtedness of individuals or corporations,

(B) shares of corporations,

(C) bonds, debentures, notes or other evidences of indebtedness of or guaranteed by a government or a muncipality,

(D) real property other than real property that is necessary or convenient for the transaction of the business of the company, or

(E) instalment sales contracts;

or for the purpose of replacing or retiring earlier borrowings some or all of the proceeds of which have been so used.

(c) "certificate of registry" means a certificate issued by the Minister pursuant to section 10;

(d) "company" means a corporation incorporated by or pursuant to an Act of the Parliament of Canada;

(e) "equity share" means a share of any class of shares of a corporation to which are attached voting rights exercisable under all circumstances and a share of any class of shares to which are attached voting rights by reason of the occurrence of any contingency that has occurred and is continuing;

(f) "inspector" means an inspector appointed or designated in accordance with section 22;

(g) "investment company" means a company

(i) incorporated after the coming into force of this Act primarily for the purpose of carrying on the business of investment, or

(ii) that carries on the business of investment,

but does not include a company to which the Bank Act, the Quebec Savings Banks Act, the Canadian and British Insurance Companies Act, the Trust Companies Act, the Loan Companies Act or the Co-operative Credit Associations Act applies;

(h) "Minister' means such member of the Queen's Privy Council for Canada as is designated by the Governor in Council to act as the Minister for the purpose of this Act;

(i) "registered company" means a company that holds a valid and subsisting certificate of registry; and

(j) "Superintendent" means the Superintendent of Insurance.

(2) Where a company has borrowed money on the security of its bonds, debentures, notes or other evidences of indebtedness and has subsequently made loans or purchases as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1) it shall be presumed, unless the Minister is satisfied to the contrary, to have used the proceeds of such borrowing for such purposes.

(3) Notwithstanding the provisions of subparagraph (ii) of paragraph (g) of subsection (1) of this section the following companies shall be deemed not to be investment companies for the purposes of this Act:

(a) A company not more than forty percent of whose assets, valued in accord-

ance with the regulations, are at any time during its current or last completed fiscal year used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1);

(b) A company, the outstanding debt of which, including debts of any person the payment of which is guaranteed by the company, does not at any time during its current or last completed fiscal year exceed twenty-five percent of the aggregate of such outstanding debt and the paid-up capital and the surplus of the company determined in accordance with the regulations;

(c) A company that is engaged solely in the business of underwriter of or broker or dealer in securities and is licensed as such by a public authority of any province;

(d) A company that was not at any time during its current or last completed fiscal year indebted in respect of money borrowed by it to a person or persons other than persons who were at that time:

(i) companies to which the Bank Act applies; or

(ii) substantial shareholders of the company within the meaning of paragraph (b) of subsection 3 of section 8 hereof;

(e) A company to which Part II of the Canada Corporations Act applies or that is referred to in section 147A of that Act.

(4) For the purposes of this Act, a corporation is a subsidiary of another corporation only if,

(a) it is controlled by

(i) that other, or

(ii) that other and one or more corporations each of which is controlled by that other, or

(iii) two or more corporations each of which is controlled by that other; or

(b) it is a subsidiary of a subsidiary of that other corporation.

(5) For the purposes of paragraph (a) of subsection (3) any assets of a company which consist of loans to or shares, bonds, debentures, notes or other evidences of indebtedness of any subsidiary of such company shall be deemed not to be assets used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1) provided that

(a) at least seventy-five percent of the equity shares of such subsidiary are owned by the company, and

(b) not more than forty percent of the assets of such subsidiary, valued in accordance with the regulations, are used as described in subparagraphs (i) and (ii) of paragraph (b) of subsection (1).

GENERAL

3. (1) Subject to subsection (2), this Act applies to all investment companies.

(2) The Minister may grant exemption from the application of this Act to any investment company if he is satisfied that

(a) the business of investment carried on by it is incidental to the principal business carried on by it, or

(b) the company is and intends to remain a company described in subsection (3) of section 2

but an exemption granted under this subsection may at any time be revoked by the Minister if he ceases to be so satisfied.

(3) Where exemption from the application of this Act is granted under subsection (2) to a company incorporated after the coming into force of this Act primarily for the purpose of carrying on the business of investment, such exemption shall not be revoked unless, in the opinion of the Minister, the company carries on the business of investment and is not a company described in subsection (3) of section 2; and where any exemption in respect of such a company is revoked, the company shall be deemed thereafter to be an investment company to which subsection (1) of section 11 does not apply.

(4) Where any conflict exists between any provision of this Act and any provision of the letters patent or any supplementary letters patent of an investment company, the provision of this Act prevails.

(5) Where any conflict exists between any provision of this Act any provision of an Act incorporating an investment company or any amendment to such Act, unless that Act or amending Act by specific reference to this Act provides to the contrary, the provision of this Act prevails.

4. Letters patent issued under any Act of the Parliament of Canada to incorporate a company primarily for the purpose of carrying on the business of investment shall include the following words: "This company is incorporated as an investment company and is subject to the provisions of the Investment Companies Act unless exempted from the application of that Act in accordance with subsection (2) of section 3 thereof."

5. (1) Every investment company shall, within one hundred and twenty days after the end of each fiscal year of the company, file in the Department of Insurance

(a) a statement of the condition and affairs of the company at the end of its last completed fiscal year, in such form and containing such information as is prescribed by the Superintendent, or

(b) with the consent of the Superintendent, a copy of the financial statement, report of the auditor and any further information respecting the financial position of the company placed or to be placed before the annual meeting of share-holders following its last completed fiscal year.

(2) An annual statement filed in accordance with subsection (1) shall be verified by oath of two persons being, respectively, a director and officer of the company, both of whom are authorized by resolution of the board of directors of the company to verify the statement.

(3) The Superintendent may, by notice to an investment company, require it to submit to him forthwith statements of the condition and affairs of all its subsidiaries or of any of its subsidiaries named in the notice.

(4) The Superintendent may, by notice to an investment company, require it to include in the annual statement of its condition and affairs filed in accordance with subsection (1), the assets, liabilities, income and expenditure of all its subsidiaries or of any of its subsidiaries named in the notice and any such consolidated statement shall make due provision for any minority interest in the subsidiaries.

(5) The Superintendent may, by notice to an investment company, require it to submit to him forthwith a certified copy of its by-laws; and a company to which such notice has been given shall, within one month after any repeal or amendment of its by-laws or any of them or any addition thereto provide the Superintendent with a certified copy of such repeal, amendment or addition.

(6) The Superintendent may, by notice to an investment company, at any time require it to submit to him forthwith an interim statement of the condition and affairs of the company or of any of its subsidiaries as at the date mentioned in such notice, which statement shall be in such form and contain such information as is required by the Superintendent in such notice.

(7) The Superintendent may, by notice to any investment company or the president, manager or secretary of any such company require the company or person to whom the notice is given to provide him with such statements and information relating to the condition and affairs of the company, in addition to the information contained in the statement of the company filed in accordance with subsections (1) or (6), as may be specified in the notice and as he considers necessary to enable him to ascertain the financial condition of the company and its ability to meet its financial obligations; and any company or person to whom such a notice is sent shall, forthwith after receipt thereof, forward to the Superintendent a reply in writing setting forth such of the information and enclosing such of the statements, if any, specified in the notice as are available to or as may be reasonably obtained by it or him.

(8) The auditor of an investment company shall, at the time of his appointment, be:

(a) an accountant who

(i) is a member in good standing of an institute or association of accountants incorporated by or under the authority of the legislature of a province;

(ii) is ordinarily resident in Canada; and

(iii) has practised his profession in Canada continuously during the six consecutive years immediately preceding his appointment; or

(b) a firm of accountants of which one or more members is qualified in accordance with paragraph (a).

(9) The Minister, on the recommendation of the Superintendent may require that the auditor of an investment company shall report to him on the adequacy of the procedure adopted by the investment company for the safety of its creditors, and as to the sufficiency of his procedure in auditing the affairs of the investment company.

(10) The Minister, on the recommendation of the Superintendent may enlarge or extend the scope of an audit of the affairs of an investment company or direct any other or particular examination to be made or procedure to be established in any particular case as, in his opinion, the public interest may require and the investment company shall, in respect thereof, pay to the auditor such remuneration, in addition to any remuneration fixed in any other manner as the Minister allows.

(11) The Minister, on the recommendation of the Superintendent, may direct that a special audit of an investment company be made if in his opinion it is so required and may appoint for such purposes an auditor qualified pursuant to subsection (8) to conduct such audit and the expenses entailed therein are payable by the company on being approved by the Minister.

(12) It is the duty of the auditor of an investment company to report in writing to the chief executive officer and the directors of the company any transactions or conditions affecting the well-being of the company that in his opinion are not satisfactory and require rectification; and the auditor shall, at the time any report under this subsection is transmitted to the chief executive officer and the directors of the company, furnish a copy thereof to the Minister.

(13) Every investment company shall, prior to borrowing any money on the security of its bonds, debentures, notes or other evidences of indebtedness, file with the superintendent in relation to such borrowing:

(a) a prospectus which complies with the requirement of section 77 of the Canada Corporations Act; or

(b) a copy of any prospectus or document of a similar nature required to be filed with any public authority under the law of any province.

6. (1) An inspector appointed or designated in accordance with section 22 may, at any reasonable time, enter any office of an investment company or of a company which is a subsidiary of an investment company and require the person appearing to be in charge thereof to produce for inspection, or for the purpose of obtaining copies thereof or extracts therefrom, any books, records or documents relating to the business, finances or other affairs of the investment company or any company that is a subsidiary thereof that are maintained or that could reasonably be expected to be maintained at that office.

(2) An inspector shall be furnished by the Superintendent with a certificate of appointment or designation and, on entering any office pursuant to subsection (1), he shall, if so required, produce the certificate to the person appearing to be in charge thereof.

(3) The person appearing to be in charge of any office described in subsection (1) and every person found therein shall give an inspector such assistance and furnish him with such information in support of the books, records and documents described in subsection (1) as the inspector may, for the purpose of carrying out his duties and functions under this Act, reasonably require him to give or furnish.

7. No person shall

(a) obstruct or hinder an inspector in the carrying out of his duties or functions under this Act; or

(b) knowingly make a false or misleading statement either orally or in writing to an inspector who is engaged in carrying out his duties or functions under this Act.

8. (1) No investment company shall knowingly make an investment

(a) by way of a loan to

(i) a director or officer of the company, or a spouse or child of such a director or officer, or

(ii) an individual, his spouse or any of his children under the age of twenty-one years if either the individual or a group consisting of the individual, his spouse and such children is a substantial shareholder of the company;

(b) in a corporation that is a substantial shareholder of the company; or

(c) in a corporation in which

(i) an individual mentioned in subparagraph (1) of paragraph (a),

(ii) an individual who is a substantial shareholder of the company,

(iii) any corporation that is a substantial shareholder of the company, or

(iv) a group consisting exclusively of individuals mentioned in subparagraph (i) of paragraph (a)

has a significant interest

(2) No investment company shall knowingly hold an investment made after the coming into force of this Act that, at the time it was made, was an investment described in subsection (1).

(3) For the purposes of this section,

(a) a person has a significant interest in a corporation, or a group of persons has a significant interest in a corporation if,

(i) in the case of a person, he owns beneficially, either directly or indirectly more than ten percent, or

(ii) in the case of a group of persons, they own beneficially, either individually or together and either directly or indirectly more than fifty percent,

of the capital stock of the corporation for the time being outstanding;

(b) a person is a substantial shareholder of a corporation, or a group of persons is a substantial shareholder of a corporation if that person or group of persons owns beneficially, either individually or together and either directly or indirectly, equity shares to which are attached more than ten percent of the voting rights attached to all of the equity shares of the corporation for the time being outstanding; and in computing the percentage of voting rights attached to equity shares owned by an underwriter, there shall be excluded the voting rights attached to equity shares acquired by him as an underwriter during the course of distribution to the public by him of such shares;

(c) "investment" means

(i) an investment in a corporation by way of purchase of bonds, debentures, notes or other evidences of indebtedness thereof or shares thereof, or

(ii) a loan to a person or persons

but does not include an advance or loan, whether secured or unsecured, that is made by an investment company to a corporation and that is merely ancillary to the main business of the investment company; and

(d) "officer" means the president, vice-president, secretary, assistant secretary, comptroller, treasurer and assistant treasurer of a corporation and any other person designated as an officer of the corporation by by-law or by resolution of the directors thereof.

(4) Where any person or group of persons is a substantial shareholder of an investment company, and as a consequence thereof and of the application of this section, certain investments are prohibited for the investment company, the Minister may, by order, on application by the investment company, exempt from such prohibition any particular investment or investments of any particular class if he is satisfied that the decision of the investment company to make or hold any investment so exempted has not been and is not likely to be influenced in any significant way by that person or group and does not involve in any significant way the interests of that person or group, apart from their interests as a shareholder of the investment company.

(5) Any order of exemption made by the Minister under subsection (4) may contain any conditions or limitations considered by the Minister to be appropriate and may be revoked by the Minister at any time, but subsection (2) does not apply to any investment made by the investment company to which the order applied, that was made while the order was in effect and that was an investment to which the order applied.

(6) The Minister may, by order, on application by an investment company, exempt it from the application of subsection (2) in relation to an investment or investments described in the order and made by it at a time when it was not an investment company or when it was exempted from the application of this Act.

(7) For the purposes of this section, where a person or a group of persons owns beneficially, directly or indirectly, or pursuant to this subsection is deemed to own beneficially, equity shares of a corporation, that person or group of persons shall be deemed to own beneficially a proportion of the equity shares of any other corporation that are owned beneficially, directly or indirectly, by the first mentioned corporation, which proportion shall equal the proportion of the equity shares of the first mentioned corporation that are owned beneficially, directly or indirectly, or that pursuant to this subsection are deemed to be owned beneficially by that person or groups of persons.

(8) Notwithstanding subsection (7), an investment company is not prohibited from making an investment in a corporation only because a person or a group of persons that owns beneficially, directly or indirectly, or is deemed to own beneficially, equity shares of the investment company is by reason thereof deemed to own beneficially equity shares of the corporation.

(9) Notwithstanding any other provision of this section, an investment company is not prohibited from acquiring and holding equity shares of a corporation that it acquires pursuant to an offer for all or a majority of the outstanding equity shares of such corporation, if at the time the offer was made by the investment company, it was not prohibited from investing in such shares.

(10) Notwithstanding any other provision of this section, an investment company may, unless it is prohibited from doing so by a condition in its certificate of registry, make and hold an investment in any corporation that is a parent corporation of the investment company or in any corporation in which such parent corporation would not, if such parent corporation were an investment company, be

by this section, prohibited from making provided that:

(a) the repayment of all money borrowed by the investment company, other than money borrowed by it from persons who are substantial shareholders of the investment company or from companies to which the Bank Act applies, is guaranteed by such parent corporation; and

(b) such parent corporation is an investment company or complies with the requirements of sections 5 and 6 as if it were an investment company.

(11) For the purposes of subsection (10), a corporation is a parent corporation of an investment company if the corporation owns or is deemed to own beneficially, either directly or indirectly, at least fifty percent of the outstanding equity shares of the investment company.

9. Letters patent shall not be issued under any Act of the Parliament of Canada to incorporate a company primarily for the purpose of carrying on the business of investment without the consent of the Minister; and no supplementary letters patent shall be issued in respect of a registered company without the consent of the Minister.

10. (1) The Minister may, upon application made to him by an investment company, issue a certificate of registry to the company for such term not exceeding one year as he considers appropriate, and the Minister may renew any such certificate from time to time whether or not application for renewal thereof is made to him.

(2) The Minister may, at any time and in respect of any certificate of registry.

(a) reduce the term for which it was issued,

(b) impose any conditions or limitations relating to the carrying on of the business of investment that he considers appropriate, or

(c) vary, amend or revoke any condition or limitation to which it is then subject,

but no power of the Minister under this subsection shall be exercised without the consent of the company to which the certificate in question relates unless that company has been given notice of the Minister's intention to exercise his powers under this subsection in respect of the certificate and a reasonable opportunity has been afforded to the company to make representations with respect thereto.

(3) No certificate of registry shall be allowed the lapse by the Minister except with the consent of the company to which it was issued unless the company has been given notice of the Minister's intention to allow it to lapse and a reasonable opportunity has been afforded to the company to make representations with respect thereto.

(4) The Minister may, upon application made to him by a company that carries on the business of investment but that is not an investment company, issue a certificate of registry to such company pursuant to subsection (1).

(5) Each registered company, while it continues to be a registered company, shall notwithstanding subsection (3) of section 2 be deemed for the purposes of this Act to be an investment company.

11. (1) An investment company incorporated with the consent of the Minister given pursuant to section 9 or by an Act of the Parliament of Canada that comes into force after the coming into force of this Act, shall make application to the Minister for a certificate of registry within two years after the issue of its letters patent or the coming into force of the Act by which it was incorporated, as the case may be.

(2) Subject to subsection (3), an investment company to which subsection (1) does not apply shall make application to the Minister for a certificate of registry within

(a) six months after the coming into force of the Act, or

(b) one hundred and twenty days after the end of the fiscal year of the company in which it became an investment company,

whichever is later.

(3) Where this Act becomes applicable to an investment company

(a) on a day later than the day on which this Act comes into force, and

(b) as a result of the revocation of an exemption granted to it under subsection (2) of section 3,

it shall make application to the Minister for a certificate of registry within sixty days after this Act becomes applicable to it.

12. (1) An investment company to which subsection (1) of section 11 applies shall not borrow money on the security of its bonds, debentures, notes or other evidences of indebtedness before the issue of a certificate of registry to it.

(2) Where

(a) in the case of an investment company to which subsection (1) of section 11 does

not apply, the company fails to make application to the Minister for a certificate of registry within the time provided in subsection (2) or (3) of that section that is applicable to it,

(b) notice of a special report made by the Superintendent under subection (1) of section 13 is given to the company to which the report relates in accordance with subsection (2) of that section, or

(c) the certificate of registry

(i) of a company is withdrawn pursuant to section 15, or

(ii) of an investment company has lapsed and has not been renewed by the Minister,

the company shall not thereafter borrow money on the security of its bonds, debentures, notes or other evidences of indebtedness, unless a certificate of registry is issued to it by the Minister or, except where the certificate of registry of a company is withdrawn pursuant to section 15, the company ceases to be an investment company.

(3) The extension or renewal of any indebtedness that was incurred by a company to which subsection (2) applies prior to the expiration of the time provided in subsection (2) or (3) of section 11 that is applicable to it or prior to the giving of notice of the special report of the Superintendent under subsection (2) of section 13 or the withdrawal or expiry of its certificate, as the case may be, shall, if the extension or renewal does not increase the indebtedness of the company that was outstanding immediately before such tie, be deemed not to be a violation of subsection (2).

(4) Where any money has been borrowed by an investment company in violation of subsection (1) or paragraphs (b) or (c) of subsection (2), the persons who were directors of the company at the time money was so borrowed are jointly and severally liable to the lenders from whom such money was borrowed and their successors in title,

(a) in the case of a violation of subsection (1), for the amount so borrowed; and

(b) in the case of a violation of paragraphs (b) or (c) for the amount by which the indebtedness of the company was increased by borrowing.

13.(1) Where, in the opinion of the Superintendent, the financial condition and affairs of an investment company that applies to the Minister for a certificate of registry are such that the ability of the company to repay all moneys borrowed by it on the security of its bonds, debentures, notes and other evidences of indebtedness that are then outstanding and to pay all interest thereon is inadequately secured, he shall make a special report to the Minister recommending against the issuing of a certificate to the company and setting forth his reasons therefor.

(2) The Superintendent shall give notice to a company to which a special report under subsection (1) relates of the making of the report and a copy of the report shall be sent to the company with the notice.

(3) After receipt of a special report made by the Superintendent under subsection (1), and after affording to the company to which the report relates an opportunity to be heard in connection therewith, the Minister, if he agrees with the opinion of the Superintendent, may,

(a) refuse to issue a certificate of registry to the company, or

(b) postpone the decision whether or not to issue a certificate of registry to the company and, by order, specify a period of time within which the company may endeavour to improve its financial condition and affairs to a state that is satisfactory to the Minister.

(4) The period of time allowed by an order made under paragraph (b) of subsection (3) may be extended by the Minister or the order may at any time be revoked by him upon notice of such extension or revocation being given to the company to which the order relates.

(5) Where a company in respect of which an order has been made under paragraph (b) of subsection (3) satisfies the Minister, before the expiration of the time allowed under the order or any extension thereof or before the revocation of the order, that it has so improved its financial condition and affairs that its ability to repay all moneys borrowed by it on the security of its bonds, debentures, notes and other evidences of indebtedness that are then outstanding and to pay all interest thereon is adequately secured, the Minister may issue a certificate of registry to the company in accordance with section 10.

14. Where it comes to the attention of the Superintendent, by any means whatever, that any assets that appear on the books or records of an investment company may not be satisfactorily accounted for and upon investigation the Superintendent believes that any of those assets are not satisfactorily

accounted for and that all the circumstances so warrant, he may immediately take control of the assets of the company and may maintain such control on his own initiative for a period of seven days and, with the concurrence of the Minister, for any longer period that the Minister considers necessary in the circumstances.

15. (1) The Superintendent shall whenever

(a) in his opinion the financial condition and affairs of an investment company are such that the ability of the company to repay all moneys borrowed by it on the security of its bonds, debentures, notes and other evidences of indebtedness that are then outstanding and to pay all interest thereon is inadequately secured; or

(b) he has taken control of the assets of an investment company pursuant to section 14

forthwith make a special report to the Minister with regard to the financial condition and affairs of the company.

(2) The Superintendent shall give notice to a company to which a special report under subsection (1) relates of the making of the report and a copy of the report shall be sent to the company with the notice.

(3) After receipt of a special report made by the Superintendent under subsection (1), and after affording to the company to which the report relates an opportunity to be heard in connection therewith, the Minister, if he agrees with the opinion of the Superintendent, may take one or more of the following actions

(a) by order allow the company a period of time within which to improve its financial condition and affairs to a state that is satisfactory to him;

(b) impose such conditions upon the company as he considers appropriate;

(c) withdraw any certificate of registry issued to the company;

(d) direct that the company cease to carry on the business of investment;

(e) direct the Superintendent to take or continue in control of the whole or any part of the assets of the company; or

(f) direct the Superintendent to relinquish control of the assets of the company.

(4) Where a company

(a) fails to improve its financial condition and affairs to a state satisfactory to the Minister within the period of time prescribed pursuant to paragraph (a) of subsection (3) or any extension thereof subsequently given by the Minister; or

(b) fails to comply with any condition imposed pursuant to paragraph (b) of subsection (3)

the Minister may take one or more of the actions described in paragraphs (c), (d) and (e) of subsection (3).

(5) For the purpose of carrying out the provisions of this section, the Minister may appoint such persons as he deems proper, to appraise and report on the condition of the company and its ability, or otherwise, to meet its obligations and guarantees.

(6) An investment company or any other person aggrieved by a decision of the Minister taken under the provisions of this section may apply by summary motion to the Exchequer Court of Canada to revise such decision and such Court shall, after hearing the applicant and the Minister

(a) affirm the decision of the Minister; or

(b) rescind the decision of the Minister and make the decision which in the opinion of the Court the Minister should have made in the circumstances.

(7) Any decision of the Exchequer Court of Canada rendered under subsection (6) shall be final and without appeal.

16. (1) Where the Superintendent has control of the assets of a company pursuant to section 14 or 15, the company shall not make any loan or any purchase, sale or exchange of securities or any disbursement or transfer of cash of any kind whatever without the prior approval of the Superintendent or a representative designated by him and a director, officer or employee of the company shall not have access to any cash or securities held by or in respect of the company unless he has with him a representative of the Superintendent or unless such access is previously authorized by the Superintendent or his representative.

(2) At any time that the Minister believes that a company, in respect of which the Superintendent has control of assets pursuant to section 14 or 15, meets all the requirements of this Act and it is otherwise proper for the company to resume control of its assets, the Minister may direct the Superintendent to relinquish control of the assets of the company.

(3) No action lies against Her Majesty, the Superintendent or a representative of the

Superintendent for anything done or omitted to be done in good faith by the Superintendent or his representative while the Superintendent has control of assets of a company pursuant to sections 14 or 15.

17. (1) Whenever

(a) An investment company to which subsection (1) of section 11 applies:

(i) borrows any money on the security of its bonds, debentures, notes or other evidences of indebtedness before the issue of a certificate of registry to it, or

(ii) fails to make application to the Minister for a certificate of registry within the time period in that subsection;

(b) An investment company to which subsection (1) of section 11 does not apply fails to make application to the Minister for a certificate of registry within the time provided in subsections (2) or (3) of that section;

(c) An investment company applies to the Minister for a certificate of registry in accordance with subsection (1) of section 10 and such certificate is refused in accordance with section 13; or

(c) Pursuant to section 15 the Minister

(i) withdraws the certificate of registry of an investment company, or

(ii) directs that an investment company cease carrying on the business of investment;

the Minister may apply to a court of competent jurisdiction and upon such application a receiving order may be made against such company as if such company had committed an act of bankruptcy.

(2) Any application under subsection (1) shall be adjourned pending disposition of any prior appeal under subsection (6) of section 15.

(3) Any proceedings under the Bankruptcy Act that could be taken by a creditor who is owed an amount of one thousand dollars by a company to which subsection (1) applies may be initiated or taken by the Minister as if he were such a creditor, against such company, including the filing of a petition for a receiving order and an intervention may be filed on by the Minister in any proceedings under the Bankruptcy Act that are initiated or taken by such company or any other person and the Minister may be made a party to any such proceedings.

18. (1) The Minister shall cause to be published, in the last issue of the Canada Gazette published in the month of April in each year after the year in which this Act comes into force, a list of all companies that held certificates of registry on the first day of April of the year of such publication.

(2) Whenever a certificate of registry is refused pursuant to section 13 or withdrawn pursuant to section 15 the Minister shall cause a notice to this effect to be published as soon as possible in the Canada Gazette.

19. (1) The Superintendent shall, as soon as reasonably possible after the termination of each fiscal year, submit to the Minister a report in such form as the Minister may direct on the administration of this Act during that fiscal year.

(2) Where an investment is made or held by an investment company in violation of section 8, the Superintendent, in any special report to the Minister under subsection (1) of section 13 or subsection (1) of section 15 in respect of that company, may reduce the assets of the company as shown in its annual or other statement by the whole or any part of the value of such investment.

20. (1) The Superintendent shall, annually, and as soon as possible after the beginning of each fiscal year, by reference to the public accounts and after such further inquiries and investigations as he deems necessary, ascertain and certify the total amount of the expenditures incurred for or in connection with the administration of this Act during the immediately preceding fiscal year, and the amount of the expenditures so ascertained and certified is final and conclusive for all purposes of this section.

(2) The Superintendent shall, before the thirty-first day of December following each fiscal year for which the expenditures incured for or in connection with the administration of this Act are ascertained and certified pursuant to subsection (1), from annual statement and any other information that is available to him ascertain and certify with respect to each investment company that filed an annual statement for its fiscal year that ended within the calendar year that ended within the fiscal year for which expenditures incurred for or in connection with the administration of this Act were so ascertained, the amount that is one-half of the sum of

(a) the value of the assets of the investment company as of the last day of its fiscal year preceding its fiscal year to which such annual statement relates, and

(b) the value of the assets of the investment company as of the last day of its fiscal year to which such annual statement relates,

(in this section referred to as its "mean assets") and the amount so ascertained and certified pursuant to this subsection are final and conclusive for all purposes of this section.

(3) Upon completing the ascertainment and certification of expenditures incurred and of mean assets of investment companies as required by subsections (1) and (2) for a fiscal year and for fiscal years of investment companies ending within the calendar year that ended within such fiscal year, respectively, the Superintendent shall prepare an assessment against each investment company the mean assets of which were so certified in the amount that bears the same ratio to its mean assets as so certified as the amount of the expenditures incurred and so certified bears to the aggregate of the mean assets of all investment companies the mean assets of which were so certified; and such assessment, when certified by the Superintendent, is binding on the Company against which it is made and is final and conclusive for all purposes of this section.

(4) An amount assessed against an investment company pursuant to subsection (3) or (5) constitutes a debt due to Her Majesty payable upon demand of the Superintendent and recoverable as such in the Exchequer Court of Canada or any other court of competent jurisdiction.

(5) Where a company that was an investment company at the time an assessment was prepared by the Superintendent pursuant to subsection (3) was, at that time, in arrears in filing an annual statement under section 5, and no assessment was then prepared against it, the Superintendent may, at any time, prepare and certify an assessment against the company in the amount that bears the same ratio to its mean assets in its fiscal year in respect of which the assessment is prepared as the amount of the expenditures incurred and certified under subsection (1) in respect of the relevant fiscal year bears to the aggregate of the mean assets of all investment companies the mean assets of which were certified under subsection (2) before the thirty-first day of December following that fiscal year for that fiscal year; and any such assessment shall be payable with interest calculated thereon at the rate of six per cent per annum from the date on which a demand therefore would normally have been made by the Superintendent if the company had not been in arrears in filing its annual statement.

(6) Any amounts paid to or otherwise received by Her Majesty in any fiscal year on account of assessments made pursuant to subsection (5) shall be deducted from the expenditures incurred for or in connection with the administration of this Act for the purpose of ascertaining and certifying the total amount of such expenditures pursuant to subsection (1) for that fiscal year.

21. The Governor in Council may make such regulations not inconsistent with the provisions of this Act as he considers appropriate to insure the proper carrying out of such provisions.

22. The Superintendent may

(a) prescribe such forms as he considers appropriate for the purposes of this Act;

(b) prescribe the information to be contained in an annual statement; and

(c) appoint or designate any person as an inspector for the purposes of this Act.

23. Where by this Act notice is authorized or required to be given to an investment company, the notice may be given by registered letter addressed to the company at the postal address of the head office of the company that is of record in the Department of Insurance or with the member of the Queen's Privy Council for Canada charged with the administration of the Canada Corporations Act.

24. The Superintendent shall file with the member of the Queen's Privy Council for Canada charged with the administration of the Canada Corporations Act a copy of each certificate of registry issued to a company incorporated by letters patent and of each amendment or renewal of any such certificate and shall give notice to him of any exemption granted to such a company pursuant to subsection (2) of section 3 and of the revocation of any such exemption.

25. Nothing in this Act affects any right or remedy of a person who lends money to a company to which this Act applies on the security of bonds, debentures, notes or other evidences of indebtedness of the company.

26. (1) Every investment company that fails to apply for a certificate of registry within the time prescribed in section 11 that is applicable to it, and every director or officer of the company who knowingly and wilfully authorizes or permits such default, is liable on summary conviction to a fine not exceeding ten thousand dollars.

(2) Every director, officer, servant or auditor of an investment company who wilfully makes any false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the company, or uses any false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the company with intent to deceive or mislead any person, is guilty of an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding five years.

(3) Every director, officer, servant or auditor of an investment company who

(a) refuses or wilfully neglects to make any proper entry in the books of the company, or

(b) negligently prepares, signs, approves or concurs in any account, statement, return, report or document respecting the affairs of the company containing any false or deceptive statement,

is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years.

(4) Every person who does, causes or permits to be done any matter, act or thing contrary to any provision of this Act, the regulations or to any order or requirement of the Minister or the Superintendent made under this Act, or omits to do any matter, act or thing that by this Act, the regulations or any order or requirement of the Minister or the Superintendent made under this Act is required to be done by or on the part of such person is, if no other punishment for such act or omission is provided in this Act, liable on summary conviction to a fine not exceeding five thousand dollars.

27. All fines imposed pursuant to this Act belong to Her Majesty in right of Canada and shall be paid to the Receiver General.

28. (1) Every investment company that makes default in filing an annual statement incurs a penalty of ten dollars for each day during which such default continues.

(2) A penalty incurred under this section is a debt due to Her Majesty and is recoverable as such in the Exchequer Court of Canada or any other court of competent jurisdiction.

(3) The Minister, on the recommendation of the Superintendent, may remit all or any part of a penalty incurred under this section.

29. This Act shall come into force on a day to be fixed by proclamation."

Respectfully submitted,

Salter A. Hayden,
Chairman

THE SENATE

Wednesday, June 25, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to present a report from the Joint Committee on the Library of Parliament recommending that the House of Commons reading room be designated the Parliamentary Reading Room, that section 10 of the regulations of the Library of Parliament be so amended, and that the regulations of the Library of Parliament be further amended as set forth in the said report. The regulations so amended are submitted for approval.

The Clerk Assistant (Reading): The Joint Committee on the Library of Parliament—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators when shall this report be taken into consideration?

Hon. Leopold Langlois: Honourable senators, I move that this report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

(For text of report, see *Minutes of the Proceedings of the Senate* of this day.)

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report by the Tariff Board, dated March 21, 1969, relative to the Investigation ordered by the Minister of Finance respecting Binder Twine and Twine for Baling Farm Produce, Reference No. 142 (English and French texts), together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, chapter 86, R.S.C., 1952. (English and French texts).

Report of the Dominion Coal Board for the fiscal year ended March 31, 1969, pursuant to section 15 of the Dominion Coal Board Act, chapter 86, R.S.C., 1952. (English and French texts).

Report of operations under the Coal Production Assistance Act for the fiscal year ended March 31, 1969, pursuant to section 9 of the said Act, chapter 173, R.S.C., 1952, as amended 1959. (English and French texts).

Order in Council P.C. 1969-1110, dated May 29, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to Ferrocarril del Pacifico, S.A. de C.V., Guadalajara, Jal., Mexico, for the purchase of rails from Sydney Steel Corporation, Sydney, Nova Scotia, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1111, dated May 29, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to Ferrocarriles Nacionales de Mexico, Mexico City, for the purchase of rails and tie plates from Sydney Steel Corporation, Sydney, Nova Scotia, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Revised estimates for the fiscal year ending March 31, 1970. (English and French texts).

Report of Atomic Energy of Canada Limited, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Copies of a Booklet entitled "Federal-Provincial Grants and the Spending Power of Parliament", a Government of Canada Working Paper on the Constitution submitted to the Constitutional Conference on June 11, 1969. (English and French texts).

Copies of a Booklet entitled "The Taxing Powers and the Constitution of Canada", a Government of Canada Working Paper on the Constitution submitted to the Constitutional Conference on June 11, 1969. (English and French texts).

Report of the Agricultural Stabilization Board for the fiscal year ended March 31,

1969, pursuant to section 14 of the Agricultural Stabilization Act, chapter 22, Statutes of Canada, 1957-58. (English and French texts).

Report of the Agricultural Products Board for the fiscal year ended March 31, 1969, pursuant to section 7 of the Agricultural Products Board Act, chapter 4, R.S.C., 1952. (English and French texts).

Report of the Superintendent of Insurance on the Administration of the Pension Benefits Standards Act for the fiscal year ended March 31, 1969, pursuant to section 22 of the said Act, chapter 92, Statutes of Canada, 1966-67. (English and French texts).

Report of Operations under the Health Resources Fund Act for the fiscal year ended March 31, 1969, pursuant to section 13 of the said Act, chapter 42, Statutes of Canada, 1966-67. (English and French texts).

Report on the Administration of the Canada Pension Plan for the fiscal year ended March 31, 1968, pursuant to section 118, chapter 51, Statutes of Canada, 1964-65. (English and French texts.)

DIVORCE

REPORTS OF COMMITTEE PRESENTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 732 to 747, inclusive, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

NATIONAL HOUSING ACT, 1954 (INCREASED LOANS)

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-192, to amend the National Housing Act, 1954, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Leopold Langlois: With leave, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

NATIONAL HOUSING ACT, 1954 (MUNICIPAL WORKS)

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-201, to amend the National Housing Act, 1954, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Leopold Langlois: With leave, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

INCOME TAX ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report of the committee on Bill C-191, to amend the Income Tax Act:

> Your Committee was impressed with the views expressed by The Canadian Life Insurance Association on behalf of that industry, more particularly with respect to the subject matter of Contingency Reserve and Surplus. As relief with respect to the latter could be granted to the industry by Order-in-Council under the proposed law, your Committee drew the attention of the Minister of Finance to such representations. The Minister considered the matter but, before the Committee, he stated his unwillingness to grant the relief requested which was that the amount for Contingency Reserve be allowed to be deducted before the incidence of taxation applied to business incomes.
>
> In reply to the Minister's statement the industry stressed most emphatically that such Reserve and Surplus are absolutely essential for the protection of their policy-holders. The industry emphasized that its request was in accordance with its settled practice of maintaining adequate Contingency Reserves and such practice in no small degree contributed to the financial strength of the industry and enabled it to withstand adverse economic cycles.

In the hope that the Minister will give further and favourable consideration to this request of the Life Insurance industry your Committee is disinclined to recommend any amendment at this time.

Parliamentary procedure on Budget matters gave no opportunity to the Life Insurance Companies representing eleven million policyholders to submit their views to an appropriate committee until the Bill reached the Senate even though the present legislation involves a radical departure from our taxation structure.

This experience prompts the Standing Senate Committee on Banking, Trade and Commerce to suggest that revised procedures be considered in the future, at least in instances where major changes are contemplated, so that interested parties and the public may have such opportunity.

THIRD READING

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

Hon. Mr. Hayden: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators, it is moved by honourable Senator Hayden, seconded by honourable Senator Hays, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. David A. Croll: Honourable senators, I support the bill to amend the Income Tax Act. However, I do not support the gratuitous observations made by the committee. In my view, they were unnecessary and unjustified.

Criticism of the procedures of the House of Commons, particularly in respect of budgetary matters which are traditionally secret, is unwarranted as these are not matters with which the Senate should concern itself.

Hon. Mr. Hayden: Honourable senators, I did have something to say in connection with the third reading of this bill. My friend has given me a focal point for doing so.

In the opinion of the entire committee dealing with this matter, except my honourable friend, the report represented a fair statement based on the evidence presented to us, and it was necessary to make such a statement so that all the Senate might have a proper appreciation of what happened in committee. My friend was there and took the objections which he has stated here today. In my view, the form in which the report is couched represents no criticism whatsoever of the House of Commons. It was carefully designed in its language and was edited a number of times so as to avoid anything which might be suggestive of criticism.

In the course of the consideration of this bill by the Senate committee we heard the officers of all the Canadian life insurance companies in the presentation of their case. There were several points of objection to this bill which finally resolved themselves into one point, namely that of contingency reserves, as to whether they should be allowed to continue a settled practice by the life insurance business, one that is practically as old as the life insurance business itself. It is the practice of creating a contingency reserve for the unusual, the unexpected, the more than usual changes and adversities that may occur in economic conditions.

The officers of the insurance companies appeared and said now that they are becoming in larger measure subject to corporate rates of tax, they still feel that this practice should be continued, and continued as a deduction from the corporate income before the corporate rate of tax is applied. Their suggestion was that there would be, as the companies heretofore usually practised it, a deduction of 6 per cent of the increase in actuarial reserves each year, and that increase meant the state of actuarial reserves, say, on January 1 and December 31 of the same year. The 6 per cent increase in those actuarial reserves should, in their opinion, be set aside as a contingency reserve.

Now, very considerable attention and a great deal of sympathy was aroused in the committee—not as far as my friend was concerned because he did not have anything in particular to say about it. The Minister appeared and stated that while he hoped that the companies would continue to accumulate a surplus over and above what they had to pay out to policyholders and the reserves they had to provide, he hoped that they would still create a surplus and contingency reserve, but that they would do it after tax. Of course doing it after tax means that the usefulness you get out of $1 is diminished, in that instead of being $1 it becomes 48 cents. The life companies felt that the contingency reserve was essential in the best interests of

the policyholders because they enjoy most of the income of the life insurance companies.

Therefore, even if the requests of the life companies were granted, it would not mean a difference simply between tax and no tax on the amount that might be set aside for the contingency reserve. But it does mean that instead of having a corporate rate of 52 per cent on the amount set aside, it would be subject to 15 per cent tax. In other words, it was a case of applying an investment income rate which is really in relation to income for the benefit of the policyholders.

The committee felt that since there was a provision in the bill under which by regulation by the Governor in Council a policy reserve could be created, the terms and conditions—in other words, the formula—for that could be outlined in the regulation. There was, therefore, in the bill in the form in which it was drawn up provision for that regulation to take on a form which would permit the setting aside of a contingency reserve in the manner in which the companies have requested it. The Minister expressed his appreciation of the standing and the importance of the life companies as a savings institution and a part of the fabric of the nation, because after all they do have about 11 million policyholders and therefore the life savings of a great many people in Canada rest in the successful operations of these life companies. When we finally boiled things down and studied the whole matter, this is the only area in which there was this request.

The minister gave his explanation and said that he felt there was no reason why in this case the treatment should be different from that given to any other industrial or manufacturing company, notwithstanding the fact that it certainly appeared to most of the members of the committee that there was something wrong in the comparison of the operations of manufacturing, industrial and commercial companies with the operations of a life insurance company, where the contracts they enter into and the undertakings they give may extend for 40, 50 or 75 years, and they have to project ahead. For instance, even in the case of policy reserve, the life companies work on mortality tables, interest changes, the expense factor, et cetera, and try to put a rate in their premiums, and then to try to establish, over the period of years, what kind of reserve they have to maintain against the day when they will be called on to implement that contract.

A very large percentage of these insurance companies today are mutuals and have no shareholders to call on. With regard to the ones who have shareholders, there is by statute—and the law was passed some years ago—a very limited amount of income of a life company that can be credited to the shareholder. Canadian life companies are really companies for preserving and managing and seeing to it that the kind of contract an individual wants is the one provided for, and that the money will be available and properly safeguarded until he is ready or entitled to take it.

We felt that some of that story should appear in the report, rather than presenting only the bald statement that the committee reports the bill without amendment. We felt that such a report would not do justice to the size and importance of the matter with which we were dealing, a venture into a taxation field that had not heretofore, in any real sense, been explored or made use of.

There was no attempt—and, certainly, nothing I am saying is to be construed as such—to say that there is not an area in the operation of life companies and the business income of life companies where there should not be a tax at the corporate rate. This was not the plea of the life companies. Their plea was to be able, in this one regard, to provide for a kind of contingency which they felt was very necessary. When you look on the other side of the picture as to, for instance, the surplus of a life insurance company, it must be such that it can take care of some of these unusual things. One item that has become usual is the depreciation in the capital value of bonds, even including Government bonds. Indeed, one of the large companies indicated in committee that there had been a shrinkage in the market value of bonds—Government, provincial, municipal and corporate—which they held, as against their book cost originally, of about $200 million. Another company indicated a figure of $50 million.

If the companies do not have to sell the bonds they do not face that problem in the same way, but if they do not have ample reserves and surplus, some condition might disturb their balance sheet, even possibly approaching an insolvent condition, while the operations of the company might be satisfactory. So the companies said that they need this something extra. As to what it would have amounted to in dollars, we were told that for every point in that contingency

reserve, which they were seeking as pre-tax reserve, would mean $1½ million less to the treasury. So, on six points it would be about $9 million. This can be worked down the scale, but it is important. There are various companies differing in sizes and scope, extent of operations and profits, and it was the view of the association that a continuance of this practice that they were urging would be in the best interests of the policyholders.

For these reasons, and because of the importance of the fact that this is a departure from the tax structure as we have known it heretofore which brings this tax to bear on life insurance business income, and while we believed it was a proper tax to impose, we felt that the position of this large segment of the commercial and financial life of Canada should be fully explained to the Senate so that it would be realized they were not begging off but asking for something that they enjoyed heretofore and that precedent would suggest to be a good thing to continue.

Hon. John J. Kinley: Honourable senators, I was present at the meeting of the Standing Senate Committee on Banking, Trade and Commerce when this legislation was before it. The insurance people were there in force, and, in my opinion, they received a good hearing. I paid close attention to what they had to say.

I am a friend of the insurance companies. I have always carried life insurance, and I have no complaints. But, the President of the Canadian Life Insurance Association, when he spoke to the committee, referred to their immense investments in business and securities as reserves. It immediately occurred to me that with the rate of interest group up to 9½ per cent, and perhaps higher, no one will benefit more than the insurance companies from the money that must be paid in interest on borrowed money. For this reason I formed an opinion against this supplementary resolution, which is reflected in the report. I think it is untimely and out of place. In general, I favour reporting the bill without amendment.

This morning in committee I had some difficulty following the proceedings. There seemed to me to be some confusion, and I do not think this question was put to the vote. The chairman probably asked: "Is it agreed?", but I certainly did not agree. I am against that part of the report because I do not think it will have any effect. It is a suggestion, but as a member of that committee I was against it, and I am against it now.

The Hon. the Speaker: Honourable senators, before I proceed to put the motion for the third reading of the bill I should like to ask whether the honourable Senator Croll in his remarks made a formal point of order, or merely indicated his view that this report was in some way a reflection on the other place.

Hon. Mr. Croll: Honourable senators, I merely commented on the report.

Motion agreed to and bill read third time and passed, on division.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED

Hon. T. D'Arcy Leonard, Chairman of the Standing Senate Committee on National Finance, presented the following report of the committee, to which was referred the Estimates laid before Parliament for the fiscal year ending March 31, 1970.

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Leonard: Honourable senators, with leave of the Senate, I move that this report be considered later this day.

Motion agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Leopold Langlois: Honourable senators, I ask your indulgence to make a short statement having to do with the agenda for today.

The Special Committee of the Senate on Science Policy and the Standing Senate Committee on Foreign Affairs are scheduled to meet this afternoon. In the past it has been customary for the house to adjourn its sitting in order to facilitate the work of such committees. However, in view of the early adjournment of the Senate and the resultant necessity to give consideration to the dispatch of public business, it has been decided that the house shall sit this afternoon but that its agenda be so arranged as to permit the two committees in question to sit later this afternoon. It is hoped that we will be able to complete our agenda conveniently before 4 o'clock.

TELESAT CANADA BILL

SECOND READING

The Senate resumed from Thursday, June 19, the adjourned debate on the motion of Hon. Mr. Desruisseaux for the second reading of Bill C-184, to establish a Canadian corporation for telecommunication by satellite.

Hon. John M. Macdonald: Honourable senators, this debate stands adjourned in the name of Senator Grosart. He is unable to be present this afternoon, and has asked me to state that he feels there are some sound reasons why the bill should go before a committee tomorrow. Rather than delay its second reading, he would choose to make his remarks on the bill before the committee. If that is satisfactory honourable senators, the bill can be read the second time this afternoon. I understand that Senator Fournier (Madawaska-Restigouche) wishes to speak to the subject matter now.

Hon. Mr. Benidickson: To which committee would this bill be referred?

Hon. Mr. Macdonald: We would suggest that it be referred to the Standing Senate Committee on Transport and Communications.

Hon. Mr. Martin: Agreed.

Hon. Edgar Fournier: Honourable senators, I regret that I am ill-prepared to speak on this bill due to the short notice, but there are one or two remarks I should like to make.

[*Translation*]

I would like to congratulate Senator Desruisseaux for having introduced the bill on satellites in such an interesting way. Certainly, among the members of this house, he was the most qualified for this task, because through his close association with newspaper publishing and the operation of radio and television stations he has become quite conversant with the matter. His speech probably required several hours of work and research, and I wish to congratulate him on his performance.

[*English*]

The honourable Senator Desruisseaux made a long speech in sponsoring the bill, in the course of which he gave considerable detail, indicating many hours of preparation. This leads me to believe that there are many details about which we are ill-informed. Where and when all this will stop, nobody knows.

In the course of his remarks Senator Desruisseaux said that there was a need for "a Canadian satellite to serve the needs of a Communications system in Canada." I do not dispute the need. I am worried about whether we can afford a satellite, or can afford to get into this type of business. I say this because I do not think we know very much about where we are going. I believe we have a tiger by the tail. Senator Desruisseaux also said:

> The price tag quoted for the system is between $60 million and $70 million.

Later he added:

> It is expected that bringing the ground stations up to strength and providing the back-up satellite would probably eventually raise the cost well beyond $100 million.

We are now approaching $100 million, and my point is that we do not know exactly what we are doing. We have very little information on this proposed satellite. I believe the timing is wrong and that we are working on something about which nobody knows. The timing is especially bad at this time, when the Government is introducing an austerity program such as has never been known in Canada. All we hear about are cuts in public works, in NATO, in the armed forces—cuts, cuts, cuts. I do not disagree with that. I think it is time the Government brought some controls to an end and gave us a balanced budget. While on the one hand there is an attempt to make these cuts, on the other hand we are embarking on something about which we know very little. I believe that we should be shown more clearly where we are going before becoming involved in this project.

It was said that this will be a joint organization in which the Canadian Government will take part. With that I might agree. Perhaps the Government could provide protective legislation for Canada. But taking an active part by putting into the company several million dollars, perhaps much more than we expected, is an idea I hesitate to go along with. Legislation to protect the company should be provided, but not legislation to pull the company out of a possible financial embarrassment later.

We do not know how much the satellite will cost. It is said it will cost $70 million, with an expected life of seven years. It must be remembered that the satellite of today will be obsolete tomorrow. I believe that the amount the federal Government puts into the satellite

should be limited, otherwise we will find ourselves with another C.B.C., with unlimited financial help from the Government.

Since I have mentioned the C.B.C., perhaps I might remind honourable senators that yesterday during the St. Jean Baptiste Day celebrations in Montreal, two commentators on the C.B.C. French network describing the parade and the proceedings generally had to be taken off in the middle of the program because their language was, as stated in a C.B.C. report last night, derogatory to Canadian people. I do not know what they said. All we know is that they had to be pulled out of the program because their language was so bad. That is very serious. I am now wondering whether these C.B.C. employees have been fired or promoted with an increase in salary. That remains to be seen.

In his speech, the honourable Senator Desruisseaux also said:

> My information here is that they actually make a profit, an estimated retained earnings, of $2½ million—

I believe very few companies or financial people would be prepared to spend $100 million for a small return of $2½ million. This leads me to believe that what I might call wealthy people or substantial firms in the electrical business are not too sure of themselves and would like to hang their hat on the peg of the federal Government in case they get into trouble later.

That is all I wish to say. I will, with other honourable senators, vote for the bill. To vote against it would make no difference—it would be passed anyway. However, I do want to emphasize for the last time that I do not think we know where we are going. We have a tiger by the tail, and where it will stop nobody knows.

Hon. Mr. Connolly (Ottawa West): May I ask the honourable senator a question? I think the sponsor of the bill (Hon. Mr. Desruisseaux) made it abundantly clear that one of the purposes of this bill is to establish a satellite system which would facilitate the broadcasting of news, and indeed broadcasting generally to all parts of Canada, particularly to the remote regions. Does the honourable senator not think that on that ground alone this is a bill worthy of consideration and a progressive step forward?

Hon. Mr. Fournier (Madawaska-Restigouche): If I am permitted to answer the question, I do not see it that way. The satellite itself will not enable television to be seen in remote areas. Television will remain on two main channels at each end of Canada, which will be relayed on the existing channels across Canada. The satellite itself will not provide television, the telephone or any other similar form of communication in the remote areas unless they are hooked up to the existing system.

Hon. Mr. Connolly (Ottawa West): Of course.

Hon. Mr. Fournier (Madawaska-Restigouche): That does not mean anything.

Hon. Mr. Connolly (Ottawa West): On the contrary, it makes it possible for this to be done.

Hon. Mr. Fournier (Madawaska-Restigouche): It may be possible. I do not want to get into an argument on this with the honourable senator, but it is possible under the existing system. It will only bring us more programs from European countries, from England, for instance, and all over the world. I am all in favour of that. If it does that and brings to the C.B.C. more programs from European countries, then we do not need to spend so much money preparing Canadian programs, hundreds of which are never seen.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Martin: Honourable senators, I move that the bill be referred to the Standing Senate Committee on Transport and Communications. Senator Macdonald had indicated that Senator Grosart prefers to make his remarks in the committee and, as there are no further speakers on the bill, I propose that it be sent to committee now.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE—PRINTED AS APPENDIX—DEBATE ADJOURNED

Leave having been given to revert to Notices of Motions:

Hon. T. D'Arcy Leonard: Honourable senators. I move, seconded by Senator Paterson, with leave of the Senate, that the report presented today of the Standing Senate Committee on National Finance, which was authorized to examine and report on the expenditures posed by the Estimates laid before Parliament for the fiscal year, in advance of bills

based on the said Estimates reaching the Senate, be printed as an appendix to the *Debates of the Senate* of today and form part of the permanent record of this house.

I would add that if this motion carries, I shall ask also for leave to revert to Reports of Committees and then move the adoption of the report itself.

The Hon. the Speaker: With leave of the Senate, it is moved by the honourable Senator Leonard, seconded by Senator Paterson, that the report presented today by the Standing Senate Committee on National Finance, which reads—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

(For text of report, see Appendix pp. 1706-23.)

Leave having been given to revert to Reports of Committees:

Hon. Mr. Leonard: Honourable senators, I move the adoption of the report from the Standing Senate Committee on National Finance presented by the committee today.

Honourable senators, I thank you for the leave which you have given and for the indulgence that you have shown. I asked for leave for consideration of this report today and for consideration later today, because I had hoped that I could get into your hands a copy of the report for each senator. These copies have now been received and this is the result of a good deal of hard work by the Committees Branch and the secretarial staff of the Senate. The copies are now before you. In the normal course of events, one would have moved for consideration of this report at the next sitting, but in the light of special circumstances it seemed desirable that I, at least, might open the debate today and any honourable senator who wants to speak could do so and the debate could be adjourned until tomorrow. I had in mind that the reference by the Senate to the committee on the Estimates stated that we were to report in advance of appropriation bills reaching the Senate. There is every expectation that within 24 hours an appropriation bill will reach the Senate which will deal with all remaining expenditures represented by the Estimates for the 12 months of the year. Therefore, it seems desirable not to wait for the usual procedure of having the report printed and the debate start tomorrow. At least I could outline to you what is in the report. Anyone who wishes to speak today could do so and the debate could be adjourned.

Honourable senators, the National Finance Committee, in its deliberations, has refrained in the past from considering department by department the Estimates of the Government for its fiscal year. The House of Commons does that work and examines the Estimates department by department, and it would be an unnecessary duplication if we were to do so. However, we do consider the Estimates in general and from time to time the Estimates of individual branches of the Government. This year we did such a study of the item in the Estimates dealing with the Canadian Broadcasting Corporation. We thought it warranted special consideration this year.

Dr. George Davidson, who had been Secretary of the Treasury Board, and who is now the new President of the C.B.C., was present. The item for C.B.C. jumped from $151 million for the previous fiscal year to $166 million to be voted for that corporation for the year 1969-1970. This was an increase of $14,900,000 over the previous year. In addition, there was a loan for capital expenditures of $30 million. While Dr. Davidson gave freely and frankly the reasons for the increased expenditure, I think I can best illustrate the feeling of the committee on this large and important item in the Estimates by reading an excerpt from the report of the committee beginning at the bottom of page 2 and continuing to page 3:

> The Senate Committee on National Finance views with great concern the rate of growth of operating and capital cost requirements of this Crown Corporation, and the projected escalation in their capital loan requirements for consolidation of facilities in Montreal, Toronto, Vancouver, Winnipeg and Halifax. The Committee's view expressed in a later section of this report, pertaining to the great need to establish priorities in government spending policy, and criteria to assure maximum economic and social benefits in government programmes, particularly apply to the operations of the C.B.C.

So much for the one special study that the committee made on a branch of Government.

The committee broke new ground by embarking on a study of the economic impact on Canada of the Government expenditures

of the present magnitude at a time of strong inflationary forces. Firstly, we were concerned with the extent to which such expenditures might increase the pressure of demand on goods and services; secondly, as to the effect of the taxes required to meet such expenditures; thirdly, the comparative position of Canada vis-a-vis other countries in the levels of its expenditures and taxes; and fourthly, we considered the question of regional disparity within Canada in its relationship to Government expenditures and taxes.

In a study such as we have made, within the time available, far be it from me to magnify the conclusions or recommendations of the committee. I do wish to point out to the Senate, however, that we have had some very important contributions made by extremely knowledgeable persons on a subject that is pretty vital to the people of Canada. We have had as witnesses Professor E. P. Neufeld, head of the Department of Economics, University of Toronto; Professor C. L. Forget, from the Economics Department of the University of Montreal; Dr. A. J. R. Smith, Chairman of the Economic Council of Canada. We also had Dr. R. B. Bryce, Deputy Minister of Finance. In addition, we had our own research consultant for the committee, Mr. Thomas Houston, who has gathered a great deal of information from sources which are within and without Canada, and some of which you will find in the tables attached to this report.

I think I can best summarize the result of the committee's deliberations on these various impacts of the estimates by reading a few excerpts from the report.

On the subject of inflation, on page 5, paragraph 6, line 6, the report states:

> We may therefore conclude that the budgetary accounts for 1969-70 seem to contain a deflationary element, but that this influence will emerge not from a slow-down in expenditures but from increased tax revenues. Furthermore, the estimated increase in federal revenues results, not from direct fiscal restraint action by the Government, but from the built-in progressiveness of the income tax structure. Evidence before the committee was to the effect that for every 1 per cent increase in gross national production, there would be an increase of 1.1 per cent to 1.2 per cent in federal revenues.

So much for the subject of the immediate problem of inflation.

We also dealt with a recommendation which had been made in previous reports of the committee, with respect to the increase in expenditures, and at page 9, paragraph 11, line 7, it says:

> This led to the committee's recommendation that Government expenditures do not increase at rates greater than that of gross national product when there are inflationary forces present. The committee holds that this recommendation is still valid, and welcomes the real efforts of the Government to decrease the rate of increase of expenditures in the past two fiscal years. The committee in its last report also expressed its concern as to the methods of federal-provincial cost-sharing programs where the federal Government has not had any control over the level or rate of growth of such programs. This concern is again relevant as of the 9 per cent increase in the Estimates over the preceding year; one-half of this increase is explained by larger payments to the provinces in the form of unconditional fiscal transfers, and for grants in shared-cost programs in health, welfare, and education.

The next item I would read to you is on page 11. We were considering the matter of the continuance of existing programs without a restudy of the objectives of those programs, and whether or not they were being best accomplished by the method being used. On that page, in paragraph 13, the report says:

> The Senate Committee on National Finance feels that special attention should be directed towards setting up machinery to evaluate continuously the benefits derived from programs already in existence, to ensure that they have not become obsolete, or that there are not other more efficient means of obtaining their objectives. The Family Allowance program was used by Professors Neufeld and Forget, and Dr. Smith as an example of a program that raises considerable doubt as to whether it achieves its desired social objectives, and even worse, what the social objectives are. In his evidence Dr. Bryce said that it had been indicated publicly by the Prime Minister that the Family Allowance program is being reviewed to see whether it should be modified and in what respect it should be done.

On page 12A, a comparison with other countries is shown:

> In our Appendix, Table 8 shows that in Canada total expenditures of all levels of Government in 1968 was 34.7 per cent of the GNP. The table also shows that in 1966 Canada's percentage at 32.2 per cent was higher than that of the United States and Switzerland, but lower than six other major countries. While comparative statistics for later years are not available, the Minister of Finance stated in March of this year that the percentage in developed western nations is somewhere between 30 and 40 per cent of the GNP, and that Canada is about halfway between those figures.

Hon. Mr. Martin: May I ask Senator Leonard if the committee's report at some point shows that the level of expenditures of provincial governments is higher than the level of expenditure by the federal Government?

Hon. Mr. Roebuck: Is that on a per capita basis?

Hon. Mr. Martin: No, in relation to the gross national product.

Hon. Mr. Leonard: The report does deal with that and I think it is fairly lengthy. On pages 7 and 8 you will find statistics dealing with that matter provincially and municipally.

May I say that roughly half of the 34.7 is represented by federal Government expenditure and the other half by provincial and municipal expenditures together. Of course, the latter section has been increasing at a more rapid rate than that of the federal Government. The federal Government expenditures also include transfer payments.

Hon. Mr. Roebuck: You mentioned an appendix with Table 8, but this is not Table 8?

Hon. Mr. Leonard: There are tables attached to the report. You will find that it is a very complete report. In fact, it is one of the most complete statistical reports which could be compiled at this time, bringing together statistics from various sources on the matters which the committee was studying.

In addition to studying a comparison as between countries, we were concerned also about the relationship between individuals in respective countries. We had some excellent evidence on that from Professor C. L. Forget and from some other sources.

In the lower portion of page 13, the report says:

> When we compare individuals and families in similar circumstances in Canada and the United States as to income tax paid, a rather disturbing paradox evolves. Tables 12, 13 and 14 indicate that the United States families in the middle and upper income levels pay substantially less income tax than their Canadian counterpart. This is a result of the lower ratio of taxable income to gross income which is due to the deduction of items such as mortgage interest, property taxes, state and local sales taxes, and state income taxes, as well as from a more liberal definition of what can be claimed as charitable donations. Another advantage to married taxpayers is the possibility of filing joint returns. The paradox is resolved when you consider that there is a greater percentage of U.S. taxpayers in the upper income brackets where a high income tax rate prevails. Table 9 shows this situation very graphically. It will be seen from it that 43.5 per cent of Canadians have incomes under $4,000 compared with 30.7 per cent in the United States, and on the other hand only 5.8 per cent of Canadians have incomes over $10,000 compared with 24.5 per cent in the United States.

In winding up my remarks on this report, honourable senators, I shall read only the last paragraph:

> The Senate Committee on National Finance recommends strongly that in the present revamping of the Canadian tax structure, attention be given to decreasing this differential in income taxes between Canada and the United States in the middle income groups to decrease the incentives of these groups—the professional and management groups—to emigrate to the United States.

That is all I have to say on the report, honourable senators. I wanted simply to bring the highlights to you. I wish now to add my thanks and appreciation, first of all to Mr. Houston who was our research consultant and who worked long hours and very hard and ably in gathering information that has come from various statistical sources—some from Washington, some from the E.E.O.C., some from the Department of Finance, and some from our Bureau of Statistics.

I want also to thank the witnesses who appeared before us. They were very co-operative and most helpful, being quite ready to give us all the information we wanted. In addition, I wish to thank the members of the committee who were very assiduous in their duties. There was never any trouble about a quorum. They were always seeking to help and to be of assistance, even to the extent that this report itself was not concluded until after 11 o'clock last night at which time we had a full quorum present.

Thank you very much, honourable senators.

Hon. Mr. Roebuck: May I ask the honourable gentleman whether there was any comparison made between the point in Canada at which income taxes become payable and that in the United States? Is my question clear? There is a rate of income which is not taxable because it is too small to be taxed. Is that rate higher or lower in the United States than it is in Canada?

Hon. Mr. Leonard: Honourable senators, I have not the answer to that question. Our table simply starts with a figure of under $2,000, which is made applicable to both Canada and the United States, showing the numbers of persons for the figures that were used in the report. In the illustration I gave you I simply lumped together those under $4,000 on the one hand and, on the other hand, those over $10,000. For that information you may refer to table 9 which you will see in the report.

The statistics taken for Canada were from the taxation statistics of 1968. The United States table was taken from the current population reports of 1968.

Hon. Mr. Roebuck: Thank you.

Hon. Douglas D. Everett: Honourable senators, I would normally at this time adjourn the debate, but owing to the press of business before this house I had been asked to proceed with my remarks now. I shall attempt to be extremely brief.

First of all, I should like to congratulate the chairman of the committee on the very fine report that has been produced by the committee. Although I happen to be a member of the committee, I feel that I can congratulate him because he has effectively changed the direction of the committee in respect of the type of evidence that it has heard on the Estimates.

It is my understanding that in the past the committee duplicated the work of the House of Commons by examining in detail the expenditures as disclosed by the Estimates. It was the chairman's suggestion that instead of doing that we should look at the overall effect of Government expenditures on the Canadian economy. As a result of that, I think, we were able to encourage witnesses to give evidence that would not otherwise have been available to this house and to give it with a candour not met with previously.

The evidence was uniformly excellent and, if you refer to the back of the report, I think you will find a set of tables there that have for the first time in Canada put together the story of the effect of Government expenditures on the economy and on inflation.

I should now like to look very briefly with you at certain aspects of this report. It is quite possible in doing so that I shall reiterate certain remarks already made by the chairman.

The first area I should like to look at is that of inflation. The evidence before the committee indicated that in Canada at the present time we are subject both to demand pull and cost push inflation. Cost-push inflation is that inflation which results from an increase in costs—primarily labour costs, which causes an increase in prices in order to maintain profit margins. Demand-pull inflation, on the other hand, is the demand of the economy for goods which is so great that it permits a vendor of goods to raise his prices even though he has not been affected by an increase in costs.

Now, in Canada at the present time, we are confronted with both demand-pull and cost-push inflation. That is why inflation in Canada is so out-of-hand.

The Government is now acting to do something about this. In the cost-push sector the Government has formed a prices commission which will examine the increase in wages and prices. How effective that commission will be, we do not know, but at least it is a step in the right direction.

The Government has been extremely active—as have been the governments of the United States and many other countries in the western world—in dealing with demand pull inflation. The Government has been dealing with it through monetary and fiscal restraint. We have recently felt the application of monetary restraint with the prime bank rate here at 8 or 8¼ per cent, with the prime bank rate in the United States at 8¼ per cent, plus a 15 per cent compensating balance, which means that the largest corporations in the

United States are paying 10 per cent or more for their money, with the return on bonds at an all-time high and the price at an all-time low.

We are now in North America generally and in Canada particularly subject to very, very strong and serious monetary restraint. An economist will tell you that monetary restraint is not effective unless it is coupled with fiscal restraint. Therefore we in committee questioned whether the Government was doing something about fiscal restraint. We find if we examine the Estimates on a national accounts basis, that the Government in 1969/70 is budgeting for a surplus of some $250 million as opposed to a deficit of $400 million in the previous year. But, as the chairman has pointed out, this is not so much due to a restraint in expenditures as much as to what economists call tax elasticity. That is to say that if the gross national product of a country increases, as it has been doing very rapidly in Canada, the tax revenues increase in a proportion of 1.2 to 1.

Hon. Mr. Martin: May I ask the honourable senator a question? Does he not think that if the retrenchment program which the Government has already embarked upon, and the retrenchment in the last fiscal year, let alone this year, had not taken place, it would have added a burden which would invalidate or negative his statement?

Hon. Mr. Everett: You must remember we are dealing somewhat with the past in the Finance Committee. I was about to go on to say that the restraint applied is through tax elasticity, and that while the Government has imposed very stringent freezes on expenditures, they have not taken effect yet. I expect that within the next few months they will, and consequently we will have restraint not only through an increase in taxes but through either reduction in expenditures or, what is equally valid, a holding of the line in expenditures. But no matter what the Government does, we have to remember that expenditures at Government level are extremely hard to control.

Dr. Bryce before the committee pointed out that Government expenditures are likely to continue to increase when you consider that government is very labour-intensive—that is to say that a high proportion of the cost of government is labour and that the cost of labour appears to be continually on the increase;—when you consider that we are dealing with a constant population increase, and when you realize that that population is constantly shifting from rural areas to urban areas and demands more intensive services as soon as they come to urban areas; when you realize that we in conscience have new concepts of public responsibility which cost us money, and when you realize that in this country we have accepted the fact that we must rectify national disparities. So if the Government is able to maintain a level of expenditure with all those enormous forces, and if the Government is able to increase its gross national product and through tax elasticity has a greater income, then it is achieving a fiscal restraint, and I suggest to you that today this Government is beginning to achieve that necessary fiscal restraint.

But when we look at the problem of expenditure we have to wonder if the federal Government is really responsible. If we take the expenditure of governments on goods and services and remove from consideration transfer payments from government to government and from government to citizen, we find that the federal Government expenditures in 1952 were 10.4 per cent of gross national product and they dropped to 6.6 per cent of gross national product in 1968, and that 6.6 per cent includes 2.7 per cent on defence expenditures. The municipal and provincial governments, on the other hand, in their expenditures on goods and services have increased from 7.4 per cent of gross national product in 1952 to 13.1 per cent in 1968. Transfer payments from all governments to citizens, that is transfer payments in effect from those who have to those who have not, have increased from 8.5 per cent of gross national product in 1952 to 14.9 per cent in 1968. This would indicate that the control of fiscal expenditures is largely in the hands of the provinces.

The marked increase in expenditures on goods and services by the provinces contrasts with a decrease in federal Government expenditures. Transfer payments are to a very large extent transfers to provincial governments for expenditures that they have to undertake. As the honourable chairman pointed out the Estimates show an increase of 9 per cent in federal expenditures this year over last year and more than half those expenditures accrue to provincial governments on account of outright grants and shared-cost programs. So there we face a dilemma as a government if we are going to impose fiscal restraint. What are we going to do about provincial spending?

We have another problem. What are we going to do about regional disparity? I don't think there is a doubt that by using monetary methods we can restrain the economy, but can we do it fairly? For if we try to restrain the red-hot economy of Toronto, what is going to happen to the economy of Newfoundland?

Monetary restraints, as we found in evidence before the committee, cannot be regionalized; you apply them holus bolus or you do not apply them at all. The evidence suggested that while we must apply monetary restraints to the present inflationary situation, the federal Government has a responsibility to maintain its regional fiscal programs. In other words, it may on the one hand apply monetary restraint, but on the other hand it has to continue with the regional incentive programs. This is another difficulty confronting the federal Government in trying to control its fiscal expenditures and in trying to damp down the economy fiscally. There is no doubt that we need fiscal restraint in order to control inflation. It must run hand in hand with monetary restraint, but we should not think of it in terms of just overall restraint. It is not of benefit just to say that we have a surplus in our budget. What we actually have to have is particularized restraint.

One of the things that came out very clearly in the committee hearings is that, first of all, we must improve our accounting procedures in Government. They are talking of a new cash-flow method—I think Dr. Bryce was talking of it, and he called it a financial flow accounting method—which would show the effect of federal Government expenditures not only on the Government and on the economy generally but also on the whole private sector of the economy. Progress must be made in our accounting methods.

It seems to me that another conclusion that flows from this is that we must have proper fiscal arrangements with the provinces, which not only answer the provinces' problems but which also take into account that if the provinces have now become the big spenders in Government they have an obligation to help control inflation in the economy, and that they must be willing to sit down with the federal Government and talk about restraint just as much as about expenditure.

The last conclusion I draw is that we must have a method of reviewing our expenditures in Government. The chairman has already referred to that fact. It came out in our hearings that we apparently have controls over the expenditures themselves to see that there is no waste in the appropriation, but we do not have any control over whether the program will be effective: will it do the job that has to be done. Is it the best use of the resources that are available?

I cannot emphasize too much that in Canada we must take steps, and take them immediately, to put in a system whereby we can examine not only the programs of tomorrow but the programs that we have had in operation for years, to determine whether or not they are doing the job we want done and whether they are the most effective use of the resources we have at hand.

Honourable senators, my final remark is on taxation disparity. The Chairman has already dealt with that. He stated that in comparing Government expenditures in Canada and the United States we actually compare quite favourably. In 1968 all governments in Canada spent 19.8 per cent on goods and services and 10.7 per cent on transfer payments, for a total of 30.5 per cent of the gross national product. In the same year in the United States they spent 22.9 per cent on goods and services—quite a bit more than we did, about three percentage points, but you must remember they have a $30 billion-a-year war going on in Vietnam—and they spent 6.8 per cent on transfer payments, as against 10.7 per cent in Canada, considerably less. However, for the purposes of this exercise they are much the same: 30.5 per cent of the G.N.P. was expended by governments in Canada, and 29.7 per cent in the United States.

Hon. Mr. Martin: May I ask the senator, is that 29 per cent federal Government expenditures in the United States or all governments? If it is of all governments, does the honourable senator have a breakdown as between state and federal government expenditures?

Hon. Mr. Everett: I am sorry. I do not have that breakdown, but I will be glad to get it for the honourable senator. Indeed, both figures include all governments.

The final point I wish to make is that in financing those expenditures the United States relies more on personal income tax than we do. They get a greater percentage of the revenue they require from personal income tax than we do, and yet personal income tax rates are lower in the United States than in Canada. If you want to combine those with special tax rates on goods and services, they are still lower. The explanation of this paradox is ultimately important to everybody in this chamber and in this nation.

It is a fact that when you compare the percentage of Americans and Canadians in various income groups, you find that there are just too many Canadians in the low income groups.

In Canada, from zero to $4,000 there are 43.5 per cent, as against 30.7 per cent of Americans. Those with incomes between $4,000 and $7,000 total 38.5 per cent in Canada, as against 23.8 per cent in the United States. But look how it changes when you move above $7,000. Only 11.8 per cent of Canadians enjoy an income between $7,000 and $10,000, compared to 20.9 per cent Americans. Then comes the staggering figure. People who make over $10,000 in Canada comprise only 5.8 per cent of the population, while in the United States they comprise 24.5 per cent.

Honourable senators, I will not go into the details with you. I have spoken for far too long—

Hon. Mr. Martin: You have made a good speech.

Hon. Mr. Everett: —but I want to say that when you examine the difference in tax rates at what we call the managerial level—the level of the brain power that runs the machine—you are amazed at the difference. But, it is easily explained when you figure that 5.8 per cent of the population of Canada carries the bulk of the load as against 24.5 per cent in the United States.

Any Canadian would pay a price to stay in Canada. All I say is that we have to take care not to make the price differential so great that even the man who loves his country and wants to stay here says that, having regard to his family, he can no longer afford to do so.

On motion of Hon. Mr. Macdonald, debate adjourned.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Smith (Queens-Shelburne), for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.—(Honourable Senator McDonald).

Hon. Mr. Langlois: Stand until Wednesday next.

Hon. Mr. Choquette: I should like to have an explanation of why we are asked to agree to that. Like many other honourable senators, I was under the impression that this house, as well as the other place, would conclude its business on Friday and adjourn for the summer recess. If we start standing orders until Wednesday next it means that we will be getting into the month of July, and we do not know how far this will go. I should like to hear something from the honourable Leader of the Government (Hon. Mr. Martin) on this. I think that all these items should stand until Friday next in order to give us at least a ray of hope.

Hon. Mr. Martin: Senator Choquette's question is quite justified and understandable. I have been in communication with the leader in the other place, and it now appears that we will likely be here next week. We will, I hope, have a royal assent on Friday. There are some pieces of legislation that should be assented to at the earliest possible moment.

Hon. Mr. Beaubien: Which Friday?

Hon. Mr. Martin: This Friday. I would hope that we shall not be here a week from Friday, but we shall have to be here this Friday. From the program now being unfolded in the other house it seems that we will be here next Wednesday. I wish that I could report otherwise.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

Order stands.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, May 27, the adjourned debate on the motion of Hon. Mr. Argue, for the second reading of Bill S-24, to amend the Canada Elections Act (Age of Voters).

Hon. Keith Davey: Honourable senators, I have followed this debate and studied it with considerable interest. It occurs to me that every conceivable reason for voting against Bill S-24 has been used except the one which I suspect motivates much of this opposition, namely, fear—fear of the unknown, fear of the unpredictable, fear of more than 10 per cent new and untested voters. I have concluded this because we are faced with what I regard compelling reasons for supporting an eighteen-year old vote.

We have listened to a list of negative arguments that have ranged all the way from the

cynical to the ludicrous. Indeed, they have tended to ignore the only potentially valid reason, it seems to me, for denying the eighteen-year old vote, and that is that perhaps people aged 18 are not yet ready to vote. Let me give one or two examples of the arguments that have been used against this legislation.

We have been told that the Senate should not deal with this bill at all, that the Senate should not deal with it in the first instance, and that we should not support it because it is a private member's bill. On the contrary, I think the Senate should initiate more legislation and develop more ideas, and that senators should stop acting like second-class parliamentarians.

We have been told that people from 21 to 25 years of age do not want the 18-year olds to have the vote. It has been suggested that the people aged from 18 to 21 have not been able to mount any campaign in support of the idea of an 18-year old vote. If this is true, then naturally the 21-year olds, having obtained their majority, think that the 18-year olds should have to wait just as they had to wait. However, as I will suggest in a moment, there is contrary evidence even in this regard.

To suggest that people aged from 18 to 20 years should mount some kind of a campaign in support of an 18-year old vote is, I think, complete nonsense. How could they mount such a campaign when we are able to obtain only very little publicity for some of the meaningful things that go on inside this very chamber.

It was suggested that there was no public pressure for an 18-year old vote. This, of course, leads me to wonder whether it is our job to lead or to follow public opinion. In any event, let me point out the result of a national Gallup Poll taken in August 1968. The question asked nationally was:

> In a federal election people don't vote until they are 21. It has been suggested that those aged 18, 19 and 20 should be allowed to vote. Do you approve or disapprove of lowering the voting age?

The results were as follows:

	Approve	Disapprove	Undecided
	%	%	%
National	56	38	6
Age			
21-29	61	33	6
30-39	59	33	8
40-49	58	38	4
50 and over	49	45	6

I think the most ridiculous argument that has been advanced against this legislation is: "Why stop at 18? You will want to lower it to 17, to 16, and then to 15." It seems clear to me, honourable senators, that there has to be some lower age limit set on these things, just as there is for drinking, driving and, yes, going to war. It is unfair to suggest that those who support this legislation would propose a continual lowering of the voting age.

The arguments in favour of the legislation have already been well set forward in this chamber, and rather than catalogue them I would like to expand very briefly on one or two of them. First, I will say a few words about why the age of 21 was arbitrarily chosen in the first place. I came across an interesting quotation by Senator Javitz of New York State on this very point. He said:

> Any choice would be arbitrary, just as the present "age of responsibility" is arbitrary. As a matter of fact, the present standard is borrowed from ancient English common law, which designated 21 as the minimum age for knighthood. (This was supposed to be the age which the young men would be strong enough to bear the weight of armor in battle.) Since we are dealing with arbitrary designations, why not choose the age that marks a definite turning point in a person's life—the usual age for graduation from high school?

Hon. Mr. Connolly (Ottawa West): How do you spell "knighthood"?

Hon. Mr. Davey: With a "k", honourable senator.

I will not go into the argument, which has been well put forward, about the legal rights of a person at 18 years of age, about what a person at 18 years of age can or cannot do. Instead, let me suggest that a person who is not ready to vote at 18 will likely not be ready at 21, will likely not be ready at 40, and probably will never be ready to vote. May I also remind honourable senators in passing that in elections we have consistently used 18-year olds, 19-year olds and 20-year olds with great success in election after election. They have been some of our best workers. Indeed, our respective parties have been pledged to the introduction of an 18-year old vote for a number of years. Almost eight years ago to this very day the then Leader of the Opposition, Lester Pearson, spoke strongly in support of such legislation. In that speech he suggested that the major arguments for proceeding with an 18-year old vote had

already been well set forth by the member from Assiniboia. Of course the member from Assiniboia is now the senator from Assiniboia, our colleague Senator Argue, who is the sponsor of this bill.

I suppose Senator Argue has always been a controversial sort of character, especially so after he had the courage to switch his party allegiance. That, it seems to me, takes a special kind of integrity, and it is worth pointing out that he has remained progressive, dedicated and intellectually honest. He has a very tough role to play, honourable senators, and to his credit I think he plays it well.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Davey: Who are these more than a million new voters? Perhaps to know them is to understand them, because together knowledge and understanding make it difficult for fear to breed. In his speech the other day, Senator McElman reminded us that we live in another world than that which existed from 1914 to 1918 and from 1939 to 1945. Indeed we do. Just how very different the world is can perhaps be measured by trying to view the 18- to 21-year-old population in some kind of perspective. There are, of course, very many of them. In 1867 there were 200,000 people in this age group in Canada; in 1945 there were 650,000 between the ages of 18 and 21 in Canada; now there are 1,200,000. It is estimated that 30 years from now, by the year 2000, there will be 2,200,000 Canadians between the ages of 18 and 21.

It should be noted at once that in discussing this age group I am aware, as you should be, that they are not a unitary mass. I think that has been proven in the five provinces in which Canadians under 21 can vote in provincial elections. They are, I suppose, inclined to take modern technology and modern organizational skills for granted. It is, for example, us and not they who sit open-mouthed as man approaches the very surface of the moon. Instead, it seems to me, these young Canadians focus on far more fundamental ills that have afflicted succeeding generations for a hundred years—problems linked with duties, happiness, privileges, rights and responsibilities.

I honestly believe that the 18-year old in Canada today is more mature and better prepared than any comparable 18-year old before in our history. It is perhaps because of mass media; perhaps it is because of the advancing educational standards. If he is better prepared, then it is equally true, it seems to me, that he is certainly more concerned than any comparable generation in history, a concern which usually manifests itself in a combination of idealism and activism, sometimes of course in protest. If we continue to ignore these young people—and make no mistake, honourable senators, if we reject this bill that is exactly what we will be doing, ignoring these young Canadians—it seems inevitable that this concern will devolve into apathy for most, cynicism for some, and of course violence for a few. Perhaps I should say a word about the current climate of violence, just to observe that it is no more violent than war itself, and to observe that it is certainly neither led nor inspired by people under 21 years of age.

Then who are these dangerous radicals to whom some of us would presume to give the vote at 18? When Lester Pearson became the Prime Minister of Canada, today's 18-year old was 12 years old. When John Diefenbaker became the Prime Minister of Canada, today's 18-year old was six years old. These, honourable senators, are not the people who created inflation, racial strife, national disunity, poverty, overpopulation, pollution, nuclear warfare. On the contrary, these things are our legacy to these young Canadians, and the sooner we involve them democratically in their solution the better it will be for all of us.

I suggest that, as with most reforms, this idea of an 18-year old vote is inevitable. The time to begin is now and the place to begin is here. I suggest, honourable senators, that a favourable vote in this chamber will escape the attention of neither the young people of Canada nor its government.

Hon. Hazen Argue: Honourable senators—

The Hon. the Speaker: I would remind honourable senators that if the honourable Senator Argue speaks now it will have the effect of closing the debate.

Hon. Mr. Argue: Honourable senators, this measure was first presented to this house by me on January 21. It has received a great deal of consideration.

Hon. Mr. Martin: Honourable senators, I have no objection to the honourable Senator Argue speaking, but it must be clearly

understood that if he speaks he could be closing the debate, which is not the intention at the moment. I simply call honourable senators attention to the fact.

Hon. Mr. Argue: Honourable senators, I feel that under the rules, if I am allowed to speak, and I claim my right to speak, it will obviously be the closing of the debate. I think it is time this debate was closed by the democratic procedure of taking a vote.

The Hon. the Speaker: Honourable senators, I informed honourable senators when honourable Senator Argue rose to speak that his doing so would have the effect of closing the debate. If there had been another honourable senator who wished to speak at that time I would have given him the floor, as I would have done if an honourable senator had moved the adjournment of the debate. But as honourable Senator Argue was the only one to rise at that time, I gave him the floor.

Hon. Mr. Martin: Honourable senators, I think what Senator Argue is doing is understandable. He is anxious to close the debate and get it finalized. But I as Leader of the Government am not in a position at this time to give support to that view. I know there are others who wish to speak on the bill. I am merely pointing out to Senator Argue that all matters are not necessarily finally and effectively resolved by voting. I think the consensus technique is more and more becoming one of the best devices we have.

Speaking for the Government at the moment, I can do no more. However, I do know that there are others who intended to speak, and indeed I wished to speak on this matter before we rise for the recess.

Hon. Mr. Choquette: Why do you not adjourn the debate?

Hon. Mr. Martin: That is the intention. But it is Senator Argue's wish now, and it is understandable, that there should be a vote. I am sure he is not taking this step simply to preclude further debate or to prevent someone moving the adjournment of the debate when he knows others intend to speak.

Hon. Mr. Argue: Mr. Speaker, on a point of order, I rose to close the debate. I have been trying for a long time to close the debate. I realize that the Leader of the Government is doing his best on behalf of the Government to do everything possible to delay or prevent a vote. However, I claim that since I was on my feet and was given the right by Your Honour to speak, I was in fact closing the debate, and this event was already taking place. I can appreciate the Leader of the Government if he wishes to postpone this for any reason at all, but I do feel that under the rules of debate in this chamber I have in fact started a procedure which closes the debate and I claim my right to proceed.

The Hon. the Speaker: A point of order was raised by the Government Leader. No other honourable senator rose to move the adjournment of the debate, and so when I gave the floor to Senator Argue I informed honourable senators that his speech would have the effect of closing the debate. Since the honourable senator has begun his speech, I will have to allow him to continue. That means that on second reading, this debate is closed.

Hon. Mr. Martin: May I not speak to ask a question?

Hon. Mr. Argue: I claim the right to speak.

Hon. Mr. Martin: May I ask a question?

Hon. Mr. Argue: I feel that His Honour has given me the floor. It is my right to speak and bring this matter to a vote. I sincerely want it to come to a vote. I feel I am within my rights and His Honour has ruled that the making of this speech has the effect of closing the debate.

The Hon. the Speaker: It is obviously in order for the honourable the Government Leader to ask honourable Senator Argue to yield the floor to him, but honourable Senator Argue has declined to do so.

Hon. Mr. Martin: I simply wanted to ask a question and in doing so to point out to Senator Argue that I am sure he would want to have an opportunity of having this matter tested in the best possible way. Now the fact that there has been this delay of five months, as I have told Senator Argue privately, does not mean that this was lost time. There has been an opportunity given for expressions of opinion. I have no objection as an individual senator to the vote being taken now. I am asking, however, does honourable Senator Argue really feel that he is making progress in this matter by having a vote at the present time and in these circumstances?

Hon. Mr. Argue: My answer to that, honourable senators, is that I feel that five months

has been long enough. I feel that the indications given in this matter by senators who have participated in this debate suggest to me that there is overwhelming support for this measure. There have been ten speeches made and seven of the speakers have given unqualified approval to the principle of the bill and have indicated that they would vote for it; the eighth gave a qualified approval, but said he was in favour of the principle; and the other two senators opposed it.

My training in the democratic process is relatively simple. It is this: once a deliberative assembly such as this has taken weeks, indeed months, to discuss a question of importance, it behooves that body then to make a decision. The worst that can happen to the Senate is either for the Leader of the Government himself on his own behalf, or for some other honourable senator through the initiative of the Leader of the Government, to bring about a protracted adjournment over long periods of time so that the Senate is unable to reach a decision. Now the Leader of the Government is in a position to speak officially for the Government, and obviously I am in no position to speak for the Government. But I have taken the trouble to discuss this question, and to discuss the question of the Senate generally with members of Parliament in private and with some of the honourable leaders' colleagues in the cabinet. I have the very distinct impression that they would like to see us do some things in this chamber, and I feel that this is one that they would be very happy if we were to express an opinion on. I know they are considering it in the other place. I believe that if the Senate passes this measures it will be an indication to the Parliament of Canada that the Senate itself is prepared to take this important step forward.

Therefore, Mr. Speaker, at this time I would ask you with great respect to call for the contents and non-contents.

The Hon. the Speaker: It is moved by honourable Senator Argue, seconded by honourable Senator Croll, that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

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

Hon. Mr. Martin: Next sitting.

Motion agreed to.

29234—107

CRIMINAL CODE

BILL TO AMEND—SECOND READING

Hon. Louis de G. Giguère moved the second reading of Bill C-197, to amend the Criminal Code.

He said: Honourable senators, Bill C-197 is a comparatively simple and short bill which would amend section 177 of the Criminal Code, providing for the addition of a new section 177(a)(1) reading as follows:

> Every one who places or offers or agrees to place a bet on behalf of another person for a consideration paid or to be paid by or on behalf of that other person...

The purpose of the proposed amendment is to make it unlawful for a person to place or agree to place a bet on behalf of another person for a consideration, and it is particularly directed to prevent betting on horse races by making off-track betting facilities illegal.

Honourable senators, may I outline briefly why the Government felt justified in introducing this bill. Prior to 1967 it was generally believed and commonly accepted that it was unlawful to carry on an off-track messenger service or an off-track pari-mutuel service. In July 1967 Mr. Robert Gruhl of Welland, feeling that the Criminal Code did not prohibit an off-track messenger service, decided to operate such a service. He was charged with bookmaking and acquitted at trial. The Crown appealed to the Ontario Court of Appeal and the appeal was dismissed. In due course, the Attorney General of Ontario asked for leave to appeal to the Supreme Court of Canada, but such leave was denied. The purpose of this legislation is to overcome the consequences of the Gruhl judgment and to bring the law into line with what it was prior to this case coming before the courts. The amendment will surely have the effect of clarifying the situation.

Honourable senators will be interested to know that all the provincial attorneys general are unanimous in supporting the proposed amendment which will ban off-track betting. This is a good example of the excellent co-operation that can be achieved between the provinces and the federal Government.

The views of the attorneys general are pertinent and relevant in view of the fact that they are charged with the responsibility of enforcing the provisions of the Criminal Code

relating to illegal gambling. Honourable senators will remember that this chamber recently passed the Criminal Law Amendment Bill, C-150, generally know as the "omnibus bill," which provided for licensing arrangements with respect to lotteries under specific terms and conditions. The present bill constitutes a complete ban on off-track betting.

Honourable senators, if it is your wish, it is my intention, should this bill receive second reading, to move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs for consideration, where more extensive legal and technical information will be provided.

If you wish, honourable senators, you have the opportunity of reading a statement made to the Standing Committee on Justice and Legal Affairs by the Minister of Justice. This statement was accompanied by a copy of the correspondence between himself and the attorneys general of all provinces, as well as a letter addressed to him by the Deputy Commissioner of the Royal Canadian Mounted Police who strongly supported the proposed amendment that is now before you. The Deputy Commissioner stated in his letter that since the decision in the Gruhl case there has been considerable activity by a number of persons with criminal records, and others who could be considered in the "fringe area" of crime, to establish off-track betting agencies across Canada. The Deputy Commissioner further stated that the consensus among the various chiefs of police and the R.C.M.P. was unequivocally opposed to off-track betting agencies.

The Deputy Commissioner was of the view that freedom of off-track betting agencies provide undesirable channels for infiltration of organized crime in our country. Honourable senators will assuredly agree with me that this proposed amendment is highly desirable for the purpose of making it a criminal offence to benefit by off-track messenger service or pari-mutuel messenger service. The Minister of Justice stated before the committee that the provincial authority had advised him that in the light of their experience they were satisfied that the messenger service is easily adaptable as a very effective channel for unlawful bookmaking and, therefore, is a lucrative form of criminal activity and a magnet for organized crime.

Hon. J. Campbell Haig: Honourable senators, I wish to advise the house that I will complete my remarks before 5.30 p.m.

Bill C-197, an act to amend the Criminal Code, was introduced in the House of Commons on May 22 last and was referred to the Standing Committee on Justice and Legal Affairs of that house on June 3 and 4, where a full discussion took place and a number of witnesses were heard. The bill was amended in committee and passed by the House of Commons on June 19 last.

In essence, this bill is designed to prevent the placing of bets on horse-race tracks by a messenger service system. The system works this way: you place your $2 bet with a messenger, who is supposed to take it to the track and put it into the pari-mutuel at the track, for which he receives a fee. There was no suggestion as to how this could be controlled if the messenger either did not place the bet on the proper horse or did not place it at all. The key to this amendment is the commission that is received by the messenger.

As stated by the sponsor of the bill, in July 1967 in Ontario there was an enterprising group that instituted this service. There was a charge laid in magistrate's court under the Code, which was dismissed by the magistrate. Then the Crown appealed and lost; the Crown then appealed to the Supreme Court of Canada for a hearing, which was refused. So, the Crown lost three times.

Honourable senators, it is a cliché to say that betting on all sporting events is here to stay. From horse racing to dog racing, to Grey Cups—you name it—there will be bets placed. However, the attorneys general of Ontario, of Saskatchewan and of British Columbia requested that the Criminal Code be amended. The Minister of Justice held a conference with the 11 provincial attorneys general, and it is stated on page 1145 of the committee's report that the difficulty of obtaining a conviction, in terms of evidence, was that the burden of proof made it virtually impossible because the material, equipment and evidence found on the premises of a bookmaking establishment would be the same as that used by a messenger service.

There has been some opposition to this amendment. Basically, the opposition is to the effect that betting at the tracks on the pari-mutuel system is legal and, therefore, why restrict it to persons going out to the track to place their bets. However, there is a commission obtained by the messenger service, and it is not a case of taking a $2 bill in a grocery store or at your office and taking it to a track. That is done every day, but there is no commission paid to the messenger in that case, and that is the reason for this amendment.

The evidence of Deputy Commissioner W. H. Kelly of the R.C.M.P. of May 13 was to the effect that they had been worried about the activity of a number of persons with criminal records in attempting to get into this messenger service racket, and he believed that such agencies would provide a basis to represent unregulated gambling which would become infiltrated by organized crime. Those are the views of the R.C.M.P., the attorneys general of the provinces, and of the federal Attorney General. He also stated that the revenue obtained from gambling is the lifeblood of organized crime. I repeat, honourable senators, that it is the commission that is obtained by this messenger service that is evil.

There was also a suggestion put forward by the Opposition that provincial licences should be established, but the attorneys general stated that this would be very hard to regulate in order to allow a bet that is placed in the city or town to get to the pari-mutuels in time to affect the odds.

Therefore, honourable senators, I ask you to vote for this amendment. It is with regret that I oppose the intention of the honourable sponsor of this bill (Hon. Mr. Giguere) to refer it to a committee. This bill was considered long and seriously in a committee of the other place, which heard the Minister of Justice, officials of certain provinces, and the R.C.M.P. The provinces of Ontario, Saskatchewan and British Columbia want this amendment passed as quickly as possible.

Hon. Arthur W. Roebuck: Honourable senators, I am delighted to know that all the attorneys general of the provinces and the Attorney General of Canada have agreed to this bill. I would like to say that one ex-attorney general of a province agrees with them.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: My honourable friend Senator Haig said that he would not prolong his speech beyond 5 o'clock. I will say that I shall not detain you more than two minutes.

I should just like to say that in my judgment the control of betting and the exclusion of crooks would be an utter impossibility without this bill. I am strongly in favour of it.

Hon. Mr. Haig: Honourable senators, in answer to Senator Roebuck's question I should like to refer him to page 1148 of Proceedings No. 25 of the Standing Committee on Justice and Legal Affairs of the other house where Mr. Turner, after reading a letter he had written to Mr. Wishart, is reported as saying:

> I wrote to all of the other seven provincial attorney generals in accordance with the quotation from the letter which I sent to the provincial attorney generals of Ontario, Saskatchewan and British Columbia.
>
> I received a reply from all of the provincial attorney generals; all of them recommended an immediate amendment to the Criminal Code along the lines of Bill C-197.

Hon. Mr. Martin: I think that Senator Giguère indicated his willingness to refrain from moving that this bill be referred to a committee.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Giguère: Honourable senators, with leave of the Senate, I move that this bill be read the third time now.

Hon. Lionel Choquette: Honourable senators, I agree with this measure only because I am convinced it is a greater offence to engage in this type of bookmaking than it is to perform an abortion.

Motion agreed to and bill read third time and passed.

INVESTMENT COMPANIES BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-17, respecting investment companies, which was presented on Thursday, June 19.

Hon. Salter A. Hayden moved that the report be adopted.

He said: Honourable senators, I will not announce a limitation, as previous speakers have, to the length of time I might take, but I will say that I shall be very brief.

Bill S-17 originated in the Senate and was referred to the Standing Senate Committee on Banking, Trade and Commerce. I was in communication with the Government Leader in the House of Commons as to the timetable for the passage of this bill through Parliament,

and I was assured that there was no timetable, that the Government wished that every person or organization that had views in respect of this very important piece of legislation should be given an opportunity to present them.

To give the house an indication of the organizations which were concerned about this bill, I will say that the committee heard representations from Industrial Acceptance Corporation Limited, the Canadian Manufacturers' Association, the Association of Canadian Investment Companies, Canadian Pacific Investments Limited, Canadian Pacific Securities Limited, Massey-Ferguson Limited, the Canadian Chamber of Commerce, Molson Industries Limited, the Board of Trade of Metropolitan Toronto, the Federated Council of Sales Finance Companies, George Weston Limited, the Imperial Tobacco Company of Canada Limited, and the Investment Dealers' Association of Canada. In addition, the committee heard Mr. Humphrys, the Superintendent of Insurance, who will be charged with the administration of this bill as and when it becomes law. We also heard the Assistant Deputy Minister of Finance, Mr. Hockin.

The net result was a considerable number of hearings, at which was disclosed a situation which certainly meant that substantial amendment would have to be made to the bill if it were to carry out its original intent.

The real intent of the bill is to close a gap which exists in the present law. The fact that there is a gap, certainly at the provincial end, was indicated, for instance, by the failures of Atlantic Acceptance, Prudential, and Commonwealth Trust, which borrowed money on the security of bonds, debentures, notes, or other evidences of indebtedness, and then invested that money in various ways. What went wrong in Atlantic Acceptance is of course a well-known story. Money was borrowed to a great extent, and supervision was non-existent even though the borrowing was, in many instances, from what we might call sophisticated lenders. There was no supervision in the ordinary way of the investments which were made, as was ultimately established in the loss of substantial amounts of money to the lenders.

The federal authority felt that although these companies that had been involved in this sort of thing were provincial companies, they should tighten up the federal law so as to cover that situation by providing for reporting, inspection and control by registration of this type of company. So this bill S-17 came in.

It was designed, as the Superintendent of Insurance said, to sweep as broadly as possible, so as to gather as much information as possible, even though the result, when that information was assimilated, would be that many of the organizations compelled to report, subject to inspection and all these other things, would ultimately turn out not to be the ones who should be caught, or were intended to be caught, in the reporting procedures of the bill. Therefore, when the matter came before us and all these organizations appeared, this was the burden of their story, why in certain circumstances they should not have to be subject to the reporting procedures.

Let me illustrate that with the example of Massey-Ferguson, who have a substantial world-wide organization, with their holding company at the top. The holding company invests in and holds the shares of all the various subsidiaries, which are the corporate tools through which they carry on their manufacturing operations. That company, in investing in the shares of a subsidiary, and in borrowing money itself to use for that investment or to loan to those subsidiaries, would be subject to the reporting procedures of Bill S-17 as it stood when it came before us. There could not have been a company or situation less intended to be covered by the bill than a situation of that kind. The plan of operations of Massey-Ferguson is a selected method of carrying on commercial manufacturing operations.

When the committee had heard all the witnesses, it appointed a subcommittee, which in due course retained counsel. This subcommittee worked out what it thought would be proper revisions. The Superintendent of Insurance on his own consulted with his minister and his officers and received certain instructions in the light of the information contained in the submissions that had been made. Then the subcommittee and the Superintendent met to exchange their views, and it was surprising to note how close we were in our points of view.

Senator Choquette was kind enough to sit in at one of the meetings of the subcommittee, and I think he can testify that the work was seriously done, that the approach was a sincere and honest approach to get the best possible coverage for this problem without dragging in organizations when no purpose would be served by dragging them in.

Hon. Mr. Martin: The Minister of Finance said so too.

Hon. Mr. Hayden: The Minister of Finance acknowledged in a public statement, and even in a speech he made recently at the Seigniory Club to the Canadian Life Officers Association, most of which was devoted to the objects and purposes of this bill, the quality of study and revision that was being done, and praised it very highly. It will take me only a few minutes to review the main changes.

In the original bill everything seemed to turn on the definition of "business of investment". The two tests were that a company must borrow on the security of its bonds, debentures or notes or evidence of indebtedness, and use its assets or any part of them in purchasing securities of the types listed in the bill on making loans as therein described.

The committee, based on the submissions that were made, felt that that was not a proper definition, because its effect was to sweep in more companies than should be swept in. We felt that the real test and purpose would certainly be in the borrowing; then, the use of all or part of the proceeds of that borrowing for these listed investment purposes. That was the sort of situation intended to be covered. We therefore revised the definition accordingly, which immediately eliminated from the scope and application of the bill a number of companies who should not have been there in the first place.

We then imposed certain limitations at the request of Mr. Humphrys, the Superintendent of Insurance, and with the support of his minister eliminated a number of companies where, even if they did the things contained in the definition we wrote there was ample protection to the lenders, and such companies need not be subjected to these reporting procedures. We therefore proceeded, at the request of Mr. Humphrys, to say that unless a company borrowing money and investing it as provided in the bill did not use in excess of 40 per cent of its assets for such investment purpose, then such company was excluded from the application of the bill. We also, at his request, put in a provision that if a company's borrowings were not more than 25 per cent of its equity, which would be its surplus and paid-up capital, there was ample protection to the lenders. In other words, with 75 per cent of the equity and capital left there as security for a 25 per cent borrowing, there was no need in that situation for the reporting procedure, registration and other features presented in this bill. We went along with those changes.

Mr. Humphrys had raised an initial objection, saying that he chose the asset method of testing whether companies should report or not because administratively it is easier to do than to follow the proceeds and identify a purchase of shares or a loan of money with the proceeds of the borrowing. We said that "use of proceeds" was what the minister wanted to have covered, that he wanted it on that basis, and that it was this substance of the speech he had made. I said that what we would do was require a borrower in that financial field with such investment purposes in mind to file a prospectus with the Superintendent of Insurance in addition to the prospectus required under the Canada Corporations Act, and to disclose the purpose of the borrowing.

Mr. Humphrys had the further objection, that in examining prospectuses it often appeared that many did not give the particular detail as to the purpose of borrowing but said only "For the corporate purposes of the company." We said that in those circumstances we would create a presumption in favour of the Superintendent of Insurance; in other words, if the borrower did not satisfy him that the proceeds were not used in the investment area described in the bill and the onus was on the borrower so to establish, otherwise he must report and be subject to the provisions of the bill. That clarified that situation.

I must speak of myself now. One thing I took very strong objection to was that while we had the reporting and inspecting procedures in the bill, the registration and sanctions in the bill were not to come into force for two years. I told Mr. Humphrys that I would not want to be the minister, nor would I want to be the Superintendent of Insurance in charge of this administration, if the reporting procedures, the filing of the statements required and the inspection that the Superintendent must carry out if he wants further information leading him to the conclusion that there was a deficiency in the assets as against the liabilities, or that the company did not appear to be able to take care of its current liabilities with its current assets—I would not want to be the minister if I had to sit on top of that information for two years before I had any sanction I could apply. That is, a real, substantial and direct sanction; true, there might be some other way of getting it.

Finally, we said that no matter what is involved, the sanctions must be brought in when the bill comes in so that there is at once an effective instrument to deal with this situation.

In addition we took advantage of the sanctions incorporated in the four bills that came to us lately, the Canadian and British Insurance Companies Bill, the Foreign Insurance Companies Bill, the Trust Companies Bill and the Loan Companies Bill, and we borrowed those sanctions which were much tougher than the sanctions in Bill S-17 as it came to us, and we included those in Bill S-17. The result was that if the Superintendent at the stage that he is investigating comes to the conclusion that there is something radically wrong in the company and if steps are not taken at once there may be a dissipation of assets by the time a report is made to the Minister. Who knows what hand might be in the till, and by the time you took effective possession through bankruptcy proceedings or winding up proceedings you would have possession and authority but you might not have the assets. So we adopted one of the sanctions in those bills giving a clear right of way to the Superintendent of Insurance so that he might immediately take possession of the assets of such company. As the first step in such circumstances, we felt it not only desirable but essential to protect the assets, and the Superintendent can move in right away and take possession of them. Such initial step is being taken in the interests of the lenders of the money.

Having done that, other sections provide for further investigation giving rights to the company affected by this—for instance, a right to appeal to the Exchequer Court, which appeal is final. The essential thing is to preserve whatever assets there may be, to insure that there is no further dissipation. The Superintendent went along with this. He said, "How can I object to putting it in Bill S-17 when I put it in these four other bills?" We thought that that was a pretty strong argument in our favour. That proposal was accepted.

Then having brought all these provisions into force at once, at least so far as the registration provisions are concerned, we now have a strong bill. As and when it becomes law, you have a strong bill because of the reporting procedures, the full authority of the Superintendent in consultation with the Minister, and the registration, and then the effectiveness of the registration and how it is an instrument of control over the kind of corporation that is subject to this bill. If their registration is suspended, they cannot borrow in that period, and if it is withdrawn they cannot carry on any business. But the Minister may suspend and may issue an interim or temporary certificate with conditions attached and may give them a certain length of time to comply with these conditions, and if they do not, then he may withdraw the certificate. This parallels somewhat the provisions in the original insurance company acts, trust company acts and loan company acts. It is not novel, but it is a good application of that principle to this bill and makes it a stronger bill.

On the other side of the ledger, we thought the authority given to the Superintendent and to the Minister in relation to auditors was a little more than should be the case, because after all the auditors of the company are the shareholders' auditors. We defined the qualifications that an accountant should have to be an auditor of a company of this kind, and then we gave the Minister certain powers to request information and a report from the auditor on the adequacy of the protective procedures used in the company and things of that kind. So, we are preserving the dignity of the auditor and his position as shareholders' auditor and yet presenting a way in which information could be made available to the Minister and the Superintendent. It was a question of the approach to deal with the situation.

I should tell you that notwithstanding some comment that I have heard in some places, on which for the moment I shall just regard myself as being uninformed, this is a major piece of legislation. There can be no doubt about that. I think strong evidence of this will be seen in public acceptance and appreciation in all areas even among the people who appeared before us and their cases. They certainly expressed themselves as being well satisfied with the hearings they received and with the understanding shown by the committee in dealing with this problem. I am satisfied that when they digest the bill they will appreciate the merits of the bill as prepared in conjunction with the Superintendent of Insurance, with our own counsel and in consultation with the Minister of Finance. The result has been to produce an effective bill of a protective nature which deals fairly with everybody. I could elaborate on this but the *Hansard* reports are available so I need not read them to you at this stage.

However, I should add that since the report was presented one item has come to our notice in connection with the matter of the prospectus I referred to earlier. It was felt that there should be some more flexibility. What I am doing now is moving the adoption of the report, but when the bill comes up for

third reading I propose to move an amendment to provide for greater flexibility. This matter has been cleared with the Superintendent of Insurance and he has had a hand in the drafting of the amendment. I shall not read it to you now, but when the appropriate time comes and I am moving third reading, I shall do so. I simply mention it now because otherwise you may think it strange that having moved the adoption of the report I should, on third reading, move an amendment.

Now, if I may, honourable senators, I would like to give a few credits at this stage to those of the committee who spent long and arduous hours in dealing with this matter. First, credits go to the members of the subcommittee who gave generously of their time and indeed did a considerable amount of homework necessary to understand the bill. We always had a quorum; in fact, we had more than a quorum, we had 100 per cent attendance. I must also give credit to our counsel. I am sure you will be pleased to know, if you do not already know, that he is the son of one of the most outstanding senators we have ever had in this chamber. He is Jim Hugessen of Montreal, a son of Senator Hugessen. He has the mental approach and knowledge of the law which helped him grasp what was involved, and he has done an excellent job. We put him with Mr. Humphrys and his assistants, and the net result is, we think, a pretty good bill.

Now, might I refer to one more matter. Without referring to any discussions that have appeared in the newspapers in relation to the chairman of this committee and in relation to this bill, when the bill was being considered in its revised form by the full committee, Senator Leonard at one stage asked a question of Mr. Humphrys. He said:

> So that, so far as the activities of the Chairman and the subcommittee are concerned, they have, if anything, improved the bill.

And Mr. Humphrys replied:

> Yes, senator, and I believe that it is a stronger piece of legislation than it was with respect to the companies that are subject to it. It may be that as a consequence of the revision, the definition of "investment companies" arrived at by consultation with the subcommittee and on my part acting on the instructions of my Minister will have the result that some companies which were included under the original bill will not be included under this. But I believe that the legislation as proposed in this draft bill is stronger in its control sanctions than the original.

Then, of course, the chairman could not resist the opportunity to ask a question: "You would not say it is a watering down of the original, would you Mr. Humphrys?" And Mr. Humphrys replied: "No, Mr. Chairman."

Hon. Paul Martin: Honourable senators, what Senator Hayden has just said confirms what I am about to say. This afternoon we have had two good examples of the effectiveness of the Senate as a legislative body engaged in what is called "sober thought." The report of the Chairman of the National Finance Committee, Senator Leonard, was a first-class document and provoked an interesting statement by Senator Everett.

Senator Hayden has paid tribute to the members of his subcommittee. He noticed the presence of Senator Choquette as a member of that body at least on two occasions. Therefore, I know that I express the strong conviction of us all in this chamber in saying that we are grateful to Senator Hayden for his contribution to the changes that were made to this particular bill.

From time to time the suggestion has been made that one of the functions of the Upper House should be the pre-examination of bills as well as the ultimate examination of bills going through first, second and third readings. This bill is undoubtedly a better one because of the examination that has been given it by the Banking, Trade and Commerce Committee, by its sub-committee and, in my judgment, notably by the chairman. This is one of the ways in which this chamber fulfils its role. Finally, I want to emphasize that we are all much in Senator Hayden's debt.

Hon. Senators: Hear, hear.

Hon. John J. Connolly: Honourable senators, I do not intend to take more than a few moments, but I do not think enough emphasis can be placed on the debt of gratitude we owe the chairman of this committee for the enormous amount of work that he has personally undertaken. There has been a tremendous amount of work done by the committee and the subcommittee; a great deal of very effective work was done by the son of the former Senator Hugessen, now happily living in retirement; but the main credit for this remarkable piece of work goes to the chairman of the committee. Everyone who served

on that committee was actively engaged in the improvement of this complicated piece of legislation and gave his all, and it was very difficult work.

For my part, while I think the bill is an extremely good one, as far as it goes, and certainly infinitely better than it was as originally drafted, I do regret that some of the proposals I originally made about acceptance companies, before the bill was referred to committee, were not included as a separate section of the bill. This is no fault of the Senate or of its committee or of the subcommittee; it arises out of the fact that there have been difficulties which the Bank of Canada and the Department of Finance had foreseen.

My only purpose in rising is to say that I hope that very soon some remedy will be afforded this particular industry which, curiously, was one of the few industries that came before us and asked for a specific type of regulation.

Having said that, I strongly commend the bill to the Senate.

Hon. Lazarus Phillips: Honourable senators will remember that when this bill was first introduced I raised serious objection to its form, as introduced. I should like to state to honourable senators that I am completely in accordance with the form of the bill as reported by Senator Hayden today.

Before concluding, it is my great pleasure to associate myself with the remarks of Senator Martin and Senator Connolly (Ottawa West), in expressing our appreciation of the wonderful work that was done by the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, Senator Salter A. Hayden. Since I have had the honour to be a member of this chamber, I have never encountered such devotion and assiduous attention to the development of an important bill.

Hon. Senators: Hear, hear.

Report adopted.

MOTION FOR THIRD READING

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

Hon. Mr. Langlois: With leave of the Senate, I move third reading now.

MOTION IN AMENDMENT

Hon. Mr. Hayden: Honourable senators, as I indicated when moving the adoption of the report, I now propose that the bill be amended by deleting section 5 of subsection 13 and substituting therefor a new subsection 13.

May I just remind you that the original subsection 13 of section 5 reads in this fashion:

> Every investment company shall, prior to borrowing any money on the security of its bonds, debentures, notes or other evidences of indebtedness, file with the Superintendent in relation to such borrowing:
>
> (a) a prospectus which complies with the requirement of section 77 of the Canada Corporations Act; or
>
> (b) a copy of any prospectus or document of a similar nature required to be filed with any public authority under the law of any province.

The difficulty was that this was an inflexible sort of provision and did not take care of the situation where borrowing might be of such a nature that under the Canada Corporations Act and indeed under the provincial securities law there is no requirement to file a prospectus, and yet, under the provisions of this subsection a prospectus would have to be prepared just as though it was a transaction in which it had to be filed. So, we decided there should be a little more flexibility.

The amendment repeats the introductory words of subsection 13—and then I will read the rest of it:

> Every investment company shall, prior to borrowing any money on the security of its bonds, debentures, notes or other evidences of indebtedness, file with the Superintendent in relation to such borrowing:
>
> (a) a copy of every prospectus or other document of a similar nature that is required to be filed under the provisions of the Canada Corporations Act in relation to such borrowing;

Now the flexibility comes in.

> or
>
> (b) if no such prospectus or document is so required to be filed a statement of the nature and purpose of the borrowing in such form and detail as may be required by the Superintendent.

That provides the flexibility. It will keep the Superintendent informed, so that he can

satisfy himself as to whether it is truly that sort of transaction which is exempt from the prospectus filing and it is or is not a transaction which should bring that company again within the provisions of section 17.

I move this amendment, seconded by Senator Langlois.

The Hon. the Speaker: Honourable senators, in amendment, it is moved by the honourable Senator Hayden, seconded by the honourable Senator Langlois, that this bill be not now read the third time, but that it be amended as follows:

Delete subsection 13 of section 5 and substitute therefor the following—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Motion agreed to.

THIRD READING

The Hon. the Speaker: Honourable senators, with leave of the Senate, it is moved by the honourable Senator Langlois, seconded by the honourable Senator Roebuck, that this bill, as amended, be now read the third time. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

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

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 1687*)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE
PRESENTED BY HON. T. D'ARCY LEONARD

Ottawa, June 24, 1969

The Standing Senate Committee on National Finance to which was referred the Estimates laid before Parliament for the fiscal year ending March 31st, 1970, has in obedience to the order of reference of February 12th, 1969, examined the said Estimates and now reports, as follows:

1. The Standing Senate Committee on National Finance was authorized in the Minutes of the Proceedings of the Senate, February 12th, 1969, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1970, in advance of Bills based upon the said Estimates reaching the Senate."

2. In obedience to the foregoing, your Senate Committee held seven proceedings on the Estimates, and heard evidence from Professor E. P. Neufeld of the University of Toronto, Professor C. L. Forget of the University of Montreal, Dr. A. J. R. Smith, Chairman of the Economic Council of Canada, Dr. S. Cloutier, Assistant Secretary of the Treasury Board, Mr. R. B. Bryce, Deputy Minister of Finance, Dr. G. F. Davidson, President, Canadian Broadcasting Corporation, and others, all of whom made extremely able and knowledgeable contribution to the Committee. The Committee has examined the said Estimates and submits the following report thereon.

3. The Senate Committee on National Finance has followed the same procedure as in previous years of considering the Estimates in general, rather than embarking upon a detailed study of departments. Such a detailed study would involve a duplication of effort because various Committees of the House of Commons carry out such studies. However, the general study of the Estimates by your Committee is supplemented by an examination of particular votes in those departments where Committee members so desire, and during the current fiscal year such an investigation was made with respect to the Canadian Broadcasting Corporation. The members of this Committee have become concerned with the escalation in recent years in Government loans and other forms of capital assistance to certain Crown Corporations. As the C.B.C. has been, and is expected to continue to be one of the main recipients of such assistance, the Committee was particularly interested in having it represented at one of the meetings. Dr. G. F. Davidson appeared before the Committee to discuss the requirements of the Corporation as approved by the Treasury Board and presented to the House by the Government for the year 1969-70. The requirement was $166 million as compared to $151 million in 1968-69, and this was supplemented by a loan requirement of $30 million as compared to $25 million in 1968-69. The Senate Committee on National Finance views with great concern the rate of growth of operating and capital cost requirements of this Crown Corporation, and the projected escalation in their capital loan requirements for consolidation of facilities in Montreal, Toronto, Vancouver, Winnipeg and Halifax. The Committee's view expressed in a later section of this report, pertaining to the great need to establish priorities in government spending policy, and criteria to assure maximum economic and social benefits in government programmes, particularly apply to the operations of the C.B.C.

4. The Senate Committee on National Finance in its evaluation of the impact of the said Estimates on the economy, gave special consideration to the following areas:

(a) The impact of the Estimates on the short-term cyclical, economic environment, and the consequences for monetary and fiscal policy in attaining the economic goals of full employment and price stability, given regional economic disparity and the presence of cost-push inflation. Professor Neufeld, Dr. Smith, and Mr.

Bryce presented evidence as to the level of inflation we are now experiencing, (Sp?) the regional distribution of unemployment, and the economic forecast for the fiscal year 1969-70. Within this framework, the consequence for prices and costs of the contribution by the public sector to aggregate demand, was discussed.

(b) The long-term trend of the expenditures of the public sector and of the closely related Crown Corporations in respect to their level and rate of growth, and the efficiency of the present division of GNP between the public and private sectors. Professor Neufeld, Dr. Smith, and Mr. Bryce provided the statistical evidence to be found in Charts 1-3 and Tables 4-14, and discussed the causal relationships underlying the growth of the public sector in the 1960's. In addition, the questions of the need to establish criteria to evaluate the efficiency of government expenditure programmes as to realization of economic and social goals, and of the advisability of ceilings on the national debt, were discussed.

(c) A comparison of the experience of Canada in the 1960's as to the rate of growth of public sector expenditures as a percentage of GNP, with that of her major trading partners, and as to their impact on taxes as a percentage of GNP. Witnesses providing such statistics were Professors Neufeld and Forget, and Dr. Bryce.

(d) A comparison of the personal income tax structure and resultant tax burden on individuals living in Canada, and those living in the United States, with emphasis directed towards its implications for the 'brain drain'. Evidence was heard from Professor Forget.

The remainder of the report considers these areas in order and the Committee offers its views and recommendations within each section.

5. The Estimates of the Federal Government for the 1969-70 fiscal year total $11,858 million, which is 9.5 per cent higher than those of the 1968-69 fiscal year—a year in which expenditures increased by about 9 per cent. The annual average increase for the eight fiscal years from 1961-62 to 1968-69 was about 10.4 per cent: so the projected increase for 1969-70 is not only higher than for 1968-69, but it is not much lower than the average annual increase since economic expansion began in the spring of 1961. At the same time the Government has repeated its intentions of achieving a balanced budget in 1969-70 in contrast to an estimated deficit of around $700 million in 1968-69, and deficits of various sizes in each of the years of the current phase of economic expansion.

6. If we look at the statistics on a National Accounts basis, which is more appropriate for economic purposes, the same picture emerges for the fiscal year 1969-70—a forecast surplus of about $250 million compared with a deficit of around $400 million in 1968-69, or a "turn-around" of about $650 million. We may therefore conclude that the budgetary accounts for 1969-70 seem to contain a deflationary element, but that this influence will emerge not from a slow-down in expenditures but from increased tax revenues. Furthermore, the estimated increase in federal revenues results, not from direct fiscal restraint action by the Government, but from the built-in progressiveness of the income tax structure. Evidence before the Committee was to the effect that for every 1 per cent increase in Gross National Production, there would be an increase of 1.1 per cent to 1.2 per cent in federal revenues.

7. It is the view of the Senate Committee on National Finance that some type of consolidated cash budget statement be presented in future years in order to show cash movements between the Government and other sectors of the economy. This would reflect the extra-budgetary matters as well as budgetary matters and give a more accurate assessment of the impact of the public sector on the economy—especially as to its impact on financial markets, private sector liquidity, and the limitations placed upon monetary policy by the banking system's requirements to finance the government's borrowing needs. The Minister of Finance, in the budget of June 4, 1969, stated that the extra-budgetary requirements, excluding foreign exchange requirements, would add up to $650 million less the write-off of the $125 million federal share of the Expo deficit in the fiscal year 1969-70. Mr. Bryce, in his evidence, stated that as these extra-budgetary items are a significant part of the Government's economic activity they should receive greater prominence and scrutiny. The Committee shares this view, and welcomes his assurance that the Department of Finance is investigating more efficient programmes for analysis and control of these items.

8. In the evidence presented to the Committee, there existed a consensus among the witnesses that the Government's move to a position of fiscal constraint is appropriate. The economic indicators suggest that in the fiscal year 1969-70, there will be strong demand-pull inflationary pressures while elements of cost-push inflation remain worrisome. Indications as to the extent of inflation already present are found in the Canadian wholesale price index being 4.4 per cent higher in February 1969 than a year previous, in the consumer price index being 3.7 per cent higher, and in new wage rates negotiated in the fourth quarter of 1968 amounting to a 7.5 per cent increase. Moreover, it is expected that demand will be at least as strong in 1969-70, even though exports are expected to decrease substantially in their rate of growth to 10 per cent as compared to 19.4 per cent in 1968, and imports are expected to increase. This will be offset largely by increases in capital investment, and a continuing high level of consumer spending, and minor increases in inventory accumulation and government expenditures.

9. The Committee has concerned itself with the problem involved in the use of general deflationary measures to restrain aggregate demand because there is excess demand in some areas of Canada while other regions face widespread unemployment. The federal authorities in moving to dampen inflationary pressures in the highly-industrialized areas of Canada run the risk of accentuating unemployment in slow growth areas. Chart 1 showing the unemployment rates of Ontario and Quebec as a proportion of the national average unemployment rate indicates not only that regional disparity is a long-standing phenomenon, but that this disparity with respect to Ontario and Quebec seems to be increasing over the latter part of 1968 and early part of 1969. Your Committee finds this trend disturbing and believes the problem of regional disparity to be the major economic problem of the next decade. Furthermore, it supports Professor Neufeld's hypothesis that regional development programmes should be carried out regardless of the needs of aggregate stabilization policy.

10. The Committee has considered the probable impact of the proposed Federal Government expenditures on the economy, in both their short-term and long-term context: their impact on the short-term cyclical economic environment, and the consequences of monetary fiscal policy in attaining the economic goals of full employment and price stability; and their impact on the long-term efficiency, or productivity, or average standard of living of the nation. Attached hereto are charts and tables showing the trends of expenditures and revenues. When we look at the charts and tables relating to government expenditures, there appear some important trends. All levels of government expenditures on goods and services have increased only from 17.8 per cent of GNP in 1952 to 19.8 per cent of GNP in 1968, but sub-sectors of this classification show marked change. Federal government expenditures on goods and services until recently declined continuously as a proportion of GNP—from 10.4 per cent in 1952 to 6.6 per cent in 1968; this decline in the Federal Government's share, was due mainly to the decrease in defence expenditures though partially offset by the very marked increase in the 1960's in the non-defence sector. The municipal and provincial expenditures on goods and services have increased from 7.4 per cent of GNP in 1952 to 13.1 per cent in 1968. All levels of government transfer payments have also increased significantly—from 8.1 per cent of GNP in 1952 to 14.1 per cent in 1968. Both of these sectors combined show total expenditures increasing from 26.3 per cent of GNP in 1952 to 34.7 per cent in 1968. A glance at Table 4 will indicate the areas of expenditure responsible for the marked increase of the 1960's. Mr. Bryce's explanation of the increase in Federal Government expenditures can be divided into four areas, and this explanation it applicable to the experience of the provinces and municipalities. First, the government expenditures contain a high percentage of labor cost and are highly responsive to increasing wage and salary levels as well as rising prices. Second, population increases through high birth rates and substantial immigration in the post-war period, and the shift in the composition of the population from rural to urban, have led to increased demands, both quantitative and qualitative, for hospital services, water and sanitation, urban transport, the whole urban infrastructure, education facilities etc. Third, broad changes in social attitudes have led to the Federal Government's acceptance of public responsibility in such areas as higher education, old age security, up-grading the labor level of occupational training, financing research and development in science and technology. And fourth, the Federal Government's responsibility for alleviating regional disparities has developed from equalization of provincial revenue yields to upgrading the basic capital infrastructure

of the areas where there is low economic growth.

11. The Senate Committee on National Finance in past reports, has recognized the problems imposed upon the Government by the above forces. The rate of increase of expenditures as Chart 2 shows accelerated in the mid 1960's, and it contributed to inflation, and created uncertainty in the private sector as to the Government's desire for and ability to maintain price stability. This led to the Committee's recommendation that government expenditures do not increase at rates greater than that of GNP when there are inflationary forces present. The Committee holds that this recommendation is still valid, and welcomes the real efforts of the Government to decrease the rate of increase of expenditures in the past two fiscal years. The Committee in its last report also expressed its concern as to the methods of Federal-Provincial cost-sharing programmes where the Federal Government has not had any control over the level or rate of growth of such programmes. This concern is again relevant as of the 9 per cent increase in the Estimates over the preceding year, one-half of this increase is explained by larger payments to the provinces in the form of unconditional fiscal transfers, and for grants in shared-cost programmes in health, welfare, and education. There were additional increases in public debt charges, but it is encouraging that the increase for all other Federal programmes and services provided through the budget were held to less than 4 per cent, which is less than the rate of increase in wages and prices in the country as a whole.

12. The increases in the public sector's share of GNP and the accompanying higher taxation levels in the 1960's, have led the Senate Committee on National Finance to give serious consideration to the implications of this expansion for long-term economic prosperity and satisfaction of social objectives. The Government sector involves a significant portion of the nation's output, but there is an absence of detailed information with respect to the objectives of, and criteria for performance of major government spending commitments. Hence there remains the worry that the nation may not be efficiently allocating its resources in the Government sector. This lack of efficiency in utilization of resources, may take two forms. The first deals with waste in executing specific projects or procedures. The public sector has quite sophisticated machinery to handle this. The second deals with waste from inadequate economic and social benefits derived from given programmes. Your Committee stresses the need for developing procedures to clarify and determine goals and objectives; and to develop methods for providing a more accurate assessment of what certain goals will cost, how they may best be achieved, and what resources are required to meet various ends in relation to the resources available in our economy. The Committee recognizes that some work has been done in this area at all three levels of Government, but feels that such work has just scratched the surface and that great benefits can be derived from more intensive research and consolidation of findings.

13. The Senate Committee on National Finance feels that special attention should be directed towards setting up machinery to evaluate continuously the benefits derived from programmes already in existence, to ensure that they have not become obsolete, or that there are not other more efficient means of obtaining their objectives. The family allowance programme was used by Professors Neufeld and Forget and Dr. Smith as an example of a programme that raises considerable doubt as to whether it achieves its desired social objectives, and even worse, what the social objectives are. In his evidence Mr. Bryce said that it had been indicated publicly by the Prime Minister that the Family Allowance programme is being reviewed to see whether it should be modified and in what respect it should be done. On a more general level, your Committee recommends a review of the principle of universality in welfare schemes. There is a feeling present that those who really need welfare assistance are not getting it and many who do not need it are getting it. The arrival of more sophisticated accounting and administrative procedures make selective welfare programmes more feasible.

14. The Senate Committee on National Finance also heard evidence from Professors Neufeld and Forget and Dr. Smith on the merits of a ceiling on the national debt. All three did not support the idea of such a ceiling and considered that much greater benefits can be derived by the continuous application of efficiency criteria to government expenditures.

15. The Committee also heard evidence as to the comparison between Government expenditures and revenues of different countries, in order to relate Canada's experience

of the 1960's with the rest of the world. The Committee recognizes the difficulties in making international comparisons, and the implications of differences in environment—geographical, social, economic, and political, on the economic involvement of the public sector.

Table 8 shows that in Canada total expenditures of all levels of government in 1968 was 34.7 per cent of the GNP. The table also shows that in 1966 Canada's percentage at 32.2 per cent was higher than that of the United States and Switzerland, but lower than six other major countries. While comparative statistics for later years are not available, the Minister of Finance stated in March of this year that the percentage in developed western nations is somewhere between 30 and 40 per cent of the GNP, and that Canada is about half way between those figures.

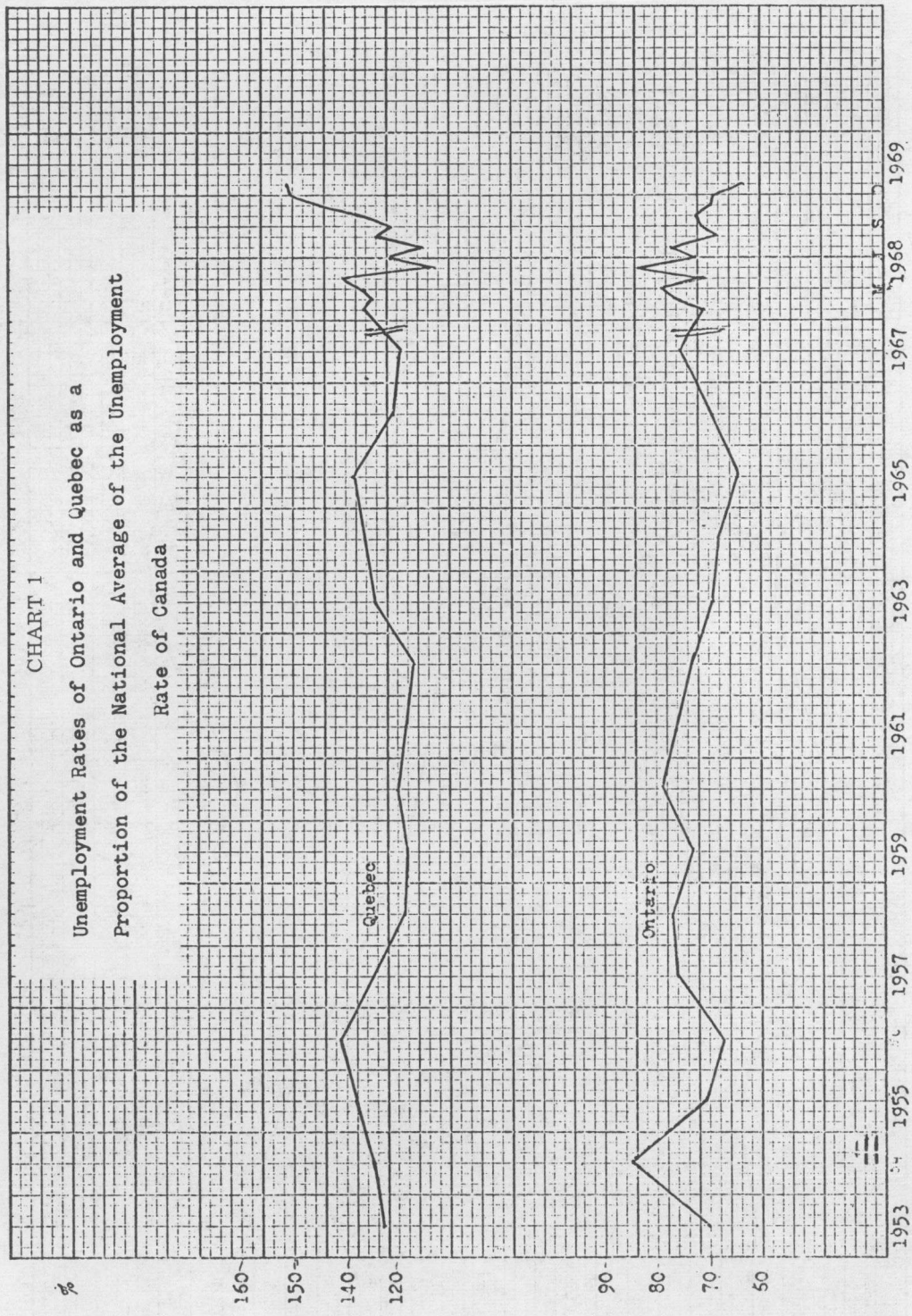
16. The Senate Committee on National Finance heard evidence from Professor C. L. Forget on the relative weight of taxation on incomes of individuals and families in Canada and the United States. Professor Forget did a similar study for the Royal Commission on taxation. In Table 10 he considers the comparative importance of expenditures on goods and services, and transfers to persons by Governments, and concludes that in Canada a high level of public purchases of goods and services plus comparatively liberal transfer payments have entailed a higher aggregate level of Government operations than has been the case in the U.S. This is even more pronounced when you omit the United States involvement in Vietnam. Then he concerns himself with how Government operations are financed, and concludes, as can be seen in Table 11, that the structures of taxes in Canada and the United States have been and are such as to minimize the impact through personal income taxes of the relatively more costly government sector in Canada. Canada is making far less intensive use of the personal income tax, but this is offset by a greater reliance on indirect taxation. Recent changes (since 1966) in the level of personal income tax, and social security contributions, —and in particular the Canada and Quebec Pension Plans, have increased the percentage contributions from these sources closer to the United States level—but a marked difference remains.

When we compare individuals and families in similar circumstances in Canada and the United States as to income tax paid, a rather disturbing paradox evolves. Tables 12, 13 and 14 indicate that the United States families in the middle and upper income levels pay substantially less income tax than their Canadian counterpart. This is a result of the lower ratio of taxable income to gross income which is due to the deduction of items such as mortgage interest, property taxes, state and local sales taxes, and state income taxes, as well as from a more liberal definition of what can be claimed as charitable donations. Another advantage to married taxpayers is the possibility of filing joint returns. The paradox is resolved when you consider that there is a greater percentage of U.S. tax payers in the upper income brackets where a high income tax rate prevails. Table 9 shows this situation very graphically. It will be seen from it that 43.5 per cent of Canadians have incomes under $4000 compared with 30.7 per cent in the United States, and on the other hand only 5.8 per cent of Canadians have incomes over $10,000 compared with 24.5 per cent in the United States.

The Senate Committee on National Finance recommends strongly that in the present revamping of the Canadian tax structure, attention be given to decreasing this differential in income taxes between Canada and the United States in the middle income groups to decrease the incentives of these groups—the professional and management groups—to emigrate to the United States.

All of which is respectfully submitted.

T. D'Arcy Leonard
Chairman


CHART 1
Unemployment Rates of Ontario and Quebec as a
Proportion of the National Average of the Unemployment
Rate of Canada
%
160
150
140
120
90
80
70
50
Quebec
Ontario
1953
1955
1957
1959
1961
1963
1965
1967
1968
1969

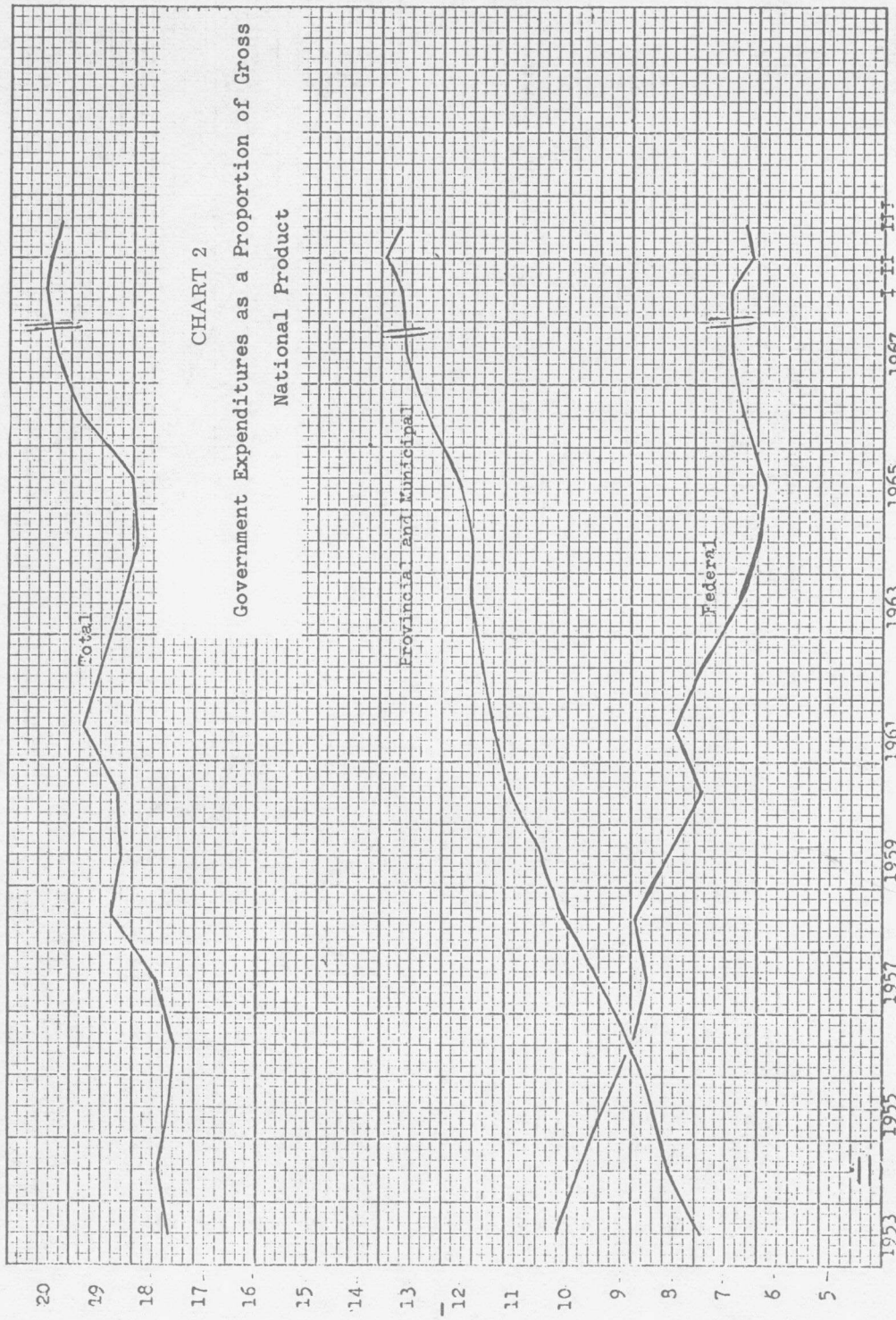
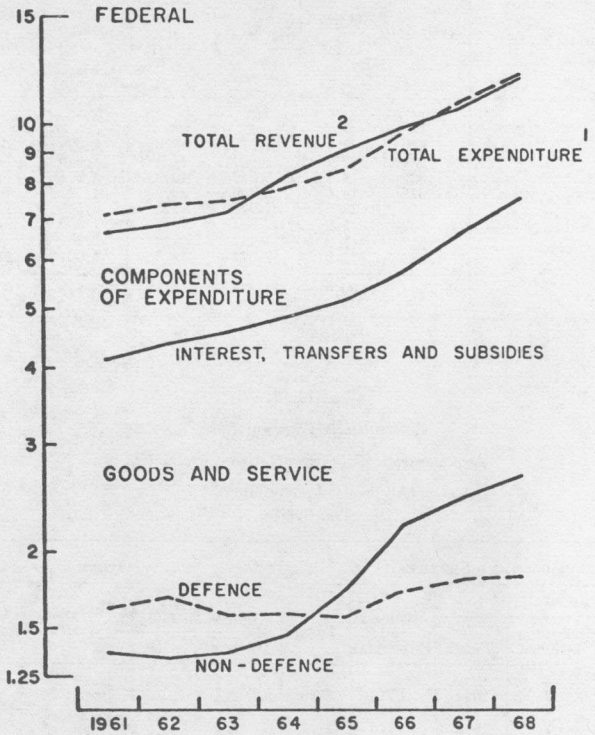
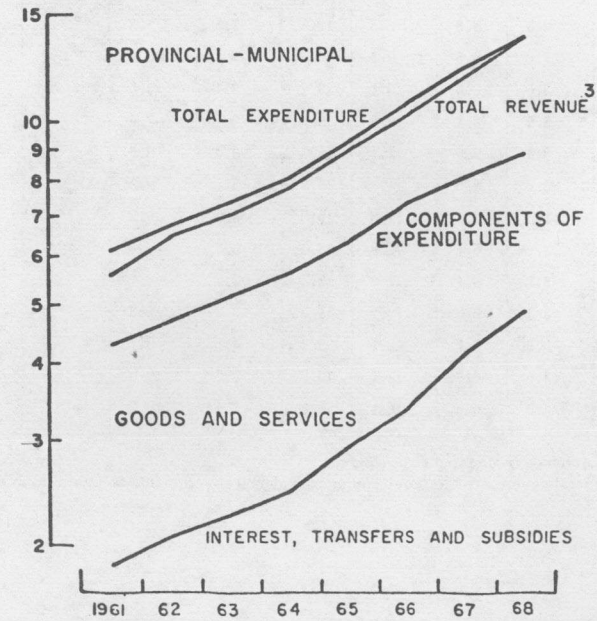

CHART 2
Government Expenditures as a Proportion of Gross National Product
Total
Provincial and Municipal
Federal
20
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
1953
1955
1957
1959
1961
1963
1965
1967
I II III

CHART 3

GOVERNMENT REVENUE AND EXPENDITURE
NATIONAL ACCOUNTS BASIS
BILLIONS OF DOLLARS



1. Includes intergovernmental transfers
2. Excludes C.P.P.



3. Includes intergovernmental transfers but excludes CPP/QPP.

TABLE 4

CONSOLIDATED GOVERNMENT EXPENDITURE

1960-61 and 1964-65
and estimates for 1968-69

	1960-61	Per cent of Total	1964-65	Per cent of Total	1968-69	Per cent of Total	Percentage Annual Growth	
							1960-61 to 1964-65	1964-65 to 1968-69
	$m		$m		$m			
Defence and veterans	1,830	17.0	1,919	13.3	2,224	9.4	1.2	3.8
Health and sanitation	984	9.1	1,604	11.1	2,680	11.4	13.0	13.7
Social welfare	1,629	15.1	2,246	15.6	3,271	13.9	8.4	9.9
Education	1,578	14.6	2,450	17.0	4,625	19.6	11.6	17.3
Transport and communications	1,452	13.5	1,772	12.3	2,560	10.9	5.1	9.7
Natural resources and primary industry	567	5.2	624	4.3	1,080	4.6	2.4	14.7
Debt charges	817	7.6	1,147	7.9	2,101	8.9	8.8	16.3
Other	1,927	17.9	2,674	18.5	5,001	21.2	8.6	16.9
Total	10,784	100.0	14,435	100.0	23,543	100.0	7.6	13.0

TABLE 5

GOVERNMENT EXPENDITURES

As a Percentage of Gross National Product[1]

(All levels of government)
1952-1968

	GOODS AND SERVICES					OTHER EXPENDITURES					
	Federal			Municipal and Provincial	Total	Transfer Payments		Subsidies	Capital Assistance	Total	Total Expenditures
	Defence	Non-Defence	Total			Interest	Other				
1952	7.5	2.9	10.4	7.4	17.8	2.4	5.7	.4	—	8.5	26.3
1953	7.6	2.6	10.2	7.5	17.7	2.4	5.8	.4	—	8.6	26.4
1954	6.9	2.9	9.8	8.1	17.9	2.7	6.6	.3	—	9.6	27.5
1955	6.5	2.8	9.3	8.4	17.7	2.5	6.4	.3	—	9.2	26.8
1956	5.9	2.9	8.8	8.8	17.6	2.3	5.8	.4	—	8.5	26.1
1957	5.5	3.0	8.5	9.3	17.9	2.3	6.5	.4	—	9.2	27.1
1958	5.0	3.6	8.6	10.1	18.8	2.4	8.0	.4	—	10.8	29.6
1959	4.5	3.6	8.1	10.5	18.6	2.8	7.9	.6	—	11.3	29.8
1960	4.3	3.3	7.6	11.1	18.7	3.0	8.6	.6	—	12.2	30.9
1961	4.3	3.7	8.0	11.3	19.3	3.1	9.2	.7	—	13.0	32.3
1962	4.1	3.3	7.4	11.6	19.0	3.2	9.2	.7	.1	13.2	32.2
1963	3.6	3.1	6.7	11.9	18.6	3.3	8.9	.7	.1	13.0	31.6
1964	3.3	3.1	6.4	11.9	18.3	3.2	8.7	.7	.2	12.8	31.1
1965	3.0	3.3	6.3	12.1	18.4	3.2	8.8	.6	.2	12.8	31.1
1966	2.9	3.8	6.7	12.7	19.4	3.1	8.7	.9	.1	12.8	32.2
1967	2.9	4.0	6.9	13.1	19.9	3.2	10.0	.8	.1	14.1	34.1
1968	2.7	3.9	6.6	13.1	19.8	3.4	10.7	.7	.1	14.9	34.7

SOURCE: D.B.S., *National Accounts Income and Expenditure.*

[1]Excludes transfers from federal government to provincial and municipal governments to avoid double counting.

TABLE 6

GOVERNMENT REVENUES

As A Percentage of Gross National Product[1]
(All levels of government)

1952–1968

	TAX REVENUES					NON-TAX REVENUES			
	Direct Taxes								
	Personal	Corporation	Withholding	Indirect	Total Taxes	Investment Income	Insurance and Pension Contribution	Total	Total Revenue
1952	5.3	5.8	.2	11.7	23.0	2.6	1.6	4.2	27.4
1953	5.7	4.9	.2	12.1	22.9	2.6	1.6	4.2	27.1
1954	5.8	4.4	.2	12.2	22.6	2.8	1.7	4.5	27.0
1955	5.5	4.7	.2	12.2	22.6	2.8	1.8	4.6	27.2
1956	5.7	4.6	.2	12.3	22.8	2.7	1.7	4.4	27.3
1957	6.0	4.2	.3	12.5	23.0	2.6	1.8	4.4	27.4
1958	5.4	4.0	.1	12.2	21.7	2.8	1.9	4.7	26.6
1959	6.0	4.5	.2	12.8	23.5	2.9	1.9	4.8	28.2
1960	6.5	4.3	.2	13.0	24.0	3.0	2.1	5.1	28.9
1961	6.7	4.3	.3	13.8	25.1	3.0	2.1	5.1	30.1
1962	6.7	4.2	.3	13.6	24.8	3.1	2.0	5.1	30.0
1963	6.7	4.2	.3	14.1	25.3	3.3	2.0	5.3	30.6
1964	7.2	4.3	.3	14.1	25.9	3.3	1.9	5.2	31.1
1965	7.5	4.3	.3	14.6	26.7	3.2	2.0	5.2	31.7
1966	7.7	3.9	.3	14.6	26.5	3.1	3.2	6.3	32.8
1967	8.8	3.6	.4	14.9	27.7	3.5	3.3	6.8	34.3
1968	9.9	3.8	.3	14.9	28.9	3.5	3.4	6.9	35.9

SOURCE: D.B.S., *National Accounts Income and Expenditure.*

[1]Excludes transfers from federal government to provincial and municipal governments to avoid double counting.

TABLE 7

Federal Government

Budgetary Revenue by Major Sources

Source	Fiscal Year ended March 31			
	1968	1969 preliminary	1970 Forecast after tax changes	%
		($ million)		
Tax revenue -				
Income tax -				
Personal	2,849.6	3,422.0	4,500	37.4
Corporation	1,670.6	2,030.0	2,445	20.3
On dividends, interest, etc., going abroad	220.5	206.0	220	1.8
Sales tax	1,601.1	1,572.0	1,677	13.9
Customs import duties	746.4	760.0	753	6.3
Excise duties and taxes	825.6	886.0	970	8.1
Estate tax	102.2	111.7	110	0.9
Other taxes	0.3	0.3	-	-
	(8,016.3)	(8,988.0)	(10,675)	(88.7)
Non-tax revenue -	1,012.9	1,181.0	1,350	11.3
Total budgetary revenue	9,029.2	10,169.0	12,025	100.0

TABLE 8

TOTAL EXPENDITURE (incl. TRANSFER PAYMENTS) OF ALL LEVELS OF GOVERNMENT*

(Percent of G.N.P. at Current Market Prices)

	1960	1966	1967	1968
Canada	30.9	32.2	34.1	34.7(3)
United States(1)	26.6	27.7	(4)	(4)
Britain	31.2	34.7	37.7	
West Germany	33.0	37.2		
France	34.2	39.7		
Italy	31.4	35.3		
Netherlands(2)	34.3	41.6		
Sweden(2)	29.5	35.2		
Switzerland(2)	18.8	21.5		

* Includes government capital expenditures (except for Sweden and Switzerland where current expenditures only are covered). Excludes loans to and investments in government enterprises (e.g. for housing, farm credit, etc.). Transfers from one level of government to another are eliminated.

(1) Includes capital expenditures of government enterprises.

(2) Includes government enterprises.

(3) Year ending Sept. 30, 1968.

(4) Data on the basis used for 1960 and 1966 is not available but there were increases of about 2.3% in 1967 and 0.5% in 1968 on the most closely comparable data available.

Sources: OECD National Accounts of OECD Countries, 1957 - 1966.
DBS National Accounts Income and Expenditure 1967.
DBS National Accounts Income and Expenditure Third Quarter 1968.
Annual Report of U.S. Council of Economic Advisers, January 1969.
U.K. Central Statistical Office National Income and Expenditure 1968.

TABLE 9

INCOME CLASS BASED ON TOTAL INCOME	CANADA NUMBER	CANADA %		U.S.A. NUMBER	U.S.A. %
Under 2,000	742,443	11.8		9,456,274	15.4
2000 - 2999	940,942	15.0		4,824,324	7.9
3000 - 3999	1,044,646	16.7		4,563,496	7.4
4000 - 4999	967,124	15.4		4,475,270	7.3
5000 - 5999	839,448	13.4		4,901,000	8.0
6000 - 6999	610,658	9.7		5,229,436	8.5
7000 - 7999	377,465	6.0			
8000 - 8999	228,241	3.6	11.8	12,790,360	20.9
9000 - 9999	139,522	2.2			
10,000 - 14,999	256,673	4.1			
15,000 - 19,999	65,112	1.0			
20,000 - 24,999	25,976	0.3	5.8	15,025,104	24.5
25,000 - 49,999	31,745	0.3			
50,000 - 99,999	5,679				
100,000 - 199,999	803	0.1			
200,000 and over	122				
TOTAL	6,276,579			61,265,264	

SOURCE: Canadian Table - Taxation Statistics, 1968, Department of National Revenue.

United States Table - Current Population Reports, 1968, Bureau of the Census.

TABLE 10

Comparative importance of exhaustive expenditures and transfers to persons by governments.

CANADA	1966	1967	1968
Expenditure on goods and services			
a) per capita	$564.	$607.	$643.
b) as a percentage of GNP	19.4%	19.9%	19.8%
Transfers to persons(2)			
a) per capita	$252.	$305.	$347.
b) as a percentage of GNP	8.7%	10.0%	10.7%
UNITED STATES			
Expenditures on goods and services			
a) per capita(2)	$783.6	$895.9	$980.4
b) as a percentage of GNP	20.8%	22.6%	22.9%
Transfers to persons(1)			
a) per capita	$226.	$260.	$291.
b) as a percentage of GNP	6.0%	6.6%	6.8%

SOURCES: DBS Natural Accounts - Income and Expenditures and Statistical Review.

U.S. Department of Commerce "Survey of Current Business."

NOTES (1) Excludes interest on the public debts of governments

(2) Dollar figures are given in each country's currency.

TABLE 11

Comparative Reliance on Personal Income Tax and Social Security Contributions

Percentage of total fiscal revenue[1]	1956		1961		1966	
	Canada	U.S.A.	Canada	U.S.A.	Canada	U.S.A.
Personal income tax	21.33	36.41	22.61	37.28	25.75	
Social security contribution.	3.84	9.82	5.41	13.08	9.40	21.6
Personal income tax plus S. Security constributions	25.17	46.23	28.07	50.36	35.15	
As a percentage of G.N.P.						
Personal income tax	5.11	8.02	5.80	8.45	6.67	
Social security contributions	0.92	2.16	1.39	2.97	2.46	5.1
Personal income tax plus S. security contributions	6.03	10.18	7.19	11.42	9.13	

Note: (1) Total fiscal revenue excludes social security contributions.

TABLE 12

INCOME TAXES PAYABLE BY A FAMILY WITH TWO CHILDREN AND INCOME OF $12,000 IN THE UNITED STATES AND IN CANADA (1966 RATES)

	United States		Canada	Percentage difference
Typical home owner				
New York State	$ 1,419	Saskatchewan	$ 1,914	-25.9
Average for United States	1,318	All provinces other than Saskatchewan, Manitoba and Quebec	1,827	-27.9
Average taxpayer filing itemized deductions				
New York State	1,529	Saskatchewan	1,914	-20.1
Average for United States	1,409	All provinces other than Saskatchewan, Manitoba and Quebec	1,827	-22.9
Average taxpayer using standard deduction				
New York State	1,843	Saskatchewan	2,178	-15.4
Average for United States	1,634	All provinces other than Saskatchewan, Manitoba and Quebec	2,060	-20.7

Note: Income taxes include provincial income taxes and old age security tax in Canada, and average state and local income taxes on the United States. They do not include compulsory contributions to government pension plans in either country. In all cases, the percentage difference is calculated using the Canadian tax figure as base.

TABLE 13

PERCENTAGE DIFFERENCES BETWEEN
UNITED STATES AND CANADIAN INCOME TAXES

Assessable Income	Percentage Difference for Single Persons, No Dependants, Using Standard Deduction	Percentage Difference for Married Couples, No Dependants, Using Standard Deduction	Percentage Difference for Family With Two Children, Itemizing Deductions
$ 1,500	76.5	-	-
2,500	34.8	249.0	-
3,500	16.2	55.4	13.4
5,000	5.2	11.6	18.4
6,500	1.5	1.8	- 18.4
8,000	- 1.3	- 3.7	- 17.3
10,000	- 4.7	- 11.9	- 19.1
12,000	- 5.6	- 15.2	- 22.9
15,000	- 6.5	- 21.5	- 27.3
25,000	- 2.4	- 28.5	- 36.6
40,000	4.5	- 23.7	- 35.0
70,000	7.2	- 14.8	- 28.1
100,000	8.5	- 10.9	- 26.7
200,000	5.3	- 6.6	- 24.3

Note: The percentages shown in this table are calculated so that a "plus" figure shows United States income taxes being higher than Canadian income taxes; a "minus" figure shows United States taxes being lower. In all cases the base of the comparison is the Canadian income tax payable on that income. United States taxes include average state income tax; Canadian taxes include only the lowest provincial income tax. Old age security taxes are included in Canadian tax figures. Compulsory contributions to government pension plans are not included in either United States or Canadian tax figures.

TABLE 14

INCOME TAXES PAYABLE IN THE UNITED STATES AND CANADA BY A MARRIED TAXPAYER WITH A WIFE AND 2 CHILDREN FILING AVERAGE ITEMIZED DEDUCTIONS AT DIFFERENT INCOME LEVELS
(1966 RATES)

	United States Income Taxes				Canadian Income Taxes			
Income	Taxable Income	Federal Income Tax	State and Local Income Tax	Total	Taxable Income	Income Tax	Old Age Security Tax	Total
$ 1,500	-	-	3	3	-	-	-	-
2,500	-	-	23	23	-	-	-	-
3,500	264	37	39	76	530	45	21	67
5,000	1,480	292	56	348	1,912	218	76	294
6,500	2,749	410	68	478	3,345	466	120	586
8,000	4,048	629	86	715	4,706	745	120	865
10,000	5,778	958	107	1,065	6,638	1,195	120	1,316
12,000	7,507	1,286	123	1,409	8,522	1,707	120	1,827
15,000	10,099	1,842	154	1,996	11,354	2,624	120	2,744
25,000	18,774	4,037	247	4,284	20,751	6,633	120	6,758
40,000	31,585	8,498	388	8,886	34,991	13,546	120	13,666
70,000	56,494	20,441	676	21,117	63,653	29,242	120	29,362
100,000	79,815	33,233	912	34,145	92,155	46,451	120	46,571
200,000	157,491	81,924	1,640	83,564	185,720	110,304	120	100,424
350,000	273,964	162,755	3,010	165,765	325,248	212,986	120	213,106
600,000	470,247	300,153	5,206	305,359	559,482	396,635	120	396,755

Note: For both countries, taxable income was calculated by subtracting from income the sum of allowable personal exemptions ($2,400 in the United States and $2,600 in Canada) and total itemized deductions presented in Tables H-3 and H-4. All taxes except United States state and local taxes were calculated at 1966 rates. United States state and local taxes were assumed to be the 1962 averages presented in Table H-2. For the United States calculations, it was assumed that joint returns were filed. Canadian income tax is the federal income tax before deduction of the provincial abatement.

THE SENATE

Thursday, June 26, 1969

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

Prayers.

APPROPRIATION BILL NO. 3, 1969

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-210, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

Bill read first time.

Hon. Leopold Langlois moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

DOCUMENT TABLED

Hon. Paul Martin tabled:

> Report of Canadian Overseas Telecommunication Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to sections 22 and 23(1) of the Canadian Overseas Telecommunication Act, chapter 42, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

TELESAT CANADA BILL

REPORT OF COMMITTEE

Hon. Gunnar S. Thorvaldson, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill C-184, to establish a Canadian corporation for telecommunication by satellite, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Mr. Langlois: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 748 to 751, inclusive, and moved, with leave of the Senate, that the said reports be taken into consideration now.

He said: Honourable senators, with your indulgence, I should like to have these reports adopted now. In this connection may I make a report which I think everyone in the chamber will be pleased to hear? At six o'clock last evening our Divorce Commissioner, the honourable Charles A. Cameron, Q.C., heard the last of the cases that are to be tried, so far as we know now, under the provisions of the recent bill on divorce which left to us the cleaning-up of the docket.

Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: It has taken us almost a year to do so.

There are seven cases, some of them dismissals, which have been tried but have not been reported or have gone through the usual bookkeeping routine. These cases will of necessity be held over until the fall. There will be no more trials, so far as we know, but there will be some cases to present to the chamber when we return towards the end of September next.

In this connection, I wish to pay tribute to our Senate Divorce Commissioner, the Honourable Mr. Cameron. He is of retiring age, as you know, but he has devoted himself to this work with an industry and devotion which merits our attention. He has worked very hard and very successfully. He is a jurist of high standing. His work is meticulously careful. Since Mr. Justice Walsh ceased to be Commissioner and commenced his work in the Exchequer Court, the Honourable Mr. Cameron has been in charge, and the task of completing the work has been much more difficult and much more voluminous than we thought in the early stages. He has devoted himself to it with remarkable industry and, I think, has worked harder than his health should have permitted.

Honourable Mr. Cameron has not made all the reports, by any means. He has heard the last case, unless something occurs, which I do not now anticipate. So, all that will remain of

the work of the last hundred years will be presented here when we return to Parliament in the autumn. He will prepare these reports during the recess.

I thought honourable senators would like to know of the progress that we have made.

Reports adopted.

CANADA ELECTIONS ACT (AGE OF VOTERS)

BILL TO AMEND—MOTION FOR THIRD READING

Hon. Hazen Argue: Honourable senators, I have checked and I feel that under the rules I have the right to move third reading of this bill. Therefore, I now move that Bill S-24, an Act to amend the Canada Elections Act (Age of Voters), be now read a third time.

The Hon. the Speaker: It is moved by the honourable Senator Argue, seconded by the honourable Senator Sparrow, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Argue: Honourable senators, I was pleased that the Senate saw fit yesterday to give this bill second reading. I think it marks a milestone, at least for many years, in the passage of a public bill in this house standing in the name of a private member. I believe the last time such a bill was passed by the Senate was back in 1951, when one was passed standing in the name of Senator Euler, to amend the Dairy Products Act of the day, in order to initiate the final legalizing of the sale of margarine.

Of course, this bill has not yet passed the Senate; it has passed second reading and is now being debated on third reading. However, I believe that if one can gauge the mood of senators by the speeches that have been made on second reading, the Senate would wish to pass this bill and send it to the House of Commons. It will then be the duty of the Government to deal with the measure by letting it stand, by passing it, or by sending it to a committee that has already been established to deal with amendments to the Elections Act. It is my hope that the Senate itself will not kill this bill by failing to deal with it during this session.

Honourable senators, I submit that the only way to deal with this bill effectively is to pass it before the Senate adjourns for the recess. It will do the Senate good to pass this measure and send it to the House of Commons. The House of Commons can then, as we would expect it to do, take the responsibility of deciding what to do with it.

I hope that the leadership of the Government in the Senate will not find it necessary to send this bill to a committee. This measure has been before this house for a long time, and the subject has been discussed by the public at length. The wise course for the Senate is to pass this bill, and send it to the House of Commons.

MOTION IN AMENDMENT—REFERRED TO COMMITTEE

Hon. Leopold Langlois: Honourable senators, I move that this bill be not now read the third time, but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Argue: Guillotine!

Hon. Mr. Prowse: Will the honourable senator permit a question?

The Hon. the Speaker: I shall first put the motion in amendment.

Honourable senators, it is moved by the honourable Senator Argue, seconded by the honourable Senator Sparrow, that this bill be now read the third time.

In amendment, it is moved by the honourable Senator Langlois, seconded by the honourable Senator Gouin, that this bill be not now read the third time, but that it be referred to the Standing Committee on Legal and Constitutional Affairs.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Mr. Langlois: Honourable senators, I have always felt that this bill was a very important piece of legislation. My opinion in this regard has been reinforced by the many excellent speeches that have been made so far on the subject in this chamber. I wish to pause here and warmly congratulate the sponsor of this bill (Hon. Mr. Argue) and all those who have participated in this very interesting debate.

As honourable senators will recall, before the Orders of the Day were called yesterday I made a brief statement on the agenda for the day, underlining the fact that it had been arranged so as to permit two important committees to meet as scheduled during the afternoon, with a minimum of interference with the dispatch of public business here. I then pointed out that the Special Committee of the Senate on Science Policy and the Standing Senate Committee on Foreign Affairs were to meet at 4 p.m., and at the same time I expressed the hope that we would complete

our business by that hour. However, it turned out that my calculation as to timing was off, and we did not terminate our business until after 5 p.m., with the result that many of our colleagues were called upon to leave this chamber earlier to attend the meetings of these committees.

When Bill S-24 was called many of our colleagues had already left. Although I had intended to participate in the debate, on second thought I deemed it improper to ask honourable senators to give further consideration to this important measure in the absence of so many of our colleagues. I even went so far as to rise at the conclusion of Senator Davey's speech to ask for the floor, but I failed to catch Mr. Speaker's eye. Incidentally, this is part of the price I have to pay for the privilege of working in the shade of such a great man as my present deskmate and leader.

Hon. Senators: Hear, hear.

Hon. Mr. Flynn: You may take a bow.

Hon. Mr. Martin: I am too embarrassed.

Hon. Mr. Langlois: I was anxious to speak on this bill in order to underline its many and varied implications. As presently worded, the bill merely seeks the lowering of the voting age from 21 years at present to 18.

If we are to accept such an amendment to the Canada Elections Act, should we not be logical with ourselves and further amend the act to lower the age of candidates to 18 years also? This is a matter which calls for a good deal of consideration and study, because if we were to so lower the age of candidates we would have to take into account the legal capacity of the would-be candidates under the age of 21 to enter into contracts for election expenses. As you know, legal capacity is a matter which comes under the jurisdiction of other legislative bodies.

I need not go further into the implications of this bill and of any consequential amendments to the Canada Elections Act which might flow from its adoption in order to draw the attention of the honourable senators to the importance of giving this measure complete consideration and study. Furthermore, at the present time, there are some 14 bills proposing similar or comparable amendments to the Canada Elections Act before the House of Commons, six of which propose the lowering of the voting age. All these bills, together with the Canada Elections Act, minus the sections dealing with election expenses, have been referred to the Committee on Privileges and Elections of the other place.

I believe that this chamber owes it to the Canadian public generally to give ample consideration to this important measure and its implications, and also give the benefit of the advice of one of its most excellent committees to those in this house and the other place who will be called upon to vote on the question.

In moving that this bill be not now read a third time but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs, I am convinced that honourable senators will not consider this move as a delaying tactic in view of what I have said as to the importance of further consideration and in view also of the attitude taken in the other place on similar measures. I need not add that if this bill were to be sent to the other place this day it would very likely receive the same treatment as that given to those of similar nature which have been referred together with the Canada Elections Act to the Committee of the other place on Privileges and Elections. I therefore commend my motion to the consideration of honourable senators.

The Hon. the Speaker: I understand that the honourable Senator Prowse has indicated that he wishes to ask a question.

Hon. J. Harper Prowse: Can the honourable senator indicate what groups, if any, have indicated that they desire to appear and to give evidence with regard to this particular bill?

Hon. Mr. Langlois: The bill has not been referred yet and I do not think the public knows now that it is going to be referred, so how can I know what groups would be interested in testifying before the committee?

Hon. Mr. Prowse: Honourable senators, within that information, may I say a word or two?

The bill has been on the Order Paper for five months. It has been the experience of those who have dealt with other bills that where there is a desire on the part of anyone to come and give evidence, that fact is in the hands of members of this house, or at least of the chairman of the committee, well before we ever get to second reading stage, let alone to the committee stage.

As far as the arguments are concerned about all the other implications in lowering the voting age, this is an ingenious argument, but the facts do not support it. The

simple fact is that in several of the provinces we have lowered the voting age without lowering the age in other respects, and there was no problem. There is no problem here. There is no need at all to deal with the age at which people can be elected to Parliament, when we are dealing with a very simple matter, solely that of the voting age.

There is a clamour about the lack of responsibility in certain of our young people today. On the other hand, we are faced with the irrefutable fact that never before in history have young people of high school leaving age, which is 18, been as knowledgeable or as prepared to accept the responsibilities of citizenship.

This bill merely provides a means by which we hope it will eventually be possible for these young people, who are ready to accept some kind of responsibility, to be given the kind of responsibility which will make them responsible for building the country and not just for protesting against things which now cause them only frustration.

That is the simple thing that this house is being asked to do. To send this bill to a committee at this stage is, in my opinion, unwarranted delay of the day when we give to those young people a right which they deserve and which Canada would be the better for if they had it now.

Hon. Arthur W. Roebuck: Honourable senators, as chairman of the committee to which it is proposed to refer this bill, perhaps I may be pardoned if I say a few words about it.

To begin with, let me assure my friend Senator Argue that I am voting for this bill.

Some Hon. Senators: Hear, hear.

Hon. Mr. Roebuck: Moreover, I am strongly in favour of it and I endorse every word Senator Prowse has said with respect to it and the desirability of its being on the statute book as soon as is reasonably convenient and possible. Therefore, my attitude with regard to the bill is one of complete support for it.

However, I would point out that in the Commons there are now some 20 bills—12 of which are either here or there, passed or ready to be passed. In addition, there are eight which are close to that category and which will wait over until next fall.

Therefore, to send this bill to the Commons now will advance it no further than if we keep it within our own control over the recess and send it down in the fall. Additionally, I assure Senator Argue that I will give him every co-operation in the meantime. If we send it to the Commons now it will be pigeonholed until the fall and no action taken with regard to it, beyond referring it to a committee, to be held in cold storage with a half dozen private bills already pigeonholed.

It would be very easy for me to convene the committee, and in five minutes we could report the bill back to the Senate. But we will get nowhere by doing that. On the other hand, should we keep it here until the fall and then, in co-operation with Senator Argue and others, we can call a number of people, some of them prominent, and people who are in favour of this bill, and we will make it alive at that time.

Hon. Mr. Choquette: You have disqualified yourself as chairman of the committee, I think.

Hon. Mr. Roebuck: I will be chairman at that time.

Hon. Mr. Choquette: But you are giving an opinion, a long way in advance of consideration by the committee.

Hon. Mr. Thorvaldson: You are suggesting that you will call only those people who are favourable to the bill. I am not unfavourable to the bill, but I am amazed at such a statement.

Hon. Mr. Roebuck: I did not say I was going to invite only those who are favourable. I pointed out to Senator Argue that, in co-operation with him, he could call all those who are in favour of the bill. I did not say I would not call those who are unfavourable, or any one whom any member of this chamber or others may suggest. I think every one here knows that I am not the kind of chairman who would restrict the hearing of any one.

I am talking only about the advantages of what we are doing. If we pass the bill now and it goes to the Commons, it will go into a pigeonhole and stay there, and it will come out of cold storage in a perfunctory way in the fall. On the other hand, if we send it to a committee of our own house at this time and in the fall we take it up again and make it a live issue—as we will—the bill will get very much better consideration than if we pass it now.

I do not think we need any more evidence with regard to it, but that is not the point. Probably every senator here has already made up his mind as to whether he is in favour of it or opposed to it. It is not so much the argument here one way or the other, as it

is the argument which we can convey to the country at large if we keep it in our hands until the time for decision arrives. Those who are interested in its favourable disposal at that time can send it on to the Commons. In that way we will be doing far more for the bill than if we deal with it rapidly now.

As chairman of the committee, I say that we are not looking for work; there is plenty of work still to be done. Nevertheless, I think the wise course is to send this bill to my committee, keep it over the recess and make it a live issue when we come back.

Hon. John M. Macdonald: Honourable senators, speaking personally, I do not think I can vote in favour of the motion as amended, although I would be in favour of the bill itself even though it does not go as far as I would like to see it go. The honourable Senator Langlois mentioned that perhaps the whole matter of election should be looked at, including giving 18-year olds the right to be candidates. I agree that this is a good idea, but this bill deals only with the right to vote. While I have said that it does not go as far as I would like it to go, at least in giving 18-year olds the right to vote we are making some progress.

Mention was made of all the bills dealing with this subject now before the House of Commons. I think this goes to show that public opinion is in favour of lowering the voting age to 18, and I do not think we need consider at this time any further complications as to whether 18-year olds should be allowed to be candidates or have the right to make contracts or other considerations. Let us deal with the principle of this bill which is simply to lower the voting age to 18.

Mention has been made of the Election Act itself. I say, if it needs a good going-over, let the House of Commons do it. If we try to do it the criticism will be levelled at us that we are interfering with their work. In all the arguments that have been advanced I have not heard any good reason why this bill should be defeated on its merits, but there have been several good reasons as to why it should be passed on its merits. I see absolutely no validity in the argument that we should hold the bill up now and send it to committee. This bill has been before us for five months, and perhaps when we come back in the fall it will be before us for another five months. For all we know it may never be sent to the House of Commons. Even then, we have no guarantee that it will be dealt with in that house in the fall any more than we have now.

Honourable senators, let us pass the bill now and show how we feel about giving the vote to 18-year olds. Personally, I am in favour of doing so.

Hon. Keith Davey: Honourable senators, I find myself almost speechless, but more from sorrow than anger. Senator Prowse suggested that what we are witnessing is an unwarranted delay. I would suggest that perhaps the honourable senator is being too kind. I think it is a stalling technique, a delaying technique.

I spoke yesterday on second reading of this bill and said that much of the opposition to this legislation is based on fear. For the life of me, I cannot understand why the Government leadership in the Senate is afraid of this legislation. The point has been made by Senator Langlois, Senator Roebuck and others that there are a number of similar bills before various committees in the House of Commons at the present time. For that reason alone, I think this would be a particularly significant time for us to indicate exactly what is the thinking of the Senate.

Senator Roebuck—and he well knows I have no colleague in this place for whom I have greater respect—suggested we should perhaps pigeon-hole this legislation until the fall. Well, if it is going to be pigeon-holed, let us not do it here; let it be pigeon-holed in the other place. I must say I regard the suggestion, not perhaps as an attempt to derail this legislation but certainly as an attempt to shunt it aside. I think it would be most regrettable if we were to do that.

For that reason, honourable senators, I vote that we support this legislation and that we pass it now.

The Hon. the Speaker: Honourable senators, it is moved by honourable Senator Argue, seconded by honourable Senator Sparrow, that this bill be now read the third time.

In amendment it is moved by honourable Senator Langlois, seconded by honourable Senator Gouin, that this bill be not now read the third time but that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs. Is it your pleasure, honourable senators, to adopt the honourable Senator Langlois' amendment?

Hon. Mr. Argue: Mr. Speaker, I would request that you call for the contents and non-contents.

The Hon. the Speaker: I am first of all putting the motion in this way, and then if there is uncertainty as to agreement, I shall ask for the contents and non-contents.

Is it your pleasure, honourable senators, to adopt Senator Langlois' amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, there is uncertainty as to agreement. I now ask those in favour of the amendment to say "Content."

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the amendment moved by honourable Senator Langlois will please say "Non-content."

Some Hon. Senators: Non-content.

The Hon. the Speaker: In my opinion the non-contents have it.

(And more than two honourable senators having risen.)

The Hon. the Speaker: Please call in the senators.

Amendment of Hon. Mr. Langlois carried on the following division:

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The Hon. the Speaker: Honourable senators, I declare the amendment carried.

Bill S-24 is therefore referred to the Standing Senate Committee on Legal and Constitutional Affairs.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Joint Committee on the Library of Parliament recommending that the House of Commons reading room be designated the Parliamentary Reading Room, that section 10 of the regulations of the Library of Parliament be so amended, and that the regulations of the Library of Parliament be further amended as set forth in the said report, which was presented yesterday.

Hon. Leopold Langlois moved that the report be adopted.

Report adopted.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the reports of the Standing Committee on Divorce Nos. 732 to 747, inclusive, which were presented yesterday.

On motion of Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, reports adopted.

RESOLUTIONS PRESENTED

Leave having been given to revert to Presentation of Petitions:

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following resolutions:

Resolution 585, for the relief of Arthur Lemay dit Delorme.

Resolution 586, for the relief of Andre Caron.

Resolution 587, for the relief of Lucien Dollard Laurin.

Resolution 588, for the relief of Henri Fraser.

Resolution 589, for the relief of Josef Prucha.

Resolution 590, for the relief of Paul Lachance.

Resolution 591, for the relief of Andre Gingras.

Resolution 592, for the relief of Clarence Harding.

Resolution 593, for the relief of Lucien Desruisseaux.

The Hon. the Speaker: Honourable senators, when shall these resolutions be taken into consideration?

Hon. Mr. Roebuck: Honourable senators, I move that these resolutions be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate resumed from yesterday consideration of the report of the Standing Senate Committee on National Finance to which was referred the Estimates laid before Parliament for the fiscal year ending March 13, 1970.

Hon. John M. Macdonald: Honourable senators, I ask leave to yield to the honourable Senator Grosart.

Hon. Senators: Agreed.

Hon. Allister Grosart: Honourable senators, I should first apologize to the Chairman of the National Finance Committee, of which I am a member, for the fact that I was not in the chamber yesterday to hear his speech on presenting the report. I also apologize to Senator Everett, who has been a very busy member of the committee, and who also spoke yesterday.

I am sure other members of the committee would wish me at this time to draw particular attention to the fine work Senator Leonard has done as chairman of this committee.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: As he said in his remarks yesterday, this is one committee that has had no problem maintaining a quorum at its meetings, and I think a good deal of the credit for that goes to Senator Leonard.

When I was appointed to the Senate, the Finance Committee was not very active, but four or five years ago it began to assume a responsibility for the examination of the Estimates and Public Accounts. I recall that it was Senator Leonard who brought about the new look in the attitudes of the committee members and who yielded to his successor, His Honour, and then, later, responded to the call to return as chairman of the committee.

As one who has long been interested in the subject of the public purse, I have learned more in that committee than from any reading I have done outside. As a matter of fact, two statements might be made in this connection. One is that in Canada we have practically no textbook literature on this very important subject of the Estimates and Public Accounts. Norman Ward's book *The Public Purse* is the only one that deals with it and it only deals with the supply side, without going into ways and means. There are important aspects of the spending of public money in Canada contained in the proceedings of the Senate Finance Committee over the years that are not to be found anywhere else. These derive from evidence given over the years by Dr. Davidson and Mr. Bryce, in their official capacities, and others, in respect to public spending. I personally hope that Senator Leonard will give serious consideration to publishing, perhaps in hard-covered book form, some of this information. I am sure that were he to put the suggestion to an expert in this field, he would agree that there is information contained in our reports of proceedings that is not to be found anywhere else, and which would make a contribution to the understanding of those who are so anxiously and earnestly studying this question of public financing in Canada today.

Senator Leonard pointed out that the report was produced "under the gun." In our last session we sat until after eleven o'clock on the final night, which perhaps explains one oddity in the report, appearing at the top of page 1707 of the *Debates of the Senate*, where there appears a statement about the inflation we are now experiencing. Honourable senators will see between brackets the letters "Sp?". Obviously, at the time the report was prepared someone questioned the spelling of "experiencing." I can assure honourable senators that it is spelled correctly, but it is an indication of the intense scrutiny the committee gives such matters, that we even check up on our spelling and are not ashamed to indi-

cate in our report that at one point someone was not quite sure how to spell "experiencing."

If I may make a few random comments about the report, as it appears in our proceedings and in our *Hansard*—I say "random" because I have not had much opportunity to study the report in its final form—I would say first that it is a report which was agreed to unanimously by the committee. So, in any remarks I make I am not suggesting that I disagree, in essence, with the conclusions before you. However, there are a few personal qualifications I would like to draw to the attention of honourable senators, and I shall not take long.

May I start with paragraph 5, which comments on the performance of the Governments in respect to expenditures as they have risen but, unfortunately, have not fallen over the years. The committee reports that in the Estimates for 1969-70, which is the current fiscal year, the Government contemplates spending 9.5 per cent more than in the last fiscal year. Last year's expenditures were 9 per cent higher than the year before; and the average of the eight fiscal years from 1961-62 to 1968-69 was about 10.4 per cent.

The committee appears to take some small comfort from the fact that the current and the last two years' total federal Government expenditures are not quite as high as they were in the preceding period since the present economic upsurge began. There is in paragraph 7 a complimentary reference to the Government as a result of the fact that it has announced that not only will the budget be balanced this year but that there will be a slight surplus.

I am always a bit concerned about the claims of any government that it has balanced its budget. The balancing of a budget is not in itself as important as the level at which the budget is balanced. It is very easy to balance a budget. All you have to do is impose enough taxes to meet your expenditures. I am very glad to see that the emphasis in the whole report is not on balancing the budget, but on controlling expenditures. I do not know whether the consensus is that the Minister of Finance is overly optimistic that he will balance the budget next year. I hope he is not.

The committee also addressed its attention to one sector which is likely to be of the greatest importance in the economy in the current year, although I am afraid it is not of the kind of importance that the Minister of Finance will welcome. I refer to the forecast of a very serious slow-down in the rate of increase of Canadian exports next year. The increase in exports last year was 19.8 per cent, or almost 20 per cent. That increase is expected to decline to 10 per cent next year. In other words, the percentage increase will be cut in half.

I need not tell honourable senators that one of the main reasons for the very buoyant situation in our economy at the present time is the spectacular rise in our exports, and particularly our exports of manufactured goods. If we are to have a falling off in the rate of increase in exports, particularly of manufactured goods, then the impact of that may have a rather more serious effect on the public revenues than has been suggested.

Paragraph 9 of the report contains comments on the general differential in terms of affluence between Ontario and Quebec and the rest of the country. I do not think Senator Leonard will object if I say that in committee the question was raised as to whether such a generality was entirely valid. For the information of honourable senators I will say that the committee is fully aware of the danger in dealing with this in such general terms, because obviously there are depressed areas in Ontario and Quebec. I am sure that no member of the committee would want it to be assumed from this report that we think all is well in Ontario and Quebec, and that all is not so well in the rest of the country.

In paragraph 10 the committee deals with the matter of the total expenditures at all levels of government. I note from yesterday's *Hansard* that some interesting questions were asked by honourable senators. Criticism of the Government based merely on the arithmetic of its expenditures is obviously not always warranted, and I hope that in due course the committee might be able to segregate, for the information of honourable senators, the various sectors of expenditure, because obviously a very high level of transfer expenditures should not be regarded, in the narrow sense, as federal Government expenditures. Transfers are largely bookkeeping items. They are the result of certain constitutional anomalies which require or motivate the federal Government to collect money, and transfer it directly to the provinces or individuals. In doing that it is, of course, assuming and responding to a national responsibility.

However, it is worth noting that the federal Government's share of total government expenditures in Canada today is only one-half of the total, and this is considerably lower

than it was in earlier years. It is even more interesting to note that if we narrow the expenditures down to what might be called the cost of running the Government of Canada, we find that the federal Government has done rather well over the years. I am referring to the figures given in the report concerning expenditures by the federal Government on goods and services. Goods and services, of course, include the salaries paid by the federal Government, and the cost of goods of various kinds. The percentage of the gross national product that the Government required in this area from 1952 to 1968, which is the last year for which we have full figures, runs from 10.4 to 6.6 per cent. This indicates, of course, that the main reason for the rise in total expenditures is demand on the federal Government for purposes other than the administration of the Government of Canada.

There are two specific matters dealt with in the report upon which I should like to make a qualifying comment. One is that the Canadian Broadcasting Corporation which, as the report points out, was an agency of Government which this year was asked to appear before the committee. In its report the committee expressed concern at the mounting demands of the CBC for both capital and operating expenditures from the federal purse. I agree that that is a subject of alarm. However, it is not a matter that can be dealt with merely on the grounds that somebody does not like the C.B.C.'s programs or objects to the very high cost of the C.B.C. I have an open mind on the subject, but I believe there is necessity for a complete re-examination of the function of the C.B.C. in respect to the social and other demands for a national broadcasting service in Canada. I say that because I am in the most thorough agreement with the reasons given for the establishment of the C.B.C. when it was first constituted, but times have changed and times will change even more rapidly in the next few years.

I assume, of course, that the C.B.C. is considering and is concerned with this situation. I would say to honourable senators that all the indications are that the capital demands, and I think the operating demands of the C.B.C. on the public purse in the next five or ten years, will escalate at a rate which will make what it has done up to now seem very easy going for the taxpayers. Whether this escalation is necessary or desirable, I do not know. I do know that such comparisons we have had at times, that the CTV—the private television network—can produce a program for such and such a cost and that it costs the C.B.C. much more is very seldom valid. Certainly it is not a valid criticism of the C.B.C. to say that the private television network offers a service to Canadians comparable to the C.B.C. without costing the taxpayer any money, because the truth of the matter is that the C.B.C. is required by statute to undertake many non-paying services which, in the main, are the reason for its very large deficit.

I shall not go into the details, because I believe that there should be a re-examination of the whole structure with the C.B.C. given an opportunity to outline these specific extra requirements which it has. It might very well wish to be rid of some of them. If it was a straight basis of competition with CTV, I am sure the C.B.C. would be glad to be rid of the requirement that it provide two complete networks, French and English. The CTV is not required to do that, because it provides service where it can make a profit. The C.B.C. does not have that choice. I would like to see the statement which is made in our report qualified by an appreciation of the fact that there are at least two sides to this very important story—and for all I know there may be three or four sides.

The other specific matter on which I would venture some qualification is the comment in paragraph 13 regarding Family Allowances. The committee gave this very careful consideration, and I would merely bring this to the attention of honourable senators as my own view, that we are now starting a very useful debate on the whole question of universality in welfare payments. I think it is a debate that is long overdue and the report indicates that. Specific reference is made in the report to Family Allowances which, of course, is only one of many charges on the public purse in this area that might come under re-examination. They would certainly come under re-examination if the whole question of universality was being looked into. From my own point of view I would not wish the impression to be left that the committee itself singled out Family Allowances as the leading case in this field, and the report makes it quite clear that this is not so. I merely draw attention to the fact that in the report the committee quotes three experts who came before us and in quite vivid terms cast doubts on the validity of continuing Family Allowances and other programs, as they are presently constituted.

There is a comment in paragraph 14 of the report of the committee regarding debt ceil-

ing. The committee, I think in its last report, drew attention to the possibility of a debt ceiling as a principle of government expenditure. Some of the witnesses before the committee—I think all the witnesses to whom this question was put—demurred on that as a principle of expenditure and taxation. My own feeling is that it has a great deal of merit. In saying that, I am not suggesting that there can be any long-term and inflexible ceiling, but I think the committee has done a service to those who have responsibility in this area by drawing attention to the concept of the debt ceiling to their attention, because this is one of the considerations that surely must come into any budgeting process.

As I said earlier, we have indications that this year the budget will be balanced at rather a higher level than last year, but it is to me at least welcome that there will not be any addition in this part of the budget to the national debt this year, although there will be other additions.

Senator Leonard, in presenting the report, used the word "breakthrough" as an indication of the kind of report that the committee decided this year to present to the Senate. I do not think that is any exaggeration. I believe it is a breakthrough for this Senate committee to have spent the time and taken the trouble to gather together this information, much of which is not readily available elsewhere, particularly the charts and the comparisons therein.

In concluding, honourable senators, I again compliment Senator Leonard for his planning, foresight and overall concept of the kind of job that the National Finance Committee of the Senate has done at this time in the general Canadian interest—and I hope will do even to a greater extent in the future.

Hon. Senators: Hear, hear.

Hon. G. Percival Burchill: I rise to make only one observation and, of course, to congratulate the committee and Senator Leonard on a superb report. I shall speak on one of my old themes, that of getting this report into the hands of the public.

One of the failures of this chamber is that the wonderful abilities disclosed in these reports are not more widely known. The remarks made by Senators Leonard and Everett yesterday and by Senator Grosart this afternoon die in this chamber; they do not get outside. We would do well to give serious consideration to devising means of broadcasting these reports so that the public can read, mark and inwardly digest them.

I wonder whether we could not do something of that sort through the schools. Senator Grosart referred to how little knowledge was broadcast about budgeting. Those of us who have seen the television program "Reach for the Top" must have been impressed at the vast amount of knowledge of the scholars appearing on it. It is fantastic and amazing to me. No matter what is the area of knowledge being discussed, they seem to be able to move from one subject to another and give the right answer. It makes me feel very humble and very ignorant as I look at these girls and boys and note how well they answer the questions. Perhaps something along those lines could be devised in the area of national finance. I wonder whether the pupils in our schools have much knowledge of our national finance, and whether we could give consideration to finding a way by which it could be got across to our schools.

Last year when the committee was considering its report I made a very silly remark about, "Who is going to sound the fire alarm?" That went all over the nation. I do not remember how many letters I received from many provinces, just in response to that offhand remark. But that is where it ended.

Hon. Mr. Choquette: That is the only kind of remark the newspapers pick up anyway.

Hon. Mr. Burchill: This report should be in the hands of the reading public of Canada, and we must seriously consider how to get it there.

That is all I have to say, except again to congratulate Senator Leonard and his committee.

Hon. Lazarus Phillips: Honourable senators, I propose to take only a few moments of your time and to confine myself to consideration of the merits of a ceiling on the national debt, referred to in paragraph 14 of the report. Before doing so, I wish to add my words of congratulations to and profound respect for my friend Senator Leonard, who has been an inspiring leader of our Standing Senate Committee on National Finance. There has never been any trouble in his getting a quorum, for the simple reason that we all respect him so much that we attend the meetings with alacrity.

Members of the committee will know that I took a very strong position and have very strong views on a ceiling on the national debt. Indeed, I would think that paragraph 14 has been inserted in the report more or less by way of a concession to me, because honoura-

ble senators will notice that it deals merely with the evidence given by the three professors without any indication whether the committee was in favour of a ceiling or not. I am in favour of a ceiling, for a very simple reason.

In these days of universal suffrage, pressures on government are such that a very substantial amount of expenditures are traceable to these forms of political pressures. I do not say they are wrongful pressures but they are political pressures. In the running of all good businesses and all successful economic endeavours there is a relationship between expense and productivity. It is only in the area of government that we have come to believe there is some mystique pursuant to which we can expand our national debt by the push of a pen without relating it to the productive capacity of the citizenry of our country.

There is today available to government, particularly at the federal level—and I am speaking without notes—sufficient machinery to make available a projection, within a reasonable margin of error, of what the gross national debt would be in a given year. If we were dealing, say, within a few months with the proposed expenditures for the year 1970-71, by early next year the Government should have available a reasonably sophisticated estimate of what the gross national product of Canada will be in that fiscal year. In my humble view, honourable senators, the head of government and his colleagues should then propose to cut the cloth according to measure, and to issue cheques on the national treasury in due course in terms of the credit balances, and not as sometimes happens, in terms, of debit balances, which seems to be an unreasonable way to proceed in issuing cheques in one's private life.

I therefore suggest that in due course we consider very carefully a study in depth of this whole problem. I obviously am not suggesting that in times of war, or of grave national crisis, or internal turmoil, government should be bound by a legislative yardstick of that nature. But apart from these considerations to which I refer, it would appear to me that the time has come in this country when we should at least test out a financial procedure along the lines I have suggested, say for a few years, to see whether in fact there is or is not merit to the observations I have just made.

Hon. T. D'Arcy Leonard: Honourable senators, may I take a few minutes of your time, first to express my thanks personally and as chairman of the committee to those who have spoken. I thank Senator Phillips (Rigaud) for his remarks, which are always very wise and thoughtful. To Senator Burchill I say that a summary of the report was prepared yesterday, and this morning there was a press release and sufficient copies were made available to the Press Gallery for all members. From there on I think we have to leave it to the press themselves to decide how newsworthy the report itself is. I am also grateful to Senator Grosart for his remarks, and for the contribution he has made to the work of the committee. He is an active and very constructive member, and the suggestions which both he and Senator Burchill made, that this material might be put into another form for wider distribution, can be taken up at a later time.

In making these acknowledgments, let me add a tribute to Senator Everett for his very able speech yesterday. It was one of the best speeches I have ever heard on any subject, particularly since it was on a subject which does not ordinarily lend itself to eloquence. It was a very able speech, full of good material.

Honourable senators, I now move the adoption of the report.

Report adopted.

APPROPRIATION BILL NO. 3, 1969

SECOND READING

Leave having been given to proceed to Order No. 7.

Hon. Leopold Langlois moved the second reading of Bill C-210, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

He said: Honourable senators, you will recall that on March 28 last approval was given for the first Interim Supply Bill for the fiscal year 1969-70. The bill as approved was based on the 1969-70 Estimates tabled in the Senate on February 6, 1969, and referred to the Standing Senate Committee on National Finance on February 12. These Estimates were discussed in committee with Treasury Board officials on March 6 last.

I pause here to express congratulations to the chairman and the members of the Standing Senate Committee on National Finance for the excellent report which was tabled in this house yesterday. The members of the committee truly deserve our gratitude for the time-consuming efforts they have put into the

preparation and the drafting of such a splendid report.

The Estimates as originally tabled total $12,472,309,561, consisting of budgetary expenditures of $11,857,651,503 and of loans, investments and advances of $614,658,058.

The bill now before us provides not only full supply for the balance of the 1969-70 Estimates but also provides for the withdrawal of loans, investments and advances, Vote L10, for the Canadian Overseas Telecommunications Corporation, and approval of revised Estimates amending the Vote wording for Loans, Investments and Advances, Vote L20 for Atomic Energy of Canada Limited. Accordingly, the 1969-70 Estimates now total $12,467,309,561, consisting of Budgetary Expenditures of $11,857,651,503 and of Loans, Investments and Advances of $609,658,058.

Honourable senators will remember that the previous appropriation Act did not provide for the release of Interim Supply for Vote L10 for the Canadian Overseas Telecommunication Corporation. This vote, covering a $5 million loan to this corporation, was omitted from the general proportion on the understanding that this would probably be withdrawn due to the corporation's retained earnings being higher than originally estimated, thus enabling the corporation to finance its requirements from its earnings. This bill, therefore, provides for the withdrawal of this item.

The Revised Estimates for Vote L20 tabled in the Senate today provides for a revision of the wording of this vote. The original Estimates for 1969-70 included a loan of $10 million to Atomic Energy of Canada Limited for the purchase of "Canadian-produced heavy water." Following the tabling of these Estimates it became evident that there would be no heavy water produced in Canada this year. This was due to a delay in the construction of the heavy water plant at Port Hawkesbury by C.G.E., and the plant at Glace Bay by Deuterium of Canada Limited. It was therefore necessary for Atomic Energy of Canada Limited to make commitments in the United States for the purchase of this heavy water.

In order that the corporation may have funds for the purpose contemplated under Vote L20, it was necessary to table Revised Estimates deleting from the vote the words "Canadian-produced".

The form of this bill is the same as that passed in the previous year. No additional borrowing authority is requested in this bill.

Hon. George S. White: Honourable senators, I am sure all honourable senators are indebted to honourable Senator Langlois for his usual clear explanation of the bill.

Under this bill, like all supply bills, there are certain monies allotted to the Department of Veterans Affairs, and during the past few weeks honourable senators have received a number of briefs from the various veterans organizations all dealing with the report known as the Woods Report.

The Woods Report was presented to the Minister of Veterans Affairs on March 22, 1968, and tabled on March, 26, 1968. All veterans associations in Canada and veterans from coast to coast most heartily approved the Woods Report, which took many months to prepare and was most meticulous in detail. Every aspect of war disability pensions has been gone into thoroughly, and there were 149 specific recommendations for improvements and beneficial changes. The veterans associations accepted this report as marking a turning point in government treatment of veterans and their problems. But for some unknown reason the report got bogged down, and veterans associations and veterans themselves cannot understand why the report has not been referred to the Standing Committee on Veterans Affairs in the other place.

The Minister of Veterans Affairs has made various statements about this report. As long ago as September 13, 1968, he stated in the other place:

> In reply to his question may I say it is our intention to have the Woods Committee report referred to the House of Commons Committee on Veterans Affairs as quickly as possible, and to act on the recommendations of that committee as soon as we received them.

Now, honourable senators, I do not think we could get a more clear or specific statement as to when and how the report was to be proceeded with. Later in the same month, the minister said:

> First of all the Woods Report will be referred to the Veterans Affairs Committee. We will have to ascertain what decisions the members of that committee will take before the minister can decide what legislation will be enacted.

That was another very fair statement. In February of this year, the minister stated:

> I am very pleased to advise the hon. member and the house that at the present time we are preparing a white paper re-

specting veterans pensions and the Woods committee recommendations. This white paper is being given high priority and we expect later on this session to be able to refer both the white paper and the Woods committee report to the House of Commons committee.

To date the White Paper has not been presented. No doubt when the White Paper is presented it will set forth what the Government is going to do about the recommendation in the Woods Report before the Committee on Veterans Affairs can consider the report and make any recommendations to the minister. Yet the minister said in September 1968 that the report would be referred to the committee as quickly as possible, that they would act on the recommendations of the committee as soon as he received it.

It is strange that on Thursday last the minister placed a motion on the Order Paper in the other house to refer the report to the Committee on Veterans Affairs. Honourable senators may wonder why that happened on Thursday last. The answer is very simple. There was to be a debate on veterans affairs on Friday, June 20.

I have in my hand the *Routine Proceedings and Orders of the Day* from the other place, and under Item 93, June 23, 1969, there is the following proposed resolution:

> That the report of the committee appointed September 8, 1965, to survey the organization and work of the Canadian Pension Commission, tabled on March 26, 1968, be referred to the Standing Committee on Veterans Affairs.

That resolution was in the name of the Minister of Veterans Affairs.

So, in the sixteenth month after the report was presented, and in the last few days of the session, when practically nothing could be done, the matter is to be referred to the Committee on Veterans Affairs.

I would point out what the waste of valuable time meant to the families of the several thousand veterans who have died in that period, and to the veterans from Hong Kong. I have here a number of briefs of which I believe every senator has received copies.

There is a brief from the War Pensioners of Canada, Inc.; a brief from The Sir Arthur Pearson Association of War Blinded; a submission by The War Amputations of Canada; a brief by the National Veterans Organizations of Canada; a brief by the Army, Navy and Air Force Veterans in Canada.

In addition to these various briefs, honourable senators also received a number of letters. I have in my hand a letter from Padre Sidney E. Lambert, President of The War Amputations of Canada. He is a man well known to all Canadian veterans.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. White: The letter is dated April 28, 1969 and is written on the letter paper of The War Amputations of Canada. I would like to read the first three paragraphs:

> I have been the President of the War Amputations of Canada for nearly fifty years—and during that time I have seen many tragic blunders in the handling of the pension problems of Canada's War Disabled and the widows of those who died.
>
> In my memory, though, I cannot recall a situation the parallel of that which is occurring right today, in regard to the Woods Report on Pensions.
>
> The simple fact is that Canada's veterans are being deprived of an opportunity to appear before the Veterans Affairs Committee.

Having referred to other matters, Padre Lambert closes this letter:

> As you will see—the Brief was prepared for the Parliamentary Committee but we have no alternative now. We must send it to all Members of Parliament and to the Honourable Senators of Canada.

Honourable senators also received a letter from an association known as the War Pensioners of Canada, Inc., signed by M. W. Campbell, President. One paragraph reads as follows:

> Apparently this opportunity is being denied to us. This situation is even more serious now, in that the Chairman of the Canadian Pension Commission has already made an appearance before the Committee to deal with part of the Woods Report. This was on April 17th last, during which he presented a report purporting to show that a number of the Woods recommendations have already been implemented. The veterans organizations cannot accept much of his explanation in this regard.

There was another long letter from the Canadian Corps Association, much along the lines of the letter written by Padre Lambert and in which they say they agree and support the comments made in his letter.

The Canadian *Legion* magazine of March 1969, at page 6, reads as follows:

> On page ten of this issue we publish a further reference to the momentous Woods Report. It is a summary of the joint statement prepared by the Legion and ten other nationally-chartered veterans organizations in Canada for presentation to the House of Commons Standing Committee on Veterans Affairs.
>
> The statement concentrates on four of the major recommendations in the Report. These deal with the appointment of a Pension Appeal Board, the need to establish an adequate basic rate of pension, the Hong Kong veterans and their dependents, and the pensioners suffering from multiple disabilities.
>
> It is published in considerable detail so that our readers, as members of the Legion, will be able to familiarize themselves with these major recommendations of the Woods Report and be in a position to discuss them intelligently with people who can help support the veterans' cause.

Pages 10 and 11 of that issue set out the recommendations from the Canadian Legion. They close their statement by saying that ten other veterans organizations approve of this brief.

In the present issue of the Canadian *Legion* for June and July 1969 there is an editorial headed, "We want fair play!" Part of it reads as follows:

> As this issue went to press in the closing days of May, the long-promised White Paper on war disability pension legislation had not been presented to the House of Commons. Consequently, the Woods Report remained in limbo on Parliament Hill and veterans' organizations found themselves still frustrated in their attempts to present their views on its recommendations to the Standing Committee on Veterans Affairs.

The editorial goes on to condemn the attitude of the Government in every possible way for the manner in which they dealt with the Woods Report. The editorial closes:

> The Legion feels that it is too casual a way to deal with such an important document as the Woods Report. The Legion looks upon any discussion of the contents of the Woods Report as serious business. If the Minister is going to allow the Chairman of the Pension Commission or any other department official to appear before Members of Parliament and dispose of a number of recommendations of the Woods Report with a prepared statement that cannot be subjected to a critical analysis by those who hope to benefit from the Report, then much of its value will be lost.
>
> Canada's war veterans and their widows deserve fairer treatment than that!

To put it mildly, the veterans organizations and veterans individually are keenly disappointed with the Government in taking no action in regard to this report. A new word has crept in in reference to veterans pensions, and that is that veterans pensions are now part of social legislation. They are welfare benefits.

Another phrase that was used in the other place in reference to veterans pensions was, "the whole social security review and the national social welfare program." This places the veterans pensions on the charity list. Someone should advise the Government that under the Pensions Act veterans' pensions are paid as a matter of right. There is certainly no charity or welfare payment connected with army pensions.

Hon. Senators: Hear, hear.

Hon. Mr. White: Any veteran who can chisel a pension from the mandarins who compose the Pension Commission knows only too well how dearly he paid for that pension. Of course, today in Parliament it appears popular to have intellectual doves who had no service in any of the forces, but who viewed the last war as an imperialist war and stayed home. Of course the war was long ago and many people forget that if it had not been for the thousands of young Canadians, along with the hundreds of thousands of their allies, we would not be sitting in this comfortable chamber today. We would all be speaking German and there would be no bilingual problem.

I read from the report in the other place that there is also the question of how the money is to be raised to pay for veterans' pensions. Does the Minister of Veterans Affairs not realize that time is fast running out for many veterans of both wars, especially for the Hong Kong veterans?

I can remember over 20 years ago sitting on a veterans committee in the other place when in camera a number of Hong Kong veterans appeared before the committee and told us in detail of their torture and the ordeals they suffered. We heard expert medical evidence as to the physical results of this

savage torture and harsh treatment, but now, at this late date, further assistance or relief for these Hong Kong veterans is being denied.

One has only to take a look at the monthly Legion magazine where there can be found each month under the heading "Last Post" the recorded names of over 400 deceased veterans. And this list only applies to Legion members.

The manner in which the Woods Report has been handled is an example of how our "Just Society" operates and how the matter of priorities is arranged. It is now in the sixteenth month since this report was tabled and apparently there was no need for any priorities so far as the Woods Report was concerned, but in this Parliament there was a priority for the omnibus bill, which dealt with abortion and homosexuality—and how nice it is that the pansy boys can now operate in public and within the law. And in this chamber there was the hate bill that made it a crime in Canada to advocate or promote genocide. Those are two great examples of the "Just Society" and the matter of priorities.

I wonder how the paraplegic veteran, who is chained to a wheelchair for life, will feel when he reads that his pension is now considered part of social welfare legislation. What about the blind pensioner who gave his most precious sight for his country? Will he be flattered to learn that his pension is considered welfare benefits? What about the veterans with single and double amputations, the veterans with multiple disabilities—how they will appreciate learning that their pensions are now part of social welfare legislation! Where is their right under the Pension Act that such veterans receive a pension as a matter of right—the paraplegics, the blind, the amputees, the veterans suffering from multiple disabilities? Won't they be amazed when they read the statement of the Prime Minister on page 10242 of *Hansard* when he referred to veterans pensions, and I quote:

> We are trying to establish a policy that will review this legislation at as little cost to the Canadian people as is necessary.

Honourable senators, how do you assess the disabilities of a paraplegic, a blind veteran, a double or single amputee, a veteran with multiple disabilities, or a man with the disabilities of a Hong Kong veteran? I do not need to say that you cannot purchase new eyesight; you cannot purchase new legs or arms; you cannot remove the disabilities suffered by the Hong Kong veterans.

The basic rate of pension in Canada has always been paid on the wage of the common labourer in the labour market. The Woods Report, at page 493 of volume 2, confirms this basic rate. It reads as follows:

> The amount for 100 per cent pension should continue to be the earning power of a man in the class of the untrained labourer, as determined by the average wage for this type of employment in the Public Service of Canada.

I should point out to honourable senators that to date the amount of the basic pension has never equalled the wage paid to the common labourer in the labour market.

Representatives from this chamber and from the other place have only recently returned to Canada from France where they took part in the D-Day celebrations. Once again we read in the press of the part played by Canadian troops, both in the landing in Normandy and in the liberation of France, Holland and Belgium. Once again Canadians wrote the name of Canada large in the history of the world.

Most of us, especially those of us who have been in the House of Commons, recall that it has always been the custom that the Minister of Veterans Affairs should be a veteran. We had two very distinguished members in this Senate who were Ministers of Veterans Affairs: the late honourable Senator Chubby Power and the late honourable Alf Brooks. I can remember two other very outstanding Ministers of Veterans Affairs in the other place, Milton Gregg, V.C., and the late Ian MacKenzie. But the present Minister of Veterans Affairs is not a veteran, and veterans cannot understand that situation developing. For how can any civilian Minister of Veterans Affairs, no matter what his abilities, his education, his qualifications, how can he possibly understand the problems of veterans?

A few days ago you read of the landing on the beaches of Normandy, landing made under heavy artillery, machine gun fire, mortar shells, barbed wire entanglements, pillboxes, gas and all the other refinements of war whereby men are killed. Canadian troops landed and advanced through all this and gained their objectives. They saw their comrades mowed down with machine gun fire and blown to bits, men with eyes shot out, with heads blown off, with their guts hanging

out—and, of course, "guts" is considered a vulgar word, but I say to you, honourable senators, that it takes guts to land on a beach strung with barbed wire and other obstacles, to advance and be shot at with machine guns, mortars and artillery. How can you ever expect a civilian to understand what a soldier goes through in battle? How can you ever expect a civilian to understand and appreciate the conditions on the day of landing? How can a civilian ever understand the problems of veterans as they return to Canada to re-enter civilian life? How can any civilian ever understand an army hospital ward where every veteran has at least one amputation, or a ward for blind veterans or paraplegic veterans, where they are just beginning to realize the long struggle ahead of them with their great handicaps? How can any civilian ever understand army language, the philosophy of soldiers, the union and bonds that hold veterans together? How can any civilian ever understand the utter contempt veterans have for the pacifists, the intellectual doves, the draft dodgers, the deserters, and those who stayed home hiding behind petticoats?

We are now in the sixteenth month since the Woods Report was handed to the minister, and only today is the motion being made to refer the report to the committee. I say again, what a tragedy for the families of so many veterans who have died during that period! What a tragedy for the Hong Kong veterans that any further assistance to them has been further delayed for this long period! Now, in the last few days of the session, the report is being sent to the committee, which means no action can be taken on it until at least the next session.

In conclusion, I can only repeat the last two lines in the *Legion* editorial in the June-July issue 1969:

> Canada's war veterans and their widows deserve fairer treatment than that.

Honourable senators, the estimates contained in the bill have been examined in a most capable way in Senator Leonard's committee and, as far as we are concerned on this side, we have no objection to second reading of the bill.

Hon. Jacques Flynn: Honourable senators, for the record, may I merely underline the fact that this final Appropriation Bill—I am excluding the Supplementary Estimates—reaches us less than three months after the beginning of the fiscal year, which is something I have not seen, if my memory serves me aright, in my eleven years in Parliament, either in the other place or here. It may be due to favourable circumstances, but I suspect it is due to the changes in the rules in the other place. I hope these rules still provide adequate opportunity for the members of the other place to consider the main Estimates. In any event, I suggest that it was very important for the final Appropriation Bill to reach us as soon as possible, because very often we have been invited to ratify Estimates of which eleven-twelfths had already been spent. I think we should underline this fact, that the Estimates have reached us only three months after the beginning of the fiscal year.

Hon. Mr. Langlois: We hope this performance will be repeated in years to come.

Motion agreed to and bill read second time.

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

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

NOTICE OF COMMITTEE MEETING

Hon. Donald Smith: Honourable senators, may I bring to your attention a notice which was placed on your desks some time ago? I regret very much that it was not possible to give more notice of the meeting of the Standing Committee on Internal Economy and Contingent Accounts. We had expected to receive some information from the other place which would have permitted us to add an important item to our agenda. Unfortunately, we have not received that message. In the meantime, it was necessary for us to have a meeting of the committee to deal with some routine matters.

I would therefore appreciate it if the members of the committee who are present would repair around the corner to Room 256-S as soon as the Senate rises, so that we may deal expeditiously with our business.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, with leave of the Senate, I move, seconded by the honourable Senator Langlois, that when the Senate adjourns today it do stand

adjourned until tomorrow, Friday, June 27, 1969 at 11 o'clock in the forenoon.

May I say that we will have Royal Assent a 12.45 p.m.

It is difficult to anticipate now exactly what our future program will be. It depends on what is happening in the other place. I hope the bell that is now ringing is a good indication of progress in that house. I shall be able to give a better indication of the future program tomorrow, but our present intentions are that we shall adjourn until Wednesday next, July 2, at 2 p.m. Next Tuesday will of course be a holiday.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, June 27, 1969

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

27 June 1969

Sir,

I have the honour to inform you that the Hon. Gérald Fauteux, Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 27th day of June at 12.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be

Sir,

Your obedient servant,

Louis-Frémont Trudeau
Brigadier General

Assistant Secretary to the Governor General.

The Honourable
The Speaker of the Senate
Ottawa

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Statement by the Department of National Defence of Moneys received and disbursed in the Special Account (Replacement of Materiel), for the fiscal year ended March 31, 1969, pursuant to section 11(4) of the National Defence Act, chapter 184, R.S.C., 1952. (English and French texts).

Report on the Administration of the Canadian Forces Superannuation Account for the fiscal year ended March 31, 1969, pursuant to section 26 of the Canadian Forces Superannuation Act, chapter 21, Statutes of Canada, 1959. (English and French texts).

Report on the Regular Forces Death Benefit Account as at the end of the fiscal year 1968-69, pursuant to section 54 of the Statute Law (Superannuation) Amendment Act, 1966, chapter 44, Statutes of Canada, 1966-67. (English and French texts).

Report of Defence Construction (1951) Limited, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to sections 85(3) and 87(3) of the Financial Administration act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Fisheries Research Board of Canada for the year ended December 31, 1968. (English and French texts).

Report on Proceedings under the Canada Labour (Standards) Code for the fiscal year ended March 31, 1969, pursuant to section 49 of the said Code, chapter 38, Statutes of Canada, 1964-65. (English and French texts).

ATLANTIC REGION FREIGHT ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-207, to authorize assistance to transportation in the Atlantic Region.

Bill read first time.

Hon. Paul Martin moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, as I indicated last evening, I shall try today to anticipate the program ahead, which is not easily done. I do not see much point in our meeting on Monday because the progress that I had looked for in the other place, which might have resulted in legislation coming to us, has not materialized. Tuesday is a national holiday. Parliament will not be sitting. Therefore, I think it would be wise for us to adjourn until Wednesday.

With this in mind, I move, seconded by Senator Langlois, that when the Senate adjourns today it do stand adjourned until Wednesday next, July 2, at 3 o'clock in the afternoon.

Hon. Jacques Flynn: Honourable senators, I should like to ask the honourable Leader of the Government (Hon. Mr. Martin) to tell us the pieces of legislation that he expects this house to deal with before the adjournment or the prorogation of the session.

Hon. Mr. Martin: Honourable senators, I intended to make an additional comment. The honourable Leader of the Opposition (Hon. Mr. Flynn) has given me some justification for so doing.

Bill C-207, authorizing assistance to transportation in the Atlantic region, which was presented and given first reading today, will be considered on second reading. We will also have a bill standing in the name of the Minister of Manpower regarding assistance to particular economic regions in Canada. The language bill will be before us, I hope by late Wednesday. I think we should also have the economic disparities bill on Wednesday. While the other place may, for its own reasons, not complete its work next week, it might be possible for us to finish our business by Friday.

Hon. Mr. Flynn: These would be the only items that would be of concern to us before the adjournment?

Hon. Mr. Martin: Those are the only remaining legislative items, I believe.

Motion agreed to.

APPROPRIATION BILL NO. 3, 1969

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-210, for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

Motion agreed to and bill read third time and passed.

DIVORCE

RESOLUTIONS ADOPTED

The Senate proceeded to consideration of Resolutions numbered 585 to 593, inclusive, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the adoption of the following resolutions:

Resolution 585, for the relief of Arthur Lemay dit Delorme.

Resolution 586, for the relief of Andre Caron.

Resolution 587, for the relief of Lucien Dollard Laurin.

Resolution 588, for the relief of Henri Fraser.

Resolution 589, for the relief of Josef Prucha.

Resolution 590, for the relief of Paul Lachance.

Resolution 591, for the relief of Andre Gingras.

Resolution 592, for the relief of Clarence Harding.

Resolution 593, for the relief of Lucien Desruisseaux.

Resolutions adopted, on division.

COUNCIL OF EUROPE

ATTENDANCE OF MEMBERS OF CANADIAN SENATE AT CONSULTATIVE ASSEMBLY MEETINGS, STRASBOURG, AND VISIT TO CZECHOSLOVAKIA

The Senate resumed from Thursday, June 19, the adjourned debate on the inquiry of Hon. Mr. Martin:

> That he will call the attention of the Senate to the visit of members of the Senate of Canada to the Consultative Assembly of the Council of Europe in Strasbourg, France, and the visit of the Speaker of the Senate, the Leader of the Government in the Senate, the Leader of the Opposition in the Senate and the Chairman of Standing Senate Committee on Foreign Affairs to Czechoslovakia.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, the report made by the Leader of the Government on the visit of the Canadian parliamentary delegation to the Council of Europe, and the visit of the exclusive Senate delegation to Czechoslovakia during the month of May is so comprehensive that I run the risk of repeating a great part of what he said. I will try to avoid that as much as possible, except that I want to say, as he did, that the Speaker of the Senate who headed the Senate delegation in Czechoslovakia carried out his duties so well that we were deeply impressed.

I also want to say after Senator Martin that in Strasbourg, as well as in Czechoslovakia, the Canadian parliamentary delegation created an excellent impression, and if that were the only good result of that trip it would be sufficient to justify it.

[*English*]

Now, honourable senators, my remarks would have been much shorter but for the comments of my good friend Senator O'Leary

who expressed some doubts as to the usefulness of these trips and of Canada belonging to international bodies such as the Commonwealth Parliamentary Association, the Inter-Parliamentary Union and other similar parliamentary groups, even the defensive organization of NATO. He suggested specifically that the Council of Europe had not achieved anything worth while since it was founded in 1949. Of course I do not intend to rebut all Senator O'Leary has said, but it might be useful, for the record, to give a description of what the Council is and does.

Hon. Mr. Martin: Bravo!

Hon. Mr. Flynn: The Council of Europe is, to begin with, not a council but a committee representing governments and an assembly representing legislatures—a structure quite similar to that of NATO.

How does the Council of Europe work? The way it functions is neither national nor international in the conventional sense. Involved in the process are the Committee of Ministers, the Consultative Assembly, a Joint Committee, the Secretary-General and the Secretariat, and a group of unusually effective non-governmental organizations.

The Committee of Ministers, on which each council member is entitled to one representative with one vote, is the organ which acts on behalf of the Council of Europe. It acts either on its own initiative or on the recommendation of the Consultative Assembly. Its action may take different forms: the conclusion of conventions or agreements, or the adoption by governments of a common policy with regard to particular matters. All matters relating to the internal organization and arrangements are decided by the committee with binding effect.

The Consultative Assembly is the council's deliberative organ. It "may discuss and make recommendations upon any matter within the aim and scope of the Council of Europe," and also on any matter referred to it by the Committee of Ministers with a request for the Assembly's opinion. The Assembly consists of members of the parliaments of each participating nation.

The results of the council's work are to be found in conventions, agreements, and uniform policies developed according to procedures which are *sui generis*. The organs and functions of the Council of Europe represent a compromise, insisted upon by the British in 1949, between those leaders of the European Movement for Unity desiring a federal or confederal form of government with supranational powers and those, on the other hand, who preferred the functional, or selective, approach to unifying Europe.

The conventions and agreements arrived at are identical in form with the output of a permanent diplomatic conferences. However, the method according to which they are negotiated differs markedly from the methods of an informational conference of governments. For example, the Convention for the Protection of Human Rights and Fundamental Freedoms is in the traditional form of a diplomatic act. Yet. the process employed to achieve this end involved parliamentarians as well as government representatives, experts, and secretariat officials. The parliamentarians not only took part in Assembly debates and committee sessions, but also exerted pressure on governments for ratification.

The Consultative Assembly is composed, as I said, of parliamentarians drawn from parties who are often ready to move faster than governments towards European unity. Like in NATO, the Assembly is consulted by the Committee of Ministers, but it has no inherent authority to commit governments. To offset this disadvantage, the Assembly has established a working party to assist parliamentarians in keeping the attention of governments focused on conventions and agreements on which the committee has already acted, as well as upon Assembly resolutions still pending before the committee.

The Convention for the Protection of Human Rights and Fundamental Freedoms implements a principal aim of the Council of Europe, namely, "agreements and common action in the... further realization of human rights and fundamental freedoms." It provides for a Court and a Commission of Human Rights.

The Commission is competent to examine complaints made either by governments or, in certain cases, by individuals, that the European Convention for the Protection of Human Rights and Fundamental Freedoms has been violated by any of the contracting states. After examination, the Commission transmits its opinion to the Committee of Ministers, and, in appropriate cases, to the Court.

The Court deals only with cases where the Commission has failed to bring about a friendly settlement within a prescribed period. The judgment of the Court is final.

To recapitulate, the Council of Europe is an organization founded 20 years ago to achieve a greater unity between its members for the

purpose of safeguarding and realizing the ideals and principles shared by member states, especially peace and freedom of the individual, and to facilitate their economic and social progress. The Council's achievements are in the area of conventions, agreements, and uniform policies, and those for which it is best known are designed to enhance the welfare of the individual.

Despite the clear statement in the statute that matters relating to national defence do not fall within the scope of the Council of Europe, much of the impetus for a European army and for Euratom came from groups which were part of the European movement, and were expressed through the Consultative Assembly of this Council of Europe.

Why we should have accepted an invitation to be guests of honour at a sitting of the Consultative Assembly of the Council of Europe, and guests of the Czechoslovak Socialist Republic, goes beyond mere courtesy and the exigencies of good public relations.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Flynn: In the case of the Council of Europe our interest is best explained by tradition. The ancestors of most of us came from Europe—and not so long ago. It is only very human to take an interest in the countries from which our forefathers came. There is an attachment to Europe living in us which is as thick as blood, and which will not die easily. In any event, a peaceful Europe is the essential condition of our own peace.

Furthermore, we in Canada have been chosen by geography to act as a link between Europe and the mighty power with which we share the North American continent. I see no reason to be ashamed of this role which geography imposes upon us. I consider, rather, that we have been offered a magnificent challenge, and an opportunity to work in a concrete fashion towards better comprehension among nations. Who better understands the United States than us? Who is America's closest ally? Would not those European nations, which for some reason or other do not wish to deal directly with the United States, be reassured knowing that we will listen to them, and quite likely find the ear of the United States authorities with their suggestions, advice or requests. Should we be derelict in our duty to develop this faculty of arbiter between, and friendly adviser to the European continent and the United States of America, we will in effect be failing in what is probably the major role history will have assigned to us.

It must be remembered that Canada has not been invited to be a member of the Council of Europe, but only to exchange views with the members of the Consultative Assembly. As has been mentioned by Senator Martin, this exchange took place officially in the afternoon of May 14 last. These exchanges were very interesting and, incidentally, even if the question of defence is not within the competence of the Council, the new policy of our Government towards NATO was raised on this occasion as well as unofficially during our stay in Strasbourg. I will tell you very simply that no member of the Council—and practically all are members of NATO—understands the new policy of our Government which to them appears, and I think rightly, evasive, contradictory and rather illogical.

Senator O'Leary has said that the Council of Europe has not accomplished much since 1949, and that during that time we have witnessed the rape of Hungary and Czechoslovakia. It must be pointed out that Hungary and Czechoslovakia are not members of the Council of Europe and are behind the Iron Curtain, and that the rape in each instance was committed by a nation which is not a member of the Council.

It appears clear to us that the member states of the Council are satisfied that the Council has done a lot to achieve its objectives, and none has ever expressed any desire to withdraw from it or to see it abolished. In matters of international relations, especially when the problem of the unification of Europe is dealt with, you cannot expect sensational results in twenty years. If you are going to achieve anything, you have to be patient. The history of the League of Nations and the United Nations Organization is proof of this.

Honourable senators, as far as the Czechoslovakian part of our trip is concerned, I consider that it was more useful at this particular juncture in time than at any other. I endorse the assessment made by Senator Martin of the political situation in that country. I would merely add that notwithstanding the affirmation of their faith in communism, the Czechoslovakians really believe in the possibility of a détente between west and east. This is best evidenced by their clear desire to increase cultural and commercial relations with the western states and the North American countries, especially Canada. The warmth of their hospitality, and the kindness shown the Canadian delegation prove without a doubt that they do not consider their obligations under the Warsaw Pact

as an obstacle to good and friendly relations with non-communist countries.

The exchange of views with the representatives of all the legislative bodies were very frank and informative, and they justify the optimistic views I have about an eventual détente, as far as many satellites of the U.S.S.R. are concerned.

In connection with our NATO policy, it is interesting to know that the Czechoslovakians were not too impressed by the decision to decrease the number of our troops in Europe. They stated very emphatically that an overall reduction of the military strength of both the Warsaw Pact nations on the one side, and NATO members on the other, would be much more welcome and reassuring. They imply that the presence of the Canadian troops in Europe are rather a factor of objectivity in the policies of NATO, and they would not like the Canadian troops to be replaced, for instance, by German troops, for it is quite obvious to them that NATO cannot at present accept a reduction in its conventional forces, which are already much below the same conventional forces of the Warsaw Pact countries.

To conclude, honourable senators, I believe that these trips by Canadian parliamentarians to Strasbourg and Czechoslovakia have been useful and informative for all concerned. I am a strong believer in the principle of interdependence of nations and in the necessity of increased relations between all peace-loving people through bodies like the Council of Europe or parliamentary organizations. We should not expect too much too quickly from these bodies and from these visits, but we must nevertheless realize that the world situation would worsen rapidly without them.

Hon. John J. Connolly: May I ask the honourable senator a question, which perhaps he or the Leader of the Government (Hon. Mr. Martin) may care to deal with.

As I understood Senator Flynn, the thrust of the work of the Council of Europe seems to be concerned mainly with the matter of fundamental freedoms and human rights. Would he say whether or not they engage themselves in discussing economic problems internationally as between their member states, as they do political problems that arise between them? Does this engage their attention as well?

Hon. Mr. Flynn: Maybe the Leader of the Government would be able to give a better reply, but I would say this. We have mentioned the Commission on Human Rights because of the convention that has been signed by all member states. Therefore the work of the commission is very regular. That is why it appears as one of the main results achieved by the Council of Europe. Otherwise the Council of Ministers and the Consultative Assembly are constantly preoccupied with problems of economy and other matters, trying to define uniform policies in many fields where the co-operation of the member states is required. That is with respect to the commercial field.

I might also say this happens with regard to water pollution and all problems which in Europe cannot be isolated, cannot be dealt with by only one nation, because there are so many nations within such a limited territory. The need for unity of action in Europe is of course very obvious, and the council is concerned with all these problems that cannot be contained within the borders of one state.

Hon. Mr. Connolly (Ottawa West): I thank the honourable senator.

I should like to make a few remarks about this item on the Order Paper. I remember the first time I was invited to go to a meeting of the NATO parliamentarians, probably back in about 1958 or 1959. On the morning I left here I had a telegram from an official, who may have been the President of the Council of Europe but I am not sure. I do not know why I was chosen, but it asked whether I could arrange for a representative group from the Canadian delegation to attend a luncheon in Paris to discuss possible relations between Canada and the Council of Europe. I sought what advice I could get, with the result that Senator Louis Beaubien and I went—I think we were the only two.

I must say that I was quite impressed with what they proposed, but I was constrained to say, being supported in this by Senator Beaubien, that if Canadian parliamentarians joined every international organization proposed we would have great difficulty maintaining quora in our two Houses of Parliament. I also said that questions of cost and distance entered very largely into considerations of this kind.

In think one learns as a result of contacts with other countries, and I am certainly in that category. We are members of the United Nations, the C.P.A., the I.P.U., NATO, and many other international organizations. Honourable senators, I think that the result of what we do in this kind of work, even though it seems miniscule at a given time, redounds to the general benefit of the country

and to the status of Canada in the international community. Whether we like it or not, we live in a very small world today, particularly when one considers the speed of communications.

I noted that Senator Flynn talked about the structure of the Council of Europe being fashioned by the structure of NATO. I think I am paraphrasing him correctly in that. The prime purpose of NATO was of course the defence of Northern Europe, which was then considered to be the difficult place for defence for the western world. It had to expand into NORAD, because those who were working in Northern Europe, like the Americans and the Canadians, began to realize there was a problem in America too that involved the defence of the West. Indeed, there was one in Canada, because in a sense it was the ham in the sandwich, being between Russia on the north and the United States on the south, and if an explosion took place we would certainly suffer. I think the developments of the NORAD arrangements were very salutary for this country because, say what you will, with the size of our population and the immensity of our territory, it is virtually impossible for this country alone to defend its integrity. So we must have help; we must get to be part of international organizations.

That, of course, might immediately lead to the question, which I am sure suggests itself to a great many senators: Why then are we looking at NATO and wondering whether we should not reduce our commitments there? The answer to this is not easy, but perhaps Senator Flynn has contributed a bit to it in his remarks about Czechoslovakia. If he sees there, in a country that is dominated by the Soviet power, if you will, because of events, an idea that a lessening of the size of the conventional forces and of the nuclear power and the nuclear capability in Europe on both sides might bring about a better *modus vivendi* for the countries that are so closely located together there, then I think perhaps there may be some merit in considering the idea whether or not there should be some readjustment in the NATO position.

However, I prefer to talk about the relation of the Council of Europe to the political and economic problems, perhaps primarily of Europe but ultimately of the Atlantic basin.

It is common knowledge that Article II of the NATO Treaty, which recommended that there should be economic co-operation between the NATO countries, has really never been implemented. I have been at NATO parliamentarians' meetings; I have sat upon the Economic Committee of that group, under the chairmanship of Senator Javitz. Ideas and views were expressed about what might be done in trade not only between developed countries but particularly as to what might be done about the underdeveloped world, about the "third world," about the dangers that can arise if the "third world" goes awry—and it can go awry if it is neglected by the developed world. I say that because the communist powers, whether they be Russian or Chinese, can very readily make their influence felt in those countries. The reason is very simple. These countries are poverty stricken; the gap between them and the developed countries is growing, and in desperation they will take help from almost any country which will give it to them. We try to do it in a way which will not influence their domestic politics. In this respect I think our hands are quite clean, if not completely clean. I am not too sure about the position on the communist side, when they come along with help for these countries.

Coming back to the Council of Europe, I would like to see some influence brought to bear by Canada upon that group to emphasize the importance of seeking political and economic solutions for their problems.

I know that the European Economic Community is a practical instrument for the working out of the economic problems that beset Europe. It has done a great deal to raise the standards of living in those countries—so high that in West Germany the standard, measured in terms of foreign exchange, is perhaps higher than it is anywhere else in the world. This is the result of work. This is the result of keeping the nose of the people to the grindstone, and of the willingness of people to do so to rebuild their country.

Hon. Mr. Thorvaldson: How about Japan in that regard?

Hon. Mr. Connolly (Ottawa West): I am glad Senator Thorvaldson has mentioned that country. Japan did it, and perhaps with even less help than West Germany received. West Germany was one of the beneficiaries of the Marshall Plan, and Japan did not receive anything equivalent to the Marshall Plan. In that regard, it is my humble opinion that the greatest act of international statesmanship in our generation was the concoction and implementation of the Marshall Plan, not by the Americans who put up the money, but by the Europeans who made it function.

I agree—and if I did not agree, I would not be so interested in the work of the Commonwealth Parliamentary Association—that it is one thing for diplomatic activity to try to solve political and economic problems on bilateral or on multilateral basis. But I believe we, as parliamentarians, all think that we should have more direct influence in this kind of activity. From what Senator Flynn has said this morning and from what Senator Martin said the other day, the Council of Europe at least gives the European parliamentarians an opportunity which we, too, should avail ourselves of, because Europe means a great deal to us, not only for political or economic reasons, but for cultural reasons as well. It gives parliamentarians an opportunity to come to grips with its problems. It gives them a practical opportunity to present them to the Council of Ministers of the governments represented, and thereby it gives them an opportunity to influence the governments themselves in the direction of the policy they are trying to formulate. Who can quarrel with that?

I think this is the first time a Canadian delegation has ever gone there and for the few dollars that it cost, I think the two speeches that have been made here amply bear out its value.

I disagree with Senator O'Leary's view, just as I disagreed with him on the views that he expressed with reference to the European Economic Community when it was established, because I was a firm believer in it, and I continue to be. But I see hope arising out of what Senator Flynn and Senator Martin have said, that perhaps the ideals of the European Economic Community will spread within Europe. I hope that Britian will be a member of it—indeed, the whole of the British Isles, including Ireland; and Ireland will step right in, I am told, just as quickly as Britain moves in.

I would hope too that there might be the possibility of developing the Council of Europe, if you will, as the instigator or prodder of the concept of an Atlantic trading basin. This would be a great thing for this country, which has so much to give to gain from the countries in the Atlantic basin. Our country is moving ahead industrially. It is to the developed countries we must look to develop further. I think our extractive industries have much to gain if there is a widening of trade opportunities within the Atlantic basin.

Speaking without preparation, I had another idea which I wanted to express, but it escapes me at the moment. In any event, perhaps I may conclude by simply saying this. I think what these four gentlemen have done is a step in the right direction. It at least indicates that the Parliament of Canada, through its representatives, is ready to be responsive to new developments, to new ideas, because in the business world there are new ideas new developments and new proposals arising all the time to which Government must respond. So, too, must there be adaptation to events as between governments.

The thought that had momentarily escaped me was this. While I would like to see the Atlantic basin concept developed, perhaps as a result of a thrust that might emerge from the work of the Council of Europe, I would hope, particularly because of the findings of OECD, that the developed nations of the world would give the greatest possible urgent attention to the problems of the "third world," to the problems of the developing countries.

This is probably the last time, and I am sure you are glad, that I shall have the opportunity of speaking in this portion of the session. If it is the last thing I ever say in Parliament, I say that one of the most important problems confronting the world today is the disparity between the developed countries, on the one hand, which are growing richer, and on the other, the developing countries which are growing poorer. The gap is enlarging. Despite the spending over the past two decades of $40 billion by the private sector and at least that much, and perhaps more, by the public sector, in the developed countries, this situation has worsened. Although the situation is, in fact, better absolutely in some of these developing countries, relatively speaking it is much worse.

We must give these people hope. We must give them help. If we do not, then we do it at our own peril.

Hon. Mr. Martin: Honourable senators, if there are no other speakers today, I should like to move the adjournment of this debate for Senator Aird, who is ill. He was a member of the delegation, and I am sure that he wants to participate in the debate.

On motion of Hon. Mr. Martin, for Hon. Mr. Aird, debate adjourned.

The Senate adjourned during pleasure.

At 12.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Gérald Fauteux, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting The Canada Trust Company.

An Act respecting The Huron and Erie Mortgage Corporation.

An Act to amend the Food and Drugs Act and the Narcotic Control Act and to make a consequential amendment to the Criminal Code.

An Act respecting Canadian Order of Foresters.

An Act respecting Gillespie Mortgage Corporation.

An Act to prohibit the advertising, sale and importation of hazardous products.

An Act respecting the production and conservation of oil and gas in the Yukon Territory and the Northwest Territories.

An Act respecting The Perth Mutual Fire Insurance Company.

An Act respecting Canadian Pacific Railway Company.

An Act to incorporate Atlantic Mutual Life Assurance Company.

An Act respecting Nova Scotia Savings & Loan Company.

An Act to amend the Patent Act, the Trade Marks Act and the Food and Drugs Act.

An Act to amend the Criminal Code, the Parole Act, the Penitentiary Act, the Prisons and Reformatories Act and to make certain consequential amendments to the Combines Investigation Act, the Customs Tariff and the National Defence Act.

An Act to amend the Historic Sites and Monuments Act.

An Act to regulate products used for the control of pests and the organic functions of plants and animals.

An Act respecting the National Library.

An Act to establish the Export Development Corporation and to facilitate and develop export trade by the provision of insurance, guarantees, loans and other financial facilities.

An Act to amend the Income Tax Act.

An Act to amend the National Housing Act, 1954.

An Act to amend the Fisheries Improvement Loans Act.

An Act to amend the Criminal Code.

An Act to amend the National Housing Act, 1954.

An Act to establish a Canadian Corporation for telecommunications by satellite.

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1970.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Wednesday, July 2, 1969, at 3 p.m.

THE SENATE

Wednesday, July 2, 1969

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

Prayers.

PATENT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-194, to amend the Patent Act.

Bill read first time.

Hon. Paul Martin moved, with leave of the Senate, that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

REGIONAL DEVELOPMENT INCENTIVES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-202, to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

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

Hon. Hédard Robichaud moved, with leave of the Senate, the second reading of the bill.

He said: Honourable senators, as a representative of one of those parts of Canada which has for so long suffered from the problems of regional disparity, I am particularly pleased to have the opportunity to introduce what I consider to be a very important piece of legislation, very important indeed as it affects particularly the Atlantic provinces as well as other specific regions of Canada.

The Regional Development Incentives Bill which we are considering today represents a major step forward by the Government in its effort to overcome disparities in economic and social development between the regions of Canada. This bill constitutes an act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment.

Taken together with the Government Organization Act, which we considered several months ago, it will provide the Government with the essential weapons it requires for a more concerted and effective attack against the disparity problem than has ever before been made.

There are, of course, many different kinds of disparities between regions. For example, there are inequalities in individual incomes, inequalities in public services and, perhaps most important, inequalities in the economic growth and development of the different regions in the country.

It is to deal with this latter problem that a Department of Regional Economic Expansion has been created. The legislation which we have before us is perhaps the most important single instrument that the department requires for its efforts, and the Government is giving this major bill first priority.

The purpose of the legislation is to attract new industry in order to create new employment opportunities in the slow-growth regions of the country, and to set in motion the process of self-sustaining growth which is essential if these regions are to break the vicious circle of interacting forces which has locked them for so long in economic stagnation. It is this economic stagnation that the Government intends to break once and for all by the full implementation of this important legislation.

The legislation provides for incentives large enough to exert a powerful pull on manufacturing and processing industries to locate in the areas where they are most needed and where they can accomplish more good. There is good reason to believe that they will make it economically viable for a substantial number of companies to establish in many if not in all of the slow-growth regions. Once such a process is started in the best industrial locations in a region, it can build on itself. The main disadvantage for any industries in considering a location, say, in the Atlantic Provinces, is that there are not many other industries located within the area. Therefore, once new industry is established, it will tend to attract further industry and the need for incentives will gradually decline. That is the kind of broad process that this legislation is designed to get underway.

The new program will provide a once-and-for-all capital incentives for companies to start new production or to expand where the need is greatest. They can then come to a rational decision on whether this assistance is enough to overcome the disadvantages, such as higher transportation costs, which may stem from a location in a specific slow-growth region.

The scale of assistance is clearly spelled out in the bill, but it might be useful to contrast the maximum scale in the new legislation with that under the existing ADA Program which it is to replace. This is significant since the ADA Program was not as effective as had originally been hoped for in attacking the problems of regional disparity.

The new maximum scale of incentives would be 25 per cent of the capital cost, plus $5,000 for each job created in a new plant or in a plant expanding to produce new products. In a plant where capital costs in relation to employment are above average, that means a maximum total incentive of 45 per cent, compared to the standard 20 per cent rate under the ADA Program. The ceiling is also raised substantially to $12 million from the present ceiling of $5 million under ADA. The ADA program has, of course, also provided companies with special capital cost allowances for tax purposes. This tax provision, however, has been of the most help to those companies with the best profit positions, that is to say, those which are in least need of this type of assistance. For this reason the provision is being drawn in favour of stronger incentives which will be more efficient in fulfilling the program's principal goal of attracting new employment opportunities to the slow-growth regions. It is because of this goal that the maximum scale of assistance provided by what the legislation refers to as secondary incentives is to be directly related not only to the amount of investment but to the employment created by the establishment of a new plant.

In terms of employment, the program will provide an incentive of up to $12,000 for each new job created by an industry using an average amount of capital. For a company which required a particularly high ratio of capital, the assistance could be as high as $30,000 a job.

It should perhaps be emphasized that this maximum scale will apply only to companies starting new plants or expanding plants to produce new product lines. That is not only because these are the kinds of development most likely to produce the greatest benefits in terms of new jobs, but because they are also likely to start the type of growth process that I described earlier.

A plant expanding to produce an increased quantity of the same product would qualify for assistance through the primary incentive under the legislation. This has a maximum scale of 20 per cent, the same as the basic rate now existing under ADA. But the new program broadens the incentives which are available to existing plants. Where the ADA program has excluded assistance to plants which are modernizing, the new legislation provides that such modernizations would be eligible for the new 20 per cent incentive.

This is a particularly important provision because, while modernization will not normally create new jobs, it can be essential to maintaining present jobs which may otherwise be lost. I know that in my part of the country there are many companies that face the very real danger of being forced out of business unless they can bring their plants and equipment up to the standard demanded by the modern economy. The assistance which will be available under this program may now make it possible for them to do so, where in the past it has been well beyond their resources or financial ability to modernize.

There is one aspect of the bill which has attracted considerable attention and on which perhaps I should comment in some detail today. This is the fact that support is restricted to manufacturing and processing industries and will not be available to resource-based or service-type industries.

The reasons for this are, I think, self-evident. The program is seeking to attract new plants which, while they could not be located in a slow-growth region without the incentive, will have a normal chance to prosper once their capital cost has been lowered by means of the incentive. This, by definition, normally means secondary industry—manufacturing and processing. Primary industry by its nature usually locates near its source of supply, and tertiary industry will usually follow without incentives in those areas where secondary industry has created the necessary demand for services.

There would, therefore, be a real danger that public funds could be wasted if the program were to support such industry as a normal procedure. This does not mean, however, that the possibility of assistance is ruled out

where some major primary or tertiary development is essential to the expansion of the whole slow-growth region.

The Government Organization Act, which we have already considered, gives the Government authority to provide incentives to any kind of commercial operation where it is required for a successful development plan in a special area. The Government intends to use this power to provide assistance to a primary industry or, in some circumstances, even to a tertiary industry such as tourism where such assistance is really necessary in an area. However, these are special cases. It would be wasteful to stretch the incentive legislation to cover such cases in all areas where incentives or secondary industry are really needed.

Another major feature of this legislation is its regional, as opposed to the former area, approach now in existence. Honourable senators will note that the "designated areas" of ADA are being replaced in this legislation by "designated regions." This is necessary because the new program provides such stronger incentives and the designation of a relatively small area could produce serious anomalies between it and other areas.

The legislation provides for designation of regions at least 10,000 square miles in size. This is large enough to avoid the patchwork effect of the present ADA program.

The legislation provides that the regions to be designated are to be selected in consultation with the provinces. If this consultation is to be meaningful, it is obvious that there can be no regional statistical criteria for designation. Honourable senators will agree that this is quite a change from the present ADA program. There will, however, have to be evidence that the employment opportunities are exceptionally limited in the region, and this could be reflected either in unemployment or in slow growth which causes people to leave the region. There will also have to be reason to believe that the incentives provided by the legislation are what is really required to stimulate the economic expansion of the region.

In view of the need for consultation with the provinces, it is apparent that no final decision on designation can be made until the legislation has been fully approved. The Minister of Regional Economic Expansion has already indicated in a general way that it would be the Government's intention to designate most of Eastern Canada, including the Atlantic Provinces and a large part of Quebec, as well as considerable parts of the other five provinces. Perhaps the most important way in which this bill differs from the existing ADA legislation, however, is in the fact that the amount of the incentive provided to a company will in no way be automatic.

The legislation establishes the maximum incentive available for a particular project, but it also provides that the minister should not pay the maximum unless he is satisfied that the company actually needs all of the incentive. He will also have to take into consideration a variety of economic factors which bear on the amount of good that the plan will do for that region. Obviously, this means that some very difficult decisions will have to be made in administering this program. It also means that considerable discretionary power is going to be placed in the hands of the minister. I do not think there is any doubt that this kind of discretion is needed if the program is to be flexible enough to create economic growth that is necessary. One of the weaknesses of the existing program, in fact, is that it has operated within too rigid a framework.

Considering the extent of the discretionary powers, however, I think it might be useful for me to quote briefly from the statement made by the minister on second reading in the House of Commons, when he gave assurances that he would guard against abuses which might creep into the administration of the program. On that occasion the minister spoke as follows—

Hon. Mr. Argue: What is the page reference?

Hon. Mr. Robichaud: It is page 9845 of *Hansard*, House of Commons:

[*Translation*]

> There are two kinds of safeguard. One is internal organization, and the other is public scrutiny. Good internal organization ensures that all cases are handled systematically and that difficult cases are reviewed by enough officers to ensure that individual biases are very unlikely to prejudice the final decision.
>
> At the same time it is important that this process should not make decisions unnecessarily slow. There will be some applications which clearly will not be eligible at all under the terms of the legislation. There will be many more cases about which it can be readily decided that they should receive the maximum primary incentive—20 per cent of capital

costs—but cannot be considered for a secondary incentive. Both these types of case will be quickly dealt with, normally by two officers only.

The difficult cases, where we may or may not provide the maximum incentive, will be reviewed by at least three officers according to careful procedures for evaluating the financial prospects of the enterprise and the benefit-cost considerations involved for public policy. The most difficult cases of all will be further reviewed by at least two of the most senior members of the department before coming to me if policy issues are involved.

And the minister added:

I should make it clear that I will in no circumstances be involved before the final stage of consideration of any case. It will be essential to be most scrupulous, and I shall be most scrupulous, to make it clear that no applicant will be able to short-cut the process by talking to me, or having some friend talk to me. That would not help at all. On the contrary, it will be made clear that any kind of intervention while a case is under consideration is likely to handicap the applicant. The minister's role will be to make the final decisions on the biggest or most difficult cases, to make sure that the objectives of the policy are being pursued. But the officials have to do the detailed work in all cases, and it is not the minister's job to get involved before the officials have studied the details. If I or any future minister began to interfere in the normal consideration of cases suspicions of political favouritism would at once be aroused. Word would get around. In no time at all the press and the opposition would be alerted, as they should be, and the minister would have a bad time. Those are the facts of life, fortunately, in our system.

[*English*]

Honourable senators, the statement indicates that the minister is establishing an administrating system that will guard against any danger of abuse. Secondly, his intentions, and the bill itself, provide for the fullest possible flow of public information and hence informed public scrutiny.

The minister indicated he would be happy to table, if Parliament wished, a regular monthly report of activity under this program. The honourable members in the other place, in considering this bill, have accepted that invitation. They have inserted in the bill a requirement for such a report, which is now clause 16 of the measure before us.

I believe that my remarks have covered the main features of this legislation. In closing, I should like to return very briefly to the theme with which I began.

I am all too familiar with the problems which must be solved if we are to overcome the disparities between the regions of our country. In this legislation I am confident that we have a powerful instrument which can bring new hope and opportunity to many thousands of our countrymen living in the less prosperous parts of Canada.

[*Translation*]

Honourable senators, as I said at the beginning, the bill before us represents a major step forward in our efforts to overcome regional disparities, which is one of the primary goals of the Canadian government. Through the enforcement of this new legislation, the Canadian government will be in a position to offer very powerful incentives to industry, which will promote a significant increase in the number of industries and, therefore, in the number of jobs in slow-growth areas. The main object of this bill is to offer a new opportunity for recovery to those areas that suffered too long from slow growth and which, despite the efforts of the various governments concerned, were not able to share in the economic development that took place elsewhere in the country. With this new legislation, we have every reason to believe that there will be industrial development wherever it is possible. We foresee new job opportunities in the near future for hundreds of thousands of Canadians living in the less prosperous areas of our country.

[*English*]

Honourable senators, after second reading, if it is the wish of this house I am prepared to move that this bill be sent to the Standing Senate Committee on Banking, Trade and Commerce. However, if it is the wish of honourable senators, I shall move the third reading of the bill.

Hon. David Walker: Honourable senators, may I ask the honourable senator a question. In view of the extensive powers proposed to be given to the minister in this bill, and in view of the almost absolute control that he has over it—subject to officials under him handling the administrative system, I suppose he makes the decisions—and in view of the

fact that all clause 16 does is make it necessary for him to report to Parliament within forty days, if requested, as to the administration of this act, and that is too late—in view of all that, does my friend not think that further checks should be put on a minister of the Crown?

I know this particular minister is loud in his protestations that he will not hand out any money that should not be handed out; but, believe me, the road to hell is paved with good intentions. With such tremendous pressure on the minister to hand out money in the form of incentives, wherever he wishes, surely this could become purely political.

There may be instances—though I have never heard of them—of such discretion being placed in the hands of a minister. This legislation could be very much abused. In spite of clause 16, which requires that a report be made to Parliament, how do we know whether the money has been properly used or not?

I ask my friend, how would he suggest we might amend this bill to take away some of the absolute powers of this minister who has such good intentions now, to ensure that these good intentions are kept?

Hon. Mr. Robichaud: I am sure that the honourable senator who has asked the question has studied both the bill and the existing ADA program. I am convinced that, if he has not given sufficient time to it, he should study this bill further. He will realize that these powers are needed, if the minister is to protect public funds in the way in which he would like to see them protected.

Under the existing ADA programs, grants were given under a criteria which was too general, and all the applicant had to do was meet the criteria. Grants were given to industries in areas where they were not needed, and some industries were established where they could not contribute to the development of the area.

By giving the minister this discretion and, as has also been mentioned, by having the area selected after full consultation with the provincial government and qualified public servants assigned to this particular study, I am convinced that this is the most effective way of assuring the general public that federal funds will be well spent.

Hon. Arthur W. Roebuck: Honourable senators, I am very pleased indeed to find government sources thinking of incentives to industry. This incentive will cost us a good deal of money, but perhaps it will be worth while if it does actually bring about greater activity by existing industry or create industries that are still non-existent.

I would like to know whether any effort has been made to induce the provincial governments to take part in incentive measures or whether it is all left to the Dominion Government. For instance, in their taxation system at present, provincial governments are very strong on discouragements to industry, and in two ways. So soon as an industry builds a new building, they jump on it with both feet, by increasing its taxes and penalizing it in every way possible for almost every good action taken.

On the other hand, if an industrialist wishes to use some of the natural resources of the country—which of course any manufacturing industry must use—every possible tax incentive will be given to the owner of the resource to keep it out of use instead of driving it into use by high taxation.

These are not small considerations; they are very potent influences. I would like to know whether the department has even discussed such matters with the provincial government, in order that the province may join in these incentives to industry by not taxing industry in proportion to its good work, as at present, and by taxing monopoly in proportion to its monopolization. These are things that would be brought about without great public expenditures but rather just common sense applied to both industry and taxation.

Has any effort been made to have the province share in this incentive proposal?

Hon. Mr. Robichaud: I am sure honourable Senator Roebuck is already aware that most, if not all, of the provinces have agencies which are contributing to the development of industry in their respective provinces. Some are known under different names, such as "Industrial Development Corporation."

To answer the specific question, I would hope that in closing the debate on second reading I might be able to shed more light on that particular problem.

Hon. Mr. Roebuck: Thank you.

Hon. Hazen Argue: Honourable senators, I have a few remarks I would like to make on the bill at this stage. I wish to congratulate Senator Robichaud on the very competent way in which he has explained the bill to the Senate.

I believe the Government of Canada means business by this measure. The fact that the Honourable Jean Marchand is the minister in charge means that, among other things, the Government really means business. This will be one of its far-reaching programs, perhaps one of its window-dressing programs in so far as it is a starred exhibit—and I am all for it.

I can understand that this bill will be of assistance to the Maritime Provinces and to the Province of Quebec or to a large part of it, but as to the other parts of Canada—I may be unfair and I hope I am incorrect—it seems to me it has less emphasis in comparison to the stated application to the other provinces.

I am speaking here at this time because I want to impress upon the Government, if I can, the need to look with great sympathy at Western Canada, and in particular the prairie region, in the administration of this measure. It is very easy for someone not acquainted with the economy of that area to say—when it comes to mineral or oil production, or the normal type of statistics—that all is well in the prairie regions. But that is not so. One has only to make a very brief trip to the Prairie Provinces to find out that all is not well. Go to any of the five metropolitan centres and you will find vast areas of what might be considered three prosperous provinces but which deserve inclusion in a special way in the administration of this act. Some of those areas have never been developed. I suggest some of them should qualify.

A further factor of which we are aware—some of us not to the degree that it warrants—is the absolute collapse of agricultural income generally from the sale of grain and wheat in the three Prairie Provinces. You can perhaps find a prosperous Winnipeg, Regina and Saskatoon, and a prosperous Calgary and Edmonton, but get outside of those large centres and you will find lack of development, low incomes and areas crying for attention by the national Government.

I have made some private inquiries—and I did not expect at that stage to get the most explicit answers—and the impression I got was that as far as its application to the three Prairie Provinces is concerned, it is still very much up in the air as to the degree to which this legislation will be participating. I want to say that in an economic sense there are revolutionary conditions in the three Prairie Provinces today. Take an area where the people have followed the advice of governments for many years and have produced and have been unable to sell those products, and they are in a state of imminent bankruptcy. These are conditions that require attention.

I make a special plea at this time for an area near Regina, the City of Moose Jaw and the City of Weyburn. Take the City of Moose Jaw, which is about 40 miles from Regina, with a population of 30,000 to 35,000 people, in many respects it is becoming a ghost town. It is a terrible thing to drive through this small city and see the poor economic conditions that prevail. Therefore, I appeal to the Government, and I also appeal from here to the Province of Saskatchewan, to do everything it can to see that this area is brought under this act. Along with Moose Jaw, I include the City of Weyburn, a city of 10,000 people that is standing still, is not growing, because bad weather has resulted in poor crops, and a provincial institute is threatening to close down within the next few years. Whether or not the institute closes down, I hope that the Government and the minister will give sympathetic consideration to the inclusion of that region under this bill.

I also hope that the Government will look at the exclusion it has set against taking in primary industries. I understand the reasons that are advanced, and I was somewhat encouraged by seeing that under the bill certain exceptions can be made. Personally I feel that every consideration should be given to including certain primary industries within the application of this bill. I suggest that the beef industry is one that might be given that kind of consideration. Beef prices are high at the moment, and every economist I know of will say that this country should be producing more beef. The farmers who are prepared to produce more beef suffer from a shortage of capital and income, but are producing very efficiently large quantities of grain. I can see no reason why the people in those areas of Canada should have their industry excluded from this act. I think that in the interests of fair play and of national unity, the people in the Prairie Provinces should be given sympathetic treatment under this bill, and that large areas of the three provinces must in the future be included if the law is to apply in an equitable fashion.

Hon. Mr. Robichaud: May I have the permission of the Senate to reply to a question asked by Senator Roebuck. It is understood that it is not my intention to close the debate by answering this question.

Senator Roebuck asked if the provincial governments had been approached or consulted and whether they were going to take part

in this proposal. May I point out that clause 15, dealing with regulations, says:

> The Governor in Council may make regulations
>
> (f) respecting the determination of the amount or present value of any federal, provincial or municipal assistance given or to be given in respect of a facility.

Furthermore, under the Government Organization Act to which I referred in my remarks, plans will be drawn up whereby the provincial government will be expected to pay certain costs for infrastructure in growth centres. In other words, they will be participating in the assistance given under this program.

Hon. Mr. Martin: And also under clause 3 of the bill.

On motion of Hon. Mr. Macdonald, debate adjourned.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Master of the Royal Canadian Mint for the year ended December 31, 1968, pursuant to section 21 of the Currency, Mint and Exchange Fund Act, Chapter 315, R.S.C., 1952. (English and French texts).

Report of the Farm Credit Corporation, including its Accounts and Financial Statements certified by the Auditor General for the fiscal year ended March 31, 1969, pursuant to section 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Science Council of Canada for the fiscal year ended March 31, 1969, pursuant to section 17 of the Science Council of Canada Act, chapter 19, Statutes of Canada, 1966-67. (English and French texts).

Copies of an Abridged Version of the Report of the Royal Commission on Security (Maxwell Weir Mackenzie, Chairman), dated June, 1969. (English and French texts).

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1969, pursuant to section 21(1) of the Atomic Energy Control Act, chapter 11, R.S.C., 1952. (English and French texts).

IDENTIFICATION OF CRIMINALS ACT

BILL TO AMEND—FIRST READING

Hon. John M. Macdonald presented Bill S-40, to amend the Identification of Criminals Act.

He said: Honourable senators, perhaps I may say a word of explanation on first reading.

Under the present Identification of Criminals Act a person who is charged with but who is not convicted of an indictable offence may be subjected to various means of identification, one of which is fingerprinting. I think it is fairly obvious that if a person is charged with an offence, he is not yet a criminal and he cannot be so classified until he has been convicted of that offence. The purpose of this bill is simply to remedy this situation, whereby these identification processes are carried out, and to make it so that a person can only be fingerprinted, or that these other means of identification as set out in the bill can only be adopted after he has been convicted.

When this bill receives first reading, I shall move that it be set down for second reading on Friday, although it is not my intention that it should receive second reading until after the adjournment. I think it is a bill which will commend itself to honourable senators, and it may well be that if after studying it the honourable Leader of the Government wishes to adopt it as a government measure I shall be happy to oblige him.

Hon. Mr. Martin: This is not the first time that a good suggestion has come from that quarter.

Hon. Mr. Roebuck: Am I correct that the practice now, at least in the Province of Ontario, is not to photograph or fingerprint a prisoner until after conviction?

Hon. Mr. Choquette: No. It is done the minute he is apprehended.

Hon. Mr. Roebuck: That was not the case when I was in office.

Hon. Mr. Choquette: No doubt the honourable senator would have prevented that, but it is a long time since he left that office.

Hon. Mr. Roebuck: Had it been the case while I was attorney general, I would have certainly stopped it at once. My experience is that photographing and fingerprinting occurs after conviction, not before.

Hon. Mr. Macdonald: I do not know the practice in Ontario, honourable senators, but

quite by chance I became aware of a case in which a person was taken to be fingerprinted after he was charged with an offence, but before he had had a hearing. The hearing was set for a future date and he was released on bail, but not before he was fingerprinted.

Hon. Mr. Roebuck: Did that occur in Ontario?

Hon. Mr. Macdonald: No. That was in Nova Scotia.

Hon. Mr. Choquette: I can speak of the Ontario practice. I have gone to interview clients and have been told, "Not now; he is being fingerprinted." I used to raise my voice, but to no avail. Protesting against this practice has always been to no avail.

Hon. Mr. Roebuck: Then it is time we took action.

Bill read first time.

Hon. Mr. Macdonald moved that the bill be placed on the Orders of the Day for second reading on Friday next.

Motion agreed to.

ATLANTIC REGION FREIGHT ASSISTANCE BILL

SECOND READING

Hon. William J. Petten moved the second reading of Bill C-207, to authorize assistance to transportation in the Atlantic Region.

He said: Honourable senators, the measure before us is a first step towards modernizing and making more effective the assistance now granted to shippers in the Atlantic Provinces under the Maritime Freight Rates Act while at the same time making provision to extend temporarily the freeze on non-competitive carload freight rates in the Atlantic region during the transition period.

The Maritime Freight Rates Act has been the subject of intensive study over the past ten years, first by the MacPherson Royal Commission on Transportation. Honourable senators will recall that this act reduces rail freight rates on movements within what is called the "select territory", and on movements outbound from the select territory to destinations elsewhere in Canada. The select territory consists of the Island of Newfoundland, the three Maritime Provinces, and that part of Quebec south of the St. Lawrence River and east of Levis. The act provides for a reduction of 20 per cent on the tolls charged for traffic moved entirely within the select territory, and of 30 per cent on outbound movements. In the latter case, the reduction applies only to the portion of the rate applicable to the haul within the select territory. A subsidy of approximately $14 million per year is paid to the railways to compensate them for the resultant lower level of revenues.

The purpose of the Maritime Freight Rates Act, as originally set forth, is to afford to Maritime merchants, traders and manufacturers the larger market of the whole Canadian people instead of the restricted market of the Maritimes themselves. The MacPherson Royal Commission, reporting in 1961, stated that the act was no longer achieving its objectives because of the growth of competition in transportation, particularly in central Canada, which nullified to an important degree the intent of the act. The commission recommended the abolition of the "internal" portion of the subsidy on the grounds that there was now sufficient competition in transportation in the Atlantic Provinces to control rail rates, and that the internal subsidy tended to inhibit the further growth of competition since it subsidized rail transportation alone, leaving other modes untouched.

With respect to the outbound subsidy, the commission recommended payment to all modes in order to prevent a misallocation of transportation resources. These recommendations reflected the commission's view that where transportation assistance was used for national policy purposes, it should not distort the terms of competition among the various transportation modes. This principle was later included in the national transportation policy, which forms section 1 of the National Transportation Act.

The MacPherson Royal Commission was unable to review comprehensively the problems of transportation in the Atlantic Provinces, and suggested further studies for this purpose. These studies were commissioned by the Atlantic Development Board and the Department of Transport. The conclusions arrived at with respect to the Maritime Freight Rates Act were consistent with those of the MacPherson commission.

Early this year the premiers of the Atlantic Provinces, acting on an invitation from the previous Minister of Transport, presented their views on many aspects of transportation in those provinces. Their brief was very comprehensive and constructive, and many of their suggestions will be considered in formulating the development plans of the Department of Regional Economic Expansion for the Atlantic region.

With respect to the Maritime Freight Rates Act itself, the premiers agreed that the outbound subsidy should be applied to all modes, and that the internal subsidies should be applied selectively rather than generally, so that the benefits could be concentrated on those industries and products with the greatest economic growth potential and where transportation costs are important.

Transportation in the Atlantic Provinces has also been investigated by the Standing Committee of the House of Commons on Transport and Communications. The committee was asked to visit the provincial capitals, receive briefs and hold public hearings.

This bill proposes to authorize the Governor in Council to make regulations to extend to commercial trucking and railway express shipments the same degree of assistance—30 per cent—as is now paid to the railways to reduce the transportation cost of shipments outbound from the Atlantic region to the remainder of Canada. It is proposed that the subsidies for truckers be paid to for-hire carriers of goods by motor vehicle who are licensed to do so pursuant to an act of the Parliament of Canada or of the legislature of a province, and who have registered their tariffs with the Canadian Transport Commission by July 15 next.

Although, as I have mentioned, various bodies have recommended the removal of the 20 per cent reduction in rail freight rates within the Atlantic region, the Government has decided that this would mean too abrupt a change. Instead, the bill grants the Governor in Council authority to remove this assistance in whole or in part on selected commodities or classes of traffic, and to use the money thus saved for other forms of transportation assistance for Atlantic provinces shippers, producers and carriers. This proposal is in conformity with the recommendations by the premiers of the Atlantic Provinces, submitted earlier this year.

A new joint federal-provincial committee will be set up to recommend how this should be done. The committee will be asked to examine the economic effects of these Maritime Freight Rates Act subsidies within the region and to recommend progressively to the Government specific and detailed measures of assistance to truckers, railways and other carriers or to producers and shippers of goods within the region. These measures will be substituted for the general assistance now given under the Maritime Freight Rates Act in order to ensure that the funds provided by Parliament are used to the best advantage of the region.

The bill proposes to extend for a maximum of one year from March 23, 1969, the existing freeze on non-competitive carload rail freight rates on Atlantic region shipments, and provides that the freeze can be terminated before the end of the year by the Governor in Council. At the same time, the bill authorizes the payment of compensation to the railways for the loss of revenues during the period of extension of the freeze. Compensation in return for a public burden imposed on a carrier is required by the national transportation policy. Compensation may not exceed $12 million for the maximum period of extension, and it is now expected that the freeze can be terminated considerably before the end of the year.

These two measures—extension of the outbound subsidy to truckers and termination of the freeze—will end two sources of discrimination against Atlantic region truckers, which has placed them in a difficult position financially.

Another measure which forms part of the interim package of changes in transportation assistance for the Atlantic region is a temporary subsidy, pending the completion of additional studies, for the existing water carrier between Montreal and Corner Brook and St. John's Newfoundland. The Government proposes to ask Parliament to approve this subsidy, which is designed to ensure a competitive service to the railway between Montreal and Newfoundland.

The Minister of Transport has stated that the joint federal-provincial committee will also be asked to examine the possible contribution to the economic development of the Atlantic provinces of subsidies on outbound air and waterborne freight, and whether the outbound subsidies should be applied selectively rather than generally in order to concentrate the assistance provided, as is proposed in connection with the internal subsidy.

The minister has emphasized the importance of programs of highway development for the Atlantic region, and he has noted that in future these programs will form part of the plans of the Department of Regional Economic Expansion.

It is the Government's intention in due course to bring forward more comprehensive measures of a permanent character, once the work of the joint federal-provincial committee is well advanced and the development plans of the provinces and the Department of

Regional Economic Expansion have been agreed upon.

Honourable senators, when this bill has received second reading it is my intention to move that it be referred to the Standing Senate Committee on Transport and Communications.

Hon. John M. Macdonald: Honourable senators, this bill is a very important measure to the Atlantic region, because transportation has always been one of the difficulties faced by the people of that region. It was in an effort to solve, or at least partially solve, those difficulties that the old Maritime Freight Rates Act was passed. Experience has shown that that act, while helpful, was not a solution, and this bill is a new, enlarged and improved attempt to assist transportation of goods from the Atlantic region to the markets of central Canada.

As the sponsor (Hon. Mr. Petten) said, this bill will continue the benefits given to the railways by way of subsidy on rail freight from within the region to points of Canada outside the region. It extends the subsidy of 30 per cent to commercial truckers and railway express shipments in the hope that it will reduce for shippers the cost of the shipments outward bound from the region.

As the sponsor also mentioned, the bill continues the 20 per cent subsidy paid to the railroads on the movement of freight within the region, but it does not extend this provision to truckers or to the railway express shipments. I suppose it would be difficult to defend this lack of coverage to truckers and railway express shipments once the principle is accepted of placing trucking on the same basis as the railways for shipments going outside the region. It is certainly not logical, though apparently the Minister of Transport wants a study to be made of it before making a final decision. The bill does provide a sort of indirect method whereby truckers in the region may be assisted if and when some commodities are removed from the subsidy coverage.

I believe the bill has had very general approval, though of course the trucking industry still has a grievance. In any event, it is a sincere attempt to assist in overcoming some of the transportation difficulties of the Atlantic region, and as such it deserves support. I think a factor in its favour is that the Minister of Transport did consult the premiers of the Atlantic provinces before introducing the bill, and he has their approval.

It is also important to keep in mind that this bill is not meant as a final solution of the transport difficulties, but is more of an interim measure until various studies of the proposed joint federal-provincial committees are concluded and recommendations made. In the meantime, the experience gained by the operation of the provisions of this bill should be helpful when other legislation on the same subject is considered in the future.

Honourable senators, one matter that is not in the bill but was referred to by the sponsor is one that causes me some concern, and perhaps some anxiety. When the Minister of Transport spoke on second reading he mentioned that the joint federal-provincial committee he proposed to set up would be asked, among other matters, to review all the subsidized water transportation services in or out of the region or wholly within the region. It may well be that such subsidies should be examined to see whether they are still necessary or whether the services so subsidized are still needed. There are quite a number of them, and the total subsidy amounts to about $12 million a year. However, honourable senators, it is not these subsidies that cause me concern. In his speech on second reading, after mentioning the review he intends to ask the committee to make, he said:

> Meanwhile, in order to ensure a competitive service to the railway from Montreal to Newfoundland the government has decided to ask parliament to provide an interim subsidy to the existing water carrier service between Montreal and Corner Brook and Montreal and St. John's for the season 1969, and thereafter until the two studies are completed.

This was mentioned by the sponsor.

In a later speech, during committee stage of the bill, the minister said:

> We are in fact arranging for subsidies of a very considerable magnitude on shipments from Montreal to Corner Brook and St. John's.

I do not understand why it should be necessary or desirable to provide a competitive service to the railroads from Montreal to these two ports of Newfoundland. Indeed, I do not see how they can be competitive if both have to be subsidized by the Government. It is not wholly accurate to say that the service to Newfoundland is a subsidy, because under the Terms of Union with Canada it was agreed to provide a freight and

passenger service from the mainland of Canada to Newfoundland, and the C.N.R. are only agents of the Government of Canada operating this service. In order to give efficient railway service, millions of dollars have been spent on harbour facilities and on ships to carry freight, vehicles and passengers. Indeed, they have these large ships which carry the railway cars from the mainland to Newfoundland.

It would appear to me that a strong case should be made for the need of competitive service before a subsidy of considerable magnitude is approved for water carriers. No such case has been made or if it has I have not read of it. I think I have read all that has been said in the House of Commons on this bill.

In my opinion, competition only for the sake of competition does not make sense. I could understand it if it could be shown that there was need for an alternative system, but if the effect of this subsidy of considerable magnitude is simply to divert traffic from the railways, and especially the Canadian National Railway which has given an excellent service to a steamship company, while the St. Lawrence River is open to navigation, it is only robbing a poor Peter to pay a rich Paul.

Hon. Mr. Martin: That is the policy of the day.

Hon. Mr. Macdonald: I do not know the amount of the proposed subsidy. It was not in the original Estimates, and if it was in the supplementaries I have overlooked it. In any event, honourable senators, I should like to know the reasons why it is considered desirable to give a subsidy of a very considerable magnitude to a steamship company in order to allow it to compete with the railways.

I think it should be remembered also, to bring the discussion back to the bill before us, that under this bill a subsidy is paid only for goods moving outward from the Atlantic region to other parts of Canada. If a subsidy is given to a water carrier it may very well be that such subsidy will also assist such carrier in moving freight to the Atlantic region from other parts of Canada and so give the water carrier an unfair advantage over the railways.

Honourable senators, as I have mentioned I feel that the bill, of itself, is entitled to our support. I do hope it will have the effect that the Minister of Transport wants it to have and, as he is familiar with the transportation problems of the Atlantic area, I know we all wish him well in his endeavours to solve them.

As the sponsor of the bill has given a very fine, able and lucid explanation of its provisions, I do not think there would be any advantage gained by sending it to a committee for a detailed study. The matter of subsidy which I spoke about is of course one of Government policy and one could not hope for an explanation in committee for that purpose. Consequently, I would think, unless some others wish to speak on the bill or to ask questions about the details of it, it could be put down for third reading now.

Motion agreed to and bill read second time.

On motion of Hon. Mr. Petten, bill placed on the Orders of the Day for third reading at the next sitting.

RULES OF THE SENATE

MOTION FOR ADOPTION OF FOURTH REPORT OF SPECIAL COMMITTEE—ORDER FOR RESUMING DEBATE STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Molson, seconded by the Honourable Senator Smith (Queens-Shelburne), for the adoption of the Fourth Report of the Special Committee of the Senate on the Rules of the Senate.—(Honourable Senator McDonald).

Hon. Paul Martin: I wish to say on behalf of Senator McDonald, in whose name this order stands, that he is engaged on urgent matters outside and is unable to be present. I therefore propose that this item stand until Tuesday, September 23.

Order stands.

PATENT ACT

BILL TO AMEND—SECOND READING

Hon. Earl W. Urquhart moved the second reading of Bill C-194, to amend the Patent Act.

He said: Honourable senators, the purpose of this bill is to remove from the Patent Act all provisions therein relating to the fixing of fees under that act, and to provide authority for the making of regulations respecting the fees to be charged.

Several statutes which authorize the levying of fees give the Governor in Council the necessary authority. The Royal Commission on Government Organization, known as the

Glassco Commission, recommended that patent fees should cover—and I quote from Volume III, page 372, of the report: "... at least the total of all costs, direct and indirect, incurred in performing the service."

Direct costs of the Patent Office are now largely covered through fees charged applicants for patents, but indirect costs, such as accommodation for the office and superannuation, do not at the present appear in departmental estimates.

The Royal Commission on Patents, Copyright and Industrial Designs, commonly known as the Ilsley Commission, also recommended changes of the kind proposed by this bill.

The principle of making the Patent Office a self-sustaining operation is one to which the Government subscribes. A periodic review of fees is required, and continuing fee revisions are needed. At the present time, since many of the fees are embodied in section 75 of the Patent Act, any fee revision, no matter how minor, must be brought before Parliament, with the result that valuable time must be taken from more urgent matters before both houses.

In 1964 the Appropriation Act authorized the Governor in Council to revise the fee structure under the Patent Act, and the present structure dates from that time. I think honourable senators would agree with me that it is better practice not to use appropriation acts to make this type of legislative change.

The present bill merely establishes authority for the Governor in Council to revise fees from time to time as may become necessary. This is not a new departure because the principle of this bill is already embodied in some of the most important statutes of Parliament. I refer to the Canadian Citizenship Act, the Weights and Measures Act, the Transport Act, the St. Lawrence Seaway Authority Act, the Food and Drug Act, to mention only a few.

That, honourable senators, covers the principle of this bill.

Hon. Jacques Flynn: Honourable senators, the purpose of this bill is very simple and has been clearly explained by the sponsor.

I agree that the determination of fees to be paid on the filing of applications under the Patent Act is a matter for regulations and not for legislation. Furthermore, the change brought about by this bill would follow the recommendation of the Glassco Commission, to the effect that the cost of services given by the Government should be recuperated from those who benefit from these services.

Therefore, I think this bill will receive the support of all, and it would be absolutely unnecessary to send it to a committee. It can receive second reading now and third reading can follow at the next sitting.

Motion agreed to and bill read second time.

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

Hon. Mr. Urquhart moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I am grateful to the Leader of the Opposition and indeed to all honourable senators for their co-operation in facilitating our handling of the remaining legislative items which come to us from the other place.

I am about to propose that we adjourn now until tomorrow at 3 o'clock. It is not clear as to what our agenda will be for the balance of the week. We are dependent absolutely on the progress of debate in the other place. The one remaining measure, the Official Languages Bill, is now before that house. That we will get it by tomorrow night even now appears doubtful.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 3, 1969

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

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a Communique, dated June 26, 1969, issued by the Department of External Affairs following the Twelfth Meeting of the Joint Canada-United States Ministerial Committee on Trade and Economic Affairs, held at Washington, D.C., June 25-26, 1969. (English and French texts).

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1969, including its Accounts and Financial Statements certified by the Auditor General, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Army Benevolent Fund Board for the fiscal year ended March 31, 1969, pursuant to section 13 of the Army Benevolent Fund Act, chapter 10, R.S.C., 1952, including its Accounts and Financial Statements certified by the Auditor General. (English and French texts).

Report of Operations under the Civil Service Insurance Act for the fiscal year ended March 31, 1969, pursuant to section 21(2) of the said Act, chapter 49, R.S.C., 1952. (English and French texts).

Copies of Extradition Agreement between the Government of Canada and the Republic of Austria, signed at Ottawa May 11, 1967. (English and French texts).

Copies of Protocol to renew, for a period of three years, the Trade Agreement between the Government of Canada and the Hungarian People's Republic concluded in Ottawa June 11, 1964. Signed at Budapest August 9, 1968. Entered into force provisionally August 9, 1968. (English and French texts).

Copies of Agreement on administrative arrangements for the Prek Thnot (Cambodia) Power and Irrigation Development Project. Done at the United Nations November 13, 1968. Signed by Canada November 13, 1968. Entered into force November 13, 1968. (English and French texts).

Copies of Contribution Agreement between the Asian Development Bank and the Government of Canada covering the use of Canadian Special Funds Resources. Signed in Manila December 23, 1968. Entered into force December 23, 1968. (English and French texts).

Copies of Notes, dated February 4, 1969, exchanged between the Government of Canada and the Government of the State of Israel, to amend Article 21 of the Extradition Agreement signed at Ottawa March 10, 1967. (English and French texts).

Copies of Air Transport Agreement between the Government of Canada and the Government of the Czechoslovak Socialist Republic. Signed at Prague March 20, 1969. Entered into force March 20, 1969. (English and French texts).

Copies of Notes, dated April 3, 1969, exchanged between the Government of Canada and the Government of France, concerning the construction, maintenance and operation of a Cattle Quarantine Station in the territory of St. Pierre and Miquelon. Entered into force April 3, 1969. (English and French texts).

Copies of Notes, dated April 22, 1969, exchanged between the Government of Canada and the Government of Thailand, constituting a Commercial Modus Vivendi between the two countries. Entered into force April 22, 1969. (English and French texts).

Copies of Notes, dated April 23, 1969, exchanged between the Government of Canada and the Government of the Confederation of Switzerland, renewing, for a period of three years, the Agreement of March 6, 1958, to provide for co-operation in the peaceful uses of Atomic Energy. Entered into force April 23, 1969 (effective from July 31, 1968). (English and French texts).

ATLANTIC REGION FREIGHT ASSISTANCE BILL

THIRD READING

Hon. Paul Martin, for Hon. Mr. Petten, moved the third reading of Bill C-207, to authorize assistance to transportation in the Atlantic Region.

Motion agreed to and bill read third time and passed.

PATENT ACT

BILL TO AMEND—THIRD READING

Hon. Earl W. Urquhart moved the third reading of Bill C-194, to amend the Patent Act.

Motion agreed to and bill read third time and passed.

REGIONAL DEVELOPMENT INCENTIVES BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of the Hon. Mr. Robichaud, for the second reading of Bill C-202, to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment.

Hon. John M. Macdonald: Honourable senator, the full title of this bill—an act to provide incentives for the development or productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment—in itself tells of the aims and purposes of the legislation, and certainly such a purpose is worthy of support. It is worthy of support not only because its aim is to improve conditions in certain regions of Canada, but also because it is in the national interest. It is in the national interest because we cannot hope to have a strong and united Canada if some parts of our country are poor while other parts are rich, if people in some regions of Canada live in a constant state of worry and anxiety because their future is uncertain on account of unemployment or the fear of unemployment.

This bill is a measure to encourage industrial development in parts of Canada where there are substantial problems of unemployment and underemployment, with all the difficulties and hardships that accompany such an economic condition.

So, honourable senators, I think the purpose of this bill is a very commendable one. I certainly hope it does all that the Minister of Regional Economic Expansion wants it to accomplish. Indeed, it should prove a powerful incentive to companies to increase employment in the slow growth areas of Canada. For, certainly, there is no law of man or of economics which decrees that certain regions of Canada are destined to be forever less prosperous than others.

Honourable senators, I do not propose to deal with the separate clauses of the bill; I do not think it would be beneficial to do so at this time. However, certain criticisms have been made. One, that the minister is given extraordinary power and authority under the act, is, I think, a valid criticism. Indeed, I have counted up to ten different provisions in the bill where such expressions are used as "the minister may authorize", "in the opinion of the minister", "as the minister may determine", "when the minister is satisfied"—these indeed give the minister great discretion. Yet, I must confess that I do not know what safeguards could be put in the bill at this stage. I think probably the only thing to do is to say to the minister, in effect: Parliament is giving you extraordinary powers; it will watch carefully to see how you exercise them, and to see if you can use such powers to solve the problems of the slow growth areas of our country.

Personally, I hope the minister will use the power and authority that this bill will give him in a bold, determined and vigorous fashion. I hope he will not be afraid to take a chance; that he will not be deterred from acting by risk of failure. There is always a certain gamble in providing assistance in these cases. Results cannot be guaranteed. So, I do hope that the minister will not take a cautious approach to these problems, but that he will be willing to take a chance even if there is but a half reasonable expectation of success.

Honourable senators, I hope that when the bill is in committee, or during the debate on the motion for third reading, the meaning of some expressions will be dealt with so that we may know just what is meant. For example, in clause 3 and other clauses of the bill the expression "economic expansion and social adjustment" occurs. Does this mean that assistance will not be given unless the new or expanded industry provides for both economic expansion and social adjustment, or will it be sufficient to provide economic expansion or social adjustment? Again, I must confess that I do not quite understand what is meant by the words "social adjustment."

Also in clause 3 the term "exceptionally inadequate" occurs in reference to existing opportunities for employment, and in the

same clause the term "significant contribution" is used. If these terms have been presently defined, I should like to know what they mean.

Honourable senators, I repeat, this bill is worthy of our support. I hope and trust its provisions will be the means whereby many people in Canada will have cause to be thankful for the enactment of this legislation.

Honourable senators, before resuming my seat I should like to thank and congratulate the honourable sponsor of this bill (Hon. Mr. Robichaud) for his very adequate and lucid explanation of it.

Hon. Hedard Robichaud: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the honourable Senator Robichaud speaks now, his speech will have the effect of closing the debate.

Hon. Mr. Robichaud: —as it is my intention to move after second reading that this bill be referred to the Standing Senate Committee on Banking, Trade and Commerce, there is very little I could add now to the explanations I gave yesterday. Senator Macdonald has just asked for further explanations, and I hope to be able to give these when the bill is considered on third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Robichaud, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I have been in touch with the Leader of the Opposition and discussed with him the possible program ahead of us. I hope to confer with him again later this afternoon. It is not possible to say now what our program will be, but we will follow events in the other place.

I would propose that we now adjourn during pleasure to reassemble at the call of the bell at approximately 6 p.m. today. I hope that at that time we will be able to indicate whether it is useful for us to meet tonight and tomorrow or whether we will have to adjourn until next week.

The Senate adjourned during pleasure.

At 5.55 p.m. the sitting was resumed.

REGIONAL DEVELOPMENT INCENTIVES BILL

REPORT OF COMMITTEE

Leave having been given to revert to Reports of Committees:

Hon. Lazarus Phillips, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-202, to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Hedard Robichaud: Honourable senators, with leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it do stand adjourned until Tuesday next, July 8, 1969, at 3 o'clock in the afternoon.

May I say briefly that I have discussed the matter of adjournment with the Leader of the Opposition (Hon. Mr. Flynn). It is clear that the Official Languages Bill, which is the measure that will require our attention, will certainly not receive third reading in the other place tonight. In the event that the bill receives third reading tomorrow, the Leader of the Opposition felt we would require more than that day to debate it. It is therefore proposed that we meet on Tuesday next at 3 o'clock in the afternoon. I hope honourable senators will find it possible to convey to their colleagues the importance of the measure that will then be before the house.

Hon. Jacques Flynn: Honourable senators, for clarification I would point out that if the languages bill reached us tomorrow we would have to dispose of it before six o'clock in order for it to receive Royal Assent. That is why I felt we would not be able to dispose of the matter tomorrow.

Motion agreed to.

The Senate adjourned until Tuesday, July 8, 1969 at 3 p.m.

29234—111½

THE SENATE

Tuesday, July 8, 1969

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

Prayers.

THE LATE HON. JEAN-FRANÇOIS POULIOT

TRIBUTES

Hon. Paul Martin: Honourable senators, I rise to pay tribute to the late Senator Jean-François Pouliot.

[*Translation*]

I believe that I express the feelings of all senators when I say it is with deep regret that we learned of the death of Senator Jean-François Pouliot which occurred on Sunday last.

Senator Pouliot came from a family of politicians who served Quebec and Canada for three generations.

He sat in the Commons as representative of the constituency of Témiscouata for 31 years without a break from 1924, and in the Senate for 13 years from 1955, which makes 44 years in the service of the Canadian Parliament. What a fine career! During that period he was earnestly devoted to his party, to his fellow-citizens and to his country. To think about Témiscouata is to think immediately about Jean-François Pouliot. He shared the daily life of his fellow-citizens.

[*English*]

Apart from his parliamentary career, he was made Bâtonnier of the Lower St. Lawrence Division of the Quebec Bar 1944-45. He wrote the Municipal Code and text books on the Parish Law of the Province of Quebec and on the Administration of Church Property. He contributed numerous articles to daily newspapers and periodicals.

The late senator represented the House of Commons at the Empire Parliamentary Conference, and in 1937 he was the special correspondent of the Montreal daily newspaper, *La Presse*, at the Coronation ceremonies.

He was Chairman of the Special Parliamentary Committee on the Civil Service in 1938, and in 1940 the Federation of Canadian Mayors sent him to major cities in the United States to investigate the operation of the Works Progress Administration.

A very active man in the other place and in this place, our late colleague will be greatly missed. There are many all over Canada who will weep for Jean-François Pouliot.

[*Translation*]

On behalf of all honourable senators, I ask Madame Pouliot and her son, François, to accept our most sincere sympathy. I also offer our condolences to the farmers of Quebec, as well as to all the other inhabitants of the province whom he was proud to represent in this house.

Hon. Jacques Flynn: Honourable senators, assuredly, one of the most colourful and most winning personalities of the world of politics of these last fifty years has left us in the person of our late colleague, Jean-François Pouliot, who died during the night on Sunday last in his beloved native village, Rivière-du-Loup, at the age of 79.

He had, as the Leader of the Government pointed out, an exceptional career, almost without parallel, having served in the House of Commons and here from 1924 to 1968.

As member for Témiscouata, he soon came into notice through his love for work, his fighting spirit. Those who followed the election campaigns of Jean-François Pouliot will remember him as a politician of another era who truly loved electoral contests, who loved the discussion of public affairs, and who, until his retirement last year, never ceased to have an interest in whatever related to politics.

As a matter of fact, after leaving us, he came back on many occasions as long as his health would permit, to meet his former colleagues and to immerse himself again in the atmosphere of Parliament.

It has been claimed that he did not feel as much at ease in the Senate as in the House of Commons. I am not prepared to vouch for that, and I think that our colleagues who knew him, who saw him at his busiest, never noticed any difference between Jean-François Pouliot, M.P. and Jean-François Pouliot, senator.

I join with the Government Leader in offering to Madame Pouliot and her son our expression of deep sympathy and I assure them that we will long remember Senator Pouliot.

As for me, the bonds of friendship between our families, and the graciousness which he always showed us makes his passing all the more painful for me.

Indeed, Jean-François Pouliot belongs now to history, where he will remain a most

memorable personality of Canadian political life.

[*English*]

Hon. David A. Croll: Honourable senators, Jean-François Pouliot was my good friend. I met him first nearly 40 years ago when he came to Windsor to speak in my behalf. In those days he was a great stump speaker and the audiences loved him. His expressions, his wit, his clarity and his turn of phrase found great rapport with audiences. He could get through to them.

Senator Pouliot had a fine spirit of public service, and he was always a political politician. He was not afraid to speak his mind; he never sat on the fence. He laid his views on the line, come what may, and he was never defeated. He wanted attention, he deserved attention and he got attention. Yet he made thousands of friends, and he kept them. He was always tugging at the lapels of Canadians, beseeching them to share his views, yet with an understanding and a deep sense of justice.

Jean-François Pouliot was witty and he was sharp, but in a rather kindly way. If you were his friend and he was your friend, you knew it. If he was your enemy, you knew that too. He was often quick and pointed. On one occasion, when an opponent called him a mountebank he immediately replied that he would call his opponent an angel, in which case both would be mistaken. He was tenacious. The railroad station at Rivière-du-Loup was rebuilt to his specifications by a government not of his choosing. Because of his independence he suffered many grievous disappointments in his political career, yet he was not embittered. He was quick and deadly with a retort, and he was often able to demolish a piece of legislation that he did not like by referring to it as "a brand new nothing." His wit, his manner and his ideas were always his own.

The late senator leaves pleasant memories among those who valued his originality of mind, his delightful courtesy in public as well as in private life, and his acts of thoughtfulness for his friends. He was a man for all seasons and we shall miss him. I extend to his widow and to his son my deepest sympathy.

[*Translation*]

Hon. L. M. Gouin: Honourable senators, over the years, Senator Jean-François Pouliot and I had become very good friends. I feel personal grief at his passing. He was a jurist and he has left us a remarkable work on Parish Law.

I extend my sincere and heartfelt sympathy to his widow, to his son, and to the countless friends he had in Témiscouata.

[*English*]

Hon. Allister Grosart: Honourable senators, I rise on this sad occasion to pay tribute to one who was my neighbour in the corridor on the sixth floor of this building. Because I was his neighbour I had the privilege of sharing for a few years much of the warmth of his personality, which was so very much in evidence despite his sometimes frightening exterior.

Senator Croll has said that if Senator Pouliot was your friend you knew it and if he was your enemy you knew that too. I well remember one occasion when I found myself both his friend and enemy. I think the anecdote may be typical of this very great man whose death we mourn today. It was at a meeting of a committee of the Senate. I made some remark to which Senator Pouliot objected very strenuously. He rose from his seat and said, "Mr. Chairman, every time I try to get information Senator Grosart stands between me and the truth," and he stormed out of the room. I went up to his office later and he was waiting for me. He said, "Grosart, come in and have a drink with me. You may wonder why I took the position I did today in the committee. Perhaps I can tell you something. You are new here, but you have a chance now of making something of yourself as a senator, because you have been attacked by Jean-François Pouliot."

I had the privilege of spending what, in the aggregate, would be a good many hours at the feet of this great teacher, hearing some aspects of Canadian political history that are not to be found in the text books. I cherish those memories because in listening to him I became amazed at the extent to which he was involved in the confidences of so many of the great men of his time. He was not one who abused their confidences, because his sense of humour was such that years after he could bring a flash of enlightenment and humorous comment to some events that were recorded more seriously in our history books.

When Senator Pouliot decided to resign from the Senate he asked me to accept as a parting gift, his safe, in which he kept his cherished documents. It is in my office now and painted across it is the name Jean-François Pouliot. It will remain there as long as it is in my possession.

His greeting to me was always "bon voisin". Honourable senators, as long as I live

whenever I hear the phrase "good neighbour" or "bon voisin" I will think of the privilege I had of some years of association with Jean-François Pouliot.

I am sure all honourable senators and many others join with me at this time in saying to his lovely wife and son that we will miss him, not in the same way that they will, but with a warmth that will match their own remembrances of him.

OFFICIAL LANGUAGES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-120, respecting the status of the official languages of Canada.

Bill read first time.

SECOND READING

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

Hon. Paul Martin moved, with leave of the Senate, the second reading of the bill.

He said: Honourable senators, this will be the last piece of legislation we will be dealing with in this portion of the present session of Parliament. I am sure it will be agreed that this bill is one of the most important enactments, not only of the present session of Parliament but in our history. It is with a sense that we are participating in an important event in our national life that I rise to move the second reading of this bill.

[*Translation*]

Honourable senators, in speaking today to present the official languages bill at this stage of the debate, I feel that I am participating in the new trend that our country has taken.

The bill is no doubt the measure that can bring to Canada some of the most profound changes—and that in a very positive sense—which we have experienced since the proclamation of Confederation, one hundred years ago.

Canada has reached a turning point in its history. It is preparing, with determination, to launch forward, with the agreement and the talent of all its citizens, especially those who form part of the two great linguistic communities. It is an indisputable advantage for our country that its two official languages are the two great languages of western civilization and that they are also among the most widely spoken throughout the world. This heightens Canada's image abroad. Within Canada we want to create, as the Prime Minister said on October 17, 1968:

> ...a country where French Canadians can choose to live among English Canadians, and where English Canadians can choose to live among French Canadians, without giving up their cultural heritage.

Mr. Speaker, all parties are in agreement on the principle of the bill, and we know that a very large majority of Canadians see in this measure an important step in the creation of a bilingual Canada. However, there are also, it seems, some people who see difficulties in this legislation. Such people are less numerous, but sometimes more active. A certain fear, unfounded I must say, has taken hold of them and most of the time prevents them from understanding the precise meaning of the bill, its aims, its limitations.

Indeed, the bill in no way changes the Constitution. Neither does it affect the jurisdiction of the provinces, or the administration of justice, or any other field of provincial authority. It does not oblige public servants to become bilingual. It does not require that all government documents, publications and institutions be bilingual. It does not create linguistic ghettos. It does not set up in our society either a great inquisitor, a dictator or a super-spy. It does not impose on Canadians the study of the other official language. It does not regulate the use that citizens make of either language. It does not impose bilingualism on Canadians. It does not in any way affect the vested rights and privileges of the other ethnic groups. Finally, Mr. Speaker, this bill carries with it no discriminatory measures with regard to any Canadian citizen.

That, sir, the bill does not do; that, it does not imply or demand. All those fears, so strongly expressed by some persons, are obviously illusions. A rational study of the legislation, conducted without prejudice and with an open mind, reveals that this bill is just, reasonable, necessary and feasible. This brings me now to speak about the positive aspects of the measure and to show briefly what the bill really entails.

[*English*]

The fundamental purpose of this bill is to give equality by legislation to the two official languages of Canada in so far as the matter comes under the jurisdiction of the Parliament of Canada.

In order to better understand how this objective will be accomplished, it is necessary to review six aspects of the legislation. These are: the declaration of the status of languages; the construction of versions of enactments; the duties of departments and other agencies; the federal bilingual districts; the Commissioner of Official Languages; and the general provisions.

The bill declares English and French to be the official languages of Canada. They are to have equal legal status in every respect. For example, every federal regulation, order or other instrument in writing, directed to the public, must be in both English and French. In construing a federal enactment, the English and French versions are equally valid.

The provisions of the Official Languages Bill were deliberately drafted in rather general terms. There must, in a measure such as this, be a certain amount of flexibility in the administration of the act. Moreover, the great disparity of responsibilities among the more than 100 federal agencies made useless any effort to spell out for each organization the extent of its new obligations.

The bill applies to services rendered by the federal Government, rather than to the federal Government itself. A citizen will be able to communicate with the federal institutions, both judicial and administrative, in either of the two official languages. The federal institution will be required to provide its services to the individual in the official language that the citizen has used in communicating with the agency.

[*Translation*]

From the point of view of the citizen or, if you prefer, of the public, unilingualism does not prevent a person from being a full citizen, since his linguistic rights are protected and since he is not obliged to know the other official language in order to obtain services from the federal Government.

As far as the federal agency is concerned, it will be sufficient for it to reach the point of institutional bilingualism. The organization itself will be bilingual, not necessarily all its personnel. Actually, a limited number of bilingual personnel, filling key positions in particular localities, will most of the time give the organization the means of providing its services in one or the other of the official languages.

Briefly, Canadians are not obliged to learn, against their will, the other official language.

[*English*]

I do not know that one could emphasize any more important aspect than to say that there is nothing in this bill that imposes on any Canadian the obligation of speaking a language against his will. The bill establishes a Commissioner of Official Languages who will be responsible for ensuring that the spirit of the law is observed. He will have the power to send for documents, call witnesses and hold hearings, in the same way as the Auditor General does under the authority given to him by Parliament. The Commissioner will report to Parliament itself.

It has been said, and I anticipate the argument, that the bill will give excessive power to the Commissioner of Official Languages; that it makes him all-powerful—a kind of dictator or great inquisitor. It has even been contended that he would be the Government's puppet.

I wish to assure honourable senators that he will be nothing of the kind. The Commissioner of Official Languages will be in a sense, as the Minister of Justice in the other place observed, a sort of ombudsman—although I personally do not like that characterization of his role—a protector of the public in the field of linguistic rights.

[*Translation*]

I now come to the question of bilingual districts. They will not be established suddenly and without prior consultations. On the contrary, the bill provides that the Bilingual Districts Advisory Board shall consult with provincial authorities.

[*English*]

The bill defines a bilingual district as a region where at least 10 per cent of the population have as their mother tongue either French or English.

Hon. Mr. Benidickson: What is the position if they speak some other language?

Hon. Mr. Martin: This bill in no way affects the rights of others. I will point this out more clearly when I come to deal with clause 38 of the bill, a very pertinent clause in this regard.

In these districts the federal institutions will have to furnish services in both official languages. A French-speaking or English-speaking person who lives in or who is passing through a bilingual district will be able to communicate in French or English with the local agencies of the federal Government.

A territory where English-speaking Canadians and French-speaking Canadians live in harmony, precisely because they can all develop in their own culture without having to isolate themselves, is the opposite of a ghetto. It is a vital and creative community. This, then, is our conception of a bilingual district.

In Ottawa, we are already making progress. For example, government services available in French and English are becoming more and more numerous.

In passing this act—and I cannot emphasize this too strongly in view of Senator Benidickson's pertinent interjection—we are not overlooking the vital contribution made to our national life by those Canadians who are of neither French nor English descent. The purpose of clause 38 is to remind the Canadian people, especially those who are entrusted with the administration of the act, that the privileges of these citizens are not affected at all. They can continue to develop under the same conditions as before. They will, for example, still have the services of an interpreter both at the Customs and in the Courts.

But it is well that we have had this interjection from Senator Benidickson. Canada has two official languages, and these two languages are accorded recognition of equality by this measure. Section 133 of the BNA Act does, within limitations, accord equality to the two official languages but not to the extent envisaged by this bill. But nothing that is being done in this bill—and this I cannot emphasize too strongly—in any way affects the rights, for instance, of the Ukrainian population—and we have a distinguished senator of Ukrainian descent in this chamber whom I recognize at this moment. I myself live in a community where we have not only Ukrainians but representatives of many ethnic groups. This also applies to other parts of Canada.

Hon. Mr. Kickham: Will the honourable leader permit a question at this point? Will not this act permit discrimination against groups of other ethnic origins who do not speak either French or English?

I have observed, for example, that in the Canadian Pacific and Canadian National train services those speaking French now are in a greater majority than those speaking other mother tongues. They have to be bilingual, but they are not regarded as bilingual if they speak Ukrainian, German, Italian, Gaelic or any other language. I want to emphasize the point that people who speak Ukrainian, for example, are being discriminated against because they are not regarded as being bilingual—they are only regarded as being bilingual if they can speak French.

Hon. Mr. Martin: Without knowing anything of the particular circumstances to which my honourable friend has referred, I would hope that there would be no discrimination. I would point out that this bill is in no way related to that kind of situation. There is nothing in this bill which would in any way adversely affect the many other groups that make up the Canadian nation.

Hon. Mr. Kickham: May I ask another question?

Hon. Mr. Choquette: Make another speech, you mean!

Hon. Mr. Kickham: The response of the honourable leader certainly does not answer my question, because of the way that bilingualism—and that means English and French—has spread to government services. What is the situation about railroad services and other services that come under the administration of the federal Government?

Hon. Mr. Martin: I can only say to the distinguished senator who has intervened that for those who fear for their career in the federal public service, clause 40 should provide unmistakable assurance regarding the intentions of the Government. The principle of merit will continue to be the criteria for promotions in the public service. Each and every department and organization of the Government will share in the implementation of the Act. However, the Department of Secretary of State will co-ordinate the efforts of federal institutions to put the Act into practice.

[*Translation*]

In conclusion, I appeal through you, Mr. Speaker, to all honourable senators, to all who approve the principle of the bill, as well as to all Canadians of good will, and ask that they study the Official Languages Act so as to understand its meaning and its scope. For our part, and here I include my colleagues within the Government, we shall not fail to explain, as often as necessary, the meaning of the bill, to put its significance into proper perspective and, finally, to encourage all those affected by it, directly or indirectly, to realize its necessity and value for the future of our country.

[*English*]

There is no doubt that this bill is, as I said at the outset, one of the most important mea-

sures that any Parliament in this country has been called upon to enact. The bill arises at this time, I suppose, out of a common recognition by most of our political parties and by Canadians generally of the vital necessity for passing this kind of measure at this precise period in Canadian history. Canada is now in its 103rd year. Canada has the opportunity of becoming a truly bilingual country. This in itself is a great achievement, particularly when we consider the problems that attend other countries in the world who have multilingual groups. I think we are dealing with it in a very satisfactory way, so satisfactory that we speak of ourselves as a mosaic. We speak of ourselves not as a melting pot, but as Laurier many years ago spoke of Canada, as a happy family of people who recognize the cultural rights of those who compose the Canadian nation. Thus the Government, for reasons that are well understood by us all, was moved to introduce this measure a year and a half ago through the present Prime Minister of Canada.

Honourable senators, this is an important measure. I think most Canadians recognize the necessity for it. I am sure that the result will not only be to make us bilingual in the proper sense, but it will also enable us to appreciate the value of the other cultural groups whose cultural freedom arises out of the very fact that we are a bilingual country. The bilingualism we have is the guarantee of their cultural freedom.

Hon. John M. Macdonald: Honourable senators, first of all I wish to extend my sincere congratulations to the honourable Leader of the Government on the fine presentation he has just made. I am sure we are all indebted to him for his clear and lucid explanation of this bill. My only regret is that I am unable to follow his example and make a few remarks in both official languages.

Hon. Mr. Martin: I wish I could speak in Gaelic.

Hon. Mr. Macdonald (Cape Breton): I cannot speak it either.

Hon. Mr. Croll: It would not do you any good here.

Hon. Mr. Macdonald (Cape Breton): Honourable senators, in the course of his remarks, the Leader of the Government did mention the declaration contained in clause 2 of the bill. I think it is that clause that contains the declaration as to the status of the French and English languages in Canada, and that declaration is in itself an admirable explanation of this bill. It is a comprehensive statement, yet so concise that it can be easily understood. It states:

> The English and French languages are the official languages of Canada for all purposes of the Parliament and Government of Canada, and possess and enjoy equality of status and equal rights and privileges as to their use in all the institutions of the Parliament and Government of Canada.

As I understand it, all the other clauses of the bill are intended to ensure that this equality of status of the two official languages is recognized and, being so recognized, they will be the means or the machinery whereby the principle of equality will be put into effect by the federal Parliament in matters coming under federal jurisdiction.

Honourable senators, to say we have two official languages in Canada is not to proclaim a new doctrine or a new principle. Canada is a bilingual country; that is a fact of history. I do not suppose such historical fact needs to be proved but, if proof is needed, one need only look at section 133 of the British North America Act, which is our Constitution. That section very clearly recognizes and legalizes the existence of the two official languages. Surely, we must take from that section that it was the intent and the design of those who framed our Constitution that Canada would be bilingual. When we think of the circumstances surrounding, and indeed necessitating, the larger union of the Canadas and the Maritime provinces, it is most improbable that Quebec would have entered Confederation unless it was assured that its language would be an official language in the new Dominion of Canada. I think that the British North America Act gave all the legislative authority thought to be needed in those days to make the new Confederation bilingual.

In the important fields of federal authority, Parliament and the courts, it was spelled out that the two languages were official. I think we should remember that there were then no Crown corporations engaged in a multitude of activities such as we have today; that there were but a few departments of government, and these did not touch very closely the activities of the people of Canada. In those times too there was little mobility of population; travel was difficult and very few people moved from one province to another. So, while there are two official languages in the federal jurisdiction, it came about that this

was often forgotten and generally French became the official language of Quebec and English that of the other provinces.

In the field of federal jurisdiction, again through circumstances and not through any conscious ill will, the use of English became predominant. So, there was not the normal growth and development of bilingualism in the federal field which one would have expected to take place. However, just because the growth of bilingualism has been uneven and has not kept pace with the growth of the federal government services, that does not affect the basic principle; it does not mean that the principle involved has been abandoned, repudiated or weakened in any respect.

So, honourable senators, it being my conviction that the nation was meant to be bilingual in the true sense, I feel that the bill before us is a logical and normal development of the growth of the principle of bilingualism consistent with the development and growth of the services of the federal Government.

Some may ask why it is introduced now. I think the honourable Leader of the Government gave a full explanation of this. I think too we should remember that in this day and age people move about freely, that they often change their place of residence from one province to another. So it can very easily happen either that a minority group of English-speaking people will settle in a French-speaking community or a French-speaking minority group will settle in an English-speaking community, and I think they would be entitled to expect that they could transact their business with the federal Government or one of its departments in their own language.

Hon. Mr. Benidickson: There are only two languages.

Hon. Mr. Macdonald: I believe there has been a great deal of misunderstanding about the purpose of this bill. After all, it is simply saying that French-speaking or English-speaking minorities will, where it is practical, be provided with all federal government services in the language of their choice. Its purpose is certainly not to compel English-speaking Canadians to learn French or French-speaking Canadians to learn English. Yet, this is what some people thought. There was a widespread belief, which I hope has now been dispelled, that the English-speaking federal Government employees will be compelled to learn French or lose their positions. It is important that such misunderstandings as these be cleared up. If they are not, then legislation which should promote national unity could have the opposite effect. This legislation should, if properly administered, have the effect of strengthening our sense of national unity, because it will make both French-speaking and English-speaking Canadians feel at home anywhere in Canada.

I know, of course, that the fact that a Canadian can obtain federal Government services in either of our official languages will not of itself promote and encourage national unity, but it would help to do so. I believe we should be realistic about this legislation, and not expect too much of it. I do not think it is realistic to expect it to overcome all of the pressures and forces which have a tendency to divide, rather than to unite, the people of Canada. After all, a sense of national unity and national purpose in this country cannot be brought about by legislation alone. It is my profound conviction that we will never have a true Canadian unity until we have equal economic opportunities in every part of our land.

It has been said frequently that those of us who live in the Atlantic Provinces have a provincial rather than a Canadian point of view. While I do not for a moment admit this, because I believe that the people of our area have contributed their fair share and perhaps more to the growth of this great country, yet I do know that in this area economic matters are of first and foremost concern. So, it may well be that the people of this area consider legislation such as the Regional Development Incentives Bill and the Atlantic Region Freight Assistance Bill, which we considered last week, of more urgent importance than this bill.

In my view, true Canadian unity will only be achieved when all the Canadian people enjoy the same high standards of living as those who live in the more favoured parts of Canada.

However, honourable senators, it is not my purpose to enlarge on the economic difficulties of the Atlantic region at this time. Indeed, I mention the subject only to give you my opinion that this legislation cannot be wholly successful, even if we have language equality, unless we have economic equality also.

Honourable senators, this bill should be helpful in reassuring our two founding peoples that the bilingual character of Canada is being preserved, and indeed strengthened, against pressures such as the financial and cultural pressures from the United States,

to which it is subjected. I believe this legislation is worthy of support, and worthy of the best efforts possible to make it work successfully.

Of course the success of the measure will depend to a large extent upon how it is administered. If it is not administered fairly and sensibly it could very easily create disunity rather than unity. We could easily create new grievances while trying to remove old grievances. For example, hardships must not be imposed upon Canadians who have worked faithfully for years in the public service of Canada but who do not speak the second language. Their careers must not be destroyed in the mistaken belief that by so doing the course of bilingualism will be advanced. It is a truism that a just cause cannot be advanced by unjust action. In my view, it is wishful thinking to expect older people to learn either English or French because it is virtually impossible for them to do so. If a wise course is followed, the emphasis will be placed upon expanding the bilingual aspect of the government services, and improving those services by making them available in the two languages, yet not restricting the opportunities in the public service for unilingual Canadians.

Honourable senators, I do not propose to speak on the various clauses of the bill, but I would like to see in it more safeguards to prevent any injustice being done to any individual. It must be admitted that the commissioner who is to be appointed will have very wide authority, but unless that authority is used in a careful and sensible manner real problems will arise.

Personally, I am always reluctant to give too much authority to any one person without checks and balances against the exercise of that authority. Too often such authority can be used, even with the highest of motives, to erode or diminish the rights of the individual. An example of what I mean is contained in clause 28 of the bill, which gives the commissioner too much authority and does not sufficiently protect the rights of the individual. I believe that after this legislation has been in operation for a time it would be beneficial to have one of the Senate committees give it detailed study in order to determine how it might be improved in the light of the experience gained.

Honourable senators, I have not mentioned the viewpoints and feelings concerning this bill of those whose mother tongue is neither English nor French. Such persons, I believe, make up almost a third of our population, and their numbers are growing rapidly. I have not mentioned them because I know that Senator Yuzyk is to take part in this debate, and he can speak for those people with authority and knowledge. I know that we are all anxious to hear what he has to say. But let me say that the fact that English and French are the official languages of this country must not be taken in any way, shape, or form to indicate that the two founding races of Canada wish to place what might be called the third element of our population in any inferior position. It would be wholly wrong for any one to see any such intention in this legislation. Those who belong to the so-called third element have made, and are making, a major contribution to the building of the nation, and it is good for Canada that they are here.

Hon. Mr. Benidickson: Hear, hear.

Hon. Mr. Macdonald: Honourable senators, we are all Canadians. We are all proud to be Canadians. We all want to live and work in this wonderful country in unity, peace, and harmony, respecting each other's rights and mindful of our own duties towards our country and our fellowmen, in order to prove to all the world that Canadians, whatever their origin, have only goodwill towards each other and are worthy citizens of this great land.

Honourable senators, I believe that clause 2 of the bill, which I quoted at the beginning of my remarks, is a correct statement of the status of our two official languages, and consequently I support this legislation.

[*Translation*]

Hon. Edgar E. Fournier: Honourable senators, I would like first to congratulate the Leader of the Government for his explanation of the bill under consideration. I am quite pleased and encouraged to note that he commends the bill to the house.

[*English*]

I should like to compliment the honourable Senator Macdonald, who is also supporting this bill. My remarks will be short but to the point, because most of what could be said about the bill has already been said in the other place. However, I felt I could not allow this opportunity to pass without adding a few words, although perhaps it would be better if I remained silent, because at a time like this it is sometimes difficult to control my temper.

We, the French-Canadians, have lived through many unpleasant and difficult moments under the Anglo-Saxon rule for the past hundred years. What else can I say? I know it

is not pleasant to say it, but the fact remains. For a hundred years we have been waiting patiently for this bill. At last it is here. It is not in perfect form but at least it is a step forward, a step in the right direction, and it deserves a trial. I am confident that it will work if we want to make it work; it will work without any problems developing if we each play our little part. It will not take anything away from anybody, as was said by the Leader of the Government (Hon. Mr. Martin). It will impose no undue measures on anyone.

Let me say, honourable senators, that those who oppose this bill are playing into the hands of the separatist movement and those who want to destroy Canada and Confederation. Thank God, this group is very small indeed. When I listen to their arrogant arguments opposing what we, the French, have lived for during the last hundred years, I feel sad. Today they are screaming loudly, "No discrimination." I say to them: What about the discrimination against us for so long? Do they expect Canada to be a one-way street? We have had it for too long. What about the severe punishments we have suffered because we were French, especially those of us living outside the Province of Quebec where French was dominant? What about our school system, under which we must have separate schools to learn and keep our language? What about our double taxation to maintain these schools? Was that fair? We had to pay the price or give up our language. What about the many times we were refused decent jobs because we could not speak English fluently? This I know from personal experience. Now that the Anglo-Saxons have to face the music and do not like it so well, perhaps they will realize what they did to us for over a hundred years.

What about our courts? It was a mockery of justice when there was not one person in the courtroom who understood English and the proceedings were carried out in English. I once called it in this chamber the greatest little circus on earth. For 30 years we have trained bilingual personnel to deal with our courts, but the answer has always been "No" to their introduction. We, the French, have been tolerant, easy to get along with.

Hon. Mr. Hollett: May I interrupt the honourable senator?

Hon. Mr. Fournier (Madawaska-Restigouche): Certainly, sir.

Hon. Mr. Hollett: That is the third time I have heard the honourable senator use the expression "We the French." I thought we were all Canadians. I do not like that expression, "We the French". We are not French. We are not Anglo-Saxons. I object to that very strongly. We are Canadians, yes; French-speaking, certainly. You are not French, and we are not Anglo-Saxons.

Hon. Mr. Fournier (Madawaska-Restigouche): The honourable senator has expressed his view and I do not want to argue with him. I still believe I am French, and I still believe that I have been living under the most unpleasant conditions for the last hundred years. I agree I am also a Canadian.

We are a peace-loving people, but there is a limit, and the limit is today, July 8, 1969, under this bill. We want to forget the past. We are looking forward to the future. We want our place in Canada. We are part of Canada, a united Canada. We want a just society, as promised by the government of the day, and I believe that is what this bill will produce.

But the bill goes much further than that. The bill tells the Anglo-Saxons, "We are not going to turn you, the English-speaking, down on promotion because you cannot speak French. We are going to have schools for you. We are going to open language classes. We are going to pay all the expenses, we are going to pay your transportation. We are going to pay your salaries, trying to help you." We are glad to see this being done. We are glad to pay our share. But what a change of attitude, honourable senators! It would have been much simpler to say to the honourable gentlemen: "Sorry, you can't have the job because you don't speak French." We went through that; we lived through it for many, many years, and I hope this is the end of it.

We, the French, are happy at this new approach. We are happy to pay our share without hesitation. The only justice we had in Canada was on tax collection. There was no question of difference of language there. But the redistribution of tax money in many instances left much to be desired.

Honourable senators, I will conclude my humble remarks, which were not pleasant for me to say, and perhaps not pleasant for other honourable senators to hear, but nevertheless they are the facts. These remarks were not made with a chip on my shoulder, but merely to make people think before protesting too

much about this bill. As I said earlier, this bill will take nothing away from anybody. It will only make a few long overdue corrections, and no one will suffer.

Let us not play into the hands of the separatists and the rebels of Canada. We the French of New Brunswick have lived through a very rugged struggle for too many years. However, I am pleased to say that in the last 20 years the situation has improved greatly. Here, to be fair, I have to give credit to the former premier, Hugh John Flemming, because it was during his term of office that many separate schools began to disappear, the New Brunswick Teachers' College opened its doors to a large number of French teachers, and discrimination began to disappear in the public service. This was followed by Premier Robichaud's program of equal opportunity.

[*Translation*]

Honourable senators, it is very difficult to understand that Canadian citizens can object to such legislation. I would dare believe that they do not understand very well the substance of the bill and all the benefits that it would mean for the country as a whole.

Nowadays, bilingualism is not only a convenience, but a necessity in some public areas.

This bill will benefit all of us if we are to bring about a united Canada both ways and not a Canada evolving in a one-way street.

This bill has my full support and I know already that the French population of all regions will receive it most favourably.

As I said, I do not see this legislation as a perfect bill, but it is at least a beginning towards a better world.

[*English*]

Hon. J. Harper Prowse: Honourable senators, I should like to offer my congratulations to Senator Martin for his brilliant introduction of this bill, Senator Macdonald for his helpful remarks, and Senator Fournier (Madawaska-Restigouche) for his enlightening contribution.

The only possible problem in regard to this bill is that it might be misunderstood in some quarters. I think that if it is properly explained and understood, the people of Canada will have no difficulty realizing that this bill may be critical, not only to the future on this country but of the world. I do not want to overdramatize the bill, but the principle involved is fundamentally important for the future of this country and of the world. This bill takes nothing from anybody as has already been stated. All it does is try to take away one source of continuing grievance, and this approach is soundly based.

I remember eight or nine years ago in Edmonton a visitor to my office wanted to know why Quebec seemed to be so dissatisfied. This was just when this bilingual movement was beginning. I had on my desk the Government of Canada telephone book from Ottawa. I opened the book, handed it to him, and asked him to count the number of French names that he saw on any one page. Out of 50 or 60 names he saw, only two or three were French. Surprisingly, it was a happy selection if the person happened to be French or French-speaking. I told him that if he should have business to transact, these are the people in the Government service who have jobs and are important enough to have their own telephones. I also mentioned that if he had any business, or had a problem with any department in Ottawa, to name the department and we would look up the number. We could telephone them and reach them within a matter of a minute. This was before we had direct dialing, and it sometimes took a little longer. I said that we could talk to the department and our business would be completed. On the other hand, if he and I lived in a little village in Quebec, where we would have no more reason to know English than he and I had to know French, even with the telephone service it would be impossible for us to do what we were able to do from farther away and in a much more recently established community.

I found that when it was put that way he had no difficulty in understanding the problem, especially when it is realized that a third of the Canadians are French-speaking and trace their ancestry back 400 years in Canada and not to France. There is their sense of grievance about this, regardless of what the reasons may have been in the past. Their grievance is so obvious that it is hard to understand why anyone has to be convinced that something should be done about it. This bill proposes to do just that.

There is another side to this problem, however, and I shall give you just this part of it. We hear talk today about alienation and some objection to the bill in the West. I do not know whether it is as much an objection to the bill as it is the fact that the composition of the West is of a particular type. It is a much newer part of Canada and it is very difficult, due to the distance and the lack of

communication among the people, to have an appreciation of problems faced by the people of Quebec or to see wherein they are different from the West.

Some statistics may help to give a better understanding. As an example, I shall use the figures for the 1961 census. While there will be some changes in the figures, the proportions will not be substantially different. They reflect the ethnic origin of the population of Alberta. Of a total population at that time of 1,331,944, the English made up 282,964; the second group was German, 183,314; the third, Scottish, 165,942; the fourth, Ukrainian, 105,923; the Scandinavian group was 95,879; and the Polish, 40,537. The other 18,747 were of the United Kingdom. This would give comfort to Senator Connolly, if he were here today, to know that the Irish and Welsh are all lumped together. In addition the Russian group has 17,952. So, if you lump together the Polish, Ukrainian, Russian and Slavic groups and add to them the Hungarians, Czechoslovakians, Yugloslavians and others which we have not included, plus the Germans and the Scandinavians, you will see that the predominant population in Alberta—and this is true of the three Prairie Provinces—is from nations which have no connection with the background of either France or England. Therefore, we have to be conscious of the fact that these people have a great deal of trouble understanding why the French, who are sixth in the list for Alberta, should be singled out for special attention. I will try to explain, but not with any great confidence that I will succeed. I think for the basis of logic it should be put on the record.

It is a fact that the French-speaking community in Canada today is here because the Government of France spent money and made an effort to establish a French colony in Canada and maintain it. The English are here today because the British Government spent money and made an effort to bring their people here and establish a colony.

The English and French in Canada are here on the basis they are today because, after the British and French had been battling for some time the British got into trouble and had a war on their hands with the Americans. They made a deal with the French in Canada to allow them in perpetuity to keep their language, their religion and their civil law. This was a solemn contractual obligation and while it may be true that at that time they were not looking ahead to all that Canada might become, the fact remains that they were looking to everything that was, and it is an ordinary proposition in law that when a government area expands, the law follows to the new boundaries.

Unlike the French who came to a land where they expected to have their own customs, their own culture and their own language, and who came, therefore, on that basis, the people who came here from other parts of the world came only after they had first made a conscious decision of their own volition to come to a country where they knew they were going to have to adopt a new culture and a new language. That I think is a simple fact.

Having said that, let me go on to say something which, I believe, to be much more important. I do not think it matters where we came from or how we got here. I like the oriental proverb which says that it does not matter whether a journey takes ten minutes or a year, all that matters is what you do when you get to your destination.

Regardless of where we came from or what language our forefathers spoke or what language we think we ought to relate to today, the simple fact is that everyone of us here, except the native people, are here because the place where our language was first used was not desirable. Our forefathers came here in the hope that in this new bright land there would be opportunities for them and for their children, opportunities which they knew they could never have in the land of their birth. That is what is important.

This is now our land, belonging to all of us. The Ukrainians came to this land between the turn of the century and the First World War. Some came out before that. They have prospered. They went to one part of the country, and had no connection with any other part of it. They prospered, and their children have made wonderful use of the educational opportunities. They are an ambitious, aggressive, able people, and they are filling the professions with competent Canadians today, proud to be Canadians, proud to be here, but also proud of their birth.

The world must learn to recognize that no man wants to be like someone else or to be someone else. He may want to have something that somebody else has. To put it bluntly: Have you ever been so fully aware of your defects, or so ashamed of yourself, and at the same time so admired or envied by somebody else, that you would trade your unworthy self for any of them, trained or untrained, even for the person most envied or

the person most admired? The answer is that none of us would ever come to that point. No man would.

If I cannot see myself doing that, then I must recognize that what is true for me must be true for every other man. I think that the American foreign policy, up until some time after the Second Great War, went on the mistaken premise that people in the rest of the world wanted to be just like Americans. It came as a terrible shock to them when they realized that the last thing in the world that people wanted was to be like Americans. That was not because they did not admire or respect the American effort or what it had accomplished. It was because each man basically and intrinsically wanted to live in his own dignity and to be proud of himself.

We in Canada do not allow anybody to bring to this country any prestige that he may have had in the far distant past. You cannot live or succeed here in the reflected glow of long dead ancestors, nor will you be penalized for a shame that somebody wanted to leave behind. These things balanced out.

Today there is a resurgence of nationalism everywhere in the world. There is a resurgence of tribal warfare in Africa. I read in the last issue of *Time* that in the United States, in addition to the difficulties they have with their black population, there is now a burgeoning Spanish American movement in the southwestern part of the United States. In other words, people want to be recognized in their own groups. This is probably part of our basic instinct, and we have to recognize it.

We have this big task. We have to recognize that in trying to mould people to build a nation on a mosaic basis we are walking a very tight line, and we must keep a tight line on ourselves. It calls for understanding, for intelligence, and for eternal vigilance, because what we are trying to do is by civilized intellectual action to frustrate instinctive prides, the instinct in every man that causes him, immediately he meets a stranger, to see in him a danger to his territory, to his hunting and to his crops. His reaction is: "I have to kill him or cause him to leave because if I don't he may bring in the others and destroy me."

The world today has shrunk, and your children and mine, and certainly our grandchildren, will have to learn to live in a world where people speak different languages, have different cultures and different colours of skin. They will succeed in this only if they are able to realize that these little differences are unimportant.

The world faces two choices. Either we learn to live in it together, while allowing each man to be proud of himself and to live in his own dignity, yet respecting every other man's right to do the same; or else, one who thinks he is the strongest will do away with anyone who is different from him and who comes in his path, fearing that unless he does so what he has will be taken from him.

I think we can make it safe for ourselves, and that will make it safe for every other man. The only way we can do that is by understanding why men act the way they do and what they want. There are parallels here. A parallel perhaps can be drawn from the fact that each of the many items one sees made of steel today was once a dull and shapeless lump of ore. What has made the difference?

There is nothing about the polished machine or the burnished kitchen utensils to remind us of the dreams, the frustrations, the failures, the incredible expenditure of life and mind and muscle, and the anguish and sweat that were necessary before the secret of the transformation was finally wrung from reluctant nature. There is nothing about the glacial, mirrored perfection of the finished product to remind us that at one stage of its evolution it flowed as liquid, unbearably white and as hot as the sun in a cloudless summer sky. Without the torturing heat of the furnace it would have remained useless, dull, and undistinguished reddish-brown ore. The catalyst was the flame.

Nature gives up none of her secrets cheaply. The price is always sweat and blood and toil and tears. The greater the prize, the greater the price. This is one of nature's everlasting, immutable laws. It is a law of universal application which is enforced without flexibility at all places, at all times, and under all circumstances.

It will be best if we accept that law and learn to live with it, because there is no changing it. No prayers, no dreams, no virtue, no vice, no trickery or guile, no inspired thought, no holy or unholy hope can gain us the least remission from the relentless and adamantine certainty of it.

The process by which a child becomes a man is similar to the process by which the shapeless ore becomes a beautiful and useful metal. There is, of course, a difference, but basically it is a difference of degree rather than of kind. For the child is battered by his environment, transported through time and often through space as well, challenged and

toughened by disappointments and frustrations, chastened and humbled and sharpened by adversity.

And if he survives the white-hot tortures of the storms of emotion which beset him, the finished, beautiful end-product of the process emerges as the finest work of the Creator—a mature man, his character fully developed, intolerant of his own weaknesses, yet understanding and compassionate toward the weaknesses of his fellows. The catalyst was the flame of frustration and adversity. The price again was sweat and blood and toil and tears.

If this be the price of changing formless rock into a gleaming sculpture—the price which must be paid before a child can become a man—why should we expect it to be either simple or easy to transform a land sparsely peopled with the offspring of immigrants from a hundred nations into a new nation the like of which the world has never known? For we in Canada have set for ourselves and for our children the task of making the most incredible dream in the long history of mankind become a living, breathing, shining reality. It is at once unbelievably simple, yet breathtakingly complex.

We have not taken the easy path. We have not said: Come. Forget your father and your mother. Forget what you were and where you came from. Wipe out the past and here be born anew where none of the past can touch you, and only the present and future now count.

Rather, we have said: Come. Bring with you the tongues and cultures of your mother and your father. Bring with you the traditions of your old land. Bring to us the riches and the glories and the knowledge which were your past. Here you may cherish all those memories. All that we ask is for you to leave behind and forget whatsoever things there were which caused you or your forbearers to leave the land that was once your homeland.

We have said: Come. Help us to build here a new nation under God wherein all men can be proud of their own names, their own tongues, their own traditions. A nation where all can share the good of your past and where you can share the good of the past of all your neighbours. Not just the riches of one tongue, one history, or one culture, or one tradition shall be yours. In this nation you shall have your pick and your fill of the riches and the glories and the knowledge which come from the pasts of all mankind.

Canada does not say: "Come and be like me!" Rather, Canada says: "Come and be yourself."

The price of admission poses no problem. It is simply this: Since this country was founded by men who spoke either French or English and a common tongue is a practical necessity, you must become reasonably proficient in either of these languages, and it will be to your children's benefit to become proficient in both. But please do not forget or neglect your mother tongue, because you must remain proficient in it, if you are to make your full contribution to the development of the national life and character of Canada.

Also, just as we do not expect you to become like any other, so you must not expect or insist that others become like you. For this nation is dedicated to the belief that it is the inalienable God-given right of one man to differ from another, that it is good that men are different one from the other. And the only way to ensure your right to be different is to insist on the right of every other person to differ from you.

Canada says: As God made men different from one another, it is obvious therefore that He meant them to differ. Had He intended that all men be the same, it would have been simple for Him to have made them the same. If the reason for this escapes you, be not concerned. It is not necessary to understand all the reasons for God's works to appreciate their beauty and their value. It is not necessary to understand geology to thrill to the splendour of the mountains. You need not be an astronomer to wonder at the glory of a star-studded sky at midnight, nor need you be a botanist to savour a bouquet of spring flowers.

In Canada we will not permit that a group be measured by the accomplishments of its most gifted individuals. Nor will we allow that any group be penalized because of the infamy of which one of its members proves capable.

Your worth will not be ascertained by measuring it against the average of any designated group, nor by comparing your achievements with those of others. No. You shall measure yourself, in privacy at the end of each day and each decade in your own life. And you shall take your measure in secret before the God of your personal choice by asking yourself: Have I this day made the most of my opportunities to become a better man by nightfall than I was at sunrise? Have I made the most of every opportunity that

came my way this day to learn something new, to do something better, to improve my mind and my body and my spirit? Have I made the most of every opportunity I may have had to help my family, my neighbours, my community, my nation? Is Canada a better country, the world a better place because I have lived in it?

So shall you judge yourself. And God shall judge you as He judges your judgment of yourself.

We have in this country a tremendous opportunity. We have a storehouse of riches which is the envy of every nation in the world. We have people who have been screened by the hardships of years, who have shown their determination by coming to a new country and going through all the hardships one can go through, in order to provide an opportunity for their children. We have the opportunity to show the world how it must live tomorrow with that kind of challenge and that kind of price. We dare not fail.

Hon. Paul Yuzyk: Honourable senators, we are indeed grateful to the Government Leader, Senator Martin, for his very lucid explanation of this bill. I should like to congratulate him and tell him that I agree with most of what he stated.

I am particularly grateful for the kind references he made in my direction and in the direction of the Ukrainians who have come to Canada to make Canada their country and their home. May I say that they hope to make even a greater contribution in the future, as do all other ethnic groups.

I consider that excellent contributions have been made by Senator Macdonald, Senator Fournier (Madawaska-Restigouche) and Senator Prowse. I was particularly impressed by the message that Senator Prowse delivered today, and I think the challenge that is thrown out to us should be accepted by all Canadians. I think we Canadians are of that stature to accept the challenge.

As I understand it, the Official Languages Bill now before us recognizes explicitly that English and French are the two official languages of our country, which in reality has been the practice in a more limited form since Confederation. If there have been any misinterpretations in the past, the new law is expected to dispel all doubts for all time and thus help to bring about better and more positive relations between the two linguistic communities. This is a very worthy objective and deserves the support of all Canadian citizens. If the English-speaking people and the French-speaking people in Canada are to live happily and respectfully together, both groups must be able to enjoy government services in their own language. This is the basic principle of Bill C-120, and all federal Government agencies will now provide to a greater extent public services in English and French from coast to coast in areas where at least 10 per cent of the people speak one or the other language and where in the opinion of the Advisory Board or the Commissioner it will be regarded as practical to establish and maintain bilingualism in the administration of the federal Government.

The bill as such does not force anyone to learn both English and French. Unfortunately, many people throughout Canada, and particularly in the west, fear that bilingualism will become compulsory for all. It will therefore be necessary for the Government to educate the people that this is not so. The fact that all parties supported the bill in principle gives full assurance that all citizens, whether English-speaking or French-speaking, are guaranteed equality of government services at the federal level. This certainly should bring about better understanding between these two language groups and help strengthen Canadian unity, which is vitally essential if we are to survive as a nation.

If the principle and the objects of the bill are good and important, it does not mean that the methods adopted to carry them out are the best. For example, the concept of 10 per cent bilingual districts can prove to be dangerous. These pockets could become cultural ghettoes, against which the surrounding population could react with hostility, and backlashes are to be feared. I do not think it is just that once the English-speaking or the French-speaking element falls below a certain level in a bilingual district, say 7 per cent, the Government must continue to provide bilingual services, which are costly to the taxpayer. Bilingual districts should not be made permanent; population changes should determine their usefulness, otherwise there will be trouble.

Most of the country does not need full bilingual services, and federal Government departments and agencies do not have to be completely bilingual. All public servants do not have to be bilingual; in fact most of them do not have to be bilingual. Merit must not be sacrificed for mere proficiency in both languages. Only as much bilingualism should be instituted in a department or agency as the needs require without lowering the standards of efficiency. The Government must see to it

that there will be a minimum of discrimination and that justice will be upheld and maintained.

There is some concern that the Commissioner of Official Languages for Canada will possess too much power and should be accountable to Parliament directly. I believe that there would be more confidence in the Commissioner, and that fair treatment would be given to both official languages, if he were of non-English and non-French extraction.

Honourable senators are aware that in addition to my general duties a considerable proportion of my work in the Senate is devoted to the problems and interests of the ethnic groups whose ancestral backgrounds are neither British nor French and who form nearly one-third of the population of Canada. In my maiden speech of March 3, 1964, I made it clear that if we want to achieve unity, harmony and justice, the Canadian identity, and therefore Canadian policy, should be officially bilingual and multicultural in character. This means the official recognition of English and French, as well as constitutional status for the languages and cultures of other ethnic groups who have helped build all aspects of the life of Canada. The ethnic groups are not seeking to have their languages recognized as official; they want their languages to be recognized as Canadian languages in the curricula of the public and secondary schools and in the universities, wherever there would be sufficient enrolment, as is practised in several provinces already. In order to facilitate my work with the ethnic groups, for the past six years I have had the services of a trilingual secretary, with the approval of the Senate, who is proficient in English, French and Ukrainian, in which languages I carry on regular correspondence, and sometimes in Polish and Russian.

In my speech to the Senate on October 1, 1968, I drew attention to the concern of the Canadian ethnic groups of the third element about constitutional changes proposed at the Federal-Provincial Conferences and the introduction of the Official Languages Bill, in which matters the Government made no attempt to consult them. The leaders of the ethnic groups fear that they are relegated to second-class citizenship, because they are not consulted in matters where their fate is involved.

Honourable senators will recall that I had undertaken to convene a Thinkers Conference on Cultural Rights in Toronto on December 13, 14 and 15, 1968, in order to make it possible for the ethnic groups to make their views known, and for the Government and Parliament to communicate with them so as to prevent tensions and conflicts and to maintain unity in Canada. The patrons of this conference were an unofficial Senate Committee, the Canadian Citizenship Branch of the Department of the Secretary of State, the Canadian Citizenship Council, the Canadian Folk Arts Council, the Canadian Council of Christians and Jews, and the Canadian Ethnic Press Federation. The Royal Commission on Bilingualism and Biculturalism was represented.

Judging from the representation of the ethnic groups, the quality of the position papers, and the reaction in the press and the communications media, the Thinkers Conference on Cultural Rights was a success. Some 160 representatives of 20 ethnic groups, including the largest groups and Indians from various parts of Canada, participated on a voluntary basis. The bilingual program included position papers by outstanding Canadian authorities from various professions grouped under four general topics: first, rights and responsibilities of cultural groups in Canadian Life; second, preservation of cultural traditions in Canada; third, striking a balance in the Canadian cultural pattern; and, fourth, public policy and the preservation of multicultural traditions.

Of interest to senators and the Government will be the resolutions which were unanimously adopted, and I would like to quote them.

> 1. The Conference recommends that the work of the Canadian Cultural Rights Committee be continued with a view to co-operating with the federal government in establishing a meaningful representative advisory body that would make recommendations and assist in assessing the general needs and interests of Canada's ethnic groups to ensure their full participation in the cultural development of Canada.
>
> 2. The Conference confirms and commends the splendid work of the Canadian Folk Arts Council in the multicultural field and recommends not only that this work be continued, but expanded, and that this program should receive the full moral and financial support of all levels of government.
>
> 3. The Conference supports the efforts of the Federal and Provincial governments in formulating a viable Canadian

constitution and the Conference unequivocally rejects the concept of biculturalism and seeks official recognition of the multicultural character of Canada.

4. The Conference is of the opinion that communications media supported by public funds, such as the CBC and the National Film Board, should take into account, in programming, the multicultural composition of Canada society and should reflect in its work the cultural variety of the Canadian people.

5. The Conference strongly urges the educational authorities at all levels of Government to expand existing programs of language teaching, and that language courses of all cultural groups should be recognized as credit subjects to the matriculation level.

6. The Conference recommends that the Canada Council and other grant-giving institutions in Canada be encouraged to support the research and development of standardized history texts for the schools by the responsible authorities in this field, and that these texts make a factual presentation of the backgrounds and contributions of all Canadians to the development of our country and subsidize creative efforts in this direction.

The position papers, reports and resolutions were sent to the Prime Minister of Canada and the Prime Ministers and Premiers of all the provinces. Most of them responded favourably. I would like to put on record pertinent extracts from two federal Government letters.

In his letter of February 4, 1969, Prime Minister Trudeau responded thus:

> I am directing that these reports should be studied so that the views there presented may be appropriately taken into account both in the area of constitutional review and of cultural development.

Hon. Mr. Martin: Who is this?

Hon. Mr. Yuzyk: Prime Minister Trudeau.

The following letter, dated March 10, 1969, came from the Secretary of State, the Honourable Gérard Pelletier, and since it is pertinent I would like to put it on record. It states:

> The Office of the Prime Minister has sent me the resolutions and documents produced at the "Thinkers Conference on Cultural Rights" held in Toronto last December.
>
> Your group has to be congratulated for the extensive work which was done. While I have not had a chance to study each paper in detail, I have asked the Citizenship Branch to do so. It is important indeed that in this matter the federal government attempts to meet the aspirations of all of the component groups of Canadian society.
>
> The orientation of the policy which the federal government intends to follow was already contained in the terms of reference of the Royal Commission on Bilingualism and Biculturalism when it was indicated that the Commission should pay special attention to the "contribution made by other cultures".
>
> We are anxiously waiting for the special volume of the Commission's report which will deal with ethnic groups in order to more precisely set our goals and programmes. Meanwhile, I would like to assure you that this report will receive the same careful consideration as the others published by the Commission.

It is my opinion that if the Secretary of State had consulted an advisory committee of the ethnic groups, this bill would have been received more favourably in the west and other regions.

I know that many leaders of the ethnic groups are not happy with clause 38 of the bill, which the honourable Government Leader has explained. The clause reads:

> Nothing in this Act shall be construed as derogating from or diminishing in any way any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Act with respect to any language that is not an official language.

This is a general blanket clause stating that anyone may speak any other language without penalty. It gives no kind of status to Canadian languages which are not official. I believe that these languages should not be left to survive on their own. After all, the ethnic groups have contributed substantially to Canada's progress. Their languages and cultures enrich the Canadian cultural mosaic. Consequently, it would be in the spirit of justice for the federal Government to give encouragement to these languages within the educational systems of the provinces. With this in mind, I would like the bill to go to committee, where I would like to move an amendment which I believe would improve clause 38.

Hon. Mr. Martin: Is my honourable friend in a position now to give us the form of the amendment?

Hon. Mr. Yuzyk: Yes, I am quite willing to do that.

Hon. Mr. Croll: Let us have it on the record.

Hon. Mr. Yuzyk: I am suggesting this course now, because the amendment cannot be introduced on second reading and I would like the committee to take it into consideration.

My amendment is to delete all the words in clause 38 and substitute the following:

> (1) The right to speak and use a language other than either of the two official languages shall not be restrained or restricted in its natural development in any way.
>
> (2) The Governor in Council may by order in council enter into an agreement with the government of any province which has been authorized by legislation so to do, for the purpose of encouraging natural development of any such minority language especially as regards the use of such language in matters of education.

Hon. Mr. Martin: Would my honourable friend permit me to ask him another question? I ask it without in any way precluding him from suggesting that the bill should go to committee.

Has my honourable friend given careful consideration to this formulation, because it is not in language that comes to us for the first time—and I am not saying that by way of criticism, but it was considered in the other place. Is the senator not of the view that the formulation now proposed is more restrictive than the general language of clause 38 of the bill?

Hon. Mr. Yuzyk: I have studied the wording of clause 38 of the bill as it is now. It is a very general statement, and certainly it does not interfere in any way with the development of any other language in Canada. However, I have been discussing this matter with the leaders of some of the ethnic groups, and I have here copies of telegrams from the Ukrainian Canadian Committee and the Ukrainian National Federation in which they endorse this type of clause because it is more positive in every way. In other words, in this amendment the federal Government is dealing with these languages officially, although they are not official languages—if you understand what I am trying to say. This gives the languages a status, and the ethnic groups are satisfied that by it their languages are recognized rather than being left to develop on their own.

Another reason I support this amendment is that it gives encouragement to these language groups to maintain their languages within the school system, or to establish them wherever there are sufficient numbers. It means also that the provincial governments as well as the federal Government are cognizant of the fact that these languages are living Canadian languages.

[*Translation*]

Hon. L. M. Gouin: Honourable senators, first I want to offer my most sincere congratulations to the Government Leader for his masterly account of our legislation. It is not my intention to discuss the various clauses of this bill, as this has already been done, and magnificently too. It would be useless for me to outline this legislation now before us, because our leader has already done it concisely and thoroughly. I wish to congratulate him as well as Senator Macdonald (Cape Breton) for the eloquent support he gave to this legislation we have so much at heart. I noticed that in concluding he referred to clause 2 of this bill as summarizing adequately the legislation which finally recognizes the equality of both official languages—and this idea has naturally brought Senator Macdonald to speak also about economic equality—and to point out indeed, the economic disparities which exist particularly in the Maritime Provinces.

We from Quebec are particularly sensitive to this question, because we have the Gaspé Peninsula, and I do not think there is in the whole country one area more in need of development, and where it is more necessary to do all we can to bring about industrial and commercial development.

I have one remark to make on this economic disparity issue: It is that we have, in the province of Quebec, not only this regional disparity problem, but there are also economic inequalities between the French-speaking group and the English-speaking group. The group to which I belong is very distinctly in an inferior position in that regard.

We all earnestly want to eliminate those inequalities—linguistic inequality, economic disparity; we all have our hearts set on insuring equal opportunities to all.

I also want to congratulate Senator Fournier (Madawaska-Restigouche). I know how dear the French language is to him. I understand his feeling of impatience when he says that the law is a bit late; may I add that we share that feeling, but we believe that this is a good opportunity to repeat the old saying: better late than never.

[*English*]

I wish to congratulate very sincerely Senator Prowse who has so eloquently explained the purpose of the bill, and who has so well defended the attitude which makes for only two official languages in Canada.

I express my admiration for Senator Yuzyk. He speaks as an expert, as indeed he is, in all matters concerning the ethnic groups, or those he described as being the third element. I wish to assure him that personally I have always co-operated whenever possible at the University of Montreal and elsewhere in the promotion of Slavic studies, and in rendering justice to those excellent Canadians who are of neither British nor French origin.

Honourable senators, I must say that I feel embarrassed because at the same time I am very happy and very sad. The present bill is a source of great happiness for me because at last, after more than two centuries, we Canadians of French origin obtain this measure of justice. However, I have a feeling of sadness because this fuller recognition of French as an official language has received a great deal of criticism, and has been the object, I think, of some unjustified misunderstanding.

I understand the feelings of apprehension of this third element in our country, whose influence is becoming more and more important, but I do not believe that this bill can be described as being discriminatory against those minorities which have contributed so much to the development of our country and, in particular, our western provinces. The various and splendid cultures of those groups enrich our civilization, and I consider Canada as being really and truly a country destined to be not only a bicultural but a multicultural nation. We are anxious that our fellow countrymen preserve and develop their great spiritual heritage side by side with our French and English cultures.

I know that clause 38 is not perhaps as clear as it could be, yet it is exceedingly difficult to devise a form which would give satisfaction to Canadians who are of neither British nor French origin and at the same time be constitutional, because to a great extent it is a question of education, which is within the jurisdiction of the provinces and not within federal jurisdiction. At all events, this clause, which has been added to the original draft, at least declares explicitly that the bill will not in any way impair the freedom and rights any group now enjoys. The bill does not in any way prevent the granting in future of privileges to our countrymen of any origin.

Honourable senators, throughout my life I have tried modestly to promote peace and harmony among our diverse races. It has been my privilege to have very frequent contacts with Canadians of Ukrainian, Italian, Polish and German descent, and even other extractions, and I wish to assure them that French-speaking Canadians deeply respect the traditions of those ever-increasing segments of our population. However, it must be remembered, as was pointed out by Senator Prowse, that immigrants who came to Canada since 1867 knew, or should have known, that only English and French were the official languages, and had such a legal status in Canada.

As for my people, they have continued to possess historical and natural rights since the fall of New France. We do not want to be treated nowadays as if we were a conquered people. With the enactment of this bill we Canadians of French origin will be able not only to read in French without undue delay acts of our Canadian Parliament and orders in council, but also to obtain the French texts of all orders and regulations emanating from any federal department, from federal courts, quasi-judicial bodies or from crown corporations. Wherever there is a bilingual district or a significant demand, the French-speaking or English-speaking taxpayers will be able to exercise their right to speak their own language to civil servants, and to be addressed by them in the same language. I believe that the English-speaking Canadians very seldom encounter members of our federal service who do not speak English; but in Quebec—in Montreal, for instance—too often civil servants or representatives of crown corporations do not speak or even understand French. This is a source of great and justified dissatisfaction. This bill will also give French-speaking Canadians the right to speak their own language when testifying before federal courts, and to obtain simultaneous translation if necessary. When French is used in a federal case the judgment may be rendered in English, but a French translation must be issued, and the reverse is also true. This I believe is only fair.

English-speaking civil servants need not be afraid that they will be discriminated against. It is estimated that 75 per cent of applicants for civil service employment will continue to be applicants speaking only English, and that the proportion of applicants speaking only French will be 25 per cent.

Honourable senators, I do not think it is necessary to remind you that federalism is fundamentally based upon compromise; it presupposes a spirit of equity to be shown by the vast majority of its component members. In my opinion, I have been a moderate all my life, and I will always remain a moderate. I sincerely trust that I have never displayed prejudice against any group of Canadians.

Hon. Mr. Martin: Of course not.

Hon. Mr. Gouin: I have constantly endeavoured to be inspired by fair and reasonable patriotism, free from any sign of fanaticism. Above all I am full of goodwill towards every section of our community. But I must tell you the whole truth. In the present bill I see for Canadians of French origin the beginning of our emancipation from the status of second-class citizens, which too often we have endured for more than 200 years. Now is neither the time nor the place to analyze the conditions that have brought about the very serious crisis that now exists not only in Quebec but also in other parts of our country.

In conclusion, I say that I believe ardently and fervently in our Canadian federalism. I want Quebec to remain within Canada. I believe that the enactment of this bill is essential to the survival of our country; it is necessary for her preservation as one independent and sovereign federal state. With all my heart I ask honourable senators to vote in favour of this bill so that we might all keep unimpaired our respective national heritage, our unity in diversity.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Martin: Honourable senators, Senator Yuzyk indicated that he intends to propose an amendment. I have discussed this matter with the Leader of the Opposition (Hon. Mr. Flynn). Senator Yuzyk, of course, is within his rights to propose an amendment, but he could not do so at this stage of our proceedings. The most convenient way to do so would be in committee. I have arranged with the chairman of the Standing Senate Committee on Legal and Constitutional Affairs for that committee to meet tonight and deal with the amendment Senator Yuzyk wishes to propose. It can be examined there on its merits, as it was examined in the other place, and tomorrow we can proceed with the final stages of the bill.

Therefore, honourable senators, I move that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Roebuck: Honourable senators, the committee will meet tonight at 8 p.m. I hope that all members will be present, so that we may deal effectively with the bill.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. Paul Martin: There is a motion in the other house, standing in the name of the Minister of Finance, for the establishment of a special joint committee to consider a White Paper on Taxation. I anticipate that that special joint committee will sit before we formally return after the recess. It is necessary for our participation in this joint committee that the Senate deal with the resolution when it comes from the other place. I had hoped that it would come to us today. However, I understand that tempers have somewhat flared in that place at the moment, and that motion has not been dealt with yet. I hope it will be dealt with tomorrow, in which event we can deal with it then. If not, there will be no alternative but for us to meet the next day.

Hon. David A. Croll: On a question of privilege arising out of what the Leader has just said, tempers in the other place may flare for a week or ten days. One cannot be at all sure in trying to gauge that. Is it not possible for us to pick up the resolution, pass it here tomorrow morning and appoint our members to the committee? Then, if the resolution is not passed in the other place, we would not use it, as was the case with the committee we established to deal with the constitutional aspects of the Senate. We would then deal with it tomorrow, and if they do not deal with it at this session nothing is lost.

Hon. Jacques Flynn: It would be a conditional decision of this house that if the other place decides to appoint a joint committee our representatives would be named.

Hon. Mr. Martin: Honourable senators, I have looked into this aspect. I hope that the officials at the Table will take it into account and consult the law officers again. I have gone into this question and have been told it is not possible. I will look into this further and if it can be done, that is the way we will do it.

Hon. Mr. Flynn: Let us start here.

Hon. Mr. Martin: This item stands in the name of the Minister of Finance.

Hon. Mr. Croll: We make our own rules in the Senate. We can decide on this resolution in the ordinary way. I cannot at the moment recall the instance, but I think we have passed a resolution here appointing our members to a joint committee and they have joined with us later. We tell them we have passed the resolution, and invite them to join with us. It is that simple.

Hon. Mr. Martin: Of course, if we can do it we will. I have discussed this matter with the officials at the Table and the law officers. I will ask that it be looked into again. We are, of course, masters of our own rules. This is not a matter that arises out of our initiative, but comes to us from the other house on the initiative of the Government. The matter is now being discussed, I understand, in the Finance Committee of the other place.

Hon. Mr. Lang: On the same question of privilege, may I ask the leader whether it is anticipated that this joint committee will sit during the recess of Parliament?

Hon. Mr. Martin: I think it is the intention of the Minister of Finance that there would be an examination of the problem in September.

Hon. Mr. Lang: Prior to the resumption of the session?

Hon. Mr. Martin: Yes.

Hon. Mr. Hollett: If the Senate is to appoint members to that joint committee why cannot we do so now, or tonight or tomorrow, instead of holding up the Senate for the next ten days, as might happen?

Hon. Mr. Martin: We are looking into that possible procedure.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Canadian Commercial Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 13(1) of the Canadian Commercial Corporation Act, chapter 35, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of Canadian Arsenals Limited, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of Crown Assets Disposal Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 14 of the Surplus Crown Assets Act, chapter 260, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report on Vocational Rehabilitation for the fiscal year ended March 31, 1969, pursuant to section 12 of the Vocational Rehabilitation of Disabled Persons Act, chapter 26, Statutes of Canada, 1960-61. (English and French texts).

ADJOURNMENT

Leave having been given to revert to Notices of Motion:

Hon. Paul Martin: Honourable senators, I move that the house adjourn until 2 o'clock tomorrow.

Hon. Mr. Flynn: Those who attend the funeral of the late Senator Pouliot may not be back on time.

Hon. Mr. Martin: I had discussed this matter with Senator Connolly (Ottawa West) and he thought we should assemble at 2 o'clock.

Hon. Mr. Flynn: What would we gain?

Hon. Mr. Martin: This is the difficulty I encounter when I try to meet the convenience of senators. Some senators indicated they would find it convenient to meet at 2 o'clock.

I hope that in trying to meet their wishes I am not making it difficult for others.

Hon. Mr. Flynn: The point is that Royal Assent will probably take place at 6 o'clock. I understand the viewpoint expressed by the Leader of the Government, but we gain nothing by meeting at the earlier hour.

Hon. Mr. Martin: The Leader of the Opposition is so co-operative, not only now but at all times, that I will accede. I propose that this house do now adjourn to meet tomorrow at 3 p.m.

Motion agreed to.

The Senate adjourned until 3 p.m. tomorrow.

THE SENATE

Wednesday, July 9, 1969

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE

Ottawa

9 July 1969

Sir,

I have the honour to inform you that the Hon. Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 9th day of July, at 5.45 p.m. for the purpose of giving Royal Assent

I have the honour to be,

Sir,

Your obedient servant,

Esmond Butler,

Secretary to the Governor General

The Honourable

The Speaker of the Senate,

Ottawa.

OFFICIAL LANGUAGES BILL

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-120, respecting the status of the official languages of Canada, and had directed that the bill be reported without amendment.

THIRD READING

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

Hon. Paul Martin: Honourable senators, I move, with leave, that the bill be read the third time now.

Hon. Jacques Flynn: Honourable senators, this bill, C-120, as it appears very clearly now, will become law with Royal Assent being given later today.

I did not speak in the debate on the motion for the second reading of the bill because I did not feel it was necessary for me to indicate my support of the principle involved. I have spoken in this place and elsewhere very often in favour of establishing constitutional status of equality in both the English and French languages in Canada. In fact, my proposal has always been an amendment of section 133 of the British North America Act to make it clear that all across Canada both the French and English languages have an equal status.

Of course such an amendment would have required the consent of the provinces. The purpose of what I was urging was that the French language would receive the same treatment outside of Quebec as the English language enjoys in Quebec.

Bill C-120 is restricted in that it falls within the purview of only the federal Parliament. It is, therefore, but one step in the direction I have favoured for many, many years. It is also clear that the principle embodied in this bill has been the policy of nearly all political parties for the last five or six years. Therefore, although this bill constitutes only a first step, it is nonetheless a very important step.

The sole problem that this bill has raised is that to which Senator Yuzyk alluded yesterday and which was discussed at length in committee last evening. It is a very serious problem. It is important to indicate clearly and unmistakably that this bill does not take away any of the rights that new Canadians whose mother tongue is neither English nor French may have acquired throughout Canada.

This bill may not be the proper vehicle to deal with this problem. However, it was recognized in committee last night that eventually something will have to be done about it. If we had received the Second Report of the B and B Commission, which is to deal with this problem, the legislation might have been modified accordingly. At any rate, the report would have suggested that the Government bring in legislation in order to recognize the unquestionable rights and privileges of the third element of our population, which has played such an important role in the progress our country has known over the last, I would say, fifty years.

The Government Leader (Hon. Mr. Martin) did not deny, when I asked him last evening in committee, that he would do his best to see that appropriate amendments are made to this bill or that new legislation is introduced as soon as possible to recognize the rights of the third element of our population, that is, new Canadians whose mother tongue is neither English nor French.

Now I should like to quote from this morning's edition of *Le Devoir* part of the editorial written by Mr. Claude Ryan, entitled "La première pierre d'un édifice complexe":

[*Translation*]

> The first stone of a complex building.
>
> The adoption by the House of Commons of Bill C-120 on Official Languages represents a rather late stage no doubt, but a major one in the pursuit of the dream of a Canada inhabited by two equal communities.
>
> The final version would have been more realistic and flexible if the government had accepted the amendments of Messrs. McQuaid and Baldwin regarding certain provisions of the bill.

At this time, I would like to point out that the amendment proposed last night in committee by Senator Yuzyk was in the same vein and involved the same things to which the editorialist referred.

> Those amendments would have given to different groups of public servants, to the citizens whose mother culture is neither English nor French, and to Parliament itself, additional guarantees showing clearly that justice, and not oppression of some group or other, was the only purpose contemplated by the authors of the proposal.

These are the two points that I particularly wished to stress: namely, the step forward that the bill represents and the reservation that, eventually, consideration will be given to the rights of the new Canadians.

We must not expect too much of this bill; it will not solve all the problems that the most optimistic are hoping it will. Nevertheless, I believe the bill represents a step forward that it was absolutely necessary to take.

As far as I am concerned, I feel confident it will help relieve a little the tension that prevails at this time in the country. I am sure that with this bill, and the goodwill of both English and French Canadians, we will be able to reinstate a climate of understanding which will relieve, I repeat, the tension and which will guide Canadians towards common objectives, give them a new faith, a renewed faith, in the future of Canada, in its survival and especially in the possibility of assuring fully the welfare of all.

[*English*]

Hon. Arthur W. Roebuck: Honourable senators, I should like to say a word with regard to what happened last evening in the committee meeting to which the Leader of the Opposition has just referred.

The sitting of the Senate yesterday afternoon was adjourned in order to meet in committee to allow Senator Yuzyk to propose an amendment to clause 38 of the bill now before us. We had a very interesting and, I think, useful discussion. All of us who know what had happened realize that not a single senator who was present or who spoke had any thought in mind other than sympathy and respect for the people who speak a language other than one of the "official languages" in this bill. I really do not know what "official languages" means, or what its import may be.

The bill is one to encourage—and that is about all it does—the Government to extend what services it can to the French-speaking and English-speaking portions of our population. I would suggest to those people who speak languages other than one or both of the two "official languages" that it should be thoroughly understood that certain services are being extended to the French minority in English-speaking portions of Canada, and to the English minority in French-speaking districts, and that in consequence our friends who speak languages other than those described as official will have a very good case indeed for equal assistance from the Government officials.

If in the future one, say, of the Ukrainian population should come to a government department with the request: "You are extending privileges to the French population, and we have at least as many Ukrainians in the locality as there are French," I can scarcely understand any government saying "no" to such a request for equal services. That applies not only to Ukrainians, Poles, Italians, but to many others.

It is difficult to set out in a bill the courtesies which the future may make possible, for the simple reason that there are in Canada many languages other than English and French.

I remember very vividly that when I was a candidate some years ago in the provincial riding of Bellwoods we made a count of how many languages I should speak in order to address all my constituents in their own tongue. We counted seventeen.

The difficulty of extending language rights or privileges to everyone is obvious, from a practical standpoint. I am sure that when the time comes and there is a recognized 10 per cent of the population who speak another language in a certain locality, the Government in office at the time will extend to any 10 per cent minority similar services.

In committee last evening Senator Yuzyk presented an excellent amendment, by way of replacement of clause 38, and we discussed it at length. Clause 38 is a general provision. Let me read it, so that we will have the actual words before us on the record. It says:

> 38. Nothing in this Act shall be construed as derogating from or diminishing in any way any legal or customary right or privilege acquired or enjoyed either before or after the coming into force of this Act with respect to any language that is not an official language.

This is the most sweeping statement that could possibly be devised. Senator Yuzyk, in his enthusiasm for the people of his own origin, proposed some specific terms, instead of the general sweeping terms.

Honourable senators will realize that when a general statement is made, to be followed by specific instances, those specific provisions limit the generality of the broad statement. So, instead of widening and making the act more inclusive, if we had added something specific we would have made it less sweeping and less inclusive.

By the time we were through the very interesting discussion, I think even Senator Yuzyk agreed that he would not gain anything by his amendment, but rather would lose in the protection which would come from the section which I have just read.

So I have the honour to present the report of the committee, reporting the bill without amendment.

In view of what took place in committee and the knowledge which has come to us as a result of that discussion, I think that all of the people who speak the non-official languages would be thoroughly justified in telling their friends, their fellow countrymen, that they will lose nothing by this bill. In fact, I believe they will gain a certain advantage in the attempt that is made in this bill to give service.

There was, though not in this house, some suggestion of doubt about the constitutionality of the measure. Some very broad statements have been made in the press. I should like to say just a word or two with respect to the Constitution in that regard.

Only two sections of the British North America Act make reference to languages. Perhaps the first I should mention is the 1949 amendment to the Constitution, approved by this house, and passed by the Parliament of Canada, by which Parliament was given the right to make amendments to our Constitution, with the exception that we have no right to amend provisions in the British North America Act respecting either use of or privileges attaching to the English or the French language.

The other is section 133, which my friend the Leader of the Opposition has just mentioned. I should like to put it on the record, because it is sometimes difficult for those who do not see the actual text to judge the significance of proposals. Section 133 of the British North America Act reads as follows:

> 133. Either the English or the French Language may be used by any Person in the Debates of the Houses of the Parliament of Canada and of the Houses of the Legislature of Quebec; and both those Languages shall be used in the respective Records and Journals of those Houses and either of those Languages may be used by any Person or in any Pleading or Process in or issuing from any Court of Canada established under this Act, and in or from all or any of the Courts of Quebec.

That is to say, in the first instance it is a permissive proposal. Either the English or the French language may be used by any person in the debates of the houses mentioned. Of course that has been crystalized into the law and practised over the years. Nobody has ever suggested any change in that, nor is there anything in the bill that in any way refers to it, derogates from it or limits the application of that provision. Then, in the records and journals of those houses either of those languages may be used by any person, or in any pleading or process in or issued from any federal court of Canada established under this Act and in or from all or any of the Courts of Quebec.

Honourable senators will notice that no reference is made to any one province other than the Province of Quebec. And so the rights which people have enjoyed over the years of using the language of their childhood or of their choice is one of natural right; it might be described as a common law right, a right which nobody has ever questioned and which I hope never will be questioned. This bill, you will observe, does not limit in any way the use of those languages in the Province of Quebec and certainly not in any of the provinces outside of Quebec. I say that not because there is any controversy in this house, but because I would like to put it on record in view of some of the misunderstandings that one notes in the press.

So, honourable senators, I close by saying that I support this bill with pleasure because I think it will assist in providing a service to English or French minorities in various parts of our country, and will lead to an effort to provide such service as we can under particular local circumstances to those who speak one of the other languages. It will thus bring about a Canadianism of a broad type in this country and a unity that we may not have enjoyed in the past.

Hon. Senators: Hear, hear.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, as you are aware, it is proposed to give Royal Assent this afternoon to this historic bill to which we have just given third reading. The Deputy of his Excellency the Governor General will be in this chamber at 5.45 for that purpose.

However, it may be that I shall ask the Senate to return earlier in the event that we receive from the other house a matter which we may wish to consider. If it does not come to us this afternoon, we may deal with it in another way. If we do not, I should indicate to you now that it may be necessary to call the Senate back for a few hours at least some time between now and the date when Parliament reconvenes, which is likely to be some time in October.

Therefore, I propose that we now rise until the call of the bell, between 4 o'clock and 5 o'clock. Failing the arrival of the resolution from the other house, we will assemble here for Royal Assent at 5.45 p.m.

Hon. Mr. Flynn: Can the honourable Government Leader give us any indication as to the date to which we are likely to adjourn?

Hon. Mr. Martin: I propose at a later stage to indicate the exact date. I am not in a position to do so now. It will be sometime after the first week of October, subject to recall at any time. I understand we are required to fix a date, which must be a date beyond the period when Parliament will be called. Having taken that step, we can recall the Senate earlier if the Speaker gives the necessary authority.

The Senate adjourned during pleasure.

Upon resuming at 5.05 p.m.

TAX REFORM

RESOLUTION FOR ESTABLISHMENT OF SPECIAL JOINT COMMITTEE

Leave having been given to revert to Notices of Motions:

Hon. Paul Martin moved, with leave of the Senate:

> That a Special Joint Committee of the Senate and House of Commons, to be known as the Special Joint Parliamentary Committee on Tax Reform, be appointed to consider the Government's proposals for tax reform, with powers to report from time to time its opinions and observations thereon; to send for persons, papers and records; to sit during sittings and adjournments of the Senate; to print from day to day such papers and evidence as may be ordered by the Committee;
>
> That the following senators be appointed to act on behalf of the Senate on the Special Joint Committee, namely, the honourable Senators Beaubien, Cook, Everett, Gelinas, Grosart, Hayden, Laird, Langlois, Leonard and Thorvaldson, six of whom shall be required for a quorum;
>
> That the presence of a quorum shall be required whenever a vote, resolution or other decision is to be taken by the committee, provided that the committee by resolution may authorize the chairman to hold meetings to receive and authorize the printing of evidence when a quorum is not present;

That any member of either house who is not a member of the committee may, unless the committee otherwise orders, take part in the public proceedings of the committee, but may not vote or move any motion, nor shall such a member be part of any quorum; and

That the committee be authorized to retain expert, technical and secretarial assistance; and

Ordered: That a message be sent to the House of Commons requesting that house to unite with the Senate for the above purpose, and to select, if the House of Commons deems advisable, some of its members to act on the proposed special joint committee.

Hon. Mr. Davey: Honourable senators, did I understand the Leader of the Government, in reading the motion, to indicate that sittings of this committee will take place while the Senate is in session?

Hon. Mr. Martin: This committee could sit during the recess.

Hon. Mr. Flynn: Both during sittings and during the recess.

Hon. Mr. Davey: Is it the intention to grant that privilege to other committees?

Hon. Mr. Martin: That is a request that has to be made by each committee, and it is one that requires the consent of the Senate; but it is the intention of this committee to sit before Parliament is reconvened in October.

Hon. Mr. Davey: I understand that, and I think it is a worthwhile motion. After Parliament has reconvened in October, will this committee be sitting while the Senate is in session?

Hon. Mr. Flynn: The authority would be provided by the motion, because it mentions leave being granted to sit during sittings and adjournments of the Senate.

Hon. Mr. Martin: We will be giving that authority to that committee.

Hon. Mr. Davey: I realize that, of course, but I think other committees might wish to make a similar request.

Hon. Mr. Martin: I am glad that the honourable senator has asked that question. As chairman of one of the special committees which I expect to be active in the near future, I can very well understand his putting it. I think we shall have to consider each case on its merits. A number of committees now have that power, with the result that when we meet in the chamber we are somewhat handicapped. I am not saying to the honourable senator that if he makes that request it would not be granted.

Hon. Mr. Davey: I just wanted to understand. Thank you.

Motion agreed to.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, this is likely to be the last occasion on which we will meet during this portion of the present session of Parliament. I should like to take advantage of this moment to express on my own behalf, and on behalf of all members of this house, our warmest thanks to His Honour the Speaker for the able way in which he has discharged his responsibilities since taking the Chair.

To the honourable Leader of the Opposition (Hon. Mr. Flynn), I say I am especially grateful for the co-operative way in which he has worked with me in the common interest, and in a way that did not conflict with his own responsibilities as leader of those who sit to the left of His Honour the Speaker.

I am grateful also to every honourable senator on this side and opposite for the very generous way in which they accepted my coming into this house and assuming the responsibilities of Leader of the Government—responsibilities which I frankly admit I have found more difficult than I had anticipated, but which were rendered somewhat easier by the way in which I was treated.

I think we may say to one another that we have had a constructive and busy session. Parliamentary institutions these days are oftentimes the butt of much criticism. The charge of irrelevancy is addressed to us in Parliament—to this house, to the other house, and to Parliament generally—but as I look back on our efforts in this session it seems to me that they have been constructive. They show that initiatives have been taken in the field of inquiry and scrutiny, and that an almost unprecedented amount of Government legislation has been initiated this session in this house. In short, I would like to say that it is my belief that those who seriously examine the work of the Senate of

Canada will discover that it performs its functions dutifully and well.

Again, I thank all honourable senators for the very generous way in which they have co-operated with me.

Hon. Jacques Flynn: Honourable senators, I join with the honourable Leader of the Government (Hon. Mr. Martin) in thanking His Honour the Speaker for the way in which he has discharged his duties. His Honour, probably more than any of us, deserves a good rest from his colleagues.

I thank the honourable Leader of the Government for his kind references to me. We on this side of the house have very much appreciated the understanding he has shown. He has indeed co-operated with us in arranging the work of the Senate.

I also agree with what he has said about our work in this session, which is not now ending, because I understand we are only adjourning, although it may be we will discover that we have in practice prorogued. That is mere speculation at present. I think we have done a good job. There are always pieces of legislation left over at the end of a session. I had hoped that the Government would have been able to present legislation to amend the act concerning the retirement of senators. I am now speaking of those senators who were appointed before 1965. I think it is now recognized, with four years' experience, that the provisions of that act are totally inadequate. I know that a committee has made some recommendations. As it is not possible now to deal with the amendments proposed, I hope that when the session resumes in the fall or when the new session opens that will be one of the first items on the Order Paper in the other place, because the greater the delay the greater the injustice. I will not go into further details on that now.

I believe that honourable senators can be satisfied they have discharged their duties properly, and that they deserve to be away from here for some time in order to assess public opinion.

Hon. Mr. Bourget: Se renouveler.

Hon. Mr. Flynn: And also to look at other places. To all, I wish a very happy and beneficial recess.

Hon. Mr. Martin: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it do stand adjourned until Tuesday, October 14, 1969, at 3 o'clock in the afternoon.

As I explained earlier, it is necessary to name a date beyond which it is expected Parliament will reconvene. I expect that in all probability we will be back before October 14 but, to comply with the formalities, October 14 is the date specified in the motion.

Motion agreed to.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Wishart F. Spence, O.B.E., a Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment.

An Act to authorize assistance to transportation in the Atlantic Region.

An Act respecting the status of the official languages of Canada.

An Act respecting The Canada Northwest Land Company (Limited).

An Act respecting Boy Scouts of Canada and to incorporate L'Association des Scouts du Canada.

An Act to amend the Patent Act.

An Act to amend the Canada Shipping Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 14 at 3 p.m.

THE SENATE

Tuesday, October 14, 1969

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

Prayers.

TRIBUTES

THE LATE SENATOR GUNNAR S. THORVALDSON
THE LATE HON. ROBERT H. WINTERS

Hon. Paul Martin: Honourable senators, since we last met one of the most productive members of this house, Gunnar Thorvaldson, passed away. I rise at this time to say some words of appreciation of his useful life.

Senator Thorvaldson was born at Riverton, Manitoba, his parents having been born in Iceland. He was educated at Saskatoon Collegiate Institute, the University of Saskatchewan, and the University of Manitoba. He was a distinguished member of the Manitoba Law Society, and became a King's Counsel in 1941. He had read law in the offices of Sir Hugh John Macdonald. This early association explains the direction of his political views in the days ahead.

Senator Thorvaldson was the President of the Law Society of Manitoba from 1956 to 1958, and was a Life Bencher.

He gave much to public life, having been a member of the Legislature of Manitoba from 1941 until 1949. He devoted his life to the Conservative Party and to Canada, and we all know that he was one of the strongest members of this house. As one who sat opposite, I can only speak of the very co-operative way in which he discharged his responsibilities as a member of this house. Senator Thorvaldson was a student of international affairs. He was a delegate to the General Assembly of the United Nations in 1958. He was Chairman of the Interparliamentary Union in 1960, 1961 and 1962. No wonder that he became Chairman of the Senate Committee on External Relations prior to 1968. He was, of course, an active member of the Senate Committee on Foreign Affairs until his death. His work in this house was outstanding. He was Chairman of the Senate Committee on Transport and Communications. His family have every reason to be proud of him, and we are all grateful to him for his useful life and wide accomplishments.

To the members of his family and to the members of his party we extend our sincere sympathy.

Honourable senators, I would ask leave to pay tribute to one who was not a member of this house. Had it not been for the fact that we are meeting at this hour, I would today have been in Toronto paying my personal tribute to an old colleague and distinguished Canadian, the Honourable Robert Henry Winters, for whom all Canadians at this time mourn.

I served in two administrations with Mr. Winters, those of Mr. St-Laurent and of Mr. Pearson. Mr. Winters was born in Lunenberg, Nova Scotia, and he maintained his loyalty to that province wherever he lived in Canada. He was a graduate of Mount Allison University and the Massachusetts Institute of Technology. During the war he served with the RCEME.

Mr. Winters was elected to the House of Commons in 1945, 1949 and 1953. He became Parliamentary Assistant to the Minister of National Revenue in 1947, and to the Minister of Transport in 1948. He was sworn of the Privy Council as Minister of Reconstruction and Supply in November 1948. He became Minister of Resources and Development in January 1950, and was appointed Minister of Public Works in September 1953, relinquishing that office in 1957. It was when he was Minister of Public Works that Senator Bourget served as Mr. Winters' Parliamentary Secretary.

After an interval of 13 years in the business life of Canada he returned to public life, and became Minister of Trade and Commerce in January 1966.

I have said that we have lost in the person of Senator Thorvaldson a distinguished senator. Likewise in the person of Mr. Winters, I am sure all of us at this moment recognize that Canada has lost one of her most distinguished sons; a man who made his mark in the public life of his country and in the business world; a man whose efforts in the establishment of York University stood out as one of his most useful contributions.

After Mr. Winters' retirement from public life a year and a half ago he became the head of an important business enterprise and, as we know, he was active in business circles. I have lost a friend, a former colleague; Canada has lost a happy and useful citizen.

The passing of these two men is a reminder to each and every one of us of the transitory character of human life.

Hon. Lionel Choquette: Honourable senators, the reconvening of the Senate after the summer recess should normally be an occasion for fraternal good cheer and an exchange of pleasantries. However, it can rarely be so because such return is usually darkened by the mourning of one or more of our colleagues.

Today an empty chair reminds us of the passing last August of our dear colleague, Senator Thorvaldson. Our ranks have been further depleted, but we grieve not only at the loss of an outstanding human being. We are inconsolably sad because with his departure Canada has lost a noteworthy and respected political thinker.

He had been endowed with an analytical mind of incredible perspicacity and he made more than ample use of the talents which had been entrusted to him. He was as mentally vigorous and energetic as he was physically active, and he was equally as imposing intellectually as he was physically.

Much as he could be firm and uncompromising when confronted with that which he deemed to be wrong or evil, so could he be magnanimous, compassionate and mild when the situation was of such a nature as to require it. He was bluff, extroverted, jovial and saturated with that boundless fortitude which characterized the pioneer stock from which he came. He was a man who possessed an indefatigable zest for life, an ebullient spirit and an effulgent personality. He remained forever willing to accept additional responsibilities when it was necessary for him to do. He had long ago made it his motto to "Just make time."

Senator Thorvaldson had a noteworthy career as a lawyer, as a businessman and as a member of the Senate. We will remember him especially for his frequent and efficient interventions in our debates, for the very skilful manner in which he conducted the Committee on External Affairs and subsequently, until his death, the Committee on Transport and Communications.

We will recall also that he represented us with great distinction at many international meetings, especially those of the Inter-Parliamentary Union, held in Tokyo in 1960, in Brussels in 1961, in Brasilia in 1962—when he headed the Canadian delegation—and in Lima, Peru, in 1968.

With the passing of Senator Thorvaldson, Canada suffered a heavy loss and we on this side will miss him deeply. To his widow and his daughters we extend our most heartfelt condolences.

Hon. L. P. Beaubien: Honourable senators, the honourable Leader of the Government and the honourable acting Leader of the Opposition have so well expressed the sorrow of the Senate at the untimely death of Senator Thorvaldson that I will add only a few words. He was my roommate for the last eight years and was a close friend. I would like to say to that charming person, Mrs. Thorvaldson, and to her family, that I will share their great sense of loss for many years to come.

Hon. J. Campbell Haig: Honourable senators, the honourable Gunnar Solmund Thorvaldson was a very great personal friend of mine for the last thirty years. He was a native of Winnipeg. He graduated in Arts in Saskatoon and took his law course in Manitoba. I happened to be a personal friend of his, an active participant in his political endeavours.

Probably most members of the Senate do not know that "Solly" was a talented violinist. And when we were younger, before we got into politics—as he did in the Legislative Assembly—we had many family parties.

Senator Thorvaldson was extremely active in business, in sports and in politics. Many of you may not know that he was a figure skater—not of the gold class but of the silver class.

In his profession as a lawyer, he was a past President of the Law Society of Manitoba, and at the time of his death he was an honorary life member of the society. In outside activities he was a past President of the Manitoba Chamber of Commerce. He was a past President of the Dominion Chamber of Commerce. He was a Conservative member of the provincial legislature for eight years. He was a past President of the Conservative Association of Canada.

Moreover, honourable senators, he was a valued member of the Icelandic community of Manitoba, and, something that we do not realize or anticipate, he was for 10 years the Superintendent of the Sunday School of Knox United Church in Manitoba.

I would say that in sports Senator Thorvaldson, in addition to being a fair skater, was active in the duck hunting of Manitoba. He had a host of friends in Winnipeg, Riverton and Gimli in all activities. We lived in the same apartment building on the same floor for six or seven years, I can say that he had a host of friends—Liberal, Conservative and N.D.P.

I for one will miss his kindly advice and his counsel.

Honourable senators, I should like to indicate that it was on Saturday, August 2, at the St. Charles Country Club, when he was playing the seventeenth hole, that Senator Thorvaldson died. The temperature was about 80 degrees in the shade that day. He hit his drive and he dropped. Having been two holes ahead of him, I was in the club house. I do not know how to express the feelings that went through that clubhouse when the news of his death became known. Within fifteen minutes the flag was lowered to half staff. Since it was a holiday weekend, it was necessary for a friend of his to handle all the arrangements. I might add that when Ellen and I saw Edna on the Sunday and again on Wednesday at the funeral and again a week later, Edna and their three daughters expressed great appreciation for the condolences sent by members of the Senate and by his business and professional associates.

At this stage I wish to say to Edna and their three daughters that the Senate extends sincere condolences on their sad loss.

Hon. Donald Cameron: Honourable senators, it is not my wish to prolong these proceedings, but as a fellow Westerner I wish to add a few words in tribute to the late Senator Thorvaldson. Unfortunately, I did not learn of his death until one month afterwards when I heard the sad news from my friend Senator Haig.

I have known Senator Thorvaldson since he was President of the Winnipeg Chamber of Commerce and particularly when he was national chairman of the Chamber. I often found myself in disagreement with the policies he was enunciating on behalf of the federal Chamber, and indeed found myself frequently in disagreement with him also in this Chamber. Nevertheless, that did not diminish in any way the respect and affection in which I and all others who knew him held him.

He came from a pioneer group of people who made a great contribution to Canada. I do not know how many of you have had much to do with Icelandic settlements in Canada, but I have had close associations with two, the one at Markerville and Dixon, Alberta, and the other at Gimli Manitoba. The Icelandic people are usually considered to be an introspective people, but Gunnar Thorvaldson was an unusual type. He was an extrovert; he loved fun, camaraderie and good fellowship. He made a distinguished contribution to this chamber and to the business life of the western community. He was a very distinguished representative of that fine group of people who made a very real contribution to the development of Western Canada.

I join with my colleagues in saying to his wife how much we regret his passing. I am sure she will find consolation in the fact that he enjoyed the respect and affection of his colleagues in this chamber.

Hon. Allister Grosart: Honourable senators, I feel it would be improper for me not to join with my colleagues on this sad occasion.

I think it is generally known in this chamber that I had a very close association with the late Senator Thorvaldson throughout the years when he was President of the Progressive Conservative Party of Canada, when I was serving that party in a lesser position. This close association continued when we became colleagues here. I must say that the last thing I would have predicted as we departed for the summer recess was that there would be a vacant seat in front of me, that occupied with such distinction by Solly Thorvaldson.

In those years of association I learned a great deal from him about government and politics, but above all about people. I hope I also learned something from him of what, to me, was perhaps his greatest quality, his great capacity for friendship. I also learned something from him about one's enemies. He had not many, but I suppose that in his years of public life he had a few. He once said to me, "Allister, always remember: be kind to your enemies, because you made them."

It is hard to describe my feelings when I heard of his death or when I stood beside his grave in his beloved City of Winnipeg and, with so many others, paid my last tribute to the man and his memory.

I know something of the sense of loss felt by his wife and family. We all remember with the warmest feelings how much Edna Thorvaldson added to that part of our life here which we all find so important after a day's work. So, I join with my colleagues in praying for her the wisdom, courage and strength that she and her family will need as they face the future without the love, wisdom and counsel of so great a man as Solly Thorvaldson.

RULES OF THE SENATE

STATEMENT RE FORMS OF PROCEDURE

The Hon. the Speaker: Honourable senators, perhaps I should remind you that the new Rules of the Senate, in bilingual form, came into force on August 1, 1969, pursuant to an Order of the Senate dated June 18, 1969. This, of course, means that the new Rules made available in booklet form to honourable senators on June 3, 1969 are now operative and that the old red book of Rules became obsolete on August 1, 1969.

I am informed that the "Appendix of Relevant Forms of Proceedings", the compilation of which was entrusted to a committee of Senate officials, is almost complete and that the final edition of the Rules, including the appendix and suitably bound, should be available to all honourable senators shortly after the commencement of the new session.

TAX REFORM

APPOINTMENT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the following message has been received from the House of Commons:

> Resolved: That the House of Commons do unite with the Senate in the appointment of a special joint committee of the Senate and House of Commons, to be known as the Special Joint Parliamentary Committee on Tax Reform, to consider the Government's proposals for tax reform, with powers to report from time to time its opinions and observations thereon; to send for persons, papers and records; to sit during sittings and adjournments of the House; to print from day to day such papers and evidence as may be ordered by the committee;
>
> That Standing Order 65(5) be suspended in relation to this special joint committee;
>
> That 20 members of the House of Commons, to be designated at a later date, act on behalf of the House as members of the said committee, eleven of whom shall be required for a quorum;
>
> That the presence of a quorum shall be required whenever a vote, resolution or other decision is to be taken by the committee, provided that the committee by resolution may authorize the Chairman to hold meetings to receive and authorize the printing of evidence when a quorum is not present;
>
> That any member of either House who is not a member of the committee may, unless the committee otherwise orders, take part in the public proceedings of the committee, but may not vote or move any motion, nor shall such a member be part of any quorum; and
>
> That the committee be authorized to retain expert, technical and secretarial assistance.
>
> Ordered: That a message be sent to the Senate to inform that House accordingly.
>
> Attest.
>
> Alistair Fraser,
>
> The Clerk of the House of Commons.

Ordered, that the message do lie on the Table.

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a further message has been received from the House of Commons, as follows:

> Ordered: That a Message be sent to the Senate to acquaint Their Honours that the Members of the House of Commons on the Special Joint Parliamentary Committee on Tax Reform to consider the Government's proposals for tax reform will be Messrs. Blair, Burton, Clermont, Comtois, Danforth, Danson, Downey, Flemming, Gillespie, Gray, Harkness, Kaplan, Lambert (Edmonton West), Latulippe, Leblanc (Laurier), Noël, Ritchie, Roberts, Saltsman and Trudel.
>
> Attest.
>
> Alistair Fraser,
>
> The Clerk of the House of Commons.

Ordered, that the message do lie on the Table.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

> Report of the number and amount of Loans to Indians made under section 69(1) of the Indian Act for the fiscal year ended March 31, 1969, pursuant to section 69(6) of the said Act, chapter 149, R.S.C., 1952. (English and French texts).

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1969, pursuant to section 119(1) of the Bank Act, chapter 87, Statutes of Canada, 1966-67. (English and French texts).

Report by the Tariff Board, dated April 28, 1969, relative to the Investigation ordered by the Minister of Finance respecting Polyethylene, Reference No. 143 (English and French texts), together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, chapter 261, R.S.C., 1952.

Report of the National Librarian for the fiscal year ended March 31, 1969, pursuant to section 13 of the National Library Act, chapter 330, R.S.C., 1952. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, June 25 and July 9, 1969, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).

Report of the Northern Canada Power Commission, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 24 of the Northern Canada Power Commission Act, chapter 196, R.S.C., 1952, as amended by chapter 42, Statutes of Canada, 1956, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English text).

Report of the Canadian Broadcasting Corporation, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 47 of the Broadcasting Act, chapter 25, Statutes of Canada, 1967-68, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Department of Fisheries for the year ended December 31, 1967, and the Financial Statements of the Department for the fiscal year ended March 31, 1968, pursuant to section 8 of the Department of Fisheries Act, chapter 69, R.S.C., 1952. (English and French texts).

Copies of Communique issued following a meeting of wheat exporting countries held at Washington, D.C., July 10-11, 1969, to further the objectives of the International Grains Arrangement. (English and French texts).

Copies of a contract between the Government of Canada and the municipality of Russell, Manitoba, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Report of the National Capital Commission, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Capital and Operating Budgets of the Canadian National Raiways for the year ending December 31, 1969, pursuant to section 37 of the Canadian National Railways Act, chapter 29, Statutes of Canada, 1955, together with a copy of Order in Council P.C. 1969-1315, dated June 26, 1969, approving same (English text).

Copies of schedule, dated July 14, 1969, showing Canadian Wheat Board wheat prices for specified days in the month of March and on July 14, 1969. (English and French texts).

Copies of a Message from the Canadian High Commission, Lagos, Nigeria, dated July 14, 1969, in connection with a Globe and Mail Report of July 12, 1969, concerning Relief to Nigeria. (English text).

Order in Council P.C. 1969-1250, dated June 19, 1969, authorizing under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the Jamaica Telephone Compnay Limited, Kingston, Jamaica, for the purchase of telephone crossbar switching equipment and related goods and services, including training and technical assistance, from Northern Electric Company, Limited, Montreal, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1251, dated June 19, 1969, authorizing under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to General Water Transportation Administration, a division

of the Ministry of Transportation and Communications of the Government of Peru, for the purchase of goods and procurement, engineering, construction, technical and similar services from Hawker Industries Limited, Toronto, Ontario, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1317, dated June 26, 1969, authorizing, under section 21 of the Export Credits Insurance Act, contracts of insurance by the Export Credits Insurance Corporation for the sale of Breeding Cattle to The Republic of Cuba, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Report of the Auditor General on the examination of the Accounts and Financial Statements of the National Battlefields Commission for the fiscal year ended March 31, 1969, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, chapter 57, Statutes of Canada, 1907-08, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of Operations under the Crop Insurance Act for the fiscal year ended March 31, 1969, pursuant to section 10 of the said Act, chapter 42, Statutes of Canada, 1959. (English and French texts).

Copy of a study, dated October 15, 1968, on Conflicts of Interest and Parliamentarians. (English text).

Capital Budget of the Canadian Broadcasting Corporation for the year ended March 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Twelfth Meeting of the Canada-United States Interparliamentary Group held in Ottawa, Edmonton, Jasper and Banff from June 3 to 8, 1969. (English and French texts).

SCIENCE POLICY

ACTIVITIES OF THE SENATE SPECIAL COMMITTEE

Leave having been given to call the attention of the Senate to the activities of the Senate Special Committee on Science Policy:

Hon. Maurice Lamontagne: Honourable senators, the honourable Leader of the Government, Senator Martin, has asked me to present today a detailed report of the activities of the Senate Special Committee on Science Policy. I hope that he will not regret having extended that invitation when he comprehends the length of this report.

Hon. Paul Martin: No, I expected it, because you have conducted many hearings.

Hon. Mr. Lamontagne: I hope also that honourable senators will forgive me for this. After all, this is the first speech I have made on this topic in this chamber since the committee was established.

[*Translation*]

When I delivered my first speech in the Senate on June 29, 1967, I analyzed the broad lines of the scientific endeavours in Canada and I recommended the establishment of a special committee to consider the Canadian scientific policy and to suggest some steps which would improve its quality and efficiency. It was just before the long parliamentary holidays decided upon to celebrate the centennial of Confederation.

When Parliament reopened in the fall, I submitted a motion to create a committee to which would be assigned definite functions. This motion was unanimously carried and I was chosen chairman of that new body. The committee did not really undertake its work for all practical purposes before the beginning of 1968 and held its first public meeting on March 12.

[*English*]

By the motion adopted by the Senate, the Special Committee on Science Policy was asked to review our national science effort in the light of our needs and the experience of other countries, and to make recommendations regarding the goals, the priorities, the budget, and the organization of Canadian science policy. The terms of reference covered all scientific activities including research in the physical, life and social sciences, development work on technology leading to innovation, scientific manpower training programs, grants to universities and industry, information services on science and technology, and research and development carried out by government establishments. Thus, the committee's assignment was very broad indeed, and it was also difficult and complex.

This is the reason why, beginning in March 1968, we decided to go to school, so to speak, in the first phase of our inquiry, to

improve our knowledge of the broad issues of science policy, and to get a general picture of the experience gained by other countries in this field. We invited the Canada Council, the Science Council, the Medical Research Council, and the Science Secretariat to appear before us to discuss the general aspect of the Canadian situation. We also heard a number of Canadians known to have disinterested views about science policy, including Dr. C. J. Mackenzie, the former Chancellor of Carleton University, who has devoted all his life to the promotion of science in Canada; Dr. Hans Selye, Director of the Institute of Experimental Medicine and Surgery at the University of Montreal; Dean Vincent Bladen, of the Department of Political Economy at the University of Toronto; Professor Arthur Porter, Acting Director of the Centre of Culture and Technology of the same university, and Maxwell W. Mackenzie, member of the Economic Council and former President of Canadian Chemical and Cellulose Company Ltd.

Thus we had the broad issues of Canadian science policy defined for us by experts from government establishments, universities, and industry.

We also invited distinguished experts from abroad, including Professor P. M. S. Blackett, Nobel prize winner for physics in 1948, adviser to the British Minister of Technology, and President of the Royal Society; Dr. Christopher Wright, Director of the Institute for the Study of Science in Human Affairs, Columbia University; Dr. James Killian, President of the Corporation of the Massachusetts Institute of Technology, and Scientific Adviser to President Eisenhower; Dr. Richard R. Nelson, economist, formerly of the Rand Corporation; Dr. Alexander King, Director for Scientific Affairs at the O.E.C.D. in Paris; Dr. Jacques Spaey, Secrétaire Général du Conseil national de la politique scientifique, and Chairman of the commission interministérielle de la politique scientifique, in Belgium; Dr. Saburo Akita, President of the Japan Economic Research Centre; Mr. Pierre Piganiol, Manager of the St. Gobain Chemical Company, and formerly Délégué général à la Recherche scientifique et technique in France, and, finally, Mr. Maurice Goldsmith, President of the Science of Science Foundation, London, England.

This first phase of our inquiry proved to be most useful to the members of the committee because it provided us with a broad background which greatly helped us during the second phase, when we reviewed systematically and in detail the research activities of the various departments and agencies of the federal Government.

[*Translation*]

This first stage of our proceedings proved to be quite useful to the members of the committee. Indeed it allowed us to come into contact with eminent scientists, to become better informed about the scientific activities of the countries which particularly interested us and to become acquainted with the complex problems raised by science policy.

[*English*]

The summer months of 1968 were devoted to the preparation of this second stage of our investigation. Elaborate guidelines were developed and sent to all government research agencies, indicating the kind of information regarding their scientific activities that they would have to include in their briefs to the committee.

The second phase of our inquiry began in October 1968, when the committee resumed its hearings after having been reconstituted by the Senate following the general election. We received 53 briefs from government agencies, many of them containing 100 or more pages, including one of more than 800 pages. We heard 38 government agencies, including the Canada Council, the Medical Research Council, the Science Council, the Science Secretariat, the National Research Council, Atomic Energy of Canada Limited, the Defence Research Board, the Bank of Canada, the C.N.R., and such departments as Agriculture; Energy, Mines and Resources; Fisheries and Forestry; National Health and Welfare; Finance; Treasury Board; Industry, Trade and Commerce; Labour; and Immigration and Manpower.

Some of these agencies appeared before us more than once and for more than one day. The committee completed the second phase of its inquiry at the end of April. This second phase was most useful. It provided for the first time in Canada a detailed description of most of the Government's science activities. We have been told several times that such an inventory does not exist anywhere in the world. Many questions raised by our guidelines had never been examined by the agencies concerned, and in certain cases government agencies were forced to look for the first time at their own science activities. The committee was thus in a position to obtain from these agencies

valuable information on their scientific manpower, on their research and development expenditures, on the formal organization of their research activities, and on their specific responsibilities with regard to science and technology. With such a macroscopic view we were also able to detect the imbalances, the undesirable gaps and duplications of government research programs.

Before beginning the third phase of its inquiry, which I will describe in a moment, the committee felt that it would be most useful to go to the United States and see on the spot how the Americans had organized their science effort, to which they devote about $25 billion annually, or approximately half of what is being spent in the whole world for this purpose. Members of the committee had read a lot about the American experience, but we had been told that this was not a substitute for meeting and discussing with people responsible for the formulation and implementation of American Science Policy.

Hon. Mr. Martin: The $25 billion that the senator speaks of is government expenditure?

Hon. Mr. Lamontagne: No, it is total expenditure. The American government spends about $17 billion annually. We wanted to meet with these people who were responsible for the formulation and implementation of science policy in the United States. Thus, the committee decided to accept the invitation received earlier from Congressman Emilio Daddario, Chairman of the Subcommittee on Science, Research and Development, to visit Washington.

Our intention was to meet with people involved in the various sectors of the science effort, including parliamentarians interested in science policy, public servants involved in co-ordinating and controlling scientific activities or actually conducting research in government, researchers in universities and industry, and businessmen specialized in financing new industries with a high technological content. This was quite an ambitious program, but our visit was well planned by our staff, our embassy in Washington and our consulate in Boston. In my view the visit was most profitable.

On Wednesday, May 7, at ten o'clock, we attended a meeting of Congressman Daddario's subcommittee to discuss the International Biological Program. The two witnesses were Dr. Lee DuBridge, the new Science Adviser to President Nixon, and a Canadian, Dr. Norman Gibbons, of N.R.C. We had lunch with the members of the subcommittee, at which time we were able to make individual contacts and conduct informal discussions. In the afternoon we met privately with Dr. DuBridge, who is also Director of the Office of Science and Technology, Chairman of the President's Science Advisory Committee, and Chairman of the Federal Council for Science and Technology. Dr. DuBridge was accompanied by two of his assistants, Mr. David Beckler and Mr. Dan Margolies, and two representatives from the Bureau of the Budget, Mr. J. Young, Assistant Director for Science and Technology, and Mr. Hugh Loweth. That afternoon, which we spent with the two main groups of officials responsible for the central co-ordination of science activities in Washington, was very illuminating.

On Thursday morning we met in camera with Congressman Miller's House Committee on Science and Astronautics. We had a very useful discussion for two hours with Chairman Miller, Congressman Daddario and their colleagues. We were told how the American parliamentarians were approaching the problems and issues of science policy and we described on our part what our special committee in Canada was doing in this field.

At lunch Mr. Secor Browne, Assistant Secretary for Research and Technology in the Department of Transport, discussed with us the activities and the problems of the research agencies for which he is responsible, and the relations that these agencies have with the central co-ordinating bodies. In the afternoon we had a meeting at the Canadian Embassy with Mr. William D. Carey, who was until recently the Assistant Director for Science and Technology in the Bureau of the Budget and who is one of the best experts on American science policy. We also met Dr. Dael Worfle, Executive Director of the American Association for the Advancement of Science and Dr. Philip Abelson, editor of the weekly magazine *Science*, one of the best in the field. In the evening we left Washington for Boston.

On Friday, May 9, we were at the Massachusetts Institute of Technology. In the morning we met with Professor Richard S. Morse and Professor Donald Marquis of the Sloan School of Management, two widely recognized experts in the field of research management and methodology. Dr. James Killian, former Science Adviser to President Eisenhower, who had already appeared before our committee in Ottawa, received us at lunch and for more than an hour discussed with us and some of his colleagues his latest views on science

policy. In the afternoon, Professor Joseph Licklider, Director of the project MAC, which stands for Multiple Access Computer, described to us the most recent developments in this exciting field and invited us to visit his computer centre where we saw one of his electronic brains which had won for the last two consecutive years the championship of the Chess Intermediary League in the United States.

On Saturday morning the committee held a meeting in camera mainly to discuss the schedule of its public hearings in Ottawa during May and June. In the afternoon we visited General Doriot, President of the American Research and Development Corporation, a private company which specializes in financing new ventures organized to exploit advanced technology. He told us how he had made a great financial success out of this most risky business.

Finally, on Monday morning, May 2, we went to Harvard University to meet Dr. Emmanuel G. Mesthene, Director of the Centre on Technology and Society, Dr. Harvey Brooks, Dean of Engineering and Applied Physics, and Chairman of the National Academy of Sciences Committee on Science and Public Policy, and Dr. Juergen Schmandt, Research Associate in the John F. Kennedy School of Government.

In the afternoon we met with Mr. Howard McMahon, a former Canadian and now President of Arthur D. Little Company, and two of his vice-presidents, Mr. William Krab and Dr. Bruce Old. This firm is one of the great look-out institutions in the United States, and undertakes all kinds of research assignments for governments and private industry across the world. We were all nearly exhausted when we came back to Canada in the evening.

I do not intend, at this stage, even to outline the substance of the discussions we had during that trip, because I would need at least two or three hours to do it properly. All I can say for the moment is that our visit was most fruitful, that we now understand the American scientific scene much better than we did before, and that we will be able to draw a lot from their experience when we come to prepare our report.

Now I come to the third and final phase of our hearings, which began in the latter part of May, when we received the views and representations of the provincial governments, research foundations and the private sector on Canadian science activities and policy.

The committee received the views of 44 universities and colleges, including individual faculties, and actually heard 36 of them. After having met the Macdonald group, which had just completed a long report on federal support for research in universities, and the executive of the Association of Universities and Colleges of Canada, we decided to organize a university week and hear the representations of the academic community on a regional basis. We received the views of university representatives from the Atlantic provinces on Tuesday afternoon, May 27, from Quebec on Wednesday morning, from Ontario on Wednesday afternoon, and from the West, including British Columbia, on Thursday morning. On Thursday afternoon we organized a forum with all the university delegations still in Ottawa, to which we invited the Macdonald group in order to have a general discussion of its report. It was a busy but highly interesting week, not only for us but also for the representatives of the academic community, who had never met together before to discuss science policy.

During the following weeks we heard the views of 63 organizations, including provincial research agencies, Canadian learned societies, labour and industrial associations, 35 industries and commercial enterprises, and seven private individuals. In total, we have had before us the representations of 272 groups, associations and individuals from the provincial, the university and the private industrial sectors.

This third phase of our investigation was also very revealing. We learned about the research needs and problems of the various sectors of the Canadian private scientific community. We heard the assessment, the criticisms and the suggestions that these important groups and individuals had to make about Canadian science policy. We also noted with some concern that the various segments of the Canadian scientific community are very isolated from each other and consist of three main solitudes—the government research sector, the university world and the industrial research sector—and a series of sub-solitudes, from one agency to the other in government, from one university to the other in academic circles, from one industry to the other in the private sector. These solitudes and this isolation also extend to the various scientific and engineering disciplines, and they manifest themselves in the proliferation of learned societies and professional associations. There are nearly 100 of them in Canada at present.

This is certainly not conducive to a co-ordinated national science effort, and is in strange contrast with the situation in the United States, where the scientific community, although much larger, is much more mobile and better integrated.

Our public hearings were concluded on June 27. Since March 12, 1968, the committee has held 102 public hearings and 21 meetings in camera to plan and prepare its work. We have gathered 10,220 pages of evidence. We have before us the views of 325 groups and individuals. At least 3,000 Canadian scientists and science administrators have attended our hearings, either as witnesses or as members of the audience.

As a result of the most profitable visits that we had made in Washington and Boston, the committee decided to go to some countries in Western Europe as soon as the holiday season was over and before firming up the recommendations to be contained in its report. This other trip was also carefully planned by our staff, in close co-operation with our embassies abroad. Senator Grosart, as chairman of the steering committee, assumed responsibility for technical arrangements. All my colleagues on the committee who were on that trip will want me, I am sure, to express at this stage our warmest gratitude to all the heads of Canadian missions in the countries that we visited, and to their collaborators, for the splendid and most efficient arrangements that they provided for us. The fact that we were able, at a rather inappropriate time of the year, to see most of the people that we wanted to meet is largely due to their competent and arduous work.

Some of this may seem too detailed, but I think it is a good thing to put all these things on record, for future reference.

Hon. Mr. Martin: It is a very impressive report.

Hon. Mr. Lamontagne: After two days of briefings in Ottawa, we arrived in Sweden on Sunday, August 24. On Monday morning, we met with the Minister of Industry, Mr. Kirsten Wickman, Mr. Bo Aler, Section Head for Technical Research and Development, and other officials, to discuss the general role of the Swedish Government with respect to science and technology and the mechanisms responsible for policy making and administration. This discussion continued on a more informal basis during a working luncheon at the invitation of the Ministry of Industry.

In the afternoon we were received by Mr. Sven Moberg, Minister without Portfolio at the Ministry of Education, who was accompanied by the Chancellor of Swedish Universities, Dr. Hans Löwbeer, by Professor Arne Engstrom, General Secretary of the Science Advisory Council, and other officials. That afternoon we reviewed Sweden's research and training programs in relation to higher education, and also the more specific role of the Science Council in Sweden.

The next morning we had a meeting with Dr. Palmstierna, the Executive Secretary of the newly formed Environmental Co-ordinating Ministerial Committee, and other officials interested in that field. They described for us the ways and means that the government was taking to meet the problems of pollution and the natural environment. In the afternoon we discussed government incentive programs and financial assistance to encourage industrial research and innovation. This discussion was with Mr. Fehrm, Director General of the Board of Technical Development, and Mr. Brising, Managing Director of the Swedish National Development Company.

On Wednesday morning we met the Chairman of the Royal Academy of Engineers, Professor Sven Brohult, and some of his colleagues and representatives from seven of the most important private companies interested in research and development. We again discussed industrial R & D but this time as seen from the point of view of industrialists. This was followed by another working luncheon during which we had also the opportunity of meeting representatives from R.I.F.O., which is an association grouping about 200 scientists and 220 parliamentarians.

We arrived late in the evening in Bonn and we spent the next morning, Thursday, August 28, with West German Science Minister, Dr. Stoltenberg, his deputy-minister, Dr. von Heppe and about 10 other top officials of the Ministry of Scientific Research. We discussed broad issues of science policy in West Germany, including its organization, its budget and priorities. In the afternoon we went to Julich, where the Atomic Research Institute is located, and we heard from the experts of that institution a fascinating account of the German programs and progress in the nuclear field. That evening at an informal dinner, we met again most of the people we had seen during the day.

On Friday morning we had a series of discussions at the Canadian Embassy with Dr. Frey, Secretary General of the Standing Committee of Laender Ministers for Education and Culture, which is also responsible for

science, on the participation of the Laenders in the national science effort and policy; with Dr. Krauch and Dr. Rittel of the Heidelberg Systems Research Institute, mainly on the new research methodology that this institution is developing for the social sciences; with Professor Hoelzler, assistant-director of research for Siemens, on industrial research and, finally, with the American Scientific Attaché in Bonn, Dr. Bill Williams, who is a recognized expert on German science and technology. In the afternoon we had talks with Dr. Hasemann, General Secretary of the Science Council and with representatives of the German Research Association, which is a very important body supporting academic research in Germany.

We arrived in Paris in the late evening, and on Saturday morning we visited L'Institut national de recherches agronomiques, an agricultural research centre near Paris. On Monday morning, September 1, some of us met for over an hour with Mr. Ortoli, Minister of Industrial and Scientific Development, and later with Mr. Pierre Laurent, Director General of Cultural and Scientific Relations in the Ministry of Foreign Affairs, while others were visiting the Commissariat général du Plan or the French Planning Commission. At noon we were invited to a reception by the President of the National Assembly, which was followed by an official luncheon at the Luxembourg Palace offered by the French Senate. Our host was the Vice-President, Senator Etienne Dailly.

In the afternoon, some of us met with Senator Dailly, a few of his colleagues and members of the National Assembly, including M. Herzog, to discuss the role of the French parliamentarians in the formulation and control of science policy, while others were visiting the Atomic Energy Commission and the European Enterprise Development Company, which specializes in financing innovation. At the end of the afternoon we were again together to discuss with seven research directors and advisers of different industries the problems of industrial research in France. At a reception at the Canadian Embassy in the evening we continued our discussions with the people we had seen during the day, and we were also interviewed by the press at that time.

The next morning we were received by Mr. Jacques Aigrain who is the Délégué Général à la Recherche scientifique et technique and the top official in charge of the central mechanism for the planning and control of science policy in France. Later some of us visited le Centre National de la Recherche Scientifique, while others went to the National Center of Space Research. Finally, in the afternoon, one group met with Dr. Alexander King, Director for Scientific Affairs, at the O.E.C.D., and another group visited the National Center of Oceanography. In the evening we left for Geneva.

On Thursday morning, September 4, we had a long session with representatives of government, universities and industry interested in research and development in Switzerland. They included Professor Dr. U. Hochstrasser, Director of the Science Division of the Federal Department of the Interior, Dr. F. Walthard who is responsible for questions of industrial policy in the Department of Economic Affairs, Professor Dr. A. Labhardt, Chairman of the Swiss Science Council, and Dr. P. Aebi, Director of Vorort, the organization of the Union Suisse du Commerce et de l'Industrie. This discussion was continued with these same people during a working luncheon. In the evening we arrived in The Hague.

On Friday morning, September 5, Dr. Böttcher and Professor Lambers, respectively Chairman and Vice-Chairman of the Science Policy Council, gave us a broad picture of the situation of science and of the organization of science policy in the Netherlands. They were followed by a group of parliamentarians interested in science policy and representing four different political parties. Later on we met the research directors of the "big five" industrial club in the Netherlands composed of Shell Oil, Philips, Unilever, AKU and State Mines. This discussion was concentrated on industrial research and innovation and was continued during a working luncheon offered to us by Dr. Toxopius, deputy research co-ordinator of Shell International Research Operations.

Hon. Mr. Haig: Those companies carry out 75 per cent of the R and D in the Netherlands. I think you should mention that.

Hon. Mr. Lamontagne: In the afternoon, we went to the Ministry of Foreign Affairs where Mr. Hardogh, Director General for European Co-operation, reviewed for us the various European research and development programs. Later on we met Mr. Nittel and Dr. Stefels, both of the Ministry of Science and Education, who have special responsibilities for the central co-ordination of science policy. On Saturday morning we had a meeting with members of the Science Council, which

had recently been asked by the Dutch government to prepare a science budget.

On Monday morning, September 8, we first had a discussion with Dr. Bakker to examine some facets of agricultural research in the Netherlands, and with Mr. van Rhijn, Director of Industrial Research and Industrial and Structural Policies in the Ministry of Economic Affairs, to review the government incentive programs to industrial research. We then had a joint meeting with Dr. Julius, Chairman of the Central Organization for Applied Scientific Research (TNO) and some of his colleagues, together with Dr. Bannier, Director of the Netherlands Organization for the Advancement of Pure Research (ZWO). We continued the discussion and the question period during the luncheon. We arrived in Brussels early in the evening.

Hon. Mr. Martin: May I ask Senator Lamontagne if he is going to give us at any time today the total expenditures by various countries in the private sector as well as in the government sector in the scientific endeavour.

Hon. Mr. Lamontagne: Unfortunately, I do not have these figures with me. They can be provided for you, I am sure, and they will certainly be contained in our report, as we intend to devote a full chapter to a review of the respective national science efforts of most of these industrialized countries.

On Tuesday morning in Brussels, after a briefing at the Canadian Embassy, we were received by the Minister for Science Policy and Planning, Mr. Lefèvre, who was Prime Minister of Belgium from 1961 to 1965 and who is one of the great leaders of the European community. Mr. Lefèvre was accompanied by more than a dozen of his top advisers, including Dr. Spaey, Secretary General of the National Council for Science Policy, who had already appeared before our committee in Ottawa. Our discussion of the broad issues of Belgian science policy lasted for more than two hours and it was followed by a joint press conference given by Mr. Lefèvre and myself, and by an official luncheon offered by the minister, where we had the opportunity to meet other Belgian parliamentarians and scientists interested in science policy.

In the afternoon we visited the headquarters of the European Economic Community. We were greeted by Mr. Fritz Hellwig, Vice-President of the Community, who had interrupted his electoral campaign in Germany to come to Brussels and discuss with us the research problems and policies of the Community. He was accompanied by the top officials of that organization who specialize in science affairs. In the evening we arrived in London.

On Wednesday morning, September 10, we met Mr. Embling, Deputy Under-Secretary of the Department of Education and Science, and his colleagues, in addition to Lord Jackson, representing the Council for Scientific Policy, and Mr. Berrill, Chairman of the University Grants Committee. We discussed the organization and functions of the department in relation to science matters, the role of the Council for Scientific Policy, the support of research in universities, scientific manpower problems and the system of scientific information as being developed by that department. Later on in the morning we had a meeting with Dr. Gray, Secretary of the Medical Research Council, and with Professor Edwards, Chairman of the Natural Environment Research Council.

At lunch we received the representatives of the main learned societies. The Rt. Hon. Lord Blackett, President of the Royal Society, was the main speaker. He described for us the role of the learned societies in the national science effort.

In the afternoon we interviewed Sir Gordon Cox, Secretary of the Agricultural Research Council, Mr. Rackham, Secretary of the Social Science Research Council, Mr. B. T. Price, Chief Scientific Advisor in the Ministry of Transport, Mr. E. C. Williams, Chief Scientist in the Ministry of Power, and Mr. John Duckworth, Managing Director of the National Research and Development Corporation in Great Britain.

The next morning we were received by the Rt. Hon. J. P. W. Mallalieu, Minister of State for Technology, Dr. G. G. MacFarlane, Controller of Research, and other officials of the Ministry of Technology. We reviewed the general organization and functions of the ministry, the policies and programs of the research establishments which come under the responsibility of that ministry, the means to encourage innovation, the activities of the technical information and productivity services and the major programs in the fields of aviation, electronics, space and atomic energy. At the luncheon we received parliamentarians especially interested in science policy. The main speaker was Mr. Arthur Palmer, M.P., Chairman of the Select Committee on Science and Technology in the British House of Commons.

In the afternoon we discussed defence research and development with Sir William Cook, Chief Adviser for Projects and Research in the Ministry of Defence, technical innovation and industrial development with representatives of the Confederation of British Industries, technological forecasting and project evaluation with two experts of Imperial Chemical Industries, the activities of the Science Research Council with its chairman, Sir Brian Flowers, and central co-ordination of government science policy with Sir Solly Zuckerman, Chief Scientific Adviser to the Cabinet and Chairman of the Central Advisory Council for Science and Technology.

On Friday morning, Senator Cameron, Senator Grosart and I gave a press conference before about 25 reporters and science writers. It lasted for more than an hour and a half, and it might have lasted longer if we had not been previously engaged for lunch.

We came back to Ottawa on Sunday, September 14, a little bit tired but much more knowledgeable than when we had left and with a lot of written material and stenographic notes. The results of that trip, as well as of our visit to the United States, were much beyond at least my own expectations. The success of these two expeditions was due largely to the ministers, the parliamentarians, the great scientists and the top science administrators in these eight countries who, in spite of extremely busy schedules, were so generous with their time and hospitality. I wish to express, on behalf of the members of the committee, our most sincere gratitude to all of them for having let us profit from their experience and their wisdom on such a frank and friendly basis.

I have already mentioned the most useful role played by our diplomatic missions abroad. I would like also to make a very special reference to the invaluable contribution made by our co-director of research, Mr. Philip Pocock, who planned the two visits with great skill, in collaboration with our embassies, and to the very efficient services rendered by Mr. Patrick Savoie, the committee's secretary, and by Mr. Thomas Hubbard who assisted him during the European trip, in addition to taking extensive stenographic notes of our discussions. They both looked after material arrangements under the benevolent supervision of Senator Grosart.

I would like also to express my own personal and warmest gratitude to Senator Cameron, the vice-chairman of the committee, to Senator Grosart, the chairman of the steering committee, and to all members of the committee who were on those trips. They accepted without any recrimination a very tough schedule indeed, as you may have seen and which was always strictly observed. In addition, these two visits were concrete experiments in participating democracy. Each member had been assigned specific areas of questioning and had to prepare himself to initiate the discussion or to participate in it when those topics were being reviewed. Each member of the delegation took his responsibilities most seriously and made his full contribution when required. I was very proud indeed to be the chairman of such a group.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Lamontagne: We now have to prepare a report containing our comments and recommendations with respect to Canadian science policy. This work has already begun and I expect that it will be finished before the end of this year. I hope, however, that we will not sacrifice the quality of our report to its early publication. I would also like to underline, in my concluding remarks, that the work of the committee has had an important impact already, quite apart from the influence that our forthcoming report may have when it is published.

First, detailed facts and figures about the various aspects of our national science effort are becoming available for the first time through the proceedings of the committee. Our national science effort was developed by our sceintists in isolation and had not attracted much attention up to now outside the scientific community. Parliament had never reviewed it in any systematic way. Even Cabinet, to my knowledge, has paid very little attention to it, except on rare occasions, when it was appraising specific and major programs. We have been told by OECD experts that no other country has ever made such a detailed and systematic review of science problems and policy as that currently conducted by our committee. Although the inventory that we have made is not complete, it is far more comprehensive than what was available before.

Secondly, several government agencies told us that the preparation of their briefs in the light of our guidelines had given them an excellent opportunity to review their own scientific activities and to realize that their research operations needed to be improved.

Some of these changes have already been made.

Thirdly, our committee has provided, for the first time in our country, a public forum for the discussion of science policy. Government agencies have already used that forum to underline some of their needs and problems. Moreover, the fact that 272 groups and individuals from the private sector have submitted their views to the committee clearly shows the need for such a forum in this era of participating democracy.

Finally, through this forum, the circulation of its proceedings and the press coverage of its hearings, the committee has greatly contributed to the launching of a national debate on science policy which has attained major proportions. The following associations or groups did recently discuss one or several aspects of science policy, and on each occasion I was, as chairman of the committee, invited, as were some of my colleagues, to speak: in January 1969, the Sheridan Park Association, a group of industrial research laboratories near Toronto; in February, the Couchiching Winter Conference in Toronto; in March, the Harry Cassidy Memorial Fund at the University of Toronto and the Social Planning Council of Metropolitan Toronto; in April, the Air Industries Association of Canada in Ottawa; in May, the Chemical Institute of Canada in Montreal and the Canadian Economic Policy Committee in Quebec city; in June, the Canadian Manufacturers' Association in Toronto, the Royal Society of Canada in Ottawa and the Canadian Association of Physicists in Waterloo, where Senator Grosart spoke. And this discussion is not finished; it will be going on this fall. It is highly desirable to have this national debate, which is involving a great number of Canadians, when we are reviewing the efficiency, the priorities and the organization of our science policy.

[*Translation*]

In short, the committee which I chair feels that it has already accomplished a very useful mission which will not be completed until our report is published between now and the end of the year. We hope to be able to recommend measures likely to improve considerably the scientific effort of our country. In my opinion, this is a vital task at a time of lasting technological revolution, a time when we must initiate a continuous flow of new innovations if we are to protect our affluence, adjust to perpetual change and avoid becoming victims of our own technological success.

[*English*]

This is why the Senate Special Committee on Science Policy is convinced that it is doing an important job, useful to the Senate and essential to the country.

Hon. Donald Cameron: Honourable senators, Senator Lamontagne has given what in the jargon of this scientific study might be called a macro view of the science situation as we have found it in the countries we have visited. Today I find myself giving what might be called the micro view, as I will be giving you a short picture of what some of the witnesses who have come before us have had to say respecting the justification for a national science policy.

However, before getting into that I should just like to say, in support of what Senator Lamontagne said, that if the Senate committee ceased its functions right now, it would have been a justifiable effort on the part of Canada, because for the first time in the history of this country, there has been established a dialogue not only between sciences, but between business, between universities and between industries, and Canada is the gainer from the effort.

One evidence of this is that for the first time in Canada there was held at Carleton University last July 31 and August 1 a meeting called by the Institute of Professional Engineers and the Chemical Institute of Canada, to which were invited some 58 of the science organizations in Canada to come together and discuss the possibility of organizing a national science association which some day might become a Canadian equivalent of the American Association for the Advancement of Science. I cite that as just one evidence of the fruit that has been borne from the work of the Science Policy Committee so far.

May I say, too, for the benefit of my colleagues, that I consider—and I know my colleagues on this committee share this view with me—that we have been fortunate in the personality of our Chairman, who, particularly when we were abroad, represented us with his usual flair, courtesy and distinction. He was a very good representative of Canada and he brought to his duties as Chairman the attributes of a gentleman and a scholar.

Now, honourable senators, I should like to say a few words with respect to the justification for a national science policy.

A measure of the importance of science policy to the world can be gained from the fact that the estimated expenditures on research and development by the countries with a science capability in 1968 was $50 billion. Of this amount, $25 billion, or one-half, was spent by the United States, followed by the U.S.S.R., Great Britain, Germany, France, Italy, Holland, Belgium and Canada in approximately that order. So important has the application of science and technology become that no government can afford to ignore it and all governments are concerned with finding the ways and means of mobilizing the nation's resources of science and technology and directing them to meeting the national needs and the national goals in dealing with the problems of the national environment, the nation's health and welfare, its economic well-being, its cultural and spiritual needs, and its position in the international community. The responsibility for the major impetus to science and technology has devolved on the national government regardless of whether the country had a federal government or was a unitary state as in Great Britain.

It has become accepted in today's world that if a country is to keep reasonably abreast of its competitors it must utilize to the fullest extent possible the national resources of scientific know-how and technology. The only government capable of doing this is the national government, and even in Canada and the United States where provincial or states' rights have played such a role, there has been little argument that the federal Government is constitutionally and financially the only one capable of funding the gigantic projects that need to be undertaken. A catalogue of the federal Government's responsibilities in the fields of defence, space, atomic energy, agriculture, fisheries, finance, economic growth, justice, transport and communications is sufficient to establish that no other agency than the federal Government has the resources or the constitutional authority to cover such a wide spectrum of responsibilities. Saying this in no way prevents a large measure of co-operation from provincial governments and one of the current weaknesses in the Canadian picture is what appears to have been an insufficient effort at both levels to evolve a practical and consistent pattern of planning and co-operation.

To dispose of any misgivings that might arise regarding the federal Government's major responsibility for encouraging research and development, we may quote one of Canada's most vocal authorities on provincial rights in matters of the constitution, Mr. Marcel Faribault of Montreal, in the paper *Canada's Crisis in Education* in 1956, said:

> Yet, research is not a teaching activity properly speaking. It is well located in the universities but from a constitutional as well as from an accounting point of view, it ought to be financed by those who benefit from research, not immediately the students, but the professions, the industries and the governments, especially the federal government. It is, therefore, entirely proper for the federal government to finance scientific research to the fullest extent possible, and I do not think any constitutional problem lies there, provided it be done on an individual grant basis, as in the past with the National Research Council or, more and more, on a contract basis with the universities.

In the past provincial governments, usually working through the universities have done substantial amounts of research work either directly on their own or as joint projects with the federal Government. In this respect one has only to think of the Provincial Research Councils of Alberta and British Columbia as examples and, more recently, the substantial expenditures of the Ontario government at Sheridan Park. The weakness has been, not that there has been little work done by the provinces but rather that such work as has been done has not been part of a planned and co-ordinated program. In other words, such work as has been done by the provinces has been pretty much of a laissez-faire operation rather than as part of a consistent program working towards the attainment of agreed national objectives. To say this in no way reflects on the good intentions nor on the quality of the work done. However, because of the increasingly high cost of research and development it does appear necessary that in order to get the maximum results from our research expenditures there must be a meeting of minds between the federal Government, the provincial governments, the universities and industry, to determine what our national goals and national needs are and then to determine the priorities to be given in the utilization of funds, facilities and manpower.

In the brief hearings before the Senate Science Policy Committee reference was made

time and again to our unco-ordinated laissez-faire approach; to the lack of communication between agencies working in different government deartments, and to the general feeling that we in Canada either had no national science policy or at best what we did have was a science policy by accident.

Appearing before the committee in a public hearing on March 12, 1968, Jean Boucher, Director of the Canada Council, speaking particularly of the role of support for the social sciences and humanities, said:

> There is no comprehensive census at the moment of the amount of support given to the social sciences and humanities from all sources .... At the moment we do not have a total picture. We do not know what our competitors are. We do not know what we are stealing people from. We do not know what we are losing them to. We do not have a total picture, and, not having the total picture, we cannot define exactly, the financial dimensions of the role that we ought to be performing;

Continuing, he said:

> Just a few weeks ago I learned that a Canadian anthropologist had just completed a very extensive project... and he has had support from M.I.T. and the National Science Foundation in the United States to the tune of $900,000. In fact, nobody knows how many projects like that there are in Canada, being done by Canadians on Canadian soil with American money.

And in the same submission he said:

> Canadian universities do not know how much money their own staffs are making in this way.

Later that same day the highly respected Dr. C. J. MacKenzie, a former head of the National Research Council said:

> I suggest that there should be some overall government policy, or at least guidelines, before departments and agencies are allowed to embark on ad hoc expenditures which may often determine, but not follow government policies.

He continued:

> The future policy of the government very often is determined by the activities and expenditures of the departments, without any reference to government overall policy. This may not have been so wrong in the past and there was little complaint in the early days, but it should not be acceptable today.

Later he said:

> ... broad policy should be made before, not after, governments have made grants.

Speaking on the growth of department research programs, Dr. MacKenzie stated:

> The Department research units were to serve the departmental development programs. The broad non-departmental areas of science were assigned to the National Research Council. In Canada this principle underlying the N.R.C. Act of 1916 was unconsciously nullified by government action in accepting items in departmental budgets that led to a building up in departments scientific units of a research council type.

On March 13 Dr. O. M. Solandt, another past-president of N.R.C., said in part:

> ...The most important thing that is happening now is that science policy, which used to be something a few scientists discussed quietly, has now become a major national problem and one that will be of continuing and growing importance in our political life.

Later in the same presentation Dr. Solandt continued:

> This concept of a gradual change in the role of the federal government from being an agency that does research to being an agency which fosters, stimulates and guides research throughout the whole nation, is taking place now, and this is something we must encourage.

On a second appearance before the committee on April 18, 1969, Dr. Solandt said:

> The real problem we face is one of co-ordinating the efforts of the research community and the scientific community throughout the country... the federal government will be more and more concerned, not with the execution of research but the planning, co-ordinating and financing of research programs which will be widely spread throughout the scientific community, some by government, some in the universities and some particularly in industry.

Referring to the present role of the universities in research and development, Dr. Solandt continued:

> Until we get a space agency and a national space program, universities will not know where they are going...universities have got on their horse and are galloping off in all directions at the same time. There is no policy here and we need someone to help us formulate one.

On April 24, 1969 Dr. Richard R. Nelson, referring to the need for better communication and feedback between existing agencies, said:

> You need better machinery in the government to identify opportunities that look much better than they did before, and to get feedback from the scientific community regarding what might be the research and development scientific policy implications of a shift or a change in higher national objectives.

In an early hearing, on October 9, 1968, Max MacKenzie, a one-time Deputy Minister in Ottawa, and now a member of the Economic Council, made this interesting comment:

> During my time in Ottawa as Deputy Minister, priorities were determined by the forcefulness or otherwise of the individual minister concerned. A forceful minister got his departmental projects through and a less forceful one, who might have had a better project, often failed.

Speaking of the need for having social scientists at the policy-formulating level of national science policy, Dr. Solandt, in his presentation for the Science Council of Canada on November 6, 1968, said:

> There has been strong resistance by almost everyone consulted to putting social scientists on the Council.

That is, the Science Council. Continuing with this theme, he said:

> The Canada Council is not really constituted for dealing with, nor is it attempting to deal with, broad policy problems in the social sciences.

Later in the same presentation, Dr. Solandt said:

> ...the communication between the scientific community and the whole legislative mechanism in Canada has been very poor, very desultory and unsystematic.

Again speaking of the lack of co-ordination in our research expenditures, Dr. Solandt continued:

> There has been over the years a large number of odd departments in the federal Government that have been supporting research. They have been supporting basic research and little science, mainly in the universities, without any co-ordination whatsoever between all these various departments in the methods of granting, in the levels of granting, in the areas which should be supported, and how much, and so on, and some of these *ad hoc* decisions made at the departmental levels have created great problems in the universities.
>
> If someone came up today with an ideal plan, it would probably take him ten years to get it through the mass of government organization at different levels that is concerned with these urban problems. The resistance would not be to the idea, but to the change in the organizational structure in the institutions.

Speaking of the Space program he said:

> ...nearly everyone agrees that we do not have a well integrated national Space program, but each department concerned with Space says, "Well we are doing our part, and it is just fine, so we do not see any problem." But the bits do not add up to the kind of whole we ought to have.

Going from the Science Council to the federal Department of Agriculture we find that in November 1968 Sidney B. Williams, the Deputy Minister, put it as follows:

> The major hindrances to more effective performance stem from: (a) lack of a more precise definition of responsibilty; (b) the demands of informational services and *ad hoc* investigations...the need of a central mechanism...is a fundamental requirement for co-ordination of agricultural research and development. Clarification of the Canadian Agricultural Services Co-ordinating Committee responsibility in the agricultural sphere relative to that of the Science Council is also required.

Continuing, he said:

> The need of a central mechanism, representative of agencies, disciplines and

geographic areas, is a fundamental requirement for co-ordination of agricultural research and development, education and extension.

In the Science Council Report No. 4 Dr. Solandt referred to the difficulty in terminating projects which have either run their course or should be phased out. He had this to say:

> Yet another problem in the development of science in Canada is the tendency of organizations whose missions have been realized, or which have demonstrably failed to reach their objectives, to follow programs which are diffuse and self-perpetuating.
>
> It is amazing how often these things are not stopped; they keep on drifting away from their original mission-orientation towards being more broadly-based research in the same field but not really properly planned.

His evidence continues:

> The National Research Council, as a Council, has not dealt effectively with the laboratories, because the members of the Council are drawn from among those who have been receiving grants from the National Research Council for support of their research, and so they were not free to be critical of the Council's work.

Any of you who have been on university committees know exactly what he is talking about.

> While it is clear that there is need for better planning and co-ordination of support of research in the universities, still it involves three levels of co-ordination. There is co-ordination at the federal level to see that federal departments do not do unplanned, unco-ordinated support; co-ordination is needed at the provincial level to be sure that the federal Government does not do things that cut across provincial plans—in other words, that they support rather than compete with provincial plans; individual university level, to make sure that what is done is consistent with the university's own plans for development.

Again, on page 1268 of the evidence Dr. Solandt, in referring to the problems inherent in conducting a research program within the Public Service, had this to say:

> However, it must be recognized that traditional government departmental structures and procedures were not designed to accommodate scientific activities, and there are administrative complications inherent in operating a research establishment within a Public Service environment.

Here he was quoting from the Science Council Report, No. 4. He continues:

> The truth of the matter is that there is no central mechanism for co-ordination except the Cabinet, and the Cabinet cannot deal with the level of detail that we are talking about. The problem that faces the country is the fundamental one of government organization, and the Science Council has hesitated to recommend a complete re-organization or a complete change—well, a prospective change in the structure of government organization—but maybe we should.

In a similar vein, Dr. J. B. Bundock of the Department of National Health and Welfare, at page 1316 of the evidence, deals with the same need for co-ordination and clarification of the roles between agencies and departments, when he said:

> Much research is being done, with attempts to develop a system, but as long as we do not have a total system of information relating to the management of science on a nation-wide basis, I would suggest, Mr. Chairman, that there is no hope of really taking the kind of decision that we are discussing now—that is, how to apportion funds between various sciences, the physical sciences, the medical sciences, and so on...

He added that even when you get into the behavioural sciences and the socio-economic sciences, there is no provision for co-ordination of budgets or anything else.

In discussing the need for what would be in effect an inventory of what is going forward in research in Government departments, he continued:

> ...because we do not know where the gaps are or where research is taking place. At the moment there is no agency or capability for this work. That is the reason why we are so strong in our brief in making a specific recommendation for a beginning by establishing a central agency which will have the capabilities to store the kind of information which will lead to proper decision-making.

One could go on at great length quoting from the submissions of the many witnesses who appeared before the Special Committee on Science Policy, but what I have recorded does indicate that the time has come to reassess the Canadian position, and to see whether or not we can evolve new patterns of effort at the national level which will make Canadian science and technology a more productive and co-ordinated force than it is at the present time.

In saying this, I am not reflecting on any of the dedicated scientists in the National Research Council or the Government departments. The National Research Council, in particular, over the years since its establishment in 1916, has made a significant contribution to the national welfare.

However, as I indicated earlier, research and development has become big business in the last thirty years, and it will inevitably get bigger as the years go by. The rapid growth of expenditures on research and development in Canada and the United States since 1939 to the present is indicated by the following table:

Comparative Expenditures on R & D by Governments of Canada and United States

	Canada	United States
1939	$ 5 million	$75 million
1952	94 million	2 billion
1968	500 million	17 billion
1969	* 600 million	* 19 billion

*estimate

Hon. Mr. Martin: May I ask the honourable senator if, when he is quoting the Canadian figures, he is including the figures for the private sector as well as those for the Government?

Hon. Mr. Cameron: The Government expenditures in 1968 totalled $500 million, but the total expenditure in Canada was something over $900 million. It is difficult to get an accurate figure. In the United States the total expenditure by the Government and the industrial sector in 1968 was $25 billion. The estimated expenditure in the United States in 1980 is $45 billion.

Related to the total expenditures on research and development in the various countries is the rapid growth in employment in some science-based industries—for example, the generation of power from atomic fuels.

At the present time in the United States there are 510 educational and industrial establishments employing 141,700 people—scientists and supporting staff—in the atomic energy field. Of these 510 establishments, 65 were Government-owned and employed 99,000 people. In 1968, 446 United States industrial establishments in the atomic or related fields employed 41,395 people, an increase of 13½ per cent over 1967. Of the total of 141,700 employees, 35,000 were scientists and engineers, and of this number 67 per cent were engaged in research and development, but mostly in developmental work.

The latest figures I have for Canada show a total of 12,000 scientists, technicians and supporting staff employed in some phase of the atomic energy effort. Of this number the Atomic Energy Control Board, including its affiliated agencies, employed 4,500, Ontario Hydro employed 3,500, Hydro Quebec employed 1,000, and private industry employed 3,000.

While the subject of Canada's role in research and development is a very large one, it seems obvious that in addition to a close look at closer co-ordination and control of our whole program of science and technology there is a need to reach agreement on what should be the goals of a national science policy. That is the first prerequisite of any policy that we evolve, and I should like to spend a few moments on the kinds of things that we should be looking at when we consider the goals of a national science policy.

It may be useful to inquire as to what should be the goals of a national science policy in any country. In discussing this with the people concerned in a number of countries, I think it is possible to define the goals of a national science policy as they might apply to a number of specific areas. These would be:

1. A policy which is concerned with the meeting of the spiritual, cultural and educational needs of the country.

2. A policy which is concerned with the social circumstances of the entire national community—in other words, concerned with the environment.

3. A national science policy concerned with the physical circumstances of the people. The people's health, use of land, programs for housing, transportation, and all the related problems that go into what we call the urban sprawl.

4. The life and economic welfare of the people. In other words, a national science policy should be very much concerned with utilizing the results of science and technology to contribute to the economic and social welfare of our people.

5. A national science policy should be concerned with the role of the nation on the international scene. More and more today nations are becoming interdependent, and if there is one thing that is true of science, more than any other, it is that it is international and knows no boundaries. The experience of the people in Europe with Euratom and other attempts at multi-national co-operation, such as in ELDO (the European Launching and Development Organization) and ESRO (the European Satellite Program), have so far not been too successful, mainly because some of the nations involved, particularly France under de Gaulle, were not prepared to agree on the necessary priorities, nor to sacrifice the small measure of national sovereignty without which no international program can work.

In respect to some requisites for a national science policy I am going to suggest to you that among many other things that we need to have come out of a national science policy in Canada are, first, a national science inventory; second, a national science audit; and, third, a national library of science information and/or a national data bank.

During the hearings of the Special Committee on Science Policy I was constantly asking the witnesses who came before us if there was anywhere in Canada where we could go to get an inventory of the scientific programs or projects that were in the process of development at the present time. The answer, in most cases, was "No", and in other cases the answer was that it is impossible to assemble such an inventory which would be meaningful.

This reaction has come, in particular, from universities. As a university man, I refuse to accept the theory that we have so many projects going forward that it is impossible to develop a meaningful inventory.

The figure of 500,000 projects going forward at any one time has been used. Even if that were true—and I doubt that this could be proven—I am convinced, and I know a large number of industrialists will agree with me, that by the use of modern computing equipment we could quite readily establish an overall picture of what is going forward in the way of research projects in Canada at any one time. And I would suggest that one of the first things we must do as part of the development of a national science policy is to establish a national inventory of scientific projects. I could elaborate on this at much greater length, but time will not permit.

Once having established a national science inventory the next step in a rational approach to the utilization of public funds for scientific research and development in Canada would be the establishment of a national science audit. In other words, we shall need to establish the machinery by which we can evaluate and measure the productivity of our research projects. This is particularly true in the field of applied research. What are we as a nation getting out of our expenditure of funds? I would be the first to recognize that in basic science or fundamental research there must be freedom to play around with ideas, to explore new avenues, many of which may turn out to be unproductive. This is a necessary requirement to any science policy and a certain proportion of our money must be set aside for this purpose. At the present time a rough estimate is that approximately 70 per cent of our funds is being spent for basic research and 30 per cent for applied research and development. This is almost the exact reverse of the figures being used in other countries where the preponderance of expenditure is in the fields of applied research and development. However, unless we are able to determine what is coming out of and resulting from the expenditures of public funds, we are being remiss in our duty to the people who provide the funds, the taxpayers of the country, and we are not doing a service to the scientists themselves. I submit that we need to have, first, a national science inventory, and, secondly, a national science audit in order to determine the priority which shall be given to the expenditure of public funds.

Finally, we come to the last of these three basic points, the establishment of a national library of science information, or a national science data bank. Again, if we are to make the most effective use of the limited funds available for research and development in Canada, we must know what is being done in other countries. We must know what is being done in the different universities and research stations throughout the country, and the only way we can do this is through our scientists having access to a national science data bank. This does not mean the establishment of a large centralized agency, but it does mean the elaboration of what we have been referring to in our Special Science Committee

hearings as the establishment of centres of excellence. For example, a centre of Marine Biology and Oceanography would find a logical nucleus in Halifax or in Vancouver. In the field of aeronautical engineering, the University of Toronto is the most important place in Canada for this kind of research and development. In the field of medicine, the Neurological Institute of Montreal has a world-famous reputation. In petroleum enginering the University of Alberta has in being an effective department. This and similar centres could be developed and expanded and linked together through th modern means of communication so that we can build up in this country a national data bank which will, in a relatively short time, make it possible for scientists, not only to know what is going on in any one place in Canada, but to get at least a cursory picture of what is being done in their field of interest throughout the world.

These three elements which I have described I consider as essential elements in the evolution of an effective science policy for Canada. There are many others, but in the course of this discussion today I have endeavoured to let the witnesses who appeared before us speak for themselves. They have done it with devastating clarity, and I think when you read the evidence and find the same kind of story repeated over and over again by people in different departments, different agencies and outside of the field of government, it is probably time that we are justified in taking a look at what is happening in Canada and formulating a new approach to the entire program of science and technology in this country.

At 5 p.m. the Senate adjourned during pleasure, to resume at the call of the bell at approximately 8 p.m.

At 8. p.m. the sitting was resumed.

Hon. Allister Grosart: Honourable senators, I find it very difficult to follow the Chairman and Vice-Chairman of the Special Committee of the Senate on Science Policy who have given very fine expositions this afternoon of the work of the committee to date. Senator Lamontagne filled us in on the work that has been done month by month, point by point, and Senator Cameron gave us what I thought was an excellent description of the present state of what at the moment passes for a national science policy in Canada.

The remarks I will be making may appear to be critical of the Government, but I hasten to say that they are not critical of any particular government, because if I read correctly the evidence that has been given before the Special Committee of the Senate on Science Policy in the last 15 months, its import is that the situation in which we now find ourselves is one of long duration. The best example I can give is that the one body to which all Canadians would naturally look for guidance in science policy is the Committee of the Cabinet on Scientific and Industrial Research. That is an existing committee. It has been in existence since 1916, and the evidence before the Senate Committee was that until very recently this important committee of the Cabinet, on this matter that is so vital to the whole future of Canada, had met seven times in all the years from 1916 to date.

Hon. Mr. Flynn: How many years is that—fifty-three years?

Hon. Mr. Grosart: I will have to leave the calculation to the mathematicians, because after the kind of expert evidence we have had my brain is too tired to do even that kind of elementary arithmetic. All I can say is that it has met seven times since 1916.

It is, however, fair to say that that committee of the Cabinet has now been re-activated, and some of the things I will draw to the attention of the Senate tonight are on their way towards correction. I do not know to what extent the Senate committee can take credit for this. I think we can take some.

There are some specific areas in which it would seem that the questions that were asked in the committee did bring to the attention of those in authority situations of which perhaps they were not aware, and there has been a hastening of the process of correction.

One specific example might be the situation of the Science Council and the Science Secretariat. These are two bodies which have been set up since 1962 to deal with some of the problems which I may be discussing tonight, and which Senator Lamontagne and Senator Cameron were discussing this afternoon. It is, perhaps, an indication of our national political immaturity in this whole field of national science policy, that when we set up the Science Council as an independent advisory body to the Government we furnished it with a secretariat from the office of the Privy Council. The secretariat, of course, was responsible to a minister of the Crown,—and

some of us expressed very serious doubts as to whether a secretariat responsible to a minister was the best kind of secretariat for an independent and objective Science Council. That has now been corrected, and I mention it merely as an indication of a trend which I believe to be very much in the right direction. The initial steps have been taken, and I am very happy to give the present Government the full credit which that start deserves. However, I must say that it is only a start and we are a very long way from catching up with other western industrialized countries in the matter of a national science policy.

It was only three years ago that we discovered for the first time how far we were behind other western countries with which we are competing in world export markets. The Leader of the Government on two occasions, I think, this afternoon asked for some information on comparative expenditures by governments or nationally on science activities or on research and development. Senator Lamontagne said he would, in due course, provide the figures. I think he was reluctant, perhaps, to provide them in the cordial atmosphere of this afternoon. The fact of the matter is that they indicate that we are not only a long way behind the comparative countries in FERD, if I may use the abbreviated term for Federal Expenditures on Research and Development, but also in another, which as a Conservative I hesitate to use, but which is the abbreviation for Gross Expenditures on R and D. It happens to be GERD. I hope there will never be an association involved in that particular matter, because then its name would be GERDA.

The fact of the matter is—if I can play back some of the evidence, and that is all I hope to do this evening—that since the war there has been, around the world, a general sudden appreciation of the tremendous importance of science and technology in two particular aspects of the national directions and aspirations of many countries. One is the social aspect and the other is the economic aspect. The social aspect is involved with what is sometimes called the negative fall-outs of the technological revolution. They are very serious, and I shall have something to say about them as I go along. The positive aspects of the economic fall-out are to be found in the evidence before the committee and the investigations we made of the state of science policy in other countries would indicate that the economic survival of any western country depends to a very large extent on its ability to move research and development into the stage of commercial commodity innovation.

One may ask why Canada fell behind. I do not think it is desirable at this time to indulge in any recriminations. No particular person, government or institution is to blame. We just got behind. We are starting now on what is known, in the great debate going on around the world in national science policy, as Phase 2. Phase 1 is over. Many other countries have gone through Phase 1, and have developed national science policies. We just have not done so. We did not participate in Phase 1.

One of the reasons which I think should be called to the attention of a parliamentary body such as this is the fact that Canadian parliamentarians themselves never got involved. There is some reflection of this in perhaps the earlier attitudes towards the committee on whose report I am commenting at the moment. I once sensed a general feeling, questioning what the committee was, what was going on and what we were doing in getting ourselves involved in "science". I sensed a general opinion that science is somewhat remote from the great national issues of our day, that it has not much to do with poverty or urbanization or pollution. Those were the attitudes that I sensed, perhaps wrongly, and I would hope tonight to indicate that the involvement of the Senate committee in this problem is one of great national importance.

Some of my colleagues here will be aware from the press, that I spent the last weekend at what is sometimes called the Tory Thinkers' Conference. The subject of science was on the agenda, and I attended some of the meetings. The greatest tribute I can pay to Senator Lamontagne, as chairman of our committee, is the fact that I could not stop Tories from calling it "The Lamontagne Committee." I asked them to be fair to the dear old Senate and at least call it "The Senate Committee," but the scientists who were there, quite a substantial number of them, would not listen to me because as far as they were concerned, it was "The Lamontagne Committee."

As a member of that committee I would have to say—and I think all my colleagues on the committee would agree—that this was a fair description of the committee. The rest of us have tried to pull our weight and do our share, but is was Senator Lamontagne who initiated this committee. It was Senator Lamontagne who brought to Canada the great debate going on around the world. It just

was not here until Senator Lamontagne rose in the Senate and proposed this committee. And in the last fifteen or eighteen months he has directed it in a way which has won the respect of the scientific and academic community of Canada. I hesitate to speak of the hours of work he has put in or the tremendous degree of direction he has given the rest of us. With few exceptions we were raw, green amateurs. I think we have learned a little bit about this subject and, if we can contribute anything to Canada, we will all have to admit—and we will gladly admit—that it was because we have sat at Senator Lamontagne's feet during these months.

Having said that, I think it is equally important that I draw to the attention of the Senate the fact that among his other accomplishments Senator Lamontagne was able to develop us into a real team. He mentioned the fact this afternoon that in all our hearings we took turns, under his direction, and all became reasonably expert in not asking the most stupid questions. This was not too easy, because we had before us top scientists, top science administrators, and top academics, and we needed the homework that we were given by Senator Lamontagne and by Mr. Pocock to avoid the kind of stupidity into which we would have fallen without their guidance.

I am not going to mention the names of any other members of the committee, although I would be greatly tempted to do so, if I had the time, to give a rundown and report to the Senate on the contributions of many of them. I will speak only of the work of the vice-chairman, Senator Cameron, who backed up Senator Lamontagne in many ways and brought to the work of the committee both his own highly developed background of expertise in the science of advance management, which is very much a part of this area, and his familiarity with the academic aspects of science policy.

I am quite sure that some honourable senators may already be a little tired of our committee members seeming to pat themselves on the back, but I think, objectively, it can be said that this committee has developed a degree of understanding of the problems of national science policy not hitherto in existence in Canada, and a degree of competence in this area that is matched in only a few, perhaps two, parliaments of the world. For that reason we feel a responsibility. We have taken up the time of the Senate; we have expended some amounts of public money; and I can assure honourable senators that we feel a very great responsibility to make a contribution in our report and in other ways that will give Canada a hundredfold or even a thousandfold pay-off in the future on the time and money that we may have spent.

You may well ask: Why is this science and technology business so important to Canada as we of the committee seem to think? I indicated a moment ago that there are two main aspects, social and economic.

With respect to the social side, we in Canada are, of course, part of a world community in which there are problems that only science and technology can handle. Perhaps I may mention a few global facts. In fifty years the population of this planet will have doubled. At the present time 40 per cent of this planet is urban. In 1920, 100 million citizens in the world were living in urban environments; by the year 2,000, UNESCO estimates are that this figure will have increased to 2,000 million.

It may surprise honourable senators to know that urban-caused diseases are on the increase, despite the tremendous advances in medical science. Technology has created a 10 per cent increase to date, by last measurements, in the atmospheric carbondioxide content. If we go on the way we are going, it will be 25 per cent by the year 2,000. This will mean that our atmosphere will be practically unbearable and unlivable. Already 1.4 million acres of the world have been lost to mankind by erosion and salinization; two thirds of the world's forest areas have now been taken out of production. The greatest single problem facing us environmentally is the pollution caused by man and by technology through biocides, detergents and radio nucleids.

That, honourable senators, is the world situation and we are part of it. We as Canadians are doing more to pollute the atmosphere of the world than most other nations. I should qualify that by saying that there are perhaps 150 nations in the world and they are not all in quite the same position to pollute that we are. But we are doing our share—perhaps more than our share.

On the economic side, we are in a very enviable position in the world, if we can hold it. But unless we get into the science and technological race, honourable senators, all the evidence is that we will not continue to hold it. Now some say that that is contrary to the whole long story of our economic

advancement; over the years we continue to go up. But the fact of the matter, honourable senators, is that we have not. To give but one example, in the decade from the fifties to the sixties we slipped behind the rest of the industrialized nations so fast that by 1960 we were in a critical position in terms of our place in the international economy. For example, the GNP percentage value of our manufactured goods, which had been 50 per cent in the twenties, was down below 40 per cent in 1960. I am sure many honourable senators will be aware of the evidence on that which was produced in the Economic Council's first report. We were falling behind every other O.E.C.D. nation in terms of national productivity. We are now beginning to catch up.

If the evidence we have heard in our committee means anything, the answer for the future is that we have to learn to translate the results of our investment in Research and Development into some kind of commercial technological innovation.

The question before Canada is: Will we do it? Have we the structures and mechanisms that will make sure we do it? I am quite sure each member of our committee at the moment would have to answer: No, we just do not have the structures.

Some say that we are not really that bad—the Science Council, the Science Secretariat, the Canada Council—we have all sorts of people working on it. If anyone feels complacent, I would invite honourable senators to concern themselves with one small piece of evidence. A commission was appointed a short time ago generally called the Macdonald Group. Its terms of reference were to investigate the funding of science and technology in the universities in relation to industry and to the Government. It brought in a report and suggested what might be done to improve the situation.

I will not take the time to go over the details of that report but, to support my suggestion that we are in a state of utter confusion in national science policy, I would refer you to the comments made by the National Research Council, which has been our major scientific body since 1916, and the Canada Council, which has been a very important part of our science structure. Both of them damned this report in terms so emotional that it is almost unbelievable that mature scientists of these organizations would use such language in criticizing the report by an important university group.

I shall not quote what was said. I shall ask you to take my word for it. But, the words are emotional. The N.R.C. said that the inquiry became a joke on the campuses of the universities of Canada. It used words such as "misrepresentation". Surely, it indicates that we are in a state of confusion in respect of a national science policy when in this year, 1969, three of our major science policy entities—the committee, and these two existing institutions—have to fight like school girls about a report on the future of the N.R.C. and the Canada Council.

I feel sure that all the members of the committee will agree with me when I say that one of the main impressions we brought back from Europe was of the determination of these countries to move up their R & D into real pay-off innovation. They are working on it. They are doing things. They have science policies—not all of them are fully successful, but each has a policy directed towards this end. It is proper to ask whether we have a policy in Canada, and the answer is "No." We have schemes, plans, and programs. Some departments of our Government, such as the Department of Industry, Trade and Commerce, the N.R.C., the Defence Research Board, and the Medical Research Council, are doing their best. I am not indulging in any sweeping criticism of everything they do. Many of them are doing excellent work. But, because there is no overall co-ordination of the work, much of it in ineffective. I think this is fully documented in some of the quotations that Senator Cameron gave us this afternoon.

We have decided nationally in which league we want to be in this science and technology race. I doubt if we could be in the major league—not yet. The O.E.C.D. places us in about the second half of the second minor league. Canada has no business being that far down in this science and technology ball game. It makes no sense for this country, with the standing it has among the nations of the world, to be as low as it is in the practical application of science and technology.

We are among the top eight nations of the world in industrial development. So, some may ask: What are you worrying about? What I am worrying about, as a result of the evidence given before the committee, is the fact that if we as a nation do not pull up our socks we are going to fall out of the top eight nations. We did this between 1950 and 1960, and we can do it again.

Honourable senators may ask: "Well, what is the relevancy of this science policy committee to all of this?" In answering that question I have to be careful not to anticipate what may be in the report, because all of us have been working on it and consequently we have some idea of the direction it will take.

I would like to suggest that we have in Canada some major decisions to make. For example, we have to decide how much money we are going to spend in this country on research and development. The Science Council says that by 1972 we will have to be spending as a nation $1.8 billion on gross expenditures on research and development, of which $960 million will have to come from the federal Government. At the present time our probable total gross spending might be $800 million or $900 million, of which the Treasury Board gives us $520 million as the federal contribution.

The honourable Leader of the Government asked earlier today where do we stand? What is our total funding? The regrettable answer is we do not know. Senator Cameron spoke of the lack of inventory. We have asked as a committee, we have pleaded with the Treasury Board, and with D.B.S., to give us the figures. The latest figures we have between the two are at least $50 million apart. It is a matter of public record in our evidence that D.B.S. made the statement that the figures that have been given to our committee show a substantial discrepancy between the figures those same agencies and departments of government gave to D.B.S. This is a matter of public record. We do not know what we are spending at the moment. I have from our committee records a thick brief, which is largely an attempt by the Treasury Board to say why their figures are so far away from those of D.B.S. All I can say is that it is not a figure that made me very sure that the Treasury Board has the faintest idea of what all the agencies, departments and boards are spending on science.

I make this observation from my own estimation of the evidence given before the committee, that the Treasury Board of Canada does not know what is being spent today on science activities or on research and development, which is a component of it.

We have to decide how we are going to distribute this money. It is almost incredible in this year 1969 that we have no national policy that says what percentage of this money will go to government "in-house" activities in our laboratories, what will go to universities, and what to industry.

We are in the most extraordinary position of leading the whole world in the amount of this money that we spend in government laboratories. Sixty-two per cent of the total funding by the federal Government is spent in government laboratories, and if the experience of the other countries of the world makes sense, this is nonsense.

It would seem obvious that any government in the kind of situation I am describing would wish to support the industrial effort. The best figures I can find indicate that in the last few years the Government support of science and technology—specifically research and development in industry—has dropped from 18 per cent to 13 per cent. In the United States it is 55 per cent and in the United Kingdom 37 per cent, according to the latest available figures. I should say that the figures tend to run a year or two late.

We simply must decide to co-ordinate this whole effort. It may surprise honourable senators to know that members of our committee asked representatives of departments of government whether at the time they decided to fund X university with project Y, they knew what other departments and agencies were doing. The only answers we got were negative. We must avoid the kind of decision making that we have had recently in such matters as the intense nuclear generator and the Queen Elizabeth telescope.

To make it clear to honourable senators that I am not being partisan in this respect, I would say that we must also make sure that we do not make any more Arrow decisions. Whether the other two were better or worse from the decision making point of view, I am not competent to judge; I am not competent to judge the merits of the decisions per se. However, if I have learned anything in the 18 months during which I have sat on this committee, I think I have some competence to judge the decision making methodology which, to be kind, could in none of these cases, by any stretch of the imagination, be called a scientific assessment of the situation in terms of national science needs.

Part of the tragedy is that there is nothing wrong with our science. Canadian science can stand up with any in the world. I could document that, but I will not take the time to do so now. We have the scientists; we have the achievements in science; we have the capacity, the capability and the potential in this field,

which is recognized all over the world. All we have to do is to find a national policy to use it.

The final question is what we can do about it. We are parliamentarians. I think the answer is that we can do everything or we can do nothing. It depends on how we feel. In other countries parliamentarians are involved, and deeply involved. Senator Lamontagne mentioned R.I.F.O., an organization of the parliament of Sweden, through which 200 members of parliament meet regularly with 200 scientists and become involved in and knowledgeable about the national science policy in Sweden. I need scarcely say that this has paid off for Sweden. One does not hear anybody in Sweden complaining about how terrible it is that they have such a small domestic market. Sweden, Switzerland, the Netherlands and Belgium have much smaller domestic markets than we have, but they are not crying about it. While we were in Europe somebody said to us: 'We do not understand this talk about your small domestic market. You are next door to the biggest and richest market in the world. We are selling in it." The Swedes and the Swiss are selling in that market, and people in Europe simply cannot understand why we have not moved into that market in a much greater way than we have done.

We were also asked in Europe why we did not have a Canadian car. Swedish, German and Japanese cars are sold here. The Europeans pointed out that the American automotive industry had left us with a tremendous gap over the years; the compact car gap was there, and they asked whether we did not have any technological initiative, or whether it was because we did not have the capital to move into it. Maybe that is not a good example. I do not know all the intricacies of the automobile business.

Hon. Mr. Martin: You are touching a very sore point there.

Hon. Mr. Grosart: It was not my purpose to touch on any sore points. I am not an expert in this field, but I am sure the Leader of the Government would be delighted if a Windsor compact car was sold internationally.

Hon. Mr. Flynn: Why a compact? Compact has nothing to do with it.

Hon. Mr. Grosart: I merely urge honourable senators to support Senator Lamontagne and his colleagues to the fullest extent of your good will, understanding and determination to see that whatever useful recommendations we may be able to produce are taken seriously by the Government. I am not saying which government. We are having our problems getting a report out. I think we will get it out before there is a change of government, but you never can tell.

Hon. Mr. Hastings: Two or three years.

Hon. Mr. Grosart: Two or three years is more encouraging than I heard at Niagara Falls.

Hon. Mr. Hays: Twenty-two years.

Hon. Mr. Grosart: I will not comment on the 22 years because I do not expect to be around at that point.

I express the hope that the end result of what Senator Lamontagne's committee is trying to do will be something of real benefit to Canada. I have very little doubt that the Government will listen to the recommendations and, to the extent that it finds them viable, will act on them. I say to honourable senators that I hope that when the time comes those who have influence with whatever government may be in power will do their utmost to make the report of this committee stand up to the great traditions of effectiveness and implementation of some former and current committees of this chamber.

Hon. Paul Martin: Honourable senators, I am sure we are grateful to Senator Lamontagne, the chairman of the Special Committee of the Senate on Science Policy, for the interim report that he made today. I believe it was a monumental effort.

Hon. Mr. Flynn: Not for him.

Hon. Mr. Martin: It indicated that the committee undertook a very difficult and important assignment, and that it had discharged that assignment with skill and industry. It was, I think, well that he should have been followed by Senator Cameron, the vice-chairman of the committee, and by Senator Grosart, who has played, as other members of the committee have, an important part in its deliberations. But, these three statements by what one might describe as the triumvirate of the committee, I think will prove to be salutary and of great value to those who want to read the general achievements of the committee to date. Therefore, I say to Senator Lamontagne and his colleagues that we are very grateful for this interim report. Certainly no one would question the importance of the

subject matter covered by these speeches or embraced by the report.

We live in a rapidly developing technological computer age and the problems of government more and more are going to be closely allied to this kind of advance. If we want to continue to enjoy a high standard of living, we must have not only a technological know-how, but a way of using that know-how, no less than the developing countries of the world about whom George Ball said the other day, the most effective way of giving them assistance was by way of export from the developed countries of much of the technological know-how of these countries.

I am sure Senator Lamontagne and the members of the committee will not expect me, as a member of the Government, to comment on all that has been said today. I rise to show the Government's interest in the deliberations by the committee and to assure them of the Government's desire to examine, in the closest way possible, whatever conclusions are reached at the end of December, the beginning of 1970, or whenever the report of the committee is finally presented.

Hon. Mr. Flynn: That gives you room for manoeuvring.

Hon. Mr. Martin: Senator Lamontagne's committee has been described by the Chief Science Adviser to the Cabinet, Dr. Robert Uffen, who was formerly with the Defence Research Board, as the most thorough and impressive review of scientific activity in both public and private sectors ever conducted in Canada. That is, indeed, very high praise of the committee's work. I think that after listening to what we heard today that we will agree with that assessment. Again, I assure Senator Lamontagne and his colleagues that both the Government and this house will be greatly indebted to him and to his diligent fellow committee members.

It would be pointless and presumptuous of me at this time to try to second guess the committee's report. I am sure none of the speakers today would expect me to agree that the general criticism of the present administration or of previous administrations, as Senator Grosart has said, apart from the context in which governments operate, could be fully justified, but it is well that a man's reach should exceed his grasp. It is well that committees of this house, and committees of Parliament, should project the problems and should pose issues even though there is no immediate responsibility of finding the necessary means to have those objectives realized. We will all be the better for a report that projects the highest possible objectives.

The appointment of Dr. Uffen as Chief Science Adviser to the Cabinet is an indication of the Government's concern and interest in a rationalization of this problem, its interest in the kind of co-ordination that Senator Grosart spoke about a moment ago, because the appointment of a scientific adviser represents another step to establish machinery for bringing proposals with a scientific dimension to them before the Cabinet, or before Cabinet committees and getting the necessary decisions one way or the other.

Senator Grosart spoke a moment ago of the improvement in the organization at the top. The Chief Science Adviser is also, as he knows, the head of the Science Secretariat of the Government and part of the Office of the Privy Council. Last November the Science Secretariat was formally separated from the Science Council. The latter has been made, in fact as well as in theory, a body independent from the Government which it is charged to advise. The Science Council is responsible for providing the Government with advice as to Canada's long-term scientific and technological objectives, resources and requirements.

It is appropriate that my colleague, the President of the Treasury Board, should have said that the Science Council report will no longer be examined by those who participated in its making. Another recent development in the research community that might well be directly traced to the Science Committee's work is the formation of a kind of Canadian science association which will bring together representatives of more than 60 research organizations in Canada. The resulting dialogue should go some distance toward eradicating the impression that some scientists are in effect working at all times in this country in a vacuum. I do not want in any way to indicate that I do not appreciate fully the concern which Senator Lamontagne showed today for the percentage of our gross national product devoted to research and development and to what may appear to be imbalances in the over-all research effort.

Both Senator Cameron and Senator Grosart tonight mentioned the extent of the contribution made in this area by the Government of the United States to, for instance, industrial research in that country. Admittedly, the figure is a staggering one, but one

might well ask how that figure is divided and to what extent are the contributions made by the Government of the United States to industrial research related to United States foreign policies and to the obligations of military commitment or objectives. In any event, merely to have suggested that there may be some explanation does not alter the fact that industrial research in that country, the most powerful in the world, is a beneficiary of very considerable financial assistance.

Without disagreeing with the main lines of the submissions which have been made today, I would not want the impression to be created that Canada was not doing a very sizeable job in the field of research through government on all levels, compared to research that is being done in the private sector.

I am not going to argue as to whether or not our levels of achievement are comparable or not with that of like countries; the fact is that Canada is already one of the leading industrial nations of the world in terms of scientific accomplishment.

My colleague, the President of the Treasury Board, the honourable Mr. Drury, in a speech made at the Annual Winter Conference of the Canadian Institute on Public Affairs on March 1, 1969 said, among other things:

> I certainly agree that much remains to be accomplished, but Canada has already developed a creditable niche among the world's industrial nations in terms of scientific accomplishment.
>
> This was recognized by the examiners for the Organization for Economic Co-operation and Development, during their recent review of our scientific effort. Their conclusion was arrived at after noting that the indicators selected for expressing this accomplishment—the number of scientists and technicians, the number of university graduates, research and development expenditure, research and development labour force—have all showed a relatively rapid and steady upswing over the past several years.

The fact is that the total Government expenditures on research and development, and the number of scientists, technicians and university graduates, have increased relatively rapidly over the past several years in Canada.

In the period 1958-59 to 1967-68, Government research and development expenditure jumped from $222 million to about $600 million. At a time when we are concerned about expenditures, these are sizeable amounts.

Hon. Mr. Flynn: Have they been reduced, within the austerity program?

Hon. Mr. Martin: I do not think that any of these programs have been reduced. There may have particular situations that I am not aware of, but my recollection at the moment is that they have not.

Hon. Mr. Grosart: Could I ask the Leader of the Government if I heard him correctly when he said the current level of federal Government expenditure on research and development was $600 million?

Hon. Mr. Martin: Between 1958 and 1967 it rose from $200 million to $600 million.

Hon. Mr. Grosart: Does that mean that the Leader of the Government is telling us that the figure for this year for research and development is $600 million? If so, this spreads the discrepancy between the D.B.S. figures and the one he has just given us. It raises the $50 million discrepancy with Treasury Board figures, which I raised earlier, to $130 million. I ask the Leader of the Government if this is not a completely new figure which merely increases the discrepancy to an additional $80 million from the latest statement by the Treasury Board?

Hon. Mr. Lamontagne: I believe it covers the whole range of scientific work.

Hon. Mr. Grosart: I asked the specific question: Is this research and development?

Hon. Mr. Martin: It is the figure given by the President of the Treasury Board on March 1, 1969 when he noted a jump in the Government research expenditure from 1958 to 1967 in the amount of from $222 million to about $600 million.

Hon. Mr. Grosart: Perhaps I should say that I assume there was a stenographic error, because I am quite sure that the President of the Treasury Board would not want to be on record as saying that research expenditures were at the level of $600 million.

Hon. Mr. Martin: I cannot prevent the honourable senator from making any kind of assumption, that is his privilege, but I have read from the statement of the minister in charge of this particular department of operation.

Hon. Mr. Grosart: I am trying to be kind to the minister.

Hon. Mr. Martin: You are always kind, but that does not mean to say that you are

always correct. The Government has taken the position that research and development ought to be considered one of the several techniques for achieving departmental and program objectives. In other words, the honourable Mr. Drury has emphasized that research is not the end in itself but rather a means to be employed in achieving the objectives.

Various federal Government departments carry out substantial research activities, including Agriculture, Forestry and Fisheries; Energy, Mines and Resources; and Industry, Trade and Commerce.

Likewise, the Government has delegated specific research roles to the National Research Council, the Defence Research Board, the Medical Research Council and Atomic Energy of Canada Limited. As Senator Lamantagne mentioned today, most of those bodies, if not all of them, were called as witnesses during the course of the committee's hearings.

There have been some remarkable achievements of Canadian science. There has been, for instance, the tremendous feat of Apollo 11, in which tribute was made to Canadian scientific research effort. There are many other instances which point to the fact that Canadian scientists are of a high calibre and that their record of research is noteworthy.

These departments and agencies I have mentioned in turn delegate much of their work to either industry or universities. I should emphasize that both universities and industry receive financial support from Government in their programs—not in the amounts mentioned by Senator Grosart for the United States, perhaps, even on a proportionate basis, in terms of the percentage of the gross national product or the gross national income, but certainly assistance is given and it is very valuable assistance.

It has been suggested today that greater emphasis ought to be placed on industrial research and development and that we ought to direct a larger proportion of future resources to high returns expectation such as product development, rather than towards pure research. It has also been suggested that, in light of the high cost of competing economically with the United States, our resources ought to be invested in areas of present competitive advantages, in other words, in areas where we can be assured that we have a good chance of developing a competitive position in world markets. The Government is very conscious of this and is taking steps to meet these needs.

The realization of this objective in this area will require admittedly better co-ordination and direction of our effort in the field of science than we have had up to date.

In order to determine priorities, the decision-making machinery at the highest level must be adequate to the task. These steps which I outlined at the outset have been taken to improve the decision-making machinery.

Hon. Mr. Flynn: You think that the committee will be able to make good recommendations, notwithstanding your assurance that the Government is doing everything it can?

Hon. Mr. Martin: No, I am not suggesting that all is well as a result of what the Government is doing. I started out by saying that a man's reach should exceed his grasp; that the purpose of a dialogue, the purpose of a study is to point out gaps and weaknesses in a program.

Hon. Mr. Flynn: But I am worried. I am just wondering whether you are drawing guidelines for the committee in order to defend the Government in all this field.

Hon. Mr. Martin: No, I was not trying to defend the Government or draw guidelines. I am simply seeking to point out that the Government fully appreciates the value of the work of this committee. It does not intend in any way to inhibit the conclusions that it wishes to reach. But, with respect to the criticism that has been made of the Government's science policy, I have simply endeavoured to show what the Government has sought to do. It is inconceivable that one would not have read, for instance, the condemnation made by Dr. Killian of MIT of the contribution by the government of the United States to science. I think he was a witness before your committee. In a recent article in the *Atlantic Monthly*, he pointed out how much more could be done in the United States by the government to encourage research and industry by the universities and within the government sector itself. So that there is always room for improvement. There is always room for advancement.

So I take my seat, honourable senators, reiterating our pride in the achievements of this committee, in its great work, in the amount of time that senators have spent in trying to bring before the Government of the people of Canada the importance of science

in this day and age. This is a further example of the role of the Senate of Canada. No other body could do this as well. Royal commissions could have been appointed to try to bring about recommendations in the science field; they could have done so at a much greater cost to the Canadian taxpayer. I am convinced, after what I have heard today, that no royal commission could present an interim report as valuable or as comprehensive as that presented today by Senator Lamontagne and his colleagues.

CONFERENCE OF COMMONWEALTH SPEAKERS AND PRESIDING OFFICERS AND CLERKS

MEETING IN OTTAWA, SEPTEMBER 1969

Leave having been given to call the attention of the Senate to the Conference of Commonwealth Speakers and Presiding Officers and Clerks held in Ottawa, September 1969:

Hon. Alan Macnaughton: Honourable senators, it is an honour and a pleasure for me to have this opportunity to speak about the Conference of Speakers and Presiding Officers and Clerks which took place recently in Ottawa—in fact, here in this very Chamber, between September 8 and September 12.

My interest in this event is a very direct one. In 1965, when Speaker of the other house, I was privileged to attend the celebrations in London commemorating the seventh centenary of the Parliament of Simon de Montfort. This was one of the few occasions when the Speakers of most of the Parliaments of the Commonwealth found themselves assembled in one place at the same time, and advantage was taken of their presence to hold a conference.

However, the conference which took place on that occasion was really incidental to the special event which provided the main reason for the coming together of the delegates. The conference which took place last month here in Ottawa was different in that it was called directly on the initiative of the Commonwealth Speakers themselves for the specific purposes of discussing their own problems. As Mr. Speaker Lamoureux said in his address of welcome to the delegates:

> This is the first Commonwealth-wide Conference of Speakers and Presiding Officers to be called together for its own sake—for no other reason than to provide the members of our profession with an opportunity to meet, get acquainted, and discuss matters of mutual interest.

This conference can therefore truly be described as the first of its kind, and before proceeding further, I wish to congratulate those who took the initiative in calling it. I understand that the idea arose from consultations which took place among the Speakers of various Commonwealth Parliaments, those of Great Britain, Australia, India and Canada among them. I hope I may be excused, however, if I single out for special mention the Honourable Lucien Lamoureux, Speaker of the Canadian House of Commons, for having secured for Canada the honour of being the host country.

The conference also set a precedent in that the participants included presiding officers of Upper Houses as well as Lower Houses. This was a decision which I as a senator naturally applaud.

In 1965 the presiding officers of Upper Houses held their own conference separately from the Speakers of Lower Houses. Now that a precedent for joint meetings has been established, I hope it will be followed in the future, since the presiding officers of all legislative chambers share many problems in common, regardless of any differences in the functions and composition of the chambers themselves.

At this point I should like to record my pleasure at the extent of Senate participation in this great Commonwealth parliamentary event, but I must first temper my expression of pleasure with one of regret. It was a matter of great regret that our own Speaker, the Honourable Jean-Paul Deschatelets, was prevented, through illnesss, from participating in the conference. His absence was a disappointment to all concerned, and it must have been a particularly great disappointment to him in view of the part he played in preparing for the conference. It was most unfortunate that our distinguished Presiding Officer was unable to represent us on this occasion. However, we are all delighted to see him now restored to good health.

In the circumstances, the honour of representing Mr. Speaker Deschatelets fell to me, and in this capacity I was accorded the privilege of attending the conference as an observer. I also had the honour to host a luncheon for the presiding officers of Upper Houses who were present in Ottawa.

Even though they were not directly concerned in the conference sessions, a number of senators played a part in welcoming and entertaining our Commonwealth visitors. I wish to record my appreciation of the enthusiastic

support which was given to the conference by the Leader of the Government in the Senate, the Honourable Paul Martin. He welcomed the delegates on our behalf and, although himself a very senior Cabinet Minister, he did not omit to emphasize that the conference was representative of Parliament and not of Government. He described Parliament as "an essential guarantor of the existence of a free society." Perhaps I may be forgiven for digressing at this point to remind those who tend to forget it that a second chamber is part of Parliament. Since becoming a senator, the Honourable Paul Martin has shown himself to be an indefatigable champion of the dignity and authority of the Senate. It was fitting that, as a statesman with one of the longest and most distinguished records of public service in Canada today, Senator Martin should have represented this honourable house at the welcoming ceremony which preceded the conference.

I wish also to pay tribute to two other distinguished senators who participated in the functions associated with the Speakers' Conference. I refer to Senator John Connolly and Senator Grattan O'Leary.

Senator Connolly has contributed to the strengthening of the bonds which unite the Commonwealth as much as any other Commonwealth parliamentarian. Through his dedicated work on behalf of the Commonwealth Parliamentary Association and his unflagging support of every activity which tends to promote Commonwealth unity, he has shown himself to be a man of broad horizons and a true citizen of the Commonwealth. He has represented Canada on the executive of the Commonwealth Parliamentary Association, serving as Chairman of the General Council in 1966. We are grateful to him for the part he has played and continues to play in promoting the success of Commonwealth parliamentary activities.

Senator O'Leary is one of Canada's most respected elder statesmen and his presence graces any function he attends, whether it be of national or international importance. He too is a great champion of the Commonwealth ideal and an unrelenting flag-bearer in the cause of justice, parliamentary democracy and the right to free expression. Our thanks are due to him also for the unstinting support he gives to every great occasion involving Canadian prestige, and indeed to every cause in which he believes.

In hosting the Speaker's Conference, Canada was accorded a double honour, firstly in providing the locale for a conference which was the first of its kind, and secondly, through the unanimous election of Mr. Speaker Lamoureux as Chairman of the Conference. I should be remiss if I failed to record our appreciation of the courtesy of our Commonwealth visitors in calling Mr. Speaker Lamoureux to the Chair. This is also the place for me to pay tribute to Mr. Lamoureux himself for the charm and skill with which he guided the discussion and assisted the conference in getting through a long and heavy agenda. The duties of the Chair were ably shared with Mr. Lamoureux by Mr. Speaker King of the British House of Commons and Mr. Speaker Slade of the National Assembly of Kenya, who were elected Vice-Chairmen of the conference.

It is intended that these conferences will be held on a regular basis in the various capitals of the Commonwealth. I understand that arrangements are already in hand for holding the next conference in New Delhi in 1971.

Before the Ottawa conference broke up it appointed a Standing Committee of Speakers and Presiding Officers to discuss the detailed arrangements for the next conference, and this committee will in due course be making recommendations to the other Speakers and Presiding Officers. I am naturally pleased to record that Mr. Speaker Lamoureux has been chosen to serve as a member of that committee. I personally am relieved to know that a negotiating machinery was set up before our visitors went their separate ways, as it might otherwise have been difficult to make plans for the holding of conferences on a regular basis. An event of Commonwealth-wide magnitude cannot be organized without much planning and preparation.

These conferences add a new dimension to the framework of Commonwealth consultation and co-operation. The Commonwealth has no formal structure, no constitution, no federal framework to hold it together. It survives solely through common interest, mutual respect, shared ideals, and perhaps a touch of sentiment. The countries of the Commonwealth do not even have a common form of government. However, most of them operate a parliamentary system of one kind or another and this is the important common denominator.

One common denominator alone cannot, however, be relied on to hold an association

together unless every opportunity is taken to extend contacts and promote participatory activities. If the Commonwealth is to survive, consultation and co-operation must take place at every important level. The Prime Ministers' Conference is already an established institution. The Commonwealth Parliamentary Association has for many years done valuable work at the parliamentary level. The Commonwealth Secretariat is a more recent but nonetheless valuable organization. Conferences related to specific areas such as trade, defence, and education have frequently taken place over the years, both at the ministerial and the official levels, and have done much to further the common interests of Commonwealth countries and to resolve their common problems.

The institution of Speakers' Conferences marks the latest development in the strengthening of Commonwealth relationships. It is an important innovation which will, I am sure, contribute much to the furtherance of mutual understanding and the cementing of the ties between our countries. I quote again from the address of welcome given by Mr. Speaker Lamoureux:

> The functioning of a free parliament depends on the integrity and dedication of the Presiding Officer. We are the trustees of the parliamentary liberties of our countries... Thus, by coming together in this way, we are making our own contribution to the strengthening of the parliamentary system. Through this Conference and those which will follow it present and future Speakers, and the parliaments which they serve, will derive ever-increasing benefits, to the advantage of our respective countries and, I am sure, the enrichment of the Commonwealth as a whole.

I have already expressed my satisfaction at the participation of Presiding Officers of Upper Chambers in the Speakers' Conference. The value of the work which Upper Chambers do is perhaps not widely appreciated. An upper chamber, whether it be called a Senate, a House of Lords or a Council of States, is frequently ignored, neglected and even derided by journalists and others who like to comment on politics and political systems. We often hear demands for the abolition of the second chamber. I sometimes wonder whether the most vocal advocates of abolition really appreciate the implications of what they are demanding. Do they take the time to find out what a second chamber does and the part it plays in a democratic system of government? There may be a good case for reforming an upper chamber. We live in changing times and we have to keep pace with the realities of modern society. But reform and abolition are two different things, and it is of no small significance that the great majority of the democratic assemblies of the world, including those of the United States, Great Britain, France, West Germany, India and Australia, are bicameral.

The participtation of Presiding Officers of Upper Houses at Speakers' Conferences provides them with an opportunity for introducing a sense of proportion into the argument on the pros and cons of the bicameral system. I do not suggest that such conferences should be used as political platforms. I simply mean that, given an opportunity for the discussion of the problems of upper houses, some fallacious ideas with regard to the bicameral system may well be dispelled in the process.

Two important items relating to upper chambers were included on the agenda of the Ottawa conference and a learned paper was presented in respect of each one. The Lord Chancellor of Great Britain introduced a paper on the Role, Composition and Functions of a modern Upper Chamber, and it was notable that every presiding officer of an upper house who was present at the conference participated in the discussion that followed.

The President of the Australian Senate introduced a paper on the extent of Upper House Involvement in Money Bills. Both these papers will appear in the records of the Conference. Although the distribution of the final report is to be limited to Speakers and Presiding Officers, I hope that these two papers at least will enjoy a wider circulation since they are important contributions to the literature of parliament and of second chambers in particular.

The practices among Commonwealth parliaments vary widely. Yet it was remarkable to note, as the discussions progressed, the extent to which those who preside over the legislative chambers of the Commonwealth share basically the same problems. The manner in which these problems are approached naturally differs from parliament to parliament. For example, not all the Commonwealth Speakers enjoy the total detachment from party influence which characterizes the Speaker's office in Great Britain and, since

the recent re-election of Mr. Speaker Lamoureux as an Independent, also here in Canada.

In the emerging countries of the Commonwealth the Speakers are sometimes heavily dependent on the co-operation and favour of governments. This does not imply that they do not perform their duties impartially. All of them recognize their responsibility to protect the rights of minorities. Some of them also face the necessity of protecting the process of orderly government from irresponsible obstruction. Without exception, they recognize the crucial nature of the part they play in the operation of the parliamentary system. All of them realize that, if they failed to perform their duties without fear or favour, the rock upon which parliamentary democracy is founded would crumble into dust.

However, some of the Speakers in the emergent countries are obliged to protect the rights of minorities in a political environment which allows little toleration of opposition. Others are obliged to deal with irresponsible minorities while taking great care to do nothing which might abrogate their rights. In listening to the problems of these Speakers, one realizes what a precious heritage the older parliamentary countries have in the institution of a Speaker who is immune from political pressures and whose independence is protected by all parties.

In the course of the discussions it emerged that the nature of a minority depends very largely on the local political environment. In a one-party state, for example, opposition must come from within the governing party, so that the minority, lacking a party label, must be identified within the family circle, as it were.

In parliaments operating a two-party or a multi-party system, minorities in the orthodox sense can be identified by their labels. However, under the twentieth century system of parliamentary government the party machines have tended to usurp the powers of Parliament, thus placing the leadership of the major parties in a dominant position inside Parliament. One therefore finds dissident groups emerging within the parties and these groups sometimes form alliances with each other across party lines. This has led to a situation which might be described as double confrontation: in addition to government versus opposition, we sometimes find the back benches ranged against the front benches in protection of the rights of those who follow against the overweening tendencies of those who lead.

If parliamentary democracy and the rights of minorities are to be protected, the Speaker must have as much regard for the rights of these dissident groups as for those of the official opposition and the other recognized political parties. Mr. Speaker King of Great Britain pointed out during the discussions that there are not three parties in the British House of Commons, but 629. In recognizing this basic parliamentary fact he identified the essential problem of the Speaker.

With the holding of future conferences these and other problems will come to be discussed in ever-increasing depth. New subjects will also find their way on to the agenda as fresh problems develop. The agenda of the Ottawa Conference was a balanced blend of the general and the specialized. There were subjects of direct interest to Upper Houses; there were subjects directly relevant to the problems of emergent Parliaments; there were some of universal concern to all Speakers; and there were a few of a somewhat technical nature.

It would probably be a good idea if future conferences would consider the desirability of holding "workshop" discussions on previously prepared papers. This would permit delegates to discuss specific subjects in an informal and uninhibited way, and to question the Speaker who prepared the paper following his presentation. This might enable the delegates to derive greater value from a specialized paper than would be the case if it were presented in a plenary session.

I particularly noticed during the Ottawa conference that a profound and carefully prepared paper on the operation of the *sub judice* rule presented by Mr. Speaker Aston of Australia attracted no debate even though it riveted the attention of the delegates while it was being presented. It was, of course, a very difficult subject for anyone to discuss authoritatively unless he had given a considerable amount of previous study to the matter. In the atmosphere of a plenary session the delegates who had not come prepared to speak on this item were understandably unwilling to enter into a discussion of it. But I feel that, had they had an opportunity to question Mr. Speaker Aston on his paper, a lively discussion might have ensued.

While the conference was sitting news was received of the convening of the First National Assembly of the Second Republic of Ghana and the election of its Speaker, Mr.

Justice Nii Amaa Ollennu. Mr. Speaker Lamoureux drew this to the attention of the Conference and on the motion of Mr. Speaker Dhillon of India, seconded by Mr. Speaker Jack of The Gambia, it was unanimously resolved that the following message be sent to Ghana's new Speaker:

> The Speakers and Presiding Officers of Commonwealth Parliaments assembled in Ottawa have taken note of the election of Mr. Justice Nii Amaa Ollennu as Speaker of the Parliament of Ghana following the restoration of parliamentary government in his country. They extend to him their warm and sincere congratulations and welcome him to the fraternity of Commonwealth Speakers and presiding Officers.

I should also like to place on record the following letter dated September 15, 1969, which was sent by Mr. Speaker Ollennu to Mr. Speaker Lamoureux in reply to the message:

> It is most heartening to know that the distinguished Conference of Speakers and Presiding Officers of Commonwealth Parliaments currently meeting in Ottawa have taken note of my election as Speaker of the First National Assembly of the Second Republic of Ghana. I am very grateful for the resolution to congratulate me and welcome me to the honourable fraternity of Commonwealth Speakers and Presiding Officers.
>
> I shall do my best at all times to uphold the dignity of the fraternity and maintain the principles and practice of parliamentary democracy which is an enviable heritage of Commonwealth Parliaments.
>
> Please convey my sincere wishes to the Conference, and may your deliberations be guided by Providence to a successful end.

The Ottawa conference has set a pattern and a precedent which take us a step forward in the evolution of Commonwealth relationships. All who participated in the conference would agree that it was a resounding success, and there is no doubt that the social contacts, no less than the discussions themselves, were a source of great value and pleasure to our Commonwealth visitors. Although the conference itself lasted only a week, it was found possible to associate three great Canadian cities with the program. The delegates were received in Montreal where a social program was laid on for them prior to their proceeding to Ottawa. They were entertained by the Government of Quebec, and the City Council of Montreal, and also enjoyed a tour of Terre des Hommes.

While most of the conference sessions took place in Ottawa, here in the Senate Chamber, one session was held in the Chamber of Ontario's Legislative Assembly in Toronto. On that day our Commonwealth visitors were also the guests of His Excellency the Lieutenant Governor and the Government of Ontario. The visit to Toronto was undoubtedly one of the memorable highlights of the week.

I think all our visitors enjoyed being in this country. For our part, we were honoured to have them. It may be a long time before another Speakers' Conference is held in Canada, and when the occasion does arise again it is likely that many changes will have taken place in our country. But among the things which will not have changed will be our faith in the institution of Parliament, our loyalty to the Commonwealth, and the warmth of our welcome to our guests.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I wonder if I might address a question to Senator Macnaughton. I do so with some hesitation because of his participation in the arrangement of today's business. We have greatly enjoyed his report on the Speakers' Conference.

I understand that Senator Macnaughton was about to proceed with his report on the conference of Canadian parliamentarians and their counterparts in the Congress of the United States.

I wonder if it would meet with Senator Macnaughton's wishes if I were to suggest that that order stand until tomorrow, in view of the fact that Senator O'Leary is not present. If Senator Macnaughton feels he can agree to that, I would then propose that we call the order in the name of Senator Nichol, who wishes to raise another matter. But, I do not want to do that unless Senator Macnaughton acquiesces fully, because of the arrangements made with him earlier.

Hon. Mr. Macnaughton: Honourable senators, I feel that a change of speakers would be a very healthy and interesting move at this time.

POLLUTION

DANGERS TO OUR NATURAL ENVIRONMENT —DEBATE ADJOURNED

Leave having been given to call the attention of the Senate to dangers to our natural environment:

Hon. John Nichol: Honourable senators, I should like to thank Senator Macnaughton for his complimentary remarks.

Honourable senators, we are being told every day by men of science that the natural balance of nature on our planet has been upset by the works of man to the point that a major ecological disaster is imminent. I am speaking to you this evening because I am convinced that this dramatic statement is true, and that the voices raised in alarm do not exaggerate.

I am told that although the balance of nature is not particularly delicate, and although the various natural species, including man, have a surprising ability to adapt to environmental change, man's current massive attack on the natural world is producing change which the system will not accept.

Ecology is defined as the branch of biology dealing with the relations between organisms and their environment, and, therefore, an ecological disaster is one in which the natural relationship of animals, plants, land, water, and the elements, is distorted to the point where the species dies one by one in a degenerating spiral. And the significant point here is that it is a spiral which, once started, is self-degenerating—if that is a word—and, therefore, very difficult to stop.

There has been an increase in the volume of publicity in recent years on the general subject of pollution, but most of it has revolved around aesthetics. A stream or lake is polluted and closed to swimming, air is polluted and obscures the sky, it smells bad and perhaps makes your eyes smart, some birds are killed by DDT, and those who object are called nature nuts and do-gooders. But, important as these things are, they are in fact only the symptoms of a deep and possibly terminal disease of our environment.

All life on earth exists in a narrow film of air and water which extends from the bottom of the sea to the stratosphere, and in this thin film, which is only a few miles thick, all things live in a natural balance, exchanging oxygen, carbon-doxide, water, and nutrients in an incredible complex of interlocking loops involving the plants, animals, fish, birds, insects, bacteria and man.

Now, nature maintains this balance if left alone, but man has emerged as a form of life with intellectual capacity. He has designed machines of incredible complexity and power, and he has become the ultimate predator, the ultimate destroyer. And man's technical capacity is compounded by an incredible reproductive explosion. Thus we have more and more men using more and more machines in a veritable treadmill to oblivion.

You may think that I sound like the leader of a Californian religious cult in making a speech of this kind, which sounds a bit like science fiction, and that perhaps I should buy a sign and walk up and down in front of these august buildings to make my case. But, honourable senators, I am serious about what I say.

We are pouring sewage into our rivers and lakes, and into the sea. We are using pesticides and poisons on the land with ecological effects which we cannot measure. We are digging hydrocarbons from the ground, and blowing poisons into the air from millions upon millions of internal combustion engines, most of which are inefficient. We permit our industries to pump their wastes into our waters, and their fumes into our air. And we all know this.

Here are some opinions, and they are not mine:

1. 250 experts from 50 countries met at UNESCO headquarters in Paris last year. I suspect this is what Senator Grosart was referring to. Their verdict was that within 20 years life on our planet will be showing the first signs of succumbing to pollution. The atmosphere will become unbreathable, or will begin to become unbreathable for man and animals, life will cease in rivers and lakes, and plants will wither from poisoning.

2. The report of the UNESCO Conference in the Manchester Guardian includes this:

> As cities spread in monstrous fashion, the problem of refuse inherent in urban life attains the size of an insoluble problem. Carbon dioxide and all the host of air-borne industrial wastes are fouling the atmosphere and poisoning fresh water. In the last 20 years the whole process has been accelerating at a crazy speed.

3. David M. Gates is the Director of the Missouri Botanical Garden and Professor of Botany at Washington University in St. Louis. He has been active in developing and

supporting the International Biological Program, and other efforts to understand man's impact upon his planet. In an article published in *Technology Review* in December 1968, he had this to say:

> Man has lit the fuse of the environmental bomb. The question is not whether it will explode, but when. Responsible leaders of the nation—

And he is speaking of the American nation at this point.

> —in and out of the scientific community, give us not more than a generation or two to stop despoiling our environment or, alternatively, to contaminate forever the water we drink, the food we eat, the air we breathe, the good earth on which we live.

Congressman Emilio Q. Daddario of Connecticut is Chairman of the House Subcommittee on Science, Research and Development in the United States. In a recent address to the House of Representatives he had this to say:

> We have not less than thirty nor more than seventy years to reverse the destructive trend which a sprawling, acquisitive humanity has created for itself, according to the most competent testimony which our Science Committee has been able to elicit from the forecasters.

He went on to say that after the 30- to 70-year period "it will be too late to stem the human tide; too late to control the eradication of resources; too late to halt pollution of the earth; too late for anything except to witness the gradual sinking of our standard of living and the erosion of personal liberty."

5. U. Thant, Secretary General of the United Nations, while addressing 35 leaders from various countries meeting to discuss strategy for the Second United Nations Development Decade, had this to say:

> I do not wish to seem over-dramatic but I can only conclude from the information that is available to me as Secretary-General that the members of the United Nations have perhaps 10 years in which to subordinate their ancient quarrels and launch a global partnership to curb the arms race, to improve the human environment, to defuse the population explosion and to supply the required momentum to world development efforts.

Honourable senators, these are not the voices of cranks; these are not purveyors of science fiction. They are not talking about problems of the far distant future. They are saying that this will happen in 70 years, 30 years, 20 years, and ten years. Honourable senators, in terms of the size of the problem, they are saying it is happening now. They are really saying that just perhaps we are not too late.

The solution lies in law. In law which says that individuals, governments and corporations may no longer do as they please where our environment is concerned. That law will be complicated because aside from municipal, provincial and federal constitutional jurisdictions, international co-operation will be essential.

And, the jurisdictional complications will only be swept aside by an aroused and angry people who question the obsolete standards of the industrial revolution, and who are willing to pay, through taxes and the increased cost of the goods they buy, for a chance to stop this spiral to disaster.

These costs will be considerable, and in the case of our extractive industries may well affect their competitive positions in international markets unless some sort of public financial assistance is available as a companion program to the new laws. We may have to think in terms of special unemployment insurance provisions to maintain the income of men out of work because of plants shut down by anti-pollution laws. The overall ecological problem will not be solved without some major economic dislocations, at least in the short term.

The fight to save our natural environment will only be won if we are capable of a major and drastic change in the thought patterns which have governed man's existence on this planet until now. We have all been brought up to think that man owns nature, and we are now finding out that man and the natural world are part of the same interdependent total mix of life, and that man owns nature only in the same way in which man owns his skin or his lungs.

There is a book called *The Year 2000* by Herman Kahn and Anthony Wiener of the Hudson Institute in the United States, which attempts to predict the world of 30 years from now. Senator Grosart referred to these figures earlier. In 1965 the world population was 3,348 million and within 30 years it will be

6,389 million. That is nearly double in 30 years. This figure is terrifying enough, but in terms of the problem of the world gross national product it is even worse. These authors have a figure which they call World National Product, which is an estimated combination of all the gross national products of the world. This is expressed in 1965 United States dollars adjusted at $2,116 billion. Thirty years from now it is predicted it will be $10,848 billion.

These are the figures that keep the concerned scientist awake at night! This is the rising standard of living which results partly from the technological advances which are causing the pollution problem. These scientists are asking where the waste products of this fantastic expansion will go? Into the lakes and rivers? Into the sea? Into the air? The ecologists say that the biosphere in which man lives will not accept this. They say the garbage can is simply not big enough to take it.

I hope these figures explain the urgency of U Thant's seemingly overly dramatic statement. He is saying that there is no time left, because in terms of the problem and what we are talking about here, seven years, ten years, or two generations, really is but a tick of the clock. He is saying there is no time left. He is saying that it is a time to be intolerant and belligerent and angry with the people who will not listen or who pump out press releases in support of sloppy or predatory practices.

I feel sure that some people will take these remarks as an argument against industrial expansion, and I want to make it specifically clear that this is not what I mean. But I will argue that industrial expansion is not intrinsically good. It is good only as it helps mankind in a total sense. If it provides him with a job and a standard of living, and at the same time destroys the world in which he is going to live, it does not accomplish what it is setting out to do for man. So what I am saying is that we need new rules.

Those who fight pollution will sometimes be called do-gooders, bird watchers, or nature nuts. They will be told that jobs are jeopardized by pollution fighters, that the smell from the smokestack is the smell of money, which is true, but times have changed and these arguments are no longer valid, believable, or acceptable to the people of this country.

Some industries are deeply involved in seeking solutions to the problems of industrial pollution. Let me read you a quote from the Vancouver *Province* which shows the type of thinking which some concerned industrial leaders are applying to the problem. This demonstrates the concern of these people, and it also demonstrates the size of the problem. This is a story about Gerald Hobbs, who is the vice-president of Cominco, and chairman of its subsidiary, Western Canada Steel, who is talking of building a copper smelter in the interior of British Columbia to handle the copper ore which has been discovered, and which is presently going out, as you know, to Japan. The article goes on to say:

> The stickler is pollution, and he estimated that of an estimated cost of $50 million, $20 million would have to be spent on pollution control.
>
> "We have had our people all over the world, investigating copper extraction," he said, "and we know of no copper smelter that is acceptable today to our population from the standpoint of pollution control.
>
> "We are not going to be in a smelter with a pollution problem. That has not been the record of our company. I know of no smelter in the world that causes as little environmental damage as the one in Trail.
>
> "Many smelters are located in deserts. Who cares whether there is much pollution is such places? The incentive to have a pure smelter isn't great.
>
> "But we don't want to be the heroes of today and the bastards of tomorrow by building the wrong kind."
>
> The problem is sulphur. A 70,000-ton-a-year project would be producing about 200,000 tons of sulphuric acid, not a very marketable product. Some existing extraction processes can be "tight" in their control of polluting emissions. But they are "unbelievably costly."
>
> "So the big problem is capital cost," Hobbs said. "How can you amortize capital when two-fifths of the cost is in pollution control? It puts a B.C. smelter in a bad competitive position."

This goes back to what I said earlier about the costs of pollution control, perhaps placing us in some cases in an unfavourable international trading position if the industry has to bear all the costs itself. I read this to show

you only two things—the size of the cost problem involved, and that there are people in industry who are working to try and solve the problem. In the pulp mills of British Columbia, which are as malodorous as any pulp mills I have found, they are trying to clean things up.

Governments are beginning to move and as they do the size of the problem begins to take shape. The federal Government will introduce the Canada Water Act this fall. Several provincial governments have moved to control the sale of DDT, detergents, and other poisons. Many municipal councils are struggling with the staggering costs of modern sewage disposal systems. The report of the International Joint Commission on Pollution on Lake Ontario and Lake Erie has been released. The Government has announced that new land-use plans are on the books for Canada's north. Every day in all of the media there is evidence of growing awareness that in our rush to what the advertising profession might wish to call "the good life", we are in danger of losing life itself—good, bad or any other kind.

No one can see DDT in the Lake Michigan salmon, for instance, in respect of which you may have read that the fishing has been closed because of agricultural DDT. No one can see or taste the mercury poison in the game birds in Alberta, nor detect strontium 90 in children's bones. But you can see Lake Erie die, or you can read the sign on beautiful Brentwood Bay on Vancouver Island which warns the tourist not to swim as the water is polluted. You cannot swim in it. You can certainly smell the pulp mills that ring the Gulf of Georgia; you can see the dead fish in the bays of Newfoundland, or if you go to California you can walk through the oil that came from the leaks off Santa Barbara in the Santa Barbara channel.

Smog has become a way of life in most cities. This, scientists say, is only the preliminary sign, the first faint whiff of smoke that signals the fire to come. We are only seeing the outward signs when we see that lakes are closed because of pollution, that streams are closed, and when we smell the pulp mills; this is the superficial part that we see; these are the symptoms. The real thing is much worse and goes far deeper.

The other day I lunched with an eminent zoologist. During our talk on this subject he said, "You cannot solve this problem, John, or even approach it, because you are basically a rat". This was a zoologist.

Hon. Mr. Martin: He called you a rat?

Hon. Mr. Nichol: Yes, he called me a rat, and I objected only mildly, because I have been called much worse things than that at various times. He went on to explain, saying: "Men are no different from rats. They fight for territory, they overbreed, they pollute their surroundings and, like the plague of rats, the human plague will run its cycle to disease and oblivion, and when man goes the domestic dog will be the only living thing that will mourn his passing." I do not happen to share the pessimism of my scientific friend, but after all, who has been around all these years to argue with man about his self-proclaimed superiority?

It would seem that all man's pompous boasting about his intellect, his mind, his soul, his genius, and all man's self-advertising, will be put to the test in the very near future.

This tremendous problem will not be solved by laymen like myself. The solution will be found in the combined efforts of all our scientific and technical community working jointly with governments and industry.

This is really why I am standing here saying this, honourable senators. Behind this technological attack must stand a concerned and informed public. The politicians, who to deal with this will have to put through some very unpopular laws, will need the support of the people when they tell the industrial polluters to clean up. They will need the support of the people when they propose tax boosts to pay, for instance, for sewage treatment plants. They will need the support of the people when they move to ban poisons such as DDT, because if people are not informed about these things the politician who tells the people that there must be increased taxes and increased costs to pay for all this will be defeated at the polls. I therefore urge all honourable senators to give their solid backing to those in and out of government across the country who are fighting this fight.

On motion of Hon. Mr. McElman, debate adjourned.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

MOTION TO PRINT REPORT OF TWELFTH MEETING AS APPENDIX

Hon. Leopold Langlois: Honourable senators, with leave of the Senate, I move, seconded by Senator Martin:

That the Report of the Twelfth Meeting of the Canada-United Interparliamentary Group, tabled today, be printed as an appendix to the *Debates of the Senate* of this day.

Motion agreed to.

(*For text of report see Appendix pp. 1831-1835*)

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it do stand adjourned until tomorrow at 2 p.m.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1830*)

REPORT OF THE TWELFTH MEETING OF THE CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

The Twelfth Meeting of the Canada-United States Interparliamentary Group took place from June 3 to 8, 1969, in Ottawa, Edmonton, Jasper and Banff. Twenty members of the United States Congress and twenty-three members of the Canadian Parliament took part in the meetings, which were conducted in a frank and informal way. Delegates were representative of all parties in Congress and Parliament, and the useful exchanges of views that were held were unofficial and not binding upon the governments of either country.

The Canada-United States Interparliamentary Group was founded a decade ago, in January 1959, to provide a regular opportunity for legislators from both countries to discuss matters of mutual interest and concern on an informal basis. No two countries in the world have more in common than Canada and the United States, and it is indeed the very intimacy and multiplicity of relationships that provides such an important purpose for these regular meetings of parliamentarians from both sides of our long common border. Amongst all the many bilateral institutions that have been established over the years for joint consultation on the broad spectrum of Canada-United States relationships, the Interparliamentary Group remains unique as the only one that regularly brings together the law-makers from both countries.

The agenda for the discussions was worked out by agreement between the four Co-Chairmen, Senator Frank Church and Congressman Cornelius E. Gallagher, for the United States side, and the two Canadian Speakers. Briefing sessions on the agenda topics were organized for the Canadian delegates by the Inter-Parliamentary Relations Branch, in co-operation with the Parliamentary Centre for Foreign Affairs and Foreign Trade, over the six weeks preceding the meeting. Delegates had sessions with the Secretary of State for External Affairs and the Ministers of Finance and Industry, Trade and Commerce and with officials from the Department of External Affairs, Industry, Trade and Commerce, Finance, Agriculture, Energy, Mines and Resources and the National Energy Board.

The United States delegation, led jointly by Senator Frank Church (Idaho) and Congressman Cornelius E. Gallagher (New Jersey), arrived at Uplands Airport on June 3 at 2.30 p.m. On hand to greet their United States colleagues on arrival were Madame J.-P. Deschatelets and Madame Lucien Lamoureux, wives of the Speakers of the Senate and of the House of Commons respectively, Honourable Alan Macnaughton, representing the Speaker of the Senate, Mr. Hugh Faulkner, Deputy Speaker of the House of Commons, and several members of the Canadian delegation and their wives. Senate Speaker Deschatelets was unable to participate in the airport ceremonies due to illness and Mr. Speaker Lamoureux because of his duties in the House of Commons for the opening of the day's session. However, both Speakers were able to join the delegation later in the program.

In addition to the two Co-Chairmen, and Senator George D. Aiken (Vermont), who this year turned over his co-chairmanship to Senator Church after a decade of dedicated service to the Interparliamentary Group, the United States delegation consisted of the following members:

from the Senate, Honourable Michael J. Mansfield (Montana), Honourable Sam J. Ervin (North Carolina), Honourable William B. Spong (Virginia), Honourable Mike Gravel (Alaska), Honourable Len B. Jordan (Idaho), Honourable Robert T. Griffin (Michigan), Honourable Clifford T. Hansen (Wyoming), and, from the House of Representatives, Honourable Thomas E. Morgan (Pennsylvania), Honourable Harold T. Johnson (California), Honourable Peter Kyros (Maine), Honourable William J. Randall (Missouri), Honourable Claude E. Pepper (Florida), Honourable J. J. Pickle (Texas), Honourable Mark Andrews (North Dakota), Honourable Robert T. Stafford (Vermont), Honourable Odin Langen (Minnesota) and the Honourable Frank Horton (New York).

The Canadian delegation was led jointly by the Honourable Jean-Paul Deschatelets, P.C., Speaker of the Senate, and the Honourable Lucien Lamoureux, M.P., Speaker of

the House of Commons. Other members of the Canadian delegation were: from the Senate, Honourable A. A. Macnaughton, P.C. (Quebec), Honourable T. D. Leonard (Ontario), Honourable John B. Aird (Ontario), Honourable Harry Willis (Ontario), and from the House of Commons, Messrs. Hugh Faulkner (Ontario), David Groos (British Columbia), Fernand Leblanc (Quebec), Roland Comtois (Quebec), Lloyd Francis (Ontario), Judd Buchanan (Ontario), Hu Harries (Alberta), Martin O'Connell (Ontario), Honourable Hugh John Flemming, P.C. (New Brunswick), Honourable Marcel Lambert, P.C. (Alberta), Messrs. Gerald W. Baldwin (Alberta), David MacDonald (Prince Edward Island), James McGrath (Newfoundland), Lincoln Alexander (Ontario), David Lewis (Ontario), Andrew Brewin (Ontario), André Fortin (Quebec).

Senator, the Honourable Grattan O'Leary was also a member of the Canadian delegation but, unfortunately, fell ill on the eve of the meetings and was unable to participate.

Agenda and Proceedings

The Twelfth Meeting was formlly opened in the Railway Committee Room of the Parliament Buildings with a welcome to the delegates from the Prime Minister of Canada, the Right Honourable Pierre Elliot Trudeau, and the Secretary of State for External Affairs, the Honourable Mitchell Sharp. Following the opening plenary session the delegates had an opportunity to meet and chat with the Prime Minister and the Secretary of State for External Affairs before dividing themselves into two working committees—one dealing with trade and economic matters and the other with defence and security.

Committee I

The Committee on trade and economic matters met under the joint chairmanship of Senator Church and Speaker Deschatelets. Representing the United States Congress were Senators Aiken, Gravel and Jordan and Representatives Johnson, Kyros, Pickle and Langen. Representing Canada were Senators Macnaughton, Leonard, Aird and Willis, and from the House of Commons, Honourable Hugh John Flemming, Honourable Marcel Lambert, and Messrs. Leblanc, Comtois, Francis, Harries, McGrath and Fortin.

The Committee considered the following items on its agenda:

1. Energy: Prospects for a continental policy for oil and gas; marketing arrangements for uranium in North America

2. International trade, especially recent developments in Europe between the Common Market and the United Kingdom; the adequacy of the present monetary system

3. International Trade in agricultural products, including wheat sales; bilateral trade in agricultural products

4. The importance of consultation between the United States and Canada on economic and financial policies

REPORT OF COMMITTEE I: TRADE AND ECONOMIC MATTERS

The Committee on Trade and Economic Matters had full and frank discussions on bilateral and multilateral subjects of mutual interest.

Matters pertaining to energy production and distribution were the subject of considerable discussion, with particular attention given to oil and gas distribution problems. There was general agreement that North American energy requirements were of a continental rather than of a regional nature and that there should be closer cooperation in meeting the requirements of both countries, while maintaining respect for political jurisdictions. The consensus of the delegations was that authorities in both countries should pursue a course looking toward a continental concept on energy matters, giving consideration to all energy resources—oil, gas, coal, water, and uranium.

Developments in the production, use, and marketing of uranium and, in particular, U.S. restrictions on the importation of uranium were also discussed.

International economic developments, specifically inflation and certain dislocations in international trade patterns, particularly with respect to the European Common Market's activities in grain sales were discussed, with a number of points of view expressed by members of both delegations. Great concern was voiced by many delegates on how to handle problems of inflation and to bring about greater stability in international monetary affairs. There was general agreement that a dangerous international marketing situation for wheat exists which, if not solved might create further serious agricultural dislocations in both countries. It was agreed that the new International Grains Agreement, thus far had not proved as effective as had been anticipated.

The Committee was unanimous in agreeing that there were broad common interests in all agenda items and that close and continuing consultations at a variety of levels on these and many other matters was not only useful but in many cases essential.

Committee II

The Committee on Defence & Security matters was co-chaired by Representative Gallagher and Speaker Lamoureux. Representing the United States Congress were Senators Mansfield, Ervin, Spong, Griffin, Hansen and from the House of Representatives, Congressmen Morgan, Randall, Pepper, Andrews, Stafford and Horton. Representing Canada were from the House of Commons Messrs. Faulkner, Groos, O'Connell, Buchanan, Baldwin, MacDonald, Alexander, Lewis and Brewin.

This Committee considered the following items on its agenda:

1. The future of NATO
2. The future of NORAD: and ABM defence
3. Policies toward China
4. The continuing conflict in the Middle East
5. Policies toward Latin America and the Caribbean Region

REPORT OF COMMITTEE II: DEFENCE SECURITY MATTERS

Discussion in the Defence and Security Committee was particularly lively. It was readily agreed that the first two items on the agenda, 1) The future of NATO and 2) The future of NORAD and ABM Defence, should be treated as a single subject. Members of both delegations expressed personal views which reflected the variety of opinions held in the two countries without regard to party.

Discussion on NATO was opened by an exposition of Canadian plans for a phased reduction of forces in Europe and for the restructuring of those which would continue to be deployed. The U.S. delegates expressed great interest in these plans. They commented on the prospects for possible reductions of U.S. forces in Europe and the conditions under which damaging political effects might be avoided. There was wide agreement that with recent technological developments mobile, conventionally armed forces could be maintained to fulfill NATO commitments on that continent. It was recognized that political and economic conditions and perspectives in Europe have changed greatly since NATO was founded and that these changes permitted the Europeans to assume a greater responsibility for their defence.

All delegates were in agreement that NORAD was part of the North American contribution to the defence of the NATO area.

U.S. delegates expressed personal views regarding the development and deployment of an ABM system. Although differences of views were expressed as to the utility of deployment at this time there was considerable agreement that continuing research and development were essential.

The Canadian delegation explained the reasons for and the aims of the exploratory steps now being undertaken by their Government looking toward diplomatic recognition of Communist China. This led to a discussion of the advantages and disadvantages of establishing diplomatic relations with Communist China.

The Canadians reported on the recent moves to develop Canadian relations with Latin American countries. United States delegates described the experiences of their country in seeking to promote closer ties with these countries, and in this connection, they expressed the view that Canada could, by joining the Organization of American States, contribute to improving its effectiveness.

Delegates of both countries outlined the nature and dimensions of the problems in the Arab-Israeli situation. Among the possibilities discussed were the role that the four great powers can play and the return of a U.N. presence to the area.

Visit to the Canadian House of Commons

After watching the Speaker's parade, the United States delegates proceeded to the Speaker's Gallery. The following is an excerpt from the House of Commons Debates for that day.

Wednesday, June 4, 1969

The house met at 2.00 p.m.

HOUSE OF COMMONS

PRESENCE IN GALLERIES OF PARLIAMENTARIANS FROM UNITED STATES CONGRESS

Mr. Speaker: Order. May I be allowed to bring to the attention of this House the presence in the Speaker's gallery and in the Senate gallery of a very distinguished group of parliamentarians from the United States Congress.

Some hon. Members: Hear, hear.

Mr. Speaker: This delegation of fellow parliamentarians includes I believe 8 members of the Senate and 12 members of the House of Representatives. They are here to attend the Twelfth Annual Meeting of the Canada-United States Interparliamentary Group.

The Senate group is under the leadership of Senator Frank Church (Dem.) Idaho and the House of Representatives group is under the leadership of Cornelius Gallagher (Dem.) New Jersey. These gentlemen come to Canada, to Ottawa and to our parliament not only as parliamentarians and as neighbours but as friends. On behalf of the House of Commons I am very pleased to extend to them the most cordial welcome.

Social Program in Ottawa

On arrival, the Canadian delegation entertained their United States colleagues at a reception in the Officers' Mess at the Canadian Forces Base, Uplands, prior to accompanying them to the Chateau Laurier Hotel. Shortly afterward, both delegations were received by Their Excellencies, the Governor-General and Mrs. Michener during a Garden Party at Government House. Later the delegates and their wives attended a buffet dinner at the National Arts Centre prior to attending the performance of *Romeo and Juliet* by the National Ballet Company of Canada. After the performance, delegates were guests of the Speaker of the House of Commons, the Honourable Lucien Lamoureux, for refreshments in the Parliamentary Restaurant.

The following day the United States Senate delegates were the honoured guests at a luncheon given by Speaker Deschatelets in the Senate Speaker's Chambers, and the delegates from the House of Representatives at a luncheon given by Speaker Lamoureux in the Commons Speaker's Chambers.

In the evening, the United States Ambassador to Canada, His Excellency, the Honourable Harold F. Linder and Mrs. Linder entertained at a reception at their residence, after which the Co-Chairmen of the Canadian delegation presided over an official dinner in honour of the United States delegation in the Parliament Buildings.

Ladies Program

After attending the official Opening of the Twelfth Meeting and meeting the Prime Minister and Secretary of State for External Affairs, wives of the United States delegates were escorted by their Canadian counterparts on a sight-seeing tour to Montebello, Quebec.

Madame J.-P. Deschatelets and Madame Lucien Lamoureux entertained at a luncheon in their honour at the Seigniory Club.

Visit to Jasper and Banff National Parks

Following a buffet breakfast at the Chateau Laurier Hotel on June 5, both delegations proceeded to the Canadian Forces Base, Uplands, where they boarded a Yukon aircraft and departed for Edmonton, Alberta, at approximately 9.00 a.m. On arrival in Edmonton the delegations were met by the city's Deputy Mayor, Mrs. K. M. McCallum, who presented Senator Church with a certificate making him an honorary citizen of Edmonton, and the Honourable R. Reierson, Minister of Labour and Minister of Telephones, who gave similar honours to Congressman Gallagher.

The party was entertained on the tarmac with a preview of "Klondike Days" festivities before proceeding on a guided tour of the city.

The party was welcomed at the Legislative Building by the Honourable Harry E. Strom, Premier of Alberta, the Honourable A. J. Dixon, Speaker of the Alberta Legislature, and the Honourable A. Holowach, provincial Secretary. Following a visit to the Legislative Building, the delegations were given a tour of the impressive campus of the University of Alberta before boarding the train for Jasper.

The delegations spent the rest of June 5 and the following day at Jasper. Delegates were shown the major developments in this impressive Rocky Mountain National park, one of the finest in the Canadian National Parks system. After opening the Friday morning session of the House of Commons, Speaker Lamoureux flew west to join the group late in the afternoon. That evening he and Mrs. Lamoureux were hosts at a reception and dinner in honour of the U.S. delegation at the new Golf Club House at Jasper Park Lodge. Also at Jasper, and with the delegations at Banff as well, were the Honourable Sydney J. Smith—a former Co-Chairman of the Group and Canadian delegate to the first ten meetings—and Mrs. Smith, and Mr. Speaker Dixon of Alberta and Mrs. Dixon.

On the morning of June 7, both delegations boarded buses for the scenic trip to Banff. Lunch was taken at the Columbia Icefields Chalet. The weather was bright and sunny and many stops were made en route including

such highlights as the Athabaska Falls, Columbia Icefields, Peyto Lake and Lake Louise.

The party arrived at the Banff School of Fine Arts for an early evening reception and barbecue dinner. Senator Donald Cameron welcomed his distinguished guests and outlined to them the history of his internationally-renowned Banff School of Fine Arts. Following the dinner Senator Cameron arranged a concert program in the new Eric L. Harvie Theatre. Later some delegates participated in a square dance held in the Auditorium and directed by the Alberta Square Dance Teachers Association while others took a dip in the Upper Hot Springs.

On the morning of June 8, delegates had an opportunity to take the spectacular cable car trip up Mount Norquay prior to boarding the buses for the Calgary airport. At noon the Canadian delegates waved good-bye to their U.S. colleagues as they departed for Washington. The Canadian delegation returned to Ottawa aboard a Canadian Armed Forces "Yukon."

Jean-Paul Deschatelets,
Speaker of the Senate.
Lucien Lamoureux,
Speaker of the House of Commons.

Ottawa,
June 30, 1969.

THE SENATE

Wednesday, October 15, 1969

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

POLLUTION

DANGERS TO OUR NATURAL ENVIRONMENT—DEBATE ADJOURNED

Leave having been given to proceed with item No. 8 on the Order Paper:

The Senate resumed from yesterday the adjourned debate on the inquiry of the honourable Senator Nichol calling the attention of the Senate to the various dangers to our natural environment.

Hon. Charles McElman: Honourable senators, first I wish to commend Senator Nichol for drawing the attention of this house and the general public to the great and growing dangers to our natural environment created by man-made pollutants. Senator Nichol joins company with many of the most respected scientists, scholars and men in public affairs throughout the world who contend that man's destruction of his own natural environment has now accelerated at such a rate that the collapse of the advanced society we are now enjoying can be forecast with a measurable degree of accuracy.

It is now apparent also that in our race to achieve "the good life" we are rapidly destroying or seriously damaging, in some instances I believe irretrievably, many of the elements of our natural environment, without which the so-called good life would become a hollow sham. This trend must be reversed. Additional causes of pollution to water, air and land must be prevented; existing causes of pollution must be eliminated. The cost, of course, will be enormous, but the cost of survival surely must be met. We have spent and we continue to spend billions of tax dollars in providing the instruments of war, and now defence. I believe Canadians have come, unwillingly, to accept such expenditures as a necessity in the kind of world that now exists. Surely the cost of reclaiming and preserving a livable environment must be given at least equivalent priority.

Senator Nichol has properly pointed out that the massive expenditures required to win this battle against pollution cannot be made without public support. Public support for the raising and expenditure of the billions of tax dollars that will be required will be forthcoming when the general public is fully informed of the magnitude of the dangers involved in permitting the continuing escalation of pollution.

Senator Nichol has also called for active support of those in public life or seeking public office who undertake or propose programs of pollution abatement and prevention, those who have the courage to face squarely the unpalatable task of raising the necessary tax dollars to pay the shot. Each one of us in this house has many opportunities to give evidence of such support and we should avail ourselves of those opportunities. We should become active and vocal participants in the efforts to provide public information and education that are already under way in varying degrees throughout this country. But, let me warn you, from personal knowledge and experience in this area of activity, that you will run into many obstacles and much opposition in attempting to abate or correct existing pollution or to prevent new sources of industrial waste pollution; therefore, let us look at some of the practical aspects of achieving the ends that Senator Nichol has proposed.

In many cases the management of prospective new industries, particularly the resource-based industries such as pulp and paper, mining, mineral processing, will contend that the economics of their particular situation will prevent them from incorporating truly effective anti-pollution processes and installations in their new plants. They hold forth the attractive carrot of many new jobs and the injection of huge capital inputs to the economy of the particular area or province concerned. They also wield the big stick, by threatening to go elsewhere unless the provincial or municipal authorities will close their eyes, at least, to some level of preventable pollution.

Up to this point in time, many public representatives have found it the easier course, or the more palatable course, to accept the accolade for obtaining new industries and new jobs rather than to do their public duty by demanding of new industry the ultimate in anti-pollution equipment.

It is for this reason that public opinion must be awakened to such a degree that the elected representatives will learn to respect its wrath at the polls unless they act responsibly in such matters.

It is an indisputable fact that it is much simpler and far less costly to install anti-pollution processes and devices at the initial construction stage of an industrial project than it is to make such installations at a later time and to clean up the pollution created by years of dumping of raw industrial wastes.

We have reached that point in time when our option surely must be for clean air, pure water, and an end to indiscriminate destruction of land surface. In this later regard, of course, I think of the strip mining for coal. We have had a sorry experience in my province. It was said to be uneconomic to cover up the dreadful slag heaps and the waste land created by strip mining and, in consequence, it was permitted to go on over scores of years, and the land surface of one very large area of New Brunswick became covered with the scars of this industry. And now what the industry said it could not afford, the people of the province are required to pay for: the reclamation of that land. Fortunately, science and technology have advanced sufficiently that reforestation becomes relatively simple once the dunes of waste are levelled or changed sufficiently to take seed. Some of the waterways are being made into sport fishing areas.

I mention this because at this moment in that marvellous province of British Columbia they face a very similar problem, and there is great controversy as to whether the industry can afford to cover up the trenches it is digging to bring forth coal to send to Japan in export.

If our experience means anything, that province and any other that might face such a problem should think very carefully of the future requirements of society and the costs that will be involved in correcting what should be looked after currently. Industry must be made to recognize and accept the fact that the cost of these requirements should be and must be calculated in their projections of the economics of any and every new project. This desirable and necessary atmosphere will prevail when a common set of guidelines or rules against pollution of water, air and land is made eflective and enforced for all parts of the nation. It will then become impossible for cut-rate industries to bludgeon local or other governments into submission by the threat of locating their plants in other jurisdictions to avoid the costly provisions of any necessary pollution controls.

The new Canada Water Act is a commendable step in this direction, but it is only a beginning of the many steps that will have to be taken.

In discussing pollution control in new industries, it should be recognized that in some instances, in addition to the capital expenditures required by industry itself for such controls, government expenditures will be required in the public interest in order to make such projects feasible.

The problem of overcoming pollution associated with long-established industries is far more complex and far more costly than with new industries, particularly in respect of water pollution. Plant location is one of the most important factors in providing against water pollution from industrial wastes. With a new industry it is possible to choose a site where settling ponds and other preventive measures may be installed at minimum cost, but with existing plants such as major pulp and paper mills that were constructed at a cost of many scores of millions of dollars during a time when lack of social conscience permitted the dumping of raw waste into our waterways, the installation of settling ponds and other of the cheaper pollution controls is not possible. The alternative processes to eliminate the chemical and wood fibre pollutants from the effluent of such plants are far more complex and costly. In some instances the costs involved are beyond the financial capacity of the particular industry.

These are truly difficult situations, particularly when the industry concerned may in so many cases be the only industry or the principal source of employment in a particular town or city. In such instances, is it practical for government to order the industry, at its own cost, to clean up or shut down? Obviously, in many, if not most instances, that course is not practicable or acceptable. Public opinion has not matured sufficiently in this area to support such arbitrary action.

These are the circumstances in which government must share with industry the cost of clean-up or the cost of relocation. These are the practical considerations that we as legislators face. We must share these costs of clean-up or relocation with industry, if the particular industry has a viable future in the particular area in which its resource is based.

There are those who will state that industry should pay the total cost of its own clean-up operations. I suggest most seriously that a society—government, if you will—that

has permitted industry to become long established in locations and in circumstances that cause water, air and other pollution, such society or government must share the blame of the resultant pollution and must share the cost of its abatement or elimination.

This is most certainly an area that involves this house, the other place, and the provincial legislatures. In such instances, public representatives must be prepared to support policies and programs that will assist in overcoming the financial and technical problems involved.

Let me refer to a current example of just such a situation. The St. John River, which runs from the Maine, Quebec, New Brunswick border area for more than 200 miles to the Bay of Fundy at the port city of Saint John, is one of the most beautiful rivers in North America. It has been commonly referred to as the "Rhine of America." Unfortunately, as with the Rhine of Europe, it has become seriously polluted in recent years through industrial and domestic wastes.

One of the principal polluters has been a major and long-established pulp and paper mill at Edmundston, where the river enters the province. This particular mill has for many years poured its raw chemical and wood-fibre waste directly into the St. John River, with the acquiescence of the provincial government and the public. The volume of that effluent is equivalent to the domestic sewage of a population of two million people daily. The magnitude of the pollution problem created by this single industry becomes very clear when one considers that the total population of the Province of New Brunswick is approximately 625,000. Yet, as I say, this one industry pours into one major river system, at its head, the equivalent of the domestic waste of a population of two million—three and a half times the total population of the province. Edmundston could well be classified as a one-industry city.

What should the provincial government have done in the circumstances—because it is primarily a provincial responsibility? Should it have issued an "either/or" order to the owners of the mill: Either clean up or shut down? Obviously, it could not.

Meantime other industries, largely food-processing plants—one of them the largest of its kind in the whole of Canada, and I think in North America, in frozen foods—have been established along the main stem of the river and, following the example set, are pouring their raw effluent into the river. I should say that a number of these have in the last two years cleaned up their effluent, taking out solids, so that their damage to the river has been minimized.

Over the same period of time the province itself, through its publicly-owned utility, the Power Commission, has constructed two major hydro-electric power generating dams on this river, at Beechwood and Mactaquac, creating head-ponds which have a combined total length of approximately 80 miles, these providing great settling ponds, if you will, for industrial waste being poured down river. The stench is magnificient in August!

So, the problem became critical. Municipalities along the river were urged to instal sewage treatment plants. Some did. Others, understandably, said, "Why should we bother? It is the industrial wastes that are making an open sewer of the river. Our contribution is minimal, by 'comparison' ". So, the basic problem of industry at the head of the river had to be tackled.

I will spare you the rather gory detail of the agonizing negotiations that took place over many months between the provincial and federal governments and the pulp and paper mill management concerned. It is sufficient to say that after a long period of time a formula was arrived at whereby the provincial and federal governments were able to assist the industry in solving both the technical and financial problems involved.

It has been announced recently that this company will undertake a major program of rebuilding and reprocessing that will cost scores of millions of dollars. There will be financial participation by government at both levels in an effort to overcome the sordid water pollution problem, but the in-put by government will be minimal when compared to the capital in-put by the industry itself. Yet, the industry of itself could not have borne the total cost.

This is not an idle statement. It is a statement of fact that has been studied in depth by government and consultants. The result of this co-operative approach, which is one that has to be followed more and more throughout this country, has been the elimination of a source of pollution to one of the major and most beautiful waterways of Canada. The public interest has been well served.

I should like to speak briefly of another problem along the same line in New Brunswick, but one that has not found solution. Many of the sources of pollution on the

St. John River are, as I have said, being cleared away, but there is one of major proportions at the very mouth of the river, and again it involves the pulp and paper industry. Some months ago the City of Saint John commissioned studies by consultants into the industrial and other problems of the area. Some of the reports of the consultants have now been made public. One of those reports referred, among other things, to the industrial and domestic pollution of the waterways of the area. As honourable senators will appreciate, most of the waterways there involved are tidal.

It was pointed out that in the metropolitan area of Saint John one particular pulp and paper industry has been, and still is, contributing pollutants in a volume equal to or larger than the total volume of industrial and domestic pollutants of the whole area. That is, one industry is dumping more raw waste into the river than all of the sewers and other industries combined.

Ordinarily, one would have thought that this would have been a major news story in the area concerned. It was covered, but it received a rather indecent burial on the inside pages of the newspaper that is published in Saint John, and which presents itself as a provincial newspaper. I mention this as an example of the problems that can be faced in an endeavour to clear up pollution in a given area. If there was ever an occasion when a newspaper presenting itself as a provincial newspaper should have picked up the cudgels, this was it. Other newspapers of the province that are within the same ownership as the one I speak of had this news story equally buried, and there has been no editorial comment.

I do not wish to cross over from the subject of Senator Nichol's inquiry to that of Senator Davey's, but I think it is worth mentioning that in many areas when concerned citizens wish to correct or overcome pollution problems they will find measurable support from the media of the area. There are other situations, and I spoke of problems that each of us would face in trying to assist in overcoming this national problem. There are problems at the local level such as this, which rather discourage one from trying to reach satisfactory results. The contention has been that the pollution I speak of at the mouth of the St. John River is flushed out daily by the action of the massive tides of the Bay of Fundy. This is rather a hollow contention for the residents of that area, which is the largest metropolis in the whole of the province, who daily as they cross the bridge over the famous Reversing Falls look down and see at a depth of approximately two feet the foam and all other odious aspects of pollution floating by, either in-stream or out-stream.

I wish there were time, honourable senators, to deal at considerable length with many other aspects of pollution to our natural environment. I would like to speak at length of the dangers of the pesticides being used today. DDT is just being recognized for the dangerous substance it is. Ontario has just outlawed it in large degree, and other jurisdictions appear to be about to follow that lead.

One is rather unsettled in his mind in New Brunswick when you consider that we began using DDT in 1952, 17 years ago, in our battle against the spruce bud worm, which endangered the whole of the balsam forest production of the province, the backbone of our pulp and paper industry. The battle had to be fought and we are still fighting it 17 years later. I should say that of late other chemicals are being tried. None of us really know the effect of those chemicals either. I do not think that DDT has been used for some three or four years now, but for 15 or 16 years this chemical has been dropped each year in millions of gallons upon millions of acres in the province of New Brunswick. Those who appreciate the topography of our province know that it is filled with waterways which pick up this substance and its strong residual effects and carry it off to sea. The proof of this, of course, has come to us in the content of DDT which is now being measured substantially in lobster, of all things. Other forms of sea life are also carrying large contents of it.

I would also have liked to have had the time to speak of the danger to our environment of the pollutant of noise in the great metropolises that are being built within this nation and on this continent. Certainly, one of the major elements of an advanced society must be the ability of the people to think and to have some reasonable access to leisure within easy reach of their residence. Yet, if those of us who travel in any city of this continent today will only pause for a moment and listen, we will realize that one of the greatest pollutants we face is noise, the destroyer of the human soul.

I should not speak at further length. I would simply say that I deeply appreciate Senator Nichol's having had the foresight

to bring this whole matter to the attention of the Senate. I should hope that all of us in the course of our activities will lend public and active support to his objectives.

Hon. Paul Martin: Honourable senators, the issue raised by Senator Nichol and continued by Senator McElman is one of considerable importance. Because of the attention the Government is paying to this question it is desirable that I should make a brief observation at this time.

It will be recalled that one of the ministers concerned with this problem has taken occasion since we last met to carry on consultations with provincial governments. Indeed, Mr. Otto Lang, the minister in question, went to Washington to confer with his opposite members about some of the Government's intentions, and also to discuss with the Government of the United States the means by which continued and accelerated co-operation in this field might be undertaken.

The problem of pollution is a serious one. It is the symbol of one of the main problems that disturb us at the present time. Both senators have made a contribution in bringing the matter to our attention. There was no suggestion that there be a formal inquiry by the Senate into the problem. As Senator McElman has indicated, the significant initiative of the federal Government in the interval has been the proposed water bill to deal in part with water pollution. As my colleague pointed out, the bill, when introduced, will reflect a realistic, pragmatic approach to the difficult constitutional problems, which cannot be denied, related to water quality management, by providing for federal-provincial co-operation to control and combat water pollution. This was one of the reasons that prompted him to carry on consultation with all the provincial governments during the past summer. He has reported that these consultations were fruitful and successful.

Provision will be made accordingly for the joint establishment by the federal Government and the appropriate provincial government of water quality agencies which would, following consultation with municipalities, industries and interested parties, establish further water quality standards for the particular river or lake. The agency that is envisaged would implement the control programs, design and operate waste treatment facilities, and collect fees from those who discharge waste or who benefit from agency-owned facilities or services. This covers one of the points mentioned by Senator McElman a few moments ago.

I am sure it can be arranged for the cost of pollution control to be borne largely by those who use water for waste disposal. That also was a point mentioned by Senator McElman. Both industries and municipalities could be required to pay for waste treatment services provided for by the agency or to instal their own anti-pollution equipment. It is significant that our tax laws now provide for deducting one-half the cost of the installation of new anti-pollution equipment.

To ensure that the standards set by the agency are adhered to, Mr. Lang pointed out that it is intended to impose heavy fines to give sanction to measures contemplated.

This proposed water act, the details of which in much more extended form will be presented to Parliament, represents but one of the initiatives of the federal Government.

When we are talking about pollution, honourable senators who have been in this chamber for a long time will recall much more vividly than I the rich contribution made in this field by the late Senator Lambert, who raised this matter in the Senate on a number of occasions during the course of the past ten years.

In the rather special case of northern waters, about which there has been no specific mention, my colleague the Minister of Indian Affairs and Northern Development has recently outlined proposed northern water rights and pollution control legislation. There is to be legislation designed to establish the principle that rights to the use of water depend upon the user accepting the responsibility for maintaining the quality of the water, or restoring its quality after use to acceptable standards before returning the water to its natural environment.

With respect to the potential pollution of waters outside the coastal zones clearly under Canadian jurisdiction, the Government will be interested in the principles worked out by the International Maritime Consultative Organization set up to deal with situations like this.

Senator McElman directed our attention not to one but to many forms of pollution. Turning from water to air pollution, we are confronted with jurisdictional problems which make federal-provincial co-operation essential. For several years we have had in the Government of Canada an extensive research program on health effects of various air pollutants, the development of measurement and control techniques, and international flows of

air pollution in the Windsor-Detroit and Sarnia-Port Huron areas, where pilot survey projects were undertaken. I am aware that public demand is not for a continuous series of studies but for action. It is action that I hope it will be possible to achieve. The Government has co-operated with the provinces in the development of a nucleus of a national air sampling network, which would give part of the information required to develop appropriate standards and regulations.

Some have suggested that the problem is so gigantic, involving expenditure of so much money by all levels of government and the private sector, that to get support for these expenditures there should be a national forum for the discussion of air pollution. The inquiry launched by Senator Nichol last night, and supported today by Senator McElman, is the beginning of a discussion which I believe must take place in order to get support for some of these programs.

Others have suggested that there be developed a legislative framework for air pollution control analogous to the proposed Canada water bill. In any event, these are suggestions that might well engage our consideration. Some of the provinces—and Ontario is the best example—have sophisticated air pollution control legislation. Other provinces have not found it possible to go that far, but I am sure they are giving consideration, as all of us must give consideration, to this question.

Only the other day we read of the development by the Ontario Water Resources Commission of a highly effective technique for removing harmful chemicals from sewage. Technological advances of this kind will give us the techniques to achieve the objective of rendering the environment free of all pollutants. We are now mobilizing the will to put these techniques to good use.

This is an important problem; it is not only a national problem. Its international aspects were underlined by the Secretary-General of the United Nations. Obviously the problem is one that comes within our domestic jurisdiction, provinces, federal Government and the private sector. If we are going to maintain our heritage of great bodies of water free, for the advantage of our children and their children, then the steps that the Government is taking now will certainly lead us to a solution. We are grateful to both senators for the contributions they have made.

Hon. Senators: Hear, hear.

Hon. Jacques Flynn: It is my intention to move the adjournment of this debate, but before doing so may I say a few words?

[*Translation*]

Pollution is obviously one of our main concerns today and, of course, it cannot be minimized. It is quite curious to note that civil law, and probably common law as well, should have been sufficient to deal with water and air pollution since people know that anybody using water flowing nearby his land must pass it on to his neighbour in the same condition; likewise, one is not permitted to pollute the air used by one's neighbour. Some of our courts have forbidden to some paper manufacturers the use of certain air-polluting chemicals.

Of course, this rule governing individual behaviour did not settle all difficulties, because there were more important matters. Industries had to be allowed to operate and to expand. The common good had to be put before the particular good in many instances.

Hon. Mr. Martin: I agree.

Hon. Mr. Flynn: This is why we touched on government responsibilities. Nobody nowadays questions the fact that water and air pollution, and others, needs government intervention. We cannot deny the fact that the first burden of responsibility falls on the provincial governments, but I also believe that there are quite specific areas where the federal government could enter the picture. There is a problem of adjustment of responsibilities and co-ordination of efforts.

The Leader of the Government, and Senator Nicol as well as Senator McElman almost touched on it when they asked what could now be done to find permanent solutions? What could we do as a legislative body or as a body which is in a position to launch an inquiry? It seems to me that since our Committee on Health, Welfare and Science is on the point of completing its work on the scientific policy, that we could consider referring this problem to that committee.

Hon. Mr. Martin: It is a good suggestion.

Hon. Mr. Flynn: The idea would be to share the responsibilities between the federal, provincial and municipal governments, because decisions are now taken at different levels without adequate consultation.

I doubt if the Honourable Mr. Lang consulted the provinces about his bill. He said he did. However, some provincial govern-

ments did not seem satisfied with the preliminary consultation. And unless I have a very bad memory, the Quebec Minister of Natural Resources stated that this bill was absolutely new to him. It had perhaps been implied to him that the Government had drawn up some plans in this respect, but apparently the preliminary consultations were inadequate.

Everyone knows I have always considered that the Senate as well as some of its committees should play a part in the constitutional field, in the field of the distribution of legislative powers. Why, then, should we not attempt to ask the provinces which responsibilities they recognize as their own and which are those of the federal Government, and to see in which areas the latter feels responsible. In this way, the policies and solutions of the various levels of government could be taken not as haphazard decisions but as co-operative ones.

Hon. Mr. Martin: Very well.

Hon. Mr. Flynn: I now move to adjourn the debate.

[*English*]

Hon. Mr. Grosart: Before the question on the motion of Senator Flynn is put, may I direct a question to the Leader of the Government?

In view of the fact that within the last year we have finally decided to give the responsibility for water pollution to one department of Government—Energy, Mines and Resources—is he aware of any intention, on the part of the Government, to allocate responsibility for other types of pollution such as has been mentioned—noise, nuclear, soil, and air —to specific ministers and their departments so that we, at least, have a start on the solution to some of these problems that makes sense under our particular system of Government, instead of leaving them as they are now, scattered over a group of agencies and departments, not one of which, as far as I know, has responsibility in these areas?

Hon. Mr. Martin: I thought I had indicated that it was clear that the Government had not yet centralized ministerial authority. My colleague Mr. Laing acted pursuant to his authority under the proposed Water Act. His consultations with the provinces and with the Government of the United States covered not only the Water Act itself but, in general terms, the problem of water pollution.

At the present time ministerial responsibility is divided into a number of departments. For instance, the Minister of National Health and Welfare has a responsibility. The Secretary of State for External Affairs has a responsibility, as the Minister who reports for the International Joint Commission. The International Joint Commission, representing boards of the two governments, has the responsibility of advising the two governments in matters that are *ad referendum*. Certain other departments of the Government likewise have responsibilities. Because of the suggestion of the Leader of the Opposition, we might consider this in the Senate Committee on Health, Welfare and Science, in order to delineate the areas of responsibility. I assure honourable senators that the Government is concerned about the matter of coordination.

Hon. Malcolm Hollett: May I ask the honourable Leader of the Government in the Senate, who is also a member of the Cabinet, what if any part the federal Government played with regard to bringing into Placentia Bay, Newfoundland, that now famous or infamous company known as ERCO. Every senator here, I expect, has heard the history of that company and what it has done and has not done. I am given to understand that the federal Government had something to say as to whether it should or should not have come in. Personally, I do not think it ever should have come in. Perhaps the honourable leader could tell me just what part the federal Government did play. At least in the case of the provincial government, you know who the government is.

Hon. Mr. Croll: Who?

Hon. Mr. Hollett: Do not ask questions like that. Give me written notice.

I would like to know if the federal Government had any part in bringing this company into Newfoundland and what precautions were taken, if any, to see that the water in Placentia Bay would not be polluted.

Hon. Mr. Martin: I have no knowledge of federal Government participation in any way. However, I had better take notice of the question. Of course, my honourable friend is aware of the remedial action taken by the Minister of Fisheries.

Hon. Mr. Hollett: Yes, I am aware of the remedial steps taken. Previously the silt or pollution was poured out into the sea. They

simply turned the pipes around and poured it into the land. I do not know whether that was intended to change the situation.

I was born in Placentia Bay. I was a fisherman and a fisherman's son, and I know how much Placentia Bay meant to my father and to his father and to his father before him and to me as a boy. We carried on the fishing, particularly herring fishing. I do not want to say anything more about it, but I do ask that question.

On motion of Mr. Flynn, debate adjourned.

MASS MEDIA

WORK OF SENATE SPECIAL COMMITTEE

Leave having been given to call the attention of the Senate to the work of the Special Committee of the Senate on Mass Media.

Hon. Keith Davey: Honourable senators, perhaps I should begin with an apology to the Leader of the Opposition for my anxiety and my false beginning, as he rose to adjourn the debate on the previous order. Perhaps I may also be permitted to note that Black Rod at least shared my enthusiasm and my interest in baseball; and perhaps I could inform you that at the end of the second inning the Mets are leading 1-0.

With that explanation and with those few opening remarks, my comments today will all relate primarily to structure and not to content.

Certainly, our committee has drawn no conclusions. It has not even any tentative suggestions or contributions at this point. This is very much a progress report. It is not of the category of an interim report.

Honourable senators will recall authorizing a two-phase study—first, on the ownership and control of the Canadian mass media and, secondly, its impact and its influence on the Canadian public.

As I have said many times, as originally conceived, I wondered if it could relate to print study only, a study on newspapers. However, it was immediately apparent that the interaction and inter-relation between the print and electronic media was constant, and that any study would have to be broadened to include all media.

Even there, the initial study by the committee has proceeded being mindful of several basic considerations: first, that a truly free press is fundamental in a democracy; secondly, that freedom presumes responsibility; thirdly, that a national dialogue about the press was and is in the public interest; and, fourthly, that all committee members, and especially the committee chairman, must approach the task with equanimity and dispassion. In the latter connection, I think I can say that to this date at least our committee remains happily in midstream. By now, most people realize that what we are proposing is not a whitewash, and most certainly not an inquisition.

It is significant that most editorial comment on the committee has been friendly in tone. One or two examples may make this clear. I quote a Canadian press dispatch which appeared in the Truro *News* on August 19:

> Waterloo, Ont. (CP): Canadian newspapers do not fear the pending Senate investigation of the press and mass media, the president of the Canadian Daily Newspaper Publishers Association told 49 school teachers Sunday.
>
> Speaking at the opening session of the newspaper-in-the-classroom seminar at the University of Waterloo, Ralph Costello, publisher of the Saint John, N.B. *Telegraph-Journal*, said he hoped the Senate investigation would give Canadians a comparative assessment of the Canadian, United States and British press.

Honourable senators, you might allow me to read a translation of the concluding paragraph of an editorial which appeared on September 16 in *Le Devoir*:

> The Province of Quebec's Parliamentary Committee could benefit, before deciding that it has finished its task, by inquiring into the very serious research which is being prepared by the Senate Committee that has the same problem to study. It would be deplorable if Ottawa proceeded with an exhaustive study while Quebec contented itself with a superficial study.

I quote from the September issue of *Canadian Business*, an article by William Robb:

> Interestingly, Senator Davey's proposed foray into the world of the mass media has generally been greeted by editorial writers with enthusiasm, albeit somewhat guarded enthusiasm.
>
> The fact is that the media have never really looked at themselves in any significant manner, and perhaps aren't even suited to do that. Thus the Senate committee study will provide Canadians with a new grasp of the role of the media in their lives, may perhaps suggest new

laws regarding ownership and control, give media owners a fresh sense of purpose and may even help boost the lowly reporter's salary.

Before moving on, I think I should pay a very brief tribute to my colleagues on this committee, and most especially to the members of the steering committee. Our deputy chairman, as you know, is the honourable Senator Louis Beaubien. Other members of the steering committee are Senator Haig, Senator McElman and, of course, Senator John M. Macdonald. All have been most active. Our steering committee has met several times, most recently here in Ottawa on Tuesday, August 26. To date at least, all of our decisions have been taken unanimously. Practically all of what I have to say carries their approval, I know. Any other observations I choose to make are subject to their approval.

I have also learned, honourable senators, that a good staff is the vital beginning for any good select committee of the Senate. Frankly, I think we have an excellent staff. Before the Senate adjourned, we retained as our Administrative Director, Miss Marianne Barrie, a lawyer from Toronto, who has been at times the special assistant to Honourable Joseph Green and Honourable E. J. Benson. We appointed earlier Miss Nicola Kendall, as Research Director. They have performed admirably.

Recently, we have made two other key additions. First, as an executive consultant, the committee has retained Mr. Borden Spears. His biography and my subsequent comments this afternoon will make his functions clear. Perhaps I could quote from his biography.

Mr. Spears has an extensive background in publishing. He began his journalistic career as Editor of *The Gazette,* the student newspaper of the University of Western Ontario. Following post-graduate studies at the University of Toronto, he joined the Toronto *Star* in 1938. During his 22 years with the *Star* he served as reporter, feature writer, foreign correspondent and member of the Parliamentary Press Gallery, culminating with his appointment as City Editor in 1948, and Managing Editor in 1959.

He entered the magazine field in 1960 when he became an editorial consultant with Maclean-Hunter Limited. He was appointed Executive Editor of the *Financial Post* in 1963, and was Editor of *Maclean's* magazine from 1964 to 1969. Throughout his career he has made numerous contributions to Canadian, American and British periodicals.

Frankly, I think it adds a great degree of authenticity to our committee to have on our staff someone of Mr. Spears' stature in the industry. In that industry I can assure you that he is universally respected by publishers, owners and indeed by the working press.

Our second key acquisition is our legal advisor, Yves Fortier. A Rhodes scholar of 1958, Mr. Fortier received his B.A. and B.C.L. in Montreal. He is a member of the National Council of the Canadian Bar Association and, since last week, a Governor of McGill University.

Mr. Fortier will assist the committee only during the actual hearing portions of our study.

The staff I have described works hard and works well together. During the weeks and months the Senate has been adjourned it has been my privilege to meet with these people at least on a weekly basis, and I can assure you that they have continued to move things along.

Our basic approach is, first, the preliminary period of research which will then be followed by a series of public hearings. Each phase—that is, the research phase and the hearings phase—is of more value because of the other, and neither phase is an end in itself.

So I should like to turn briefly to a discussion of our first research phase. May I again underscore its purpose? Essentially, it is to provide background information we hope will make our public hearings more meaningful. Secondly, we are actually breaking much new ground. But I repeat and stress that this research, the most extensive of its kind ever undertaken in this country, is by no means, nor is it intended to be, a study in itself.

All researchers were chosen for their professional competence. Some I know are Liberals. But I also know that some are Progressive Conservatives and some are New Democrats. Quite literally and honestly, I am personally unaware of the political affiliations of most of our researchers.

I should like to review briefly what research studies are actually undertaken. I will omit the means of the researchers—these are well known, I think. Certainly, they are on record. Let me just outline it for you.

First there is a sociological study, the objective of which is to gain a better understanding of the attitudes of consumers towards mass media, the functions the media satisfy in their lives, and the effect of articles

and programs on attitudes, opinions and actions.

Then there is an economic study, the research of which was to be divided into three areas: general economic factors, detailed financial assessment, and trade practices.

Then, honourable senators, come a series of historological systems and associations papers, the first of which was a definite paper on the current media structures, patterns and trends.

Then we have prepared a press content analysis. We have analysed the content of 30 Canadian newspapers over a three-month period, from May 15 to August 15. We have prepared a somewhat similar analysis of television content. There is a paper on press flow: source to consumer; a study of how articles are conceived, information collected, produced, edited, printed and circulated. We have a parallel study on television flow: source to consumer, which gives us basically the same information for television programming as we had for the other.

We have prepared papers on the future of all media technology. We have tried to look at what technology will mean to the media five years hence and what it will mean to the media 25 years hence. We have a paper dealing with the international press media, which is a study of structures of international press and their influence.

We have done a study of the history, structure and content of weeklies in Canada. We have done a study of the history, structure and content of periodic press in Canada, including business publications, farm publications and the ethnic press.

We have done a study of the history, structure and content of the consumer magazine industry in Canada, and we have as well, in the process of completing them, research papers on the Canadian broadcasting system—private radio in Canada, CRTC, and cablevision; and, of course, we have a study of the structure, purpose and operations of the Canadian Broadcasting Corporation.

There are additional papers on press councils, audit bureaus of circulation, university press, underground press, the Canadian press, educational television and the media mix and public access to the press.

I think these papers have been well publicized, not with respect to their content but to their existence or the fact that they are being prepared, but what has not been publicized is what I honestly believe is the thoroughness of our approach. Perhaps I could give you just one example to make the point.

I referred to a definitive study of the structure and pattern of media in Canada. Perhaps I should outline for you the kind of information we will be able to put before our committee on daily newspapers. First of all, we have done a study of the current ownership of all Canadian newspapers, and the total circulation of each paper from 1952 through 1969. We have chosen 1952 because it was basically, in Canada, the first, if you can use the expression, full television year. So, with respect to total circulation by paper, 1952-1969, we have done a breakdown of the city zone circulation, retail trading zone circulation and all other circulation all over the country for every paper for every year. We have done an analysis of the copies distributed by mail as opposed to those distributed through dealer and carrier. We have done a study of national advertising rates, 1952 to 1969, for all dailies, and local advertising rates, 1952 to 1969, for all dailies. We have done a study of the estimated national revenue, 1952 to 1969, for all dailies, and of the estimated local revenue, 1952 to 1969, for all dailies. We have dealt with the estimated classified revenue, 1952 to 1969, for all dailies and estimated circulation revenue, 1952 to 1969, for all dailies. We have done an analysis of all counties and census divisions for 1969 by circulation based on areas receiving multiple coverage, areas captive to single coverage and areas of inadequate coverage. Then there was a discussion of relationship with supplements and a discussion of industry organizations and the auditors of the Canadian Daily Newspapers Association. We are attempting to highlight current newspaper research in Canada. I could deal with this matter more thoroughly, but this is simply the structural paper outlining the most detailed information yet accumulated on a very vital segment of our society. Most but by no means all of this research has now been completed, and it is already clearly apparent that it is a most worthwhile process in seeing the overall Canadian media industry in perspective.

While we are discovering much that is new, it is apparent that we have an enormous digestive process even in preparing for the mid-November prehearing or senatorial seminar and briefing sessions for the members of our full committee.

There are one or two important footnotes to all this research, the first being that in their activity our researchers fanned out quite literally to every corner of Canada. Secondly,

our researchers have gone across the country and have been greatly assisted by the co-operation of every segment of the media. Generally speaking the media have been most co-operative. As an example of this I should mention that our full committee has toured the Montreal *Star*, and hopefully we expect this fall to tour the facilities of CJOH Television in Ottawa.

Where requested I have met privately with various members of the media. Of course any such meeting has been basically explanatory. I have been and I remain anxious to allay any fears which might have prevailed or any which still prevail within the media. At the same time I must stress that any such private meetings have not been private hearings.

There has been a great deal of interest, honourable senators, as to whether or not all this research material will ultimately be made public. It will be my recommendation to the committee that when our study is complete we make public as much of this information as we possibly can, but only, as I say, after the study is completed and then only such information as is neither private nor confidential. I must say that we have requested and received a great deal of private and confidential material chiefly in the financial area, and background information which we believe is obviously essential in a study of this kind. For this reason I think I should say a word or two about confidentiality and I propose to read to you the confidentiality guidelines which have been sent to the media across the country and which have been made public. I shall quote briefly as follows:

> To assist in its inquiry the Special Senate Committee on Mass Media has commissioned a number of research studies.
>
> The results of these studies will be submitted to the Committee on a confidential basis. The Committee, however, will wish to feel free to publish all or parts of those studies that will contribute to a greater public understanding of the mass media serving the Canadian people.
>
> The committee recognizes that there may be reluctance on the part of some companies to make available certain financial information without an undertaking that the confidentiality of this information will be maintained.
>
> The Committee is prepared as a general rule to maintain the confidentiality of financial data relating to individual newspapers, magazines and broadcasting stations. It will, however, wish to remain free to make public consolidated financial information covering the operations of companies that control a number of media interests.
>
> The Committee also reserves the right to make public financial information relating to individual newspapers, magazines, or broadcasting stations in the event that partial disclosure of such information is made in submissions to it by company spokesmen. Information coming to the Committee may be used by the Committee or its counsel for the purpose of shaping questions in the scheduled hearings.
>
> The Canadian Radio-Television Commission as a matter of policy makes public the ownership of broadcasting stations licensed by it. The Committee may wish to place similar information regarding the ownership of other media on the public record.

I then amplified my comments in a letter, from which I shall quote briefly, which I sent to Mr. Clyde McDonald, General Manager, Canadian Daily Newspapers Association. I said in part:

> Let me assure you that the committee has no intention of unilaterally making public the financial returns of individual companies. However, as we may wish to make public consolidated financial information concerning companies which control a number of media interests, we have retained that right as set out in paragraph 4 of the guidelines.
>
> The qualification in Paragraph 5 was added to protect the committee against the possibility of a witness making public certain financial data to support a specific argument, when in the view of the committee the partial information thus disclosed would tend to distort the actual overall condition of the enterprise. Hopefully no such situation will arise.
>
> While the material will be useful in shaping questions, it is not the intention of the Committee, or its counsel, to use such questions to violate previous undertaking of confidentiality.
>
> I feel I should make two points quite clear. First is that by our terms of reference the committee was given power by the Senate "...to send for persons, papers

and records...and to print such papers and evidence from day to day as may be ordered by the committee." Secondly, the members of the committee will always be mindful of their responsibility to use such powers with discretion and in the public interest. That, I think, must be the criteria as we cannot carry out our task responsibly if we have committed ourselves to protect private interests at the expense of the public interest.

Perhaps in conclusion I should mention that every possible step to safeguard the security of confidential information received is being taken.

Honourable senators will recall that in my original speech last February I referred to a somewhat parallel committee in the Province of Quebec. I spoke of my intention to co-operate with that Quebec committee, and the importance of such co-operation was underlined by Senator O'Leary in his contribution to the debate at that time. I am now able to say that there has been a marked degree of co-operation between the Quebec committee and our own committee and we have received a useful flow of material from them. On September 24, Senator Beaubien, Mr. Fortier and I had the privilege of having lunch in Quebec City with the chairman of the Quebec committee, the Honourable Jean Paul Cloutier, and his executive assistant, and Mr. Denis Buskett, M.L.A. a member of the committee. There was a friendly, frank and useful exchange of views. We were able to point out, for example, that Quebec has dramatically fewer daily newspapers per capita than other parts of Canada while at the same time we were able to point out that Quebec has dramatically more weekly newspaper circulation per capita than any other province.

Our own committee will seek to determine how news out of and about Quebec is reported elsewhere in Canada and we will also have an opportunity of finding out how news from the rest of Canada is reported in the Province of Quebec.

Now I would like to place before you, for your consideration, the method by which we intend to proceed with our actual hearings. I stress the word "hearings" advisedly, because no one will be on trial. Indeed, I do not choose to regard it as a probe or investigation—words which have been used to describe it—but rather like to think of it as a study or analysis or perhaps, even, a national public forum for the discussion of the role of the media.

Our first hearing will be on December 9. We are proposing nine sessions per week, on a Tuesday-through-Friday basis, for 10 weeks Incidentally, it is our plan to meet for two weeks, then to adjourn for one, and then to meet for two, and so on. This means 90 sessions in all.

We expect to receive some 150 witnesses in that period of time. As will be apparent when I detail the schedule in a moment, we will be receiving both corporate and individual witnesses representing the media industry and, we hope, the public as well. We have striven, when it comes to the industry, to include representatives of the owners and publishers and, as well, of the editors and programmers and people from the working press.

I think it would be quite impractical and, indeed, impossible to hear every one involved with the media industry in Canada personally, especially since I am sure there would be a great deal of competitive information and, I think, because our committee is anxious to prepare its ultimate report in at least a responsible and respectable period of time. So, as well as requesting the attendance of the witnesses I am going to name in a moment or two, the committee is requesting a series of written briefs from people who will not be asked to appear before the committee. These written briefs, however, are vitally important —indeed, are every bit as important as the evidence of those who will be coming before us publicly. While their authors will be less publicly apparent, their content is of equal concern in the study.

This week we are forwarding across the country to those we are inviting to attend our hearings, as well as the information about dates on which we want them to come, a series of guidelines for briefs we hope they will prepare.

The guidelines we are sending them are divided into two portions: the first part, general guidelines; and the second, content guidelines. The general guidelines are essentially of a housekeeping nature, and perhaps it is not necessary for me to read them in detail but rather highlight one or two aspects of the general guidelines.

The committee requires a minimum of fifty (50) copies of each brief in either of the two official languages. It is desirable that copies in the other official language also be provided. It is imperative that the

requisite number of copies of briefs which are to be heard by the committee at public hearings should reach the administrative director at least three weeks before a scheduled hearing...

Public hearings will be held in Ottawa. The full texts of written submissions ordinarily will be taken as read. At the hearings, participants will be asked to summarize orally the information contained in their submissions, as well as their conclusions and recommendations, in no more than fifteen minutes. They are free to elaborate orally and to present arguments. Persons appearing before the committee may be questioned directly both by members of the committee and by the committee's counsel. Such questioning will not necessarily be restricted to the material and subject matter contained in the submissions...

If participants at the hearings wish to introduce material which in their judgment should remain confidential, or if members of the committee or the committee counsel raise questions to which the answers are considered confidential, the committee will consider setting aside a portion of the hearing to receive such material in private.

The second part of these guidelines is an attempt to define the content of submissions but, as will be apparent when I read these into the record, we stress that owners, publishers, broadcasters and people coming before the committee can deal with the matters at length or not at all and address themselves to other problems.

In any event, we say:

For the purpose of these guidelines, the term "mass media" is intended to denote all companies, organizations, and individuals engaged in the regular public dissemination of information and opinion. ...

The concerns of the committee, implicit in its terms of reference, are (a) ownership and control of the mass media in Canada, and (b) their performance, influence, and impact on the public as purveyors of information and opinion.

Then under a separate heading we say:

(a) *Ownership and control.* Specific information on media financial structures is being gathered in the research phase of the committee's study. Corporations which have responded to research questionnaires need not repeat the detailed information in their submissions, but may wish to comment on the economic state of their own operations and of the industry, and make recommendations. Questions in this area may also be raised by committee members at the hearings.

(b) *Performance, influence and impact.* Some suggested areas of discussion are listed below, but it should be understood that these are provided as examples and are not to be taken as limiting the scope of individual submissions. The committee is anxious to secure the widest possible range of views on all aspects of informational publishing and broadcasting. An important object of the hearings, as distinct from written submissions, is to provide a forum for discussion which in itself will be a valuable medium of public education. The questions which follow, therefore, are intended merely to supply a starting point for individual submissions and to indicate generally some of the lines which the Committee may wish to pursue.

Suggested Topics

1. Define your own position (as a company, an association, or an individual, as producer or consumer) in the mass media. If your corporation owns or controls a group of publishing enterprises or a broadcasting chain or network, or has interests in more than one medium, describe the operational relationship with the members of the group or chain; if you are a member of such a group, discuss the relationship with the parent.

2. To what extent is the present degree of concentration of ownership in the Canadian media the inevitable result of prevailing economic forces? Is it inevitable that these forces will lead to further concentration of ownership in the future? Is this concentration socially desirable, or should other criteria than those of the market place be applied? What economies are gained from ownership of more than one medium? What advantages does the publisher of a newspaper gain from ownership of a radio or television station, and vice versa? Are there any social advantages in such multiple-media ownership? Is it socially desirable for conglomerate corporations to include among their holdings interests in the communications media?

3. Newspapers in the United States are required to publish semi-annually a list of their principal owners and the names of company executives. In Canada, the ownership of broadcasting stations is reported to the Canadian Radio-Television Commission but no such disclosure is required of print publishers. Should it be required?

4. What are the major problems currently faced by your company or your industry as a result of changing competitive situations, technology, or legislation (as for example overflow advertising, cablevision, postal rates, income and inheritance taxes)?

5. Do you encounter significant competition for Canadian advertising dollars from U.S. publications or broadcasting stations?

6. In terms of practical application to your own operations, what do you see as the major technological changes likely to occur in the next decade? Will they affect the place of your medium in the communications spectrum? What will be their impact on your industry, on its suppliers, on advertisers? To suggest only two examples: What will be the effect of the introduction of electronic video recording? Is satellite printing by facsimile likely to displace small regional newspapers?

7. What is your understanding of "freedom of the press"? Is it now threatened? Is it adequately protected? What responsibilities go with it?

8. What are the prime functions of the mass media? To inform? To interpret? To promote causes? To elevate public taste? What are the priorities? How are they achieved? What are the principles governing your selection of the news, information, and other material you present, and the apportionment of time and space allotted to the various kinds of material? How do you instruct your editors/programmers in these principles—in writing, verbally, or by example? To what extent are the priorities mentioned above affected by commercial considerations, for example a need to create a favourable climate for advertising messages?

9. Would you favor the establishment for your medium of a body similar to the British Press Council, containing representatives of the industry and the public?

10. Should the mass media lead public opinion, or follow it?

11. Is there an "establishment" which controls the mass media in Canada, or any one of the media?

12. What are you doing to ensure that conflicting opinions, and the information on which dissent may be based, are made available to your audience?

13. According to Marshall McLuhan, television sounds the death knell of print. But Walter Lippman said recently: "Television is adding to the irrationality of the world. It makes everything simpler or more dramatic or more immediate than it is. If you listen to television you cannot find out what is going on in the world. News on T.V. is very good; but you can't live on what they give you. So newspapers are here to stay". What are your comments?

Then there is a question on the ratio of advertising space to editorial space:

14. In your publication(s), what is the ratio of advertising space to editorial space? How is it determined? What do you consider to be the desirable and proper ratio?

(Note: This question as phrased applies to print media, but broadcasters and others are invited to comment, as well as to discuss the ratio and positioning of broadcast commercials.)

15. What is the role played by the practice of public relations in the mass media?

16. Are pressure groups—commercial, political, professional, social or other—a significant problem of the media? How do you deal with them?

17. Of the news reaching Canadians from abroad through Canadian media, what proportion originates from non-Canadian sources? Is it desirable, and economically feasible, for Canadian media to have more direct representation in the major news-originating areas of the world? Is there a Canadian viewpoint, or an attitude rooted in the Canadian experience, which is not receiving adequate expression?

18. What are the sources for recruitment of journalists, both print and electronic? Is there a sufficient supply of new recruits of good calibre? Are the schools of journalism producing qualified graduates in satisfactory numbers? Are there

unexplored areas of potential co-operation between the industry and the universities? Does the industry itself provide a continuing program of training for staff members?

19. Are salaries and working conditions of journalists sufficient to keep the best ones working in the media? Are they commensurate with salaries and working conditions in other occupations of comparable public responsibility?

And then, the final question:

20. Do you observe an increase or a decrease in the degree of credibility accorded by the public to the news and opinion disseminated by the media? Does the degree of credibility vary between media? To what do you attribute the changes and the differences, if any?

Having read those guidelines I should like to assure honourable senators again that it is made perfectly clear in the body of the material that the people who are coming before the committee may address themselves in writing to those matters or, if they wish, may address themselves to other matters.

I should like now to put before this house the tentative schedule of hearings. This is subject to confirmation, and it is also subject to revision. We have rather arbitrarily chosen the dates upon which we will hear publishers and broadcasters, and where changes are requested we shall try to make them whenever that is practical. I do not think that will happen too frequently because the industry has been waiting for this schedule.

On December 9 of this year we propose to begin by hearing from the Canadian Daily Newspaper Publishers Association, the American Newspaper Guild, and The Canadian Managing Editors Conference.

On December 10 we shall hear from The Canadian Press and Broadcast News Limited, and the Canadian Public Relations Society. Also on that day we shall hear from our first newspaper, which will be the St. John Telegram. In the evening of that day we will hear from Mr. Claude Ryan, who is the editor of *Le Devoir* and who will be appearing before the committee as a distinguished spokesman on national affairs generally with a particular knowledge of the media.

On December 11 we will hear representatives of the Parliamentary Press Gallery, and in the afternoon we will hear from the Armadale Company Limited, which is the Sifton management company. Perhaps I should say that in the cases of multi- and mixed-media ownership we are calling the management group separately from the individual newspapers and/or broadcasting stations which will be called as well. So, on December 11 we want to hear the Armadale Company Limited which, as I say, is the Sifton management company.

Hon. Mr. Martin: What does the Armadale Company Limited do?

Hon. Mr. Davey: The Armadale Company Limited owns these newspapers.

Hon. Mr. Martin: I thought I knew all about newspapers, but I do not think I have heard of that company.

Hon. Mr. Benidickson: It is interested in broadcasting as well, is it not?

Hon. Mr. Davey: I am obliged to Senator Benidickson for his comment. You will note as I read the schedule that we are hearing the newspaper publishers before we hear from the people engaged in electronic journalism. Where a company has interests in both newspapers and radio stations it would obviously be an injustice to require its representatives to talk about newspapers at the beginning of the hearings, and then ask them to come back later on to talk about broadcasting. So, in cases of this kind of ownership we will be dealing, when such companies appear, with all of their various media interests.

Hon. Mr. Benidickson: Thank you. That is why I raised that matter.

Hon. Mr. Davey: As we are listening to publishers, owners, broadcasters, and other interests in the media, we thought it would be of interest in terms of public dialogue if we also called on interested Canadians who are perhaps not directly involved in the media but who might have some useful contribution to make to the dialogue we hope to develop. So, on the evening of December 11 we hope to hear from Mr. Tom Sloan, the Dean of Journalism at Laval.

On December 12 we shall hear from Mr. John Holmes, the executive director of the Canadian Institute of International Affairs.

On December 16 we will begin with two such briefs from Canadians who have special knowledge in this field. One is Louis Martin, who is well known in the Province of Quebec, and the other is Mr. Douglas Fisher. Also on

December 16 we will hear from K. C. Irving Limited, and from two of its newspapers, the St. John *Telegraph-Journal* and the Fredericton *Gleaner.*

On December 17 we will hear from Pierre Peladeau, the *Journal de Montréal* and the *Journal de Québec.* We have been asked also to receive a brief about the media from several Indian and Eskimo Associations, and we will do that in the afternoon of December 17.

On December 18 we will receive a brief from the Canadian Council on Rural Development, and we will also hear from Mr. Charles Templeton who, I think, has special knowledge of the media. In the afternoon of that day we will hear from the management of Thomson Newspapers Limited, and in the evening from two Thomson newspapers, the Peterborough *Examiner* and the Prince Albert *Herald.*

On December 19 we are asking Mr. John Bassett to come before us in his corporate capacity, and as well we will hear from the Toronto *Telegram.* This will take us up to the Christmas adjournment.

On January 20, 1970, we propose to hear from Mr. D. H. Henry of the Combines Branch, and also from the Canadian Home and School and Parent-Teacher Federation. In the afternoon we are asking Mr. Paul G. Desmarais, who represents the Power Corporation and several other media interests as well, to appear, and we shall hear also from *La Presse.*

On January 21 we will hear from Blackburn management and its paper, the London *Free Press.* We shall also hear from the *Whitehorse Yukon News,* the *Brantford Expositor,* and *Le Droit.*

As I have said, we want to call on all people who have had experience, and in some cases, very long experience, with the media, and on the evening of January 21 we hope to have as our witness Mr. John Diefenbaker.

On January 22 we will hear from the owners and managers of F. P. Publications, and three of their papers, the Winnipeg *Free Press,* the Ottawa *Journal,* and the Toronto *Globe and Mail.* That evening we will be receiving a brief from the Canadian Labour Congress. On January 23 there will be briefs from the Canadian Chamber of Commerce and the Institute of Canadian Advertising. On January 27 three of Southam Press Ltd.'s newspapers will be asked to appear: the Calgary *Herald,* the Vancouver *Province, and the* Hamilton *Spectator.*

On January 28 we have scheduled the Halifax Herald Ltd. Also on that day I am delighted to say that Senator Grosart, who perhaps has a broader understanding of the media than do most honourable senators, has agreed to come before the committee as a witness. Also on January 28 we have the Montreal *Star.* In the morning of January 29 we will hear from the Canadian Society of Practising Journalists, which is a representative group of working press people. We will hear from Mr. Kenneth Lefolii, a freelance broadcaster and writer. We will be receiving a brief from the Just Society Movement, which is a group of low-income activists in the City of Toronto. We will hear from Mr. Donald Cameron from New Brunswick, who has recently started a new monthly publication called *The Mysterious East.*

On January 30 we will receive briefs from the Toronto Star Limited and in the afternoon from the Toronto *Daily Star.* Then, of course, it will be time for us to adjourn for a week.

I should explain that because the format of these hearings is not entirely devoted to what might strictly be called hearings, we want to have a round table discussion with representatives of the University Press. We have discovered that the University Press in Canada is now a $1 million business. Faced with the dilemma of trying to give adequate representation to the University Press, and given the limitation of time, we propose to call the University Press for a round table discussion on February 10.

Hon. Mr. Martin: When you say the University Press, I take it you mean university undergraduate newspapers. You do not mean the publication centres like the Oxford University Press and the University of Toronto Press?

Hon. Mr. Davey: I mean the university undergraduate newspapers, but it is interesting to note in fact, senator, that several universities are now publishing in competition with the undergraduate newspapers.

It is not felt that time should be given to a separate Canadian University Press brief since our research on this association is quite extensive. We think the discussion with the Canadian University Press Association would cover the same ground as questions directed to individual papers.

Since the subjects for discussion would be neither confidential nor legal in nature, it

is not felt that we will need legal counsel during this particular session.

Hon. Mr. Roebuck: May I ask the honourable gentleman a question? As I have listened, you are proposing to call very successful newspaper and magazine editors and managers. I understand that the news media have some complaints to make. Would it not be just as well to call somebody who has failed rather than succeeded? Take, for instance, the *Saturday Evening Post,* one of the ancient papers of the continent. This very valuable publication has gone out of business quite recently. Take the *Family Herald and Weekly Star* of Montreal. I remember reading that paper, not a hundred years ago but getting towards that time. It was a very valuable paper. It entered into nearly every home in the agricultural community of Canada at one time, and it too has gone out of business. You might find some real information there of the difficulties which some newspapers and some managers are meeting. Why not call them as well as the successful ones?

Hon. Mr. Davey: I am grateful to Senator Roebuck for his intervention. I can assure him that I agree with him totally. I think that our researchers have already covered many such people, and I think also that we will be covering these people in the course of the hearings. For example, when the owners and the managers of F. P. Publications Ltd. come before us on January 22, I am sure there will be questions about their experience in the farm paper that you described.

I think that when the *Montreal Star* people come before us there will be ample opportunity, and I am sure there will be questions on farm papers. We will be dealing separately with the Farm Press witnesses that we are asking to come before us. We have been mindful of this and we have intended to call as a communicator Peter Czowsky, who has had much experience and displayed his great ability in magazines that have failed and in his role in the termination of the *Star Weekly.* He will now, however, be coming before the committee, not as one of our very well known communicators, but as editor of *Maclean's* to which he has just been appointed. I am sure he can tell us a great deal about the problems in the magazine industry. I appreciate the question, but I want to underline that our schedule is not unmindful of this consideration. We will not only be hearing from successful publishers, but also publishers who have had experience with publications which are now defunct.

On the morning of February 11 we will be receiving a brief from the Canada Ethnic Press Federation and the Canadian Scene which, as some of you know, is a multi-language news service provided to the ethnic newspapers by the I.O.D.E. The difficulty with the Ethnic Press is the multiplicity of languages and newspapers involved. So we have developed a special format for the Ethnic Press, which I think we have researched adequately already. We are sending a rather detailed questionnaire based on this preliminary research, which we have completed, to every editor of the Ethnic Press in Canada. Hopefully, the resulting compendium of information, considered against the background information we already have, should facilitate the study.

During the afternoon we will receive the Canadian Business Press and the Business Paper Editors Association. In this connection the Honourable Eric Kierans will be appearing.

In the morning of February 12 we will be hearing from the Canadian Agricultural Press Association. We think that, given the host of divergent farm publications in this country, with their varying degrees of specialization and with the research material which we now have acquired, we should follow a similar technique as with the Ethnic Press. We will be sending a questionnaire based on our research to the agricultural publications.

On February 12 we will hear from Maclean-Hunter Ltd. and Maclean-Hunter Business Publications, and on February 13 from Southam Business Publications Ltd.

On February 17 we will hear from the Periodical Press Association and *Saturday Night.* Also on February 17, we are particularly grateful that Senator O'Leary has agreed to come before our committee as a witness. I do not have to tell my colleagues in this chamber that he has expert knowledge in all of these fields. He is well known in this chamber, and I am particularly grateful to Senator O'Leary for agreeing to come before our committee as a witness.

On February 18 we will hear from *Maclean's* Magazine, *Chatelaine* Magazine, the Magazine Advertising Bureau and then, to meet Senator Roebuck's point, we will hear from two rather new and struggling periodicals, *Toronto Life* and *Vancouver Life.*

Hon. Mr. Roebuck: May I make another suggestion? I do not know whether the previous one is of any value. Foster Russell was the editor of *The Cobourg Sentinel Star,* which he has just sold. He has written a very critical article in one of the magazines recently, a copy of which I can send to the honourable senator, with regard to the present situation, the difficulties the smaller newspapers are meeting and the struggles they have to face to keep alive, much less to make very much money. I have read articles by Foster Russell on a number of occasions. He is a most incisive thinker, and I fancy he would have real information to give.

Hon. Mr. Davey: I am grateful to the honourable senator. I am familiar with the article, which I believe appeared in *Canada Month.* Perhaps I could refer back to Mr. Russell when I deal, as I will in a moment or two, with the Canadian Weekly Newspapers Association, of which he was a member until he recently left the business. I am most grateful to the honourable senator for the suggestion.

On February 19 we will hear from *Time* Magazine, *Actualité* and *Sept Jours.* Then, to give us a different view of the media, we are asking Mr. David DePoe to come before the committee. I can assure honourable senators that it is only a coincidence that also on that day we expect to receive a brief from Mr. Dalton Camp.

Hon. Mr. Martin: May I ask a question, not based upon the name of the honourable gentlemen who has just been mentioned. I have not heard any mention of the problems of the French language press in Canada, both daily and weekly. Will an examination be made of the problems of the French language press in Canada, particularly having in mind the desirability of effecting the greatest possible unity in the country?

Hon. Mr. Davey: Yes. I think I mentioned several publications in Quebec, such as *Actualité, Sept Jours, La Presse,* le *Journal de Montréal* and le *Journal de Québec.* For example, two weeks later, on March 3, we will be hearing from *Weekend* and its French-Canadian counterpart *Perspectives.* I think that throughout the hearings we have been mindful of the considerations of the French-Canadian publications. On March 5 we are hearing from the Canadian Weekly Newspapers Association and also from Les Hebdos du Canada. I feel that we have throughout the proposed hearings given adequate representation to French publications. However, I take Senator Martin's point and we will re-examine our timetable mindful of that consideration.

Hon. Mr. Roebuck: I have not heard anything so far about the Ukrainian press or the Polish press.

Hon. Mr. Benidickson: Yes.

Hon. Mr. Davey: I have dealt with the ethnic press. On February 11 we hear from Canada Ethnic Press Federation.

Hon. Mr. O'Leary: Are you hearing from *Cité Libre*?

Hon. Mr. Davey: No.

On March 3 we will also hear from the *Canadina* and *Star Weekly.* Also on that date we will hear from Peter Lebeusold and Joe Medjuck, two young men who have recently started a new publication, which honourable senators may or may not have seen on the news stands, called *Five Cent Review.* I think their experience in starting this publication will be of great interest.

On March 4 we will hear from the Canadian Church Press, the *Presbyterian Record,* the *United Church Observer,* the *Canadian Register,* and from Professor Thelma McCormick, a sociologist at York University.

On March 5 we will hear from the Canadian Weekly Newspapers Association and from Les Hebdos du Canada. Anyone who is familiar with weekly newspapers in Canada will be well aware that far from having a concentration of ownership, there is the most divergent ownership and the most extreme independent views. There is every shade of political and journalistic opinion available in the weekly newspapers across Canada. This presented a special problem, because one-third of the weeklies do not belong to either the French or English weekly press associations, so we have decided that a practical way of handling this is to have an open forum for the weekly newspapers on that day, March 5. We intend to ask all who wish to come to travel at their own expense and meet with us in an open forum, following the formal presentation by the Canadian Weekly Newspapers Association, at which time we will discuss the role of the weeklies. Hopefully with this kind of first hand presentation at an open forum dealing with the problems of the weeklies we can present the problems as we see them based on our research and also hear of the problems of the weeklies as the publishers see them in the light of their practical experience.

On March 6 we will hear from the Consumers Association of Canada and the Canadian Jewish Congress.

March 10 will be a very interesting day, when we hear from the underground press, the underground press being the non-establishment or protest press, if you will. Here we are following the format of the university press. We are suggesting a round table discussion. I think the session is sure to emphasize the legal rights of the underground publications and publishers, and we will probably have to go into the editorial content and objectives at length, namely, the philosophy these publications are trying to communicate and how they accomplish it. The legal side is likely to be complex, and because the underground editors fear charges of libel we expect to have our counsel present. It is suggested that we will hear from the following underground press representatives; *Octopus* from Ottawa, *Georgia Strait* and their legal counsel from Vancouver, *Logos*, from Montreal, *Harbinger* from Toronto and *Omphalos* from Winnipeg. This again will be a round table discussion.

Then on March 11 we have a date, according to the C.B.C. management and the C.B.C. programmers and policy people; on March 12, we have the C.T.V. management and C.T.V. programmers; March 13, the Canadian Association of Broadcasters; March 24, Bushnell Broadcasting Ltd., Selkirk Holdings Ltd. and Moffat Broadcasting Ltd. On March 25, prior to the Easter recess we have CFPL, London; CHSJ, Saint John; CFTO, Toronto; CJON, St. John's, Newfoundland, and finally a witness should prove interesting on matters of this type, Mr. Pierre Berton. That is our reported schedule until Easter.

After the Easter recess we propose to vote on two more weeks of appearances, during which we will hear from other spokesmen from the broadcasting media. The timetable for these two weeks has not been fully determined yet, but we expect representation from, among others, Canadian Cable TV Association, Maclean-Hunter Cable TV Ltd., Rogers Broadcasting Ltd., London Cable TV Ltd., CRTC, Juneau, Countryside Holdings, Standard Broadcasting Ltd., and another commentator of note, Dr. Pauline Jewett.

We have invited several other people who have scheduled their appearance dates. I have not mentioned them in the course of my remarks. They have not all been confirmed, but there are several other interesting witnesses who expect to attend. These include Nicholas Johnson, who is a key member of the Federal Communications Commission in the United States; Senator John Pastore, Chairman of the Senate Committee on Television Violence; Robert Fowler; William Allen, the recently retired Chairman of Metropolitan Toronto, and Claude Bissell, President of the University of Toronto; Marshall McLuhan; the well-known advertising commentator, Gerry Goodis, and finally, the Honourable Robert Stanfield and the Right Honourable Lester Pearson.

I apologize to the Senate for speaking at such length, but we have been anxious to put this schedule and these guidelines on the record, because both will be seen in the process of being sent to the media interest across the country. Perhaps I can conclude by quoting from the Parliament Hill Report by Mr. Gordon Pape which appeared in the July issue of *Monetary Times*. Quoting him in part he said:

> Senator Keith Davey's inquiry into the mass media in Canada comes at just the right time. The press in this country, and in the United States, is entering a period of challenge and re-evaluation.
>
> The situation hasn't yet reached the crisis stage but public resentment of the press, suspicion of its motives, and uneasiness about its role in Canadian society is on the rise.
>
> In many ways, the press finds itself smack in the middle of the new tensions developing in North America.

In quoting again from the same article he says:

> Reasons for the public malaise about the press are numerous and complex—and most of them are on the agenda for study by Davey's Senate committee, which will begin hearings in the fall.

And continues:

> If the Davey committee is to be meaningful, it must come to grips with this basic psychological problem. It won't be easy. The press itself believes it mirrors, not manipulates, public opinion. The public seems, increasingly, to feel otherwise.
>
> The committee's most useful contribution would be to clarify this relationship and to re-establish, both in the minds of journalists and the general public, the role mass media should be playing.

Hon. Senators: Hear, hear.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

TWELFTH MEETING, CANADA, JUNE 1969

Leave having been given to call the attention of the Senate to the Twelfth Meeting of the Canada-United States Interparliamentary Group:

Hon. Alan Macnaughton: Thank you for the privilege of drawing to your attention the Twelfth Meeting of our most important interparliamentary link, the Canadian-United States interparliamentary Group, which took place last June 3 to 8 in Ottawa, Edmonton, Jasper, Banff and Calgary. Copies of the official reports in English and French were tabled yesterday and appeared as an appendix to yesterday's *Hansard*.

Honourable senators are well aware of the unique character and significance of the Canada-United States Interparliamentary Group. Indeed, recently in this chamber, last February 12 to be exact, we had an opportunity to discuss in some depth the meaning and usefulness of this important bilateral institution which regularly draws together parliamentarians from both sides of the busiest and freest international border in the world, for the discussion of matters of mutual interest and concern to Canadians and Americans alike.

Honourable senators will perhaps recall that the occasion for that discussion, to which many honourable senators present here today made an outstanding contribution, was the recognition that the Canada-United States Interparliamentary Group had earlier this year passed the tenth anniversary of its existence as a useful and constructive institution and even, in my opinion, a dynamic force in Canada-United States relations.

With our February 12 discussions on this subject still, I feel sure, very fresh in our minds, I shall not impose unnecessarily on the time of this house to cover the same ground. In the circumstances, I intend to confine my remarks to the Twelfth Meeting last June, for which the Canadian Parliament was host.

Canada has hosted, to date, six of the twelve meetings of the Canada-United States Interparliamentary Group since its inception ten years ago, in January 1959. Given the traditional framework for these meetings of a two-day conference in the capital city and a two-day side trip for the delegates to a point of particular interest outside the capital, we have not been able in the past through lack of available time to be too ambitious or adventuresome in our choice of places to visit. Although it has been our often-stated wish to show our United States colleagues something of our immense natural and scenic resources in the west, or in our unique northland, or in the picturesque Atlantic provinces, we have until this year followed the course of least resistance and confined our post-conference tour to areas reasonably close to Ottawa—Montreal, Quebec City, the Laurentians and the St. Lawrence Seaway.

I think all honourable senators will, however, share the view that prevailed here in the planning of the program for the June meetings that it was high time that this pattern, indeed one could even call it a "rut," should be broken and that we should wait no longer to show our United States colleagues something other in this great country of ours than the area immediately around us.

At any rate, it was our great pleasure this year to take our United States friends, after a somewhat shorter conference session in Ottawa than has been usual, to the City of Edmonton, where they were received with true western hospitality by representatives of the Province of Alberta and as well of that great western city. Immediately upon arrival, delegates were treated to a unique civic welcome, a colourful preview of Edmonton's renouned "Klondike Days" Festival, which formed a very impressive prelude to a tour of Edmonton which followed. At the Alberta Legislative Building, delegates were pleased to have the opportunity of meeting the Premier, the Honourable Harry E. Strom, and the Provincial Secretary, the Honourable Ambrose Holowach, as well as the distinguished Speaker of the Alberta Legislature, the Honourable Arthur Dixon, who took time from his busy schedule to accompany the delegates on their subsequent visit to Jasper and Banff National Parks, and to his home city of Calgary.

Over the following three days, the delegates visited the two great Rocky Mountain Parks of Jasper and Banff, where they had the opportunity of seeing some of the most spectacular mountain scenery in the world. In Banff, as may be expected, our distinguished colleague, Honourable Senator Cameron, spared no effort to ensure that the visit there was a memorable experience for all members of the delegation.

Following a reception, dinner and a concert, the delegates were billeted in the internationally renowned School of Fine Arts,

affiliated with the University of Calgary. Senator Cameron in this way made a big contribution to the success of the program for the Twelfth Canada-United States Interparliamentary meeting.

We had a very fine delegation representing both Houses of Parliament at this meeting. As a member of the delegation, it is perhaps highly inappropriate for me to say this, but by making an exception of myself I think I may claim some objectivity. Our delegation was led as usual by our two distinguished Speakers, and this chamber was represented with great distinction by Mr. Speaker Deschatelets and honourable Senators Leonard, Aird and Willis, all of whom made impressive contributions throughout the working sessions and contributed in equal measure, together with their charming wives, to the social program.

It was with the greatest of regret that we learned, just before the commencement of the meetings, that Senator M. Grattan O'Leary, who had been nominated as a delegate, was unable to participate due to illness. All of us, the Canadians and Americans alike, were saddened by the absence of this long-standing and great supporter of the Canada-United States Interparliamentary link. However, we were greatly heartened by the news of his rapid recovery, and may I say to him, now that he is here, that for the sake of the best possible relations between Congress and Parliament, may he continue henceforth in the most robust health so that he may take part in ensuing meetings of the Canada-United States Interparliamentary Group.

Hon. Senators: Hear, hear.

Hon. Mr. Macnaughton: The United States delegation was equally distinguished. Their Senate Co-Chairman was a new member of the Interparliamentary Group: Senator Frank Church of Idaho, who this year replaced our great friend, Senator George D. Aiken of Vermont as co-chairman. As most honourable senators well know, Senator Aiken was one of the founders of the Canada-United States Interparliamentary Group more than ten years ago and has since attended every meeting as Senate co-chairman. In that capacity and in so many other aspects of his activities, he has become one of Canada's greatest friends, not only in Congress but in the United States generally.

Hon. Senators: Hear, hear.

Hon. Mr. Macnaughton: While we deeply regret his decision to retire from the co-chairmanship of the group, we were all most pleased with the choice of his successor, Senator Church, whom we now hold in almost the same place of affection as we shall always have for Senator George Aiken. Happily, also, Senator Aiken's retirement as co-chairman did not prevent him from attending as a delegate, which he did with characteristic warmth and great capability. We hope that he will continue to participate in these meetings.

Also on the United States delegation were our good friends Senators Mike Mansfield of Montana, Len Jordan of Idaho, and William Spong of Virginia—all participants of long standing in these meetings—and Senators Sam Ervin of North Carolina, Mike Gravel of Alaska, Robert Griffin of Michigan and Clifford Hansen of Wyoming.

From the House of Representatives there was, as co-chairman, our good friend Neil Gallagher of New Jersey and also Thomas Morgan of Pennsylvania, Harold Johnson of California, Peter Kyros of Maine, William Randall of Missouri, Claude Pepper of Florida, Jake Pickle of Texas, Mark Andrews of North Dakota, Robert Stafford of Vermont, Odin Langen of Minnesota and Frank Horton of New York.

As you can see, the United States were very well represented both geographically and in the quality of their delegates.

The only Canadian parliamentarian who comes close to equalling Senator Aiken in his record of the number of meetings attended was, until his retirement from the Senate last year, our well-loved and deeply respected colleague and former Speaker of this House, the Honourable Sydney J. Smith. We had the great fortune to have him once again with us during the visit to the Rocky Mountain Parks.

For the formal discussions in Ottawa an agenda was agreed upon between our two delegations which dealt with the following topics, on the trade side: oil and gas policies; uranium marketing arrangements; international trade and adequacy of the present monetary system; international and bilateral trade in agricultural products; and finally, the importance of consultation between the United States and Canada on economic and financial policies.

The Trade Committee was ably co-chaired by Mr. Speaker Deschatelets, and our entire Senate delegation served on this committee, with Senator Leonard serving with distinction as deputy co-chairman.

On the Defence side, the following matters were debated: the future of NATO; the future of NORAD, including ABM defence policies toward China; the continuing conflict in the Middle East; policies toward Latin America and the Caribbean Region.

In the report of the Canadian delegation tabled last evening, honourable senators will find summary reports of the discussions in these two committees. I do not propose, therefore, to deal with the discussions here at any further length, except to say that they were, by common agreement, judged to be thoroughly useful and constructive and that they were carried on with characteristic frankness and sincerity from both sides. This represents perhaps one of the most valuable assets that we possess.

Although I have mentioned that the Ottawa portion of the program was somewhat shorter this year because of the length of the western trip, our United States colleagues were warmly welcomed and given a very full program. In fact, I think it might be fair to observe that, to some, the program may have been even too full, for we scarcely gave them an opportunity to relax! Very shortly after arrival, the delegates and their wives were received most warmly and hospitably by Their Excellencies, the Governor General and Mrs. Michener, at a garden party at Government House. From there, they were taken directly to the National Arts Centre, which had been officially opened only the previous day, for a truly outstanding performance of "Romeo and Juliet" by the National Ballet of Canada. After the performance we were the guests of Mr. Speaker Lamoureux of the other House for a post-theatre dinner and refreshments in the Parliamentary Restaurant.

On the following day, we were very pleased that both the Prime Minister and the Secretary of State for External Affairs were able to take time out from their busy schedules to take part in the official opening of the Twelfth Canada-United States Interparliamentary Meetings and to address the delegates. The business sessions were held during the course of the day and that evening we were all guests of the United States Ambassador to Canada and Mrs. Harold F. Linder at a reception prior to the official dinner which was held that night in honour of the meetings.

A word about the most important members of our delegations from both sides of the border, the wives. As is customary with the Canada-United States Interparliamentary Group, the wives participated actively throughout the entire program.

We were especially grateful in this connection to Madame Jean-Paul Deschatelets and Madame Lucien Lamoureux, the wives of our two distinguished Speakers and Co-Chairmen, for so warmly extending hospitality to the wives of our United States colleagues during their stay in Ottawa.

On September 26, 1969, Senator Frank Church reported to the United States Senate. Under one of the headings in that report, "Results of the Meeting", he wrote:

> The 12th meeting of the Canada-United States Interparliamentary Group reaffirmed the wisdom of the Congress' decision 10 years ago to establish a formal—but informal—relationship between the United States Congress and the Canadian Parliament. There is no way to measure precisely the benefits that have flowed to either country from that decision since no scorecard is kept on problems solved or prevented. It is clear, however, that each year the discussions help reaffirm our common interests, strengthen the bonds which unite us, bridge our differences, and deepen our understanding of mutual problems. As Prime Minister Trudeau said so eloquently at the opening meeting, there is much we can learn from each other. These annual meetings between legislators of our two countries provide that opportunity and serve to remind us that, notwithstanding our interdependence, we must never take each other for granted.
>
> The Senate delegation is confident that the Canada-United States Interparliamentary Group will continue to make a significant contribution to Canadian-United States friendship and respect in the years ahead.

Honourable senators, these words express clearly the views of the Canadian delegation, and with them I conclude my report to you.

Hon. M. Grattan O'Leary: Honourable senators, I have no wish to spoil by redundancy the clarity and brevity of the admirable report we have just heard from Senator Macnaughton. I thank him for his kindly references to me today and for what appears in the *Hansard* of yesterday, and merely say that while one does not deserve such words of praise, they at least help one to try to deserve them.

I am a very firm supporter of the Canada-U.S. Parliamentary group, because I look

upon it as an exercise in understanding. One of the clearest lessons of human experience is that between nations, as between individuals, friendships must be kept in repair, and that is the true meaning, the true purpose of our parliamentary groups.

Some years ago a famous orator said that all hell would clap for joy if trouble or hostility broke out between the Canadian and American people. I often regret a feeling that is growing in this country—frankly, I believe it began with the Massey Royal Commission Report on Culture, or whatever it was—that to be a good Canadian you have to be anti-American. That, honourable senators, is nonsense and it is dangerous.

Some Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: There are people in this country, unfortunately, who are still fighting the battle of Lundy's Lane. There are some academics who are allowed on "Viewpoint" on the C.B.C., and given $75 as well, and on any night at all they will tell you how we are in peril of being engulfed by some monolithic American culture, how American materialism is affecting us, and how in due course the barbarians are going to pitch their tents among us, which will be the end of everything. That too, honourable senators, is not true; it is nonsense.

In a fairly long life I have had the privilege of speaking to American audiences in every state of the union from Maine to California. I have been Ottawa correspondent for American newspapers. I have written for American periodicals. I have been on six of these Canada-U.S. delegations, and I have known many American legislators. I can say truthfully here that I never once met an American of consequence who wanted to interfere at all with Canada's future. In fact, their attitude is, "Well, for God's sake, we have enough trouble as it is without taking you on." This is true.

Hon. Mr. Flynn: This is wise.

Hon. Mr. O'Leary: That is why I like to see American legislators come among us every two years. And, consider who these men are. They are men like Mike Mansfield, a power in the Democratic Party and a legislator of world renown, and, as mentioned by Senator Macnaughton, the beloved George Aiken, a ranking Republican in the Senate and a man whose conscience and competence have become a legend in his lifetime.

These are the men who in the future are going to deal with American legislation that may affect Canada. We may talk about the State Department—and the Leader of the Government here in this house, I am sure, is very proud of the External Affairs Department—but American legislation that will affect the future of Canada will be passed by the Congress of the United States, and not by the State Department. Hence, the vital importance of getting to know these people.

Personally, I cannot conceive of men like George Aiken and Mike Mansfield—and I could mention a dozen others of power and influence in the Congress of the United States —accepting or supporting legislation which in their hearts and minds they knew to be inimical to the interests of this country. They are just not that sort of people.

I often worry, too, about the attitude of some of our academics—and journalists, I may add. I cannot regret too much the attitude they take toward the United States.

I read the American press. I have read it all my life. It was part of my business. I never see comments in the American press inimical to Canada, and I am sorry to say that I read them every day in the press of Canada.

Honourable senators, whether we like it or not our future destiny is bound up with the people who live in the southern part of this continent. We may accept co-operation with other countries, and we may have our interparliamentary and our Commonwealth groups, but the group that means most to this country and its future is that which includes our American neighbours. They, more than any other people on the earth, will be bound up with our future—and this, I add, whether we like it or not.

The task of this young country in the future is to try, with realism, to understand its position, to understand the limitations of its power, and to understand that it cannot go all over the earth trying to control human behaviour. Much more powerful nations than Canada have tried to do that, and failed.

As Walter Lippman pointed out the other day in that memorable interview, there are big powers now but there are, relatively, no great powers. No one centralized government can control, police, or superintend the activities of peoples all over the earth.

Hon. Mr. Martin: That was a wonderful interview.

Hon. Mr. O'Leary: So, as a young nation, we must walk justly, and love mercy, and seek peace with all the earth, but, above all, we must seek peace with our great neighbours to the south.

People complain that the Americans are trying to bully us, and that they are not good neighbours. These people should go and interview some of the libertarians who live in Czechoslovakia, and ask them if we are not living beside good neighbours. Yes, we should walk justly, love mercy, and seek peace with all the earth, and co-operate with our American neighbours for the good of the whole world.

Hon. Paul Martin: Honourable senators, I just want to make one very brief comment about this matter for a personal reason, primarily.

I was not a member of the committee. At the time I was in the hospital suffering from three cracked ribs—part of the reaction of my visit to Czechoslovakia. When I was in the hospital—

Hon. Mr. Flynn: We did our best to keep an eye on you.

Hon. Mr. Martin: That is right. I am lucky that it was not any more than three cracked ribs. I was amazed that the Leader of the Opposition escaped completely unharmed.

When I was in the hospital, Senator O'Leary was in the hospital at the same time. There was no necessary connection between our two states of convalescence or illness. We were the recipients of visits from Senators Mansfield and George Aiken. Several other members of the delegation from both houses in the United States came to see us. It was a graceful gesture on the part of the senators and congressmen to visit the Leader of the Government in the Senate and his most friendly critic who sits on your Honour's left.

We are grateful to Senator Macnaughton for his report of this meeting. We should not look on this kind of report as a routine proceeding. It is, perhaps, not the kind of report that will make the headlines in the newspapers, but the significance of a report like this must not be lost sight of by those of us who are members of this house. There are not too many countries in the world where members of the legislatures foregather as frequently as they do in the case of the United States and Canada. Anyone who knows the differences that prevail between our two countries—and there are vast differences—will appreciate the significance of these annual confrontations.

Many nations in the world look upon Canada as a satellite of the United States. Anyone who has been concerned with the conduct of foreign affairs in this country knows otherwise. We are no satellite; we do have our separate national purpose; we do have our own foreign policy; we formulate not only our domestic but our foreign policy, in the light of our obligations as we see them, measuring our bilateral relations in our own national interest. And so we are different. Because we have some different national purposes, the friendship between the two countries is on that account all the more significant. Meetings like that reported on today by Senator Macnaughton have great significance.

A very distinguished former Secretary of State for Foreign Affairs in the United States has just written a monumental book *My Days in the State Department*. I am referring, of course, to Dean Acheson who had so much to do in the formulation of American foreign policy as Under Secretary of State during the war and who as Secretary of State under President Truman was responsible for the formulation of foreign policy. This book, I think, is the best written book by any English-speaking statesman since Churchill. I strongly recommend the reading of Dean Acheson's book, which is even more monumental than his other autobiographical sketch *Morning and Noon*. In this book he speaks of Canada, and anyone who reads it will find justification for what I have just said about the differences between our two countries. Certainly no one having read it could say that Canada is a satellite of the United States. I say that because the differences in the approach to some of the important aspects of foreign policy at that time between the two countries, perhaps not always appreciated by Canadians, were, nevertheless, real.

Acheson speaks critically about some of them. He speaks about what he calls "the Boy Scout attitude" of Canada towards the problems of peace and international collaboration. Only a friend could speak that way. Only the Secretary of State of a country deeply involved in friendship with another country could write of that country as he has written of Canada in *My Days in the State Department*. I do not agree with all his conclusions about Canada; I do not think we have anything to take back in our advocacy of the establishment of the State of Israel or our advocacy of the establishment of the United

Nations Emergency Force in Palestine or our support for the Charter of the United Nations and its organizations. Yet, I can speak this way as a member of a government about a former Secretary of State in a neighbouring country without fear that my words will bring undue censure, or in any way impair the good relations between Canada and the United States. Senator O'Leary was right in emphasizing the importance of these relations which are exemplary for all countries; relations involved in the most important aspects affecting any two countries in the world. No two countries have as much economic involvement as the United States and Canada resulting in over $12 billion of trade. There is more trade between our two countries than between the United States and all of Latin America and Europe together. The United States is our best customer. We are their best customer.

It is vital, of course, that in our own national selfish interest we should have a deep involvement one with another and a deep appreciation of one another as Senator O'Leary has emphasized. Our interest in the United States is not only in dollars; we recognize that we are members of the same international community; our friendship for them does not blind us to their errors, from our point of view, in Vietnam or to certain other situations. As one who has lived side by side with them for over forty years, I respect the basic intentions and the basic goodness of the United States.

Gatherings such as this between important members of the Senate Foreign Relations Committee of the United States, important members of the Congress and important members of the Houses of Parliament in Canada are vital and important instruments for mutual understanding, for the discussion of vital problems of concern to our two countries and to the world.

I have risen to say these words because I feel that in this chamber, in this Senate, with the time we have at our disposal, with the problems that are confronting our two countries and the world generally, we miss a great opportunity if we do not regard our time in discussing these matters as worth while and valuable.

There may be no decisions reached as a result of our discussions on these matters, but we are not going to resolve the problems of our time by leaving the discussion to the television commentators and the Canadian public alone. I look at the television day after day and see where "the great debate" is taking place. It is not in this house, it is not in the other place: it is taking place on television, often times by ill-informed commentators. I wish we would develop a tradition to regard these questions as our foremost preoccupation.

I did not intend to engage in this discussion. I hope I did not overstate my case, but I do feel very strongly about these matters. I am very grateful to Senator Macnaughton for his report and for the inspiration which Senator O'Leary gave me to say these things.

FOREIGN AFFAIRS

ACTIVITIES OF STANDING SENATE COMMITTEE ORDER STANDS

Hon. Donald Cameron: Honourable senators, due to the absence through illness of Senator Aird, who has prepared an excellent paper on the activities of the Foreign Affairs Committee, I beg leave to present the paper on his behalf.

Hon. Mr. Choquette: Honourable senators, we have had quite an afternoon, all of the "same dish," and I am wondering if we are not being over-zealous. We must keep something for next week. If we expend all our energies today we will be too tired next week. I suggest that we let this item stand.

Hon. Mr. Leonard: In view of the fact that Senator Aird prepared the paper and asked Senator Cameron to deliver it for him, because of his own illness, out of respect for and in deference to Senator Aird, I think we should hear Senator Cameron now.

Hon. Mr. Flynn: It is a precedent, however, to give leave to a senator to speak on behalf of another. I am not at all keen on this new method of doing things. If Senator Aird is not able to be here, I do not see why someone else should recite his speech for him. If Senator Cameron has something to say on the matter himself—and I do not mean merely reciting the speech of another—that is one thing; but this is an entirely new procedure, and I would not like to agree to it before we have discussed the principle involved.

Hon. Mr. Cameron: I realize it is late and I sympathize with Senator Choquette's view. It may be that Senator Aird will be well again when the Senate meets next week, in which case I would be happy to have him present the paper himself, but that is your

decision. If you wish me to go ahead now, I would be quite happy to do so, and would be honoured to read what is an excellent paper.

Hon. Mr. Flynn: I have no doubt it is, but this is a precedent that worries me. We have always been reluctant to give leave to a senator to have his speech reproduced in *Hansard* without being delivered in this chamber, and now we would be giving permission to a senator to recite the speech of another. I do not like this idea at all.

Hon. Mr. Martin: I must say that I had not thought of the point the Leader of the Opposition has just raised. He and I had discussed the agenda for this week together—

Hon. Mr. Flynn: Oh yes.

Hon. Mr. Martin: —and included in our workload was to be this report by the Chairman of the Foreign Affairs Committee.

I know Senator Aird was anxious to take part in this debate today. I drove him home last night. He was not well at that time. It is not serious. Today he is under doctor's orders because of a very bad cold. He called me several times earlier today but I was not able to contact him because I was in Cabinet. Finally, I received a message that he had asked Senator Cameron, a distinguished member of the Foreign Affairs Committee, to make the report. I am sure we are all agreed that if there had to be a substitute, no one better could have been selected.

Hon. Mr. Flynn: I am in full agreement with that.

Hon. Mr. Martin: Now the senator has agreed with the suggestion that he should not go on. I hope Senator Leonard does not think I am crossing him up.

Hon. Mr. Leonard: No. Senator Flynn's point is well taken.

Hon. Mr. Martin: This is a report for this present session. The session will come to an end some time next Wednesday, and there will be an opportunity when we assemble that day at 3 o'clock for Senator Aird to make this report. It should be made this session and not in the next.

Hon. Mr. Flynn: It would be better, but I do not see that there is any real difficulty in Senator Aird giving us his report even after the commencement of the new session because, for instance, during the debate on the Speech from the Throne you have all the latitude—

Hon. Mr. Martin: That is right.

Hon. Mr. Flynn: —you want to deliver such a speech. Otherwise, I am sure that none on this side will object to Senator Aird giving us his report during the next session, if he cannot make it next week.

Hon. Mr. Martin: While it could be made next session, it would be better to make it this session.

Hon. Mr. Flynn: Of course.

Hon. Mr. Martin: With that in mind, I wonder if I could express my warmest apreciation to Senator Cameron for his willingness to undertake this task? I am sure that he and I will be able to explain the situation to Senator Aird; and we can only hope that the remedies provided by Senator Aird's doctor will enable the senator to be here when we meet next Wednesday.

Hon. Mr. Roebuck: I hope it is understood that we are not making any decision in this matter for the future, as to the right of one senator to speak on behalf of another senator who is here but is unable to speak at the moment.

I have in mind an occasion on which I was myself involved in this way. I was half way through a speech but I had to desist.

Hon. Mr. Choquette: And Senator Croll continued for you.

Hon. Mr. Roebuck: Yes, Senator Croll took my notes and finished delivering my speech for me the next day. Were we to pull the lines very closely against a procedure of that kind, that would be out of order. I think it would be ridiculous to make it out of order. Should Senator Aird not be able to make this speech himself in the near future I would not like to see any lines drawn so closely that the speech would be excluded from our record.

Hon. Mr. Flynn: I am just raising the question. I do not want a decision at this time, but I would like us to think about that.

Hon. Mr. Roebuck: The question was well taken. It is only in special circumstances that we will permit a thing of that kind, but we are not ruling it out completely.

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, with leave of the Senate, I move that when the Senator adjourns today it do stand adjourned until Wednesday next, October 22, 1969, at 3 o'clock in the afternoon.

Hon. Mr. Flynn: Would the honourable Leader of the Government indicate to us the program for next week? I understand that this session is to be prorogued on next Wednesday, and that the new session will commence on the following day.

Hon. Mr. Martin: Honourable senators, on Wednesday next, October 22, the Senate will meet at 3 p.m. One of the reasons why we must meet is to enable His Honour the Speaker to inform us of the intention of the deputy to His Excellency the Governor General to arrive in this chamber at 4.45 p.m. on that day for the purpose of proroguing the First Session of the Twenty-eighth Parliament.

Since we are meeting at 3 o'clock in the afternoon next Wednesday, the Chairman of the Senate Committee on Foreign Affairs (Hon. Mr. Aird) could make the statement which he had hoped to give today.

Following the tabling of documents, and the disposition of other business, the House will adjourn until the call of the bell at approximately 4.30 p.m., and when we have assembled at that time we will adjourn during pleasure to await the arrival of the honourable the Deputy to His Excellency the Governor General, when we will have the Prorogation Speech.

On the following day we will meet at 10.30 a.m. when the new session will be opened by the reading of the Speech from the Throne by His Excellency the Governor General. In the afternoon of that day the mover and seconder of the motion for an Address in reply to the Speech from the Throne will deliver their speeches. I will then propose that we adjourn until Tuesday of the following week so that the honourable the Leader of the Opposition (Hon. Mr. Flynn) will be enabled to frame his traditional indictment of the administration, if he feels it to be warranted in this instance. I suspect he will not need much time because there does not seem to be any occasion for an indictment against the administration these days.

Hon. Mr. Flynn: That is the only problem. If I have to say all that has to be said against the Government then I suggest we adjourn for ten days so that I do have the necessary time.

Motion agreed to.

COMPANY OF YOUNG CANADIANS

QUESTION OF ALLEGED SUBVERSIVE ACTIVITIES

On the Orders of the Day:

Hon. Jacques Flynn: Honourable senators, I have a question to ask of the honourable Leader of the Government (Hon. Mr. Martin). In view of the fact that the Company of Young Canadians has had certain charges made against it, as everybody knows, by Mr. Lucien Saulnier, the Chairman of the Executive Committee of Montreal, and in view of the apparent reluctance of the Government to appoint a royal commission to investigate the charges made against this corps, has the honourable Leader of the Government thought of creating a special committee of the Senate to deal with this matter, or of referring the matter to a committee such as the Senate Committee on Legal and Constitutional Affairs?

This is an area in which we might possibly help the Government out, having regard to the controversy that has arisen over the method of dealing with this very acute problem.

Hon. Mr. Martin: Honourable senators, what the Senate does, of course, is a matter for the Senate, but the Secretary of State, under whose jurisdiction the Company of Young Canadians comes, has already replied to Mr. Saulnier. I can assure my honourable friend, the Leader of the Opposition, that the Government is fully aware of the situation. At the appropriate moment the Secretary of State may have something further to say.

Hon. Mr. Flynn: Perhaps the honourable Leader of the Government would pass my suggestion on to him.

Hon. Mr. Martin: I shall pass on to the Secretary of State the well-meaning words of Senator Flynn.

GRAIN MOVEMENT

AVAILABILITY OF BOX CARS

On the Orders of the Day:

Hon. Hazen Argue: Honourable senators, I should like to ask a question of the distinguished Leader of the Government in this house. It arises out of the very grave and

continuing crisis on the Prairies occasioned by the almost total absence at this time of box cars for the delivery of grain. The demand that is heard most often is for a supplementary cash advance to be made by the Government. I bring this forward now because it is an urgent matter, and because I have been asked by many people who are directly involved to raise my voice.

I ask the honourable Leader of the Government whether he can make some comment on this particular point, and whether he is able to give encouragement to the people on the Prairies by saying that an early announcement will be forthcoming from the Government on the various policies which it expects to adopt in regard to alleviating this very grave crisis.

Hon. Paul Martin: Honourable senators, I do not think that a cash payment, or a subsidy, at this time would serve as a solution to the problem of the availability of box cars. I do not know how that in any way would help the current situation. But, I will bring to the attention of the Minister of Transport and the Minister of Agriculture the question which my honourable friend has asked.

I should like to say in regard to the general situation in western Canada arising out of the large grain surplus, that it is wrong for any section of Canada to feel that its problems are not understood or not fully appreciated by the rest of the country. I can fully understand how people in western Canada feel. Senator Argue himself gave me an opportunity, when I visited in his area recently, of seeing something of the problems of the western farmer, as the Prime Minister has seen them recently, and as other members of the cabinet see them continuously. I can assure this house that we in the Government are aware of these problems, and are anxious to do what we can towards solving them. The matter is one that continually receives the attention of the Government of Canada. The people of western Canada need not feel that they are alone in the consideration of this problem, which is one that we all regard as vital and important to them.

Hon. Mr. Argue: I have a supplementary question. I do not want to place the honourable Leader of the Government—

Hon. Mr. Flynn: This is a very nice debate.

Hon. Mr. Argue: —on the spot unduly, but I wonder whether, without breaking any cabinet confidence, he can give some assurance that an early announcement will be made regarding additional policy in this matter. I have seen something to this effect in the press, and I wonder if the leader has some comments to make on it.

Hon. Mr. Martin: I would prefer to leave the definitive reply to the appropriate minister. I am sure that the honourable senator appreciates this completely.

Hon. Mr. Grosart: Maybe you can get him here.

Hon. Mr. Martin: That is quite possible, but I think that one of the factors of this situation has been the failure of many of us, including myself, to acquaint western Canada with the very positive steps that have been taken by the Government.

Hon. Mr. Phillips (Prince): We still prefer box cars.

OMBUDSMAN COMMITTEE

REFERENCE OF SUBJECT-MATTER TO STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

On the order:

> Resuming debate on the motion of the Honourable Senator Croll, seconded by the Honourable Senator Roebuck, that the Senate considers it desirable to establish at an early date a committee of the Senate to be known as the "Ombudsman Committee".—(Honourable Senator Langlois).

Hon. Paul Martin: Honourable senators, would Senator Langlois yield to me?

Hon. Mr. Langlois: Yes.

Hon. Mr. Martin: Honourable senators, I move that the subject-matter of this resolution be referred to the Standing Senate Committee on Legal and Constitutional Affairs for further examination.

Hon. Hazen Argue: Honourable senators, I think the fact that the leader has moved this motion is a very important indication, at least to me, that the Senate is going to move forward along the lines expressed in the motion. This has been under debate for a long time. Senator Croll has been asking that this kind of action be taken, but what bothers me is the

fact that this motion is being passed with this session almost at the end. It would seem to me that the only importance here, and it should be of great importance, is that it is an indication that the Senate will be doing something in the next session, but unless I read the rules wrongly this order would die with the session.

Hon. Mr. Flynn: One way or another.

Hon. Mr. Choquette: We will give it a first-class burial.

Hon. Mr. Argue: I know it is dead now, but I am just wondering why—

Hon. Mr. Flynn: It is a more dignified way of burying it.

Motion agreed to.

CANADIAN NATIONAL RAILWAY

GREAT SLAVE LAKE RAILWAY—LOSSES TO CONTRACTORS——ORDER STANDS

On the order for resuming the adjourned debate on the inquiry of Hon. Mr. Argue:

> That he will call the attention of the Senate to the large losses suffered by contractors in construction of the Great Slave Lake Railway and to the extreme hardship and financial burden placed on the contractors due to the unnecessary and oppressive use by the Canadian National Railway of clause 16 of the construction contract;
>
> To the completion of the Great Slave Lake Railway ahead of schedule and at less than the estimated cost which was accomplished in substantial measure by the exploitation of the contractors and resulted in the loss to the contractors of many millions of dollars, such loss in certain instances having resulted in the bankruptcy and the financial destitution of contractors who at the commencement of the building of the Great Slave Lake Railway were solvent progressive companies with proven records of efficiency in the construction business; and
>
> To the responsibility for these losses which is that of the Government of Canada inasmuch as the Canadian National Railway (an agent of Her Majesty) and those engaged in the construction of the Great Slave Lake Railway were carrying out the expressed wishes of Parliament as set forth in chapter 56 of the Statutes of Canada, 1961.

Hon. Paul Martin: Honourable senators, why does the honourable senator not go ahead with his inquiry? I should have thought that the young and able senator would have felt that this was the occasion for a first-class speech.

Hon. Mr. Choquette: Do not provoke him.

Hon. Mr. Argue: I do not want to proceed with it at this time, but it is an important question.

Hon. Mr. Martin: He is just rising because of my good-natured baiting of him.

Hon. Mr. Argue: I thought I might reply to the leader as to why I have not urged that there be a debate on this earlier. The House of Commons committee, as honourable senators will know, has had this very subject under consideration. I had hoped earlier that the Commons committee would undertake this inquiry because that seemed to be the appropriate place. If action were to be taken it would seem to me that it might better come from a committee of the House of Commons. If any compensation, restitution or concrete measure of justice was to be brought about it would seem that the House of Commons committee was the place to do it. It has been before that House of Commons committee for weeks and for months. The committee has failed to make a report. The Commons committee, I understand, will be meeting early next week, but I say here that I am fearful that the Commons committee is going to do a whitewash job and is not going to bring about the kind of justice that is required. I have observed the Commons committee. I have sat and listened to its proceedings. I shall be prepared to—

Some Hon. Senators: Order.

The Hon. the Speaker: May I ask the honourable Senator Argue to try to avoid saying anything which might reflect on the other place. This has been the practice from time immemorial and he will understand, I am sure, that it should not be violated.

Hon. Mr. Argue: I understand, Mr. Speaker. I thank you for your comments. I just want to say that if after the conclusion has been taken by the other committee I feel that justice has not been served, then I would be quite pleased to see the Senate take further action. I would be quite pleased to see an undertaking made by some legislative body outside Ottawa which has or which may feel

it has a direct concern in what has happened in this whole jurisdiction. In other words, if appropriate action does not appear to be taken by the Government of Canada and by the legislature of Canada, that action may be taken by members of a legislature outside Ottawa.

Hon. Mr. Martin: There is certainly no one who fights harder for the western farmer than the senator who has just spoken.

Hon. Mr. Flynn: There was a time when the Leader of the Government was the official opposition critic on agriculture, and he was doing a fair job.

Hon. Mr. Argue: He was a very good one.

Order stands.

The Senate adjourned until Wednesday, October 22, 1969, at 3 p.m.

29234—118

THE SENATE

Wednesday, October 22, 1969

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

Prayers.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that he had received the following communication:

GOVERNMENT HOUSE
OTTAWA

17th October 1969

Sir,

I have the honour to inform you that the Right Honourable John R. Cartwright, P.C., M.C., Chief Justice of Canada, in his capacity as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber at 4.45 p.m. on Wednesday, October 22nd, for the purpose of proroguing the First Session of the Twenty-eighth Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau
Brigadier General
Assistant Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report, dated March 31, 1969, and entitled "Toward Unity: Criminal Justice and Corrections", submitted by the Canadian Committee on Corrections to the Solicitor General of Canada. (English and French texts).

Report of the Northern Canada Power Commission, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 24 of the Northern Canada Power Commission Act, chapter 196, R.S.C., 1952, as amended by Chapter 42, Statutes of Canada, 1956, and sections 85(3) and 87(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (French text).

Copies of Orders in Council P.C. 1969-903 and 1969-904, dated May 6, 1969, authorizing the manner in which Fishing Bounty may be distributed for the fiscal year ended March 31, 1969, together with a Statement of such payments for the said year, pursuant to section 4 of the Deep Sea Fisheries Act, chapter 61, R.S.C., 1952. (English and French texts).

Report of the Superintendent of Insurance for Canada, Volume 1—Abstract of Statements of Insurance Companies in Canada for the year ended December 31, 1968, pursuant to section 9 of the Department of Insurance Act, chapter 70, R.S.C., 1952. (English and French texts).

Report of Operations under the Farm Improvement Loans Act for the year ended December 31, 1968, pursuant to section 13 of the said Act, chapter 110, R.S.C., 1952. (English and French texts).

Report on the Administration of the Small Businesses Loans Act for the year ended December 31, 1968, pursuant to section 11 of the said Act, chapter 5, Statutes of Canada, 1960-61. (English and French texts).

Statement of Expenditures and Financial Commitments made under the Veterans' Land Act, for the fiscal year ended March 31, 1969, pursuant to section 42 of the said Act, chapter 280, R.S.C., 1952. (English and French texts).

Statement of Apportionment and Adjustments of Seed Grain, Fodder for Animals and Other Relief Indebtedness for the period September 13, 1968 to October 22, 1969, pursuant to section 2 of An Act respecting Certain Debts due the Crown, chapter 51, Statutes of Canada, 1926-27. (English and French texts). Nil Return.

Statement concerning Refunds under The Refunds (Natural Resources) Act, for the period September 13, 1968 to October 22, 1969, pursuant to section 3 of the said Act, chapter 35, Statutes of Canada, 1932. (English and French texts). Nil Return.

Capital Budget of the National Battlefields Commission for the fiscal year ending March 31, 1970, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952 (English and French texts), together with a copy of Order in Council P.C. 1969-1107, dated May 27, 1969, approving same. (English text).

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952 (English and French texts), together with Order in Council P.C. 1969-306, dated February 18, 1969, approving same. (English text).

Copy of Table of Public Ordinances of the Northwest Territories—1956-1969 (Second Session). (English text).

Copies of Ordinances, Chapters 1 to 32 inclusive, passed by the Council of the Northwest Territories at its 39th Session, held in Yellowknife, Northwest Territories, in June 1969, pursuant to section 15 of the Northwest Territories Act, chapter 331, R.S.C., 1952, as amended 1953-54, together with a copy of Order in Council 1969-1874, dated September 24, 1969, approving same. (English text).

Report of Expenditures and Administration in connection with the Family Allowances Act for the fiscal year ended March 13, 1969, pursuant to section 14 of the said Act, chapter 109, R.S.C., 1952, as amended. (English and French texts).

Report of Expenditures and Administration in connection with the Old Age Security Act for the fiscal year ended March 31, 1969, pursuant to section 12 of the said Act, chapter 200, R.S.C., 1952. (English and French texts).

Report of Expenditures and Administration in connection with the Youth Allowances Act for the fiscal year ended March 31, 1969, pursuant to section 13 of the said Act, chapter 23, Statutes of Canada, 1964-65. (English and French texts).

Report on the Administration of Allowances for Blind persons in Canada for the fiscal year ended March 31, 1968, pursuant to section 12 of the Blind Persons Act, chapter 17, R.S.C., 1952. (English and French texts).

Copies of a contract between the Government of Canada and the Municipality of Neepawa, Manitoba, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter 54, Statutes of Canada, 1959. (English text).

Report on the Administration of Old Age Assistance in Canada for the fiscal year ended March 31, 1968, pursuant to section 12 of the Old Age Assistance Act, chapter 199, R.S.C., 1952. (English and French texts).

Report relating to the Administration of the Farmers' Creditors Arrangement Act for the fiscal year ended March 31, 1969, pursuant to section 41(2) of the said Act, chapter 111, R.S.C., 1952. (English and French texts).

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1969, pursuant to section 9 of the Department of Veterans Affairs Act, Chapter 80, and section 4(2) of the Pension Act, chapter 207, R.S.C., 1952, including the Report of the War Veterans Allowance Board for the same period. (English and French texts).

Report of the Superintendent of Insurance for Canada on Co-operative Credit Societies for the year ended December 31, 1968, pursuant to section 56 of the Co-operative Credit Associations Act, chapter 28, Statutes of Canada, 1952-53.

Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders licensed under the Small Loans Act, for the year ended December 31, 1968.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Fire and Casualty Insurance Companies and of Accident and Sickness Insurance transacted by Life Insurance Companies in Canada for the year ended December 31, 1968, pursuant to section 9 of the Department of Insurance Act, chapter 70, R.S.C., 1952. (English and French texts).

Report on the Administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1968, pursuant to section 12 of the Disabled Persons Act, chapter 55, Statutes of Canada, 1953-54. (English and French texts).

Report of the Industrial Pensions and Annuities Branch of the Department of Labour on Operations under the Government Annuities Act for the fiscal year ended March 31, 1969, pursuant to section 16 of the said Act, chapter 132, R.S.C., 1952. (English and French texts).

Report of the Economic Council of Canada, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 21(1) of the Economic Council of Canada Act, chapter 11, Statutes of Canada, 1963, and section 85(3) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1969, pursuant to section 7 of the Fisheries Prices Support Act, chapter 120, R.S.C., 1952. (English and French texts).

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the Financial Statements of the Board, for the fiscal year ended March 31, 1969, pursuant to section 15 of the Queen Elizabeth II Canadian Research Fund Act, chapter 33, Statutes of Canada, 1959. (English and French texts).

Copies of Capital Budgets of Eldorado Nuclear Limited and Eldorado Aviation Limited for the year ending December 31, 1969, pursuant to section 80(2) of the Financial Administration Act, chapter 116, R.S.C., 1952, together with a copy of Order in Council P.C. 1969-949, dated May 8, 1969, approving same. (English text).

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1968, pursuant to section 10 of the Department of National Health and Welfare Act, chapter 74, R.S.C., 1952. (English and French texts).

Report of the Department of Labour for the fiscal year ended March 31, 1969. (English and French texts).

Report of the Unemployment Insurance Advisory Committee for the fiscal year ended March 31, 1969, pursuant to sections 89(1) and 90(2) of the Unemployment Insurance Act, chapter 50, Statutes of Canada, 1955. (English and French texts).

Report of the Department of Transport containing a Statement of Wharf Revenue Receipts and a Statement of Harbour Dues for the fiscal year ended March 31, 1968, pursuant to section 14 of the Government Harbours and Piers Act, chapter 135, R.S.C., 1952. (English text).

Copies of the White Paper on Veterans Pensions, dated August 1969. (English and French texts).

Order in Council P.C. 1969-1446, dated July 17, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to Zeljeznicko Transportno Preduzece, Sarajevo, Yugoslavia, for the purchase of diesel-electric locomotives, spare parts and services from Diesel Division, General Motors of Canada Limited, London, Ontario, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1447, dated July 17, 1969, amending Order in Council P.C. 1969-579, dated March 20, 1969, which authorized, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the Organization of Telecommunications of Greece, Ltd., Athens, Greece, to assist an export sale to the said Organization by Northern Electric Company, Limited, Montreal, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1491, dated July 24, 1969, authorizing, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to Compania Dominicana de Telefonos C. por A., Santo Domingo, Dominican Republic, for the purchase of telecommunication goods and related services from Automatic Electric (Canada) Limited, Brockville, Ontario, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1519, dated July 29, 1969, amending Order in Council P.C. 1969-1447, dated July 17, 1969, which authorized, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance

Corporation to the Organization of Telecommunications of Greece, Ltd., Athens, Greece, to assist an export sale to the said Organization by Northern Electric Company, Limited, Montreal, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1548, dated July 31, 1969, authorizing under section 21 of the Export Credits Insurance Act, contracts of insurance by the Export Credits Insurance Corporation for the sale of 200,000 tons of Canadian wheat to the Empresa Publica de Servicios Agropecuarios y Pesqueros of Lima, Peru, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1551, dated July 31, 1969, amending Order in Council P.C. 1969-951, dated May 8, 1969, which authorized, under section 21A of the Export Credits Insurance Act, long-term financing by the Export Credits Insurance Corporation to the Ministry of Post, Telephone and Telegraph of the Government of Iran, to assist an export sale to the said Ministry by RCA Limited, Montreal, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1672, dated August 27, 1969, amending Order in Council P.C. 1969-1251, dated June 19, 1969, by authorizing a change in the name of the borrower in connection with long-term financing by the Export Credits Insurance Corporation, under section 21A of the Export Credits Insurance Act, for an export sale by Hawker Industries Limited, Toronto, Ontario, to the Government of Peru, pursuant to section 21B of the said Act, chapter, 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1699, dated August 27, 1969, amending Order in Council P.C. 1969-889, dated May 1, 1969, by extending the expiry date on the long-term financing by the Export Credits Insurance Corporation, under authority of section 21A of the Exports Credits Insurance Act, to Nacional Financiera, S.A., Mexico, D.F., Mexico, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Order in Council P.C. 1969-1836, dated September 24, 1969, amending Schedule D to the Financial Administration Act, by adding thereto the following Crown corporation: "Export Development Corporation", pursuant to section 76(3) of the said Act, chapter 116, R.S.C., 1952. (English and French texts).

Order in Council P.C. 1969-1837, dated September 24, 1969, designating the Minister of Industry, Trade and Commerce as the appropriate Minister with respect to the Export Development Corporation, pursuant to section 2(a) of the Financial Administration Act, chapter 116, R.S.C., 1952. (English and French texts).

Order in Council P.C. 1969-1839, dated September 24, 1969, authorizing, under section 21 of the Export Credits Insurance Act, contracts of insurance by the Export Credits Insurance Corporation for the sale of 150,000 tons of Canadian wheat to the Philippine Association of Flour Millers Inc. of Manila, Philippines, pursuant to section 21B of the said Act, chapter 105, R.S.C., 1952, as amended 1960-61. (English and French texts).

Report of The Canada Council, including its Accounts and Financial Statements certified by the Auditor General, for the fiscal year ended March 31, 1969, pursuant to section 23 of the Canada Council Act, chapter 3, Statutes of Canada, 1957. (English and French texts).

Report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1969, pursuant to section 31 of the Broadcasting Act, chapter 25, Statutes of Canada, 1967-68. (English and French texts).

Report of Panarctic Oils Ltd. for the 18-month period ended June 30, 1969, together with its Accounts and Financial Statements certified by the Auditors for the fiscal year ended September 30, 1968. (English text).

FOREIGN AFFAIRS

ACTIVITIES OF STANDING SENATE COMMITTEE

Leave having been given to call the attention of the Senate to the work of the Standing Senate Committee on Foreign Affairs:

Hon. John B. Aird: Honourable senators, before I present my somewhat formal report I

consider it most appropriate that I add my voice to the tributes that have been made to our late colleague, Senator "Solly" Thorvaldson. He was a true friend, a distinguished senator and of great assistance to me in the work of this committee. As a matter of fact, less than a week before he died he wrote to me and asked how I was feeling. This is the kind of man he was. I, therefore, wish most humbly to add my words to those that have already been said.

Honourable senators, I also wish to thank the Honourable Donald Cameron for his efforts on my behalf when I was absent because of illness last week. I am very pleased to say that I am now well and healthy, and able to make my report today. I consider it proper that I record my gratitude to Senator Cameron.

Honourable senators, five months ago the Standing Senate Committee on Foreign Affairs was privileged to hear the Right Honourable Lester Pearson as a witness in its continuing hearings covering Canada's relations with the Caribbean. At that time Mr. Pearson was in the course of preparing a report for the World Bank on the current conditions and future prospects for economic aid and co-operation between developed and developing nations. In effect, therefore, on May 6 last Mr. Pearson gave us a preview—and I have a copy of the final report with me today—of the material that he and his distinguished colleagues were preparing for that body. I do not pretend to have read it in detail, but I have read reviews of it and the conclusions. I have also read its recommendations concerning strategy.

Honourable senators will know that the Pearson Report, entitled "Partners in Development," was presented to a joint meeting of the World Bank and the International Monetary Fund in Washington some three weeks ago. It is a remarkable document, both for the wealth of information it provides and for the persuasive marshalling of its arguments. In brief, it calls for the achievement of the United Nations' goal of 1 per cent of developed countries' gross national product for foreign aid by 1975. This is quite a task. Canada is one of the very few donor nations to have publicly accepted this goal, a policy commitment made by Mr. Pearson himself during his tenure as Prime Minister. If we are now to accept the deadline set by his committee, we must triple—and I underline triple—all forms of private and public aid and investment, to more than $900 million within five years. Of this amount, official grants and soft loans must comprise 70 per cent, or $630 million. To give you a direct comparison with the projected figure for 1975 of $630 million, which is a component of the $900 million figure, last year Canadian grants and soft loans totalled less than $185 million. I should add that this is a net figure, but in effect that is the comparison.

As a general summary of the report, Mr. Pearson referred in his Washington speech to the two choices facing the so-called wealthier nations. He said:

> We may support slow, halting growth in an environment of desperation with declining levels of assistance and embittered international relations. Or we may sustain—

I think this is what we must do—

> —growth as part of a positive, concerted campaign to accelerate and smooth the absorption of the technological revolution in the poorer countries with a reasonable chance that the spirit of shared concern and effort will reduce the frictions and the dangers, and facilitate and expedite positive results.

Honourable senators, the Pearson Report of course deals with the relations of all developed countries with all developing areas. The Senate Foreign Affairs Committee is primarily concerned at this time with the relations between one developed country—Canada—and one developing area—the Caribbean. Still, a number of the insights and recommendations in "Partners for Development" are particularly relevant to the questions your committee is now considering.

To give you some examples of its relevance, we will soon be hearing witnesses on the subject of private Canadian investment in the Caribbean. Canadians have invested more than $500 million in the area, a very significant sum for a region the size of the West Indies. I happen to think that figure is factually low, but it is the figure I have been given. Are these individuals and corporations contributing to manpower training, local industry and national growth? Would they be willing to place their money in the Caribbean without substantial protection, incentives and concessions? The Pearson Report suggests that they must.

The British Caribbean is currently setting up a Regional Development Bank. The Pearson report says that such institutions deserve greater support.

One of Canada's priority aid commitments in the Caribbean is in the field of education. The Pearson report insists that new research must be done in methods of teaching in developing countries, and in increasing their ability to absorb and put to use scientific and technological knowledge. Canada allocates and disburses aid on a year-to-year, project-to-project basis. The report calls for three-year budgets for programs as well as projects. The emphasis is on programs instead of projects.

The overview presented by the Pearson Report is a general concern for all donor countries and all recipients. In my opinion it provides an illuminating backdrop against which your committee can examine a specific relationship of interest and concern to Canada, and I do not restrict this only to the Caribbean. As I said when we introduced this subject, the Caribbean happened to be our first choice but there are a number of other areas that should and will command our attention. In turn, what we may learn from this investigation should have meaning for the Canadian aid and investment policy as a whole.

Why did we choose to begin with the Caribbean? Well, there are a number of good reasons, and I shall give but a few.

The Caribbean is one of our most proximate neighbours. It is an area where we have been traditionally involved; an area where our public and private investment is of major consequence; an area of a size which can be fairly analyzed and readily comprehended.

Within the Caribbean we have several hundred islands, with an inefficiently and inequitably distributed population of some 20 million people—people with different traditions, different origins and different customs; people with heightened ambition, sparked by proximity to North America, and people with, to use the modern phrase, rising expectations; people who contain within themselves a potential for unrest and upheaval that must attract Canada's attention if we aspire to a leading role in the battle against poverty and hunger.

There is no need to review the disturbances of Cuba, the Dominican Republic and Haiti. They have reverberated around the world. The name of Anguilla, an island of 6,000 people, is now known to millions. The racial and economic tensions in Jamaica, and the ideological confrontation in Guyana, have occupied hundreds of newspaper columns.

Among the islands, Canada is known as a friend and is respected as a nation without an imperialist history and without colonial ambitions. We can count on a reserve of goodwill there, a reserve which we are bound to draw on if we can help maintain stability and prevent further eruptions.

Our most immediate sphere of interest, and the area where your committee has concentrated its attention, is among the territories with a British tradition. Here we have trade and financial interests dating back hundreds of years to the days when we traded cod for molasses and rum. The area, stretching from the Bahamas to Trinidad and Guyana, has become a market for well over $100 million a year in Canadian exports. Our commercial banks and insurance companies are among the most important financial institutions in the region. We provide a good proportion of air and sea transport to and from the area. Canadians, as tourists, leave millions of dollars of needed foreign exchange there each year. Our businessmen are in the forefront of resource and land development.

This close relationship to which I have just referred was recognized formally in a trade and assistance agreement negotiated in 1920, and updated at the Canada-Commonwealth Caribbean Conference held in Ottawa in 1966. And though for many years Canada's aid to the Caribbean was concentrated in transport, we started a much broader program of assistance some five years ago. In that brief period our official aid commitment in the West Indies has grown from $2 million a year to $22 million. That is a most remarkable increase: $2 million a year five years ago; $22 million a year today.

This impressive surge of interest is not difficult to understand. The proximity of the area and its comprehensible size make this an easily understood fact. But, perhaps even more important—and this I wish to emphasize—we have come to accept a role in the Caribbean which the islands themselves expect us to play; which the United States, with its large commitments elsewhere, has been reluctant to assume; and which Britain, beset by its many problems both at home and abroad, apparently has been anxious to give up.

The growing involvement of Canadian private interests in the region is another factor which affects our commitment there. For the Canadian businessman, the market in the Caribbean is fast growing in size and importance.

To give some examples, Puerto Rico and Curacao are already the wealthiest areas per capita in all of Latin America, and Jamaica and Trinidad are not far down the list. The recently established Caribbean Free Trade Association has drawn five million people into an economic union that has the potential for rationalizing markets and, hopefully, spreading prosperity. The Caribbean Development Bank, now being formed by the ten CARIFTA partners, promises a vigorous boost to industrialization and development generally.

Therefore my conclusion is that unquestionably we do care about the Caribbean. Our aid and technical assistance have been increasing. Canadian investment in the area is burgeoning. We have demonstrated our willingness to accept immigrants and students.

When disasters have struck or emergencies have arisen, Canada has been among the first to provide relief and assistance. For example, early this year the major power station in Antigua broke down. Canadian generators were on their way to the island within days. When the recent Air Canada strike threatened the vital tourist industry of the eastern Caribbean, permission was speedily granted for British West Indian airways to fly into Toronto.

The question thus resolves itself: Yes, we do care. But do we care enough? Are our programs and responses related to the best interests of the Caribbean and, ultimately, of Canada-Caribbean harmony? Are we truly partners in development?

Our Governor General undertook a goodwill tour of the area, and he was received as only a British royal visitor had been before. But we have done very little to try to explain the rights and wrongs arising from the disastrous Sir George Williams incident, in which many West Indian students were involved. As Canadians, we have no doubt that our courts will render fair and impartial judgment in the cases arising from this unfortunate incident, but we presume too much if we believe that the same confidence exists in the West Indies. I understand, in fact, that this has been an emotional and much misunderstood issue in the region. Justice will be done, certainly, but on this and on other problems we must have the purpose and patience to communicate with the Caribbean. Justice must be seen to be done.

Can the people of Barbados, to take one more case, believe that we care enough when we do not care to be officially represented there? Canadians own three of the four major banks in Barbados, and many of the hotels. Our people are among the most faithful and frequent visitors to the island. Conversely, Barbados maintains three offices in Canada. The United States, Britain, and even nationalist China, maintain embassies in Barbados, but Canada does not.

There are many other questions and problems of moment and importance upon which your committee hopes to be able to give guidance. What can be done to mitigate the crippling brain drain which sees Canada, with other developed nations, drawing the best educated West Indians away from their homelands? Are Canadian commercial interests behaving in the Caribbean in the way we would have foreign companies conduct themselves in Canada? Should Canada offer a special preferential trade arrangement to the islands?

Witnesses before the Senate Committee on Foreign Affairs have proposed several additions or improvements to Canada's program of aid and development in the area. We have considered a suggestion that the Government sponsor an overseas development corporation, which would provide capital and management services for commercial ventures proposed by Caribbean entrepreneurs and businessmen. The committee has been urged to respect the fear in the islands of economic domination, and to make a conscious effort to help introduce locally-owned financial institutions. We have heard a well-argued case from the man who subsequently became Secretary General of the Caribbean Free Trade Association, to whom I have referred—and some honourable senators will recall Mr. Demas when he appeared before the committee—for overall program aid rather than assistance for individual projects.

This brings me back to the Pearson Report which, as I said in my introductory remarks, calls for programs rather than projects.

These are all interesting and useful ideas which deserve, and are getting the closest scrutiny. Your committee is absolutely certain of one thing, namely that we cannot afford to ignore the needs and aspirations of an area that is on our doorstep, that has been historically a friend, that represents a growing market, and many of whose institutions are already Canadian.

Honourable senators, I should like now to indicate the general course which your committee will be following over the next several months. During November we expect to conclude the hearings related to the Government's involvement with the Caribbean. Mr. Maurice Strong, the Director General of the Canadian International Development Agency, has kindly consented to appear before the committee on November 4 next. I need not belabour the fact that CIDA's contribution is central to the good relations existing between Canada and the Caribbean. We expect that this meeting will be among the most important we will have on this subject.

We have scheduled a meeting on November 18 with representatives of the Department of External Affairs, and we are hopeful that the Minister, the Honourable Mitchell Sharp, will be able to attend.

In the latter part of November and through December we will be examining the involvement of private Canadian interests in the area. Among others, Mr. E. H. Roach of Aluminum Company of Canada, and Dr. K. R. Patrick of Marigot Investments, will discuss the role of Canadians in resource and land development, tourism, manufacturing, and finance.

Following the Christmas recess, we will resume with sessions on the future economic framework of Canada-Caribbean relations. We expect to be assisted in this investigation by the release of a report recently prepared for the Government by the Private Planning Association of Canada. This research document examines the feasibility and potential of a free trade agreement between Canada and the British Caribbean Islands, and, naturally, will be of great importance and assistance to the committee.

We will also pay particular attention at this time—that is, after the Christmas recess—to Canada's relations with the French islands in the region. Though obviously not as numerous as the British islands, these territories must command our interest as an integral part of the Caribbean and as co-inheritors together with Canada of the French tradition.

Finally, in the early spring of next year it is our intention to prepare a report which will reflect what has been learned in these hearings and present recommendations which may help to shape Canada's attitudes and policies toward the Caribbean in years to come.

Thank you, honourable senators, for leave to allow me to make this presentation today.

Hon. Mr. Belisle: May I be permitted to ask a question of the honourable senator as chairman of the Senate Committee on Foreign Affairs? Will he procure for us a copy of the Pearson Report?

Hon. Mr. Aird: Yes; the cost is $2.50. Most certainly every member of the committee will receive a copy of the Pearson report.

Hon. Allister Grosart: Honourable senators, as a member of the Senate Committee on Foreign Affairs, I think it is proper, if I may presume to speak on behalf of the other members of the committee, to compliment the chairman, Senator Aird, on the organization and work of the committee under his direction. All honourable senators are aware that he followed the late Senator Thorvaldson as chairman of that committee. I have already paid my tribute to the memory of Senator Thorvaldson, and I repeat it in this particular connection, as I am sure all members of the committee would wish me to do.

Senator Aird's report outlines in a broad way the work that has been done in the period of his chairmanship. As he has told us, his report has concentrated on one particular area, the Caribbean, and he has given us some reasons why it was the decision of the committee to do that. I would be inclined to go beyond the reasons that Senator Aird has given. If we look a little further into the future, we can see that an excellent case can be made out for further political participation by Canada in the affairs of the Caribbean. Senator Aird has spoken largely of trade and aid. I think it is not going too far to say that we as a nation have missed the boat in the Caribbean, but I do not think it is too late to catch it. Britain's withdrawal to a substantial extent from that area left a void which Canada failed to move into when it might have done so to the very great benefit of the Caribbean and of Canada.

It is true, as Senator Aird has said, that in the last five years there has been a very substantial increase in our official development aid to the Caribbean, an increase from $2 million—which is a figure I well remember from my visit to the Caribbean in 1964—to the present comparatively high level of $22 million. It is also true that our per capita aid to the Caribbean is at the present time the highest aid given to any country. However, it is also true that we have spread our development aid more and more every year to cover

more and more countries. A question that should be discussed more thoroughly than it has been is whether we are spreading our aid too thinly. We are now covering 72 countries, and it is fairly obvious that the resources of Canada spread over that many nations of the world will not have the impact that a more concentrated effort would have. It may be said, of course, that in these five years we have continued to concentrate more in the Caribbean than in other areas, but the per capita comparison is not, I suggest, very good when one considers the population of the Caribbean—the area under consideration is not more than seven million—as against the population of India. Obviously, per capita comparisons are not very valid indicators of the real nature of our acceptance of the responsibility we may have there.

I said that Canada had missed the boat. There was a void, and personal information given to me during several visits to the Caribbean is that certain of the Caribbean peoples, particularly the eastern Caribbean, little islands—the "little seven" if you like—waited impatiently for Canada to make a move. I do not know what may have been done officially by Canada in that respect. We do know that after the break-up of the federation some of the islands accepted an international status known as associate statehood with the United Kingdom. I have some reason to believe that several of those islands—that is to say, several of those nations, which is what they are—would have welcomed an initiative in that respect from Canada. I have been told in the United Kingdom by people in a position to know that the United Kingdom would not have been very much disturbed had that initiative been taken by Canada. I hope that some day we will be told whether any such initiative was taken.

The initiative I suggest is that there was a time, which may not be altogether gone, when Canada could have been in the proud position of having five, six or seven new nations, developing nations, emerging nations, associated with us politically. I will not go into any details of how that might be. I am not suggesting that they become the eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth provinces of Canada. I am merely suggesting that something very similar to the associated status that they have with the United Kingdom would be a very desirable relationship for Canada to have with them, and, as I said before, I believe that the response to such an offer from Canada would be welcomed in at least some of those islands.

Why is this important? It is important for the reason that Senator Aird made quite clear, that the political future and the political stability of those islands, and some parts of the mainland in the area covered by the report, should give us great cause for concern. Anything may happen there unless somebody offers a friendly hand to them in finding a solution to their problems. They are not all problems that can be solved by grants in aid, or even by commercial investment. As Senator Aird so well explained, they are problems of understanding, of an exchange of views, of an indication of mutual respect, particularly a respect by Canada for the obligations it should assume in the international field.

It is my own view that our external affairs policy has in the main been too timorous. We have been afraid of being called colonial. We have been afraid of going beyond the tight little realm of diplomatic protocol. This applies not only in the Caribbean. I have heard the same criticism of Canadian foreign policy from other parts of the world. I have some appreciation of the problems involved. We are a middle power, and the middle powers are looking to us for leadership. The alternative, of course, is complete domination of the world by the great powers. If that is to be avoided, it can be avoided only by a strong, and strongly led, cohesive group of middle powers. I think this is an area in which Canada can give much more leadership than it has.

In saying these things I am fully aware that sitting opposite me is a distinguished former Minister of External Affairs. I think he knows my views on this subject, and I would not want him to feel that this is a criticism of his efforts. For that reason, it is certainly fair to say that it was Senator Martin who announced Canada's acceptance of her obligation to reach the 1 per cent United Nations' target for development aid, and nobody has worked harder towards the achievement of that important goal than has Senator Martin. He was also responsible to a very great extent for the substantial increase in Canadian development aid to the Caribbean.

So where does the fault lie? I do not know. I suspect the fault lies in the cumbersomeness of some parts of our External Affairs organization. By cumbersomeness, I mean that we do not see too much evidence of a reaching out for opportunities for Canada to assert

itself among the nations of the world, particularly the small nations.

The plea I would make today is that we look around the world, find and assess gaps and move in much more vigorously than we have in the past. It may well be that this is a more appropriate time than any other in the past. I am not a good judge of that, because part of the cumbersomeness of our External Affairs establishment is that it is so secret. I doubt if there is any major country in the world where foreign affairs are discussed less in Parliament—certainly among the public—than in Canada.

One of the by-products of this is that around the world, and particularly in the world newspapers, about the only time that one reads anything about Canada is when there is some kind of a scandal, riot, or the equivalent of the affair at Sir George Williams University of which Senator Aird spoke. We do not seem to have done those things in the international sphere that excite the imagination of other peoples and other nations. We can, of course, be pleased that we have established a position of respect in the world. Some of this is perhaps due to our forbearance in some of the crises that have confronted other nations. But, I suggest that we may have been much too careful. The targets set by the Pearson Report, to which Senator Aird referred, are high, but the general reaction I think was that they were lower than the expectation of what might be in that report. To date one authority, Mr. Escott Reid, well known to honourable senators, has recently suggested that the target is at least a half lower than it need be to meet the situation among the developing countries. In spite of the figure Senator Aird has given us, it is a modest target.

Again, I would stress that this is only one part of the obligation that I think it is incumbent upon Canada to assume in world affairs today. It is not enough to hand out aid, it is not enough for our commercial organizations and institutions to invest money. The developing world is looking for something else, something warmer and something from the heart of Canada, and I believe that any move that may be made in that direction by the Government of Canada will have the support of the heart of the people of Canada.

Hon. Paul Martin: Honourable senators, I would like to congratulate Senator Aird on his thorough review of the work of the Senate Committee on Foreign Affairs, work which terminates with the end of this session later today.

I believe that the committee has made a strong beginning in its review of Canadian relations with the Commonwealth Caribbean countries. As Senator Aird has pointed out, the committee has investigated many aspects of our relations, including trade, Canadian investments, our aid programs and immigration policy.

I heard a good deal about various aspects of this policy when I was in Kingston, Jamaica, on Saturday, attending the meeting that led to the signature of the Charter of the Commonwealth of the Caribbean Development Bank to which Senator Aird made reference a moment ago and about which I wish to say a word or two.

There have been many important witnesses before the committee, as Senator Aird has pointed out, including Mr. Pearson, a former Prime Minister, who appeared in his capacity as Chairman of the Commission on International Development of the World Bank. There was also Dr. Alexander McLeod, the former Governor of the Central Bank of Trinidad and Tobago, and Professor George Doxey, the visiting Professor of Economics at the University of the West Indies in Barbados.

I sent to Senator Aird only this afternoon a report that Professor Doxey made on the Jamaican economy. That document was distributed at the Ninth Conference, and I am sure he and members of the committee will find it of great value. I am also sure that those of us who are members of the committee have found its deliberations useful and instructive.

Senator Aird has pointed out quite correctly, and this has been highlighted as well by Senator Grosart, that if we are to reach the target of the 1 per cent of G.N.P. to foreign aid by 1975, set by the commission over which Mr. Pearson presided, we must increase substantially our grants and soft loans to the developing countries. The Government has undertaken—rather, I should say the Government is now in the process of reappraising its foreign aid policies and, undoubtedly in this reappraisal we will take into account the recommendations made by the Pearson commission. The World Bank report produced by Mr. Pearson and his associates will be of invaluable assistance, and the Government is certainly prepared to give it the closest consideration and attention.

The current phase of our relations with the Commonwealth Caribbean countries has evolved from the Commonwealth Caribbean Conference which was held in Ottawa in July 1966. At that conference, and to date, our policy toward the Commonwealth Caribbean has had four principal objectives. First, we have demonstrated the interest of the Canadian people and its Government in strengthening contact with these countries.

As I said on Saturday in Kingston, our ties are the natural result of our common political heritage and our geographic proximity. They are also the result of the confidence which Canadian businessmen, investors and travellers, as well as the Canadian Government, have in the stability and the future of the Commonwealth Caribbean. So we do treasure our contacts with those countries.

I would also say, by way of passing comment on what Senator Grosart had to say about political motivations, that we have lost no opportunity to emphasize our interest in the welfare of the Commonwealth Caribbean countries. We recognize that they, like other countries in the world, should be guaranteed unrestricted self-determination, and it is for them to take particular initiatives, perhaps along the lines which Senator Grosart has mentioned.

As a result of our contacts with the Commonwealth countries in the Caribbean, the success of our policy is reflected in the ever-increasing contacts between our country and the region. There has been, for instance, an increase in tourist trade, an increase in the number of West Indian students in Canada, in the immigration of West Indians to Canada and in our trading relationships. The Commonwealth relationship has also provided an opportunity for increased contacts at both ministerial and official levels. Of course this association has done much more than merely provide contacts between members of the various governments. It has, above all, contributed to understanding through mutually shared traditions, institutions and values.

We are anxious to reconfirm these things that we hold in common with all of the countries, whether they are sovereign or quasi-sovereign, or whether they have the intention to acquire independence, individually or through a federation.

Our second objective is to encourage the development of economic links and to promote co-operation in harmonizing economic development and investment plans and projects.

Few people, I am sure, realize that Canadian investment in Jamaica alone is now over $325 million, and in Guyana it is over $130 million—to take but two countries.

As both Senator Aird and Senator Grosart have pointed out, our aid program has increased significantly. At the 1966 Conference we announced that we would make $75 million available in the next five years. In fact, by the end of 1970-71, nearly $100 million will have been made available to those countries to help them raise their standard of living. Our aid program to them is both bilateral and multilateral.

As I said a moment ago, I had the privilege on Saturday last of signing the Charter of the Caribbean Development Bank in Kingston, Jamaica on behalf of the Government of Canada. The members of the Bank include Jamaica, Trinidad and Tobago, Barbados, Guyana, and the Windward and Leeward Islands. Canada and Great Britain are the only two non-regional members, who have made an initial deposit in the capital fund of the bank.

The Prime Minister of Jamaica, in the presence of the chargé d'affaires of the United States Embassy, expressed the hope that that country would find it possible in the future to contribute to the capital fund of the bank.

Canada will contribute a total of $15 million to the bank, $10 million of which will go towards the bank's initial capitalization and $5 million towards the associated special fund. I know that the Caribbean Development Bank, like the Asian Development Bank, to which we also are an original contributor, will become an invaluable instrument of regional development. It should encourage co-operation within the region as well as an increased flow of funds from outside sources.

While in Kingston I had occasion, at the request of my colleagues in the Government, to meet with the Prime Minister of Jamaica and other ministers from the countries concerned. I think I can say, without over stating, that there is a very deep appreciation of the role that Canada has played in the establishment of this important economic institution now, which takes its place along with the Asian Development Bank, the African Development Bank and the Latin-American Development Bank, as international collective economic entities designed to provide

more funds for productive enterprise in the various regions covered by each bank.

We have played an active role in the negotiations leading up to the establishment of this bank. Our country was one of the three members of the tripartite group, along with Great Britain and the United States, on the Economic Survey of the Windward and Leeward Islands, which recommended the establishment of the bank. There was much negotiation in the interval, but whatever difficulties there were in bringing about the realization of the recommendations of the feasibility study, that was not, as I am sure is well known, the fault of Canada.

We also participated with observer status in the Regional Development Association, an agency which was created only last year, and which includes the Windward and Leeward Islands and the Barbados. It was set up to review development plans in the region and assign priorities for regional projects.

A third objective in the Commonwealth Caribbean has been to encourage movements towards economic and political integration there. This was a point which Senator Grosart emphasized. Our aid program has been partially tailored in that direction. We, therefore, noted with satisfaction the development of the Caribbean Free Trade area in May 1968, a free trade organization that provides for a limited free trade area in the Caribbean. A substantial portion of the inter-area trade has already been made duty free. CARIFTA, as it is known, now has a permanent secretariat located in Georgetown, Guyana. This formation of CARIFTA represents a significance towards regional economic integration.

It is notable that total investment in the private sector in Guyana is greater than even that of the United States, and the investment of that country there, through the Reynolds Company, is very substantial indeed.

Our first objective has been to develop political consultation while respecting the integrity of the Commonwealth countries both collectively and individually.

Honourable senators, a final aspect of our relations with the Commonwealth Caribbean which might bear special mention is the increasing number of West Indians emigrating to Canada. With a significant increase in immigration from the Commonwealth Caribbean to Canada, from 5,328 in 1966 to 9,245 in 1968, some concern has been expressed in these countries—and was expressed to me last Saturday—as to the brain drain. Now, we recognize the legitimate interests of governments in the emigration of their citizens. We ourselves have problems of this order here in Canada. We do not actively recruit immigrants from developing countries, although services are provided for those who have indicated a desire to move to Canada. Senator Aird's committee has had a very full discussion of this particular problem with my colleague Mr. MacEachen.

Now, I believe that it remains simply to say that the committee has made a useful study; its work has not been completed; it has been a good first year. Emphasis has been given to the importance that the committee attaches to the problem of international development. It is noteworthy that the most significant analysis made of this problem, with application not only to Canada but to all countries of the world, was made by a man who was at one time the Prime Minister of this country.

The opportunity will likely be afforded to the committee to examine further in depth some of the recommendations made by the Commission of the International Bank headed by Mr. Pearson. In any event, that report, whether it struck new ground, did emphasize, regardless of cost to the donor countries, the tremendous responsibility resting on countries like Canada if we are going to eliminate conditions of conflict in any part of the world. This committee has been concerned with one aspect of one region in the world, and it has made a most satisfactory start.

Hon. John J. Connolly: Honourable senators, I shall detain the Senate only a few moments. Unfortunately, last week I was not able to be present when tributes were paid to our mutual friend and late colleague, Senator Thorvaldson. I should like to associate myself with what was so ably said on that occasion by many senators, and I should like to add one or two things about the late Senator which to me indicated the character of the man.

There was a time when Senator Thorvaldson sat on the benches on this side of the floor and I sat on the benches opposite. Each of us was at the time President of our party Association. We both could have used this forum to advance the work that we were trying to do, which, obviously, was partisan and political. The tribute that I want to pay to "Solly" Thorvaldson is that we agreed,

without putting it into words, that the political side of our work in the Senate would be outside the doors at the end of this chamber.

I should like to say also that Senator Thorvaldson will be seriously missed in the Senate; he will be missed particularly in the Opposition. I speak now not as a member of the party that happens to be in office but as a senator. I have said before that the vital work of this chamber is the work that it does on its legislative program, and I have great sympathy for the Leader of the Opposition, and his members who have to deal with the legislation, when such capable men as Senator Thorvaldson and Senator McCutcheon are suddenly snatched away. It is my hope that in time government policy, regardless of what party is in office, will be such that at no time will the Opposition in the Senate fall below one-third of its membership. If it is impossible to achieve this by appointing members of the Opposition party, then I hope, in the interests of this institution which can do so much good work, that at least independent-minded people can be appointed here to do some of the necessary work that an Opposition must conduct.

I want to say one more thing, one which perhaps I should not say. I was very impressed this afternoon with the performance of all three honourable senators. If I happen to single out the Leader of the Government, it is because we have seen here this afternoon a demonstration of very great courage. The Leader of the Government last night lost a dearly beloved brother, but despite that bereavement he has seen fit to stay here today and tomorrow to attend to his important duties. I know I speak for all other senators in expressing to him our very heartfelt sympathy on his great loss and our admiration for the courage he has shown in carrying on his important work.

Honourable senators, from what Senator Martin has said about his own trip to Jamaica, and realizing that just last week in Trinidad there was a meeting of the Commonwealth Parliamentary Association at which some 20 Canadian parliamentarians were in attendance, it is obvious that the Caribbean region is not suffering from a lack of Canadian interest.

I am particularly delighted to hear the kind of speech made today by Senator Aird, the Chairman of the Standing Senate Committee on Foreign Affairs. I should like to suggest that a copy of his speech—indeed, a copy of this debate in which Senator Grosart and Senator Martin joined—be sent to each of the branches of the C.P.A. in the Caribbean region. It will give not only an idea of the kind of interest Canada has, but will indicate the highly important work for that area of the Commonwealth that is being done by this body in its own peculiar, but I think very effective, way. Therefore, I hope that some action will be taken to make sure that this debate is thoroughly circulated among the people in public life in the Caribbean region.

I was very interested to hear what Senator Aird said about investigating the extent of private investment that is to be made by Canada in the Caribbean region. I think that a great deal of the skills and of the help that we want to give in the Caribbean can be given by the private sector.

The conditions are very simple. If the private sector in Canada, the investing public, can be assured of political stability in the various countries concerned, and if they can be assured—as I think they can be as a result of the kind of work being done here this afternoon and by Senator Aird's committee—of sympathetic understanding on the part of the people who manage the public life in those countries, there will be increased investment there, and that will be a good thing.

I was glad to hear Senator Aird refer also to the incident at Sir George Williams University, and to hear him say, and I hope this word will get around in the Caribbean islands concerned, that there will be a trial in Montreal of the people who have been charged in connection with that regrettable incident. We can assure them that not only will justice be done, but it will appear to be done. Beyond saying that it is of the utmost importance for our relations with that region that this should be the case, I shall not venture to say anything further about it because the cases are now *sub judice*. I feel we can contemplate the outcome with equanimity and assure our friends in the Caribbean to that effect.

The question raised by Senator Grosart of a political association between some of the islands and ourselves is a very interesting one. At the moment I have just one very short comment to make on that, since I hope to say more on this subject later when I report upon the meeting of the Commonwealth Parliamentary Association in Trinidad. The people in the major islands have

achieved a very high degree of political sophistication. They have some very able people in their legislatures and in their governments, and they are extremely proud of the independent status they have achieved. I think the test, if there is to be a debate on this very important issue, is not as to whether there is an opportunity for Canada but, because of the character of the countries and the condition of the people, whether there is an opportunity for those countries themselves. We have problems enough here but perhaps we also have wealth enough, capacity enough and goodwill enough to solve them. Nevertheless, I do not see that we can sit back and contemplate our navels, and feel that the world is our oyster. We must reach out to the underdeveloped parts of the world, because if we ignore them we do so at our peril and may thereby imperil the peace of the world.

In my view the point raised by Senator Grosart is worthy of attention by the committee of which Senator Aird is chairman, and I hope some consideration will be given to it in the course of the future deliberations of that committee.

Hon. David Croll: Honourable senators, I have just one short comment to make and then a question to follow.

As one who is a lawyer and who has been before the Bar for almost half a century, in view of what has already been said here, I think it is appropriate for me to say to the people of the Caribbean area that the standard of justice in my country is high—there is no higher standard to be found in any country. I do not think we need to apologize for what is likely or what is not likely to happen. Our courts are our courts and there is no questioning of their honesty, integrity and fairness.

Let me now ask a question of Senator Martin, whom I understood to say that Senator Aird had discussed with the Honourable Mr. MacEachen aspects of Caribbean immigration. My question is: was this discussion with a view to limiting that immigration or increasing that immigration?

Hon. Mr. Martin: There was no discrimination made by Canada in any of its immigration laws in respect to any country, and I assume that that was emphasized by the Minister.

Hon. Mr. Croll: I knew that before I asked the question. What I want to know from Senator Aird is whether these discussions with the Minister were concerned with the limiting of immigration or increasing it? I ask Senator Aird that question.

Hon. Mr. Aird: Before I answer Senator Croll's question, may I say that I am extremely grateful to him for his statement concerning the standard of justice in Canada today. I am very pleased that that is on the record.

Now to answer your question, it so happens that that meeting with the Minister—

Hon. Mr. Croll: Did not take place?

Hon. Mr. Aird: Oh, yes, it took place, but I was in hospital in Toronto and not in Ottawa. I believe the late Senator Thorvaldson was in the chair at the time, and my understanding is that the reply to the question was that there was no quota. I have read the evidence during the summer, but unfortunately I do not remember it too clearly at the moment and cannot be precise in my reply. If my memory serves me correctly, however, I do not think there was any suggestion of either an upgrading or downgrading. There is no quota, and it is open.

Hon. Mr. Martin: And it has increased, as I said.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, before we adjourn I wish to remind honourable senators of our program. We will resume at 4.40 p.m. this afternoon to await the Deputy to His Excellency the Governor General for the purpose of bringing about the prorogation of Parliament. We will meet here tomorrow morning at 10.30 for the opening of the new session and resume in the afternoon at 2 o'clock.

I propose that we now adjourn during pleasure to await the arrival of the Deputy of His Excellency the Governor General to prorogue the First Session of the Twenty-eighth Parliament.

The Senate adjourned during pleasure.

At 4.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

PROROGATION SPEECH

The Right Honourable J. R. Cartwright, P.C., M.C., Chief Justice of Canada, Deputy of

His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to close the First Session of the Twenty-eighth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The First Session of the Twenty-eighth Parliament was noteworthy both for the importance of the measures carried into law, and for the preparations set under way for further action in this Parliament.

Canadians were saddened during this session by the death of a distinguished and much respected former Governor General, Field Marshal the Right Honourable the Earl Alexander of Tunis. His gallant leadership in war and his devoted public service in peace won His Lordship the respect and affection of all Canadians.

Appreciative of the need for the effective administration of our public affairs, you approved far-reaching changes in the organization of the Government and its departments, and procedures by which each of the chambers of Parliament discharges its public duties. The Departments of Regional Economic Expansion, Communications, and Supply and Services were established. The rules of the House of Commons have undergone fundamental reform so that the members of that chamber may undertake a more profound scrutiny of public affairs. Research assistance was provided to the leaders of the Opposition parties to enable them to better discharge their vital responsibilities.

Amongst the most important legislative contributions to the preservation of Canadian unity were steps taken to reduce inequalities of language rights and economic opportunities. The Official Languages Act recognized the right of Canadians to deal with federal Government institutions in French or English. To combat regional economic disparities, you sanctioned the creation of the Department of Regional Economic Expansion and the enactment of the Regional Development Incentives Act.

During the session, the Government re-convened the Federal-Provincial Constitutional Conference to consider changes which a century of experience and the challenges of our time demand in our basic constitutional structures. Wide ranging proposals for constitutional reform continued to be studied by heads of governments and by their official representatives.

In pursuance of its objectives of justice and equality, the Government proposed a policy within which Canada's Indian peoples might overcome the discrimination, economic, legal and social, under which they have long suffered.

The Government has, as a result of its review of external and defence policies, undertaken fresh departures in foreign policy. It decided to re-align Canadian forces within the North Atlantic Treaty Organization. Negotiations were commenced with representatives of the People's Republic of China with the aim of establishing formal diplomatic relations with that government. Discussions between Canada and the Holy See resulted in the decision to exchange representation at the ambassadorial level. Canadian ministerial missions visited Japan and Latin America to explore possibilities of increased trade, investment and closer co-operation.

The Prime Minister attended the Conference in London of Commonwealth Prime Ministers and visited Washington at the invitation of the President of the United States. He and his colleagues received a number of leaders of other countries, including the Presidents of Niger and Tanzania; the Prime Ministers of Barbados, Lesotho, Singapore, Australia and New Zealand; the Foreign Ministers of the United Arab Republic, Belgium, Israel, Germany, Britain, Dahomey, Gabon, the Soviet Union, Italy and Burma; and the Secretaries-General of the United Nations and NATO.

Inflation continues to threaten the economy. Through fiscal and monetary policies, the establishment of a Prices and Incomes Commission, and strict control of its own expenditures, the Government is attempting to reduce the upward pressure on prices. Continued care by the Government and matching concern at other levels of government and in the private economy will be necessary, however, to contain cost and price increases within the limits of increased productivity.

The Canadian dollar has remained strong during a period of uncertainty in world foreign exchange markets. As one step toward the establishment of a larger liquidity base for international trade, you have approved changes in the Bretton Woods Agreement to establish special drawing rights.

You have also approved amendments to the Customs Tariff for the purpose of implementing Canadian undertakings in the Kennedy Round Trade negotiations. At the same time, you approved the Anti-Dumping Act and the creation of an anti-dumping tribunal to protect Canadian producers from unfair trading practices. As a further aid to the competitive position of Canadian producers on world markets, you have established the Export Development Corporation with broad financial powers to facilitate sales to foreign customers.

You have approved amendments to the Estate Tax Act, and to the gift tax provisions of the Income Tax Act, which will ensure a fairer distribution of the burden of taxation. Other amendments to the Income Tax Act with relation to insurance and banking institutions will have the same effect.

The Government has initiated a thorough review of the present social security system and of veterans' pensions. Parliament has approved amendments to the National Housing Act to expand the powers of Central Mortgage and Housing Corporation to assist limited dividend and non-profit housing companies. You also increased the funds available for housing loans to individuals and revised the terms on which such loans may be made.

At no session since the Criminal Code was introduced in Canada have there been such extensive and fundamental amendments of the criminal law. The amendments which you approved reflected the concern of Canadians that criminal sanctions be employed to protect public order, but not to enforce private beliefs.

It was this concern about the use of legal controls to regulate private conduct which caused the Government to establish a committee of inquiry into the non-medical use of drugs.

You have directed your attention to the high cost of the medical use of drugs and by assuring competition in their production and sale without prejudice to safety standards, you have strengthened the position of Canadian consumers.

You have also approved legislation that will protect Canadian consumers from the dangers of certain hazardous products which may be available on our markets.

In order to improve the quality of health, recreation and competitive sport in Canada, the Government tabled the Report of the Task Force on Sport and implemented a substantial number of its recommendations.

Labour disputes of major concern to the national interest were considered by Parliament. Anxious to improve many aspects of management-labour relations, the Government tabled a Task Force Report on Labour Relations which will provide the background for legislation to be introduced in the next session.

During this session, you have enacted a number of measures to give financial assistance to the farming community. You have extended the provisions of the Prairie Grain Advance Payment Act to provide further liquidity to the farmers of Western Canada. The Farm Improvement Loans Act, the Farm Syndicates Credit Act, and the Farm Credit Act have all been expanded in their application. You have approved a measure to regulate plant quarantine, and to provide or extend compensation for losses due to pesticide residues, animal contagious diseases, and plants destroyed to prevent the spread of disease.

A new measure which you have enacted established the Freshwater Fish Marketing Corporation to improve marketing opportunities for the fisheries industries of Western Canada. The Government has also provided special assistance to the producers of the Atlantic fisheries to help them through a difficult period.

The creation of the new Department of Communications sought to consolidate the responsibilities of the Government of Canada in that field and to assure that recent advances in technology would be made available to Canadians. You approved amendments to the Post Office Act, and a study of the future development of the Post Office was undertaken. An imaginative piece of legislation established Telesat Canada which will provide this country with communications from a synchronous satellite early in the next decade.

In the face of encouraging prospects of resource development in the Yukon and Northwest Territories, you have approved the Oil and Gas Production and Conservation Act which will provide a new system for the orderly development of oil and gas resources.

A number of other important items of legislation were approved in this First Session of

the Twenty-eighth Parliament which has been distinguished by innovation and reform. This creditable record is the beginning of a comprehensive program of legislation which must be enacted if we are to achieve our common goals of peace, justice and national prosperity.

Members of the House of Commons:

Thank you for the provision you have made for the public services in the previous and current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

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Abbreviations

1r, 2r, 3r,	=	First, second, third reading
amdts	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
ref	=	referred
rep	=	report
r.a.	=	royal assent

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3.	Canadian National Railway Branch line	C-109

Assented to October 31, 1968

4.	Judges Act, an Act to amend	C-114
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6.	Farm Credit Act, an Act to amend	C-110
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Assented to March 11, 1969

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